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**Agenda - Final**

**Wednesday, October 14, 2020**

**1:30 PM**

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

## **Finance, Budget and Audit Committee**

*James Butts, Chair*

*Kathryn Barger, Vice Chair*

*John Fasana*

*Paul Krekorian*

*Mark Ridley-Thomas*

*John Bulinski, non-voting member*

*Phillip A. Washington, Chief Executive Officer*

## **METROPOLITAN TRANSPORTATION AUTHORITY BOARD RULES**

### **(ALSO APPLIES TO BOARD COMMITTEES)**

#### **PUBLIC INPUT**

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

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

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

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

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

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

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

#### **INFORMATION RELATING TO AGENDAS AND ACTIONS OF THE BOARD**

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

## DISCLOSURE OF CONTRIBUTIONS

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

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

## LIMITED ENGLISH PROFICIENCY

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**323.466.3876**

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x3 *中文 (Chinese)*

x4 *한국어 (Korean)*

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

### **Live Public Comment Instructions:**

Live public comment can only be given by telephone.

The Board Meeting begins at 1:30 PM Pacific Time on October 14, 2020; you may join the call 5 minutes prior to the start of the meeting.

Dial-in: 888-251-2949 and enter  
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### **Written Public Comment Instructions:**

Written public comments must be received 5PM the day before the meeting.

Email: [jacksonm@metro.net](mailto:jacksonm@metro.net)

Post Office Mail:

Board Secretary's Office

One Gateway Plaza

MS: 99-3-1

Los Angeles, CA 90012

### **CALL TO ORDER**

### **ROLL CALL**

### **APPROVE Consent Calendar Items: 5, 6, and 7.**

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

### **CONSENT CALENDAR**

#### **5. SUBJECT: SALE OF EXEMPT SURPLUS LAND**

[2020-0649](#)

#### **RECOMMENDATION**

CONSIDER declaring that a portion of 13700 Rosecrans Avenue (shown in Attachment A) is not necessary for use by LACMTA and is "exempt surplus land" as defined in Section 54221(f)(1) (C) of the California Surplus Land Act (the "Act") (California Gov. Code Sections 54220-54234).

**Attachments:** [Attachment A- Site Plan for RM-08 Surplus Property](#)



6. **SUBJECT: METRO FREEWAY SERVICE PATROL**

[2020-0434](#)

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

A. INCREASE Contract Modification Authority (CMA) to 27 existing Freeway Service Patrol (FSP) contracts as delineated below for an aggregate amount of \$8,915,000 thereby increasing the CMA amount from \$20,004,130 to \$28,919,130 and extend the periods of performance as follows:

- Beat no. 3: Hollywood Car Carrier Contract No. FSP3469400B3/43, for \$210,000 for up to 7 months
- Beat no. 5: Sonic Towing, Inc. Contract No. FSP3469500B5/17, for \$240,000 for up to 7 months
- Beat no. 6: Neighborhood Towing 4 U Contract No. FSP3469600B6, for \$180,000 for up to 7 months
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- Beat no. 71: Bob & Dave's Towing, Inc. Contract No. FSP3471500B71, for \$220,000 for up to 8 months

**Attachments:**      [Attachment A - Procurement Summary](#)  
                                 [Attachment B - Contract Modification Authority \(CMA\) Summary](#)  
                                 [Attachment C - Contract Modification/Change Order Log](#)  
                                 [Attachment D - FSP Beat Map](#)  
                                 [Attachment E - DEOD Summary](#)

**7. SUBJECT:      AUDIT SERVICES BENCH FY2018 to FY2022**

[2020-0606](#)

**RECOMMENDATION**

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to execute Modification No. 3 to Contract Nos. PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018 to exercise the first, one-year option, extending the contract term from January 1, 2021 to December 31, 2021; and increasing the total authorized not-to-exceed amount by \$2,288,000 from \$6,864,000 to \$9,152,000; and
- B. AWARDING AND EXECUTING task orders for an aggregate not-to-exceed amount of \$9,152,000.

[Attachment A - Procurement Summary](#)

[Attachment B - Contract Modification Change Order Log](#)

[Attachment C - Firms on Audit Services Bench](#)

[Attachment D - List of Task Orders and Values](#)

[Attachment E - DEOD Summary](#)

2020-0625

Metro Access Presentation - October 2020

2020-0633

Attachment A - FY21 Proposed Audit Plan  
Presentation

2020-0469

A. REPLACE the direct purchase revolving credit facilities (“RCF”) and drawdown bond facility (“DBF”) with a Measure R Commercial Paper Program, finalize negotiations with the recommended banks and execute agreements and related documents:

1. REPLACE the RCFs currently being provided by Bank of the West (“BW”) of \$50 million and State Street Public Lending Corporation (“State Street”) of \$100 million with a Direct-pay Letter of Credit (“LOC”) to be provided by State Street Public Lending Corporation for a committed principal amount of \$100 million for a two-year term at an estimated cost of \$1.3 million including interest, legal fees and other related expenses.
2. REPLACE the DBF currently being provided by RBC Capital Markets, LLC (“RBC”) of \$150 million with a LOC provided by Bank of America, N.A. (“BANA”) for a committed principal amount of \$90 million for a two-year term at an estimated cost of \$1.4 million including interest, legal fees and other related

expenses.

- B. If unable to reach agreement with one or more of the recommended banks described above, authorize the Chief Executive Officer to finalize negotiations with each successively ranked bank for LOCs and/or RCFs having two-year terms and the estimated costs shown in **Attachment A**.
- C. ADOPT a resolution with respect to the Measure R short-term program that approves the selection of State Street and BANA or such other banks selected by the Chief Executive Officer for the Measure R short-term program, and the forms of the supplemental trust agreement, issuing and paying agent agreement, dealer agreement, reimbursement agreements, and commercial paper offering memorandum in substantially similar form with those on file with the Board Secretary and that makes certain benefits findings in compliance with the Government Code, **Attachment B**.

**(Requires separate, simple majority Board vote)**

**Attachments:**      [Attachment A - Bank Recommendation Summary](#)  
                                 [Attachment B - Authorizing Resolution](#)  
                                 [Attachment C - Finding of Benefit Resolution](#)

**11. SUBJECT: CALIFORNIA SB1 STATE OF GOOD REPAIR PROGRAM**

[2020-0607](#)

**RECOMMENDATION**

APPROVE the Resolution in Attachment A to:

- A. AUTHORIZE the Chief Executive Officer (CEO) or his designee to claim \$32,584,888 in fiscal year (FY) 2020-21 State of Good Repair Program (SGR) grant funds as the Regional Entity for Los Angeles County for this program; and
- B. APPROVE the regional SGR Project List for FY20-21; and
- C. CERTIFY that Metro will comply with all conditions and requirements set forth in the SGR Certification and Assurances document and applicable statutes, regulations and guidelines.

**Attachments:**      [Attachment A - Resolution to Accept and Distribute Los Angeles County SGR Fi](#)  
                                 [Attachment B - Submitted Project Listing From Metro and Municipal Operators](#)

**12. SUBJECT: TECHNOLOGY INFRASTRUCTURE ENGINEERING  
SERVICES**

[2020-0590](#)

**RECOMMENDATION**

**CONSIDER:**

A. AUTHORIZING the Chief Executive Officer to award a five-year, firm fixed unit rate Contract No. PS67661000 to Birdi Systems, Inc. (Birdi), for technology infrastructure engineering services supporting new facility Measure M and existing Metro facilities upgrade projects in an amount not to exceed \$10,600,000, effective November 2020, subject to resolution of protest(s), if any.

B. EXECUTING individual task orders under the Contract for technology infrastructure engineering services for an aggregate not-to-exceed amount of \$10,600,000.

**Attachments:**      [Attachment A - Procurement Summary.pdf](#)  
                                 [Attachment B - DEOD Summary.pdf](#)

**SUBJECT: GENERAL PUBLIC COMMENT**

[2020-0662](#)

RECEIVE General Public Comment

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

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

**Adjournment**



## Board Report

File #: 2020-0649, File Type: Policy

Agenda Number: 5.

### FINANCE, BUDGET, AUDIT COMMITTEE OCTOBER 14, 2020

**SUBJECT: SALE OF EXEMPT SURPLUS LAND**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

CONSIDER declaring that a portion of 13700 Rosecrans Avenue (shown in Attachment A) is not necessary for use by LACMTA and is “exempt surplus land” as defined in Section 54221(f)(1) (C) of the California Surplus Land Act (the “Act”) (California Gov. Code Sections 54220-54234).

#### **ISSUE**

LACMTA acquired fee simple interest in 13700 Rosecrans Avenue (the “Subject Property”) for the Rosecrans/Marquardt Grade Separation Project (the “Project”). A portion of the Subject Property is not needed for the Project (such portion will be referred to hereinafter as the “Property”). Under Section 54221(b)(1) of the Act, “land shall be declared either “surplus land” or “exempt surplus land”, as supported by written findings, before a local agency may take any action to dispose of it consistent with an agency’s policies or procedures”.

#### **DISCUSSION**

##### **Exempt Surplus Land - Summary Findings**

The Act, as amended in October 2019, provides for the disposition of “surplus land” or “exempt surplus land”, as defined in the Act. “Surplus Land” means land owned in fee simple by any local agency for which the local agency’s governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency’s use. Pursuant to the Act, land may be declared either “surplus land” or “exempt surplus land”. As defined in Section 54221(f)(1)(C) of the Act, exempt surplus land includes “surplus land that a local agency is exchanging for another property necessary for the agency’s use”.

If it is declared “exempt surplus land”, the Property will be conveyed to the owner of the contiguous adjacent land (“Adjacent Property”) located at 13650 Rosecrans Avenue, Santa Fe Springs, CA, as part of a settlement in connection with the acquisition of real property interests necessary for the Project.

### **Discussion of Findings**

Pursuant to Section 54221(f)(1)(C) “exempt surplus land” includes “*surplus land that a local agency is exchanging for another property necessary for the agency’s use.*” The exchange of the Property for other property interests necessary for LACMTA’s use complies with Section 54221(f)(1)(C) as follows:

#### **The Property to be Exchanged**

LACMTA acquired a fee simple interest in the Subject Property for construction and operation of the Project. The Subject Property, more particularly described and depicted in Attachment A, is approximately 37,001 square feet in size. Of the 37,001 square feet, approximately 16,500 square feet, comprising the Property, will not be needed for the operation of the Project.

#### **Property Necessary for LACMTA Use**

The Adjacent Property is improved with a 15,000-square foot concrete tilt-up industrial building, surface parking, and two driveway entrances onto Rosecrans Avenue, which are essential to the tractor trailers entry and exit for business at the Adjacent Property.

LACMTA needs to acquire certain property interests from the Adjacent Property for the construction and operation of the Project. The property interests to be acquired include a temporary construction easement containing approximately 5,278 square feet and a roadway easement containing approximately 716 square feet. As a result of the design of the Project, one of the driveways to the Adjacent Property will be closed and ten (10) parking spaces will be lost from the parking lot. LACMTA staff proposes to convey the Excess Land to the owner of the Adjacent Property to remedy the potentially significant damage to the property’s business by replacing the lost parking spaces, replacing the lost driveway and ensuring an adequate width in the drive aisle for use by tractor trailers. LACMTA’s appraiser determined that the benefits gained by conveying the additional land effectively compensate for the lost parking and eliminate significant damages to the Adjacent Property.

Under these circumstances and pursuant to the Act, the Property is exempt surplus land as defined by Cal. Gov. Code Section 54221(f)(1)(C).

### **DETERMINATION OF SAFETY IMPACT**

This Board action will not have an impact on LACMTA’s safety standards.

### **FINANCIAL IMPACT**

Funding for the final settlement of the acquisition is included in the adopted FY21 budget, under Measure R 20% Highway Capital for the Rosecrans/Marquardt Grade Separation Project number 460066 and Cost Center 2415. The conveyance of the Property reduces the cash amount that Metro would otherwise pay.

Impact to Budget

The approved FY21 budget is designated for the Rosecrans/Marquardt Grade Separation Project and does not have an impact to operations funding sources. The funds were assumed in the Long-Range Transportation Plan for the Project. No other funds were considered.

**IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Equity Platform Framework Consistency

Equity is afforded to property owners to engage and have a voice in the decision-making process with regards to the acquisition of their property.

Strategic Plan Consistency

The Board action is consistent with Metro Vision 2028 Goal #1: Provide high quality mobility options that enable people to spend less time traveling.

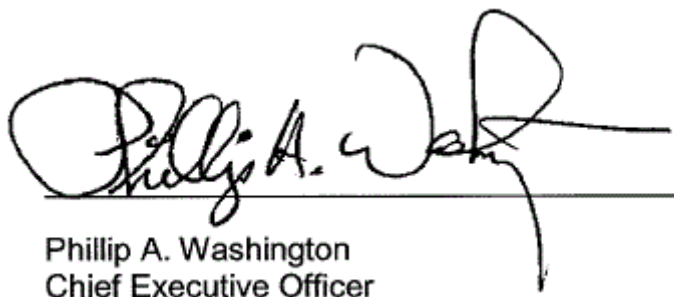
**ATTACHMENTS**

Attachment A - Site Plan for RM-08 Surplus Property

Prepared by: Craig Justesen, Director of Real Property Management & Development - Real Estate (213) 922-7051

Holly Rockwell, Senior Executive Officer - Real Estate, Transit-Oriented Communities and Transportation Demand Management, (213) 922-5585

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



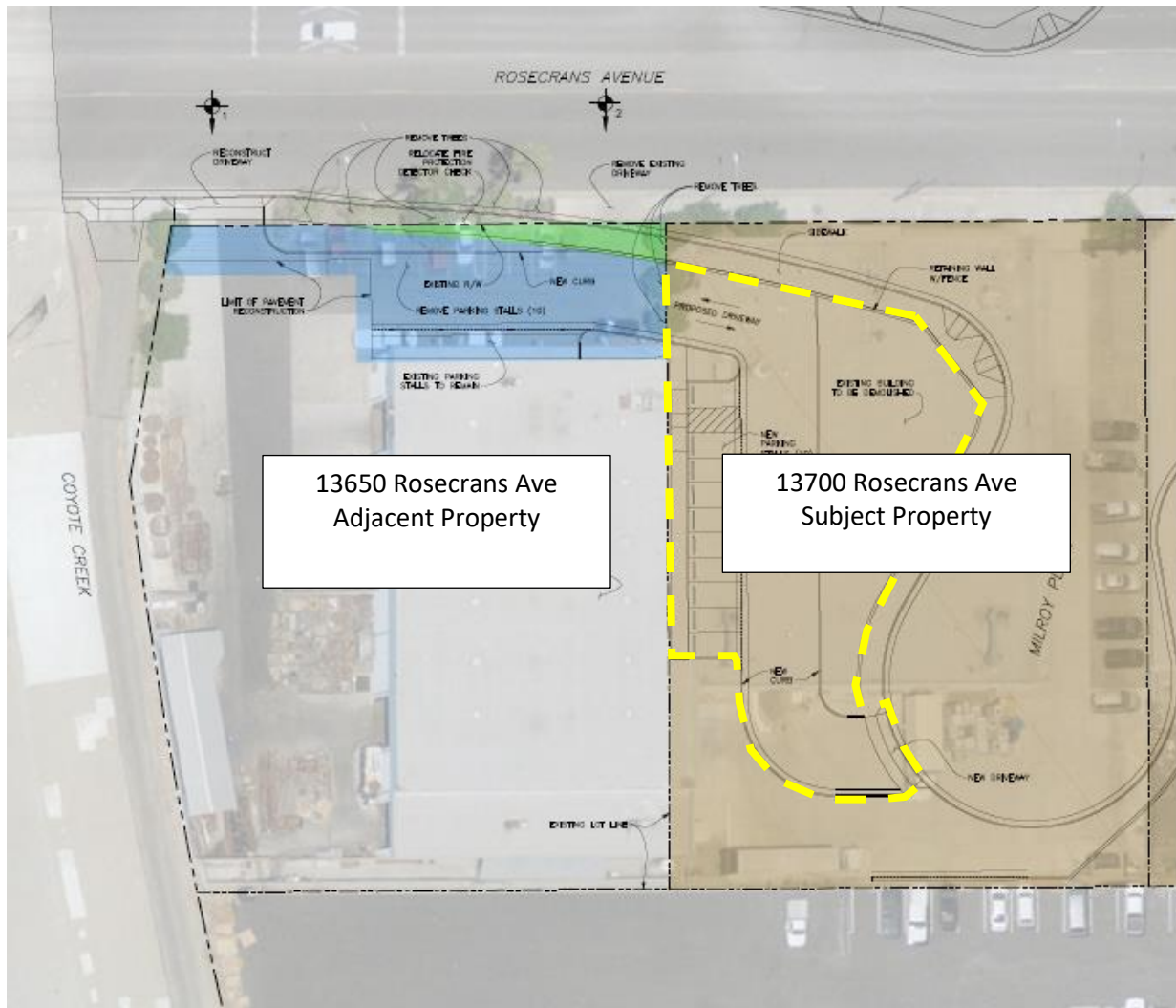
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Phillip A. Washington  
Chief Executive Officer



## ATTACHMENT A

## Site Plan for RM-08 Surplus Property





## Board Report

File #: 2020-0434, File Type: Contract

Agenda Number: 6.

### FINANCE, BUDGET, AND AUDIT COMMITTEE OCTOBER 14, 2020

**SUBJECT: METRO FREEWAY SERVICE PATROL**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. INCREASE Contract Modification Authority (CMA) to 27 existing Freeway Service Patrol (FSP) contracts as delineated below for an aggregate amount of \$8,915,000 thereby increasing the CMA amount from \$20,004,130 to \$28,919,130 and extend the periods of performance as follows:
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## **ISSUE**

Recommendation A authorizes increasing contract modification authority (CMA) in the aggregate amount of \$8,915,000 to execute contract modifications to existing FSP light duty tow service contracts and extend periods of performance.

## **BACKGROUND**

FSP is a congestion mitigation program managed in partnership with Metro, CHP and Caltrans serving motorists on all major freeways in Los Angeles County. The Los Angeles County FSP program has the highest benefit to cost ratio of all the statewide FSP programs.

The program utilizes a fleet of roving tow and service trucks designed to reduce traffic congestion by efficiently rendering disabled vehicles operational or by quickly towing those vehicles from the

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freeway to a designated safe location. Quick removal of motorists and their disabled vehicles from the freeway reduces the chances of further incidents caused by onlookers and impatient drivers. FSP helps save fuel and reduce air polluting emissions by reducing stop-and-go traffic. The service is free to motorists and operates seven days a week during peak commuting hours.

Metro contracts with independent tow service providers for light duty tow service on general purpose lanes on all major freeways in Los Angeles County, 2 light duty contracts on the ExpressLanes (I-110 and I-10), and 2 heavy duty (Big Rig) contracts (I-710 and SR-91).

The annual benefit of the program is as follows:

- For individual beats, an annual Benefit to Cost Ratio of 10:1 - For every \$1 spent, there is a \$10 benefit to motorists.
- 325,000 motorist assists
- 9,727,671 hours motorists saved from sitting in traffic
- 16,721,867 gallons of fuel savings
- Approximately 147,000,000 kg of CO2 reductions
- The average motorist wait time for FSP service is 7 minutes (the average wait time for other roadside service is over 30 minutes)
- The Los Angeles County FSP program generates one-half of the cumulative benefits of the 14 FSP programs in the state.

## **DISCUSSION**

In response to the COVID-19 pandemic and its impact on funding and freeway congestion levels, the FSP program reduced tow service on all beats beginning in April 2020 with ongoing monitoring by the CHP to ensure adequate service provision to address needs. In FY20 Q4, FSP's operating budget was reduced by 40% with additional reductions of 40% in Q1, 25% in Q2, and 10% in Q3 & Q4 in FY21. In order to ensure that the program continues to operate at necessary service levels and within budget, the decision was made to delay operations of seven recently awarded FSP contracts and delay the procurement of additional new contracts which are anticipated to have higher operating costs since with each procurement, hourly rates have increased. In lieu of initiating scheduled new solicitations, staff decided to pursue contract extensions which enables continued provision of this vital service to Los Angeles County motorists at the required levels and a reasonable cost.

