

# **Metro**

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



**Metro**

## **Agenda - Final**

**Wednesday, May 17, 2017**

**1:00 PM**

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

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

*Jacquelyn Dupont-Walker, Chair*

*Janice Hahn, Vice Chair*

*Robert Garcia*

*Ara Najarian*

*Hilda Solis*

*Carrie Bowen, non-voting member*

*Phillip A. Washington, Chief Executive Officer*

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

**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 should be submitted in person at the meeting to the Board Secretary. Individuals requesting to speak on more than three (3) agenda items will be allowed to speak up to a maximum of three (3) minutes per meeting. For individuals requiring translation service, time allowed will be doubled.

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.

The public may also address the Board on non-agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for up to three (3) minutes per meeting and may speak no more than once during the Public Comment period. Speakers will be called according to the order in which the speaker request forms are received. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

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

**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 on CD's and as MP3's and can be made available 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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## LIMITED ENGLISH PROFICIENCY

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Internet Access to Agendas - [www.metro.net](http://www.metro.net)

TDD line (800) 252-9040

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

## CALL TO ORDER

## ROLL CALL

### APPROVE Consent Calendar Item: 8.

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

### CONSENT CALENDAR

- 8 RECEIVE AND FILE the **third quarter report of Management Audit Services (Management Audit) for the period ending March 31, 2017.** [2017-0266](#)

Sponsors: Board of Directors - Regular Board Meeting

Attachments: [Attachment A - FY17 Q3 Report](#)

### NON-CONSENT

- 9 AUTHORIZE: [2017-0068](#)

- A. the Chief Executive Officer to execute a five-year, fixed unit rate Contract No. PS27736000 to **Bank of America for basic and specialized banking services**, in an amount-not-to-exceed \$2,328,909, effective July 1, 2017, subject to resolution of protest(s), if any; and
- B. the payment of up to \$320,000 over the next five years for **Federal Deposit Insurance Corporation (FDIC) assessment fees as mandated by 12 C.F.R. § 327.9 to cover insurance premiums for Metro's deposits**. This is an estimate based on historical experience. If FDIC increases the rate and the actual amount exceeds the estimate, staff will seek approval for a Contract modification. The combined total cost of the Contract is a not-to-exceed \$2,648,909 over its entire life-cycle.

Sponsors: Board of Directors - Regular Board Meeting

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

10 AUTHORIZE the Chief Executive Officer to: [2017-0252](#)

A. AWARD five-year fixed rate bench Contract Nos. PS36627000 through PS36627018, with the firms listed in Attachment A, for **Management Audit Services**, for a not-to-exceed amount of \$6,864,000 for the base three-years, effective July 1, 2017 through June 30, 2020, plus \$2,288,000 for each of the two, one-year options, for a combined total amount not to exceed \$11,440,000, subject to resolution of protest(s), if any; and

B. EXECUTE Task Orders under these Contracts for audit services in a total amount not-to-exceed \$11,440,000.

Sponsors: Finance and Budget and Audit Committee

Attachments: [Attachement A - Procurement Summary](#)  
[Attachment B - DEOD Summary-](#)

11 APPROVE: [2017-0183](#)

A. a new low income fare subsidy program to replace the Rider Relief Transportation Program (RRTP) and Immediate Needs Transportation Program (INTP), with an estimated year one budget of \$14 million, and;

B. the Title VI Analysis for the new program.

Attachments: [A-Title VI Environmental Justice evaluation](#)  
[B-Description of Current Subsidy Programs](#)

**(ALSO ON EXECUTIVE MANAGEMENT COMMITTEE)**

30 CONSIDER:

[2017-0279](#)

- A. ADOPTING the **proposed FY18 Budget** as presented in the budget document (provided in a separate transmittal and posted on metro.net); and
- B. APPROVING the addition of 129 positions, including 22 contract and 107 non-contract full-time equivalent positions, as presented in Attachment A; and
- C. APPROVING the Life of Project (LOP) budgets for new capital projects with LOP exceeding \$5 million, included in the proposed FY18 Budget and presented in Attachment B; and
- D. ADOPTING Life of Project (LOP) budget of \$118.9 million for Blue Line Signaling Rehabilitation and Operational State of Good Repair Improvements that incorporates system compatibility, safety features, and new technology to improve headways during service interruptions, further described in Attachment B; and
- E. AMENDING the proposed budget to add \$8.2 million for engineering support and advanced utility relocation designs on Metro Orange Line Grade Separation (project submitted after proposed budget was published); and
- F. AMENDING the proposed budget to add \$1 million for the Comprehensive Operational Analysis (COA), which is a comprehensive service restructuring study; and
- G. APPROVING the Reimbursement Resolution declaring Metro's intention to issue debt in FY47 18 for capital projects, as shown in Attachment C, with the provision that actual debt issuance will require separate Board approval.

**Attachments:**

[Attachment A - FTE Request for FY18](#)

[Attachment B - FY18 New Capital Projects](#)

[Attachment C - Reimbursement Resolution of Metro for Fiscal Year 2018](#)

[Attachment D - FY18 Public Outreach](#)

- 31 AUTHORIZE the CEO to award Contract No. C1081 to Mass Electric Construction Co/Parsons, the selected best value contractor to design and construct the **Blue Line State of Good Repair signaling rehabilitation and operational improvements** for a contract value of \$81,513,000.

[2017-0132](#)

Sponsors: Construction Committee

Attachments: [Attachment A - Sources and Uses Table](#)  
[Attachment B - Procurement Summary 0132](#)  
[Attachment C-DEOD Summary](#)

(ALSO ON CONSTRUCTION COMMITTEE)

- 32 AUTHORIZE the Chief Executive Officer to negotiate and execute a performance-based Contract Modification to **Cubic Transportation Systems Inc. Contract No. OP02461010 to extend the base contract through December 2024 for no upfront cost of development for Nextlink, a cloud-based connection system that will link the legacy TAP system to programs and services such as the TAP mobile payment app, Bike Share, fare subsidy programs, parking, ride-hailing services and more**, in exchange for sales transaction fees of 0.5-3.0%, based on use of mobile app and retail fare sales for five (5) years of operation after development.

[2017-0272](#)

Sponsors: Finance and Budget and Audit Committee

Attachments: [Attachment A - Regional Account Integration Architecture](#)  
[Attachment B - Procurement Summary.pdf](#)  
[Attachment C - Contract Modification & Change Order Log.pdf](#)  
[Attachment D - DEOD Summary Cubic](#)

(ALSO ON EXECUTIVE MANAGEMENT COMMITTEE)

## Adjournment

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



## Board Report

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**File #:** 2017-0266, **File Type:** Informational Report

**Agenda Number:** 8

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### FINANCE, BUDGET AND AUDIT COMMITTEE MAY 17, 2017

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2017 THIRD QUARTER REPORT**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE the **third quarter report of Management Audit Services (Management Audit) for the period ending March 31, 2017.**

#### **ISSUE**

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

#### **DISCUSSION**

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

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



resolution tracking.

The summary of Management Audit activity for the quarter ending March 31, 2017 is as follows:

Internal Audits: 16 internal audits were in process.

External Audits: 2 contract pre-award audits with a total value of \$7 million were completed and 12 incurred cost audits with a total value of \$42.8 million were completed. One contract pre-award audit and 72 incurred cost audits were in process.

Audit Follow-up and Resolution: 36 recommendations were closed and 20 recommendations were added during the third quarter. At the end of the quarter, there were 82 open audit recommendations. In addition, nine recommendations for the OIG were closed. Details of all open, extended, and closed recommendations can be found in the Third Quarter Board Box titled "Status of Audit Recommendations".

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

### **NEXT STEPS**

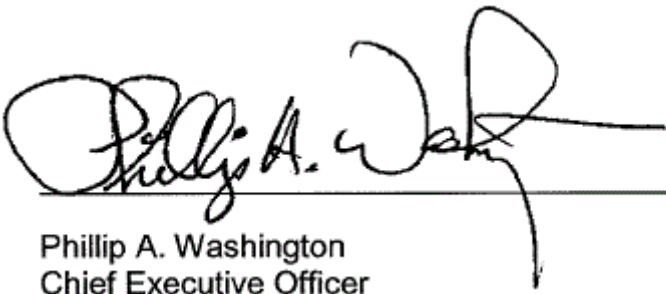
Management Audit will provide the FY 2017 year-end summary of audit activity to the Board at the September 2017 Finance, Budget and Audit Committee meeting.

### **ATTACHMENT**

A. Management Audit Services Quarterly Report to the Board for the period ending March 31, 2017

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

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



Phillip A. Washington  
Chief Executive Officer

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

**Los Angeles County Metropolitan  
Transportation Authority**

***Third Quarter  
FY 2017***



**Metro™**

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# *EXECUTIVE SUMMARY*

## Summary of Audit Activity

During the third quarter of FY 2017, 15 projects were completed. These include:

### Pre-Award Audits

- Independent Auditor's Report on Agreed-Upon Procedures for the Cost Proposal for Articulated Electric Buses;
- Independent Auditor's Report on Agreed-Upon Procedures for the Cost Proposal for Highway Program Project Delivery Support Services for Los Angeles County.

### Incurred Cost Audits

- Two Independent Auditor's Reports on Agreed-Upon Procedures for the FY14 and FY15 Incurred Overhead Rates for Westside Purple Line Extension Project;
- Independent Auditor's Report on Agreed-Upon Procedures for the Interim Incurred Cost for November 9, 2011 to December 31, 2015 for SR-710 Gap Alternatives Analyses;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of La Canada Flintridge's I-210 Soundwalls Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of Caltrans' SR-710 (Pacific Coast Highway to Downtown Long Beach) Improvement Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Glendale's Grandview Ave. Modification Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Manhattan Beach's Sepulveda Blvd. at Marine Ave. Intersection Improvements Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Los Angeles' Adaptive Traffic Control System Wilshire East Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Lancaster's SR-14/Ave. I Interchange Improvement Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Santa Monica's Ocean Park Blvd. Main St. Neilson Way Signal System Project;
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Burbank's I-5/SR-134 Congestion Management Project; and
- Independent Auditor's Report on Agreed-Upon Procedures of the Close-out Review of City of Inglewood's Arbor Vitae Improvement Project.

### Other Audits

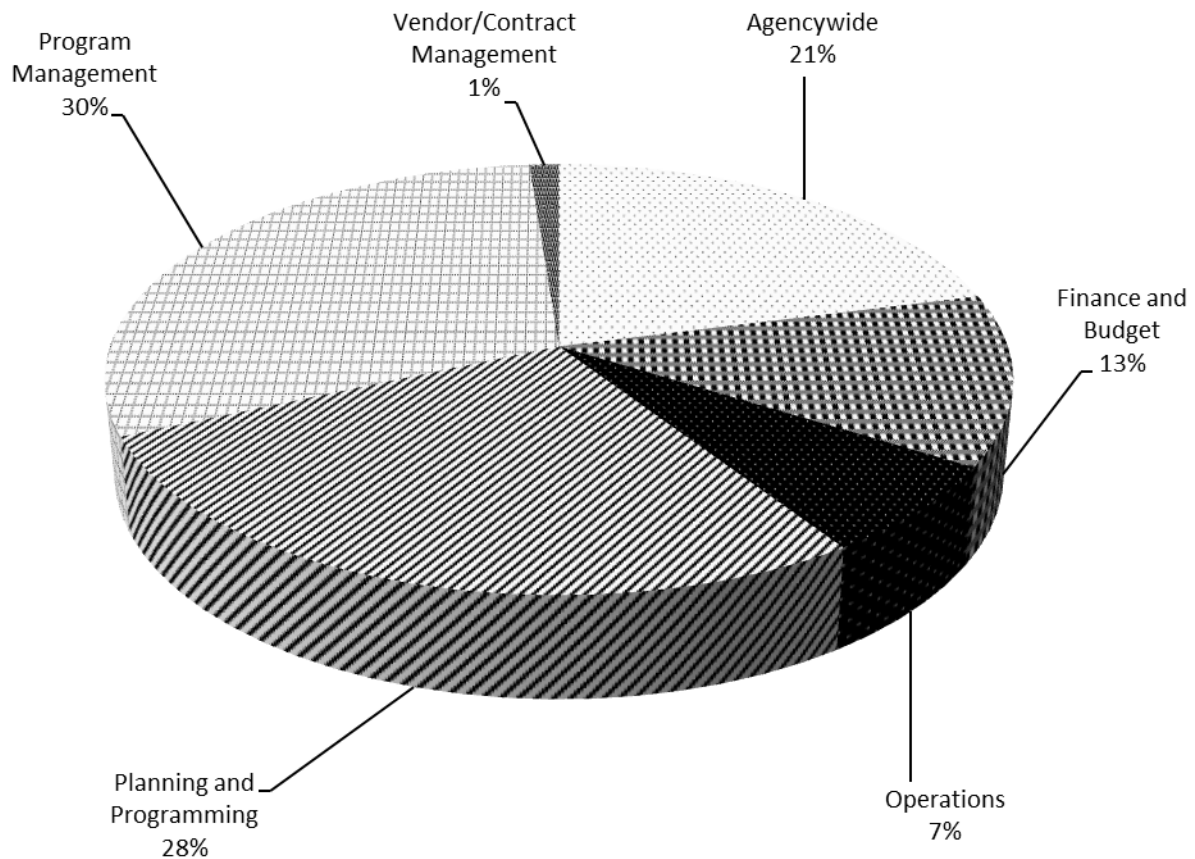
- Audited Financial Statements of Metro ExpressLanes.

The completed external audits are discussed on page 3. Discussions of Other audits issued by external CPA firms begin on page 4.

## EXECUTIVE SUMMARY

Eighty-nine projects were in process as of March 31, 2017; these include 16 internal audits, one contract pre-award audits, and 72 incurred cost audits.

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



### Audit follow-up:

- Thirty-six recommendations were closed during the third quarter. At the end of the quarter there were 82 open audit recommendations.
- In addition, we closed 9 OIG recommendations. At the end of the quarter there were 20\* open audit recommendations.

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

# *EXTERNAL AUDITS*

## Contract Pre-Award Audit

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

During third quarter FY 2017, two audits were completed reviewing a net value of \$7 million. Auditors questioned \$734 thousand or 10% of the proposed costs. The two audits supported procurements in the following areas:

- Articulated Electric Bus procurements; and
- Highway Program Project Delivery Support Services procurement.

One contract pre-award audit was in process as of March 31, 2017.

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

## Incurred Cost Audit

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

Incurred Cost Audit completed 12 audits during third quarter FY 2017. We reviewed \$42.8 million of funds and identified \$3.5 million or 8% of unused funds that may be reprogrammed. Seventy-two incurred cost audits were in process as of March 31, 2017.

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

# *OTHER AUDITS*

## Other Audits

Other audits completed during third quarter FY17 by external CPA firms include:

### Audited Financial Statements of Metro ExpressLanes – Issued January 2017

Metro ExpressLanes started as a one-year demonstration program that tested innovations to improve existing transportation systems in three sub-regions: the San Gabriel Valley, Central Los Angeles, and the South Bay. The first Metro ExpressLanes commenced revenue operations in November 2012 on the I-110 Harbor Freeway, between Adams Blvd. and the 91 freeway. The second began revenue operations in February 2013 on the I-10 El Monte Freeway between Alameda St. and the 605 Freeway. In April 2014, the Board voted unanimously to make the ExpressLanes on the I-110 and I-10 Freeways permanent. Later that year the California State Legislature approved a motion making the toll lanes permanent in Los Angeles and that the Governor sign it to become official.

An audit of the financial statements of Metro ExpressLanes, an enterprise fund of the LACMTA, was performed by Vasquez & Company, LLP (Vasquez) for the year ended June 30, 2016. Vasquez found that the financial statements present fairly, in all material respects, the financial position of the Metro ExpressLanes fund.

# AUDIT SUPPORT SERVICES

## Audit Follow-Up and Resolution

During the third quarter, 36 recommendations were completed and closed. At the end of this quarter there were 82 outstanding audit recommendations. The table below summarizes the third quarter activity.

### Summary of MAS and External Audit Recommendations As of March 31, 2017

Executive Area	Closed	Late <sup>1</sup>	Extended	Not Yet Due/Under Review	Total Open
Program Management	2		6		6
Labor/Employee Relations			1		1
Information Technology	3				
Metro Operations	8		11	44	55
Planning and Development	14		1	9	10
Communications	3		9		9
Systems Security & Law Enforcement	6				
Congestion Reduction			1		1
<b>Totals</b>	<b>36</b>	<b>0</b>	<b>29</b>	<b>53</b>	<b>82</b>

1. Any findings that have not been corrected 90 days after the due date are reported as late.

In addition to the above MAS and external audit recommendations, we closed 9 recommendations for the Office of the Inspector General (OIG). At the end of the quarter there were 20\* outstanding OIG audit recommendations.

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



## Appendix A

<b>Contract Pre-Award Audit FY 2017 - Audits Completed During Third Quarter</b>					
<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Contractor</b>	<b>Frequency</b>	<b>Requirement</b>	<b>Date Completed</b>
Operations	17-OPS-A01 - Attestation Agreed-upon Procedures	BYD Coach and Bus, LLC	Once for Unsolicited Proposal for Five (5) 60' Articulated Electric Buses	VCM Policy	1/2017
Program Management	17-HWY-A11 - Attestation Agreed-upon Procedures	Parsons Transportation Group, Inc.	Once for RFP# AE30673	VCM Policy	2/2017

Frequency is based on number of audits per RFP or Contract number.

## Appendix B

Incurred Cost Audit FY 2017 - Audits Completed During Third Quarter					
Area	Audit Number & Type	Grantee / Contractor	Frequency	Requirement	Date Completed
Program Management	17-CON-A21 - Attestation Agreed-upon Procedures	AMEC Environment & Infrastructure, Inc.	1st audit	VCM Policy & Contract Terms # PS4350-2000	1/2017
Program Management	17-HWY-A04 - Closeout	City of La Canada Flintridge	Once	Per Project Manager's request and MOU. MR310.03 terms	1/2017
Program Management	12-PLN-G06 - Closeout	County of Los Angeles	2nd audit; Interim and Closeout	Per Project Manager's request and MOU. P0006143 terms	1/2017
Program Management	17-HWY-A02 - Closeout	City of Manhattan Beach	Once	Per Project Manager's request and MOU. MR312.04 terms	1/2017
Planning & Development	16-PLN-A26 - Closeout	City of Glendale	Once	Per Project Manager's request and MOU. P000F1136A terms	2/2017
Planning & Development	17-PLN-A07 - Attestation Agreed-upon Procedures	LSA Associates, Inc.	1st audit	VCM Policy & Contract Terms # PS4710-2755	2/2017
Planning & Development	16-PLN-A32 - Closeout	City of Los Angeles Department of Transportation	Once	Per Project Manager's request and MOU. P000F1313 terms	2/2017
Planning & Development	16-PLN-A14 - Closeout	City of Lancaster	Once	Per Project Manager's request and MOU. P0008102 terms	2/2017
Planning & Development	16-PLN-A28 - Closeout	City of Burbank	Once	Per Project Manager's request and MOU. P000F1326 terms	2/2017

Frequency is based on number of audits per contract or Memorandum of Understanding (MOU).

<b>Incurred Cost Audit FY 2017 - Audits Completed During Third Quarter</b>					
<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Grantee / Contractor</b>	<b>Frequency</b>	<b>Requirement</b>	<b>Date Completed</b>
Planning & Development	17-PLN-A14 - Closeout	City of Santa Monica	Once	Per Project Manager's request and MOU. P0001343 terms	2/2017
Planning & Development	12-PLN-A07 - Closeout	City of Inglewood	Once	Per Project Manager's request and MOU. P0004318 terms	2/2017
Program Management	17-CON-A25 - Attestation Agreed-upon Procedures	PB Americas, Inc.	1st audit	VCM Policy & Contract Terms # PS4350-2000	3/2017

Frequency is based on number of audits per contract or Memorandum of Understanding (MOU).

## Appendix C

Internal Audit FY 2017 - In Process as of March 31, 2017					
Area	Audit Number & Title	Description	Frequency	Requirement	Estimated Date of Completion
Finance & Budget	10-ACC-F01 - Accounts Receivable	Validate Accounts Receivable is in compliance with departmental policies and procedures.	First time	Per FY16 Audit Plan	5/2017
Metro Operations	16-OPS-P02 - Rail Overhaul and Maintenance	Evaluate the efficiency and effectiveness of the Rail Overhaul and Refurbishment Program.	First time	Per FY16 Audit Plan	6/2017
Metro Operations	16-OPS-P05 - Division Practices	Evaluate effectiveness of Division management practices	First time	Per FY16 Audit Plan	6/2017
Program Management	10-CPC-K02 - Third Party Utility Relocation Agreement Efficiency	Assess the adequacy and effectiveness of the Third Party Utility Relocation.	First time	Per FY10 Audit Plan	6/2017
Congestion Reduction	16-CEO-P02 - 511 follow-up audit	Follow Up on 511 audit.	2nd Time; Last Audit 5 Years Ago	Per FY16 Audit Plan	6/2017
Vendor / Contract Management	16-VCM- P01 - Audit of P-Card	Evaluate compliance to P-card purchase requirements.	3rd Time; Last audits 4 and 8 years ago	Per FY16 Audit Plan	6/2017
Program Management	12-CON-P03 - I-405 Follow-up	Verify if management's corrective actions from the prior audit were implemented and resulting in improvements.	2nd Time; Last Audit 6 years	CEO Request	6/2017
Information Technology	16-ITS-P02 - Audit of IT Asset Management	Evaluate the effectiveness of management over technology assets.	1st Time	Per FY17 Audit Plan	6/2017
Program Management	16-CON-P04 - Quality Assurance	Evaluate the effectiveness and efficiency of quality assurance processes.	2nd Time; Last Audit 3 years	Per FY16 Audit Plan	6/2017
Metro Operations	16-OPS-P03 - Accident Prevention Program	Evaluate effectiveness of accident prevention practices	First Time	Per FY16 Audit Plan	6/2017
Finance & Budget	17-OMB-P02 - Farebox Collections	Evaluate the effectiveness of internal controls over farebox collection and to verify revenue is accurate and complete.	First Time	Per FY17 Audit Plan	6/2017
Metro Operations	17-OPS-P07 - Track Allocation	Determine the effectiveness of the track allocation process.	First Time	Per FY16 Audit Plan	6/2017

<b>Internal Audit FY 2017 - In Process as of March 31, 2017</b>					
<b>Area</b>	<b>Audit Number &amp; Title</b>	<b>Description</b>	<b>Frequency</b>	<b>Requirement</b>	<b>Estimated Date of Completion</b>
Vendor / Contract Management	17-VCM-P02 - Audit of Change Order Internal Controls	Evaluate the adequacy and effectiveness of internal controls over the contract change order process.	First Time	Per CEO Request	6/2017
Vendor / Contract Management	17-VCM-P04 - Audit of Internal Controls Pre-Negotiation Process	Evaluate the adequacy and effectiveness of internal controls over the pre-negotiation process.	First Time	Per CEO Request	6/2017
Finance & Budget	17-OMB- P01 - Audit of Cash Counting Process	Evaluate Controls of Cash Counting Process.	2nd Time; Last Audit 7 years ago	Per FY17 Audit Plan	7/2017
Agency-Wide	17-AGW-P01 - Audit of Consultant Hours	Evaluate efficiency and effectiveness of the use of consultants.	First Time	Per FY17 Audit Plan	7/2017

## Appendix D

Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	11-OPS-006 - HASTUS	2	We recommend the Chief Operations Officer require the Scheduling department to: Provide training on all ATP features. <b>Update: Upgrade of the HASTUS system to 2015 version is completed. Training is being developed for the new version.</b>	6/30/2016	6/30/2017
2	Operations	11-OPS-006 - HASTUS	3	We recommend the Chief Operations Officer require the Scheduling department to: Provide training on all AP features. a. Develop the requirements to utilize AVL data to supplement missing data from the APC. b. Customize the current ATP module to improve its functionality until the proposed upgrade can be accomplished. <b>Update: Upgrade of the HASTUS system to 2015 version is completed. Training is being developed for the new version.</b>	6/30/2016	6/30/2017
3	Operations	11-OPS-006 - HASTUS	4	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Defining the higher minimum of either 1) the United Transportation Union Labor Agreement, or 2) an operational minimum layover time. <b>Update: Upgrade of the HASTUS system to 2015 version is completed. Decision is being made between use of minimum of #1 or #2</b>	6/30/2016	12/31/2017
4	Operations	11-OPS-006 - HASTUS	5	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Looking for opportunities to interline routes as a strategy for achieving a more cost effective solution. <b>Update: Upgrade of the HASTUS system to 2015 version is completed. Work on Minbus Module is in progress.</b>	6/30/2016	12/31/2017
5	Operations	11-OPS-006 - HASTUS	6	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Developing a more robust, realistic deadhead matrix and use the matrix during the vehicle blocking process to globally optimize its bus system schedules. <b>Update: Upgrade of the HASTUS system to 2015 version is completed. Work on Minbus Module is in progress.</b>	6/30/2016	12/31/2017
6	Operations	11-OPS-006 - HASTUS	7	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Defining the maximum number of vehicle groups possible for any given trip. <b>Update: Upgrade of the HASTUS system to 2015 version is completed. Work on Minbus Module is in progress.</b>	6/30/2016	12/31/2017
7	Operations	11-OPS-006 - HASTUS	8	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Training Schedulers to use Minbus advanced features. <b>Update: Upgrade of the HASTUS system to 2015 version is completed. Work on Minbus Module is in progress.</b>	6/30/2016	12/31/2017
8	Operations	11-OPS-006 - HASTUS	11	We recommend the Chief Operations Officer: Consider multi-division operator run cutting to optimize workforce distribution amongst divisions. <b>Update: Upgrade of the HASTUS system to 2015 version is completed. Work on Minbus Module is in progress.</b>	6/30/2016	12/31/2017
9	Operations	11-OPS-006 - HASTUS	12	We recommend the Chief Operations Officer: Adopt integrated scheduling to improve the efficiency of run cuts. <b>Update: Upgrade of the HASTUS system to 2015 version is completed.</b>	6/30/2016	12/31/2017
10	Operations	11-OPS-006 - HASTUS	13	We recommend the Chief Operations Officer transition to HASTUS for scheduling rail service. The plan should include transition milestones and estimated completion dates. <b>Update: Upgrade of the HASTUS system to 2015 version is completed. Scheduling is working with Giro to automate Rail Vehicle Schedules into HASTUS 2015 upgrade.</b>	6/30/2016	6/30/2017

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Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
11	Planning & Development	13-PLN-P01 - Grants Management and Call for Projects	28	Establish formal training; verify that processes are consistent but sufficiently flexible to accommodate variations in managing grants and projects.	6/30/2015	6/30/2017
12	Congestion Reduction	12-HCP-P01 - Metro Freeway Service Patrol	3	Develop goals and objectives, and reinstitute performance measurements, for the oversight of the Metro Freeway Service Patrol Program. <b>Update: Delay in execution of FSP Communication / Data Collection system contract.</b>	5/30/2016	3/31/2017
13	Operations	13-OPS-P04 - Operations Key Performance Indicators	6	We recommend that the Chief Operations Officer requires SPA to continue to work with ITS to develop a Business Intelligence software application that includes a customizable interface with the ability to pull data from multiple sources.	6/30/2017	
14	Program Management	13-CEO-P01 - Cost Estimating Process	1	We recommend that Estimating Management develop comprehensive policies and procedures that at a minimum should include: a) Clear definition of the role of the Cost Estimating department in the following areas: preparation of independent cost estimates including thresholds when the estimating department is responsible in preparing the cost estimates, review, validation and approval of cost estimates, involvement in budget planning phase b) Standard process and format including the requirement to use Work Breakdown Structure (WBS) to be used by consultants, contractors and internal staff. <b>Update: Metro Estimating has developed a plan for developing these policies and procedures. A draft of this policy is approximately 75% complete. A final draft for approval is expected to be completed by the end of June 2017.</b>	3/31/2017	6/30/2017
15	Program Management	13-CEO-P01 - Cost Estimating Process	2	Communicate the policies and procedures to staff, consultants and users.	3/31/2017	6/30/2017
16	Program Management	13-CEO-P01 - Cost Estimating Process	3	Evaluate resources to meet the role and responsibilities of cost estimating department.	3/31/2017	6/30/2017
17	Program Management	13-CEO-P01 - Cost Estimating Process	4	Collaborate with procurement and program management in revising the naming convention on policies and procedures.	3/31/2017	6/30/2017
18	Program Management	13-CEO-P01 - Cost Estimating Process	7	Consider adding the training requirements in the policy and procedures.	3/31/2017	6/30/2017
19	Program Management	13-CEO-P01 - Cost Estimating Process	8	We recommend that Estimating Management provide estimating guidelines and formats when utilizing two independent estimates, so that they may be compared productively. Guidelines should be developed that cover estimating approach, methodology, Work Breakdown Structures (WBS) and cost account structure.	3/31/2017	6/30/2017
20	Labor / Employee Relations	16-COM-P01 - Special Fares Programs	11	We recommend that the HR Department maintain an inventory log to record the receipts and distribution of the Metro employee cards, and perform physical count periodically to ensure the log reconciles with the inventories on hand. <b>Update: The HR Department has developed an inventory log that includes receipts and distribution of TAP Cards. However, the inventory log does not contain evidence that the physical inventory count was performed.</b>	7/31/2016	5/30/2017
21	Communications	16-COM-P01 - Special Fares Programs	14	We recommend the Communications Department update the B-TAP Program Policy and/or Agreement terms so that the language on these two documents are consistent with the intended pricing level for B-TAP customers. <b>Update: The B-TAP Program is still under review with other key business units. The findings from the review/evaluation will determine the policies, procedures and pricing model that will govern the B-TAP Program. The policy and agreement terms will be updated to ensure consistency between these two documents and the update will be in accordance with the new model.</b>	3/31/2017	6/30/2017

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Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
22	Communications	16-COM-P01 - Special Fares Programs	19	We recommend the Communications Department to define the program ownership, and clarify the roles and responsibilities to ensure the program performance is monitored and evaluated. <b>Update: Metro Commute Services is working with TAP Operations to implement cross-functional responsibilities between the two departments. An updated MOU may be necessary and if so, it will be written or the current one will be updated.</b>	3/31/2017	6/30/2017
23	Communications	16-COM-P01 - Special Fares Programs	20	We recommend the Communications Department to report the program performance periodically to the appropriate level of management to support decision making. <b>Update: Metro Commute Services is working with TAP Operations to implement cross-functional responsibilities between the two departments. An updated MOU may be necessary and if so, it will be written or the current one will be updated.</b>	3/31/2017	6/30/2017
24	Communications	16-COM-P01 - Special Fares Programs	21	We recommend the Communications Department to renew the agreement with the Court to confirm mutual agreement. <b>Update: Metro Commute Services is working with TAP Operations to implement cross-functional responsibilities between the two departments. An updated MOU may be necessary and if so, it will be written or the current one will be updated.</b>	3/31/2017	6/30/2017
25	Communications	16-COM-P01 - Special Fares Programs	22	We recommend the Communications Department to revisit the program purpose and guidelines/requirements to assess the current J-TAP Program performance.	3/31/2017	6/30/2017
26	Communications	16-COM-P01 - Special Fares Programs	23	We recommend the Communications Department obtain a written agreement with DCFS to confirm the mutual agreement and to retain the legal rights to enforce DCFS to meet the Program guidelines and requirements. <b>Update: Metro Commute Services is working on creating a handbook that outlines the policy and procedure of the Youth on the Move (YOTM) Program. Although there are Board documentations and writings that assist in governing the YOTM program, the implementation of an MOU will be explored and constructed. Metro Commute Services periodically produces an active card list and forwards it to the DCFS YOTM program manager for review. Metro Commute Services will work with the manager at Department of Children and Family Services (DCFS) to determine a preset calendar schedule. All findings will be shared with the appropriate level of management.</b>	3/31/2017	6/30/2017
27	Communications	16-COM-P01 - Special Fares Programs	24	We recommend the Communications Department to implement periodic review (at least annually) of YOTM cardholders to ensure their eligibility. <b>Update: Metro Commute Services is working on creating a handbook that outlines the policy and procedure of the Youth on the Move (YOTM) Program. Although there are Board documentations and writings that assist in governing the YOTM program, the implementation of an MOU will be explored and constructed. Metro Commute Services periodically produces an active card list and forwards it to the DCFS YOTM program manager for review. Metro Commute Services will work with the manager at Department of Children and Family Services (DCFS) to determine a preset calendar schedule. All findings will be shared with the appropriate level of management.</b>	3/31/2017	6/30/2017

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Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
28	Communications	16-COM-P01 - Special Fares Programs	25	We recommend the Communications Department to assess the program performance periodically, and report to the appropriate level of management. <b>Update: Metro Commute Services is working on creating a handbook that outlines the policy and procedure of the Youth on the Move (YOTM) Program. Although there are Board documentations and writings that assist in governing the YOTM program, the implementation of an MOU will be explored and constructed. Metro Commute Services periodically produces an active card list and forwards it to the DCFS YOTM program manager for review. Metro Commute Services will work with the manager at Department of Children and Family Services (DCFS) to determine a preset calendar schedule. All findings will be shared with the appropriate level of management.</b>	3/31/2017	6/30/2017
29	Communications	16-COM-P01 - Special Fares Programs	26	We recommend the Communications Department to revisit the program purpose and assess the pricing model to generate the optimal program revenue.	3/31/2017	6/30/2017
30	Planning & Development	14-EDD-P01 - Real Estate Property	6	We recommend that Real Estate Management review lease agreements and make appropriate CPI and/or FMV adjustments. Document the decisions made on file when FMV and/or CPI adjustments are deemed unnecessary.	6/30/2017	
31	Planning & Development	14-EDD-P01 - Real Estate Property	7	We recommend that Real Estate Management ensure property management system is updated to reflect the appropriate lease amount.	6/30/2017	
32	Planning & Development	14-EDD-P01 - Real Estate Property	8	We recommend that Real Estate Management improve the invoice review process when manual invoices are generated outside the system for accuracy and completeness.	6/30/2017	
33	Planning & Development	14-EDD-P01 - Real Estate Property	9	We recommend that Real Estate Management set dollar threshold levels of approval for credit memos.	6/30/2017	
34	Planning & Development	14-EDD-P01 - Real Estate Property	10	We recommend that Real Estate Management require that all credit memos include a justification and proper documentation.	6/30/2017	
35	Planning & Development	14-EDD-P01 - Real Estate Property	11	We recommend that Real Estate Management complete the required inspections and document inspection records on file.	6/30/2017	
36	Planning & Development	14-EDD-P01 - Real Estate Property	12	We recommend that Real Estate complete the write off process for delinquent accounts that are deemed uncollectable in accordance with the policy established for writing off uncollectable amounts.	6/30/2017	
37	Planning & Development	14-EDD-P01 - Real Estate Property	13	We recommend that Real Estate Management develops policies and procedures for collecting and writing off past due accounts including when consultation with County Counsel is required. Policy should include timeframes to ensure timely actions are taken.	6/30/2017	
38	Planning & Development	14-EDD-P01 - Real Estate Property	14	We recommend that Real Estate Management will establish a process for investigating customer's payment that has no invoice reference so proper application of payments received can be made or invoice can be prepared.	6/30/2017	
39	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	1	We recommend the Chief Operations Officer require Track management to develop an inventory of linear assets and their components that can be the basis of a PMP to accurately forecast maintenance requirements and component replacements.	6/30/2017	
40	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	2	We recommend the Chief Operations Officer require Track management to develop a formal risk assessment of potential failures for track components or assets aimed at supplementing the current inspection program with a scheduled maintenance plan for selected components or maintenance practices.	6/30/2017	
41	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	3	We recommend the Chief Operations Officer require Track management to revise the current PMP to include assets or maintenance activities that can be performed on a cyclical basis.	3/31/2017	
42	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	4	We recommend the Chief Operations Officer require Track management to develop quality standards for track maintenance to proactively maintain Metro's unique track infrastructure.	6/30/2017	

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Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
43	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	5	We recommend the Chief Operations Officer require Track management to consider the use of GPS-enabled handheld PDAs or other electronic device to record inspection results and improve track inspection information collection.	11/30/2016	6/30/2017
44	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	6	We recommend that while the long-term recommendation is being evaluated, that the Chief Operations Officer require Track management to revise inspection forms/reports to include: applicable checklists with inspection criteria for the different types of inspections; condition description, and ranking description of conditions with estimated completion for corrective actions.	6/30/2017	
45	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	7	We recommend that while the long-term recommendation is being evaluated, that the Chief Operations Officer require Track management to train inspectors to properly complete both inspection and maintenance forms.	6/30/2017	
46	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	8	We recommend that while the long-term recommendation is being evaluated, that the Chief Operations Officer require Track management to log all conditions that impact the track structure in the inspection reports, including water damage in the tunnels.	06/30/2017	
47	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	9	We recommend that while the long-term recommendation is being evaluated, that the Chief Operations Officer require Track management to collaborate with ITS to explore best options to enter inspection results in electronic format in a centralized location to allow future trends and analyses of data.	6/30/2017	
48	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	10	We recommend that while the long-term recommendation is being evaluated, that the Chief Operations Officer require Track management to work with other business units who are responsible to implement any corrective actions that may impact track maintenance and/or track condition.	6/30/2017	
49	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	11	We recommend that the Chief Operations Officer, require Track management to collaborate with ITS to maximize the use of the M3 system (Inspection and/or Work Management modules) or identify a new system that is more suited for their process and make this a budgetary priority.	6/30/2017	
50	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	12	We recommend that the Chief Operations Officer, require Track management to provide training for track management, supervisors and/or leads that create work orders in the M3 system.	6/30/2017	
51	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	13	We recommend that the Chief Operations Officer, require Track management to log all open maintenance conditions in M3, as they are identified, to produce meaningful reports.	6/30/2017	
52	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	14	We recommend that the Chief Operations Officer, require Track management develop performance metrics for reporting to Executive Management on track condition and maintenance efforts.	3/31/2017	
53	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	15	We recommend the Chief Operations Officer require Tracks Management to develop departmental policies and procedures specific to Track Maintenance activities and specify the track maintenance standards and/or guidelines that should be followed.	6/30/2017	
54	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	16	We recommend the Chief Operations Officer require Tracks Management to develop an illustrative field manual based on Metro's own criteria for track maintenance and allocate the necessary budget to do this.	6/30/2017	
55	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	17	We recommend the Chief Operations Officer require Tracks Maintenance to update SOPs to align with the track inspection criteria.	6/30/2017	
56	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	18	We recommend that the Chief Operations Officer require Track Management to engage engineering talent to provide design specifications for these complex and specialized equipment.	3/31/2017	

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Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
57	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	19	We recommend that the Chief Operations Officer require Track Management to create a long term maintenance equipment acquisition and replacement plan, recognizing the need for reliable and uninterrupted equipment utilization for our expanding rail operations and obtain the budget and resources necessary for the plan.	6/30/2017	
58	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	20	We recommend that the Chief Operations Officer require Track Management to define training and certification program requirements for each task performed by the unit, including the frequency for each course.	6/30/2017	
59	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	21	We recommend that the Chief Operations Officer require Track Management to bring inspectors current on all their training and re-certification requirements including refresher and welding courses.	3/31/2017	
60	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	22	We recommend that the Chief Operations Officer require Track Management to consider collaborating with ITS to determine whether Operations' existing OTTS system can be modified and used by Rail Instruction or implement and automated Track Training Management system to gain greater visibility of employee training records and data.	12/31/2017	
61	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	23	We recommend that the Chief Operations Officer require Track Management to consider making specialized areas such as welding a part of the Inspector's Job specification.	6/30/2017	
62	Operations	16-OPS-P01 - Wayside Systems - Track Maintenance	24	We recommend that the Chief Operations Officer require Track Management to consider acquiring a dedicated instructor for Track Maintenance to ensure all employees receive appropriate training.	7/31/2017	
63	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	1	LACMTA must review and/or revise Emergency Plans at intervals as required by LACMTA procedures.	Pending Management Response. Response due 6/12/17.	
64	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	2	LACMTA Management should properly complete and fill out the Ride Check Forms with accurate and correct information.	Pending Management Response. Response due 6/12/17.	
65	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	3	LACMTA's bulletin boards should be regularly checked and updated.	Pending Management Response. Response due 6/12/17.	
66	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	4	Sign-For documents need to be in the folder that the TO has to sign.	Pending Management Response. Response due 6/12/17.	
67	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	5	LACMTA Management should assure employees, complete the SCADA Monthly Preventative Maintenance sheets per Metro procedure and LACMTA Line Managers should properly complete and fill out the Ride Check Forms with accurate and correct information.	Pending Management Response. Response due 6/12/17.	

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Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
68	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	6	LACMTA Management should sign and approve current SCADA Systems Engineering and Maintenance manual.	Pending Management Response. Response due 6/12/17.	
69	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	7	LACMTA maintenance and facilities supervisors should sign all maintenance records to show that all maintenance is being properly managed.	Pending Management Response. Response due 6/12/17.	
70	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	8	LACMTA should keep hard copies of maintenance records.	Pending Management Response. Response due 6/12/17.	
71	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	9	LACMTA should update the maintenance plans to reflect the systems equipment and conditions.	Pending Management Response. Response due 6/12/17.	
72	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	10	LACMTA maintenance personnel should completely fill out checklists before closing out work order.	Pending Management Response. Response due 6/12/17.	
73	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	11	LACMTA should fill out the PM inspection sheets to reflect the work/corrections made.	Pending Management Response. Response due 6/12/17.	
74	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	12	LACMTA should consistently comply with testing intervals per CFR 234 and 236.	Pending Management Response. Response due 6/12/17.	
75	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	13	LACMTA should completely and correctly fill out daily inspections for all HY-Rail vehicles in service, document any defects found on inspections and not operate vehicles until these defects are corrected, have all required inspection documents, such as daily inspections, properly filled out with dates, employee signatures, items checked for safety, and supervisor's signature to verify inspections are being done.	Pending Management Response. Response due 6/12/17.	
76	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	14	LACMTA should tag all circuits per CFR 234.239.	Pending Management Response. Response due 6/12/17.	

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Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
77	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	15	LACMTA should replace cut or frayed bonding wires per CFR 234.233 and G.O. 143-B Section 10.09.	Pending Management Response. Response due 6/12/17.	
78	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	16	LACMTA should comply with MUTCD 8C.04 for gate striping.	Pending Management Response. Response due 6/12/17.	
79	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	17	LACMTA should secure covers on apparatus per CFR 234.211.	Pending Management Response. Response due 6/12/17.	
80	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	18	LACMTA should tighten insecure Heel Blocks per FRA 213.135.06. (In several cases, one of the four bolts of the heel block assembly, which secures the heel block to the rail, was not completely secure. However, the three other bolts were properly secured.)	Pending Management Response. Response due 6/12/17.	
81	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	19	LACMTA should tighten loose Connecting Switch Rods per FRA 213.133.06.	Pending Management Response. Response due 6/12/17.	
82	Risk Management /Operations	2016 Triennial Safety Review of the Los Angeles County Metropolitan Transportation Authority (CPUC)	20	LACMTA Rule 4392 should comply with CPUC G.O. 175, 2.23's definition of a watchperson.	Pending Management Response. Response due 6/12/17.	

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## Appendix E

OIG Open Audit Recommendations						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Employee & Labor Relations	15-AUD-02 - Review of Metro Mandatory Training	1	Consider ways to proactively set up a system to identify all employees who require mandatory training, and notify the employees to sign up for the required classes.	3/31/2017	
2	Employee & Labor Relations	15-AUD-02 - Review of Metro Mandatory Training	2	Update the SharePoint database by: a. Reviewing the mandatory training classes listed in the SharePoint database to ensure that all mandatory training classes are annotated as "mandatory" in the database, and b. Periodic reviewing the database to ensure that the information listed is current and all mandatory training classes are annotated.	3/31/2017	
3	Employee & Labor Relations	15-AUD-02 - Review of Metro Mandatory Training	3	Update the Metro Policy on Training, HR 8-2, in accordance with General Management Policy GEN 5. <b>Update: Revised Policy is complete and awaiting comments and approval from other Strategic Business Units.</b>	8/31/2016	3/31/2017
4	Employee & Labor Relations	15-AUD-02 - Review of Metro Mandatory Training	4	Encourage managers and supervisors to review required training with their employees when reviewing the employee's performance and when preparing employee objective for the coming year. <b>Update: Plan to establish a training tracking system has been developed and is awaiting comments and approval from other Strategic Business Units.</b>	1/31/2016	3/31/2017
5	ITS	15-AUD-01 - Audit of Telephone Usage and Billings	10	Conduct a complete physical inventory of all data and voice circuits to verify the information in VeraSmart is correct. <b>Update: 90% completed in physical inventory.</b>	11/30/2015	6/30/2017
6	Systems, Security & Law Enforcement	16-AUD-03 - Metro Policing and Security Workload and Staffing Analysis	8	The Metro System Safety and Law Enforcement Division should consider developing or acquiring and implementing a resource oversight and monitoring application for use on the smartphones currently used by Metro safety and security personnel. Metro should also consider identifying specific reporting requirements as input into the development of the new Computer Aided Dispatch (CAD) system by the LASD.	1/31/2017	
7	Vendor / Contract Management	16-AUD-02 - Audit of Procurement Process for the Crenshaw/LAX Transit Corridor Contract	1	The Procurement Department should develop written procedures and process to validate (a) required professional licenses and certifications for "Key Personnel" specified in RFQ and RFP, and (b) document this validation in the contract files. This process should also include periodic validations whenever "Key Personnel" are replaced during the life of the project.	1/31/2017	
8	Operations	Audit of Rail Operator Service Hours	1a	We recommend the Senior Executive Officer of Rail Operations to require Rail Transportation supervisors (Division Directors/RTOSs) to receive training on HASTUS reports.	4/30/2017	
9	Operations	Audit of Rail Operator Service Hours	1b	We recommend the Senior Executive Officer of Rail Operations to instruct RTOSs to avoid bypassing HASTUS warnings of potential rest break violations and make all necessary adjustments to rail operators' schedules.	4/30/2017	
10	Operations	Audit of Rail Operator Service Hours	1c	We recommend the Senior Executive Officer of Rail Operations to require Division Directors to review the HASTUS Employee Violations Summary report on a daily basis and make inquiries about all listed potential rest break violations.	4/30/2017	
11	Operations	Audit of Rail Operator Service Hours	1d	We recommend the Senior Executive Officer of Rail Operations to remind RTOSs that when necessary, they should adjust the rail operators' remaining hours to ensure they do not exceed 12 hours when rail operators unexpectedly work through unpaid splits in the middle of their workdays.	4/30/2017	
12	Operations	Audit of Rail Operator Service Hours	1e	We recommend the Senior Executive Officer of Rail Operations to remind supervisors (Division Directors/RTOSs) to be careful when updating HASTUS with operators' schedules to avoid typos or other errors that could result in erroneous payments.	4/30/2017	
13	Operations	Audit of Rail Operator Service Hours	1fi	We recommend the Senior Executive Officer of Rail Operations to: i. comply with Metro's Employee Code of Conduct in regards to employees obtaining approval from their supervisors before starting outside employment, ii. discuss procedures when an employee is approved to have outside employment, iii. and discuss the Secondary Employment Notification form procedures.	4/31/2017	

<b>OIG Open Audit Recommendations</b>						
<b>No.</b>	<b>Area</b>	<b>Audit Number &amp; Title</b>	<b>Rec. No.</b>	<b>Recommendation</b>	<b>Original Completion Date</b>	<b>Extended Completion Date</b>
14	Operations	Audit of Rail Operator Service Hours	1fiii	We recommend the Senior Executive Officer of Rail Operations to: i. comply with Metro's Employee Code of Conduct in regards to employees obtaining approval from their supervisors before starting outside employment, ii. discuss procedures when an employee is approved to have outside employment, iii. and discuss the Secondary Employment Notification form procedures.	4/30/2017	
15	Operations	Audit of Rail Operator Service Hours	1g	We recommend the Senior Executive Officer of Rail Operations to modify the Secondary Employment Notification form to be specific to rail operations or make it generic enough to apply to both rail and bus.	4/30/2017	
16	Operations	Audit of Rail Operator Service Hours	1h	We recommend the Senior Executive Officer of Rail Operations to require supervisors to follow up if rail operators do not submit the Secondary Employment Notification form.	4/30/2017	
17	Operations	Audit of Rail Operator Service Hours	1i	We recommend the Senior Executive Officer of Rail Operations to ensure all Divisions are aware of the need to have operators fill out the Secondary Employment Notification forms.	4/30/2017	
18	Operations	Audit of Rail Operator Service Hours	1j	We recommend the Senior Executive Officer of Rail Operations to request the Ethics Department to speak at a Transportation Management meeting about outside employment factors that management should consider before approving outside employment.	4/30/2017	
19	Employee & Labor Relations	Audit of Rail Operator Service Hours	2a	We recommend the Chief Human Capital & Development Officer in coordination with Rail Operations to consider negotiating a 10-hour rest break period for rail operators in the new SMART contract.	6/30/2017	
20	Employee & Labor Relations	Audit of Rail Operator Service Hours	2b	We recommend the Chief Human Capital & Development Officer to consider negotiating a requirement in the upcoming new SMART contract to limit the number of consecutive days rail operators can work.	6/30/2017	



## Board Report

File #: 2017-0068, File Type: Contract

Agenda Number: 9

### FINANCE, BUDGET AND AUDIT COMMITTEE MAY 17, 2017

**SUBJECT: BANKING SERVICES**

**ACTION: AWARD CONTRACT**

#### **RECOMMENDATION**

AUTHORIZE:

- A. the Chief Executive Officer to execute a five-year, fixed unit rate Contract No. PS27736000 to **Bank of America for basic and specialized banking services**, in an amount-not-to-exceed \$2,328,909, effective July 1, 2017, subject to resolution of protest(s), if any; and
- B. the payment of up to \$320,000 over the next five years for **Federal Deposit Insurance Corporation (FDIC) assessment fees as mandated by 12 C.F.R. § 327.9 to cover insurance premiums for Metro's deposits**. This is an estimate based on historical experience. If FDIC increases the rate and the actual amount exceeds the estimate, staff will seek approval for a Contract modification.