Authorizing increased contract modification authority and extending the periods of performance will ensure seamless and efficient operation of the FSP program. Increased CMA will also provide funds to address operating costs not recovered by contractors due to the reduction in service levels, increased insurance premiums, major maintenance expenses, fluctuating fuel prices, and will also replenish funding to contracts that provide support to Caltrans construction projects through a Cooperative Agreement which reimburses Metro for FSP support. The FSP program currently expends up to \$60,000 each month to support Caltrans construction projects.

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## **DETERMINATION OF SAFETY IMPACT**

The FSP Program enhances safety on Los Angeles County freeways by assisting motorists with disabled vehicles, by towing vehicles from freeway lanes to prevent secondary accidents and removing debris/obstacles from lanes that can be a hazard to motorists.

## **FINANCIAL IMPACT**

The amount of \$8,915,000 for CMA is included in the FY21 budget in cost center 3352, Metro Freeway Service Patrol.

### **Impact to Budget**

The FSP program is funded through a combination of dedicated state funds, SB1 funding and Proposition C 25% sales tax. These funds are not eligible for Metro Bus and Rail Operating and Capital expenses. Metro is also reimbursed for the services provided to support Caltrans construction projects.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The FSP Program aligns with Strategic **Goal 1: Provide high quality mobility options that enable people to spend less time traveling.** The program mitigates congestion on all major freeways in Los Angeles County.

## **ALTERNATIVES CONSIDERED**

The Board may decide not to authorize the increase in contract modification authority. This alternative is not recommended as it will adversely impact the existing contracts and the level and quality of FSP service provided in Los Angeles County.

## **NEXT STEPS**

Upon Board approval, staff will execute the necessary contract modifications to assure efficient and seamless delivery of the FSP program. Staff will work on new procurements to address needs beyond FY21. Barring additional unforeseen impacts, staff will return to the Board at the appropriate time to secure approval for new contracts with services to commence in July 2021.


## **ATTACHMENTS**

Attachment A - Procurement Summary  
Attachment B - Contract Modification Authority (CMA) Summary  
Attachment C - Contract Modification/Change Order Log  
Attachment D - FSP Beat Map

Attachment E - DEOD Summary

Prepared by: John Takahashi, Senior Highway Operations Manager, (213) 418-3271

Reviewed by: Shahrzad Amiri, Executive Officer, Congestion Reduction, (213) 922-3061  
Debra Avila, Chief Vendor/Contract Management, (213) 418-3051



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Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

## METRO FREEWAY SERVICE PATROL/VARIOUS BEATS

|    |  |         |   |                           |
|----|--|---------|---|---------------------------|
| 1. | <b>Contract Number:</b> Various, See Attachment B  |         |   |                           |
| 2. | <b>Contractor:</b> Various, See Attachment B   |         |   |                           |
| 3. | <b>Mod. Work Description:</b> General Redeployment Support, Caltrans Construction, Special Event Support, Service Coverage |         |   |                           |
| 4. | <b>Contract Work Description:</b> Freeway Service Patrol   |         |   |                           |
| 5. | <b>The following data is current as of:</b> September 15, 2020   |         |   |                           |
| 6. | <b>Contract Completion Status</b>  |         | <b>Financial Status</b>                               |                           |
|    | <b>Contract Awarded:</b>   |         | <b>Contract Award Amount:</b>                         | Various, See Attachment B |
|    | <b>Notice to Proceed (NTP):</b>  | N/A     | <b>Total of Modifications Approved:</b>               | Various, See Attachment B |
|    | <b>Original Complete Date:</b>   | N/A     | <b>Pending Modifications (including this action):</b> | Various, See Attachment C |
|    | <b>Current Est. Complete Date:</b>   | Various | <b>Current Contract Value (with this action):</b>     | Various, See Attachment C |
| 7. | <b>Contract Administrator:</b><br>DeValory Donahue   |         | <b>Telephone Number:</b><br>(213)-922-4726            |                           |
| 8. | <b>Project Manager:</b><br>John Takahashi  |         | <b>Telephone Number:</b><br>(213) 418-3271            |                           |

**A. Procurement Background**

This Board Action is to approve an increase in Contract Modification Authority (CMA) for multiple firm fixed unit rate contracts (see Attachment B-Contract Modification Authority Summary) for towing services in support of the Metro Freeway Service Patrol (FSP) program.

The proposed CMA increase for 27 FSP general purpose lanes and ExpressLane contracts in the amount of \$8,915,000 will continue required towing services for the FSP program and extend the period of performance to support unanticipated events, redeployment, and support during freeway construction work, and service delivery until new contracts are established.

Attachment B - Contract Modification Authority Summary shows the list of contracts that require an increase in CMA.

Attachment C - Contract Modification/Change Order Log shows that modifications have been issued to date and no contract modifications are currently in negotiations or pending.

**B. Cost**

Contract modifications that are required in the future will be deemed fair and reasonable prior to execution.



**ATTACHMENT B**  
**CONTRACT MODIFICATION AUTHORITY (CMA) SUMMARY**

**METRO FREEWAY SERVICE PATROL**  
**TOWING SERVICES FOR GENERAL PURPOSE LANES**

| <b>Beat</b>   | <b>Contractor</b>               | <b>Contract No.</b> | <b>Original Contract Value</b> | <b>Approved CMA</b>    | <b>Requested CMA Increase</b> | <b>Revised Total CMA</b> |
|---------------|---------------------------------|---------------------|--------------------------------|------------------------|-------------------------------|--------------------------|
| 3             | Hollywood Car Carrier           | FSP3469400B3/43     | \$1,915,326.00                 | \$1,280,532.00         | \$210,000.00                  | \$1,490,532.00           |
| 5             | Sonic Towing, Inc.              | FSP3469500B5/17     | \$1,808,057.00                 | \$810,000.00           | \$240,000.00                  | \$1,050,000.00           |
| 6             | Neighborhood Towing 4 U         | FSP3469600B6        | \$1,760,238.00                 | \$838,000.00           | \$180,000.00                  | \$1,018,000.00           |
| 7             | Girard & Peterson               | FSP3469900B7/11     | \$2,891,301.00                 | \$0.00                 | \$245,000.00                  | \$245,000.00             |
| 10            | Neighborhood Towing 4 U         | FSP3848100FSP1410   | \$1,717,924.00                 | \$1,101,792.00         | \$440,000.00                  | \$1,541,792.00           |
| 11            | Girard & Peterson               | FSP3469900B7/11     | \$2,891,301.00                 | \$0.00                 | \$270,000.00                  | \$270,000.00             |
| 12            | Tip Top Tow                     | FSP2826700FSP14     | \$2,312,650.00                 | \$921,000.00           | \$460,000.00                  | \$1,381,000.00           |
| 17            | Sonic Towing, Inc.              | FSP3469500B5/17     | \$1,782,209.00                 | \$716,000.00           | \$230,000.00                  | \$946,000.00             |
| 18            | Bob & Dave's Towing, Inc.       | FSP2690300FSP1418   | \$2,486,760.00                 | \$975,000.00           | \$315,000.00                  | \$1,290,000.00           |
| 20            | Bob's Towing                    | FSP2836600FSP1420   | \$2,292,530.00                 | \$411,000.00           | \$460,000.00                  | \$871,000.00             |
| 21            | Bob's Towing                    | FSP2839000FSP1421   | \$2,292,530.00                 | \$263,000.00           | \$535,000.00                  | \$798,000.00             |
| 24            | T.G. Towing, Inc.               | FSP2833200FSP1424   | \$1,753,911.00                 | \$1,360,391.00         | \$410,000.00                  | \$1,770,391.00           |
| 27            | Hovanwil, Inc. dba Jon's Towing | FSP3470400B27/39    | \$2,594,126.00                 | \$355,000.00           | \$295,000.00                  | \$650,000.00             |
| 28            | Hadley Tow                      | FSP3847300FSP1428   | \$2,293,737.00                 | \$244,000.00           | \$445,000.00                  | \$689,000.00             |
| 29            | Platinum Tow & Transport, Inc.  | FSP3470600B29       | \$3,012,024.00                 | \$0.00                 | \$170,000.00                  | \$170,000.00             |
| 31            | Navarro's Towing                | FSP3470700B31/50    | \$2,909,952.00                 | \$375,000.00           | \$360,000.00                  | \$735,000.00             |
| 33            | Mid Valley Towing               | FSP2851900FSP1433   | \$1,671,437.00                 | \$993,143.00           | \$325,000.00                  | \$1,318,143.00           |
| 34            | South Coast Towing, Inc.        | FSP2839600FSP1434   | \$1,724,050.00                 | \$1,049,405.00         | \$495,000.00                  | \$1,544,405.00           |
| 36            | Hadley Tow                      | FSP2841400FSP1436   | \$1,932,125.00                 | \$936,212.00           | \$510,000.00                  | \$1,446,212.00           |
| 37            | Reliable Delivery Service       | FSP3696000FSP1437   | \$1,898,072.00                 | \$890,000.00           | \$330,000.00                  | \$1,220,000.00           |
| 38            | Steve's Towing                  | FSP38468001438      | \$2,263,556.00                 | \$321,000.00           | \$475,000.00                  | \$796,000.00             |
| 39            | Hovanwil, Inc. dba Jon's Towing | FSP5966400FSPB39    | \$2,152,353.00                 | \$723,000.00           | \$170,000.00                  | \$893,000.00             |
| 42            | Platinum Tow & Transport, Inc.  | FSP2842100FSP1442   | \$1,765,665.00                 | \$861,566.00           | \$345,000.00                  | \$1,206,566.00           |
| 43            | Hollywood Car Carrier           | FSP3469400B3/43     | \$1,915,326.00                 | \$1,128,000.00         | \$240,000.00                  | \$1,368,000.00           |
| 50            | Navarro's Towing                | FSP3470700B31/50    | \$3,283,230.00                 | \$220,000.00           | \$280,000.00                  | \$500,000.00             |
| 70            | Tip Top Tow                     | FSP3471300B70       | \$3,885,770.00                 | \$1,568,577.00         | \$260,000.00                  | \$1,828,577.00           |
| 71            | Bob & Dave's Towing, Inc.       | FSP3471500B71       | \$5,455,123.12                 | \$1,662,512.00         | \$220,000.00                  | \$1,882,512.00           |
| <b>Totals</b> |                                 |                     |                                | <b>\$20,004,130.00</b> | <b>\$8,915,000.00</b>         | <b>\$28,919,130.00</b>   |

**ATTACHMENT C**

**CONTRACT MODIFICATION/CHANGE ORDER LOG**

**METRO FREEWAY SERVICE PATROL  
TOWING SERVICES FOR GENERAL PURPOSE LANES AND EXPRESSLANES**

**Contract No. FSP3469400B3/43**

**Beat No. 3**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Modified Contract Start Date          | Approved                            | 5/23/2016   | \$0.00                |
| 2               | Add Funding and Period of Performance | Approved                            | 5/19/2019   | \$191,532.00          |
| 3               | Add Funding and Period of Performance | Approved                            | 7/25/2019   | \$849,000.00          |
| 4               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 5               | Add Funding and Period of Performance | Approved                            | 5/21/2020   | \$240,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$1,280,532.00</b> |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$1,915,326.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$3,195,858.00</b> |

**CONTRACT No. FSP3469500B5/17**

**Beat No. 5**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Period of Performance                 | Approved                            | 6/27/2019   | \$0.00                |
| 2               | Add Funding and Period of Performance | Approved                            | 7/25/2019   | \$320,000.00          |
| 3               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 4               | Add Funding and Period of Performance | Approved                            | 5/21/2020   | \$490,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$810,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$1,808,057.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,618,057.00</b> |

**CONTRACT No. FSP346960B6**

**Beat No. 6**

| <b>Mod. No.</b> | <b>Description</b>                           | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>    |
|-----------------|--|-------------------------------------|-------------|---------------------|
| 1               | Period of Performance                        | Approved                            | 6/27/2019   | \$0.00              |
| 2               | Add Funding and Extend Period of Performance | Approved                            | 7/25/2019   | \$338,000.00        |
| 3               | Service Reduction                            | Approved                            | 4/3/2020    | \$0.00              |
| 4               | Add Funding and Extend Period of Performance | Approved                            | 5/21/2020   | \$500,000.00        |
|                 | <b>Modification Total:</b>                   |                                     |             | <b>\$838,000.00</b> |

|  |                           |  |  |                       |
|--|---------------------------|--|--|-----------------------|
|  | <b>Original Contract:</b> |  |  | <b>\$1,760,238.00</b> |
|  | <b>Total:</b>             |  |  | <b>\$2,598,238.00</b> |

**CONTRACT No. FSP3469900B7/11**

**Beat No. 7**

| <b>Mod. No.</b> | <b>Description</b>         | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|----------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Period of Performance  | Approved                            | 4/3/2020    | \$0.00                |
| 2               | Service Reduction          | Approved                            | 4/14/2020   | \$0.00                |
|                 | <b>Modification Total:</b> |                                     |             | <b>\$0.00</b>         |
|                 | <b>Original Contract:</b>  |                                     |             | <b>\$2,891,301.00</b> |
|                 | <b>Total:</b>              |                                     |             | <b>\$2,891,301.00</b> |

**CONTRACT No. FSP3848100FSP1410**

**Beat No. 10**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Period of Performance             | Approved                            | 8/20/2018   | \$0.00                |
| 2               | Add Funding and Period of Performance | Approved                            | 12/27/2018  | \$171,792.00          |
| 3               | Add Funding and Period of Performance | Approved                            | 7/25/2019   | \$610,000.00          |
| 4               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 5               | Service Reduction                     | Approved                            | 7/6/2020    | \$0.00                |
| 6               | Add Funding and Period of Performance | Approved                            | 7/21/2020   | \$320,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$1,101,792.00</b> |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$1,717,924.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,819,716.00</b> |

**CONTRACT No. FSP3469900B7/11**

**Beat No. 11**

| <b>Mod. No.</b> | <b>Description</b>         | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|----------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Period of Performance  | Approved                            | 4/3/2020    | \$0.00                |
| 2               | Service Reduction          | Approved                            | 4/14/2020   | \$0.00                |
|                 | <b>Modification Total:</b> |                                     |             | <b>\$0.00</b>         |
|                 | <b>Original Contract:</b>  |                                     |             | <b>\$2,891,301.00</b> |
|                 | <b>Total:</b>              |                                     |             | <b>\$2,891,301.00</b> |

**CONTRACT No. FSP2826700FSP14****Beat No. 12**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 7/25/2019   | \$796,000.00          |
| 2               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 3               | Add Funding and Period of Performance | Approved                            | 7/21/2020   | \$125,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$921,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$2,312,650.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$3,233,650.00</b> |

**CONTRACT No. FSP3470200B17****Beat No. 17**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 7/18/2018   | \$241,000.00          |
| 2               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 3               | Add Funding and Period of Performance | Approved                            | 5/21/2020   | \$475,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$716,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$1,782,209.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,498,209.00</b> |

**CONTRACT No. FSP2690300FSP14-18****Beat No. 18**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Period of Performance                 | Approved                            | 4/28/2015   | \$0.00                |
| 2               | Period of Performance                 | Approved                            | 5/16/2019   | \$0.00                |
| 3               | Period of Performance                 | Approved                            | 6/14/2019   | \$0.00                |
| 4               | Add Funding and Period of Performance | Approved                            | 8/1/2019    | \$695,000.00          |
| 5               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 6               | Service Reduction                     | Approved                            | 7/20/2020   | \$0.00                |
| 7               | Add Funding and Period of Performance | Approved                            | 7/23/2020   | \$280,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$975,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$2,486,760.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$3,461,760.00</b> |

**CONTRACT No. FSP2836600FSP14-20****Beat No. 20**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 7/18/2019   | \$211,000.00          |
| 2               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 3               | Add Period of Performance             | Approved                            | 7/29/2020   | \$200,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$411,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$2,292,530.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,703,530.00</b> |

**CONTRACT No. FSP2839000FSP14-21****Beat No. 21**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 7/25/2019   | \$153,000.00          |
| 2               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 3               | Add Funding and Period of Performance | Approved                            | 7/29/2020   | \$110,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$263,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$2,292,530.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,555,530.00</b> |

**CONTRACT No. FSP2833200FSP14-24****Beat No. 24**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Period of Performance                 | Approved                            | 5/11/2018   | \$0.00                |
| 2               | Period of Performance                 | Approved                            | 8/3/2018    | \$0.00                |
| 3               | Add Funding and Period of Performance | Approved                            | 12/21/2018  | \$175,391.00          |
| 4               | Add Funding and Period of Performance | Approved                            | 5/17/2019   | \$330,000.00          |
| 5               | Period of Performance                 | Approved                            | 8/30/2019   | \$0.00                |
| 6               | Period of Performance                 | Approved                            | 9/27/2019   | \$0.00                |
| 7               | Period of Performance                 | Approved                            | 10/31/2019  | \$0.00                |
| 8               | Period of Performance                 | Approved                            | 11/27/2019  | \$0.00                |
| 9               | Add Funding and Period of Performance | Approved                            | 12/6/2019   | \$275,000.00          |
| 10              | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 11              | Add Funding and Period of Performance | Approved                            | 5/12/2020   | \$580,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$1,360,391.00</b> |

|  |                           |  |  |                        |
|--|---------------------------|--|--|------------------------|
|  | <b>Original Contract:</b> |  |  | <b>\$1,753,911 .00</b> |
|  | <b>Total:</b>             |  |  | <b>\$ 3,114,302.00</b> |

**CONTRACT No. FSP3470400B27/39**

**Beat No. 27**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 2/27/2020   | \$355,000.00          |
| 2               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$355,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$2,594,126.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,949,126.00</b> |

**CONTRACT No. FSP3847300FSP1428-28**

**Beat No. 28**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 7/18/2019   | \$99,000.00           |
| 2               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 3               | Add Funding and Period of Performance | Approved                            | 7/31/2020   | \$145,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$244,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$2,293,737.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,537,737.00</b> |

**CONTRACT No. FSP3470600B29**

**Beat No. 29**

| <b>Mod. No.</b> | <b>Description</b>         | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|----------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Service Reduction          | Approved                            | 4/3/2020    | \$0.00                |
| 2               | Period of Performance      | Approved                            | 4/17/2020   | \$0.00                |
| 3               | Service Reduction          | Approved                            | 7/2/2020    | \$0.00                |
|                 | <b>Modification Total:</b> |                                     |             | <b>\$0.00</b>         |
|                 | <b>Original Contract:</b>  |                                     |             | <b>\$3,012,024.00</b> |
|                 | <b>Total:</b>              |                                     |             | <b>\$3,012,024.00</b> |

**CONTRACT No. FSP3470700B31/50****Beat No. 31**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 2               | Add Funding and Period of Performance | Approved                            | 5/21/2020   | \$375,000.00          |
| 3               | Service Reduction                     | Approved                            | 7/6/2020    | \$0.00                |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$375,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$2,909,952.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$3,284,952.00</b> |

**CONTRACT No. FSP2851900FSP14-33****Beat No. 33**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Period of Performance                 | Approved                            | 6/12/2018   | \$0.00                |
| 2               | Add Funding and Period of Performance | Approved                            | 1/9/2019    | \$167,143.00          |
| 3               | Add Funding and Period of Performance | Approved                            | 5/17/2019   | \$380,000.00          |
| 4               | Add Funding and Period of Performance | Approved                            | 7/25/2019   | \$266,000.00          |
| 5               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 6               | Add Funding and Period of Performance | Approved                            | 7/23/2020   | \$180,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$993,143.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$1,671,437.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,664,580.00</b> |

**CONTRACT No. FSP2839600FSP1434****Beat No. 34**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Period of Performance                 | Approved                            | 6/12/2018   | \$0.00                |
| 2               | Add Funding and Period of Performance | Approved                            | 12/19/2018  | \$172,405.00          |
| 3               | Add Funding and Period of Performance | Approved                            | 7/25/2019   | \$607,000.00          |
| 4               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 5               | Add Funding and Period of Performance | Approved                            | 7/24/2020   | \$270,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$1,049,405.00</b> |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$1,724,050.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,773,455.00</b> |