The combined total cost of the Contract is a not-to-exceed \$2,648,909 over its entire life-cycle.

#### **ISSUE**

Metro requires basic banking services such as demand deposit accounts, safekeeping services, daily balance reporting, check processing, and electronic fund transfers (EFT), and specialized services including vault currency counting and custody services.

#### **DISCUSSION**

The current banking services contract expires on June 30, 2017. To ensure critical banking services are not interrupted, Metro must secure a successor service provider to meet its basic and specialized banking needs. The recommended firm, Bank of America, ranked highest in the areas most critical to Metro's needs including: instant access to images and data from lockbox deposits; a streamlined check printing system which allows direct download from Metro's Financial Information System; auto-stale dating of checks; a late cutoff time for same-day/next-day check printing that satisfies Metro's regulatory requirements for workers compensation payments; an extensive branch network in Los



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Angeles County; and an experienced customer service team with government banking expertise.

Furthermore, Bank of America was separately scored the highest for their Small Business and Community Reinvestment Activities. Although no SBE/DVBE goal was established, Metro's DEOD noted that Bank of America had provided more small business loans within Los Angeles County in the past year, and is committed to participating in Metro's "How to Do Business" workshops. Overall, Bank of America was the highest rated proposer.

Aside from normal bank service charges, Metro must pay mandatory FDIC assessment fees that are collected by the bank as required by 12 C.F.R. § 327.9. The assessment fees provide deposit insurance protection for depositors of insured banks. The rate is set by the FDIC and is subject to change at any time. This rate increased significantly during the financial crisis in 2009, going from a monthly rate of 0.23% in September 2008 to 3.30% in March 2009. The rate declined to 1.09% in October 2011 and remained flat until September 2016 when the rate increased to 1.46% where it stands today. The assessment fee is calculated by applying the rate to the account's average ledger balance. The estimated \$320,000 five year total is based on the annual average fee of \$64,000 for the period of March 2013 to February 2017.

### **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**

The funding of \$466,000 for banking services and \$64,000 for the FDIC assessment fee has been included in the FY18 budget in cost center 5210, Treasury Department. The funds are divided among three projects: 4% to Project 100002, Task 30.02; 43% to Project 300076, Task 30.02; and 53% to Project 610340, Task 30.02. Since this is a multi-year contract, the cost center manager and Assistant Treasurer will be accountable for budgeting its costs in future years.

### **Impact to Budget**

The sources of funds are Proposition A, Proposition C, and TDA Administration funds and Enterprise funds. The Prop A/C, TDA Admin funds are not eligible for bus or rail operations. The Enterprise funds are eligible for bus and rail operations.

### **ALTERNATIVES CONSIDERED**

The Board of Directors may choose not to authorize the contract award; however, this alternative is not recommended because banking services are a critical component of the effective management and control of Metro's financial assets and transactions (e.g., vendor invoice payments, payroll, and revenue collection, among many) that support daily operations and projects.

### **NEXT STEPS**

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Upon Board approval, staff will execute Contract No. PS27736000 to Bank of America for basic and specialized banking services, effective July 1, 2017.

**ATTACHMENTS**

Attachment A - Procurement Summary

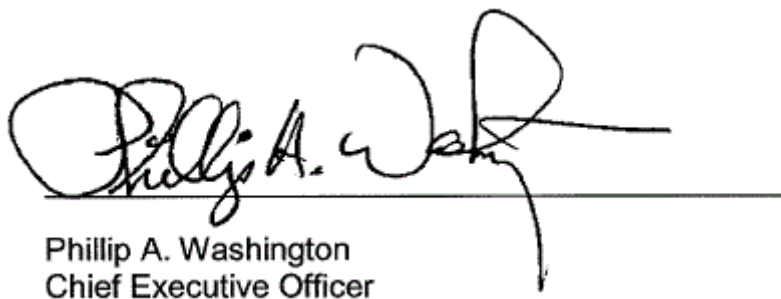
Attachment B - DEOD Summary

Prepared by: Jin Yan, Senior Financial Analyst, (213) 922-2127

Mary E. Morgan, Assistant Treasurer, (213) 922-4143

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

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



Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

## BANKING SERVICES / PS27736000

1.	<b>Contract Number:</b> PS27736000	
2.	<b>Recommended Vendor:</b> Bank of America	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> October 26, 2016	
	<b>B. Advertised/Publicized:</b> October 26, 2016	
	<b>C. Pre-Proposal Conference:</b> November 7, 2016	
	<b>D. Proposals Due:</b> December 2, 2016	
	<b>E. Pre-Qualification Completed:</b> January 19, 2017	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> December 5, 2016	
	<b>G. Protest Period End Date:</b> May 22, 2017	
5.	<b>Solicitations Picked up/Downloaded:</b> 10	<b>Bids/Proposals Received:</b> 2
6.	<b>Contract Administrator:</b> Gregory Baker	<b>Telephone Number:</b> (213) 922-7577
7.	<b>Project Manager:</b> Jin Yan	<b>Telephone Number:</b> (213) 922-2127

**A. Procurement Background**

This Board Action is to approve Contract No. PS27736000 issued in support of basic and specialized banking services including daily balance reporting, payment processing, automated wire transfer, Automated Clearinghouse (ACH) and Electronic Fund Transfer (EFT) payments, coin and currency deposits, lockbox services, stop payments, remote deposit, and account reconciliation. Board approval of contract awards are subject to resolution of any properly submitted protest.

Request for Proposal (RFP) No. PS27736 was issued in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit rate. The RFP was issued with a 0% SBE goal due to lack of subcontracting opportunities.

Two amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on November 10, 2016, clarified how proposers are required to submit the hard copies and electronic copies of the proposal, revised the proposal due date to December 2, 2016, deleted and replaced the Submittal Requirements to remove Merchant Card Services requirement and provided the Pre-Proposal Conference documentation;
- Amendment No. 2, issued on November 16, 2016, amended the Statement of Work under "Section B. Lockbox Services, Subsection 2 to correct the referenced Exhibit to Exhibit C – Price Schedule."

A pre-proposal conference was held on November 7, 2016, attended by 16 participants representing six banks, followed by a site walk of Metro's cash counting facility, where six pre-registered participants representing three banks attended. There were 50 questions asked and responses were released prior to the proposal due date.

A total of two proposals were received on December 2, 2016.

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of staff from Metro's Treasury, Accounting and Diversity and Economic Opportunity Departments was convened and conducted a comprehensive evaluation of the proposals received. The two proposals received are listed below in alphabetic order:

1. Bank of America (BoA)
2. Wells Fargo

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

- |   |            |
|---|------------|
| • Workplan Approach   | 50 percent |
| • Experience and Capabilities of the Firms on the Contractor's Team | 10 percent |
| • Qualifications and Experience of Proposed Personnel               | 10 percent |
| • Small Business and Community Reinvestment Activities              | 10 percent |
| • Cost Proposal   | 20 percent |

Several factors were considered when developing these weights, giving the greatest importance to Workplan Approach.

The PET completed their independent evaluation of the technical proposals on December 15, 2016, and it was determined that Bank of America (BoA) was the highest ranked firm to render the required services.

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

#### **BoA**

BoA is the incumbent and has provided Metro with banking services over the last ten years. BoA demonstrated broad experience within the transportation industry and dealing with public agencies. They clearly demonstrated their workplan approach in providing the requested banking services to Metro and presented a strong team that has over 100 years of combined experience. Additionally, BoA provided an extensive list of new programs and innovative approaches that can benefit Los

Angeles County residents and small businesses that included empowering entrepreneurs and women entrepreneurs.

**Wells Fargo**

Wells Fargo’s proposed team has sufficient experience in dealing with banking services for public agencies; however, they did not provide a well presented workplan approach, especially in areas around cut-off times for Lockbox and Depository Services, where a delay of one business day might occur before posting to Metro’s accounts.

A summary of the PET scores is provided below:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	<b>BoA</b>				
3	Workplan Approach	96.66	50.00%	48.33	
4	Experience and Capabilities of the Firm's on the Contractor's Team	94.20	10.00%	9.42	
5	Qualifications and Experience of Proposed Personnel	97.70	10.00%	9.77	
6	Small Business and Community Reinvestment Activities	76.50	10.00%	7.65	
7	Cost Proposal	72.70	20.00%	14.54	
8	<b>Total</b>		<b>100.00%</b>	<b>89.71</b>	<b>1</b>
9	<b>Wells Fargo</b>				
10	Workplan Approach	78.66	50.00%	39.33	
11	Experience and Capabilities of the Firm's on the Contractor's Team	75.70	10.00%	7.57	
12	Qualifications and Experience of Proposed Personnel	86.60	10.00%	8.66	
13	Small Business and Community Reinvestment Activities	69.90	10.00%	6.99	
14	Cost Proposal	100	20.00%	20.00	
15	<b>Total</b>		<b>100.00%</b>	<b>82.55</b>	<b>2</b>

**C. Cost/Price Analysis**

The recommended price has been determined to be fair and reasonable based upon technical analysis, price analysis, fact finding, and negotiations.

Metro staff successfully negotiated a cost savings of \$1,560,570.

	<b>Proposer Name</b>	<b>Proposal Amount</b>	<b>Metro ICE</b>	<b>Negotiated NTE amount</b>
1.	Bank of America	\$3,889,479	\$2,500,000	\$2,328,909
2.	Wells Fargo	\$2,828,438	\$2,500,000	

**D. Background on Recommended Contractor**

The recommended firm, BoA, located in Newport Beach, California, has been serving California for over 110 years. In 1982, the bank formed their Public Sector Banking group to address specific needs of federal, state and local government clients. The bank’s team has a combined total of 100+ years of treasury management experience, most of which has been with high-profile public sector clients. BoA is the incumbent on Metro’s current banking services contract.

DEOD SUMMARY

**BANKING SERVICES / PS277736000**

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Small Business Enterprise (SBE) or Disabled Veterans Business Enterprise (DVBE) participation for this procurement based on a lack of subcontracting opportunities. However, in conjunction with the Treasury Department, DEOD developed evaluation criteria in the Request for Proposal to evaluate each Proposer's small business and community reinvestment activities and willingness to participate in Metro's small business "How to Do Business" workshops to provide information on small business lending.

As part of its proposal, Bank of America, committed to participate in Metro's small business workshop by providing a speaker to provide information on financial services and resources on financing to cash management. Upon Board approval of the subject award, DEOD will meet with Bank of America representatives to discuss its participation in the small business outreach workshop calendar.

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

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

**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this Contract.

**D. All Subcontractors Included with Recommended Contractor's Proposal**

No Subcontractors were included in Bank of America's proposal.

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

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract.



Board Report

File #: 2017-0252, File Type: Contract

Agenda Number: 10

**REVISED**  
**FINANCE, BUDGET AND AUDIT COMMITTEE**  
**MAY 17, 2017**

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

**ACTION: AWARD BENCH CONTRACTS**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD five-year fixed rate bench Contract Nos. PS36627000 through PS36627018, with the firms listed in Attachment A, for **Management Audit Services**, for a not-to-exceed amount of \$6,864,000 for the base three-years, effective July 1, 2017 through June 30, 2020, plus \$2,288,000 for each of the two, one-year options, for a combined total amount not to exceed \$11,440,000, subject to resolution of protest(s), if any; and
- B. EXECUTE Task Orders under these Contracts for audit services in a total amount not-to-exceed \$11,440,000.

**ISSUE**

Management Audit Services Department (Management Audit) has a recurring need for consulting and assurance services provided by certified public accounting (CPA) firms and other specialty firms. They provide consulting services relating to a broad range of audits and reviews including completion of the Board approved annual audit plan, assistance with CEO/Board requested assignments, staffing support for fluctuating workload requirements, and conduct of large and/or complex audits. The Multiple Award Agreement (bench) is necessary for two primary reasons: to provide specialized expertise and to augment Metro staff.

**DISCUSSION**

We are required to comply with Generally Accepted Government Auditing Standards (GAGAS). GAGAS has a due professional care standard which requires Management Audit to bring in outside experts to supplement staff when the area being audited requires technical or specialized skills that are not available within the department. Co-sourcing is typically used to supplement staff when a sudden influx of time sensitive audits exceeds available resources. Outsourcing can be used



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depending on the complexity of the audit or if the specialized skillsets are not available in-house. Audits that normally fall under this requirement include information technology audits and specialized audits such as construction projects and processes including cost estimating. Other areas of work outsourced or co-sourced to firms include CEO requested audits, Call-for-Projects closeout audits, Caltrans audits, other grant audits such as State Transportation Improvement Program, financial and compliance audits of ExpressLanes, PTSC-MTA Risk Management Authority, Crenshaw Project Corporation, etc., and audits of contracts for pre-award, incurred cost, settlement claims and Buy America.

Since this is a multiple award agreement, no firm has been guaranteed any work. The recommended not-to-exceed amount of \$11,440,000 is estimated for work needed over the next five years. The projected services are based upon historical work outsourced for audit services and work identified for outsourcing in the FY18 audit plan, in addition to other utilization of the bench by other departments.

### **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**

Management Audit has requested approximately \$685,000 for this agreement in the proposed FY18 budget in cost center 2510 - Management Audit, under project 100001 - General Overhead. Since this is a multi-year agreement, the cost center managers, Chief Auditor and other Executive Officers will be accountable for budgeting the costs in future years.

#### **Impact to Budget**

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

### **ALTERNATIVES CONSIDERED**

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

### **NEXT STEPS**

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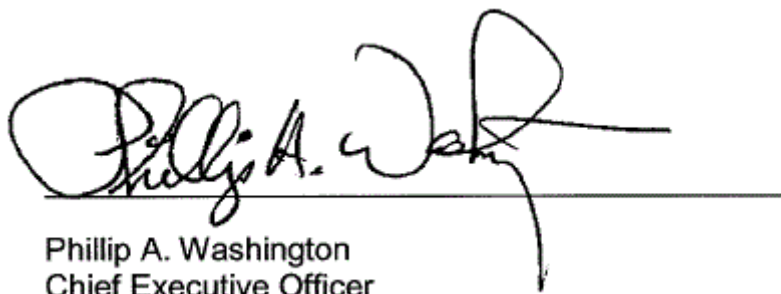
Upon Board approval, staff will proceed to establish the audit services bench contracts effective July 1, 2017, and work will be completed as needed on a task order basis.

**ATTACHMENT**

- A. Procurement Summary
- B. DEOD Summary

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

Reviewed by: Diana Estrada, Chief Auditor, (213) 922-2161  
Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051



Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

## AUDIT SERVICES BENCH FY2018 TO FY2022 / PS36627000 – PS36627018

1.	<b>Contract Number:</b> PS36627000 through PS36627018	
2.	<b>Recommended Vendor:</b> (See Below)	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> January 17, 2017	
	<b>B. Advertised/Publicized:</b> January 17, 2017	
	<b>C. Pre-Proposal Conference:</b> February 13, 2017	
	<b>D. Proposals Due:</b> March 2, 2017	
	<b>E. Pre-Qualification Completed:</b> April 19, 2017	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> April 19, 2017	
	<b>G. Protest Period End Date:</b> May 22, 2017	
5.	<b>Solicitations Picked up/Downloaded:</b> 50	<b>Bids/Proposals Received:</b> 20
6.	<b>Contract Administrator:</b> Barbara A. Gatewood	<b>Telephone Number:</b> (213) 922-7317
7.	<b>Project Manager:</b> Diana Estrada, Chief Auditor	<b>Telephone Number:</b> (213) 922-2161

**A. Procurement Background**

This Board Action is to establish multiple award audit service Contracts for a five-year term, inclusive two one-year options. The Contracts will be effective July 1, 2017 with a cumulative total amount not to exceed \$11,440,000. The purpose of these Contracts is to provide audit support to Management Audit Services for large and/or technically complex audits, for assistance in the development of the annual audit work plans, and to assist with CEO/Board request assignments. These services will be performed on an “as-needed” basis for which task orders will be issued. Board approval of contract awards are subject to resolution of any properly submitted protest.

Request for Proposal (RFP) No. PS36627 was issued in accordance with Metro’s Acquisition Policy and the contract type is task order based. A pre-proposal conference was held on February 13, 2017 with 15 firms in attendance. Questions were received and responded to by Metro staff during the pre-proposal meeting and as part of the meeting minutes and solicitation amendments.

Two amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on February 6, 2017, changed the Pre-Proposal Conference date from February 9, 2017 to February 13, 2017;
- Amendment No. 2, issued on February 23, 2017, clarified and made revisions to the Evaluation Criteria in the RFP.

## **B. Evaluation of Proposals**

A total of 20 proposals were received in response to this solicitation. The firms are listed below in alphabetical order.

BCA Watson Rice, LLP
Choi Hong Lee & Kang, LLP
Chung and Chung Accountancy
Conrad, LLP
CPC Financial, Inc.
Grant Thornton, Inc.
KNL Support Services
KPMG,LLP
Lopez and Company, LLP
MA and Associates, CPA
Macias Gini O'Connell, LLP
Moss Adams, LLP
Qiu Accountancy Corporation
RTJ, CPA, P.C.
Simpson and Simpson
Susan Hum, CPA
Talson Solutions, LLC
The David Lewis Company, LLP
TAP International, Inc.
Vasquez and Company, LLP

The Proposal Evaluation Team (PET) consisting of staff from Metro's Management Audit Services Department was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the pass/fail criteria listed below. For a firm to receive an award of a contract, the firm must "pass" each criterion as stated in the RFP.

- Degree of the Prime's Skills and Experience
- Experience and capabilities of Firm's On The Contractor's Team
- Effectiveness of Management Plan
- Understanding of Work and Appropriateness of Approach for Implementation

During the initial review of proposals, one of the 20 firms was eliminated from further evaluation. After evaluation of the proposals, including oral interviews of those firms that are new to Metro, it was determined that all 19 firms listed below were qualified to provide audit and/or specialty risk assessment services to Metro and were suitable to be selected as part of the audit bench. In addition, 11 of the 19 firms are Metro certified Small Business Enterprises (SBE).

These firms are listed below in alphabetical order:

No.	CONTRACT NO.	FIRM
1	PS36627000	BCA Watson Rice, LLP
2	PS36627001	Choi Hong Lee & Kang LLP
3	PS36627002	Chung and Chung Accountancy
4	PS36627003	Conrad, LLP
5	PS36627004	CPC Financial, Inc.
6	PS36627005	Grant Thornton, Inc.
7	PS36627006	KNL Support Services
8	PS36627007	KPMG, LLP
9	PS36627008	Lopez and Company, LLP
10	PS36627009	Macias Gini O'Connell, LLP
11	PS36627010	Moss Adams, LLP
12	PS36627011	Qiu Accountancy Corporation
13	PS36627012	RTJ, CPA, P.C.
14	PS36627013	Simpson and Simpson, LLP
15	PS36627014	Susan Hum, CPA
16	PS36627015	Talson Solutions, LLC
17	PS36627016	The David Lewis Company, LLP
18	PS36627017	TAP International
19	PS36627018	Vasquez and Company, LLP

### **BCA Watson Rice, LLP**

BCA Watson Rice LLP is located in Torrance, CA. The firm has been an active vendor on Metro's Audit Bench since 2008, under the name of Thompson, Cobb, Bazillio, Inc. BCA specializes in providing professional auditing services for both private and government agencies, and has also performed work for multiple transportation agencies. BCA Watson Rice is a certified SBE firm, has performed satisfactorily as a firm on the current Metro Audit Bench, and has worked on other projects within Metro's various business units.

### **Choi Hong Lee & Kang LLP**

Choi Hong Lee & Kang LLP, a non-SBE firm, was formed in 2007 and is located in Los Angeles, CA. This firm is new to Metro. Choi Hong Lee and & Kang, LLP specializes in performing audits for government and private firms. This firm specializes in performing financial accounting, accounts payable and receivable auditing services, taxation, and auditing of government grants.

### **Chung and Chung Accountancy Corp., CPA**

Chung and Chung Accountancy Corporation, CPAs is located in Walnut, CA. Chung and Chung have prior experience in government auditing and have been in business for over 15 years. This firm is a certified SBE, and has been on Metro's Audit Bench since 2012. Chung and Chung have performed successfully on audits as a sub-consultant for both BCA Watson Rice and Vasquez and Company.

### **Conrad, LLP**

Conrad, LLP, formed in 2011, is located in Lake Forest, CA and specializes in performing audits for government agencies. Conrad is a certified SBE firm and has performed work for Metro on its first audit bench contract awarded in 2008. Some staff members from Conrad, LLP came from a former bench contractor, Mayer Hoffman McCann. Staff that has performed on Metro's projects performed satisfactorily.

### **CPC Financial Services, Inc.**

CPC Financial Services, Inc. is located in Los Angeles, CA. This company is new to Metro, and is a certified SBE firm. CPC offers accounting, treasury operations, contract compliance audits, indirect expense rate audits and incurred cost audits.

### **Grant Thornton, Inc.**

Grant Thornton, Inc. is located in Los Angeles, CA and has been in business in California for nearly 40 years. This firm specializes in performing audits for government agencies and all types of specialized administrative and management consulting service. This firm has performed satisfactory work for Metro.

### **KNL Support Services**

KNL Support Services, founded in 1995, is located in Los Angeles, CA. KNL specializes in performing audits for government agencies. This firm is a certified SBE, is currently on the Metro bench and has performed satisfactory work for Metro.

### **KPMG LLP**

KPMG, LLP, has provided professional auditing services for more than 20 years. KPMG is located in Los Angeles, CA. KPMG, LLP is the independent U.S. member firm of KPMG International. This firm has provided professional audit and accounting services for Metro, and also has been a firm on Metro's Audit Services Bench since 2008. KPMG specializes in providing internal audits, grant audits, contract compliance and forensics, IT audits, and construction advisory services.

### **Lopez and Company, LLP**

Lopez and Company, LLP has been a participant on Metro's bench formerly as Vargas, Lopez and Company LLP, and recently as Lopez and Company, LLP. This firm is located in Corona, CA. Lopez and Company has been in business for over 20 years and has performed numerous audit engagements for Metro. Lopez is a certified SBE and is currently on Metro's Audit bench. Lopez and Company specializes in pre-award, performance, grant

and claims audits, and has provided augmentation services for Management Audit Services Department for Metro.

**Macias Gini O'Connell, LLP, (MGO).**

Macias Gini O'Connell, LLP (MGO) is located in Los Angeles, CA. MGO has been a participant on the Metro Audit Bench since 2008. MGO is not a certified SBE company. MGO specializes in project management, IT, grant reviews, performance audits, project management, financial audits, and specialized projects for private and government agencies.

**Moss Adams, LLP**

Moss Adams is located in Los Angeles, CA. Moss Adams is not a certified SBE company. This firm specializes in project management, IT, construction audits, financial capability reviews, accounting system reviews, and specialized projects for government, private and transportation agencies. Moss Adams is new to Metro's Audit Bench.

**Qiu Accountancy Corporation**

Qiu Accountancy Corporation is located in Los Angeles, CA. Qiu Accountancy Corporation is a certified SBE and has been a participant on Metro's bench since 2008. Qiu specializes in providing performance, financial, grant management, pre-award, contract compliance audits and also provides augmentation services for Management Audit Services. Qiu Accountancy Corporation has performed numerous audit task orders satisfactorily.

**RTJ, CPA, P.C.**

RTJ, CPA, P.C. is located in Playa Vista, CA. RTJ, CPA, P.C. is a certified SBE and has been a participant on Metro's bench since 2015. RTJ specializes in financial, performance, contract compliance and augmentation services.

**Simpson and Simpson, LLP**

Simpson and Simpson has been a participant on Metro's bench since 2001. This firm is located in Los Angeles, CA. Simpson and Simpson has been in business for over 40 years and has performed numerous audit engagements for Metro. Simpson and Simpson is not a certified SBE firm, and is on Metro's current bench. Simpson and Simpson have performed satisfactorily for Metro.

**Susan Hum, CPA**

Susan Hum, CPA is located in Los Angeles, CA. Susan Hum, CPA is new as a participant to Metro's Audit Bench. However, she has previously provided audit services with another bench firm, Simpson and Simpson. Susan has branched out on her own as a certified SBE and has had experience in working on several Metro projects, contract audits and contract compliance for Management Audit Services since 2010.

### **Talson Solutions, LLC**

Talson Solutions, LLC is located in Philadelphia, PA. The company has been in business over ten years. Talson Solutions is a new firm to Metro and specializes in design and construction audits, improvement of financial controls, program compliance and management, and risk assessments. Talson is a certified SBE firm.

### **The David Lewis Company, LLP**

The David Lewis Company, LLP is located in Woodland Hills, CA. The company has been in business over ten years, and is a firm on Metro's current Audit Bench. The David Lewis Company, LLP specializes in performing financial, grant, IT, entertainment, audit services, and provided augmentation services for Metro. The David Lewis Company, LLP is not a certified SBE firm.

### **TAP International**

Tap International is located in Sacramento, CA. Tap has been in business for over five years, and is currently a firm on Metro's Audit Bench. Tap specializes in performing financial, grant, IT special projects, health and safety, grant management, and also provides augmentation services for Metro. In addition to being on Metro's Audit Bench, Tap has contracted with other departments within Metro, and has performed audit services for both government and transportation agencies. Tap is a certified SBE firm with Metro.

### **Vasquez and Company, LLP**

Vasquez & Company, LLP is another company that has been a participant on Metro's bench since 2003. Vasquez & Company LLP has been in business since 1969 and has performed numerous projects for Metro, and other government and transportation agencies. The firm is located in Los Angeles, CA. Vasquez & Company is not a certified SBE firm. Vasquez & Company, LLP has performed satisfactory work for Metro.

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

Each proposer submitted fully burdened labor rates and the rates have been determined to be fair and reasonable based upon adequate price competition. Each individual task order will be competed and negotiated and will comply with all requirements of Metro Acquisition Policy, including the receipt of a proposal for the specific task, independent cost estimate, and technical evaluation before the task order is awarded.

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

All 19 firms listed above are recommended for award. These firms have been evaluated and are determined to be responsive and responsible to work on Metro assignments on an as needed basis.



DEOD SUMMARY

AUDIT SERVICES BENCH FY2018 TO FY2022 / PS36627000 – PS36627018

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) established a 30% goal inclusive of a 27% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. Audit Services Bench Proposers were required to submit a “SBE/DVBE Affidavit” confirming their commitment to the 27% SBE and 3% DVBE goal. Additionally, Proposers were required to list all known SBE and DVBE firms that will perform any portion of the work without specific dollar commitments.

The Audit Services Bench is subject to the Small Business Prime (Set-Aside) Program requirements. Eleven of the nineteen bench participants are SBE primes. SBE and DVBE commitments will be determined based on the aggregate of all Task Orders awarded through the bench.

<b>Small Business Goal</b>	<b>SBE <u>27%</u> DVBE <u>3%</u></b>	<b>Small Business Commitment</b>	Various SBE and DVBE Commitments
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**Prime: CPC Financial Services, Inc.**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	CPC Financial Services, Inc. (SBE Prime)	27%
2.	TBD (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: Grant Thornton, LLP**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	Lopez & Company, LLP (SBE)	27%
2.	347 Group, Inc. (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: Susan Hum, CPA**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	Susan Hum, CPA (SBE Prime)	400% <u>97%</u>
2.	TBD (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: Simpson & Simpson, LLP**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	Qiu Accountancy Corporation (SBE)	27%
2.	Dennis Nelson CPA APC (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: BCA Watson Rice, LLP**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	BCA Watson Rice, LLP (SBE Prime)	27%
2.	TBD (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: TAP International**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	TAP International (SBE Prime)	27%
2.	TBD (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: RTJ CPA, P.C.**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	RTJ CPA, P.C. (SBE Prime)	97%
2.	TBD (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: Chung & Chung Accountancy Corp., CPAs**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	Chung & Chung Accountancy Corp., CPAs (SBE Prime)	27%
2.	TBD (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: KNL Support Services**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	KNL Support Services (SBE Prime)	27%
2.	TBD (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: Qiu Accountancy Corporation**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	Qiu Accountancy Corporation (SBE Prime)	27%
2.	TBD (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: Lopez and Company, LLP**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	Lopez and Company, LLP (SBE Prime)	30%
2.	TBD (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: Vasquez & Company, LLP**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	BCA Watson Rice LLP (SBE)	27%
2.	Daniel R. Arguello (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: Conrad, LLP**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	Conrad, LLP (SBE Prime)	27%
2.	TBD (DVBE)	3%
<b>Total Commitment</b>		<b>TBD</b>

**Prime: Talson Solutions**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	Talson Solutions (SBE Prime)	95%
2.	Compendium International (DVBE)	5%
<b>Total DVBE Commitment</b>		<b>TBD</b>

**Prime: The David Lewis Company, LLC**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	The David Lewis Company, LLC (Prime)	27%
2.	TBD (DVBE)	3%
<b>Total DVBE Commitment</b>		<b>TBD</b>

**Prime: Choi Hong Lee & Kang, LLP**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	Choi Hong Lee & Kang, LLP (Prime)	27%
2.	TBD (DVBE)	3%
<b>Total DVBE Commitment</b>		<b>TBD</b>

**Prime: Macias Gini & O'Connell LLP**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	Macias Gini & O'Connell LLP (Prime)	27%
2.	TBD (DVBE)	3%
<b>Total DVBE Commitment</b>		<b>TBD</b>

**Prime: Moss Adams, LLP**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	Moss Adams, LLP (Prime)	27%
2.	TBD (DVBE)	3%
<b>Total DVBE Commitment</b>		<b>TBD</b>

**Prime: KPMG, LLP**

	<b>SBE/DVBE Subcontractors</b>	<b>% Committed</b>
1.	KPMG, LLP (Prime)	27%
2.	TBD (DVBE)	3%
<b>Total DVBE Commitment</b>		<b>TBD</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 is not applicable to this contract.

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

Project Labor Agreement/Construction Careers Policy is not applicable to this contract.



## Board Report

File #: 2017-0183, File Type: Policy

Agenda Number: 11

**REVISED**  
**FARE SUBSIDY PROGRAM PUBLIC HEARING**  
**FINANCE, BUDGET AND AUDIT COMMITTEE**  
**MAY 17, 2017**  
**EXECUTIVE MANAGEMENT COMMITTEE**  
**MAY 18, 2017**

**SUBJECT: NEW LOW INCOME FARE SUBSIDY PROGRAM****ACTION: APPROVE RECOMMENDATIONS****RECOMMENDATION**

APPROVE:

- A. a new low income fare subsidy program to replace the Rider Relief Transportation Program (RRTP) and Immediate Needs Transportation Program (INTP), with an estimated year one budget of \$14 million, and;
- B. the Title VI Analysis for the new program.

**ISSUE**

We are consolidating and expanding our existing fare subsidy programs to increase subsidies and transit benefits to our low-income riders who need it the most.

The new program will focus on low income riders in Los Angeles County and is the merger of current fare subsidy programs, RRTP (Rider Relief Transportation Program) and INTP (Immediate Needs Transportation Program). The new program will incorporate the benefits offered separately under each program into a unified subsidy program for low-income individuals, while preserving special transit and taxi benefits for specific trip purposes through an agency-centered element. The program will utilize funds from the existing programs and additional Measure M revenues to offer additional subsidies to program participants, with a total estimated FY18 budget of \$14 million - \$5 million from INTP, \$5 million from RRTP, and a ~~projected~~ potential \$4 million in new sales tax revenues from at least 25% of the 2% of the Measure M funds for discounts to seniors and students (subject to Board approval of Measure M guidelines and future Board action to program funds).

Future year budget will be adjusted based on Measure M revenues (current year receipts and any

unspent funds from prior year), as well as the \$10 million from the INTTP and RRTP.

All elements of the INTTP and RRTP operating guidelines including administration, cost and functions, as previously approved by the Board, will remain in effect until the new fare subsidy program is fully implemented and new third party administrators are in place.

The Title VI analysis performed for the new program found no disparate impact and no disproportionate burden. The full Title VI analysis is included in Attachment A.

## **BACKGROUND**

The proposed program reflects the culmination of a multi-year effort to improve the RRTP and INTTP which are 10 years and 25 years old, respectively. Over their duration, minor changes have been made to the programs but they have generally not kept pace with technological or policy advancements in the Metro system. The new program reflects the feedback, both formal and informal, of our customers, participating agencies, third party administrators, third party pass sales vendors, municipal operators, and affected Metro departments as to the efficiency and effectiveness of the two current programs. Formal customer and agency surveys together with detailed analysis of token utilization and coupon distribution/redemption, and the input of customers gathered throughout the years by Metro staff and program administrators were critical to the formulation of the new program elements. Key deficiencies in the current programs, namely level of benefits, reliance on physical fare media (tokens and coupons), limited access to redemption locations, and no TAP integration have been addressed in the new program.

In FY2015, per Board Motion, an APTA peer review panel was convened to evaluate the agency's fare restructuring strategies. As part of their process, the panel also reviewed the RRTP fare subsidy programs and offered some recommendations for their improvement. The new program incorporates these recommendations.

## **DISCUSSION**

The new program is built upon the successes and lessons learned of the current fare subsidy programs, INTTP and RRTP (please see Attachment B for program descriptions). The program will combine and increase benefits provided separately by each program today, while improving the customer's experience in applying for and utilizing program benefits. Projected efficiencies under the new program together with additional funds from Measure M will fund the expansion of subsidies to program participants, allowing Metro to provide more benefits to more low income riders. An estimated 50,000 individuals are served each month, receiving either tokens through the INTTP or pass discount coupons through the RRTP. The new program, at the \$14 million funding level, is projected to serve 66,000 customers each month.

### **Leveraging Measure M to Benefit Low Income Seniors and Students**

In order to best utilize the Measure M monies available for senior and student discounts, these limited funds will be directed toward fare discounts or free rides to low income seniors and low income students. With the fare subsidy program described below, Metro is aiming to maximize the impact of the Measure M 2% program by providing fare subsidy benefits to the senior and student transit riders who need it most.

<b>Current Program Benefits</b>				
<b>RRTP</b>				
Pass Type	Pass Amount	Current Subsidy Amount per month	Subsidized Pass Price	% Off Pass Price
Regular Fare 30 Day	\$100	\$10	\$90	10%
Regular Fare 7 Day* once a month	\$25	\$10	\$15	40%
College/Vocational Pass 30 Day	\$43	\$6	\$36	14%
Student 30 Day Pass	\$24	\$6	\$18	25%
Senior/Disabled 30 Day Pass	\$20	\$6	\$14	30%
<b>INTP</b>				
<ul style="list-style-type: none"> <li>Individual Benefits – Up to 20 tokens per month (average allocation is 10), or 2 taxi coupons (valued at \$11).</li> <li>Agency Benefits – Vouchers issued at agency discretion (value based on trip distance)</li> </ul>				
<b>Total Budget</b>	\$10 Million Annually			

Today, individuals must elect semi-annually in which program they wish to participate and, therefore, what subsidy they receive - pass discount or tokens. Additionally, any taxi coupon benefits they receive are deducted from their allowable token allotment for the month. Under the new program, there will not be a separate RRTP and INTP program. Low income individuals will be qualified annually and can choose a pass discount or ride benefit each month. Further, taxi allowances will be issued by approved agencies and will not impact an individual’s eligibility for transit assistance.

<b>New Low Income Program Benefits</b> <i>(to be phased in over the next 24 months)</i>				
<b>Individual Benefits (Choice of one each month)</b>				
Pass Type	Pass Amount	New Subsidy per Month	New Subsidized Pass Price	% Off Pass Price
Regular Fare 30 Day	\$100	\$24	\$76	24%
or	\$25	\$6	\$19	24%
Regular Fare 7 Day <i>(four weeks per month)</i>		<i>(four times per month)</i>		
College/Vocational Pass 30 Day	\$43	\$13	\$30	30%
Student 30 Day Pass	\$24	\$10	\$14	42%
Senior/Disabled 30 Day Pass	\$20	\$8	\$12	40%
20 Rides <i>(per month)</i>	<i>Option available as an alternative to pass purchase. Applicable to all rider categories</i>			
<b>Agency Benefits</b>				
<ul style="list-style-type: none"> <li>• Taxi Coupons and/or Vouchers, not counted against individual benefits above. Some short term transit benefits are anticipated as well (e.g., day passes).</li> </ul>				
<b>Total Budget</b>	<b>\$14 million in First Year</b>			

Key features of the new program relative to the RRTP and INTP include...

- Consolidation of Transit Benefits for Individuals - RRTP provides a discount off a weekly or monthly pass while the INTP provides tokens for individual trips. Individuals may not participate in both programs so they must choose to register in one or the other, receiving either the pass discount or tokens. The revised program will allow participants to choose which benefit meets their needs each month. The first purchase made on the customer’s TAP card in each month will determine how the benefit will be used for that month - monthly pass, weekly passes, or 20 rides. Further, very few types of trips or trip purposes qualify for tokens under the INTP program. The revised program will no longer consider trip purpose, making all trips transit eligible.
- Increased Subsidy Amount - RRTP provides \$10 off a full-fare pass, and \$6 off a reduced fare



(senior/disabled, college/vocational, or student) pass. INTP provides an average of 10 tokens (rides) per person per month. Under the new program, customers may choose between a pass discount that will increase to \$24 for full-fare customers and \$13, \$9, or \$8 for reduced fare; or, a monthly ride benefit of 20 rides.

- Simplify Participant Eligibility Process - Customers are required to appear in person twice a year for RRTP coupon distribution, and monthly for INTP token allocation. Under the revised program, participant eligibility will be determined once per year at any time during the year to allow the customer to receive benefits for twelve consecutive months.
- Allow Benefit to be Applied to the U-Pass Program - The new program will include provisions to allow students to apply their program benefit toward their U-Pass purchased from their college or university when not subsidized by the school.
- TAP Integration - Today subsidies are provided in the form of paper coupons (RRTP) and tokens (INTP). When fully implemented, the new program will provide participant benefits through a customer's enrolled TAP card, streamlining and improving the experience for customers, agencies, vendors, and Metro staff.
- New TAP Ride-Based Option - Tying customer benefits to a TAP card allows for a new ride fare product to replace the tokens issued under the INTP today. Under the revised program, the customer can choose either a discounted pass product or the TAP rides each month. This enhancement will allow the customer no receive full benefit of the Metro two hour transfer that is not supportable with the tokens used today.
- Convenient Access to Program Benefits - Customers will be able to utilize taptogo.net as well as the entire TAP vendor network for redeeming their pass or ride benefits under the revised program.
- Agency Sponsored Trips for Immediate Needs Travel - A portion of the program will be dedicated to agency-specific benefits, and will retain a trip purpose requirement like the INTP today. This portion will provide access to taxi services and/or short term/immediate need transit (e.g., 2 rides or Day Pass) through approved agencies/organizations like hospitals and shelters to provide trips categorized by mobility or health limitations, urgency, or safety. A member's enrollment in the transit subsidy element of the new program will not prevent them from receiving these services initiated by an agency on their behalf. We will work with interested parties, including Access and community stakeholders, over the next two years to investigate additional service delivery models to address specialized transportation needs for disadvantaged individuals, including older adults and people with disabilities.
- Incorporating APTA Peer Review Recommendations - In FY2015, per Board Motion an APTA peer review panel was convened to evaluate the agency's fare restructuring strategies. As part of their process, the panel also reviewed the RRTP program and offered some recommendation for the improvement of the program. The new program incorporates these recommendations.

### Implementation Timeline

The program will be phased in over the next two years, coinciding with the implementation of TAP enhancements to the regional vendor network. The first phase of the program will start with an increase in the subsidy value to be implemented during January 2018 coupon distribution. While monitoring the transit demand based on higher subsidy levels, we will modify the guidelines to correspond to the program revisions; evaluate and revise taxi service provisions; and work with the municipal operators participating in the RRTP. In FY19, we will also issue RFP for new administrators with a scope that is adapted to the functions and demands of the new program. Full implementation of the new program is contingent upon the completion of TAP enhancements and implementation of TAP vendor network improvements. Once completed, the vendor network will be capable of matching partial customer payments with the subsidy amount preloaded on their card and act upon their choice of fare instrument for the month. The current programs will continue their operation until the start of the new program.

### **DETERMINATION OF SAFETY IMPACT**

There is no discernible safety impact.

### **FINANCIAL IMPACT**

If the Board approves the program, FY18 funds for the Program will include \$10 million from INTP and RRTP and estimated \$4 million from Measure M 25% minimum of 2% for senior and student discounts (subject to Board approval of Measure M guidelines and future Board action to program funds). Since the \$4 million is an estimate, FY18 program budget will be adjusted based on actual proceeds of the Measure M revenues.

The FY18 proposed budget includes \$10 million, funded with Prop C 40%. Funding for the remaining \$4 million will be addressed once the Measure M funding guidelines have been approved.

### Impact to Budget

The new program would be funded with Prop C 40% Discretionary funds, and pending approval of Measure M funding guideline and Board programming of Measure M 2% allocated to ADA paratransit and senior and student discounts. Any funds not spent in the fiscal year would be available for the following year's budget. Should program participation grow to a level that cannot be supported within the funding estimates, staff will return to the Board for additional guidance.

### **ALTERNATIVES CONSIDERED**

The Board could elect not to approve these recommendations, and the additional Measure M funds could be channeled through either the existing RRTP or INTP programs to use the funds consistent

with the Measure M ordinance, or applied to another program/discount altogether. However, the benefits of the consolidated program with respect to higher benefit levels and an overall improved customer experience would not be realized.

### **NEXT STEPS**

1. Prepare for coupon value increase affecting coupons distributed starting in December 2017 for use in January 2018 and following months.
2. Revise agreements with municipal operator partners.
3. Continue development of system infrastructure to support new administrative processes in coordination with TAP Operation.
4. Identify pilot vendor locations for TAP enhancements, and overall vendor rollout strategy in coordination with TAP Operation.
5. Rebrand and market the new program, including a comprehensive outreach campaign to raise awareness of available discounts.
6. Prepare training materials for participating agencies.
7. Discuss coordination opportunities with other jurisdictions, including the County of Los Angeles, that provide subsidized transit passes to their constituents.
8. Issue RFP for new third party administrators.

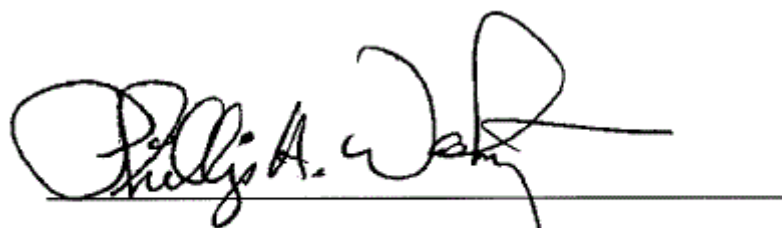
### **ATTACHMENTS**

Attachment A - Title VI/Environmental Justice Evaluation

Attachment B - Description of Current Fare Subsidy Programs

Prepared by: Kelly Hines, Deputy Executive Officer, (213) 922-4569  
Armineh Saint, Senior Manager, Transportation Planning, (213) 922-2369

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

A handwritten signature in black ink, appearing to read "Phillip A. Washington", is written over a horizontal line. The signature is stylized and cursive.

Phillip A. Washington  
Chief Executive Officer

**TITLE VI / ENVIRONMENTAL JUSTICE EVALUATION  
PROPOSED CONSOLIDATION OF RIDER RELIEF & IMMEDIATE NEEDS  
PROGRAMS**

**Introduction**

Metro's Rider Relief program provides monthly transit subsidies to low income residents of cities and county unincorporated areas that do not offer such assistance to their residents. Coupons are provided to program participants that may be redeemed each month for a 30-Day Pass (EZ-Passes are also eligible) or a 7-Day Pass (if a Full Fare rider).

Metro's Immediate Needs program is administered directly to clients of several hundred social service agencies throughout the county. Metro contracts with FAME Assistance Corp. and International Institute of Los Angeles to manage and supervise these separate agencies. Assistance is provided on a pre-approved basis in the form of transit Tokens, taxi coupons, and taxi vouchers. Up to \$35 in transit Tokens may be provided to clients each month as well as provision of coupons or vouchers for taxi rides on a trip by trip basis.

Participants in both programs are subject to household income restrictions based upon the county's adopted poverty income guidelines, and cannot be otherwise eligible for Medical Assistance, City Ride, ASI, SHORE, or other General Relief transportation services.

**Proposed Action**

It is proposed to merge the transit benefits of both programs into a single, TAP-based program. The taxi benefits offered to some clients of the Immediate Needs program would be unaffected by this proposal. The transit benefits of both programs would be equalized, and may be broadened to include any county resident who meets the income guidelines, pending discussions with jurisdictions that offer similar benefits.

Because the new program would be TAP-based there would no longer be a need to maintain a Token program as the 20-ride alternative, which would be made available to everyone, could be implemented as a 20-ride credit to the TAP card. Furthermore, anyone choosing the 20-ride benefit would be able to take advantage of the free transfers afforded to any rider paying a single fare with a TAP card.

Additionally, the proposed program would offer increased subsidy benefits to anyone using the program to buy down the cost of a pass. For those choosing to apply the benefit to a 7-Day Pass, the proposed program would offer a subsidy toward four 7-Day

Passes within any month rather than the current program's limitation to one such pass in any month.

The existing transit benefits of both programs, and the proposed consolidated benefits of the proposed program, are depicted in Table 1.

TABLE 1

<b>CURRENT AND PROPOSED PROGRAM BENEFITS RIDER RELIEF &amp; IMMEDIATE NEEDS PROGRAMS</b>		
Rider Category	Current Benefit	Proposed Benefit
Full Fare Adult (Rider Relief)	\$10 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass, or - One(1) 7-Day Pass per month	\$24 TAP Credit usable for: - 30-Day EZ-Pass, or - 30-Day Pass, or - Four(4) 7-Day Passes (\$6 credit toward each per month), or - 20-ride TAP credit (equiv. of \$35)
Full Fare Adult (Immediate Needs)	Up to \$35 in Tokens (20 tokens)	
Senior/Disabled/ Medicare (Rider Relief)	\$6 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass	\$8 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass, or - 20-ride TAP credit (equiv. of \$7 to \$17)
Senior/Disabled/ Medicare (Immediate Needs)	Up to \$35 in Tokens (20 tokens)	
Student (K-12) (Rider Relief)	\$6 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass	\$10 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass, or - 20-ride TAP credit (equiv. of \$20)
Student (K-12) (Immediate Needs)	Up to \$35 in Tokens (20 tokens)	
College/Vocational (Rider Relief)	\$6 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass	\$13 Coupon usable for: - 30-Day EZ-Pass, or - 30-Day Pass, or - 20-ride TAP credit (equiv. of \$35)
College/Vocational (Immediate Needs)	Up to \$35 in Tokens (20 tokens)	

## Evaluation of Proposed Action

Since all of the participants in the Rider Relief and Immediate Needs programs will receive increased benefits under the proposed consolidated program, this evaluation will focus on any differences between program participants and other transit riders.

The demographics of Rider Relief and all Metro riders (System) are depicted in Table 2.

TABLE 2

RIDER RELIEF MINORITY & POVERTY PARTICIPATION				
	System	Program	Absolute % Diff.	Relative % Diff.
Minority Share	90.3%	94.3%	4.0%	4.4%
Poverty Share	59.1%	100.0%	40.9%	69.2%
Program Shares - FY2017 through Nov 2016				
System Shares from Spring 2016 Customer Satisfaction Survey				

Because Rider Relief participants have a higher minority participation than Metro's system there will be *no Disparate Impact* from providing added benefits to the group. Similarly, because all Rider Relief beneficiaries must have poverty level household incomes, the Poverty share of program beneficiaries is higher than the system share. Therefore, there will be *no Disproportionate Burden* imposed by the proposed program.

The demographics of Immediate Needs and all Metro riders (System) are depicted in Table 3.

TABLE 3

IMMEDIATE NEEDS MINORITY & POVERTY PARTICIPATION				
	System	Program	Absolute % Diff.	Relative % Diff.
Minority Share	90.3%	86.8%	-3.5%	-3.9%
Poverty Share	59.1%	100.0%	40.9%	69.2%
Program Shares - FY2017 through Jan 2017				
System Shares from Spring 2016 Customer Satisfaction Survey				

In this case, the Immediate Needs program has a lower minority participation than the Metro system. However, this difference is not considered significant because the absolute difference is less than 5% and the relative difference is less than 35% - the thresholds of significance adopted by the Metro Board for evaluating fare changes. Therefore, the proposed program will have *no Disparate Impact*. As was the case with the Rider Relief program, since all beneficiaries of these programs come from Poverty household there will be *no Disproportionate Burden* imposed by the proposed action.

## **Description of Current Fare Subsidy Programs**

### **Rider Relief Transportation Program**

The goal of establishing the RRTP was to help mitigate the impact of the fare adjustment on the neediest segment of the transit dependent population in Los Angeles County. The Program started its fare media distribution in April 2008, and in February 2009, the Board approved a motion to include the municipal operators who have raised their fares into the program. To date, ten operators have joined the program. Annually, \$5M is allocated for this program, the administrators of the program are FAME Assistance Corporation (FAC) and Human Services Association (HSA). Currently, the subsidies are \$10 for regular rider and \$6 for reduced fare riders (senior/disabled and students).

### **Immediate Needs Transportation Program**

LACMTA established the INTP in May 1992 and has budgeted \$5 million annually for it since 1993. FAME Assistance Corporation (FAC) and the International Institute of Los Angeles (IILA) are the administrators of the program. In total, there are approximately 600 agencies in the program that distribute bus tokens and taxi vouchers to persons with limited transportation resources. The media is used for trips to medical, shelter, case management, job search/interviews, food and other essential destinations. The eligible participants receive up to 20 tokens and/or 2 taxi coupons (total subsidy not to exceed \$35 a month).