**CONTRACT No. FSP2841400FSP14-36****Beat No. 36**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Period of Performance                 | Approved                            | 6/12/2018   | \$0.00                |
| 2               | Add Funding and Period of Performance | Approved                            | 12/20/2018  | \$193,212.00          |
| 3               | Add Funding and Period of Performance | Approved                            | 7/18/2019   | \$638,000.00          |
| 4               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 5               | Add Funding and Period of Performance | Approved                            | 7/31/2020   | \$105,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$936,212.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$1,932,125.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,868,337.00</b> |

**CONTRACT No. FSP363600FSP1437****Beat No. 37**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 7/18/2019   | \$690,000.00          |
| 2               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 3               | Add Funding and Period of Performance | Approved                            | 7/23/2020   | \$200,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$890,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$1,898,072.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,788,072.00</b> |

**CONTRACT No. FSP38468001438****Beat No. 38**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 7/18/2019   | \$106,000.00          |
| 2               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 3               | Add Funding and Period of Performance | Approved                            | 7/29/2020   | \$215,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$321,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$2,263,556.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,584,556.00</b> |



**CONTRACT No. FSP5966400FSP39****Beat No. 39**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 7/18/2019   | \$253,000.00          |
| 2               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 3               | Add Funding and Period of Performance | Approved                            | 5/26/2020   | \$470,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$723,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$2,152,353.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,875,353.00</b> |

**CONTRACT No. FSP2842100FSP14-42****Beat No. 42**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Period of Performance                 | Approved                            | 7/10/2018   | \$0.00                |
| 2               | Add Funding and Period of Performance | Approved                            | 12/18/2018  | \$176,566.00          |
| 3               | Add Funding and Period of Performance | Approved                            | 7/18/2019   | \$585,000.00          |
| 4               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 5               | Add Funding and Period of Performance | Approved                            | 7/31/2020   | \$100,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$861,566.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$1,765,665.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$2,627,231.00</b> |

**CONTRACT No. FSP3469400B3/43****Beat No. 43**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 7/18/2019   | \$828,000.00          |
| 2               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 3               | Add Funding and Period of Performance | Approved                            | 5/21/2020   | \$300,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$1,128,000.00</b> |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$1,915,326.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$3,043,326.00</b> |

**CONTRACT No. FSP3470700B31/50****Beat No. 50**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 2               | Add Funding and Period of Performance | Approved                            | 5/21/2020   | \$220,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$220,000.00</b>   |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$3,283,230.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$3,503,230.00</b> |

**CONTRACT No. FSP3471300B70****Beat No. 70**

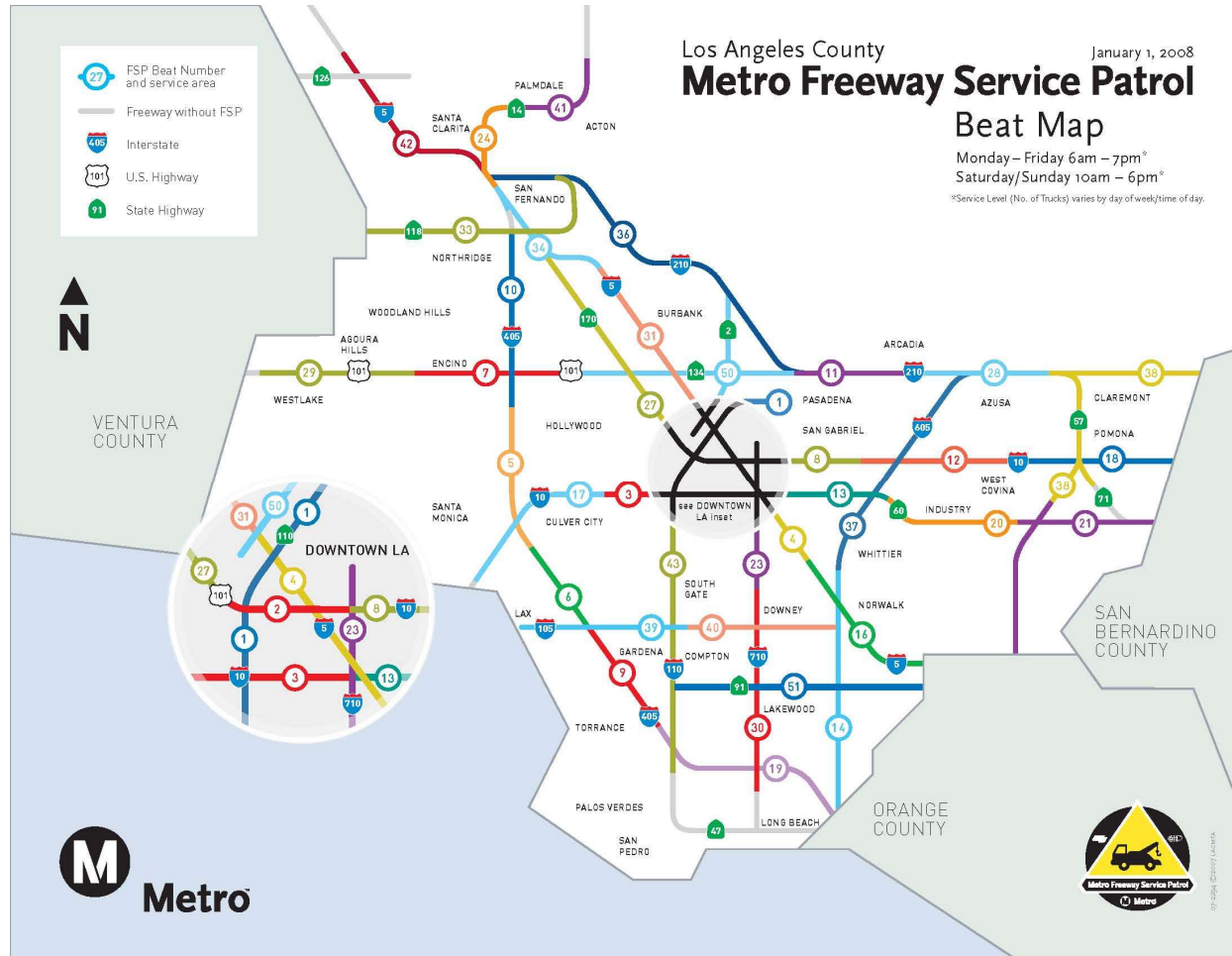
| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 12/18/2018  | \$388,577.00          |
| 2               | Add Funding and Period of Performance | Approved                            | 7/18/2019   | \$920,000.00          |
| 3               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 4               | Add Funding and Period of Performance | Approved                            | 7/27/2020   | \$260,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$1,568,577.00</b> |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$3,885,770.00</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$5,454,347.00</b> |

**CONTRACT No. FSP3471500B71****Beat No. 71**

| <b>Mod. No.</b> | <b>Description</b>                    | <b>Status (approved or pending)</b> | <b>Date</b> | <b>\$ Amount</b>      |
|-----------------|---------------------------------------|-------------------------------------|-------------|-----------------------|
| 1               | Add Funding and Period of Performance | Approved                            | 12/18/2018  | \$480,512.00          |
| 2               | Add Funding and Period of Performance | Approved                            | 7/18/2019   | \$932,000.00          |
| 3               | Service Reduction                     | Approved                            | 4/3/2020    | \$0.00                |
| 4               | Add Funding and Period of Performance | Approved                            | 7/24/2020   | \$250,000.00          |
|                 | <b>Modification Total:</b>            |                                     |             | <b>\$1,662,512.00</b> |
|                 | <b>Original Contract:</b>             |                                     |             | <b>\$5,455,123.12</b> |
|                 | <b>Total:</b>                         |                                     |             | <b>\$7,117,635.12</b> |



# Attachment D



**DEOD SUMMARY****METRO FREEWAY SERVICE PATROL/VARIOUS BEATS****A. Small Business Participation – Various Beats**

Of the twenty-seven FSP contracts included in this modification, Contractors made Small Business Enterprise (SBE) commitments for 22 Beats, 13 of which are meeting or exceeding their SBE commitment(s) and 10 of which are SBE Primes.

The FSP Contractors for Beats 27, 33, 38, 39 and 71 did not make SBE commitments and have no SBE participation. These contracts were procured prior to the 2016 legislative change to the Public Utilities Code that authorized meeting the SBE goal as a condition of award for non-federal IFB procurements.

The FSP Contractors for Beats 3, 7, 11, 12, 31, 34, 43, 50, and 70 have participation levels below their respective commitment levels and are in shortfall.

For Beats 3 and 43, Disco Auto Sales dba Hollywood Car Carrier, made a 10.20% SBE commitment on each, which are 94% and 100% complete, respectively. Current SBE participation is 0.00% on each, representing a 10.20% shortfall for both beats. Disco explained that their shortfall is the result of their SBE firm being decertified prior to the executive of a sub agreement. Disco has submitted a shortfall mitigation plan demonstrating their plans to reduce the shortfall and DEOD will continue to monitor the contract to ensure compliance.

For Beats 7 and 11, Girard & Peterson, Inc., made a 4.03% SBE commitment on each, which are 81% and 80% complete, respectively. Current SBE participation is 1.84% and 1.96%, representing shortfalls of 2.19% and 2.07%, respectively. Girard explained that their shortfall is the result of their SBE firm being decertified prior to the executive of a sub agreement. Girard has submitted a shortfall mitigation plan demonstrating their efforts to reduce the shortfall and DEOD will continue to monitor the contract to ensure compliance.

For Beats 12 and 70, Classic Tow, Inc., dba Tip Top Tow made a 10.20% SBE commitment for each beat, which are 92% and 100% complete, respectively. Current SBE participation is 2.02% and 0.00%, representing shortfalls of 8.18% and 10.20%, respectively. Tip Top Tow explained that their listed SBEs had been decertified prior to subcontract execution for Beat 70 but they have added two (2) SBE subcontractors to mitigate their shortfall for both beats. DEOD will continue to monitor the contract to ensure compliance.

For Beats 31 and 50, Navarros Towing, made a 6.00% SBE commitment on each, which are 100% and 86% complete, respectively. Current SBE participation is 0.00% on each, representing a shortfall of 6.00% for each beat. Navarros explained that their shortfall is the result of their SBE firm being decertified prior to the executive of a sub agreement. Navarros has submitted a shortfall mitigation plan demonstrating their efforts to reduce the shortfall and DEOD will continue to monitor the contract to ensure compliance.

For Beat 34, South Coast Towing made an 11.31% SBE commitment. The project is 89% complete. As a result of a correction to its Supplier crediting, South Coast Towing has a current SBE participation of 8.82%, representing a shortfall of 2.49%. However, South Coast Towing has indicated that they will increase their spend with the certified supplier to ensure compliance in meeting their SBE commitment.

Notwithstanding, Metro Project Managers and Contract Administrators will work in conjunction with DEOD to ensure that the FSP Contractors are on schedule to meet or exceed their SBE commitments. Additionally, key stakeholders associated with the contract have been provided access to Metro's tracking and monitoring system to ensure that all parties are actively tracking Small Business progress.

### **Beat 3 – Disco Auto Sales dba Hollywood Car Carrier**

|    | SBE Subcontractor(s)                | % Commitment  | % Participation |
|----|-------------------------------------|---------------|-----------------|
| 1. | AAA Oils, Inc. dba California Fuels | 10.20%        | 0.00%           |
| 2. | Hunter Tires                        | Added         | 0.00%           |
|    | <b>Total</b>                        | <b>10.20%</b> | <b>0.00%</b>    |

### **Beat 5 – Sonic Towing, Inc.**

|    | SBE Subcontractor(s)           | % Commitment  | % Participation |
|----|--------------------------------|---------------|-----------------|
| 1. | Casanova Towing Equipment      | 16.70%        | 0.00%           |
| 2. | Sonic Towing, Inc. (SBE Prime) | -             | 70.30%          |
|    | <b>Total</b>                   | <b>16.70%</b> | <b>70.30%</b>   |

### **Beat 6 – Neighborhood Towing 4U**

|    | SBE Subcontractor(s)         | % Commitment  | % Participation |
|----|------------------------------|---------------|-----------------|
| 1. | Casanova Towing Equipment    | 16.70%        | 0.00%           |
| 2. | Neighborhood Towing 4U, Inc. | -             | 43.65%          |
|    | <b>Total</b>                 | <b>16.70%</b> | <b>43.65%</b>   |

**Beat 7 – Girard & Peterson, Inc.**

|    | SBE Subcontractor(s)      | % Commitment | % Participation |
|----|---------------------------|--------------|-----------------|
| 1. | AAA Oils, Inc.            | 1.45%        | 0.00%           |
| 2. | Buchanan & Associates     | 1.20%        | 1.33%           |
| 3. | Casanova Towing Equipment | 1.38%        | 0.51%           |
|    | <b>Total</b>              | <b>4.03%</b> | <b>1.84%</b>    |

**Beat 10 – Neighborhood Towing 4 U**

|    | SBE Subcontractor(s)                   | % Commitment  | % Participation |
|----|--|---------------|-----------------|
| 1. | Neighborhood Towing 4 U<br>(SBE Prime) | 10.02%        | 36.88%          |
| 2. | AAA Oils, Inc.                         | Added         | 4.99%           |
|    | <b>Total</b>                           | <b>10.02%</b> | <b>41.87%</b>   |

**Beat 11 – Girard & Peterson, Inc.**

|    | SBE Subcontractor(s)      | % Commitment | % Participation |
|----|---------------------------|--------------|-----------------|
| 1. | AAA Oils, Inc.            | 1.45%        | 0.00%           |
| 2. | Buchanan & Associates     | 1.20%        | 1.35%           |
| 3. | Casanova Towing Equipment | 1.38%        | 0.61%           |
|    | <b>Total</b>              | <b>4.03%</b> | <b>1.96%</b>    |

**Beat 12 –Tip Top Tow**

|    | SBE Subcontractor(s) | % Commitment  | % Participation |
|----|----------------------|---------------|-----------------|
| 1. | AAA Oils, Inc.       | 10.20%        | 2.05%           |
| 2. | Hunter Tires         | Added         | 0.00%           |
| 3. | JCM & Associates     | Added         | 0.00%           |
|    | <b>Total</b>         | <b>10.20%</b> | <b>2.05%</b>    |

**Beat 17 – Sonic Towing, Inc.**

|    | SBE Subcontractor(s)      | % Commitment  | % Participation |
|----|---------------------------|---------------|-----------------|
| 1. | Casanova Towing Equipment | 16.70%        | 0.00%           |
| 2. | Sonic Towing (SBE Prime)  | -             | 68.69%          |
|    | <b>Total</b>              | <b>16.70%</b> | <b>68.69%</b>   |

**Beat 18 – Bob & Dave's Towing**

|    | SBE Subcontractor(s)     | % Commitment | % Participation |
|----|--------------------------|--------------|-----------------|
| 1. | Deborah Dyson Electrical | 4.95%        | 8.98%           |
| 2. | JCM & Associates         | 0.07%        | 0.44%           |

|  |              |              |              |
|--|--------------|--------------|--------------|
|  | <b>Total</b> | <b>5.02%</b> | <b>9.44%</b> |
|--|--------------|--------------|--------------|

**Beats 20 and 21 – Safeway Towing Services, Inc. dba Bob's Towing**

|    |                          |              |                 |
|----|--------------------------|--------------|-----------------|
|    | SBE Subcontractor(s)     | % Commitment | % Participation |
| 1. | Bob's Towing (SBE Prime) | 100%         | 100%            |
|    | <b>Total</b>             | <b>100%</b>  | <b>100%</b>     |

**Beat 24 – T.G. Towing, Inc.**

|    |                                |              |                 |
|----|--------------------------------|--------------|-----------------|
|    | SBE Subcontractor(s)           | % Commitment | % Participation |
| 1. | T. G. Towing, Inc. (SBE Prime) | 100%         | 100%            |
|    | <b>Total</b>                   | <b>100%</b>  | <b>100%</b>     |

**Beat 28 – Hadley Tow**

|    |                      |               |                 |
|----|----------------------|---------------|-----------------|
|    | SBE Subcontractor(s) | % Commitment  | % Participation |
| 1. | AAA Oils, Inc.       | 18.83%        | 16.36%          |
| 2. | Manatek Insurance    | 2.62%         | 8.35%           |
|    | <b>Total</b>         | <b>21.45%</b> | <b>24.71%</b>   |

**Beats 29 and 42 – Platinum Tow & Transport**

|    |                                      |              |                 |
|----|--------------------------------------|--------------|-----------------|
|    | SBE Subcontractor(s)                 | % Commitment | % Participation |
| 1. | Platinum Tow & Transport (SBE Prime) | 100%         | 100%            |
|    | <b>Total</b>                         | <b>100%</b>  | <b>100%</b>     |

**Beat 31 – Navarro's Towing, LLC**

|    |                                    |              |                 |
|----|------------------------------------|--------------|-----------------|
|    | SBE Subcontractor(s)               | % Commitment | % Participation |
| 1. | AAA Oils, Inc. dba California Fuel | 6.00%        | 0.00%           |
|    | <b>Total</b>                       | <b>6.00%</b> | <b>0.00%</b>    |

**Beat 34 – South Coast Towing, Inc.**

|    |                                    |               |                 |
|----|------------------------------------|---------------|-----------------|
|    | SBE Subcontractor(s)               | % Commitment  | % Participation |
| 1. | AAA Oils, Inc. dba California Fuel | 11.31%        | 8.82%           |
|    | <b>Total</b>                       | <b>11.31%</b> | <b>8.82%</b>    |

**Beat 36 – Hadley Tow**

|    |                                    |              |                 |
|----|------------------------------------|--------------|-----------------|
|    | SBE Subcontractor(s)               | % Commitment | % Participation |
| 1. | AAA Oils, Inc. dba California Fuel | 16.77%       | 16.65%          |
| 2. | Manatek Insurance                  | 2.33%        | 7.71%           |



|  |              |               |               |
|--|--------------|---------------|---------------|
|  | <b>Total</b> | <b>19.10%</b> | <b>24.26%</b> |
|--|--------------|---------------|---------------|

**Beat 37 – Reliable Delivery Service**

|    | SBE Subcontractor(s)                  | % Commitment | % Participation |
|----|---------------------------------------|--------------|-----------------|
| 1. | Reliable Delivery Service (SBE Prime) | 100%         | 100%            |
|    | <b>Total</b>                          | <b>100%</b>  | <b>100%</b>     |

**Beat 43 – Disco Auto Sales dba Hollywood Car Carrier**

|    | SBE Subcontractor(s)               | % Commitment  | % Participation |
|----|------------------------------------|---------------|-----------------|
| 1. | AAA Oils, Inc. dba California Fuel | 10.20%        | 0.00%           |
| 2. | Hunter Tires                       | Added         | 0.00%           |
|    | <b>Total</b>                       | <b>10.20%</b> | <b>0.00%</b>    |

**Beat 50 – Navarro's Towing, LLC**

|    | SBE Subcontractor(s) | % Commitment | % Participation |
|----|----------------------|--------------|-----------------|
| 1. | AAA Oils, Inc.       | 6.00%        | 0.00%           |
|    | <b>Total</b>         | <b>6.00%</b> | <b>0.00%</b>    |

**Beat 70 – Tip Top Tow Service**

|    | SBE Subcontractor(s) | % Commitment  | % Participation |
|----|----------------------|---------------|-----------------|
| 1. | AAA Oils, Inc.       | 10.20%        | 0.00%           |
| 2. | Hunter Tires         | Added         | 0.00%           |
| 3. | JCM & Associates     | Added         | 0.00%           |
|    | <b>Total</b>         | <b>10.20%</b> | <b>0.00%</b>    |

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

The Living Wage and Service Contract Worker Retention Policy (LW/SCWRP) is applicable to this modification. Metro staff will monitor and enforce the policy guidelines to ensure that applicable workers are paid at minimum, the current Living Wage rate of \$19.56 per hour (\$14.22 base + \$5.34 health benefits), including yearly increases. The increase may be up to 3% of the total wage, annually. In addition, contractors will be responsible for submitting the required reports for the Living Wage and Service Contract Worker Retention Policy and other related documentation to staff to determine overall compliance with the policy.

**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this modification.

**D. Project Labor Agreement/Construction Careers Policy**

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



Metro

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

## Board Report

File #: 2020-0606, File Type: Contract

Agenda Number: 7.

### FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 14, 2020

**SUBJECT: AUDIT SERVICES BENCH FY2018 to FY2022**

**ACTION: APPROVE CONTRACT MODIFICATION**

#### **RECOMMENDATION**

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to execute Modification No. 3 to Contract Nos. PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018 to exercise the first, one-year option, extending the contract term from January 1, 2021 to December 31, 2021; and increasing the total authorized not-to-exceed amount by \$2,288,000 from \$6,864,000 to \$9,152,000; and
- B. AWARDING AND EXECUTING task orders for an aggregate not-to-exceed amount of \$9,152,000.

#### **ISSUE**

In May 2017, the Board of Directors approved the establishment of Audit Services Bench contracts (Bench) for a combined total amount not-to-exceed \$11,440,000 for a 3-year base term, plus two, one-year options. The Bench provides Management Audit Services (MAS) with consulting and assurance services relating to a broad range of audits and reviews including completion of the Board approved annual audit plan, assistance with CEO/Board requested assignments, staffing support for fluctuating workload requirements, and supports specialized and/or complex audits.

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

#### **DISCUSSION**

MAS is required to comply with Generally Accepted Government Auditing Standards (GAGAS).

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GAGAS has a due professional care standard which requires MAS to bring in outside experts to supplement staff when the area being audited requires technical or specialized skills that are not available within the department. Co-sourcing is typically used to supplement staff expertise with highly specialized audits which exceeds internal capacity and/or resources. Outsourcing is used depending on the complexity of the audit or if the specialized skillsets and/or capacity is not available in-house. Specialized audits that generally fall under this requirement include information technology audits, construction or operations projects, programs and/or processes. Other areas of work outsourced or co-sourced to expert firms include Call-for-Projects closeout audits, Caltrans audits, grant audits such as State Transportation Improvement Program including financial, compliance and external audits of subrecipients; and others

To date, a total of 63 task orders have been issued against the Bench, for a cumulative total value of \$6,296,682.79, or 92% of the total not to exceed amount of \$6,864,000 for the initial 3-year base term. Currently, 11 of the 16 firms on the Bench are certified as DBEs and SBEs and task orders have been awarded to these firms in a cumulative amount of \$4,543,019.50 or 72% of the total awarded value. A list of the awarded task orders is provided as Attachment D.

### **DETERMINATION OF SAFETY IMPACT**

The approval of the recommendation above will have no negative impact on the safety of Metro employees or passengers.

### **FINANCIAL IMPACT**

Funding for FY21 is included in the department, cost center budgets. Each task order awarded to a Contractor will be funded with the source of funds identified for that project. Since this option will continue into FY2022, the cost center managers, Chief Auditor and other Executive Officers will be accountable for budgeting future costs.

#### **Impact to Budget**

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

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

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

### **ALTERNATIVES CONSIDERED**

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

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this would prolong the procurement process making it difficult to complete time-sensitive audits within the planned timeframe. In addition, because of the frequency of task orders typically issued, this would require a substantial amount of procurement processing time.

### **NEXT STEPS**

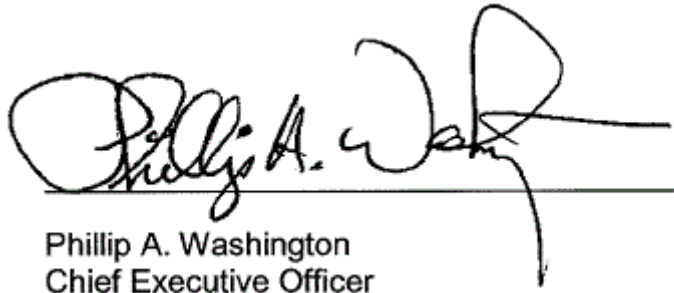
Upon approval by the Board, staff will execute Contract Modification No. 3 to the Audit Service Bench contracts and continue to award individual task orders for audit services.

### **ATTACHMENT**

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

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

Reviewed by: Shalonda Baldwin, Chief Auditor (Interim), (213) 418-3265  
Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051



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Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

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

|    |  |  |   |             |
|----|--|--|---|-------------|
| 1. | <b>Contract Number:</b> PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018 |  |   |             |
| 2. | <b>Contractor:</b> See Attachment C  |  |   |             |
| 3. | <b>Mod. Work Description:</b> Exercise the first one-year option   |  |   |             |
| 4. | <b>Contract Work Description:</b> To provide audit services  |  |   |             |
| 5. | <b>The following data is current as of:</b> 8/27/20  |  |   |             |
| 6. | <b>Contract Completion Status</b>  |  | <b>Financial Status</b>                               |             |
|    | <b>Contract Awarded:</b>   |  | <b>Contract Award Amount:</b>                         | \$6,864,000 |
|    | 5/17/17  |  |   |             |
|    | <b>Notice to Proceed (NTP):</b>  |  | <b>Total of Modifications Approved:</b>               | \$0         |
|    | N/A  |  |   |             |
|    | <b>Original Complete Date:</b>   |  | <b>Pending Modifications (including this action):</b> | \$2,288,000 |
|    | 6/30/20  |  |   |             |
|    | <b>Current Est. Complete Date:</b>   |  | <b>Current Contract Value (with this action):</b>     | \$9,152,000 |
|    | 12/31/21   |  |   |             |
| 7. | <b>Contract Administrator:</b><br>Greg Baker   |  | <b>Telephone Number:</b><br>(213) 922-7577            |             |
| 8. | <b>Project Manager:</b><br>Lauren Choi   |  | <b>Telephone Number:</b><br>(213) 922-3926            |             |

**A. Procurement Background**

This Board Action is to approve Contract Modification No. 3 to the Audit Services Bench Contract Numbers PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, and PS36627011 through PS36627018 to exercise option year one to perform audit services, which increases the total cumulative not-to-exceed amount and extends the contract term to December 31, 2021.

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

On May 17, 2017, the Board of Directors authorized the Chief Executive Officer to award audit bench contracts to the firms listed in Attachment C to provide audit support to Management Audit Services for a period of three years with two, one-year options. The current Audit Services Bench contracts will expire on December 31, 2020.

**B. Cost/Price Analysis**

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

## CONTRACT MODIFICATION/CHANGE ORDER LOG

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

| <b>Mod.<br/>No.</b> | <b>Description</b>   | <b>Status<br/>(approved<br/>or<br/>pending)</b> | <b>Date</b>    | <b>\$ Amount</b>   |
|---------------------|--|---|----------------|--------------------|
| 1                   | Add the Disadvantaged Business Enterprise (DBE) Participation requirement of 30%                           | Approved  | 10/31/2018     | \$0                |
| 2                   | Extended the contract base period of performance by six months from July 1, 2020 through December 31, 2020 | Approved  | 06/17/2020     | \$0                |
| 3                   | Exercise Option 1  | <b>Pending</b>                                  | <b>Pending</b> | <b>\$2,288,000</b> |
|                     | <b>Modification Total:</b>   |   |                | <b>\$2,288,000</b> |
|                     | <b>Original Contract:</b>  |   |                | <b>\$6,864,000</b> |
|                     | <b>Total:</b>  |   |                | <b>\$9,152,000</b> |



## FIRMS ON THE AUDIT SERVICES BENCH

| Contract # | Consultant                                  | Certifications |
|------------|---|----------------|
| PS36627000 | BCA Watson Rice, LLP                        | SBE            |
| PS36627001 | Choi Hong Lee & Kang, LLP                   | None           |
| PS36627002 | Chung & Chung Accountancy Corporation, CPAS | DBE/SBE        |
| PS36627003 | Conrad, LLP                                 | SBE            |
| PS36627004 | CPC Financial Services, Inc.                | SBE            |
| PS36627006 | KNL Support Services                        | DBE/SBE        |
| PS36627008 | Lopez and Company, LLP                      | DBE/SBE        |
| PS36627009 | MACIAS, Gini & Co.                          | None           |
| PS36627011 | Qiu Accountancy Corp.                       | SBE            |
| PS36627012 | RTJ CPA, P.C.                               | SBE            |
| PS36627013 | Simpson & Simpson CPAS                      | None           |
| PS36627014 | Susan Hum, CPA                              | DBE/SBE        |
| PS36627015 | Talson Solutions, LLC.                      | DBE/SBE        |
| PS36627016 | David M. Lewis Company, LLC.                | None           |
| PS36627017 | Tap International, Inc.                     | SBE            |
| PS36627018 | Vasquez and Company, LLP.                   | None           |

**ATTACHMENT D - LIST OF TASK ORDERS AND VALUES**

| DBE/SBE Awards                    |   |                             |                         |
|-----------------------------------|---|-----------------------------|-------------------------|
| Contract No.                      | Company Name                                | Task Orders Awarded to Date | Task Order Award Amount |
| PS36627000                        | BCA Watson Rice, LLP                        | 22                          | \$1,561,220.00          |
| PS36627002                        | Chung & Chung Accountancy Corporation, CPAS | 0                           | \$0.00                  |
| PS36627003                        | Conrad, LLP                                 | 0                           | \$0.00                  |
| PS36627004                        | CPC Financial Services, Inc.                | 16                          | \$850,920.00            |
| PS36627006                        | KNL Support Services                        | 2                           | \$191,965.68            |
| PS36627008                        | Lopez and Company, LLP                      | 10                          | \$1,286,008.82          |
| PS36627011                        | Qiu Accountancy Corp.                       | 3                           | \$112,080.00            |
| PS36627012                        | RTJ CPA, P.C.                               | 0                           | \$0.00                  |
| PS36627014                        | Susan Hum, CPA                              | 1                           | \$71,808.00             |
| PS36627015                        | Talson Solutions, LLC.                      | 3                           | \$449,017.00            |
| PS36627017                        | Tap International, Inc.                     | 1                           | \$20,000.00             |
| Total Awarded Task Order Subtotal |   | 58                          | \$4,543,019.50          |
| Total Task Order Value            |   |                             |                         |

**ATTACHMENT D - LIST OF TASK ORDERS AND VALUES**

| <b>Non DBE/SBE Awards</b>         |                              |                                    |                                |
|-----------------------------------|------------------------------|------------------------------------|--------------------------------|
| <b>Contract No.</b>               | <b>Company Name</b>          | <b>Task Orders Awarded to Date</b> | <b>Task Order Award Amount</b> |
| PS36627001                        | Choi Hong Lee & Kang, LLP    | 0                                  | \$0.00                         |
| PS36627009                        | MACIAS, Gini & Co.           | 0                                  | \$0.00                         |
| PS36627013                        | Simpson & Simpson CPAS       | 4                                  | \$1,734,840.00                 |
| PS36627016                        | David M. Lewis Company, LLC. | 0                                  | \$0.00                         |
| PS36627018                        | Vasquez and Company, LLP.    | 1                                  | \$18,823.29                    |
| Total Awarded Task Order Subtotal |                              | 5                                  | \$1,753,663.29                 |
|                                   |                              | Total Task Order Value             |                                |

|                           |    |                |
|---------------------------|----|----------------|
| Total Task Orders Awarded | 63 | Amount Awarded |
| DBE/SBE Task Order Value  |    | \$4,543,019.50 |
| Total Task Order Value    |    | \$6,296,682.79 |

**DEOD SUMMARY****AUDIT SERVICES BENCH FY2018 TO FY2022 / PS36627000 through PS36627004, PS36627006, PS36627008, PS36627009, PS36627011 through PS36627018****A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) established a 27% Small Business Enterprise (SBE), 3% Disabled Veteran Business Enterprise (DVBE) goal and subsequently a 30% Disadvantaged Business Enterprise (DBE) goal was added to accommodate federally funded task orders through contract modification.

Each bench participant met or exceeded the 27% SBE / 3% DVBE or 30% DBE commitment. The Audit Services Bench is subject to the Small Business Prime (Set-Aside) Program requirements. Twelve of the nineteen bench participants are SBE primes. The overall SBE/DVBE/DBE participation is based on the aggregate of all Task Orders awarded through the bench.

To date, sixty-three (63) task orders have been awarded to ten (10) primes on the bench. Fifty-eight (58) of the task orders were awarded to SBE firms. Based on payments, the cumulative SBE participation is **70.69%** and the cumulative DBE participation is **83.25%**. To-date, no task orders have been awarded with a DVBE commitment, due in part to the number of Small Business Prime (Set-Aside) task orders awarded, where DVBE participation does not apply. Task orders will continue to be tracked for progress in meeting participation commitments.

|                                      |  |   |  |
|--------------------------------------|--|---|--|
| <b>Small Business<br/>Commitment</b> | <b>27% SBE<br/>3% DVBE<br/>30% DBE</b> | <b>Small Business<br/>Participation</b> | <b>70.69% SBE<br/>0% DVBE<br/>83.25% DBE</b> |
|--------------------------------------|--|---|--|

| DBE/SBE Primes & Subcontractors |  | Current Participation |        |       |
|---------------------------------|--|-----------------------|--------|-------|
|                                 |  | DBE                   | SBE    | DVBE  |
| 1                               | BCA Watson Rice (SBE Prime)              | -                     | 100%   | -     |
| Total                           |  | -                     | 100%   | -     |
| 2                               | CPC Financial Services, Inc. (SBE Prime) | -                     | 100%   | -     |
| Total                           |  | -                     | 100%   | -     |
| 3                               | KNL Support Services (SBE Prime)         | -                     | 100%   | -     |
| Total                           |  | -                     | 100%   | -     |
| 4                               | Lopez.and Associates, LLC (SBE Prime)    | -                     | 96.98% | -     |
| Total                           |  | -                     | 96.98% | -     |
| 5                               | Qiu Accountancy Corporation (SBE Prime)  | -                     | 100%   | -     |
| Total                           |  | -                     | 100%   | -     |
| 6                               | Simpson and Simpson, LLP                 | -                     | 0.00%  | 0.00% |
| Total                           |  | -                     | 0.00%  | 0.00% |
| 7                               | Susan Hum, CPA (SBE Prime)               | -                     | 100%   | -     |
| Total                           |  | -                     | 100%   | -     |
| 8                               | Talson Solutions, LLP (DBE/SBE Prime)    | 83.25%                | 97.55% | -     |
| Total                           |  | 83.25%                | 97.55% | -     |

|       |                                     |   |       |       |
|-------|-------------------------------------|---|-------|-------|
| 9     | TAP International, Inc. (SBE Prime) | - | 100%  | -     |
| Total |                                     | - | 100%  | -     |
| 10    | Vasquez and Company, LLP            | - | 0.00% | 0.00% |
| Total |                                     | - | 0.00% | 0.00% |

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

A review of the current service contract indicates that the Living Wage and Service Contract Worker Retention Policy (LW/SCWRP) was not applicable at the time of award. Therefore, the LW/SCWRP is not applicable to this modification.

**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this modification.

**D. Project Labor Agreement/Construction Careers Policy**

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



## Board Report

**File #:** 2020-0625, **File Type:** Informational Report

**Agenda Number:** 8.

### FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 14, 2020

**SUBJECT: ACCESS SERVICES - QUARTERLY UPDATE**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

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

#### **ISSUE**

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

#### **BACKGROUND**

Access is the Los Angeles County transit agency that provides paratransit services on behalf of Metro and 44 other fixed route operators, as mandated by the Americans with Disabilities Act (ADA). Eligibility for Access is based on a person's ability to use accessible fixed-route buses and trains in Los Angeles County; Access currently has 140,000 registered riders. Access' paratransit service is a next-day, shared-ride, curb-to-curb service with additional assistance available to qualified individuals. The service operates throughout most of the County of Los Angeles and is operated by six contractors in the following regions: Eastern, Southern, West Central, Northern, Santa Clarita and Antelope Valley. Access provides service to customers who are traveling between locations that are located within 3/4 of a mile of local bus routes and rail lines. Customers call Access' service providers directly to make trip reservations or book trips online.

#### **DISCUSSION**

##### **Response to the COVID-19 Pandemic**

Starting in the middle of March with the implementation of Los Angeles City and County's Safer at Home directives, Access saw its average daily ridership decline 78 percent from 11,600 trips a day to 2,500 trips a day. Before the pandemic, Access was on pace to transport over 5 million passengers in FY20.

In response, Access proactively redesigned its system to enhance physical distancing and cleaning protocols to help protect the health of customers and frontline employees, particularly vehicle

operators. These initiatives included the elimination of shared rides and funding for enhanced cleaning protocols where vehicles were disinfected twice a day and high contact surfaces were wiped down after each passenger trip. In addition, in response to a change in policy from the Centers for Disease Control and Prevention (CDC), face coverings were strongly encouraged and then, on June 1<sup>st</sup>, mandated for all customers. Access has been assisting its providers in obtaining the necessary Personal Protective Equipment (PPE) and has directed them to provide face coverings for customers who request one.

Additional services were also implemented to serve the community:

**Meal and grocery delivery:** Access has worked with a number of public and private entities to deliver, as of August 31, 240,000 meals and grocery boxes since the start of the pandemic to the most vulnerable populations in the County. These partners include Mayor Garcetti's office, City of Los Angeles Department on Disability, City of Los Angeles Department of Aging, Lancaster Project Door Drop, Jewish Family Service of Los Angeles and the I Did Something Good Today Foundation.

**Same Day Service:** On May 4, Access began offering same day service for trips to non-emergency medical/dental appointments, grocery stores, pharmacies or drug stores, the bank, and Los Angeles County Cooling Stations. As of August 31, nearly 14,000 same day trips have been completed.

**Recovery Plans:** Access will continue to monitor the COVID-19 pandemic and normalize its operations as the pandemic subsides. The goal of restoring service back to pre-pandemic service levels will be to balance operational circumstances, including contractor capacity and ridership, as well as guidance from our public health partners and local authorities. At this time, Access believes that the continuation of its no-shared ride policy should be continued as long as operationally practicable.

### FY20 Operational Performance

In FY20, despite the significant ridership drop in mid-March, Access provided more than 3,707,599 passenger trips. Access' current projections assume a 61 percent decline in ridership (1,462,982 passengers vs. 3,707,599 FY 20 passengers) for FY21. Ridership for July and August was approximately 41 percent of projected pre-pandemic levels.

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

| Key Performance Indicators (KPIs)                | FY 2019 | FY 2020 |
|--|---------|---------|
| On Time Performance - $\geq 91\%$                | 92.00%  | 92.20%  |
| Excessively Late Trips - $\leq 0.10\%$           | 0.08%   | 0.10%   |
| Excessively Long Trips - $\leq 5\%$              | 3.80%   | 2.90%   |
| Missed Trips - $\leq 0.75\%$                     | 0.52%   | 0.46%   |
| Access to Work On Time Performance - $\geq 94\%$ | 95.90%  | 95.90%  |



|   |        |        |
|---|--------|--------|
| Average Hold Time (Reservations) - $\leq 120$     | 80     | 71     |
| Calls On Hold > 5 Min (Reservations) - $\leq 5\%$ | 4.50%  | 3.30%  |
| Calls On Hold > 5 Min (ETA) - $\leq 10\%$         | 5.50%  | 4.10%  |
| Complaints Per 1,000 Trips - $\leq 4.0$           | 3.3    | 2.5    |
| Preventable Incidents - $\leq 0.25$               | 0.21   | 0.19   |
| Preventable Collisions (Weighted) - $\leq 0.50$   | 0.64   | 0.67   |
| Miles Between Road Calls - $\geq 25,000$          | 54,878 | 60,999 |

Overall, all main KPIs are being met except for preventable collisions. Access has set an aggressive goal compared to its peers to emphasize the importance of safely transporting its customers.

#### Working with Agency and Community Partners

Access continues to engage and consult with its community and public agency partners, including the Aging and Disability Transportation Network (ADTN), the Los Angeles City and County Commissions on Disabilities, Rancho Los Amigos National Rehabilitation Center and various Metro departments, on a variety of issues. Feedback and suggestions from the ADTN, County Commission on Disabilities and Access' own Community Advisory Committee (CAC) have helped to inform the Agency's response to the COVID-19 pandemic.

Other updates include:

**Aging and Disability Transportation Network (ADTN):** In response to a June 2016 Metro Board motion ("Countywide Services for Older Adults and People with Disabilities"), Metro and Access staff have met with Network representatives to discuss and study enhancements to the service. In addition, many of these items are now being discussed and studied by Access' Community Advisory Committee, which is comprised of Access customers.