**Board Report**

**File #:** 2017-0279, **File Type:** Public Hearing

**Agenda Number:** 30

**REVISED**  
**BUDGET PUBLIC HEARING**  
**FINANCE, BUDGET AND AUDIT COMMITTEE**  
**MAY 17, 2017**

**SUBJECT: FISCAL YEAR 2018 (FY18) BUDGET**

**ACTION: ADOPT THE FY18 BUDGET**

**RECOMMENDATION**

CONSIDER:

- A. ADOPTING the **proposed FY18 Budget** as presented in the budget document (provided in a separate transmittal and posted on metro.net); and
- B. APPROVING the addition of 129 positions, including 22 contract and 107 non-contract full-time equivalent positions, as presented in Attachment A; and
- C. APPROVING the Life of Project (LOP) budgets for new capital projects with LOP exceeding \$5 million, included in the proposed FY18 Budget and presented in Attachment B; and
- D. ADOPTING Life of Project (LOP) budget of \$118.9 million for Blue Line Signaling Rehabilitation and Operational State of Good Repair Improvements that incorporates system compatibility, safety features, and new technology to improve headways during service interruptions, further described in Attachment B; and
- E. AMENDING the proposed budget to add \$8.2 million for engineering support and advanced utility relocation designs on Metro Orange Line Grade Separation (project submitted after proposed budget was published); and
- F. AMENDING the proposed budget to add \$1 million for the Comprehensive Operational Analysis (COA), which is a comprehensive service restructuring study; and
- G. APPROVING the Reimbursement Resolution declaring Metro’s intention to issue debt in FY17 18 for capital projects, as shown in Attachment C, with the provision that actual debt issuance will

require separate Board approval.

## **ISSUE**

California Public Utilities Code Section 130105 requires Metro to adopt an annual budget to manage the revenues and expenses of the agency's projects and programs. The budget is the legal authorization to obligate and spend funds and to implement Board policy. It includes all operating, capital, planning and programming, subsidy funds, debt service requirements, and general fund activities for the fiscal year. Budget detail is a management plan for financial activity and is prepared at the fund, project, department, and expenditure level. The legal level of control is at the fund level. Total annual expenditures cannot exceed the final appropriation by the Board except for capital expenditures, which is authorized on a life-of-project basis.

Copies of the proposed budget were made available to the public on May 3, 2017, both electronically at [www.metro.net](http://www.metro.net) and through the Records Management Center (RMC) at [RMC@metro.net](mailto:RMC@metro.net). Printed copies of the budget document were made available at the RMC on the plaza level of the Gateway building on the same day. The public hearing is scheduled for May 17, 2017. Advance public notification of this hearing was issued through advertisements posted in over two dozen news publications.

## **DISCUSSION**

The proposed FY18 budget is balanced at \$6.1 billion in total agency expenditures, an increase of \$83.1 million, or 1.4%, from the \$6.0 billion FY17 budget. This increase of less than the Consumer Price Index (CPI), which is a measure of cost inflation, demonstrates the agency's commitment to fiscal discipline and tight budget controls as we continue to deliver on the agency goals:

1. Advance safety and security for our customers, the public, and Metro employees
2. Exercise fiscal discipline to ensure financial stability
3. Plan and deliver capital projects on time and on budget while increasing opportunities for small business development and innovation
4. Improve the customer experience and expand access to transportation options
5. Increase transit use and ridership
6. Implement an industry-leading state of good repair program
7. Invest in workforce development
8. Promote extraordinary innovation
9. Contribute to the implementation of agencywide and departmental Affirmative Action and Equal Employment Opportunity goals

## **Assumptions Summary**

The FY18 budget is built on the following assumptions:

- Proposition A, Proposition C, Measure R, and TDA sales tax revenue growth of 2.8% over the FY17 budget, based on forecasting sources as well as actual receipts for FY17 YTD through

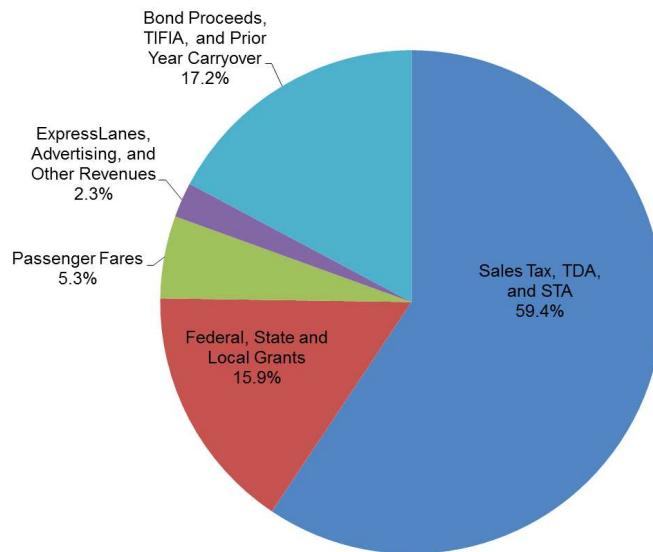
Q2

- Measure M revenues are budgeted at 95% of the estimated annual receipts based on past history for new sales tax inaugural years
- State Transit Assistance (TDA) revenues are based on estimates from the State Controller’s Office
- CPI of +1.75% based on Beacon Economics forecast
- No change in Bus Revenue Service Hours (RSH), with RSH reallocated to:
  - Improve reliability on the Owl network
  - Augment and right-size service in order to increase peak frequencies on priority bus lines
  - Incorporate service support for rail line maintenance and special events
- Rail Revenue Service Hours increase by 129,000 RSH, or 11.6%, due to:
  - Availability of more rail cars to meet growing demand on the Expo Line and Gold Line
  - Providing necessary service to meet growing demand for service to sports venues and special events
- Wage/salary increases and health/welfare benefits for represented employees are based on Board adopted contracts
  - Labor negotiations continue for collective bargaining agreements
- With labor negotiations ongoing, results will be reflected under separate action
- 107 new non-represented FTEs requested
- 22 represented FTEs requested

Resources Summary

The table below summarizes the budgeted resources available for FY18.

Resources (\$ in millions)		FY18	
		Proposed	% of Total
1	Sales Tax, TDA, and STA	\$ 3,628.9	59.4%
2	Federal, State and Local Grants	969.0	15.9%
4	Passenger Fares	323.4	5.3%
5	ExpressLanes, Advertising, and Other Revenues	137.7	2.3%
6	Bond Proceeds, TIFIA, and Prior Year Carryover	1,052.6	17.2%
7	<b>Total</b>	<b>\$ 6,111.6</b>	<b>100.0%</b>



### FY18 vs FY17 Expense Summary

For the proposed FY18 budget, every dollar has been linked to one of our nine agency goals as listed on the second page of this report. This new practice enables us to track our ongoing costs in relation to our objectives, which will result in a quantifiable measure of the efforts expended to move toward specific achievements. This approach is designed to further reinforce the agency’s commitment to strategic monitoring of performance and the improvement of accountability.

Due to our focused adherence to tight budget controls, the FY18 budget represents an increase of only 1.4%, which is less than CPI. The main cause of the variance within each program type category are listed below.

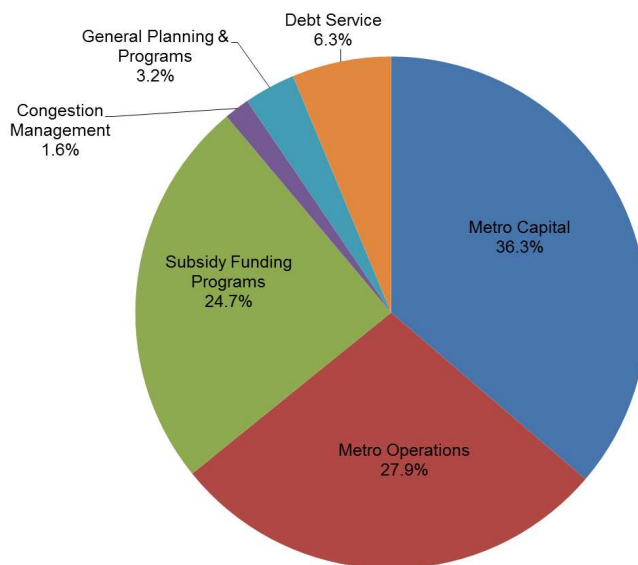
- Metro Capital is decreasing by 11.8%, primarily due to the offsetting impact of the I-405 contract closeout.
- Metro Operations is increasing slightly by 6.1% due to two main factors:
  - Restructuring of Transit Security efforts, including the new law enforcement contracts and an increase in private security.
  - Increase in unit costs for purchased transportation, due to the inclusion of living wage increases in the new contracts.
- Subsidy Funding Programs will increase by 15.7%, primarily due to increased subsidies paid to local jurisdictions, municipal operators, Metrolink, and Access Services, which is a direct

result of additional funding from the growth in sales tax revenues plus new revenues from Measure M.

- Congestion Management will decrease by 13.5% due to improved cash flow management.
- General Planning & Programs will increase by 17.2%, due to planning and administration for new Measure M projects, as well as efforts to secure Public-Private Partnerships to facilitate acceleration of new construction.
- Debt Service will increase by 19.7%, due to year-over-year changes in the debt repayment schedule as approved by the Board at the time of debt authorization.

The chart below shows the summary of expenditures for FY18 compared to FY17.

Expenditures by Program Type (\$ in millions)		FY17 Budget	FY18 Proposed	\$ Variance	% Variance
1	Metro Capital	\$ 2,512.9	\$ 2,216.5	\$ (296.4)	-11.8%
2	Metro Operations	1,607.8	1,706.0	98.2	6.1%
3	Subsidy Funding Programs	1,304.9	1,509.9	205.0	15.7%
4	Congestion Management	112.9	97.7	(15.2)	-13.5%
5	General Planning & Programs	169.2	198.3	29.1	17.2%
6	Debt Service	320.1	383.2	63.1	19.7%
7	<b>Total</b>	<b>\$ 6,027.8</b>	<b>\$ 6,111.6</b>	<b>\$ 83.8</b>	<b>1.4%</b>



FTE Summary

The FY18 proposed budget includes requests for 107 non-contract FTE additions and 22 represented FTE additions. These positions address new Measure M planning, funding, and oversight needs, as well as the Transit Project delivery schedule and piloting of new programs to improve the customer experience on Metro systems. A summary of the requested FTEs is shown in the table below, and a detailed listing of the requested FTEs is presented in Attachment A.

Department	FY18		FY18		FY18		FY18
	FY17	Request	Proposed	FY17	Request	Proposed	Proposed
	Non-Represented			Represented			Total
1 Board of Directors	38		38	0		0	38
2 Chief Executive Office	252	16	268	299	3	302	570
3 Communications	116	8	124	184	1	185	309
4 Congestion Reduction	20	3	23	0		0	23
5 Finance & Budget	144	10	154	67		67	221
6 Information Technology	94	2	96	50	1	51	147
7 Operations	275	11	286	7,532	15	7,547	7,833
8 Planning & Development	151	13	164	0		0	164
9 Program Management	234	36	270	0		0	270
10 Vendor/Contract Management	160	8	168	162	2	164	332
11 <b>Total</b>	<b>1,484</b>	<b>107</b>	<b>1,591</b>	<b>8,294</b>	<b>22</b>	<b>8,316</b>	<b>9,907</b>

Capital Program

The proposed budget includes the capital program life-of-project (LOP) budgets for all capital projects. Projects that are under \$1 million, projects that are unchanged from the prior year, and new projects that are less than \$5 million are identified in the proposed budget and approved with Board action on the proposed budget. Projects that are greater than \$1 million with LOP budget increases and new projects in excess of \$5 million must be approved by the Board in separate Board actions.

Attachment B includes a detailed listing of new capital projects for FY18 with LOP in excess of \$5 million. These projects are included in the proposed FY18 budget but do require LOP approval by the Board, as requested by Recommendation C of this report.

Blue Line Signaling Rehabilitation and Operational Improvements

After renewed review of the state of good repair needs and as directed by the Board to focus on the oldest Metro Rail Line, Blue Line, Metro is combining three Board approved Blue Line improvement projects of \$81.6 million and adding \$37.4 million for a total of \$118.9 million. This LOP is a result of the expanded scope that takes advantage of the new technologies for the signals and relays just now available to improve the reliability of train control. The LOP for this project scope revision is included in the FY18 New Capital Projects listing (Attachment B).

Budget Amendments Since Proposed Budget Was Published

Subsequent to the preparation of the FY18 proposed budget, a modification to increase the total budget by \$8.2 million has been submitted to provide engineering support and advanced utility relocation designs on the Metro Orange Line Grade Separation. This project remains in the planning phase during FY18 for environmental clearance.

Another modification to the FY18 proposed budget is the addition of \$1 million for the Comprehensive Operational Analysis, which is a systemwide bus restructuring study. The purpose of this effort is to restructure the bus network given the changes to the region's travel demand, travel markets, and transportation options, and to set a foundation for future investment in transportation from Measure M.

The total impact of amendments to the proposed budget is shown in the table below.

<b>Amendment Items to FY18 Proposed</b>		<b>\$ (in millions)</b>
<b>1</b>	<b>FY18 Proposed</b>	<b>\$ 6,111.6</b>
	<u>Amendment Items</u>	
2	Metro Orange Line Grade Separation	8.2
3	Comprehensive Operational Analysis	1.0
<b>4</b>	<b>FY18 Proposed with Amendment Items</b>	<b>\$ 6,120.8</b>
<b>5</b>	<b>FY18 Proposed with Amendment Items vs FY17</b>	<b>1.5%</b>

Reimbursement Resolution

Federal tax law requires that bond proceeds can only be used for expenses incurred after the issuance of bonds. In order to be reimbursed for expenses incurred before the bond issue, Metro must pass a resolution indicating the intent to issue bonds at a later date for the expenditures described in the reimbursement resolution. The attached resolution (Attachment C) is included in the budget board report as a matter of course, to tie expenditures anticipated in the budget to proceeds from future bond issuance, and it must be approved as an item separate from the budget document.

Public Outreach

The comprehensive outreach program for the FY18 budget development process represents the most extensive efforts to date, ensuring the greatest level of engagement from the public and key stakeholders. To encourage greater participation, the times and locations of public workshops were advertised through multiple channels, including the Metro website, “take-ones” on board buses and rail vehicles and at customer centers, newspaper advertising, messages on hold, Metro Briefs, and social media channels. Expanded outreach efforts for FY18 included a Telephone Town Hall and an interactive Online Budget Tool, making it convenient for LA County residents to participate in the

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budget process and resulting in more responses from the general public compared with prior years. A summary of public outreach efforts and comments received is shown in Attachment D.

### **FINANCIAL IMPACT**

The proposed FY18 budget (provided in a separate transmittal), plus the amendments in Recommendations E-F, is \$6.1 billion, which is a 1.5% increase from FY17. The budget includes expenditures and appropriates the resources necessary to fund them. The proposed budget demonstrates Metro's ongoing commitment to meeting its capital and operating obligations, which is a requirement necessary in order to continue to receive subsidies from the state and federal governments and to administer regional transportation funding to local cities and municipal operators.

### **NEXT STEPS**

The FY18 Adopted Budget will be published by September 2017 and will be modified as necessary to include all Board actions subsequent to budget adoption, inclusive of Recommendations D-F in this report. Monitoring the FY18 budget performance will be a year-round ongoing effort. Staff will conduct quarterly variance analysis and track performance metrics to reinforce accountability and budgetary control. There will be a mid-year budget assessment to evaluate the budget's alignment to agency priorities and actual performance. In addition, continuous improvements will be implemented to the process and regular updates will be reported to the Board.

### **ATTACHMENTS**

Attachment A - FY18 FTE Requests by Department

Attachment B - FY18 New Capital Projects

Attachment C - Reimbursement Resolution of Metro for FY18

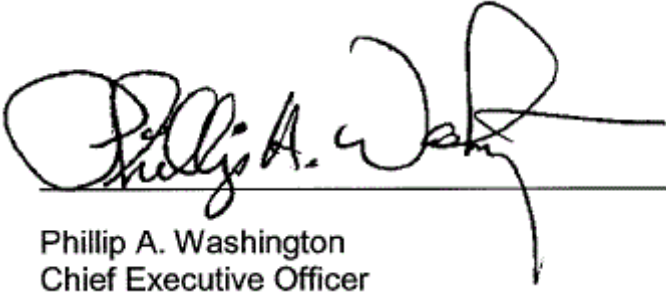
Attachment D - FY18 Public Outreach

Prepared by: Office of Management & Budget Staff

Melissa Wang, Executive Officer, Finance, (213) 922-6204

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





Phillip A. Washington  
Chief Executive Officer

**ATTACHMENT A**

**FY18 FTE Requests by Department**

Department		FY17	FY18 Request	FY18 Proposed	Description of New Positions
<b>Non-Represented</b>					
1	Board of Directors	38		38	
2	Chief Executive Office				
3	CEO	2		2	
4	Chief Policy Officer	5		5	
5	OEI	8	2	10	Screening and market research, for unsolicited proposals
6	Risk Management	99	3	102	2 for Construction Safety, 1 for Enterprise Transit Asset Management
7	Human Capital Services	86	7	93	1 for Training, 2 for Employee/Labor Relations, 4 for Human Resources: 1 for Medical Standard and Compliance Administration, 1 for Class and Compensation, 2 for Recruitment
8	MASD	23	1	24	1 for direct support of Measure M related audit requirements
9	Civil Rights	14	1	15	1 for concurrences to FTA audit findings
10	Safety & Security	15	2	17	1 for community coordination for new law enforcement contracts, 1 for administrative support
11	<b>Total Chief Executive Office</b>	<b>252</b>	<b>16</b>	<b>268</b>	
12	Communications	116	8	124	1 for social media research, 2 for U-Pass, 3 for Purple Line, 1 in Community Relations, and 1 for Metro Art asset management
13	Congestion Reduction	20	3	23	Toll road strategic plan for various highways
14	Finance & Budget	144	10	154	For increased responsibility from Measure M and other directives
15	Information Technology	94	2	96	2 for cyber security
16	Operations	275	11	286	1 to improve the customer experience on Blue and Expo Lines; 8 for sufficient coverage of new rail services, Division Management, and 24/7 bus service; 2 for Measure M planning of integration of new lines into existing system
17	Planning & Development	151	13	164	13 for various Measure M related planning functions, including Active Transportation, First/Last Mile, parking studies, Union Station, real estate, systemwide planning, financial and regional grants management
18	Program Management	234	36	270	24 for Purple Line Sections 2 & 3, 3 for highways, 9 for department infrastructure - succession planning and reorganization
19	Vendor/Contract Management	160	8	168	2 for Workforce Initiative Now, 5 for Purple Line Extension, 1 to streamline the procurement process
20	<b>Total</b>	<b>1,484</b>	<b>107</b>	<b>1,591</b>	
<b>Represented</b>					
21	Board of Directors	0		0	
22	Chief Executive Office	299	3	302	1 Human Resources clerk, 2 for General Services
23	Communications	184	1	185	Customer Service Representative
24	Congestion Reduction	0		0	
25	Finance & Budget	67		67	
26	Information Technology	50	1	51	Increased IT support
27	Operations	7,532	15	7,547	3 training instructors, 3 to improve customer experience on Blue and Expo Lines, 3 Electronic Communication Technicians for State of Good Repair support, 6 for Park & Ride lots maintenance
28	Planning & Development	0		0	
29	Program Management	0		0	
30	Vendor/Contract Management	162	2	164	Truck drivers to transport inventory to Divisions
31	<b>Total</b>	<b>8,294</b>	<b>22</b>	<b>8,316</b>	
32	<b>Grand Total</b>	<b>9,778</b>	<b>129</b>	<b>9,907</b>	

## FY18 New Capital Projects

### Measure M Projects

1	<b>PROJECT: Airport Metro Connector: Construction (860303)</b>
	PROJECT OWNER: Program Management - Transit
	LOP: <i>to be adopted at a future date</i> <span style="float: right;">FY18: \$69,685,149</span>
	SCOPE: Connects Metro Green Line Rail, Crenshaw/LAX Line Rail, and Metro and municipal bus service to the Los Angeles International Airport (LAX) via the LAX Automated People Mover.
	JUSTIFICATION: Airport Metro Connector project will integrate the Metro Green Line Rail, Crenshaw/LAX Line Rail, and Metro and municipal bus service to the Los Angeles International Airport (LAX) via the LAX Automated People Mover. This project will provide reliable, fast and convenient access between LAX and the regional bus and rail transit system.
	ELIGIBLE FUNDING SOURCE: Measure M, Measure R; will seek federal monies if available
2	<b>PROJECT: Gold Line Foothill Extension 2B: Construction (865202)</b>
	PROJECT OWNER: Program Management - Transit / Foothill Gold Line Authority
	LOP: <i>to be adopted at a future date</i> <span style="float: right;">FY18: \$2,675,731</span>
	SCOPE: FY18 is focused on engineering design to support the environmental phase and prepare for transition to construction phase.
	JUSTIFICATION: Measure R funds were used for the environmental clearance on the Foothill Gold Line extension to Claremont. Passage of Measure M in Nov-16 allows for the construction of this extension. Foothill Gold Line Authority is responsible for the delivery of the extension to Claremont.
	ELIGIBLE FUNDING SOURCE: Measure M, Measure R as authorized per Funding Agreement

### Operating Capital - Bus

3	<b>PROJECT: New Flyer 60 foot Articulated Zero Emission Bus (201075)</b>
	PROJECT OWNER: Operations - Bus Vehicle Acquisitions
	LOP: <i>to be adopted at the time of contract award</i> <span style="float: right;">FY18: \$10,650,000</span>
	SCOPE: Procure five 60' articulated New Flyer battery electric buses and charging equipment for deployment on the Metro Orange Line
	JUSTIFICATION: Project was awarded a Federal LoNo grant to purchase five buses and related charging equipment.
	ELIGIBLE FUNDING SOURCE: LoNo grant, Measure M

## FY18 New Capital Projects

4	<b>PROJECT: Connected Buses with Wi-Fi (207152)</b>
PROJECT OWNER: ITS - Business Applications	
LOP: \$7,967,000 <span style="float: right;">FY18: \$1,146,990</span>	
SCOPE: Install data communications equipment to the bus fleet to enable a real time network connection between the bus and our Metro network for monitoring of onboard systems such as security cameras, fareboxes, GPS and vehicle health monitoring. Secondly to provide Internet access via Wi-Fi to passengers to improve the customer experience.	
JUSTIFICATION: Since July 2013, several board motions have directed staff to pursue the installation of Wi-Fi and other technologies on buses and trains to improve the customer experience. Proof of concept and initial pilot tests have indicated this is a feasible investment for Metro. Once a bus is "connected" to the Metro network there are operations and security benefits due to staff's ability to connect to these buses on a real time basis.	
ELIGIBLE FUNDING SOURCE: local funds; will seek grant funds when available	

### Operating Capital - Rail

5	<b>PROJECT: Blue Line Emergency Trip System Replacement (205108)</b>
PROJECT OWNER: Operations - Wayside	
LOP: \$8,306,000 <span style="float: right;">FY18: \$600,000</span>	
SCOPE: Replacement of the existing Emergency Trip System on the Blue Line.	
JUSTIFICATION: The existing system is unreliable and when it fails, causes loss of power to trains, and subsequent bus bridging negatively impacts patrons.	
ELIGIBLE FUNDING SOURCE: Prop A 35%, TDA Article 4, Measure R 2%	

6	<b>PROJECT: Correct Door Enable on Light Rail Train (214002)</b>
PROJECT OWNER: Risk Management - Safety	
LOP: \$9,061,000 <span style="float: right;">FY18: \$16,888</span>	
SCOPE: Install system to prevent rail car doors from opening on the opposite side of the platform while in service by modifying existing train control system.	
JUSTIFICATION: Preventing non-platform side door from opening when train is berthed at a station allows for patrons to disembark onto the platform safely.	
ELIGIBLE FUNDING SOURCE: Prop A 35%, TDA Article 4, Measure 2%	

7	<b>PROJECT: P2550 Light Rail Vehicle Mid-Life Overhaul (214003)</b>
PROJECT OWNER: Operations - Rail Vehicle Acquisitions	
LOP: <i>to be adopted at a future date</i> <span style="float: right;">FY18: \$615,000</span>	
SCOPE: P2550 Light Rail Vehicle (LRV) Mid-Life Overhaul Program	
JUSTIFICATION: Maintain the State of Good Repair on the 50 Ansaldo-Breda P2550 LRV by performing a Mid-Life Overhaul	
ELIGIBLE FUNDING SOURCE: Prop A 35%, TDA Article 4, Measure R 2%	

## FY18 New Capital Projects

### Operating Capital - Other

<b>8 PROJECT: Enterprise Telephone &amp; Unified Messaging System (207149)</b>
PROJECT OWNER: ITS - Systems Architecture
LOP: \$10,146,000 <span style="float: right;">FY18: \$625,630</span>
SCOPE: Replace the existing analog telephone system with a unified communications system which consists of VOIP, email messaging, video conferencing, video presence, and interoperability with radio and telephone communications. This replacement affects approximately 3,500 phones located at USG building and all Metro bus and rail divisions.
JUSTIFICATION: To enhance and improve Metro's business communications, to simplify the networking architecture by converging data and voice onto the same platform, and to reduce telecommunication leased line expenses.
ELIGIBLE FUNDING SOURCE: local funds

## Revised Project Scope

### Operating Capital - Rail

<b>9 PROJECT: MBL Signaling Rehabilitation and Operational Improvements (211005)</b>
PROJECT OWNER: Program Management - Engineering
LOP: \$118,990,580 <span style="float: right;">FY18: \$19,936,216</span>
SCOPE: Upgrade existing signal and overhead catenary systems along the Blue Line track alignment and Blue Line yard. Upgrade includes additional interlockings and enhanced control mechanisms for the relays and circuits. This project encompasses the 3 existing projects - signal rehabilitation along the track and yard (211005 and 205073, respectively), overhead catenary system rehabilitation (211002) - as part of its broadened scope.
JUSTIFICATION: Much of the Blue Line's signal and overhead catenary systems have aged and is in need of rehabilitation. The yard operations in particular provide a challenge to staff as the system is obsolete and relies heavily on manual controls. This upgrade will take advantage of the latest technology to bring efficiency and stability to system controls thus providing reliable and safer operation. The enhance technology will also make the Blue Line compatible with Regional Connector system. The additional interlockings will improve the headways when single tracking and allow for improved service to the Blue Line patrons.
ELIGIBLE FUNDING SOURCE: TIRCP, Prop A 35%, TDA Article 4 and other local funds

*NOTE: Funding sources identified for each of the projects are the most likely source available for respective projects. Should other sources be available (i.e. grants), those will be used to fund the project(s), with the identified local funds being the source of the match.*

## ATTACHMENT C

### REIMBURSEMENT RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY FOR FISCAL YEAR 2018

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "Metro") desires and intends to finance certain costs relating to (i) the design, engineering, construction, equipage and acquisition of light rail lines including the Crenshaw/LAX line, (ii) the design, engineering, construction, equipage and acquisitions for the Rail State of Good Repair Program including station improvements and rail gating installations; (iii) design, engineering, construction, equipage related to Purple Line Subway Sections 1, 2, and 3, and Regional Connector projects (iv) the design, engineering and other related close out costs of the I-405 Car Pool Lanes project, (v) the engineering, construction, renovation, maintenance, and/or acquisition of various capital facilities and equipment, including buses and rail cars, related to service operation, (vi) the engineering, construction, renovation, maintenance, and/or acquisition of various highway/surface transportation assets, and (vii) to other transit related projects (each a "Project" and collectively, the "Projects");

WHEREAS, to the extent that federal and/or state grant funding budgeted to be received during FY18 is delayed or reduced, the Los Angeles County Metropolitan Transportation Authority desires and intends to finance certain costs relating to the Projects.

WHEREAS, Metro expects to issue debt through the issuance of tax-exempt bond issues to pay for these expenditures, which bond issues will have three separate security sources, Proposition A, Proposition C and Measure R sales tax revenues, respectively, or grant revenues to finance the costs of the Project on a permanent basis (the "Debt");

WHEREAS, Metro expects to expend moneys of the Enterprise Fund (other than moneys derived from the issuance of bonds) on expenditures relating to the costs of the Projects prior to the issuance of the Debt, which expenditures will be properly chargeable to a capital account under general federal income tax principles;

WHEREAS, Metro reasonably expects to reimburse certain of such capital expenditures with the proceeds of the Debt;

WHEREAS, Metro expects that the amount of Debt that will be issued to pay for the costs of the Projects will not exceed \$100 million for Proposition A, and \$325 million for Proposition C, and \$300 million for Measure R;

WHEREAS, at the time of each reimbursement, Metro will evidence the reimbursement in writing, which identifies the allocation of the proceeds of the Debt to Metro, for the purpose of reimbursing Metro for the capital expenditures made prior to the issuance of the Debt;

WHEREAS, Metro expects to make reimbursement allocations no later than eighteen (18) months after the later of (i) the date on which the earliest original expenditure for the

Project is paid or (ii) the date on which the Project is placed in service (or abandoned), but in no event later than three (3) years after the date on which the earliest original expenditure for the Project is paid;

WHEREAS, Metro will not, within one (1) year of the reimbursement allocation, use the proceeds of the Debt received by way of a reimbursement allocation in a manner that will result in the creation of replacement proceeds of the Debt or another issue (e.g., Metro will not pledge or use the proceeds received as reimbursement for the payment of debt service on the Debt or another issue, except that the proceeds of the Debt can be deposited in a bona fide debt service fund); and

WHEREAS, this Resolution is intended to be a " declaration of official intent" in accordance with Section 1.150-2 of the Treasury Regulations.

NOW THEREFORE, BE IT RESOLVED, that (i) all of the foregoing recitals are true and correct and (ii) in accordance with Section 1.150-2 of the Treasury Regulations, Metro declares its intention to issue Debt in an amount not to exceed \$100 million for Proposition A, and \$325 million for Proposition C; and \$300 million for Measure R; the proceeds of which will be used to pay for the costs of the Projects, including the reimbursement to Metro for certain capital expenditures relating to the Projects made prior to the issuance of the Debt.

## ATTACHMENT D

### FY18 PUBLIC OUTREACH

#### Summary of FY18 Proposed Budget Public Outreach Efforts and Comments Received

Events	Participation
<b>Workshops &amp; Meetings</b>	Covering all Service Councils and key stakeholders throughout LA County
<b>Telephone Town Hall</b>	3,075
<b>Interactive Budget Tool</b>	4,935
<b>Web page visits</b>	1,452
<b>All Comments (Email/mail)</b>	4,852

Comments received from the public during Metro’s FY18 budget outreach process are summarized below. This summary includes comments received through April 28, 2017. Please note that there were thousands of comments received and therefore not all can be included in this summary. However, the summary presented below is a fair representation of the types of comments received across all outreach efforts. Comments received during the workshops and meetings have been addressed, while the written, email, and budget survey comments will be forwarded to relevant departments for consideration in the development of their programs.

A recap of the comments received during the budget outreach process is shown in the table below. As evidenced by the range of subjects in the summary, the public provided input on virtually every Metro function, from transit service to highways and active transportation. In addition, the range of perspectives on each issue varied greatly by individual.

Key Topics	Synopsis of Comments
<b>Active Transportation</b>	<ul style="list-style-type: none"> <li>• Add more protected bike lanes and visible crosswalks</li> <li>• Connect biking and walking with buses and trains</li> <li>• Pedestrians should be the highest first/last mile priority</li> <li>• Increase capacity for bicycles on the transit system</li> <li>• Improve east-west bicycle options</li> <li>• Expand the bikeshare program across the County</li> <li>• Do not add bicycle lanes, as they cause more traffic</li> <li>• Increase the number of bike lockers and associated security measures</li> <li>• Build a high quality bikeway network with access to the rail system</li> <li>• Do not remove vehicle lanes and replace with bike lanes</li> </ul>
<b>Bus Service</b>	<ul style="list-style-type: none"> <li>• Acquire more buses and run more frequent trips</li> <li>• Run 12 minute headways on all major routes all day long</li> <li>• Headways should be 3 minutes maximum</li> <li>• The number of bus stops should be reduced to decrease travel time</li> </ul>



Key Topics	Synopsis of Comments
	<ul style="list-style-type: none"> <li>• Bus stops and buses should be cleaned more often</li> <li>• Buses are the most common form of travel on transit,</li> <li>• Increase the bus lines feeding into the rail network</li> <li>• Prioritize dedicated bus lanes on all major bus corridors</li> <li>• Do not convert car lanes into bus-only lanes</li> <li>• More express bus services</li> <li>• Bus service should run from 3am to 1am</li> <li>• Rapid buses should have under 15 minute headways from 6am to 9pm, 7 days a week</li> <li>• All-night bus service should be run along rail routes throughout the night</li> <li>• Buy only 100% electric buses</li> <li>• Deploy autonomous buses</li> <li>• Provide more bus service in underserved areas</li> <li>• Eliminate bus service and prioritize rail</li> <li>• Add bus shelters systemwide</li> <li>• Coordinate better connections between Metro and municipal operators</li> <li>• Run 24 hour bus service</li> <li>• Provide more frequent service during off-peak hours</li> </ul>
<b>Rail Service</b>	<ul style="list-style-type: none"> <li>• Rail service should be 24 hours</li> <li>• Provide more frequent service, especially in the evening</li> <li>• Increase train capacity at peak hours</li> <li>• Trains need to be cleaned more effectively and often</li> <li>• Add a side track for maintenance in order to avoid delays caused by single track service due to breakdowns</li> <li>• Reduce commute times by giving rail signal priority</li> <li>• More trains that are shorter, during non-peak hours</li> <li>• Improve light rail service in downtown LA to 7<sup>th</sup>/Metro</li> <li>• Headways should be 8 minutes maximum</li> <li>• Rail service should run until 2am every night with consistent headways of 10 minutes or less</li> <li>• Rail service should be faster than driving</li> <li>• Longer late night service supports local night life and reduces risks of DUI</li> <li>• Use hydrogen powered trains that emit only water</li> <li>• Overcrowding on trains is an issue</li> <li>• Stop rail service at midnight</li> <li>• Use automated trains, not drivers</li> </ul>
<b>Customer Information</b>	<ul style="list-style-type: none"> <li>• Improve real-time arrival information</li> <li>• Provide clear signage for access to public transit</li> <li>• TVs with arrival information at stations are often broken for long periods</li> <li>• Multiple marquees report different arrival times, which is inconsistent and unhelpful</li> <li>• Add real-time arrival information for the bus system</li> <li>• Use electronic boards for arrival information only, and</li> </ul>

Key Topics	Synopsis of Comments
	<ul style="list-style-type: none"> <li>stop including other messages</li> <li>• Improve the trip planner on the Metro website</li> <li>• Need to update all Metro apps</li> <li>• Rail stations should have maps and information about bus transfers</li> <li>• Add lighting to bus stops and rail stations as they are unreadable at night</li> </ul>
<b>ExpressLanes</b>	<ul style="list-style-type: none"> <li>• All freeways should have toll lanes</li> <li>• Eliminate all toll lanes, as most can't afford it</li> <li>• Get rid of all toll lanes and convert to carpool lanes requiring 3+ passengers</li> <li>• Increase tolls to decrease congestion in the toll lanes</li> <li>• Decrease tolls, as they are too expensive</li> <li>• ExpressLanes need more entrances/exits</li> <li>• Tolls should be offset for low income individuals</li> <li>• Non-passenger vehicles should be banned from ExpressLanes</li> <li>• Put in dividers to prevent people from crossing over the double lines</li> <li>• Toll lanes are just as congested as normal lanes and do not improve traffic</li> <li>• Toll lanes should be opened at peak time to all traffic without charge</li> <li>• Do not charge the \$1 maintenance fee on transponders that are not used</li> </ul>
<b>Fare Evasion</b>	<ul style="list-style-type: none"> <li>• Put barriers in place so all riders have to pay</li> <li>• Better enforcement of validating paying passengers</li> <li>• Fare enforcement should be first priority</li> <li>• Do not use law enforcement officers to check fares</li> <li>• Decriminalize fare evasion</li> <li>• Stop checking fares at turnstiles or station entrances; this should be done onboard trains</li> </ul>
<b>Fares</b>	<ul style="list-style-type: none"> <li>• Make public transportation free</li> <li>• Implement distance based fares</li> <li>• Weekly/monthly passes do not provide a discount for the average commuter ineligible for discounts</li> <li>• TAP takes too long to renew online</li> <li>• Add more TAP machines outside of rail stations, such as at bus hubs</li> <li>• Customers should be able to use smart phones as transit passes</li> <li>• Allow non-TAP transfers from bus to rail</li> <li>• Charge the senior/disabled reduced fare for everyone</li> <li>• Fare is too expensive for people who do not fall into the discount categories</li> </ul>
<b>Streets &amp; Highways</b>	<ul style="list-style-type: none"> <li>• Improve the condition of streets and highways</li> <li>• Add more regular lanes to freeways</li> </ul>

Key Topics	Synopsis of Comments
	<ul style="list-style-type: none"> <li>• Do not add more regular lanes to freeways as this does not improve congestion</li> <li>• Convert lanes into bus-only lanes to incentivize bus ridership</li> <li>• Enforce carpool lane use and consider adding cameras to various locations to catch carpool lane cutters and single drivers breaking the law</li> <li>• Increase the minimum number of riders for carpool lane use</li> <li>• Implement congestion pricing on every freeway</li> <li>• Stop building more freeways and put all money into public transit</li> <li>• Highways should be the first priority, as this is the main mode of travel in the County</li> <li>• Carpool-to-carpool interchanges are needed</li> <li>• Widen freeways or make them two levels</li> <li>• Remove double lines from carpool lanes to allow entry and exit anytime</li> </ul>
<b>New Rail</b>	<ul style="list-style-type: none"> <li>• Need a quick option for travel to LAX</li> <li>• Add a rail line along Western</li> <li>• Extend the Gold Line to Ontario Airport</li> <li>• Add a rail line along every freeway</li> <li>• Expand rail to Palm Springs</li> <li>• Bring rail to West Hollywood</li> <li>• Need rail options from Orange County to LA</li> <li>• Build rail between Pasadena and Woodland Hills</li> <li>• Extend rail to the South Bay</li> <li>• All rail should be grade separated</li> <li>• Extend the Red Line to Burbank Airport</li> <li>• Replace all bus lines with rail lines</li> <li>• Accelerate the Purple Line extension and use autonomous vehicles</li> <li>• Grade separate existing lines before building new lines</li> <li>• Increase the number of rail stations</li> <li>• Bring rail to La Mirada</li> <li>• Add north-south light rail to connect Expo, Purple and Red Lines</li> </ul>
<b>Parking</b>	<ul style="list-style-type: none"> <li>• More parking at rail stations, as many lots are routinely full</li> <li>• Require proof of ridership at parking lots, and make it free</li> <li>• Provide more parking and do not charge</li> <li>• Do not spend funds on parking facilities</li> <li>• Crack down on parking by non-transit users</li> <li>• Add visible cameras to parking lots to deter theft</li> </ul>
<b>Safety &amp; Security</b>	<ul style="list-style-type: none"> <li>• More policing on the transit system to prevent crime and illegal vending</li> <li>• Never seen security presence on the system</li> </ul>

Key Topics	Synopsis of Comments
	<ul style="list-style-type: none"> <li>• Eliminate all security contracts</li> <li>• Focus more on safety than fare enforcement</li> <li>• Include undercover law enforcement on buses and trains</li> <li>• Increase security on the bus system</li> <li>• Increase security on the rail system</li> </ul>
<b>Station Amenities</b>	<ul style="list-style-type: none"> <li>• Add eateries, newsstands, and coffee shops to rail stations to generate revenue and provide services</li> <li>• Add restrooms to all stations</li> <li>• Do not add restrooms, as they are a safety risk</li> <li>• Add bathrooms to bus stops</li> <li>• Approve permits for local vendors to sell near stations</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• Build bus shelters that include phone chargers</li> <li>• Install a button at bus stops that would alert the driver that someone is waiting, so they don't get passed up</li> <li>• Go renewable with solar panels and electrical buses</li> <li>• Provide seamless WiFi and cell coverage systemwide</li> </ul>

### Interactive Budget Tool

An interactive Online Budgeting Tool was introduced this year to engage the public by asking a series of questions on transportation priorities to develop a customized Metro budget. Respondents were able to see the budgetary impact for their choices interactively and include narrative comments to more specifically express their feedback and concerns. The budget tool allowed Metro to receive comments from a larger portion of the general public, including those who are not Metro riders.

The “Online Budget” focused on five key areas: Transportation Priorities, First/Last Mile, Bus and Rail Service, Security & Customer Experience, and Highway & Congestion Improvements. Below are general results of the survey are:

- 27% of the respondents favored Metro parking facilities (Park & Ride Lots) to improve first/last mile strategy
- 43% of the respondents were willing to walk ½ mile to a bus stop if the route was shorter and more frequent
- 47% of the respondents selected “Improving real time arrival information” and “adding Wi-Fi and cellular service to rail stations” as their priorities for station amenities.
- 33% of the respondents wanted less routes that run frequently and later at night

When asked about converting regular lanes to toll/carpool lanes to reduce commute time or increase highway speed, 48% of the respondents selected: do not replace regular lanes

The results of this survey helps Metro get an idea of what the public’s priorities are and is just one tool that is being used to gather this information. Comments and feedback are being gathered and evaluated to help shape the budget and Metro’s priorities.

**Board Report**

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**File #:** 2017-0132, **File Type:** Contract

**Agenda Number:** 51.

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**REVISED**  
**REGULAR BOARD MEETING**  
**JUNE 22, 2017**

**SUBJECT: METRO BLUE LINE SIGNALING REHABILITATION AND OPERATIONAL IMPROVEMENTS PROJECT**

**ACTION: AWARD CONTRACT**

**RECOMMENDATION**

AUTHORIZE the CEO to award Contract No. C1081 to Mass Electric Construction Co/Parsons, the selected best value contractor to design and construct the **Blue Line State of Good Repair signaling rehabilitation and operational improvements** for a contract value of \$81,513,000.

**ISSUE**

The existing MBL light rail transit system is over 25 years old. Signaling and Overhead Catenary Systems (OCS) are in need of rehabilitation as they are essential subsystems for safe and effective light rail operations. Currently, the MBL is operating with a limited number of interlockings, which are trackwork and signaling components that allow trains to cross from one track to another during planned maintenance or in the event that there is a disabled train. With the existing six interlockings between Washington Station and Willow Station, some segments of the MBL are limited to 30 - 40 minute headways during emergency situations. The addition of four new interlockings is expected to improve single tracking headways to approximately 15 - 20 minutes and allow a better overall emergency operation response.

Finally, the MBL Division 11 Yard is operating with an obsolete signal system that is very limited and relies on manual control. The Yard signal system portion of this project will update the signaling of Division 11 and provide a more efficient and safe yard operation.

**BACKGROUND**

As a State-of-Good-Repair project, Metro Blue Line Signaling Rehabilitation and Operational Improvements (Signal/Interlocking/OCS) Project will:

1. Replace all vital relays
2. Install four additional interlockings and one siding at 95<sup>th</sup> Street
3. Install the associated Solid State Interlockings (SSI) and the associated communications

equipment

4. Install new frequency converters for the train detection sub-system
5. Redesign the switch between the two redundant power supplies in the Signaling bungalows to address recurring loss of signal power issues
6. Replace code transmitter relays for the speed control sub-system
7. Replace the OCS in the Long Beach loop and Downtown Los Angeles
8. Upgrade the Signal system in the Division 11 yard

These activities will improve single tracking capability that take place during planned maintenance or unplanned incidents. In addition, the additional siding track near 95<sup>th</sup> Street will provide train storage for more operational flexibility.

The OCS contact wires operating in sections in downtown Los Angeles and Long Beach have experienced significant wear over time, resulting in an increasing probability of a wire failure and service disruptions. Replacing and re-tensioning these wires will provide a more reliable and safer operation. The OCS in the 7th Street/Metro Center tunnel is also approaching the end of its useful life. The replacement of the existing wire system with new Overhead Contact Rail (OCR) system will reduce future maintenance needs and will support the Regional Connector tunnel OCR which is currently under construction.

The new train control system in the Division 11 Yard will provide efficient and safe yard operations for Metro staff. The control tower will have the ability to route trains remotely and monitor MBL operation more easily.

## **DISCUSSION**

### **Scope and Use of Advanced Technologies**

1. This scope enables the use of advanced technologies. For example Solid State Interlocking (SSI) technologies for the control of the interlockings will be used instead of relays. Solid state electronic equipment is much more reliable due to the use of electronic circuits and components. SSI technologies have a much lower failure rate than relays and a longer life, which improves system reliability and is more cost effective in the long term. Finally the use of SSI technologies will align the MBL with the Expo line or the Regional Connector project in terms of technologies between projects to improve the overall efficiency and effectiveness of maintenance.
2. Due to the use of more advanced technologies for the interlockings, one of the crossovers added to the project requires a new bungalow to house the new train control and communication

equipment. The existing Metro Right-of-Way is not adequate to add a new bungalow; the project is proposing to purchase a small property adjacent to the MBL tracks.

3. The scope of the project also addresses reliability. The existing MBL Signaling bungalows currently house 3,500 vital relays. These relays are 25 years old and approaching the end of their useful life. Therefore, the replacement of all 3,500 vital relays is included in the scope of this project to improve reliability.
4. The project is also replacing the code generators of the existing signal system. The existing code generators required urgent replacement. The cost of procurement and installation for the complete code generator replacement is included in the scope of this project.
5. Finally in order to minimize the disruptions of Operations during the construction of the project on the Blue Line, it is critical to have Metro Inspectors and Flagmen support the construction of the project. Not only is this a new CPUC regulation, but it is also a direct experience from the success of the MBL stations enhancements project. Metro Inspectors and Flagmen are needed to grant contractors access to Metro equipment rooms and equipment and tracks, including the Signaling bungalows. They also assist with shutting down the traction power when appropriate, and authorizing and inspecting all contractor activities to ensure the safety of our system.

## **FINANCIAL IMPACT**

The amount of this contract action is \$81,513,000. Funding for the FY 18 effort and ~~approval for an \$118,900,000 Life of Project budget are included in the proposed~~ were approved by the 2017 May Board item 30 FY18 budget board report ~~scheduled for consideration at the May Finance and Budget and regular board meeting.~~

It is proposed that since this is a multi-year project, the Project Manager, Cost Center Manager, and Chief Officer of Program Management will ensure that costs will be budgeted in future years.

### Impact to Budget

The source of funds for this procurement will come from Prop A 35%, TDA Article 4, Measure M 2% and California Cap and Trade Transit and Intercity Rail Capital Program (TIRCP) grant funding.

## **ALTERNATIVES CONSIDERED**

The Board may choose not to award this contract. This alternative is not recommended because rejecting this project would have the MBL continue to operate on the aging signaling and catenary system equipment as well as the difficulties of providing adequate service during single tracking for routine maintenance and in the event of an incident. The aging MBL systems will

require additional maintenance and still suffer more breakdowns, which would lead to less reliable operations.

### **NEXT STEPS**

Upon approval of the contract award, staff will work with Vendor/Contract Management to issue a Notice to Proceed for Contract C1081 MBL Signaling Rehabilitation and Operational. It is anticipated that the project will be completed within 36 months from issuance of the Notice to Proceed.

### **ATTACHMENTS**

Attachment A - Sources and Uses Table

Attachment B - Procurement Summary

Attachment C - DEOD Summary

Prepared by:

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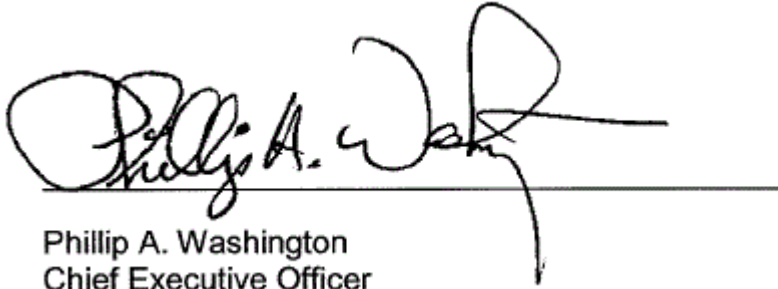
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Phillip A. Washington  
Chief Executive Officer



## Sources and Use Table

<b>Construction</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>Total</b>
Construction Contract Bid (C1081)	\$ 16,302,600	\$ 32,605,200	\$ 32,605,200	\$ 81,513,000
<b>Construction Cost</b>	<b>\$ 16,302,600</b>	<b>\$ 32,605,200</b>	<b>\$ 32,605,200</b>	<b>\$ 81,513,000</b>

<b>Sources and Uses</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>Funding</b>
California Cap and Trade (TIRCP)	\$ 16,302,600	\$ 22,191,400	\$ -	\$ 38,494,000
Additional Funding ( Prop A 35% TDA Article 4, and Measure M 2%)		\$ 10,413,800	\$ 32,605,200	\$ <b>43,019,000</b>
<b>Total Funding</b>	<b>\$ 16,302,600</b>	<b>\$ 32,605,200</b>	<b>\$ 32,605,200</b>	<b>\$ 81,513,000</b>

**PROCUREMENT SUMMARY**

**METRO BLUE LINE SIGNAL SYSTEM REHABILITATION PROJECT-  
DESIGN/BUILD / CONTRACT NUMBER C1081**

1.	<b>Contract Number:</b> C1081	
2.	<b>Recommended Vendor:</b> Mass Electric Construction Co.	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> 3/21/16	
	<b>B. Advertised/Publicized:</b> 3/11/16	
	<b>C. Pre-Proposal Conference:</b> 4/11/16	
	<b>D. Proposals Due:</b> 2/21/17	
	<b>E. Pre-Qualification Completed:</b> 10/27/16	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> 11/15/16	
	<b>G. Protest Period End Date:</b> <del>4/24/17</del> 5/24/17	
5.	<b>Solicitations Picked up:</b> 50	<b>Bids/Proposals Received:</b> 2
6.	<b>Contract Administrator:</b> Rafael Vasquez	<b>Telephone Number:</b> (213) 418-3036
7.	<b>Project Manager:</b> James Wei	<b>Telephone Number:</b> (213) 922-2758

**A. Procurement Background**

This Board Action is to approve the award of a design/build “Best Value” procurement issued in support of the Metro Blue Line Signal System Rehabilitation Project. Contract No. C1081 will provide management, coordination, professional services, labor, equipment, materials and all other services necessary to perform the final design and construction of the Metro Blue Line Signal System Rehabilitation. Board approval of contract awards are subject to resolution of any properly submitted protest(s).