The current enhancement to emerge from this collaboration is a planned countywide expansion of the Parents with Disabilities (PWD) program, which provides additional assistance to Access customers with school-age children. At its July meeting, the Access Board of Directors approved the expansion of a modified Parents with Disabilities program countywide to be implemented when schools reopen. The modified initiative will achieve the main goals of the program, specifically ensuring that students arrive to school on time and that limited same day service is available to parents, at a significantly lower cost than previously proposed.

**Long Beach Civic Center Stand Signs:** On July 29, 2020, the City of Long Beach held the grand opening of their new Civic Center located at 411 W. Ocean Blvd. Working with personnel from Long Beach Transit and the City of Long Beach, Access was able to identify three locations for Stand Signs, which make it easier for vehicle operators and customers to locate each other. As of August 17, the signs have been installed and uploaded into Access' stand sign directory.

#### Technology Update

**DOT Mobility for All Pilot Program Grant Award:** The United States Department of Transportation

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recently awarded Access Services \$330,000 to fund proposed enhancements to our Where's My Ride (WMR) smartphone application. In-kind matching contributions will be provided by the private sector for a total project budget of \$412,500.

Access plans to convert WMR to an Accessible Traveler Mobile App (ATMA) by expanding WMR's functions, including trip planning, trip booking, trip cancellation and integrated mobile fare payment solutions. Access was one of 17 projects in 16 states to receive funding.

### **FINANCIAL IMPACT**

There is no financial impact.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

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

Goal 3: Enhance communities and lives through mobility and access to opportunity

### **NEXT STEPS**

Access is in the process of completing the following:

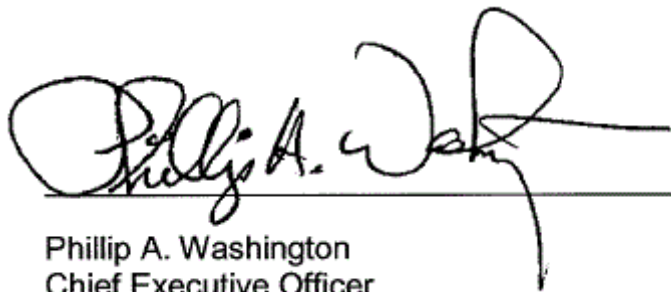
- A modified Parents with Disabilities program throughout Los Angeles County
- Enhancements to the WMR app using Mobility for All grant funds
- Expanding online reservations to the Northern region (San Fernando Valley)
- The procurement process for the Southern operational region
- Continue to work with Metro Government Relations on AB 5's impact\* on Access' use of taxicabs

\*Estimated to be a 30% increase in cost for Access (or \$42 million dollars, including additional capital) based on a "normal" year of operational service

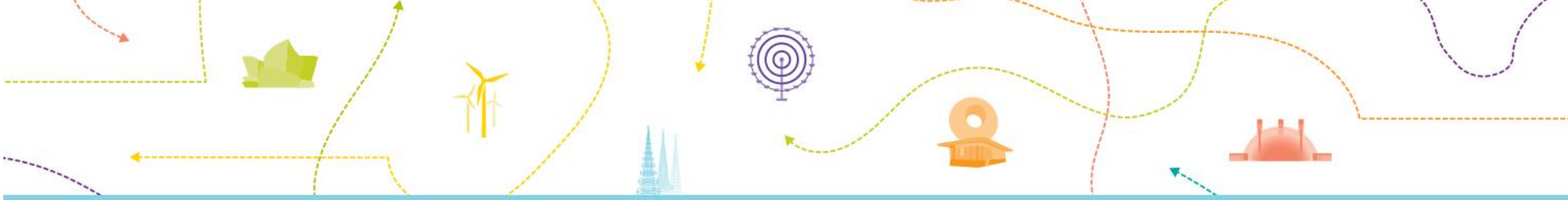
Prepared by: Andre Colaiace, Executive Director, Access Services, (213) 270-6007

Fayma Ishaq, Accessibility Program Manager, (213) 922-4925

Reviewed by: Jonaura Wisdom, Chief Civil Rights Programs Officer, (213) 418-3168



Phillip A. Washington  
Chief Executive Officer



# **Access Services Quarterly Update**

Finance, Budget & Audit Committee  
Item 2

**access**

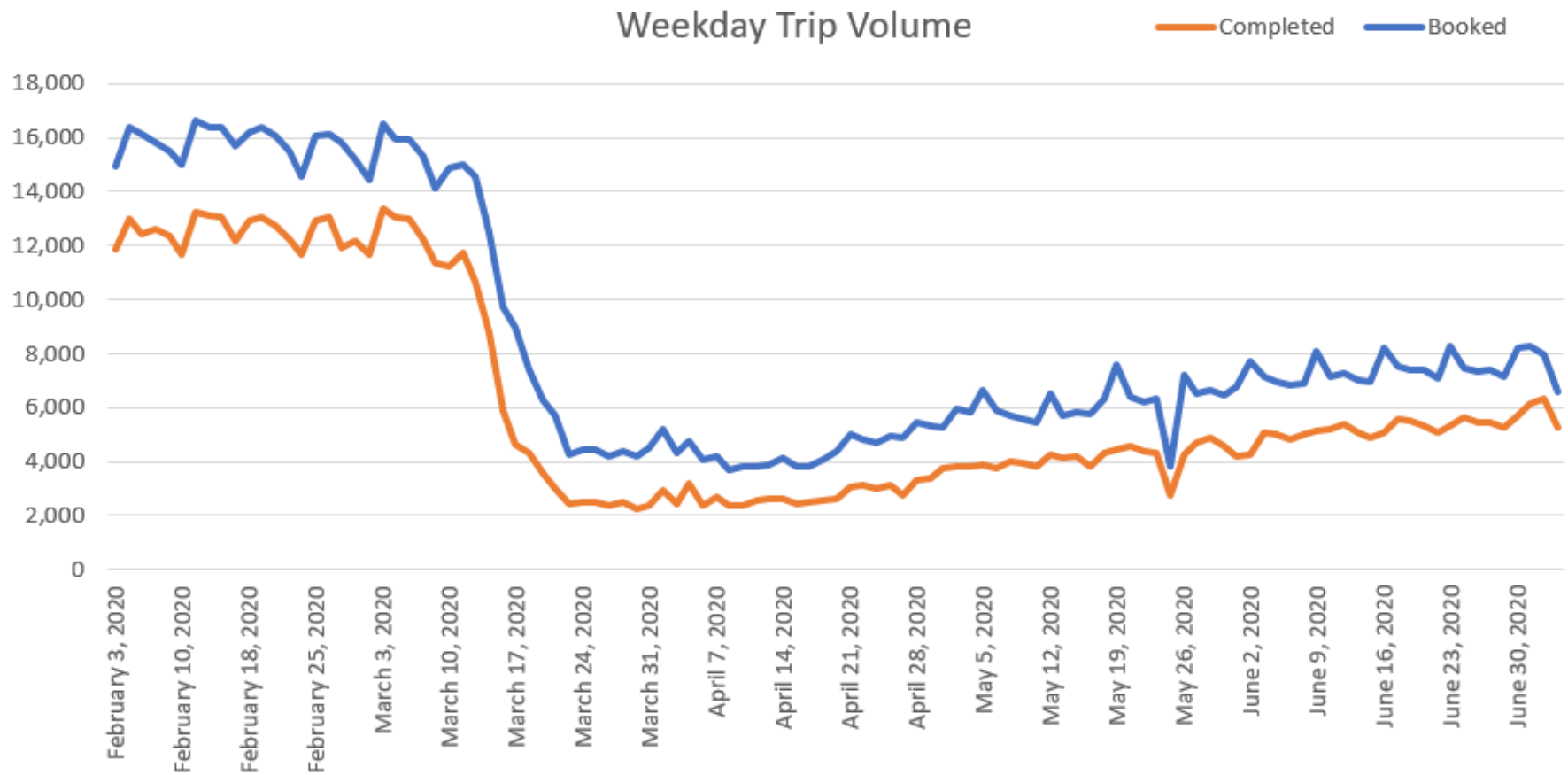


## Response to COVID-19 Pandemic

- Initial service decline from 11,600 to 2,500 trips/day
- System changes :
  - No shared rides
  - Enhanced cleaning protocols
  - Face coverings required for all riders and drivers
- Additional services :
  - 240,000 meal and grocery boxes delivered
  - 14,000 trips for same day service for trips to non-emergency medical/dental appointments, grocery stores, pharmacies or drug stores, the bank, and Los Angeles County Cooling Stations

**access**

# Impacts on Ridership



access

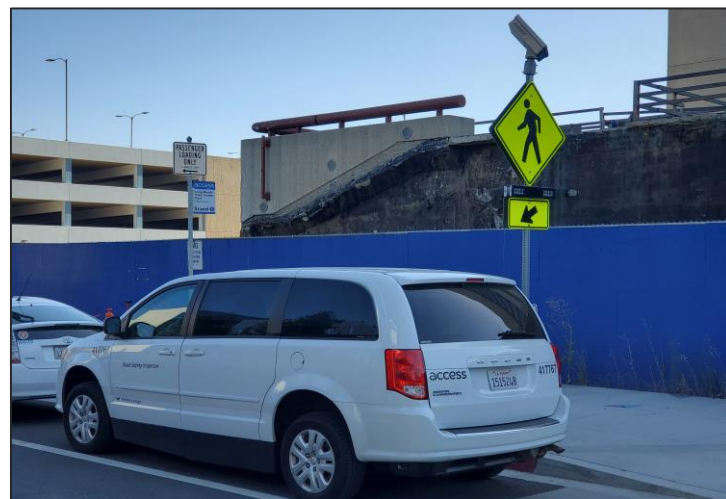


# Agency Performance Goals

| Key Performance Indicator            | Target        | FY 2019 | FY 2020 |
|--------------------------------------|---------------|---------|---------|
| On Time Performance                  | $\geq 91\%$   | 92.0%   | 92.20%  |
| Excessively Late Trips               | $\leq 0.10\%$ | 0.08%   | 0.10%   |
| Excessively Long Trips               | $\leq 5\%$    | 3.8%    | 2.9%    |
| Missed Trips                         | $\leq 0.75\%$ | 0.52%   | 0.46%   |
| Access to Work On Time Performance   | $\geq 94\%$   | 95.8%   | 95.9%   |
| Average Hold Time (Reservations)     | $\leq 120$    | 80      | 71      |
| Calls On Hold > 5 Min (Reservations) | $\leq 5\%$    | 4.5%    | 3.30%   |
| Calls On Hold > 5 Min (ETA)          | $\leq 10\%$   | 5.5%    | 4.10%   |
| Complaints Per 1,000 Trips           | $\leq 4.0$    | 3.3     | 2.5     |
| Preventable Incidents                | $\leq 0.25$   | 0.21    | 0.19    |
| Preventable Collisions (Weighted)    | $\leq 0.50$   | 0.64    | 0.67    |
| Miles Between Road Calls             | $\geq 25,000$ | 54,878  | 60,999  |

# Working with Agency and Community Partners

- **Aging and Disability Transportation Network (ADTN)**
  - Parents with Disabilities (PWD) program
    - Access Board approved a modified program county-wide
- **City of Long Beach and Long Beach Transit**
  - Installed three Stand Sign locations at the new Civic Center







## Agency Update/Next Steps

- Received \$330,000 DOT Mobility for All Pilot Program Grant Award
  - Will enhance Where's My Ride smartphone application to include trip planning, trip booking, trip cancellation and integrated mobile fare payment solutions.
- Recovery Plans: Normalize operations as the pandemic subsides.
  - Balance operational circumstances, including contractor capacity and ridership, as well as guidance from our public health partners and local authorities.



## Board Report

**File #:** 2020-0633, **File Type:** Informational Report

**Agenda Number:** 9.

### FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 14, 2020

**SUBJECT: FY21 AUDIT PLAN**

**ACTION: ADOPT THE FY21 PROPOSED AUDIT PLAN**

#### **RECOMMENDATION**

ADOPT the FY21 Proposed Audit Plan.

#### **ISSUE**

Management Audit Services (MAS) is required to complete an annual agency-wide risk assessment and submit an annual audit plan to the Board of Directors for approval.

#### **BACKGROUND**

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

#### **DISCUSSION**

The FY21 Audit Plan (Audit Plan) has been developed with consideration to the current state of the agency as result of the impacts of COVID-19 and the results of the agency-wide risk assessment including input from Metro's senior leadership. As a result, the Audit Plan is flexible, relevant and risk based; and the plan includes audit projects that will provide actionable information to support risk management efforts, add value to the agency and lend to the achievement of organizational goals in alignment to Metro's Vision 2028 Strategic Plan.

##### **A. Risk Assessment**

MAS staff performed an agency-wide risk assessment between the period of March 2020 and July 2020 through a comprehensive and systematic process that entailed the review of financial, operational and strategic reports and data; internal stakeholder meetings with the senior leadership teams of each Metro department; and the analysis of risks by themes and impact. The risk assessment ensured continued emphasis on the agency's internal control framework, vulnerability to

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fraud and the identification of new and emerging risks that have the potential to affect the agency-wide performance.

### B. Enterprise Risk Themes

The agency-wide risk assessment process lent to the identification of core enterprise-risk themes by internal stakeholders summarized as:

- **Staffing:** The impacts of the pandemic have led to the decentralization of planning and customer service efforts, more reliance on e-training, remote work practices and restrictions on the backfill of vacant positions.
- **Political/external:** During this period of uncertainty, there are risks related to the agency's ability to react to new federal, state and local directives, the increase in crisis populations, and uncertainty related to additional federal funding for public transit.
- **Financial:** Financial constraints have deferred the progress of selected capital projects and delayed the initiation of certain process improvement initiatives; and expressed risk related to decreased toll and transit fare revenues and availability of funds for emergency management activities.
- **Scale of capital projects:** The financial impacts of the pandemic and the general period of uncertainty have required an adjusted approach to the capital projects while ensuring adherence to Measure M schedules; and the completion of various environmental studies may be impacted due to the pandemic.
- **Global/supply chain:** Perceived risks related to the agency's internal capability to handle future procurement needs given existing resource constraints, potential impacts to global supply chains and the disruption to small business vendors.
- **Unknown:** There are some unique risks that do not fit clearly into one of the major risk categories. These risks include recovery of lost ridership, changes in population and societal behaviors and the restoration of pre-pandemic service levels and commuter patterns; including the general unknown of the "new normal" post pandemic.

### C. Audit Plan

The FY21 Audit Plan includes 20 audit projects broken down into two categories; priority and discretionary. The priority audit projects will be given primary focus and initiated at the onset of the annual plan. The priority projects address high-level risk areas and risk impacts. The discretionary audit projects address lower-level risk areas and will be reassessed by MAS staff at mid-year review and initiated based on the status of priority audits, internal capacity and resources. MAS staff may also exercise the discretion to carry-forward discretionary audit projects to the FY22 annual audit plan.

The priority and discretionary audit projects listed below are summarized in Attachment A.

| Priority                                | Discretionary                       |
|---|-------------------------------------|
| Business Interruption Fund              | Access Services Operations and KPIs |
| COOP - Rail Operations                  | EAMS Pre-Implementation Reviews     |
| COVID-19 Regulatory Compliance          | EIS-EIR                             |
| Cybersecurity Follow Up                 | IT Awareness Third Party Vendors    |
| M3 Replacement - Controls and Readiness | Metrolink Security                  |
| Metrolink Rehabilitation Projects       | Microtransit                        |
| Micro Mobility Program                  | Pre-Award Cost Price Analysis       |
| Telecommuting - Policy Revision         | Rail Overhaul - Project Management  |
| Transit Asset Inventory Records         | Real Estate Management System       |
| Westside Purple Line Extension          | Access Services Operations and KPIs |

### **DETERMINATION OF SAFETY IMPACT**

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

### **FINANCIAL IMPACT**

Funding for the annual audit plan has been included Management Audit's FY21 budget and corresponding cost center.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Approval of this item supports Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization. The projects included in the Audit Plan directly or indirectly support various goals outlined in Metro's Vision 2028 Strategic Plan.

### **ALTERNATIVES CONSIDERED**

An alternative is not to approve the annual Audit Plan. This is not recommended since the Audit Plan is a management tool to systematically assign resources for the delivery of an agency-wide audit plan in accordance to the Financial Stability Policy. Additionally, the development of an annual internal audit plan is in accordance to MAS' Charter and the Generally Accepted Government Auditing Standards.

### **NEXT STEPS**

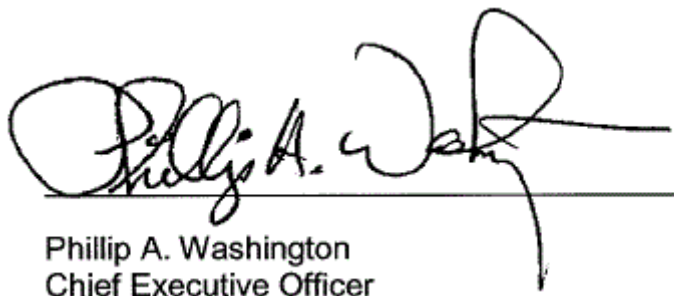
Upon Board approval, MAS will develop the Audit Plan schedule; and deliver quarterly status reports to the Board of Directors.

### **ATTACHMENTS**

Attachment A - FY21 Proposed Audit Plan

Prepared by: Alfred Rodas, Sr. Director, Audit, (213) 922-4553  
Monica Del Toro, Audit Support Manager, (213) 922-7494

Reviewed by: Shalonda Baldwin, Chief Auditor (Interim), (213) 418-3265



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Phillip A. Washington  
Chief Executive Officer

**Priority Projects**

**Vision 2028 Goal #1 – Provide high-quality mobility options that enable people to spend less time traveling**

|    | Title  | Objective  | Area                              |
|----|--|--|-----------------------------------|
| 1. | Continuity of Operations Plan (COOP) – Rail Operations | This audit will evaluate the adequacy of the rail COOP and SOPs to support the achievement of Mission Essential Functions in emergency situations.                 | Operations                        |
| 2. | Metrolink Rehabilitation Projects                      | This audit will assess the efficiency and effectiveness of project controls designed to ensure that these projects are completed timely and with minimal overruns. | Program Management                |
| 3. | Transit Asset Inventory Records                        | This audit will evaluate the adequacy of the records for this area, with a focus on accuracy, completeness and proper controls over asset records.                 | Risk, Safety and Asset Management |

**Vision 2028 Goal #3 – Enhance communities and lives through mobility and access to opportunity**

|    | Title                  | Objective  | Area                     |
|----|------------------------|--|--------------------------|
| 1. | Micro Mobility Program | This audit will assess the progress made in achieving program goals and objectives, including assessing the consideration given to the Metro rapid equity assessment tool. | Planning and Development |

**Vision 2028 Goal #5 – Provide responsive, accountable, and trustworthy governance within the Metro organization**

|    | Title                                      | Objective   | Area  |
|----|--|---|---|
| 1. | Pre-Award Audits                           | Pre-award audits for procurements and modifications.  | Vendor / Contract Management                |
| 2. | Incurred Cost Contract Audits              | Incurred cost audits to verify costs are reasonable, allowable and allocable on cost reimbursable contracts for contractors.                  | Vendor / Contract Management                |
| 3. | Incurred Cost Grant Audits                 | Grant audits to verify costs are reasonable, allowable and allocable on cost reimbursable contracts for Caltrans, Cities & County MOUs.       | Planning & Development / Program Management |
| 4. | Financial and Compliance External Audits   | Complete legally mandated financial and compliance audits.  | Agencywide                                  |
| 5. | Buy America Post-Award and Post-Delivery   | Conduct Buy America Post-Award / Post- Delivery Audits for rolling stock procurements.  | Vendor / Contract Management                |
| 6. | US Employment and Local Employment Program | Determine vendor's compliance with the US Employment and Local Employment Program terms and conditions.                                       | Vendor / Contract Management                |
| 7. | Business Interruption Fund                 | This audit will validate compliance with administrative guidelines and fund disbursement procedures.  | Vendor / Contract Management                |
| 8. | COVID-19 Regulatory Compliance             | This audit will determine Metro's compliance with the COVID-19 planned document as well as with applicable state transit industry guidelines. | Systems, Security & Law Enforcement         |
| 9. | Cybersecurity Follow Up                    | This audit will verify if corrective actions have been taken by ITS on the prior external audit recommendations provided for this area.       | Information Technology Services             |

## FY21 Proposed Audit Plan

## Appendix A

|     |   |  |                                 |
|-----|---|--|---------------------------------|
| 10. | M3 Replacement – Controls and Readiness | This audit will assess if system controls and other aspects of project preparedness have been adequately considered prior to project implementation.                     | Information Technology Services |
| 11. | Telecommuting – Policy Revision         | This engagement will compile information on best practices for this area, and verify selected information already collected by Metro that will inform policy decisions.  | Human Capital & Development     |
| 12. | Westside Purple Line Extension          | This audit will evaluate mid-life efficiency and effectiveness over project management, including monitoring of schedule, budget, risk management and quality assurance. | Project Management              |



### Discretionary Projects

#### **Vision 2028 Goal #1 – Provide high-quality mobility options that enable people to spend less time traveling**

|    | Title                              | Objective  | Area               |
|----|------------------------------------|--|--------------------|
| 1. | 3 <sup>rd</sup> Party Coordination | This audit will assess the effectiveness and efficiency of the third-party coordination process related to major construction projects.        | Program Management |
| 2. | EIS-EIR                            | This audit will assess the effectiveness and efficiency of the Environmental Impact Report/Environmental Impact Statement (EIR \ EIS) process. | Program Management |

#### **Vision 2028 Goal #2 – Deliver outstanding trip experiences for all users of the transportation system**

|    | Title                              | Objective  | Area  |
|----|------------------------------------|--|---|
| 1. | Metrolink Security                 | This audit will determine if the internal controls, including monitoring, over Metrolink's security program are effective.   | Program Management                              |
| 2. | Microtransit Pilot Program         | This audit will determine whether the Micro-transit pilot program has appropriate system controls to ensure the accuracy, completeness, timeliness, and proper distribution of pilot program data. | Office of Extraordinary Innovation / Operations |
| 3. | Rail Overhaul – Project Management | This audit will assess Metro's project management practices for rail overhaul & refurbishment projects to as compared to established procedures & best practice frameworks.                        | Operations                                      |

**Vision 2028 Goal #3 – Enhance communities and lives through mobility and access to opportunity**

|    | Title                               | Objective  | Area                   |
|----|-------------------------------------|--|------------------------|
| 1. | Access Services Operations and KPIs | This audit will evaluate the effectiveness and efficiency of Access Services operations and assess the reliability of data used to support KPIs. | Office of Civil Rights |

**Vision 2028 Goal #5 – Provide responsive, accountable, and trustworthy governance within the Metro organization**

|    | Title                            | Objective   | Area                            |
|----|----------------------------------|---|---------------------------------|
| 1. | EAMS Pre-Implementation Reviews  | This audit will evaluate the condition of selected processes prior to the EAMS implementation.  | Information Technology Services |
| 2. | IT Awareness Third Party Vendors | This audit will assess third party vendors level of awareness of Metro's information security policies.   | Information Technology Services |
| 3. | Pre-Award Cost Price Analysis    | This audit will evaluate the adequacy of the process performed by contract administrators for pre-award cost-price analyses.  | Vendor / Contract Management    |
| 4. | Real Estate Management System    | This audit will determine if prior audit findings and recommendations have been considered as part of the upcoming implementation of the new Real Estate Management System. | Planning & Development          |

*Delivering value through partnership and trust*

# FY21 Proposed Annual Audit Plan

Finance, Budget and Audit Committee

October 14, 2020



MANAGEMENT AUDIT SERVICES

# Risk Assessment Results

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A risk assessment was done to identify areas of high importance which resulted in a tentative workplan with two project categories:

- *Priority projects* which are deemed to be of high importance and will be worked on first.
- *Discretionary projects* which are less critical and will be addressed as conditions warrant.

# Category Factors

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Relevance

Potential  
Value

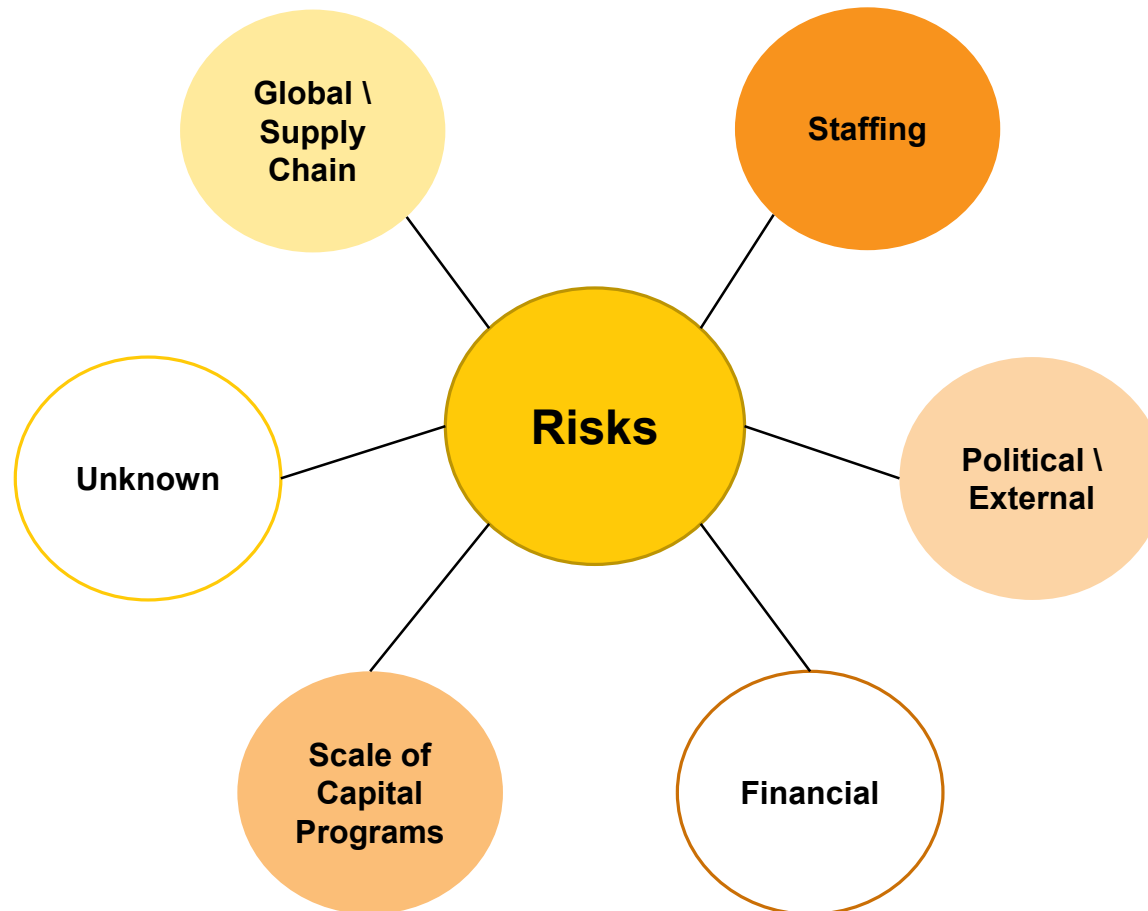
Timely  
Completion

Resource  
Balancing

Stakeholder  
Feedback

# Risk Discussion Themes

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# Proposed Audit Plan

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| Priority                                | Discretionary                       |
|---|-------------------------------------|
| Business Interruption Fund              | 3 <sup>rd</sup> Party Coordination  |
| COOP – Rail Operations                  | Access Services Operations and KPIs |
| COVID-19 Regulatory Compliance          | EAMS Pre-Implementation Reviews     |
| Cybersecurity Follow Up                 | EIS-EIR                             |
| M3 Replacement – Controls and Readiness | IT Awareness Third Party Vendors    |
| Metrolink Rehabilitation Projects       | Metrolink Security                  |
| Micro Mobility Program                  | Microtransit                        |
| Telecommuting – Policy Revision         | Pre-Award Cost Price Analysis       |
| Transit Asset Inventory Records         | Rail Overhaul – Project Management  |
| Westside Purple Line Extension          | Real Estate Management System       |

# Risk Considerations

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| Priority                                | Underlying Risk                |
|---|--------------------------------|
| Business Interruption Fund              | Financial                      |
| COOP – Rail Operations                  | Recovery & Business Continuity |
| COVID-19 Regulatory Compliance          | Safety / Regulatory Compliance |
| Cybersecurity Follow Up                 | Information Security           |
| M3 Replacement – Controls and Readiness | ITS Project Execution          |
| Metrolink Rehabilitation Projects       | Financial                      |
| Micro Mobility Program                  | Equity                         |
| Telecommuting – Policy Revision         | Human Capital / Equity         |
| Transit Asset Inventory Records         | Documentation Adequacy         |
| Westside Purple Line Extension          | Quality Assurance              |



# Next Steps

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- Initiate kick-off process – October 2020
- Quarterly reporting to the Board – through June 30, 2021

# Questions

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## Board Report

File #: 2020-0469, File Type: Resolution

Agenda Number: 10.

### FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 14, 2020

**SUBJECT: MEASURE R SHORT-TERM BORROWING PROGRAM**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. REPLACE the direct purchase revolving credit facilities (“RCF”) and drawdown bond facility (“DBF”) with a Measure R Commercial Paper Program, finalize negotiations with the recommended banks and execute agreements and related documents:
  1. REPLACE the RCFs currently being provided by Bank of the West (“BW”) of \$50 million and State Street Public Lending Corporation (“State Street”) of \$100 million with a Direct-pay Letter of Credit (“LOC”) to be provided by State Street Public Lending Corporation for a committed principal amount of \$100 million for a two-year term at an estimated cost of \$1.3 million including interest, legal fees and other related expenses.
  2. REPLACE the DBF currently being provided by RBC Capital Markets, LLC (“RBC”) of \$150 million with a LOC provided by Bank of America, N.A. (“BANA”) for a committed principal amount of \$90 million for a two-year term at an estimated cost of \$1.4 million including interest, legal fees and other related expenses.
- B. If unable to reach agreement with one or more of the recommended banks described above, authorize the Chief Executive Officer to finalize negotiations with each successively ranked bank for LOCs and/or RCFs having two-year terms and the estimated costs shown in **Attachment A**.
- C. ADOPT a resolution with respect to the Measure R short-term program that approves the selection of State Street and BANA or such other banks selected by the Chief Executive Officer for the Measure R short-term program, and the forms of the supplemental trust agreement, issuing and paying agent agreement, dealer agreement, reimbursement agreements, and commercial paper offering memorandum in substantially similar form with those on file with the Board Secretary and that makes certain benefits findings in compliance with the Government Code, **Attachment B**.

**(Requires separate, simple majority Board vote)**

## **ISSUE**

The Measure R Short-Term Borrowing program has proven to be a flexible, cost effective method of short-term financing for Metro's capital program. A letter of credit or similar facility provided by a highly-rated financial institution or bank is required for commercial paper programs to guarantee repayment of notes at maturity. Measure R's Short-term Borrowing facilities with State Street, BW, and RBC expire in November 2020.

## **BACKGROUND**

The purpose of the Commercial Paper ("CP") program is to provide interim taxable or tax-exempt financing until grant reimbursement or other funding sources are received. Fixed-rate, long-term debt may also be issued providing a more efficient asset/liability match over the life of the asset. CP is a short-term debt instrument that can be issued with maturities from 1 to 270 days. As notes mature, new notes are simultaneously issued (i.e., rolled over). A LOC is required by investors purchasing the CP in order to guarantee repayment of the maturing notes. Additionally, the LOCs provide a safety net to Metro in the form of a term loan in the unlikely event the notes cannot be remarketed, precluding any requirement that the entire outstanding amount be repaid immediately from cash.

The Measure R Short-term program authorizes Metro to issue, and have outstanding at any one time, up to \$300 million in Measure R Subordinate Obligations. Currently, Metro has a total of \$106 million outstanding under the RCFs and DBF with BW, State Street and RBC. The RCFs and DBF will expire in November 2020.

Metro is authorized to issue either tax-exempt or taxable CP under the program. The securities are backed by a subordinate pledge of 85% of Measure R sales tax revenues.

## **DISCUSSION**

As directed in the Metro Debt Policy, the Municipal Advisor conducts a competitive process to select financial product providers, including letters of credit. Requests for proposal were sent to 18 banks by the municipal advisor selected for this transaction, PFM Financial Advisors LLC ("PFM"). The request for proposal required banks to have short-term ratings of at least P-1, A-1 or F-1 from at least two of the three following rating agencies: Moody's Investor Services, Standard & Poor's and Fitch ratings, respectively in order to respond. Evaluation criteria included pricing, any rate penalties investors may impose on a particular bank, the status of a bank's credit approval and willingness to execute Metro's form of agreement. Overall program objectives include seeking the lowest cost of capital while maximizing access to borrowing capacity achieved through diversification of products and providers across Metro's entire short-term debt portfolio. Eight proposals were received for commitment amounts ranging from \$50 million to \$300 million. Although certain proposals received from the banks included alternative products such as revolving credit agreements, the selection group determined these products and terms to be less desirable than those associated with LOCs. For example, the selection group took into account the fact that the London Inter-bank Offered Rate

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("LIBOR") is expected to be discontinued at the end of calendar year 2021. LIBOR is an index commonly used in setting the interest rate for many adjustable financial products and was the elected index for which most proposers based their pricing for revolving credit facilities. An index is a benchmark interest rate that reflects market conditions. At the current time, no LIBOR replacement has been confirmed. With the uncertainty of a LIBOR replacement, the selection team concluded the risk was too great to seek a revolving credit facility. The source selection group was comprised of Treasury staff and PFM. The selection group ranked each proposer and recommends State Street and BANA, both for two-year terms.

Costs will vary depending on the amount of tax-exempt and taxable debt Metro issues under the program. Additional fees and interest may be incurred under certain extreme circumstances. To date, none of Metro's commercial paper notes have failed to be remarketed.

### **DETERMINATION OF SAFETY IMPACT**

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

### **FINANCIAL IMPACT**

The Source of funds for the recommended action is Measure R 35% Transit Capital. The fund is not eligible for bus and rail operating capital projects. Funding for the recommended action is included in the FY2021 budget in the amount of \$11.2 million in Cost Center #0521, Treasury Non-Departmental, under project #660301, task 03. The cost center manager and the Chief Financial Officer will be accountable for budgeting the cost in future years.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports the following Metro Strategic Plan Goal(s):

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

### **ALTERNATIVES CONSIDERED**

The Board could choose to not approve the recommended credit support for the Measure R Short-term program. A decision to cancel the program and not replace the short-term borrowing facilities would result in the need to refund all of the outstanding short-term debt (\$106 million) with a higher cost fixed rate financing under the current agreements or retire the outstanding amount with cash. Canceling the program would also remove our ability to quickly provide low cost, interim financing when needed. This alternative is not recommended.

### **NEXT STEPS**

- Negotiate final terms and conditions with the recommended banks.
- If satisfactory terms cannot be agreed upon with the recommended banks, negotiate with each of the next highest ranked proposers in order to obtain the best combination of terms and pricing.

- Prepare agreements and documentation to implement the letters of credit including, among others, notices, reimbursement agreements, fee agreements, reimbursement notes, supplemental trust agreements and offering memoranda.
- Obtain credit ratings for the CP notes based on the credit ratings of the banks.
- Execute documents prior to the expiration date of the current agreements in November 2020.

### **ATTACHMENTS**

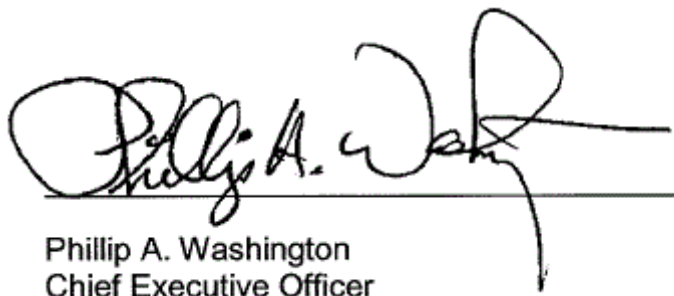
Attachment A - Bank Recommendation Summary

Attachment B - Authorizing Resolution

Attachment C - Finding of Benefit Resolution

Prepared by: Donna R. Mills, Treasurer, (213) 922-4047  
Rodney Johnson, Senior Director, Finance, (213) 922-3417

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



Phillip A. Washington  
Chief Executive Officer

**Bank Recommendation Summary**

| <b>Proposer</b>                                | <b>Maximum Principal Commitment</b> | <b>Estimated First Year Cost*</b> | <b>Total Estimated Costs*</b> |
|--|-------------------------------------|-----------------------------------|-------------------------------|
| <b>Letter of Credit</b>                        |                                     |                                   |                               |
| <b>State Street Public Lending Corporation</b> | <b>\$100,000,000</b>                | <b>\$688,851</b>                  | <b>\$1,332,702</b>            |
| <b>Bank of America, N.A.</b>                   | <b>\$90,000,000</b>                 | <b>\$729,801</b>                  | <b>\$1,414,602</b>            |
| Barclays Bank PLC                              | \$200,000,000                       | \$850,351                         | \$1,660,702                   |
| Sumitomo Mitsui Banking Corporation            | \$150,000,000                       | \$861,851                         | \$1,678,702                   |
| Citigroup Global Markets, Inc.                 | \$50,000,000                        | \$1,190,351                       | \$2,325,702                   |
| JP Morgan Chase Bank, N.A.                     | \$300,000,000                       | \$1,476,851                       | \$2,908,702                   |
| <b>Revolving Credit Facility</b>               |                                     |                                   |                               |
| State Street Public Lending Corporation        | \$100,000,000                       | \$650,520                         | \$1,286,040                   |
| Bank of America, N.A.                          | \$95,000,000                        | \$935,000                         | \$1,825,000                   |
| Bank of the West                               | \$50,000,000                        | \$1,165,000                       | \$2,315,000                   |
| MUFG Union Bank, N.A.                          | \$150,000,000                       | \$1,711,900                       | \$3,378,800                   |
| JP Morgan Chase Bank, N.A.                     | \$300,000,000                       | \$2,170,000                       | \$4,295,000                   |

**Targeted firms are shown in bold.**

**Letter of Credit**


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**Citigroup** pricing is based on their proposed three-year tenor as they did not provide two-year pricing.

**Revolving Credit Facility**


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**Bank of the West** pricing is based on their proposed three-year tenor as they did not provide two-year pricing.

\*All Costs are based on a standardized assumption of a \$100,000,000 facility with provided pricing for a two-year tenor when available.

**Authorizing Resolution**

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF SUBORDINATE COMMERCIAL PAPER NOTES UNDER ITS MEASURE R SHORT-TERM BORROWING PROGRAM, APPROVING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH

**(MEASURE R SALES TAX)**

**W I T N E S S E T H :**

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the “LACMTA”) is a county transportation commission duly organized and existing pursuant to Section 130050.2 of the California Public Utilities Code; and

WHEREAS, the LACMTA is authorized by Sections 130350.4 and 130350.5 of the California Public Utilities Code to impose a retail transactions and use tax at a rate of 0.5% that is applicable in the incorporated and unincorporated areas of the County of Los Angeles, California (the “County”) if authorized by at least two-thirds of the electors voting on the issue; and

WHEREAS, in accordance with such provision, the LACMTA, on July 24, 2008, adopted Ordinance No. 08-01, known as the Traffic Relief and Rail Expansion Ordinance, Imposing a Transactions and Use Tax to be Administered by the State Board of Equalization (the “Ordinance”) imposing the transactions and use tax for a period of 30 years, and the Ordinance was submitted to the electors of the County in the form of Measure R and approved by more than a two-thirds vote at an election held on November 4, 2008; and

WHEREAS, the Ordinance, as so approved, imposes for a period of 30 years, beginning July 1, 2009, a tax upon the sale of tangible personal property at retail at a rate of one-half of one percent of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County at a rate of one-half of one percent of the sales price of the property whose storage, use or other consumption is subject to the tax (the “Measure R Sales Tax,” amounts received in respect to the Measure R Sales Tax, less any refunds and the administrative fee deducted by the State of California Department of Tax and Fee Administration and less the Local Return (as defined in the Senior Trust Agreement (as defined below)) being referred to herein as the “Measure R Sales Tax Revenues”); and

WHEREAS, Section 130500 et seq. of the California Public Utilities Code (the “Act”) provides that the LACMTA may issue bonds, which terms includes indebtedness and securities of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations, and all of such obligations shall be special obligations of the LACMTA, payable from the Measure R Sales Tax Revenues, and to finance the cost of acquiring, constructing and developing facilities for transit systems within the meaning of the Act; and



WHEREAS, the LACMTA has commenced and is proceeding with the financing of projects and programs described in the Expenditure Plan adopted as part of the Ordinance (the “Expenditure Plan”); and

WHEREAS, pursuant to the Act and the provisions of the Second Amended and Restated Trust Agreement, dated as of August 1, 2020 (as supplemented and amended from time to time, the “Senior Trust Agreement”), between the LACMTA and U.S. Bank National Association, as trustee thereunder, the LACMTA may issue Senior Obligations, Subordinate Obligations and Junior Subordinate Obligations (each as defined in the Senior Trust Agreement) secured by the Measure R Sales Tax Revenues; and

WHEREAS, Subordinate Obligations of the LACMTA are provided for and authorized under the Subordinate Trust Agreement, dated as of November 1, 2015 (as supplemented and amended from time to time, the “Subordinate Trust Agreement”), between the LACMTA and U.S. Bank National Association, as trustee thereunder (the “Subordinate Trustee”); and

WHEREAS, under its Resolution adopted on May 28, 2015 and entitled “RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING A SHORT-TERM BORROWING PROGRAM; THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO; THE PLEDGE OF CERTAIN REVENUES OF THE AUTHORITY AND OTHER SECURITY FOR SUCH SUBORDINATE OBLIGATIONS AND SUPER SUBORDINATE OBLIGATIONS; AND RELATED MATTERS” (the “Program Resolution”), the LACMTA established a short-term borrowing program (the “Short-Term Borrowing Program”) to finance projects and programs set forth in the Expenditure Plan that would be secured by the Measure R Sales Tax Revenues and be in an aggregate principal amount not to exceed \$300,000,000; and

WHEREAS, the Program Resolution contemplated a Commercial Paper Program, Drawdown Bonds and Revolving Credit Facilities (each as defined in the Program Resolution); and

WHEREAS, the LACMTA now desires to supplement (without limiting) the authorizations under the Program Resolution by authorizing under this Resolution the issuance under the Commercial Paper Program of LACMTA’s Measure R Subordinate Sales Tax Revenue Commercial Paper Notes (the “Commercial Paper Notes”) as Subordinate Obligations under the Subordinate Trust Agreement; and

WHEREAS, the LACMTA has determined that it is appropriate and to the benefit of the LACMTA to obtain credit enhancement and liquidity facilities in the form of letters of credit to be issued by Bank of America, N.A. (“BANA”) and State Street Bank and Trust Company (“State Street”, and together with BANA, the “Banks”), respectively; and

WHEREAS, the LACMTA also desires to authorize the incurrence of obligations to reimburse the Banks for amounts drawn under the Letters of Credit and to pay interest on the unreimbursed amounts (the “Reimbursement Obligations”) and to make other payments to the Banks (collectively, the “Reimbursement Obligations and Fees”); and

WHEREAS, Section 5922 of the Government Code of the State of California provides that in connection with, or incidental to, the issuance or carrying of bonds (which is defined to include notes) any public entity may enter into any contracts which the public entity determines to be appropriate to place the obligations represented by the bonds, in whole or in part, on the interest rate, cash flow or other basis desired by the public entity, including without limitation contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cash flows or a series of payments, in each case to hedge payment, rate, spread or similar exposure; and

WHEREAS, pursuant to Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Reimbursement Agreements to be entered into in connection with, or incidental to, the Commercial Paper Program, will reduce the amount and duration of interest rate risk with respect to the Commercial Paper Notes and are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Commercial Paper Notes or enhance the relationship between risk and return with respect to investments; and

WHEREAS, 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) a Fifth Supplemental Subordinate Trust Agreement, by and between the LACMTA and the Subordinate Trustee (the “Fifth Supplemental Subordinate Trust Agreement”);

(b) an Issuing and Paying Agent Agreement by and between U.S. Bank National Association, as issuing and paying agent, and the LACMTA (the “Issuing and Paying Agent Agreement”);

(c) a Dealer Agreement by and between the LACMTA and each dealer of the Commercial Paper Notes, initially BofA Securities, Inc., Goldman Sachs & Co. LLC, and J.P. Morgan Securities LLC (each a “Dealer Agreement”);

(d) a Reimbursement Agreement by and between the LACMTA and BANA (the “BANA Reimbursement Agreement”);

(e) a Reimbursement Agreement by and between the LACMTA and State Street (the “State Street Reimbursement Agreement”); and

(f) a Commercial Paper Offering Memorandum (the “Offering Memorandum”), to be used in connection with the offer and sale of the Commercial Paper Notes; and

WHEREAS, the LACMTA has been advised by its Bond Counsel that such documents are in appropriate form, and the LACMTA hereby acknowledges that said documents will be modified and amended to reflect the various details applicable to the Commercial Paper Notes and said documents are subject to completion; and

WHEREAS, the Board of the LACMTA desires to authorize the issuance of the Commercial Paper Notes in one or more series and subseries from time to time and as obligations the interest on which is tax-exempt or taxable (or a combination of both) for federal income tax purposes; and

WHEREAS, the LACMTA is duly authorized and empowered, pursuant to each and every requirement of law, to authorize the execution and delivery of the Fifth Supplemental Subordinate Trust Agreement, the Issuing and Paying Agent Agreement, the Dealer Agreements, the BANA Reimbursement Agreement and the State Street Reimbursement Agreement, the preparation of the Offering Memorandum for the purposes, in the manner and upon the terms provided; and

WHEREAS, the LACMTA now desires to approve such documents and the financing program therein implemented and to authorize the officers and staff of the LACMTA to take such further actions, including the execution and delivery of such additional documents, agreements and certificates as shall be necessary and appropriate to give full effect to this Resolution; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Subordinate Trust Agreement and the Fifth Supplemental Subordinate Trust Agreement (in the form made available to the Board herewith);

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

**Section 1. Findings.** The Board finds and determines that the foregoing recitals are true and correct.

**Section 2. Form of Commercial Paper Notes.** The Commercial Paper Notes and the authentication to appear thereon shall be in substantially the form set forth in the Exhibit to the Fifth Supplemental Subordinate Trust Agreement with necessary or appropriate variations, omissions and insertions as permitted or required by the Subordinate Trust Agreement or the Fifth Supplemental Subordinate Trust Agreement or as appropriate to adequately reflect the terms of such notes and the obligations represented thereby.

**Section 3. Execution of Commercial Paper Notes.** Each of the Commercial Paper Notes shall be executed on behalf of the Authority by the Chair of the LACMTA, any Vice Chair of the LACMTA, the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Executive Officer, Finance of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA (or such other titles as the LACMTA may from time to time assign for such respective positions), and any such officer serving in an acting or interim capacity, and any written designee of any of them (each, a "Designated Officer"), or anyone or more thereof and any such execution may be by manual or facsimile signature, and each Commercial Paper Note shall be authenticated as provided in the Fifth Supplemental Subordinate Trust Agreement. Any facsimile signature of a Designated Officer, shall have the same force and effect as if such officer had manually signed each of said Commercial Paper Notes.

**Section 4. Special Obligations.** The Commercial Paper Notes shall be special obligations of the LACMTA payable from and secured (on a subordinate basis) by a portion of the proceeds of the Measure R Sales Tax, and from certain funds and accounts held by the Subordinate Trustee under the Subordinate Trust Agreement as specified therein. The Commercial Paper Notes shall also be payable from and secured by such other sources as the LACMTA may hereafter provide.

**Section 5. Approval of Fifth Supplemental Subordinate Trust Agreement.** The form, terms and provisions of the Fifth Supplemental Subordinate Trust Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Fifth Supplemental Subordinate Trust Agreement, including counterparts thereof, as determined by a Designated Officer. The Fifth Supplemental Subordinate Trust Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Fifth Supplemental Subordinate Trust Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Fifth Supplemental Subordinate Trust Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Fifth Supplemental Subordinate Trust Agreement.

**Section 6. Approval of Issuing and Paying Agent Agreement .** The form, terms and provisions of the Issuing and Paying Agent Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the Issuing and Paying Agent Agreement, including counterparts thereof, as determined by a Designated Officer. The Issuing and Paying Agent Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Issuing and Paying Agent Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Issuing and Paying Agent Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Issuing and Paying Agent Agreement.

**Section 7. Approval of Dealer Agreements.** The form, terms and provisions of the Dealer Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA a Dealer Agreement, including counterparts

thereof, as determined by a Designated Officer, to each dealer of the Commercial Paper Notes. Each Dealer Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Dealer Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of each Dealer Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to select one or more commercial paper dealers, from time to time, for the Commercial Paper Program, and to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Dealer Agreement.

**Section 8. Approval of BANA Reimbursement Agreement.** The form, terms and provisions of the BANA Reimbursement Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the BANA Reimbursement Agreement, including counterparts thereof, as determined by a Designated Officer. The BANA Reimbursement Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the BANA Reimbursement Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the BANA Reimbursement Agreement, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the BANA Reimbursement Agreement. The letter of credit issued under the BANA Reimbursement Agreement shall authorize draws thereunder sufficient to support up to \$97,990,000 of principal and interest on maturing Commercial Paper Notes, such amount subject to reduction and reinstatement as set forth in the BANA Reimbursement Agreement.

**Section 9. Approval of State Street Reimbursement Agreement.** The form, terms and provisions of the State Street Reimbursement Agreement on file with the Secretary of the Board and made available to the Board, within the parameters set forth in this Resolution, are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA the State Street Reimbursement Agreement, including counterparts thereof, as determined by a Designated Officer. The State Street Reimbursement Agreement, as executed and delivered, shall be in substantially the form now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the State Street Reimbursement Agreement now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the State Street Reimbursement Agreement, the officers, agents and employees of the LACMTA are hereby

authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the State Street Reimbursement Agreement. The letter of credit issued under the State Street Reimbursement Agreement shall authorize draws thereunder sufficient to support up to \$108,877,000 of principal and interest on maturing Commercial Paper Notes, such amount subject to reduction and reinstatement as set forth in the State Street Reimbursement Agreement.

**Section 10. Approval of Alternate Reimbursement Agreements.** If a Designated Officer determines that it is in the LACMTA's best interests to replace the letter of credit to be issued by one or both of the providers named in Sections 8 and 9 with one or more letters of credit to be issued by one or more other CP Enhancement Provider(s) (as defined in the Program Resolution) (each an "Alternate CP Enhancement Provider"), instead of one or both of the providers named in Sections 8 and 9, the Designated Officers are hereby authorized to enter into one or more Reimbursement Agreements with one or more other CP Enhancement Provider(s) (each an "Alternate Reimbursement Agreement"). The Alternate Reimbursement Agreements, as executed and delivered, may be substantially similar to the form of the BANA Reimbursement Agreement or the form of the State Street Reimbursement Agreement now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the forms of such documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Alternate Reimbursement Agreements, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Alternate Reimbursement Agreements.

**Section 11. Findings Related to Reimbursement Agreements.** The LACMTA hereby determines that entering into one or more Reimbursement Agreements with BANA, State Street and/or any Alternate CP Enhancement Provider pursuant to Section 5922 of the Government Code of the State of California would be designed to reduce the LACMTA's cost of borrowing for the Commercial Paper Notes. In addition to the provisions set forth in Sections 8, 9 and 10, no Designated Officer shall enter into a Reimbursement Agreement with BANA, State Street and/or an Alternate CP Enhancement Provider unless (a) such Reimbursement Agreement is designed (i) to reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk, or (ii) to result in a lower cost of borrowing when used in combination with the issuance of Commercial Paper Notes, (b) the term of such Reimbursement Agreement does not exceed beyond the time at which the Measure R Sales Tax is no longer in effect (as such date may be extended); and (c) the amounts payable by the LACMTA with respect to such Reimbursement Agreements shall be payable solely and exclusively from Measure R Sales Tax Revenues. In accordance with Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Reimbursement Agreements entered into in accordance with this Resolution and consistent with the requirements set forth herein is designed to reduce the amount or duration of payment, interest rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Commercial Paper Notes.

**Section 12. Offering Memorandum.** The distribution by any of the Dealers of an Offering Memorandum in connection with the offering and sale of the Commercial Paper Notes from time to time in substantially the form on file with the Secretary of the Board and made available to the Board, with such changes therein as shall be approved by a Designated Officer, is hereby authorized and approved. Each Offering Memorandum so distributed shall first be approved by a Designated Officer pursuant to the terms of the Dealer Agreements. The Dealers are hereby authorized to distribute Offering Memoranda in final form to market the Commercial Paper Notes from time to time, and are hereby authorized to distribute copies of the LACMTA's most recent annual audited financial statements and such other financial statements of the LACMTA as a Designated Officer shall approve.

**Section 13. Investments.** Each Designated Officer is hereby authorized to invest the proceeds of the Commercial Paper Notes in accordance with (i) the LACMTA's Investment Policy and (ii) the Subordinate Trust Agreement and the Fifth Supplemental Subordinate Trust Agreement.

**Section 14. Additional Authorizations.** All actions heretofore taken by the officers, employees and agents of the LACMTA with respect to the issuance and sale of Commercial Paper Notes are hereby ratified, confirmed and approved. The officers, employees and agents of the LACMTA are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the LACMTA, to do any and all things and to take any and all actions and to execute and deliver any and all agreements, certificates and documents, including, without limitation, any tax certificates or agreements, any amendments to existing agreements relating to obligations payable from the Measure R Sales Tax or related agreements, any agreements for depository services, and any agreements for rebate compliance services, which they, or any of them, may deem necessary or advisable in order to consummate issuance and sale of the Commercial Paper Notes, to manage and administer the Commercial Paper Program and otherwise to carry out, give effect to and comply with the terms and intent of the Ordinance, the Program Resolution, this Resolution, the Commercial Paper Notes and the documents approved hereby.

All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, including, without limitation, any of the foregoing that may be necessary or desirable in connection with any investment of proceeds of the Commercial Paper Notes, or in connection with the addition, substitution or replacement of dealers, the issuing and paying agent or the Subordinate Trustee, or any agreements with the issuing and paying agent or the Subordinate Trustee or any similar action may be given or taken by any Designated Officer without further authorization or direction by the LACMTA, and each Designated Officer is hereby authorized and directed to give any such approval, consent, direction, notice, order, request, or other action and to execute such documents and take any such action which such Designated Officer may deem necessary or desirable to further the purposes of this Resolution.

**Section 15. Continuing Authority of Designated Officers.** The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chair of the LACMTA, any Vice Chair of the LACMTA, the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Executive Officer, Finance of the LACMTA, any Deputy Executive Officer, Finance of the

LACMTA, any Assistant Treasurer of the LACMTA 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.

**Section 16. Further Actions.** From and after the delivery of the initial Commercial Paper Notes, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify the Senior Trust Agreement, the Subordinate Trust Agreement, the Fifth Supplemental Subordinate Trust Agreement, the Issuing and Paying Agent Agreement, the Dealer Agreements, the BANA Reimbursement Agreement, the State Street Reimbursement Agreement and any Alternate Reimbursement Agreement 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, upon consultation with the LACMTA's Municipal Advisor and Bond Counsel, the execution of such amendment, supplement or other modification being conclusive evidence of the LACMTA's approval thereof.

**Section 17. Costs of Issuance.** The LACMTA authorizes funds of the LACMTA, together with the proceeds of the Commercial Paper Notes, to be used to pay costs of issuance of the Commercial Paper Notes, including, but not limited to, costs of attorneys, accountants, financial advisors, trustees, issuing and paying agents, dealers, the costs associated with rating agencies, letters of credit, printing, publication and mailing expenses and any related filing fees.

**Section 18. Effective Date.** The effective date of this Resolution shall be the date of its adoption.



## 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 \_\_\_\_\_, 2020.

[SEAL]

By \_\_\_\_\_  
Board Secretary, Los Angeles County  
Metropolitan Transportation Authority

Dated: \_\_\_\_\_, 2020

**Measure R Oversight Committee Finding of Benefit Resolution**

**RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE  
BENEFITS OF A SHORT TERM BORROWING PROGRAM EXCEED  
ADMINISTRATION AND INTEREST COSTS**

WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over the next 30 years; and

WHEREAS, The America Fast Forward Initiative adopted by the LACMTA Board of Directors in April 2010 proposes to complete construction of the 12 transit capital projects in 10 rather than 30 years; and

WHEREAS, accelerated construction would avoid inflationary cost growth; and

WHEREAS, a short-term borrowing program will provide interim financing vehicles such as commercial paper, revolving credit facilities and bond anticipation notes which provide a source of flexible, low cost financing that allows more effective management of a debt program to fund cash flow requirements for construction payments until funding sources are received, the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loans are drawn upon, federal grant funds are available, or until other long-term financing is arranged; and

WHEREAS, LACMTA desires to establish a short-term borrowing program (the "Short-Term Borrowing Program") to finance projects and programs set forth in the Expenditure Plan that would be secured by the Measure R Sales Tax Revenues and be in an aggregate principal amount not to exceed \$300,000,000; and

NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of LACMTA finds that the economic, environmental and transit benefits of the \$300,000,000 Short-Term Borrowing Program as a cost effective and efficient component of the approved Measure R secured debt program, exceed issuance and interest costs.

Adopted this 13<sup>th</sup> day of May, 2015



## Board Report

File #: 2020-0607, File Type: Resolution

Agenda Number: 11.

### FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 14, 2020

**SUBJECT: CALIFORNIA SB1 STATE OF GOOD REPAIR PROGRAM**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

APPROVE the Resolution in Attachment A to:

- A. AUTHORIZE the Chief Executive Officer (CEO) or his designee to claim \$32,584,888 in fiscal year (FY) 2020-21 State of Good Repair Program (SGR) grant funds as the Regional Entity for Los Angeles County for this program; and
- B. APPROVE the regional SGR Project List for FY20-21; and
- C. CERTIFY that Metro will comply with all conditions and requirements set forth in the SGR Certification and Assurances document and applicable statutes, regulations and guidelines.

#### **ISSUE**

The California Department of Transportation (Caltrans) issued final FY 2020-21 guidelines for the SGR Program in August, 2019. The Guidelines state that eligible transit operators shall provide a proposed list of projects to their Regional Entity, as defined by Public Utilities Code (PUC) Sections 99313 and 99314. For Los Angeles County, Metro is the Regional Entity. Metro is required to submit a combined project list to Caltrans by September 1, 2020. The submittal package must include an adopted Board resolution approving the Project List and certifying that Metro will comply with all conditions and requirements set forth in the certifications and assurances documents. Since the required documentation was not ready until August, Caltrans has accepted a draft resolution with the project list submittal pending receipt of a Board-adopted resolution. Therefore, staff is seeking Board approval of the resolution contained in Attachment A.

#### **DISCUSSION**

As defined in The Road Repair and Accountability Act of 2017, commonly known as Senate Bill 1 (SB1), the SGR Program provides approximately \$105 million annually to transit operators in California for eligible transit maintenance, rehabilitation and capital projects to help keep transit systems in a state of good repair. These new investments will lead to cleaner transit vehicle fleets,

increased reliability and safety, and reduced greenhouse gas emissions.

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

### **DETERMINATION OF SAFETY IMPACT**

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

### **FINANCIAL IMPACT**

Adoption of the SGR resolution and would positively impact the region by making \$32.6 million available to support state of good repair efforts for Metro and the Municipal Operators.

#### **Impact to Budget**

Claiming SGR funds will have a positive impact to the FY21 budget, as Metro is one of the regional recipients of these funds.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

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

### **ALTERNATIVES CONSIDERED**

The Board may choose not to approve the resolution in Attachment A. Staff does not recommend this alternative because it would risk loss of the region's FY20-21 SGR fund allocation.

### **NEXT STEPS**

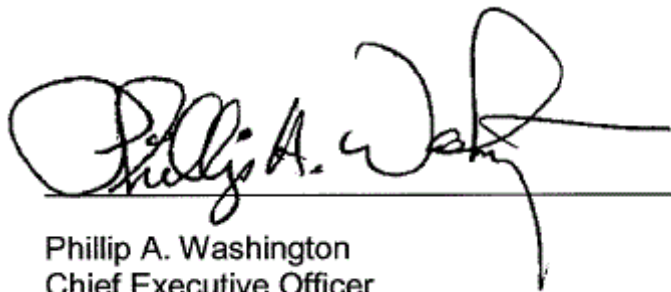
- October, 2020: Metro submits Board-adopted Resolution to Caltrans.

### **ATTACHMENTS**

Attachment A - Resolution to Accept and Distribute Los Angeles County SGR Funds  
Attachment B - Submitted Project Listing From Metro and Municipal Operators

Prepared by: Timothy Mengle, Senior Director, OMB, (213) 922-7665

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



Phillip A. Washington  
Chief Executive Officer

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

**RESOLUTION # \_\_\_\_\_**

**APPROVING THE PROJECT LIST FOR FY 2020-21**  
**FOR THE CALIFORNIA STATE OF GOOD REPAIR PROGRAM**

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

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, that Metro hereby approves the SB1 State of Good Repair Project List for FY 2020-21; and

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

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

AGENCY BOARD DESIGNEE:

BY: \_\_\_\_\_

## Attachment B

### Submitted Project Listing From Metro and Municipal Operators

SB1 State of Good Repair Program, Fiscal Year 2020-2021 Cycle

| Agency   | Project Title   | Project Description  | Estimated 99313 Costs | Estimated 99314 Costs | Other SB1 Costs       | Total Project Costs   |
|--|---|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Antelope Valley Transit Authority                        | Purchase Replacement Commuter Bus   | Funds toward the purchase 2 replacement commuter buses. Size – 45 foot commuter,   |                       | \$ 281,454            | \$ 1,002,803          | \$ 1,212,757          |
| City of Arcadia  | Purchase Ten Replacement Transit Vehicles                                       | Purchase ten powered cutaway vehicles to replace the existing aging gasoline-powered vehicles. The new vehicles will be wheelchair accessible and ADA equipped.  | \$ -                  | \$ 15,189             | \$ 1,280,000          | \$ 1,294,159          |
| City of Commerce   | Tire Replacement Transit Fleet  | The SGR funds shall be used to replace bus tires within the City's transit fleet, up to 20 vehicles.   |                       | \$ 18,572             | \$ -                  | \$ 18,572             |
| City of Gardena  | Capital Bus Components/Facility Equipment                                       | Replacement bus components and facility equipment.   |                       | \$ 234,793            | \$ -                  | \$ 234,793            |
| City of Los Angeles                                      | Electrical Infrastructure for Bus Charging at LADOT Bus Yard in Sylmar          | The City of Los Angeles owns the bus yard in Sylmar, CA. LADOT will use the SGR money to install electrical infrastructure related to bus charging for the DASH and Commuter Express bus fleet as LADOT Transit plans to have an all electric fleet by 2030. |                       | \$ 546,648            | \$ -                  | \$ 560,000            |
| City of Montebello                                       | Transportation Facility Improvements  | Including but not limited to workspace furniture, lighting, carpeting, and other long-term maintenance designed to extend the life of the facility.  | \$ -                  | \$ 359,478            | \$ -                  | \$ 359,478            |
| City of Montebello                                       | Repair and Rehabilitation of Admin Building                                     | Includes costs attributed to the maintenance of the Administrative Building, Grounds, Maintenance Equipment, and associated costs required to preserve or extend the asset's functionality and serviceability in a cost-effective                            | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| City of Norwalk  | Fluid Inventory Management System & Maintenance Equipment Inventory System      | NTS will be purchasing a fluid inventory management system and a vehicle maintenance equipment inventory system. The fluid inventory management system is a tangible piece of equipment that would be  |                       | \$ 137,509            | \$ -                  | \$ 137,509            |
| City of Redondo Beach                                    | Transit Operations Facility Improvements  | Transit Operations facility improvements that may include interior improvements to the general office space, bathroom, and storage space for use by Transit Operations. The project may also include   |                       | \$ 32,870             | \$ -                  | \$ 67,265             |
| City of Santa Clarita                                    | Transit Maintenance Facility Hydrogen Fueling Station                           | Replace and/or upgrade the existing fueling station to accommodate Hydrogen fuel to meet the California 100% Zero Emission Bus (ZEB) rule.   | \$ -                  | \$ 248,026            | \$ 2,600,000          | \$ 2,848,026          |
| City of Santa Monica                                     | Bus Replacement   | Purchase Zero-Emission Vehicles to replace CNG buses that have reached it's useful life of 12 years.   |                       | \$ 871,111            | \$ -                  | \$ 1,792,881          |
| City of Torrance   | Torrance Transit SB1 State of Good Repair Rehab & Repair Vehicles FY2020        | Repair and maintenance of the vehicles after an accident or through wear and tear during prolonged service. Funds will also be used to maintain the physical exterior of the buses such as decals, paint, molding, etc. to ensure                            |                       | \$ 275,999            | \$ -                  | \$ 582,513            |
| Culver City  | FY20-21 Transit Vehicle Repair  | Repair of heavy-duty transit bus vehicle fleet. Does not include oil changes and other activities associated with the standard preventive maintenance checklist.   |                       | \$ 232,285            | \$ -                  | \$ 216,523            |
| Foothill Transit Zone                                    | Bus Repair and Rehabilitation   | Activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of buses.   |                       | \$ 1,197,695          | \$ -                  | \$ 2,151,624          |
| Long Beach Public Transportation Company                 | LBT1 Facility Rehabilitation  | The project will support the rehabilitation of LBT's operating and maintenance facility (LBT1) in support of the agency's transitioning facility needs as it grows to be a zero-emissions hub. LBT's recent facility assessment identified                   |                       | \$ 1,024,004          | \$ -                  | \$ 1,024,004          |
| Los Angeles County                                       | East Azusa and East Los Angeles Bus Shelters Replacement                        | Replace 4 advertising bus stop shelters located in the unincorporated East Azusa and East Los Angeles area. Each bus stop shelter will consist of a bench, a trash receptacle and illumination from dusk to dawn.  | \$ -                  | \$ 59,212             | \$ -                  | \$ 65,247             |
| Los Angeles County Metropolitan Transportation Authority | Metro Bus Vehicle Repair and Rehabilitation                                     | Repair and Rehabilitation expenses at all Metro Bus Operating Divisions and the Central Maintenance Facility. *Formerly Preventive Maintenance*  | \$ -                  | \$ 12,004,471         | \$ -                  | \$ 168,036,000        |
| Los Angeles County Metropolitan Transportation Authority | Metro Rail Vehicle and Wayside Rehabilitation and Repair Preventive Maintenance | Rehabilitation and repair preventive maintenance expenses of Metro Light and Heavy Rail rolling stock and wayside facilities. This is non-routine maintenance to maintain safety and reliability of the system.  | \$ 15,045,572         | \$ -                  | \$ 103,415,376        | \$ 131,666,865        |
| <b>Total</b>   |   |  | <b>\$ 15,045,572</b>  | <b>\$ 17,539,316</b>  | <b>\$ 108,298,179</b> | <b>\$ 312,268,216</b> |



## Board Report

**File #:** 2020-0590, **File Type:** Contract

**Agenda Number:** 12.

### FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 14, 2020

**SUBJECT: TECHNOLOGY INFRASTRUCTURE ENGINEERING SERVICES**

**ACTION: AWARD CONTRACT**

#### **RECOMMENDATION**

CONSIDER AUTHORIZING the Chief Executive Officer to:

- A. AWARD a five-year, firm fixed unit rate Contract No. PS67661000 to Birdi Systems, Inc. (Birdi), for technology infrastructure engineering services supporting new facility Measure M and existing Metro facilities upgrade projects in an amount not to exceed \$10,600,000, effective November 2020, subject to resolution of protest(s), if any.
- B. EXECUTE individual task orders under the Contract for technology infrastructure engineering services for an aggregate not-to-exceed amount of \$10,600,000.

#### **ISSUE**

Various technology infrastructure engineering services are required throughout the lifecycle of a design-build facilities construction or remodeling project. In the initial design stage, technical planners, computer aided drafting (CAD) and communications engineers are required. As the project progresses to the build stage, project managers; network, quality assurance and test engineers are needed. Metro's Information and Technology Services (ITS) are needed to support the Agency's projects and require the ability to readily access these engineering skill sets. Oftentimes, multiple bus and rail projects require these services concurrently. This recommended contract award to the vendor will provide Metro the required technical infrastructure services on an as-needed task order basis.

#### **BACKGROUND**

Metro's ITS Department is responsible for the design, engineering and implementation of technology infrastructure components supporting Measure M & R construction projects. Current active projects include Airport Metro Connector, Division 20 Portal Widening and Turnback, Gold Line Foothill Extension, Purple Line Extension, and the Regional Connector.

Metro currently has over 700 networked locations and over 3000 network connected vehicles. The



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technology infrastructure involves both local and wide area communication networks (LAN & WAN) delivered through fiber, lease line, radio, cellular, microwave and Wi-Fi communication technologies to support the transmission of data, voice, internet, closed-circuit television and video teleconferencing services.

Metro's latest initiative for connecting buses through the public cellular network opens many opportunities for Metro and its customers. The riding public benefits by being able to access the Internet for needed online information while on the bus/train. Metro Operations benefits by being able to connect to onboard systems including vehicle health monitoring, fareboxes, automated passenger counters; as well as providing video-on-demand of security cameras for law enforcement.

To support the many projects associated with Metro's Vision 2028 Strategic Goals and, specifically, to improve the customer experience through technology, to improve Metro Operations and to ensure the public and employees' safety and security; Metro will need to expand its technology infrastructure across its fixed facilities and mobile fleet throughout Los Angeles County.

The recommended contractor service award will enable our ability to deliver, both timely and efficient, technology subject matter expertise and onsite resources to support our current and future technology initiatives.

### **DETERMINATION OF SAFETY IMPACT**

Award of this contract will ensure that all bus/rail operating & maintenance facilities and Metro's mobile fleet will have critical technology communications infrastructure to support network, communications and surveillance services. This capability enables Metro's ability to provide our customers and Metro staff a safe, monitored and secure experience when utilizing Metro services.

### **FINANCIAL IMPACT**

Funding for these services are included in the Measure M & R (bucket 1) project budgets and in the FY21 budget under the respective Program Management cost centers. Since this is a multi-year project, the project manager and the Chief Program Management Officer will be responsible for budgeting the cost in future fiscal years.

### **IMPACT TO BUDGET**

The source of funds will come from Measure M & R and Federal & local funds. The use of these funding sources maximizes established funding provisions and guidelines.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommended contract award supports **Metro Vision 2028 Strategic Goal 2: Deliver outstanding trip experiences for all users of the transportation system.**

### **ALTERNATIVES CONSIDERED**

The alternative is to not award the contract and hire additional Technology Engineering Employees.

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This approach is not recommended due to the number of engineering disciplines that would need to be hired on a full-time basis.

**NEXT STEPS**

Upon approval by the Board, staff will execute Contract No. PS67661000 to Birdi Systems, Inc. for technology infrastructure engineering services effective November 2020.

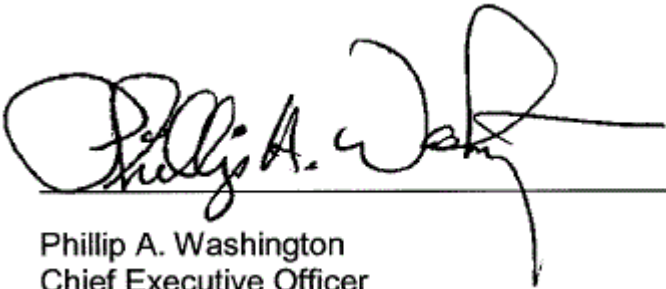
**ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: William Balter, Sr. Director ITS, (213) 922-4511

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



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Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

**TECHNOLOGY INFRASTRUCTURE ENGINEERING SERVICES  
PS67661000**

|    |   |  |
|----|---|--|
| 1. | <b>Contract Number: PS67661000</b>  |  |
| 2. | <b>Recommended Vendor:</b> Birdi Systems, Inc.  |  |
| 3. | <b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E<br><input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order |  |
| 4. | <b>Procurement Dates :</b>  |  |
|    | <b>A. Issued :</b> February 4, 2020   |  |
|    | <b>B. Advertised/Publicized:</b> February 4, 2020   |  |
|    | <b>C. Pre-Proposal Conference:</b> February 14, 2020  |  |
|    | <b>D. Proposals Due:</b> April 22, 2020   |  |
|    | <b>E. Pre-Qualification Completed:</b> August 19, 2020  |  |
|    | <b>F. Conflict of Interest Form Submitted to Ethics:</b> May 7, 2020  |  |
|    | <b>G. Protest Period End Date:</b> October 19, 2020   |  |
| 5. | <b>Solicitations Picked up/Downloaded:</b> 100  | <b>Bids/Proposals Received:</b> 5          |
| 6. | <b>Contract Administrator:</b><br>Victor Zepeda   | <b>Telephone Number:</b><br>(213) 922-1458 |
| 7. | <b>Project Manager:</b><br>Roger Largaespada  | <b>Telephone Number:</b><br>(213) 922-2861 |

**A. Procurement Background**

This Board Action is to approve Contract No. PS67661000 issued in support of technology infrastructure engineering services on a task order basis. Board approval of contract awards are subject to resolution of any properly submitted protest.

Request for Proposals (RFP) No. PS67661 was issued in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit price. The RFP was issued with a 30% DBE goal.

The period of performance is five base years from November 2020 to October 2025.

A pre-proposal conference was held on February 14, 2020 with 13 attendees representing 11 companies.

Nine sets of Q&A were issued during the solicitation phase of this RFP and eight amendments as follows:

- Amendment No. 1, issued on February 19, 2020, extended the due date to March 26, 2020;
- Amendment No. 2, issued on March 16, 2020, extended the due date to April 1, 2020 and exempted resumes from the maximum page count;

- Amendment No. 3, issued on March 17, 2020, extended the due date due to COVID-19 to April 8, 2020;
- Amendment No. 4, issued on March 20, 2020, allowed for electronic proposal submittal and suspended requirement for form notarization;
- Amendment No. 5, issued on April 2, 2020, extended the due date to April 22, 2020;
- Amendment No. 6, issued on April 6, 2020, clarified instructions for electronic proposal submittal;
- Amendment No. 7, issued on April 9, 2020, clarified the email address for electronic proposal submittal;
- Amendment No. 8, issued on April 17, 2020, clarified notary requirements for all forms from different departments (procurement, Pre-Qualification, and DEOD during the COVID-19 shut down)

A total of five proposals were received on the due date of April 22, 2020, as follows in alphabetical order:

1. AT&T Corporation
2. Birdi Systems, Inc.
3. Kambrian Corporation
4. The Omni Group
5. PlanNet Consulting

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of staff from Systems Projects and IT Security was convened and conducted a comprehensive technical evaluation of the proposals received.

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

- |                                    |      |
|------------------------------------|------|
| • Contractor Experience            | 25 % |
| • Proposed Individual's Experience | 45 % |
| • Price                            | 30 % |

The evaluation criteria are appropriate and consistent with criteria developed for other similar IT support procurements.

Of the five proposals received, the PET determined four firms to be within the competitive range. The four firms within the competitive range are listed below in alphabetical order:

1. AT&T Corporation
2. Birdi Systems, Inc.
3. Kambrian Corporation

#### 4. PlanNet Consulting

Subsequently, two of the four firms in the competitive range, AT&T and PlanNet Consulting, were determined non-responsive to the DBE requirements and were not included for further consideration.

#### **Qualifications Summary of Firms within the Competitive Range:**

##### **Birdi Systems, Inc.**

Birdi Systems, Inc. dba Birdi Inc. or Birdi & Associates, is located in Pasadena, CA, and was established in 2006, and is a DBE firm. Birdi offers IT, engineering, and construction support services to both private and government entities. Birdi has teamed up with five firms with local presence as well. Birdi has assembled a team that compliments its qualifications with firms that specialize in various technology engineering services and is poised to meet its DBE commitment.

##### **Kambrian Corporation**

Kambrian Corporation, a DBE prime, is entering its 11<sup>th</sup> year in business. Kambrian offers various electrical and engineering services, and is located in West Covina, CA. Kambrian has assembled a team of six subcontractors to ensure its qualifications are complimented with firms that specialize in various technology infrastructure engineering services and offer ample opportunity to its partners to participate in delivering services for this contract.

| 1  | Firm                             | Average Score | Factor Weight | Weighted Average Score | Rank     |
|----|----------------------------------|---------------|---------------|------------------------|----------|
| 2  | <b>Birdi Systems, Inc.</b>       |               |               |                        |          |
| 3  | Contractor Experience            | 79.44         | 25 %          | 19.86                  |          |
| 4  | Proposed Individual's Experience | 77.09         | 45 %          | 34.69                  |          |
| 5  | Price                            | 77.50         | 30 %          | 23.25                  |          |
| 6  | <b>Total</b>                     |               | <b>100 %</b>  | <b>77.80</b>           | <b>1</b> |
| 7  | <b>Kambrian Corporation</b>      |               |               |                        |          |
| 8  | Contractor Experience            | 68.33         | 25 %          | 17.08                  |          |
| 9  | Proposed Individual's Experience | 68.76         | 45 %          | 30.94                  |          |
| 10 | Price                            | 61.00         | 30 %          | 18.30                  |          |
| 11 | <b>Total</b>                     |               | <b>100 %</b>  | <b>66.32</b>           | <b>2</b> |

### **C. Cost/Price Analysis**

The recommended unit rates are determined to be fair and reasonable based upon independent cost estimate, cost analysis, technical evaluation, and fact finding. All future task orders and modifications will be determined to be fair and reasonable in accordance with Metro's Acquisition Policy prior to issue.

### **D. Background on Recommended Contractor**

The recommended firm, Birdi Systems, Inc., located in Pasadena, CA, has been in business for 14 years and is a leader in the field of construction, engineering and information technology. Birdi is working as a prime contractor on the Santa Barbara Airport Security System Renovation project. Past projects include Metro's Union Station Video Surveillance System and Los Angeles World Airport's Access Control and Alarm Monitoring System.

Birdi has appointed Slava Khusid as its project manager to manage the Contract and task orders. Mr. Khusid has a systems-engineering background and has been the project manager on Metro's Emergency Security Operations Center. Mr. Khusid specializes in providing design and management services for technology infrastructure engineering projects.

## DEOD SUMMARY

**TECHNOLOGY INFRASTRUCTURE ENGINEERING SERVICES  
PS67661000**

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) established a 30% Disadvantaged Business Enterprise (DBE) goal for this solicitation. Birdi Systems, Inc., a DBE Prime, exceeded the goal by making a 52.43% DBE commitment.

|                            |                |                                  |                   |
|----------------------------|----------------|----------------------------------|-------------------|
| <b>Small Business Goal</b> | <b>30% DBE</b> | <b>Small Business Commitment</b> | <b>52.43% DBE</b> |
|----------------------------|----------------|----------------------------------|-------------------|

| <b>DBE Subcontractors</b> |                                | <b>Ethnicity</b>            | <b>% Committed</b> |
|---------------------------|--------------------------------|-----------------------------|--------------------|
| 1.                        | Birdi Systems Inc. (DBE Prime) | Subcontinent Asian American | 47.28%             |
| 2.                        | PBS Engineers                  | Subcontinent Asian American | 5.15%              |
| <b>Total Commitment</b>   |                                |                             | <b>52.43%</b>      |

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

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

**C. Prevailing Wage Applicability**

Prevailing Wage requirements are applicable to this project. DEOD will monitor contractors' compliance with the State of California Department of Industrial Relations (DIR), California Labor Code, and, if federally funded, the U S Department of Labor (DOL) Davis Bacon and Related Acts (DBRA).

**D. Project Labor Agreement/Construction Careers Policy**

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