The Work includes the addition of four new interlockings, one siding track, installation of new Overhead Catenary System (OCS), replacements of existing OCS contact wire, modifications to existing mainline Automatic Train Control System, and modifications to the train control system in the MBL Yard (Division 11). The Contract type is a firm fixed price.

A Request for Qualifications (RFQ)/Request for Proposals (RFP) was issued on March 21, 2016. A pre-proposal conference was held on April 11, 2016, in the Board Room with representatives of approximately 11 firms in attendance.

The RFQ/RFP implemented a two-step negotiated procurement in accordance with California Public Contract Code §22160-22169 and in accordance with Metro’s Acquisition Policy. The first phase of the procurement was a request for Statement of Qualifications (SOQ). A prequalification evaluation team evaluated the SOQs. Three responsive SOQs were received on June 17, 2016.

The three firms that met the RFQ requirements, were designated as prequalified parties, and were invited to submit proposals in response to the second RFP phase of the solicitation.

- Mass Electric Construction Company
- Balfour Beatty Infrastructure Inc.
- C3M/Clark, a Joint Venture

The prequalified firms submitted technical and commercial questions which were recorded and reviewed by Metro staff. Formal written answers to 557 questions were provided to the prequalified firms and other planholders.

Twenty one amendments were issued during the solicitation and evaluation process:

- Amendment No. 1, issued on March 24, 2016, changed Pre-Proposal Conference Room location, added a technical/outreach meeting, and revised Scope of Work;
- Amendment No. 2, issued on March 28, 2016, provided missing Project Definition Documents references such as Metro's Rail Design Criteria Drawings, Rail Directive Drawings, Rail Standard Drawings, Signage Standards, and Wayside Signage Directive Drawings;
- Amendment No. 3, issued on April 1, 2016, extended the SOQs due date to May 5, 2016 and extended the Proposal due date to July 7, 2016;
- Amendment No. 4, issued on April 5, 2016, clarified contract language, including revisions to Contract Payment Provisions to Subcontractors;
- Amendment No. 5, issued April 20, 2016, extended the SOQ due date to May 19, 2016, extended the Proposal due date to July 21, 2016, and clarified contract language, including revisions to General Conditions GC-51;
- Amendment No. 6, issued on April 27, 2016, extended the SOQs due date to June 2, 2016, extended the Proposal due date to August 18, 2016, and revised Instructions to Proposers, Supplemental Instructions to Proposers and Submittal Requirements;
- Amendment No. 7, issued on May 5, 2016, provided Metro Blue Line As-builts reference documents information;
- Amendment No. 8, issued on May 18, extended the SOQ due date to June 9, 2016, extended the Proposal due date to August 25, 2016, and clarified contract language, by adding CP-5A Voluntary Payment to Subcontractors Initiative provision and revising the Scope of Work;
- Amendment No. 9, issued on June 3, 2016, extended the SOQs to June 17, 2016, revised Contract Administrator contact information and clarified contract language, including revisions to Non-Disclosure Agreement and Special Provisions Alternate Proposals;
- Amendment No. 10, issued on June 3, 2016, clarified Contract Administrator phone number;
- Amendment No. 11, issued on June 13, 2016, clarified the SOQs due date;

- Amendment No. 12, issued on June 22, 2016, extended the Proposal due date to September 15, 2016, clarified contract language, including revisions to the Schedule of Quantities and Prices, the qualifications and functions of key personnel, and the Scope of Work;
- Amendment No. 13, issued on July 19, 2016, clarified Proposal Documents and revised Qualifications of Key Personnel and Functions;
- Amendment No. 14, issued August 12, 2016, extended Proposal due date to September 29, 2016, revised Contract Administrator contact information, clarified contract language and revised the Scope of Work;
- Amendment No. 15, issued August 29, 2016, extended Proposal due date to October 13, 2016, revised submittal requirements, revised Schedule of Quantities and Prices form, added SP-32 Limitation of Liability Arising from Contractor's Performance, added Dispute Resolution provisions, and clarified Contract language;
- Amendment No. 16, issued September 23, 2016, clarified evaluation criteria, and revised Submittal Requirements, Schedule of Quantities and Prices Forms, and the Scope of Work;
- Amendment No. 17, issued September 28, 2016, extended the Proposals due date to October 20, 2016, and revised Regulatory Requirements and Federal Certificates such as Buy America, Compliance with Federal Lobbying Requirements, and revised Schedule of Quantities and Prices forms;
- Amendment No. 18, issued October 4, 2016, clarified the Schedule of Quantities and Prices forms;
- Amendment No. 19, issued October 7, 2016, removed Federal Requirement Certificates such as Compliance with 49 CFR part 655 , Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations, and Certificate of Debarment, Suspension and Other Responsibility Matters;
- Amendment No. 20, issued on December 29, 2016, requested from both Proposers a Revised Proposal with a due date of February 7, 2017. The amendment deleted Washington Siding and Del Amo Scope of Work, revised Schedule of Quantities and Prices Forms and reduced SBE goal requirements;
- Amendment No. 21, issued on January 11, 2017, extended the Proposals due date to February 21, 2017, revised Schedule of Quantities and Prices forms and requested validity period of the revised Proposals.

Initial proposals were received on October 20, 2016 from the following firms:

1. Balfour Beatty Infrastructure, Inc.
2. Mass. Electric Construction Co.

Only two of the three pre-qualified firms submitted proposals. C3M/Clark Joint Venture did not submit a proposal because, among some of their reasons cited, there were unfavorable contract terms and conditions to the Contractor, expensive insurance coverage requirements for subcontractor and many unknown risks associated with the construction.

Mass. Electric Construction Co. submitted an alternative proposal in addition to a base proposal.

Final revised proposals were received on February 21, 2017, from both Proposers.

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of staff from Metro Rail Operations, Metro Facilities Engineering Operations, and Systems Engineering conducted a comprehensive and robust evaluation of the proposals received.

The PET performed a detailed evaluation of the proposals in accordance with the factors and sub-factors set forth in the RFP to assign a score and ranking. The evaluation considered all technical and price factors defined in the RFP and Source Selection Plan.

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

- Project Management 40 percent
- Technical Approach 30 percent
- Price 30 percent
- A Prompt Payment to Subcontractors Initiative (Bonus) 5 percent

The Proposers could opt for prompt payment initiative, noted above, that requires the prime Contractor to pay its first tier subcontractors for work completed prior to submitting its monthly billing to Metro. This triggers the cascading of earlier payments where each subcontractor must make payment to their subcontractors of undisputed amounts within seven days of having received payment. In return, Metro provides terms of Net 21 days payment of undisputed amounts to the Contractor.

Each Proposer received written Requests for Clarification regarding topics such as construction schedule, cutover and staging plans.

Each proposing team was invited to make an oral presentation to the PET for the purpose of clarifying their proposal and demonstrating their understanding of Metro's requirements, thus allowing the PET to refine technical scoring. The presentation meeting format, the amount of time allowed, and general questions asked were standardized.

Following a review of the initial proposals and oral presentations both proposals were determined to be within the competitive range and the PET and the Director of Contract Administration of Construction held discussions with each Proposer between November 28, 2016, and December 1, 2016, to address potential deficiencies, understand concerns about risk, and review assumptions taken in relation to their price proposal.

Discussions confirmed each Proposer's understanding of the scope and appropriate approaches and plans to complete the scope of work. After concluding discussions with the Proposers, Metro issued amendments Nos. 20 and 21. Amendment No. 20 deleted major scope of work for the Washington Siding and related facilities, and Division 11 Yard Train Control System was removed from the Option Schedule and included in the Base Work. This major change in scope of work required Metro to request both Proposers to submit revised Proposals. Amendment No. 21 extended the proposals due date to February 21, 2017, and provided revised Schedule of Quantities and Prices forms.

Mass Electric Construction Co. elected not to submit a Revised Alternative Proposal. Both Proposers elected to participate in the Voluntary Payment to Subcontractor Initiative per the RFP requirements.

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

#### **Mass Electric Construction Co. (MEC)**

Mass Electric Construction Co. is the design-builder and general contractor, Parsons Transportation Group is the principal engineer and Architect of Record. MEC has based its operations in Los Angeles since 1987. MEC is the installer of the original Blue Line Signal System. Other projects for Metro include the Green Line, Red Line, Gold Line, both Expo Line Extensions, Metro Gold Line Foothill Extension Phase 2A, MBL Pedestrian and Swing Gates, and the Regional Connector.

Parsons is headquartered in Pasadena, CA and is a full-service engineering firm providing services and contract deliveries to transportation agencies and railroads for more than 80 years including Metro. Parsons has been consistently ranked in the top 10 transportation design firms by ENR in the past nine years. MEC and Parsons have worked together on 15 projects.

#### **Balfour Beatty Infrastructure, Inc.(BB)**

BB is the Design-Build contractor. WSP/Parsons Brinckerhoff is the lead designer and principal engineer, Wabtec Integrated Systems, Inc. is the train control, communications, signal supplier.

WSP/PB is the largest provider of fixed rail infrastructure globally. BB provides construction and maintenance services for numerous rails projects involving grade crossings, signals, and communications systems. BB's work for Metro includes the Gold Line Eastside Extension - trackwork, and OCS Expo Line Phase 1 LRT Design-Build trackwork, and dual mainline track.

WSP/PB for the past 35 years has supported LACTMA in the planning, designing, and constructing of its rail system. WSP/PB has provided planning, engineering, and/or program management services including the Pasadena Gold Line LRT, Gold

Line Eastside Extension LRT, Westside Extension Subway, Regional Connector LRT and Exposition Line.

Wabtec has extensive engineering experience and specializes in performing systems, signals, crossings and communications engineering services.

**Evaluation Outcome**

Based on a thorough evaluation of the proposals, as performed and determined by the Proposal Evaluation Team, the Mass Electric Construction Co. proposal offers the “Best Value” and is the most advantageous to Metro.

Mass Electric Construction Co. demonstrated strengths in factors and sub-factors under Project Management and Technical Approach of Proposer’s capabilities, skill and experience, management approach, risk management, cutover and staging plan. MEC was the original installer of the original Metro Blue Line Signal System which is both a benefit to Metro, as well as a fair competitive advantage for MEC.

MEC provided a thorough and detailed cutover plan for connecting the project to the existing rail system. In addition, MEC developed a set of preliminary plan at 35% design level which is a benefit to Metro and reflects upon MEC in their thorough knowledge of the project, numerous studies performed and construction approach.

The final scores and ranking of the proposals is summarized in the table below.

**Final Evaluation Scoring**

<b>1</b>	<b>Firm</b>	<b>Average Score</b>	<b>Factor Weight</b>	<b>Weighted Avg. Score</b>	<b>Rank</b>
<b>2</b>	<b>Mass Electric Construction Co.</b>				
<b>3</b>	Project Management	89.25	40.00%	35.70	
<b>4</b>	Technical Approach	88.60	30.00%	26.58	
<b>5</b>	Price	100.00	30.00%	30.00	
<b>6</b>	Voluntary Payment to Subcontractors Initiative*	100.00	5.00%	5.00	
<b>7</b>	<b>Total</b>		<b>105.00%</b>	<b>97.28</b>	<b>1</b>
<b>8</b>	<b>Balfour Beatty Infrastructure, Inc.</b>				
<b>9</b>	Project Management	89.63	40.00%	35.85	
<b>10</b>	Technical Approach	87.37	30.00%	26.21	
<b>11</b>	Price	36.63	30.00%	10.99	
<b>12</b>	Voluntary Payment to Subcontractors Initiative*	100.00	5.00%	5.00	
<b>13</b>	<b>Total</b>		<b>105.00%</b>	<b>78.05</b>	<b>2</b>

All Scores rounded to the second decimal.

\*Proposers received full credit.

### C. Cost/Price Analysis

A line by line proposal pricing evaluation was performed, with certain line items of each proposal being identified as of interest. The line items of interests were the same for each Proposer. The respective line items were addressed during the commercial and technical discussions with Proposers.

The price of the recommended award is determined to be fair and reasonable based on adequate price competition and comparison to the independent cost estimate which was submitted concurrently with the proposals.

	Proposer Name	Total Price Proposal <sup>1</sup>	Metro ICE <sup>2</sup>	Award Price <sup>3</sup>
1.	Mass Electric Construction Co.	\$84,856,283	\$74,152,855	\$81,513,000
2.	Balfour Beatty Infrastructure, Inc.	\$237,603,811		\$212,630,000

Note<sup>1</sup>: The Total Price Proposal includes the Base Work, Provisional Sums, Delay Compensation, Life Cycle Costs, and Unit Prices.

Note<sup>2</sup>: The Independent Cost Estimate (ICE) amounts are submitted before the due date and opened concurrently with the other Proposals.

Note<sup>3</sup>: The Award Price only includes Base Work and Provisional Sums.

### D. Background on Recommended Contractor

Mass Electric Construction Co. team includes Parsons Transportation Group, Inc. and B & C Transit, Inc. MEC has based operations in Los Angeles since 1987. MEC was the installer of the original Blue Line Signal System. Other projects for Metro include Green Line, Red Line, Gold Line, both Expo Line Extensions, Metro Gold Line Foothill Extension Phase 2A, MBL Pedestrian and Swing Gates, and the Regional Connector.

Parsons is headquartered in Pasadena, CA and is a full-service engineering firm providing services and contract deliveries to transportation agencies and railroads for more than 80 years including Metro. Parsons has been consistently ranked in the top 10 transportation design firms by ENR in the past nine years. MEC and Parsons have worked together in 15 projects.

B & C has completed the Foothill Extension Phase 2A and Expo Phase 2 projects and is currently contracted to MEC on the Regional Connector.



## DEOD SUMMARY

**METRO BLUE LINE SIGNAL SYSTEM REHABILITATION PROJECT –  
DESIGN/BUILD / C1081**

**A. (1) Small Business Participation - Design**

The Diversity and Economic Opportunity Department (DEOD) established a 15% goal, inclusive of a 12% Small Business Enterprise (SBE) goal and 3% Disabled Veteran Business Enterprise (DVBE) goal for Design. Mass. Electric Construction made a 12% SBE and 3% DVBE commitment.

<b>Small Business Goal</b>	<b>12% SBE &amp; 3% DVBE</b>	<b>Small Business Commitment</b>	<b>12% SBE &amp; 3% DVBE</b>
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<b>SBE Subcontractors</b>		<b>% Committed</b>
1.	Wagner Engineering & Survey Inc.	1.36%
2.	JM Fiber Optics	2.94%
3.	Fariba Nation Consulting	7.70%
<b>Total Commitment</b>		<b>12.00%</b>

<b>DVBE Subcontractors</b>		<b>% Committed</b>
1.	MA Engineering	3.00%
<b>Total Commitment</b>		<b>3.00%</b>

**(2) Small Business Participation - Construction**

The Diversity and Economic Opportunity Department (DEOD) established a 15% goal, inclusive of a 12% Small Business Enterprise (SBE) goal and 3% Disabled Veteran Business Enterprise (DVBE) goal for Construction. Mass. Electric Construction made a 12% SBE and 3% DVBE commitment.

<b>Small Business Goal</b>	<b>12% SBE &amp; 3% DVBE</b>	<b>Small Business Commitment</b>	<b>12% SBE &amp; 3% DVBE</b>
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<b>SBE Subcontractors</b>		<b>% Committed</b>
1.	TSG Enterprises Inc. dba The Solis Group	0.21%
2.	TBD	11.79%
<b>Total Commitment</b>		<b>12.00%</b>

<b>DVBE Subcontractors</b>		<b>% Committed</b>
1.	TBD	3.00%
<b>Total Commitment</b>		<b>3.00%</b>

**B. Contracting Outreach and Mentoring Plan**

To be responsive to DBE requirements, Mass. Electric Company was required to submit a DBE Contracting Outreach and Mentoring Plan (COMP), which included the minimum requirement to apply 25% of the total DBE commitment dollars for Design and 15% of the DBE commitment dollars for Construction for participation in the mentor protégé program.

**C. Project Labor Agreement/Construction Careers Policy (PLA/CCP)**

The PLA/CCP requires that contractors commit to meet the following targeted hiring goals for select construction contracts over 2.5 million dollars:

Non-Federally Funded Projects		
Community / Local Area Worker Goal	Apprentice Worker Goal	Disadvantaged Worker Goal
40%	20%	10%

**D. 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).

**E. Living Wage Service Contract Worker Retention Policy Applicability**

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

**Board Report**

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**File #:** 2017-0272, **File Type:** Contract**Agenda Number:** 32

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**FINANCE, BUDGET AND AUDIT COMMITTEE****MAY 17, 2017****EXECUTIVE MANAGEMENT COMMITTEE****MAY 18, 2017**

**SUBJECT: DEVELOPMENT OF NEXTLINK SOFTWARE FOR INTEGRATION OF THE SALESFORCE ACCOUNT-BASED SYSTEM WITH THE TAP SMART-CARD SYSTEM TO IMPLEMENT TAP MOBILE PAYMENT APP, BIKE SHARE, FARE SUBSIDY PROGRAMS AND RETAIL SALES TABLET SOFTWARE**

**ACTION: NEGOTIATE AND EXECUTE PERFORMANCE-BASED CONTRACT MODIFICATION**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to negotiate and execute a performance-based Contract Modification to **Cubic Transportation Systems Inc. Contract No. OP02461010** to extend the base contract through **December 2024** for no upfront cost of development for Nextlink, a cloud-based connection system that will link the legacy TAP system to programs and services such as the TAP mobile payment app, Bike Share, fare subsidy programs, parking, ride-hailing services and more, in exchange for sales transaction fees of 0.5-3.0%, based on use of mobile app and retail fare sales for five (5) years of operation after development.

**ISSUE**

Metro currently lacks an open payment system which limits the ability to provide a more seamless experience for TAP customers, including enabling such features as a mobile app. Metro is currently building an open, hybrid, cloud-based payment system with Salesforce that will enable connectivity with various programs. In order to accomplish full integration, this cloud-based system needs to link with the Cubic smart card TAP system. Nextlink will provide this connectivity and link with Bike Share in Summer 2017. The mobile payment app will begin phased implementation in Fall 2017, fare subsidy programs in Winter 2017, parking, ride-hailing services and electric vehicle car sharing in Spring 2018.

**DISCUSSION**

Metro has been rapidly working to diversify and move toward a fare payment system that has a more open architecture and that is less proprietary. In December 2016, the Board approved a cloud-based

Salesforce Customer Service and Information platform, developed by Vertiba, which can be integrated with the current TAP system. The proposed contract modification for Nextlink will provide the ability to link new, open, account-based programs with the legacy TAP system. This will enable competitive bidding for fare collection and validation hardware such as fare boxes and TAP vending machines and foster seamless future program integration. To integrate TAP payment with separate and unique systems, the current Salesforce system is being modified to include various new applications and functions. Plans include integration with retail fare sales software, Bike Share, fare subsidy programs, gift card programs, parking, ride-hailing services, electric vehicle car sharing, a mobile app and more (see diagram in Attachment A).

### Open Source Procurements

The development of the Nextlink system will enable hardware such as retail fare sales tablets, TAP vending machines, bus mobile validators and other hardware to be open-sourced procurements that can securely link to the legacy TAP system.

### Customer Service Enhancements

#### *Payment Options for the Unbanked and More*

The new Nextlink system not only provides open architecture, but it also allows the unbanked to participate in TAP-enabled programs. Customers will be able to link their TAP payment accounts to credit and debit cards, internet services like PayPal and mobile wallets (Google Pay and Apple Pay), as well as load cash at convenience stores and TAP vending machines.

Qualified fare subsidy customers will no longer have to carry paper coupons because their TAP card will store the necessary subsidy information. Elimination of coupons will also eliminate the need for costly printing, distribution and inventory.

Customizable rewards and discounts can be configured across and within programs (e.g., a customer that rides a bike three times might get to choose a ride on some other transit service as a reward). Behaviors can be incentivized; for example, on bad air days, discounts could be quickly configured and implemented to incentivize riding transit and help reduce cars on the freeways.

#### *Mobile Application Features*

This negotiated contract modification will include the ability to tap and load your TAP card within an app on select smart phones and tablets. As early as 7-9 months from the start of development, the mobile app will be deployed. Planned future phases include the ability for phones to be used as virtual TAP cards to open gates and interact with other fare payment devices. The mobile app will also include bar code technology and other visual ticketing capabilities that will support the Olympics and other major sports and entertainment events beginning as early as Winter 2017. Other features

include trip planning, rewards and discounts, a TAP vendor locator, notifications and alerts. Plans call for the app to feature all 24 TAP partner agencies' fares to ensure regional connectivity.

No Upfront Cost, Transaction Based

The mobile app and retail fare sales software will be developed with no-upfront cost. The contractor will only derive revenue from fees of from 0.5% to 3.0% of TAP sales transactions. This model ensures that the contractor will have a strong incentive to create and operate a highly successful and popular app, since the contractor only profits if customers are actually using it and buying fares.

Planned Services Implementation Schedule

Planned services include phased development as outlined in TABLE 1.

TABLE 1  
Phase 1 Integration

Project	Description	Planned Launch Date	Progress
<b>Bike Share</b>	Payment integration with TAP account.	Summer 2017	Strategy sessions with integrator complete. Project plan and roadmap in development.
<b>Mobile App Iteration 1</b>	Buy/reload TAP cards, search for vendors, apply for reduced fares and ability for flash pass and bar code technology.	7-9 months from beginning of development	In planning stages.
<b>Fare Subsidy Programs</b> (Immediate Needs and Rider Relief Programs)	Remove paper coupons as part of the new consolidated Low Income Subsidy Programs. Discounts applied on TAP.	December 2017	Architecture and design underway.

Phase 2 Integration efforts will be completed between January 2018 and December 2018. Planned efforts include the ability to tap a phone on a fare gate/farebox, integrate with account-based entities such as ride-hailing services, retail gift cards, parking services, mobility hubs, and electric vehicle car sharing.

**DETERMINATION OF SAFETY IMPACT**

Implementing the enhanced TAP System will not have any adverse safety impacts on Metro patrons or employees.

**FINANCIAL IMPACT**

There are no upfront costs for development of the Nextlink system, the mobile application and the retail fare sales software. The apps are built on a transaction fee-based model. Transaction fees will be charged of 0.5-3.0% of mobile fare sales on the TAP app and 0.75% of in-store sales on the retail vendor app. These fees are in line with industry standards and are less in comparison with our cash collection fees of 6.5% on TAP vending machines and fareboxes. There is a tiered model for mobile fees that enables a lower fee percentage as sales increase. The tiered model is detailed in TABLE 2.

TABLE 2  
Yearly Sales and Tiered Fee Percentages

Tiers		
\$0	\$25,000,000	3.00%
\$25,000,001	\$50,000,000	2.50%
\$50,000,001	\$100,000,000	2.00%
>=\$100,000,001		0.50%

Impact to Budget

There is no impact to Budget. The payment is based on transaction fees and will be deducted from fare sales on the mobile app and retail vendor tablets. Appropriate monthly payments will be paid back to Cubic Transportation Systems, Inc. after sales from mobile and retail fare sales from vendors are generated. If new ridership is generated as a result of the convenience of the mobile app, a revenue increase will occur. If cash riders switch to the mobile app, a savings could occur in future years, based on a reduction in farebox and TAP vending machine cash counting operations.

Responding to Technology

If technology changes, Cubic will adapt with updated software in adherence with trends. For example, if Apple decides to provide access to their iPhones for fare payment, the vendor will make the necessary changes to the mobile app at no additional cost to Metro. As a standard with any Metro procurement, the contract will include options to end the work, such as for non-performance or an opt-out for convenience on a declining scale of cost. The modification is performance-based and not prescriptive: the contractor is incentivized to make the technology changes necessary to remain state-of-the-art.

Due to the high level of customized development of Cubic’s proprietary system, and to keep costs as low as possible, staff recommends Cubic Transportation Systems, Inc. to perform this work.

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## **ALTERNATIVES CONSIDERED**

The Board may choose not to approve recommendation of Cubic for no-upfront-cost and transaction-fee based implementation of Nextlink, mobile and retail fare sales software development. This choice is not recommended due to the urgent need for integration with new technologies and systems. If not approved, the TAP card-based fare collection system will not be able to integrate with new account-based systems such as Bike Share, parking, gift card programs, ride-hailing companies, mobility hubs, electric vehicle car-sharing, low-income subsidy programs and others.

The Board may direct staff to competitively bid this effort, but this is not recommended, as it will result in delays of up to two years and additional costs. In this scenario, the selected contractor would ultimately have to integrate with the Cubic proprietary back end, which is estimated to cost up to \$1-2 million plus additional transaction fees. Metro would have to run two systems which would result in duplication of efforts and of patron data and create customer service issues.

The Board may direct the procurement of an entirely new fare collection system, but this is not recommended based on experiences in other large regions. For example, Chicago has spent hundreds of millions of dollars on their new open payment system and New York has taken over 5 years for procurement alone for their new system.

The Board may direct staff to competitively bid only the mobile and retail sales software as standalone products. A Metro 2015 RFP for a mobile app resulted in a Cubic recommendation because they offered the lowest bid of the finalists. However, the procurement was stopped because of rapid changes in technology and the need to connect with many programs and services. Since then, staff has continued to negotiate with Cubic for better terms and to include proprietary Nextlink and the retail fare sales software.

### **Justification of Non-Competitive Contract**

To accommodate full integration of outside programs with the current fare payment system, reading and writing to customers' TAP cards is necessary. Cubic Transportation Systems, Inc. is the architect of our TAP infrastructure. This complex system holds TAP rider information for 26 TAP-enabled agencies. If Metro were to choose another vendor to do a mobile app, there would still be substantial charges for integration into the existing and complex back end. Building completely new fare payment infrastructure independent of Cubic is likely to take several years, further delaying the incorporation of critical new technologies.

Development of the mobile app, retail pass sales software and the new Nextlink system will not require future change notices or upfront costs to the contractor for outside program or hardware connection. This will enable Metro to compete future outside hardware purchases that were formerly

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proprietary, such as TAP vending machines, fareboxes, bus mobile validators, retail fare sales devices and more.

### **NEXT STEPS**

Upon Board approval, staff will negotiate and execute the contract modification with Cubic Transportation Systems, Inc. for Nextlink and TAP will begin work in May 2017.

### **ATTACHMENTS**

Attachment A - Regional Account Integration Architecture

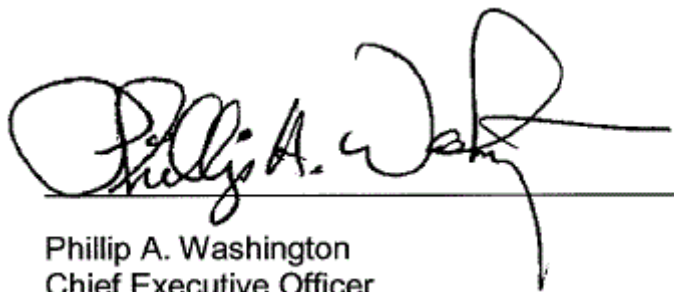
Attachment B - Procurement Summary

Attachment C - Contract Modification/Change Order Log

Attachment D - DEOD Summary

Prepared by: Robin O'Hara, Deputy Executive Officer, (213) 922-2411  
David Sutton, Executive Officer, (213) 922-5633

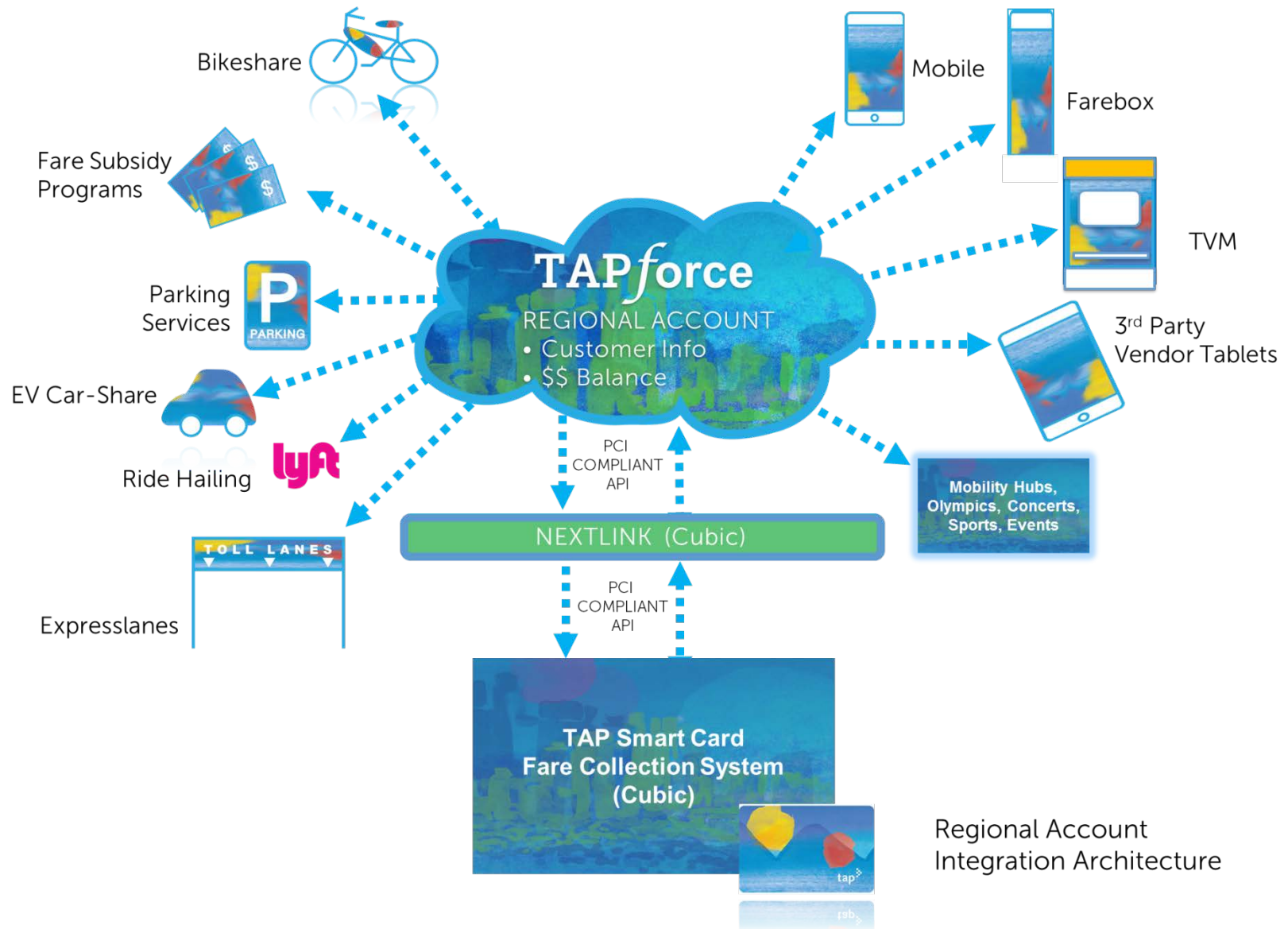
Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088  
Debra Avila, Chief Vendor/Contract Management Officer,  
(213) 418-3051



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Phillip A. Washington  
Chief Executive Officer





PROCUREMENT SUMMARY

UNIVERSAL FARE SYSTEM / OP02461010

1.	<b>Contract Number:</b> OP02461010		
2.	<b>Contractor:</b> Cubic Transportation Systems, Inc.		
3.	<b>Mod. Work Description:</b> Sales, Use, Activate, Initialize and Read Transactions into NextFare		
4.	<b>Contract Work Description:</b> Universal Fare System		
5.	<b>The following data is current as of:</b> May 9, 2017		
6.	<b>Contract Completion Status</b>		<b>Financial Status</b>
	<b>Contract Awarded:</b>	2/20/2002	<b>Contract Award Amount:</b> \$84,003,444
	<b>Notice to Proceed (NTP):</b>	3/7/2002	<b>Total of Modifications Approved:</b> \$175,481,369
	<b>Original Complete Date:</b>	9/1/2007	<b>Pending Modifications (including this action):</b> \$0
	<b>Current Est. Complete Date:</b>	7/1/2020	<b>Current Contract Value (with this action):</b> \$259,484,813
7.	<b>Contract Administrator:</b> Anush Beglaryan		<b>Telephone Number:</b> (213) 418-3047
8.	<b>Project Manager:</b> Robin O'Hara		<b>Telephone Number:</b> (213) 922-2411

**A. Procurement Background**

This Board Action is to approve Contract Modification No. [232-145](#) issued to extend the base contract through December 2024, for no upfront cost of development for Nextlink, a cloud-based connection system, that will link the legacy TAP system to programs and services such as the TAP mobile payment app, Bike Share, fare subsidy programs, parking, ride-hailing services and more, in exchange for sales transaction fees of 0.5% to 3.0%, based on public transit customers' use of mobile app and retail fare sales for five years of operation after development.

This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a Firm Fixed Price.

On February 20, 2002, Contract No. OP02461010 was awarded by the Metro Board to Cubic Transportation Systems, Inc. The Contract provides a countywide fare collection system to serve Metro's public transit customers.

Please refer to Attachment C – Contract Modification/Change Order Log.

## **B. Cost/Price Analysis**

The recommended transaction fee range of between 0.5% to 3.0% of total sales transaction has been determined to be fair and reasonable as this is within industry standards.

Although this is a no cost Contract Modification, Cubic Transportation Systems, Inc. will earn transaction fees on purchases of TAP fares through the use of the mobile app and retail vendor fare sales software.

## CONTRACT MODIFICATION/CHANGE ORDER LOG

## UNIVERSAL FARE SYSTEM / OP02461010

Mod. No.	Description	Status	Date	Amount
1	Table X-1 Milestone Changes	Approved	8/19/2002	\$0.00
2	Ticket Vending Machine Soft Keys	Approved	9/4/2002	\$0.00
3	San Fernando Valley BRT, Additional Quantities	Approved	4/13/2004	\$7,454,844
4	Modification to General Conditions	Approved	10/8/2002	\$0.00
5	TVM Third Coin Hopper	Approved	8/22/2003	\$416,858
6	Stand Alone Validator Video Clips	Approved	3/3/2003	\$0.00
7	Gold Line Functional Test Waiver	Approved	2/13/2003	\$0.00
8	Languages Supported	Approved	2/13/2004	\$0.00
9	Modifications to Compensation & Payment	Approved	2/20/2003	\$0.00
10	Smart Card to Smart Card Value Transfer	Approved	3/3/2003	\$0.00
11	SCADA Cable Installation on Gold Line	Approved	3/3/2003	\$48,476
12	Gold Line Functional Test Waivers	Approved	4/8/2003	\$0.00
13	Farebox Coin Dejam	Approved	4/8/2003	\$0.00
14	Change in Milestone Schedule	Approved	4/16/2003	\$0.00
15	Time Extension, Gold Line	Approved	7/1/2003	\$0.00
16	Change from Datastream MP5 to Express Metrix	Approved	7/1/2003	\$0.00
17	Final Design Review, changes in CDRLS	Approved	7/18/2003	\$0.00
18	Deletion of Printer from Hand Held Validator	Approved	1/6/2004	-\$35,252
19	Variable Message Sign	Approved	2/19/2004	\$243,828
20	Changes to Compensation and Payment	Approved	4/7/2004	\$0.00
21	PCMCIA Card Slot use for WAN	Approved	4/13/2004	\$0.00
22	Data Transmission System	Approved	6/22/2004	\$675,000
23	Mifare Card Initialization and Verification	Approved	6/8/2004	\$9,629
24	Farebox Mounting Adapter for NABI Buses	Approved	7/9/2004	\$32,485
25	Provide Regional CDCS	Approved	2/25/2005	\$5,348,335
25.01	Regional CDCS Overhead Rate Adjustment	Approved	1/17/2007	-\$31,621
25.02	Regional CDCS Acceptance Test Participants	Approved	8/7/2008	\$0.00
26	Remove Requirement for Focus	Approved	12/20/2004	-\$111,704

	Groups			
27	Farebox Rotation	Approved	1/4/2005	\$74,967
28	Metro Gold Line Eastside Extension, Fare Equipment	Approved	7/25/2006	\$3,808,722
29	Stainless Steel Panels for TVM Alcoves	Approved	4/25/2005	\$45,521
30	Data Communication Cabling for Orange Line	Approved	6/10/2005	\$41,560
31	(Not Used)			
32	Additional Spare Part Quantities for Eastside Ext.	Approved	7/25/2005	\$15,480
33	Mifare Card Functionality on UFS	Approved	8/15/2005	\$33,105
34	Revisions to Project Schedule	Approved	10/26/2000	\$0.00
35	OCU Mount	Approved	11/15/2005	\$87,634
36	(Not Used)			
37	Deductive Change for Line 1.36	Approved	4/6/2007	-\$33,116
38	Installation of Third TVM and Relocation of Two SAVs and Blue Line Willow Station	Approved	7/6/2006	\$10,084
39	Upgrade the CDCS System from IB SSA Disk Storage Subsystem to Fiber Disk	Approved	10/2/2006	\$20,000
40	UFS Equipment for Expo Line	Approved	2/16/2007	\$5,197,204
41	(Not Used)			
42	(Not Used)			
43	HHV, PMOS and CPOS Interim Maintenance Deductive Change	Approved	2/16/2007	-\$162,628
44	UFS Additional Quantities for Contracted Services	Approved	2/16/2007	\$2,499,916
45	Replace Go-Cards with Mi-Fare Cards	Approved	2/16/2008	-\$1,157,850
46	Relocation of Data Probes and Receive Vaults at Division 7	Approved	4/9/2007	\$29,787
47	Revisions to US Base and Regional Manuals for Release to ACS	Approved	4/23/2007	\$46,000
48	Expo Line, Pico Station Infrastructure	Approved	7/18/2007	\$18,542
49	Relocation of UFS Lab Equipment	Approved	6/2/2008	\$106,905
50	Expo 7 <sup>th</sup> and Metro Additional Infrastructure	Approved	8/30/2007	\$81,719
50.01	Expo 7 <sup>th</sup> and Metro Infrastructure Deductive change	Approved	8/30/2007	-\$30,173
51	Handheld Validator Holster	Approved	10/16/2007	\$6,184
52	Installation and Testing of Farebox at Transportation Concepts	Approved	3/6/2008	\$16,091
53	Relocate OCUs on Ford Cutaways and MST Buses at Contracted Services	Approved	5/14/2008	\$79,170
54	Installation of one Farebox and Testing for two Fareboxes at Contracted Services	Approved	5/27/2008	\$18,842
55	UFS Quantity Adjustments	Approved	10/9/2008	\$0.00

56	Contracted Bus Service Equipment Change	Approved	12/3/2008	\$36,704
57	Installation and Acceptance Testing of One Farebox at First Transit	Approved	12/19/2008	\$3,040
58	Provide UFS Equipment for Expo from Culver City to Venice/Robertson Aerial Station	Approved	3/4/2009	\$304,246
59	Regional CDCS Electrical Power Reconfiguration	Approved	2/9/2009	\$17,186
60	Rail Equipment Warranty and Bus Equipment Warranty	Approved	2/19/2009	\$0.00
61	TAP Enables Turnstile Fare Gates for Rail Stations	Approved	4/9/2009	\$10,000,000
62	Provide UFS Equipment for Expo Truesdale Station	Approved	3/4/2009	\$284,167
63	System Support Services	Approved	6/8/2010	\$33,988,558
63.01	SSS, Additional Costs	Approved	3/22/2013	\$677,631
63.02	SSS, Orange Line Credits	Approved	3/22/2013	-\$58,243
63.03	SSS, One-year Extension	Approved	3/22/2013	\$8,148,263
64	\$5 Dollar Bill handling Unit for Fareboxes and TVMs	Approved	7/27/2009	\$304,658
65	Installation of Additional SAVs for Eastside Extension	Approved	1/4/2010	\$34,077
66	Relocation of Wing Gate at MRL Wilshire/Normandie Station	Approved	2/2/2010	\$18,905
67	(Not Used)	Approved		
68	UFS Equipment for Orange Line Extension	Approved	11/2/2010	\$2,749,476
68.01	Transfer Maintenance Dollars to 63.01	Approved	1/25/2013	-\$677,631
68.02	UFS Equipment for Orange Line Extension, Credits	Approved	3/22/2013	-\$10,982
69	Additional TVM at Aviation Greenline Station	Approved	4/2/2010	\$13,031
70	TAP Card Physical Testing	Approved	4/28/2010	\$41,844
70.01	TAP Card Physical Testing	Approved	3/22/2013	\$12,658
71	Concession Light Functionality	Approved	6/30/2010	\$96,726
72	(Not Used)	Approved		
73	API Test Server Imaging	Approved	9/9/2010	\$45,024
74	Contract Services Relocation	Approved	11/1/2010	\$33,854
75	Limited Function Sales Office Terminals, Increase Quantity	Approved	2/15/2011	\$993,795
76	CISCO ASA Acquisition and Implementation for API Test and Production Servers	Approved	2/28/2011	\$59,209
77	Cubic LU Key Installation	Approved	3/3/2011	\$69,097
78	Updates Farebox Configuration to Support ARUB Wireless Security Data	Approved	3/3/2011	\$40,204

	Transfer			
79	Relocation of UFS Test Lab Equipment	Approved	4/25/2011	\$80,911
80	7 Byte UID Support	Approved	4/20/2011	\$362,069
81	Fare Gate Fencing Installation Modifications, North Hollywood and Avalon Stations	Approved	4/25/2011	\$24,004
82	Additional TVM at Hollywood/Western Redline Station	Approved	4/25/2011	\$15,531
83	Purchase Drive Control Unit Light Validators DCU-LV	Approved	4/25/2011	\$363,492
84	Install TVMs at Three Metro customer Centers	Approved	6/6/2011	\$386,680
85	Cubic Modification to Gate Software/Locking Commands	Approved	6/29/2011	\$111,188
86	UFS Equipment for Expo Phase I Farmdale Station	Approved	7/26/2011	\$415,184
87	Relocation of TVMs at the Green Line Long Beach Station	Approved	8/25/2011	\$15,909
88	Mobile Validator Non-Recurring Engineering System Development	Approved	10/12/2011	\$611,677
89	Expo Pico Station North Platform TVM/SAV Work	Approved	3/5/2012	\$17,592
90	Deletion of Contract Line Items 1.03, 1.04 & 1.33	Approved	2/15/2012	-\$20,622
91	Orange Line Installation of 12 Metro Provided SAVs	Approved	2/15/2012	\$34,483
92	(Not Used)			
93	(Not Used)			
94	System Support Services, Six Year Extension	Approved	7/1/2013	\$55,000,000
94.01	(Not Used)			
94.02	System Support Services for Expo II and Foothill Extension	Approved	3/2/2015	\$1,152,749
94.03	Maintenance Support Services for 54 TVMs	Approved	4/14/16	\$838,211
95	UFS Equipment Storage Costs	Approved	6/13/2012	\$4,129
96	Faregating, Three Additional Swing Gates	Approved	2/4/2013	\$44,611
97	Green Line Faregating Additional Fire Key Switches at Vermont Station	Approved	4/1/2013	\$8,392
98	Emergency Swing Gate Upgrades	Approved	4/15/2013	\$252,145
99	Removal of TVM from Wilshire/LaBrea Customer Center	Approved	10/8/2013	\$4,883
100	Supplying and Supporting a Turn Key Mobile Validator System	Approved	7/1/2013	\$2,996,113
101	Bus Division Vault Relocation	Approved	8/1/2013	\$995,940
102	Install One TVM at East Portal	Approved	10/8/2013	\$252,905

	Customer Service Center and One at Culver City Station			
103	El Monte Bus Facility TVMs	Approved	10/15/2013	\$474,753
104	Fare Gate Consoles for Expo 2, Colorado/4 <sup>th</sup> Street Station	Approved	5/26/2014	\$380,000
105	TVM and SAV Relocations	Approved	12/16/2013	\$1,456,632
106	Modification to Nextfare to Allow For Segregation of Facility Specific Data	Approved	1/29/2014	\$647,869
107	Passback Modification	Approved	2/18/2014	\$70,301
108	UFS PCI Compliance	Approved	10/23/2014	\$9,015,319
109	Service Provider Support	Approved	6/14/2014	\$66,777
110	Autoload Segregation by Muni	Approved	6/30/2014	\$111,707
111	SAV Three Distinct Tones	Approved	8/4/2014	\$46,634
112	Modify TAP Vending Machine to Improve Purchases	Approved	8/4/2014	\$250,000
113	ADA TVM Upgrades for CN No. 162 and 150 Replacement TVMs	Approved	8/5/2014	\$416,815
114 A	UFS Equipment for Gold Line Foothill Extension	Approved	8/25/2014	\$1,878,756
114 B	UFS Equipment for Expo Phase	Approved	8/25/2014	\$3,783,200
115	FBX External Interface Spec Changes	Approved	8/19/2014	\$20,488
116	Willowbrook Station Blue Line SAVs	Approved	11/19/2014	\$62,882
117	TAP-In, TAP-In, Transfer Gate	Approved	11/19/2014	\$88,598
118	Virtual Gate Arrangement of SAVs at Gold Line Union Station Entrance	Approved	11/19/2014	\$84,964
119	Conversion of Expo 1 Aerial Stations to Fare Gates	Approved	3/2/2015	\$3,077,952
120	Change in Service Level Agreement for TVM & GC Network Additions at No Cost	Approved	3/2/2015	\$0
121	Emergency Swing Gate External Alarm Mode	Approved	11/19/2014	\$0
122	Installation of Colorado & 4 <sup>th</sup> Faregates & ESGs	Approved	3/2/2015	\$163,143
123	OCDC Replacement Equipment Software and Installation	Approved	5/12/2015	\$681,068
124	Expo One Claim No. 1 Settlement	Approved	5/26/2015	\$19,648
125	UFS Global Network, Change for Credit/Debit Processing at TVM	Approved	5/12/2015	\$52,735
126	Metrolink Integration Support	Approved	5/12/2015	\$56,073
127	Metro Network Assistance	Approved	5/12/2015	\$48,758
128	Division 13 Bus Operations TVMs	Approved	5/12/2015	\$99,401
129	Fare Equipment Changes at MRL North Hollywood Station	Approved	5/12/2015	\$577,401
130	Installation of Additional TVM at MRL Civic Center Station North Entrance	Approved	7/15/2015	\$21,593
131	Relocate One TVM From Hawthorne	Approved	9/2/2015	\$31,983



	to Hollywood			
132	Service Provider Support – Deductive Change (Mod 109)	Approved	6/13/2015	-\$66,777
133	Additional Emergency Swing Gate for Expo 2	Approved	6/3/2015	\$10,970
134	Metrolink Support for LU Encoding	Approved	10/7/2015	\$13,666
135	Emergency Swing Gate Hinge Post Substitution at Expo 2 Bundy Station – No Cost Change	Approved	10/21/2015	\$0
136	Relocation of TVMs at MGL Artesia Station	Pending		\$0
137	(Not Used)			
138	Vertiba Support (Salesforce – CRM)	Approved	8/20/2015	\$9,671
139	Regional Inter Agency Transfer Policy Change	Approved	1/21/2015	\$435,000
139.01	Regional Inter Agency Transfer (IAT) Policy Change	Approved	7/15/16	\$480,000
140	54 TVMs, purchase and install	Approved	4/14/16	\$5,194,834
141	(Not Used)			
142	Network, back office station configuration and IAT support	Approved	4/25/17	\$14,578
143	Reduction in monthly PM services	Approved	5/8/17	(\$404,550)
144	20 BMV Install Kits	Approved	5/8/17	\$10,310
145	Sales, Use, Activate, Initialize and read transactions into Nextfare	Pending		\$0
	<b>Modification Total:</b>			<b>\$175,481,369</b>
	<b>Original Contract:</b>			<b>\$84,003,444</b>
	<b>Total:</b>			<b>\$259,484,813</b>

## DEOD SUMMARY

## UNIVERSAL FARE SYSTEM / OP02461010

**A. Small Business Participation**

Cubic Transportation Systems, Inc. made a 5.65% Disadvantaged Business Enterprise (DBE) commitment. The project is 86% complete and the current DBE participation is 8.92%, which exceeds their DBE commitment.

<b>Small Business Commitment</b>	<b>DBE 5.65%</b>	<b>Small Business Participation</b>	<b>DBE 8.92%</b>
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	<b>DBE Subcontractors</b>	<b>Ethnicity</b>	<b>% Committed</b>	<b>Current Participation<sup>1</sup></b>
1.	American Alloy Fabrication	Caucasian Female	0.25%	0.39%
2.	Lows Enterprise	African American Female	0.13%	0.04%
3.	TechProse	Hispanic American Female	0.41%	0.08%
4.	Robnett Electrical	African American	2.53%	7.91%
5.	Priority Manufacturing (GFI)	Caucasian Female	0.93%	0.05%
6.	J-Tec Metal Products	Hispanic American	0.13%	0.04%
7.	KLI, Inc.	Asian Pacific American Female	0.25%	0.11%
8.	Kormex Metal Craft	Asian Pacific American Female	1.02%	0.30%
	<b>Total</b>		<b>5.65%</b>	<b>0</b>

<sup>1</sup>Current Participation = Total Actual amount Paid-to-Date to DBE firms ÷ Total Actual Amount Paid-to-date to Prime.

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

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

**C. Prevailing Wage Applicability**

Prevailing Wage requirements are applicable to this project. DEOD will continue to 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). Trades that may be covered include: surveying, potholing, field, soils and materials testing, building construction inspection and other support trades.

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

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract.