



Connecting Our Community.

ADMINISTRATIVE & FINANCE COMMITTEE

THURSDAY, MARCH 13, 2014 – 8:00 A.M.

OMNITRANS METRO FACILITY

1700 WEST 5TH STREET

SAN BERNARDINO, CA 92411

The meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or services are needed in order to participate in the public meeting, requests should be made through the Recording Secretary at least three (3) business days prior to the Committee Meeting. The Recording Secretary's telephone number is 909-379-7110 (voice) or 909-384-9351 (TTY), located at 1700 West Fifth Street, San Bernardino, California. If you have comments about items on the agenda or other general concerns and are not able to attend the meeting, please mail them to Omnitrans at 1700 West Fifth Street, San Bernardino, California, Attention Board Secretary. Comments may also be submitted by email to BoardSecretary@omnitrans.org.

A. CALL TO ORDER

B. ANNOUNCEMENTS/PRESENTATIONS

1. Next Committee Meeting: Thursday, April 17, 2014, 8:00 a.m.
Omnitrans Metro Facility Board Room

C. COMMUNICATIONS FROM THE PUBLIC

This is the time and place for the general public to address the Board for items that are not on the agenda. In accordance with rules applicable to meetings of the Administrative & Finance Committee, comments on items not on the agenda and on items on the agenda are to be limited to a total of three (3) minutes per individual.

D. POSSIBLE CONFLICT OF INTEREST ISSUES

Disclosure – Note agenda items contractors, subcontractors and agents, which may require member abstentions due to conflict of interest and financial interests. Board member abstentions shall be stated under this item for recordation in the appropriate item.

E. DISCUSSION ITEMS

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| 1. Approve Administrative & Finance Committee Minutes – February 10, 2014 | 2 |
| 2. Receive & File Forward Fuel Purchase Program Update for March 2014 | 7 |
| 3. Recommend to Board of Directors, Receive and File Construction Progress Report No. 26 through February 20, 2014 – sbX E Street Corridor BRT Project | 11 |
| 4. Recommend to Board of Directors, Adoption of Risk Policy for Incurred But Not Reported (IBNR) Workers' Compensation and Liability Claims | 24 |
| 5. Recommend to Board of Directors, Amend Board Stipend Policy | 30 |

F. REMARKS AND ANNOUNCEMENTS

G. ADJOURNMENT

N/A

ITEM # E1

**ADMINISTRATIVE & FINANCE COMMITTEE
MINUTES OF FEBRUARY 10, 2014**

A. CALL TO ORDER

The Administrative & Finance Committee meeting was called to order by Committee Chair Pat Morris at 11:00 a.m., February 10, 2014.

Committee Members Present

Mayor Pat Morris, City of San Bernardino – Committee Chair
Mayor Paul Eaton, City of Montclair
Council Member Frank Gonzales, City of Colton
Mayor Ed Graham, City of Chino Hills
Mayor Ray Musser, City of Upland
Supervisor Gary Ovitt, County of San Bernardino
Council Member Dick Riddell, City of Yucaipa
Mayor Pro Tem John Roberts, City of Fontana
Mayor Walt Stanckiewicz, City of Grand Terrace

Committee Members Not Present

Mayor Pro Tem Alan Wapner, City of Ontario

OmniTrans Administrative Staff Present

Diane Caldera, Interim Director of Operations
Jack Dooley, Director of Maintenance
Marge Ewing, Director of Human Resources
Sam Gibbs, Director of Internal Audit Services
Jacob Harms, Director of Information Technology
Anna Rahtz, Acting Director of Planning & Development Services
Don Walker, Director of Finance
Wendy Williams, Director of Marketing
Andres Ramirez, sbX Construction Manager
Jim Deskus, sbX Project Analyst
Maurice Mansion, Treasury Manager
Mark Crosby, Loss Prevention and Security Supervisor

B. ANNOUNCEMENTS/PRESENTATIONS

The next Committee Meeting is scheduled Thursday, March 13, 2014, at 8:00 a.m. (Note: Committee adopted new meeting schedule – See Discussion Item #E6.)

C. COMMUNICATION FROM THE PUBLIC

There were no comments from the public.

D. POSSIBLE CONFLICTS OF INTEREST ISSUES

There were no conflicts of interest issues identified.

E. DISCUSSION ITEMS

1. Approve Administrative & Finance Committee Minutes – January 13, 2014

M/S (Stanckiewicz/Eaton) that approved the Committee minutes of January 13, 2014. Motion was unanimous by members present.

2. Receive & File Forward Fuel Purchase Program Update for February 2014

Director of Finance Walker provided the monthly Forward Fuel Purchase Update for February, reporting that 45 percent of the Agency's natural gas is hedged. Omnitrans will recognize a \$27,600 gain on the hedge position in February. For the period of February 2012 through February 2014, Omnitrans has recognized a total gain of \$5,980 on settled hedge positions. And, for the months that remain open on the current contract, March through June 2014, there is an unrecognized gain of \$59,700. Staff will bring forward a recommendation to the Committee as to whether to extend the program or not prior to June 2014.

This item was received and filed.

3. Receive & Forward to Board of Directors, Construction Progress Report No. 25 through January 23, 2014 – sbX E Street Corridor BRT Project

In light of the comments received at the Board Meeting on February 5, 2014, related to the fuel tanks, Committee Chair Morris invited Committee Members to tour the VMF after the conclusion of the meeting.

sbX Construction Manager Ramirez presented an update on the progress of the sbX Corridor and the Vehicle Maintenance Facility (VMF). The VMF is 33 percent complete, with final demolition in progress and work continuing at all buildings. The sbX corridor is 96 percent complete. Features at each station include: polycarbonate panels with an anti-graffiti coating, seating, bike racks, landscaping, solar powered lights, and ticket vending machines. There are also: advertising panels, variable message signs, bus lane only signs, pylon signs, artwork, map case with an information phone (P-Tel) that connects directly to the Omnitrans Route Information line, and an emergency

telephone (E-Tel), that connects directly to Cal State Police, City of San Bernardino Police Dispatch or Loma Linda Police Dispatch, depending on location, guard rails and closed circuit television cameras. Project remains within the projected budget of \$191.7M, with \$145.6M expended to date, and a \$189.6 estimated cost at completion. With over 395,000 combined hours logged with both projects, lost time injuries remain at zero.

The next steps for the corridor include traffic signal timing implementation at each intersection with level two and three testing to follow, which will include the vehicle actually sending the request for traffic signal prioritization. Emergency vehicles will still have override priority and should a power outage occur, the lights would flash using battery backup power. Development of the punch list for action by the contractor is also in process.

The next steps for the VMF include concrete placement for Bus Lifts, over-excavation and re-compaction at Building B and building foundations and relocation of the buffer tanks.

Member Musser asked staff to look at the direction the Ticket Vending Machines face and consider alternatives to ensure that passengers can read the display screens in direct sunlight.

This item was received by the Committee and will be forwarded to the Board of Directors for receipt and file.

4. Recommend to Board of Directors, Receive and File Internal Audit Services Status Update

Internal Audit Director Samuel Gibbs presented the update on his activities conducted between July and December 2013, including:

Procurement System Review (PSR) – All deficiencies identified in the PSR were individually addressed and Omnitrans complied with all of FTA's requirements; FTA has responded recognizing all the improvements made.

P-Card Process – Review of the P-Card process shows the overall process is sound and the right controls are in place. Recommendation made to review policy and procedures annually, as well as educating those with P-Cards to ensure that items not authorized, such as computer related items, are not purchased using the P-Card.

Employee Recreation Committee (ERC) – The ERC uses the vending machine money to fund planned trips for ERC members such as to Disneyland, or for golf or bowling, in addition to using some of the funds in recent years towards the annual holiday party. The audit conducted this year resulted in no recommendations as the Committee had implemented all prior audit recommendations.

Procurement Protests – A review of all the documents, current processes and policies resulted in all four protests found to be without merit. Further, during the protest review, if areas were identified that would improve our current processes or strengthen our policies, recommendations were presented to the Director of Procurement for action.

Succession Planning – Omnitrans received a \$340,000 workforce development grant from the Federal Transit Administration. These funds will be used primarily to provide growth opportunities in the region to blue collar workers. A Workforce Development Team is working to set up the first class of coach operator training. There may also be an opportunity to use some of the funds for internships. If the program is successful, Omnitrans will apply for additional funds to address senior level management succession planning.

5. Recommend to Board of Directors, Receive and File Omnitrans' Fiscal Year Ended June 30, 2013, Audit Reports

Director of Finance Don Walker introduced Roger Alfaro, Partner with Vavrinek, Trine Day & Company, who summarized the results of the Fiscal Year Ended June 30, 2013 Audit Reports.

Comprehensive Annual Financial Report (CAFR) – The CAFR contains basic financial statements and required footnote disclosures – An Unmodified Opinion (clean opinion) was issued which is the highest level of assurance attainable.

One material weakness was identified in internal controls with respect to financial reporting and has been included in the financial and single audit report and an Unmodified Opinion (clean opinion) was issued with respect to Federal Compliance Testing for major programs. There were two instances identified with respect to financial reporting.

Finding 2013-001 relates to two issues:

1. CNG Fuel Tax Credits - Omnitrans had earned and identified the revenue, but the credits were recorded as deferred revenue until costs with planned projects were incurred.

Director of Finance Don Walker explained that last year, Omnitrans had received approval from the Board of Directors to use the CNG Fuel Tax Credit as a match for capital projects, for operating costs, or both, which is why it was booked at deferred revenue. However, as a result of VTD's recommendation, the CNG Fuel Tax credit was recognized at fiscal yearend. Omnitrans continued to recognize the revenue as recommended through program end at December 2013.

2. Incurred But Not Reported (IBNR) Claims – Omnitrans inconsistently applied the application of confidence levels and the recognition of liability in 2013 compared to prior year. As a result, Omnitrans reported part of the adjustment and the remaining amount is included in the financial statement as an uncorrected misstatement.

Director Walker said that a proposed IBNR policy was to be presented to the Committee at this meeting; however, in the absence of the CEO/General Manager, it will be presented to the Committee in March.

Single Audit Report on Federal Awards – The Single Audit contains two Independent Auditors' Report: Internal Control Over Financial Reporting and On Compliance and

Other Matters, and On Compliance for Each Major Program, Report on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards.

Related to the test of the major program selected for the fiscal year, one instance identified pertains to the fact that specific requirements were not met on pass through of funds; such as the inclusion of the Federal Domestic Assistance title and number, award name and number, award years, and dollar amounts not being provided to the sub-recipients.

Director Walker explained that this issue relates to the San Bernardino Transit Center wherein with the initial grant application, the project was Omnitrans, however, when the project transferred to SANBAG, Omnitrans had not treated it as a pass through. This was corrected with the second grant and SANBAG was established as a pass through agency and will be recognized as such going forward.

SAS 114, Other Qualitative Matters – No difficulties were encountered in the course of performing the audit, accounting policies used were found to be consistent from one period to the next, and it is recognized that certain items contained in the financial statements are significant estimates.

6. Consider Schedule Change for Monthly Committee Meeting – Discussion

As many of the Committee Members also attend SANBAG's Metro Valley Study Session, incoming Committee Chair Graham requested the Committee consider rescheduling Omnitrans' Administrative & Finance Committee meeting to coincide with SANBAG's Metro Valley Study Session.

M/S (Graham/Roberts) that rescheduled the Administrative & Finance Committee Meeting to 8:00 a.m. on the same day of SANBAG's Metro Valley Study Session. Motion unanimous by members present.

F. REMARKS AND ANNOUNCEMENTS

Mayor Morris thanked fellow Committee Members for their commitment to public service and to Omnitrans staff for making Omnitrans a great transit system.

G. ADJOURNMENT

The Administrative & Finance Committee meeting adjourned at 12:00 p.m. The next Administrative & Finance Committee Meeting is scheduled Thursday, March 13, 2014, at 8:00 a.m., with location posted on the Omnitrans website and at Omnitrans' San Bernardino Metro Facility.

Prepared by:

Vicki Dennett, Assistant to CEO/General Manager

ITEM # E2

DATE: March 13, 2014

TO: Committee Chair Ed Graham and
Members of the Administrative and Finance Committee

THROUGH: P. Scott Graham, CEO/General Manager

FROM: Donald Walker, Director of Finance

SUBJECT: **DIRECTOR OF FINANCE'S REPORT ON FORWARD FUEL
PURCHASES FOR MARCH 2014**

FORM MOTION

Receive and file Director of Finance's report on forward fuel purchases for March 2014. This program was implemented on May 6, 2009, to increase the predictability of Omnitrans costs and reduce operational uncertainty in the event of dramatic fuel price increases in the open market.

BACKGROUND

This report is submitted in order to comply with the requirements of the Omnitrans Forward Fuel Purchase Policy and Procedure. The report highlights activities taken under the Board action of November 2011 authorizing staff to hedge up to 150,000 gallons per month of CNG on the NYMEX exchange through Morgan Stanley. The report includes a summary of the hedge that has been established, an estimate of the monthly variance to be recognized in the Agency's financials, and may include articles on significant matters that have impacted the market for CNG. The current hedge fixes the price of approximately 45% of the Agency's natural gas through June 2014. Staff will make a recommendation on whether or not to extend the hedge within the next three months.

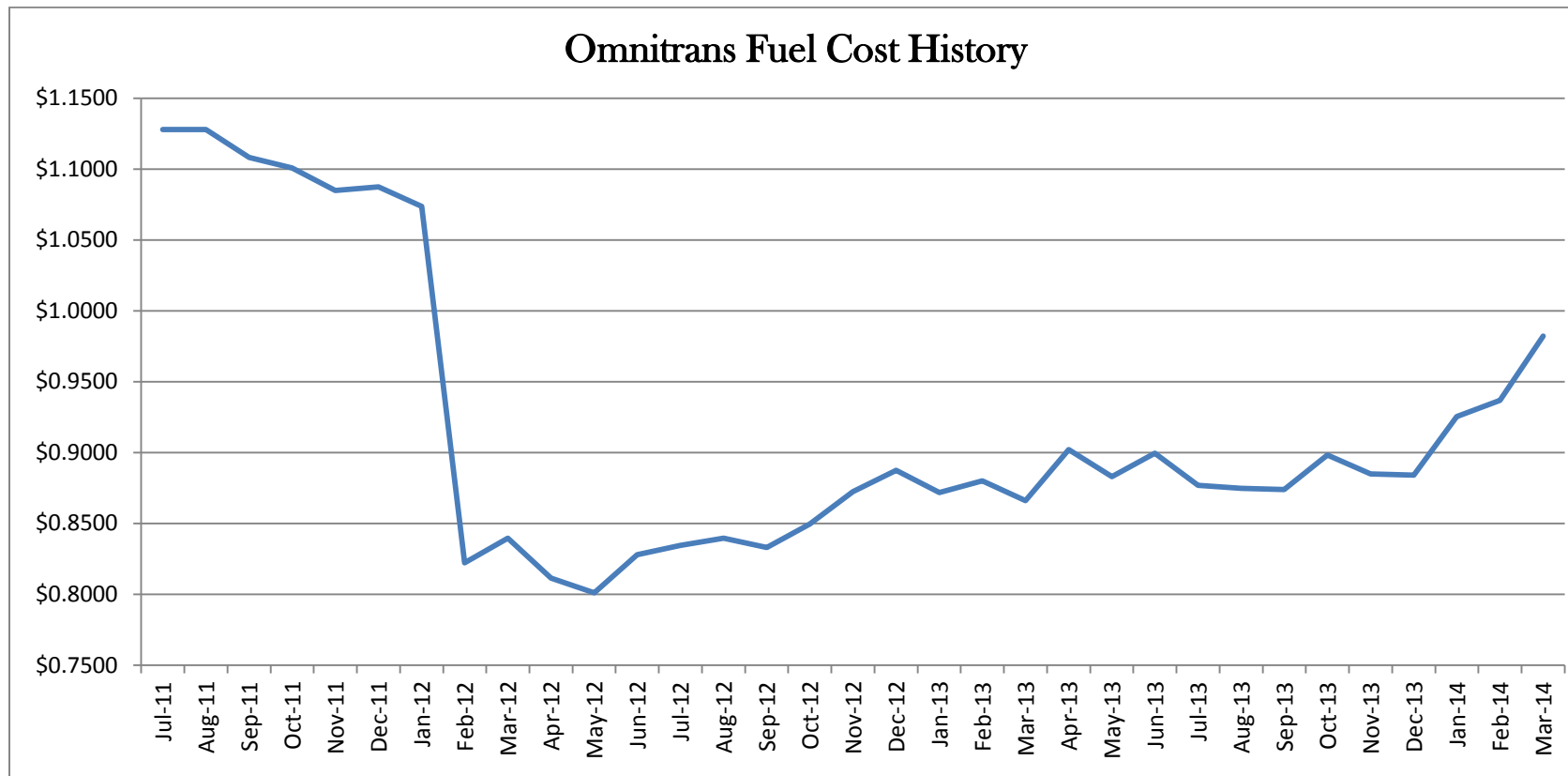
Omnitrans has increased its fuel budget from \$.88 to \$.92 for FY2014, as CNG prices in the market have increased. The March 2014 contract closed above the hedge price. The Agency will record a profit on our futures position for the month of March and that gain will offset a portion of the fuel costs that will be reflected in the Agency's Expense Summary for February 2014.

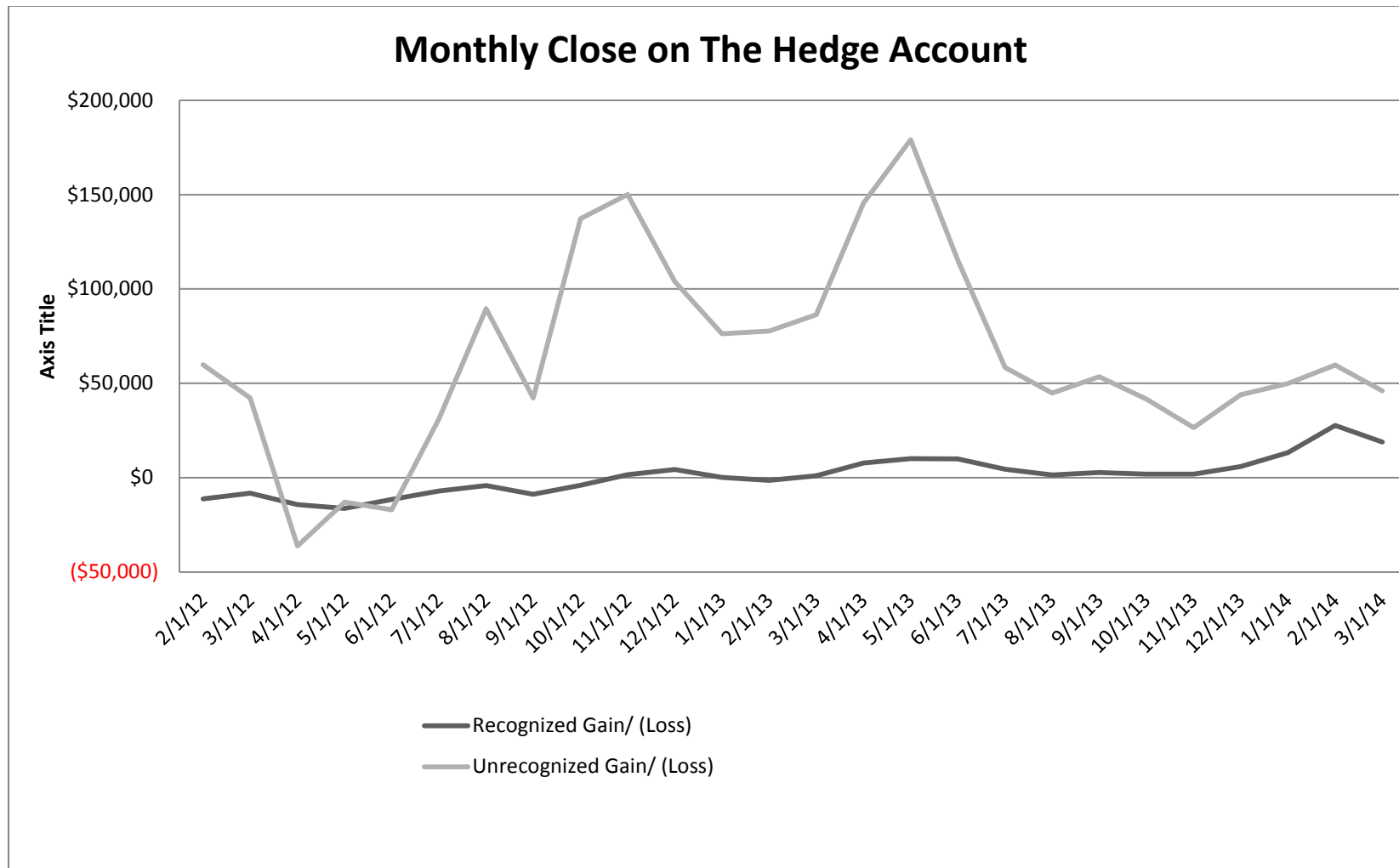
The net price that will be used for Omnitrans' March 2014 fuel purchase is \$0.9822 per gallon. This includes CNG at the So Cal Index price, the gain on the hedge position, liquefaction, delivery, and sales tax. (Note: We do not hedge the index differential. The gain on the hedge is based on the Henry Hub index. Clean Energy prices our deliveries off the SoCal index. In

March, the SoCal Index settled above Henry Hub.) This price is after recognition of the monthly gain on the hedge position in the amount of \$18,825.

Omnitrans will recognize a loss in the CNG account of approximately \$21,133 in the month of March 2014. Omnitrans has recognized a total gain of \$24,805 on settled hedge positions; February 2012 through March 2014. The Agency has an unrecognized gain of \$46,000 on positions that remain open; April 2014 through June 2014. The forward market is anticipating that CNG fuel prices in the near future will remain above the price levels of the Omnitrans hedge.

PSG:dw





ITEM # E3

DATE: March 13, 2014

TO: Committee Chair Ed Graham and
Members of the Administrative & Finance Committee

THROUGH: P. Scott Graham, CEO/General Manager

FROM: Andres Ramirez, sbX Construction Manager

SUBJECT: **CONSTRUCTION PROGRESS REPORT NO. 26 THROUGH
FEBRUARY 20, 2014 - sbX E STREET CORRIDOR BRT PROJECT**

FORM MOTION

Receive and recommend to the Board of Directors for receipt and file Construction Progress Report No. 26 for the sbX E Street Corridor BRT Project through February 20, 2014.

BACKGROUND

This is Construction Progress Report No. 26 for the sbX E Street Corridor Project.

CONCLUSION

Receive and recommend to the Board of Directors for receipt and file Construction Progress Report No.26 for the sbX E Street Corridor BRT Project through February 20, 2014.

PSG:AR

Attachment



sbX E Street Corridor Bus Rapid Transit (BRT) Project

Construction Progress Report No. 26

As of February 20, 2014

Submitted By:

JACOBS

Contractor: SBX Corridor - Griffith/Comet
VMF – USS Cal Builders

Contractor Contract No.: IPMO11-5

Project Manager: Roger Hatton, P.E.

Resident Engineer Karim Varshochi, P.E.
(Corridor)
Anni Larkins, P.E.
(VMF)

Omnitrans Construction
Manager: Andres Ramirez
Construction Manager



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I. PROJECT STATUS SUMMARY

A. Project Description – sbX Corridor

The sbX E Street Corridor BRT Project is a 15.7-mile-long transit improvement project that will connect the northern portion of the City of San Bernardino with the City of Loma Linda. Over the past four years, the sbX E Street Corridor Bus Rapid Transit (BRT) Project has evolved as the highest priority corridor identified in the System-Wide Transit Corridor Plan for the San Bernardino Valley.

The Refined LPA includes:

- 15.7 mile corridor
- 5.4 miles of exclusive center-running BRT lanes
- 10.3 miles of mixed flow BRT operation
- 16 BRT station locations, 6 center stations and 10 curb stations
- 23 station boarding structures
- 4 park-and-ride facilities with a total of 610 parking spaces
- Transit signal priority (TSP) applications at select key intersections

B. Summary Status Update (Accomplishments) – sbX Corridor

- Completed installation of glass panels.
- Completed project punch list walk.
- Completing remaining change order work.
- Installation of security railing at center running stations.
- Installation of artwork and plaques.

C. March Work – sbX Corridor

- Completing punch list items.
- Completing Level I testing/certification.
- Completing Level 2-4 testing/certification.

D. Project Description – Vehicle Maintenance Facility (VMF)

The Omnitrans' Vehicle Maintenance Facility is a 4.4-acre facility maintaining and servicing the Omnitrans' bus fleet, comprised of over 160 buses. Modifications to Omnitrans' facility include the demolition of a bus washing station, removal of abandoned underground fuel tanks and new construction of a bus washing system, a new Genset building, a three-lane CNG fueling station, and re-configuring the bus parking area. Modifications to the maintenance building made in order to accommodate Omnitrans' 60-foot articulated bus fleet.

E. Summary Status Update (Accomplishments) – Vehicle Maintenance Facility (VMF)

- On January 17, 2014 the Agency received non-detect results for the last UST removed; however backfill work is pending resolution of the adjacent contaminated soil site.
- Placed concrete for the booster pump pad and the tire carousel pad on January 23, 2014. Fabrication of the enclosure is ongoing.
- Placed concrete for the door in fills at Building A on February 11, 2014.
- Completed lathe installation and inspection at the new Batter Room on February 12, 2014.
- Completed existing footing removal at the old Building B in January 2014; however, backfill work is pending resolution of the adjacent contaminated soil site.

F. March Work – Vehicle Maintenance Facility (VMF)

- Complete concrete placement for the new bus lift pits in Maintenance Building A.
- If the County approves the submitted plan to mitigate the contaminated soil encountered at new Building B, and if the contaminated soil does not extend east of the new Building B footprint, the Contractor can proceed with the construction of the new buffer tank pad, relocation of the buffer tanks, and start grading and excavation for the new Fuel Facility (Building C).
- Once the contaminated soil area is mitigated, the Contractor can proceed with installation of the new sewer line and grading for the new Bus Wash Facility (Building B).
- Complete construction of the new booster pump and enclosure, and complete the water point of connection at the compressor room in March 2014.
- Install the new compressors and continue work at the new battery room.

II. PROJECT SCHEDULE

The CM team and Contractors are using the latest scheduling tools (Primavera V. P6), available to manage the project schedule.

A. Summary of Project Schedule – sbX Corridor

A formal Dispute Resolution Board hearing was held on January 16, 2014. As a result, the DRB requested that the Contractor prepare a revised baseline schedule for review, which would include all change orders to date.

The Contractor proceeded to prepare an update to their normal schedule which they felt represented a more accurate “longest path” than the one submitted in August. They also prepared a cost analysis for the extended General Conditions that correlated with the updated schedule. Contractor asked Omnitrans to use these documents as a basis for negotiations rather than proceed with the DRB. Thus, the DRB was placed on hold.

Omnitrans met with the Contractor on two occasions and we were able to come to an agreement on a time extension until March 31, 2014, and the associated costs. To finalize our agreement, a change is being processed.

B. Summary of Project Schedule – Vehicle Maintenance Facility (VMF)

The Contractor resubmitted its combined October/November 2013 Monthly Schedule Update, with a data date of November 4, 2013, on January 8, 2014.

The schedule update shows the project behind schedule, with approximately (+/-) 208-calendar days of negative float projecting a Substantial and Final Completion dates of July 14, 2014 and September 11, 2014, respectively. The resubmittal was accepted "For Record Purposes Only" on January 29, 2014 and the Contractor is expected to submit its December 2013 Monthly Schedule Update (UP05), with a data date of December 15, 2013, by the end of February 2014.

The formal TIE #1 was evaluated and returned to the Contractor. Merit was found for a time extension of 108 calendar days. Fifty-five of those days deemed concurrent, while fifty-three deemed excusable and compensable. The remaining 100 of the 216 days requested found to be unexplained and the Contractor asked to recover or validate those days.

A change order is being prepared to formally grant the 108-calendar day extension while the Contractor has formally reserved his right to dispute the 100 unexplained days. The time extension will formally change the substantial completion and final completion to 3/27/14 and 5/26/14, respectively.

III. REQUESTS FOR INFORMATION (RFIs), SUBMITTALS, AND NON-CONFORMANCE REPORTS (NCRs)

A. sbX Corridor

To date, the CM team has met the required timelines and no delay has come about as a result of submittal and RFI responses.

Total RFIs – 1008	Total Submittals – 866	Total NCRs - 26
Total Open – 6	Total Open – 5	Total Open - 3

Weekly RFI meetings held every Tuesday morning.
Weekly NCR meetings held every Thursday morning.

B. Vehicle Maintenance Facility (VMF)

To date, the CM team has met the required timelines and no delay caused by submittal and RFI responses.

Total RFIs – 174	Total Submittals – 312	Total NCRs – 12
Total Open – 6	Total Open – 8	Total Open – 5

SAFETY

The project team considers safety to be the utmost priority. As such, the entire project team works towards a “no-lost time” goal on a daily basis.

SbX Corridor - As of December 25, 2013 there are 409,019.00 “no-lost time” hours.

VMF - As of February 7, 2014 there are 17,056.21 “no-lost time” hours.

IV. PROJECT BUDGET AND COST**TOTAL PROGRAM BUDGET**

BUDGET AS OF JANUARY 31, 2014

Approved Budget	\$191,706,000
Cost to Date	\$151,073,283
Estimate to Complete	\$ 39,016,157
Estimate at Completion	\$190,089,440

SBX CORRIDOR PROJECT COSTS - AS OF JANUARY 31, 2014

	CURRENT AUTHORIZED	CURRENT INVOICES PAID	REMAINING CONTRACT BALANCE
JACOBS	\$11,852,647	\$9,140,751	\$2,711,896
PARSONS	\$18,097,876	\$16,841,587	\$1,256,289
GRIFFITH/COMET	\$83,900,928	\$72,451,706	\$11,449,222
TOTAL	\$113,851,451	\$98,434,044	\$15,417,407

VMF CORRIDOR PROJECT COSTS - AS OF JANUARY 31, 2014

	CURRENT AUTHORIZED	CURRENT INVOICES PAID	REMAINING CONTRACT BALANCE
STV Inc.	\$1,418,132	\$1,267,633	\$150,499
USS Cal Builders	\$11,492,704	\$4,918,099	\$6,574,605
Total	\$12,910,836	\$6,185,732	\$6,725,104

SBX CORRIDOR CONTRACT TIME

Activity	Days	Date
Notice to Proceed		11/21/11
Calendar Days per Original Contract	730	
Original Completion Date		12/21/13
Calendar Days Completed as of February 20, 2014	791	
CCO Time Extension to Date	0	
Required Completion Days/Date as of February 20, 2014	-61	12/21/13
Forecasted Completion Date as of February 20, 2014		TBD*
Percent Time Elapsed	108%	

VMF CONTRACT TIME

Activity	Days	Date
Notice to Proceed		12/10/12
Calendar Days per Original Contract	425	
Original Completion Date		02/08/14
Calendar Days Completed as of February 20, 2014	437	
CCO Time Extension to Date	0	
Required Completion Days/Date as of February 20, 2014	-12	02/08/14
Forecasted Revenue Start Date as of February 20, 2014		04/30/14
Percent Time Elapsed	103%	

* CONSTRUCTION COMPLETION DATE WILL BE AVAILABLE UPON COMPLETION OF THE SCHEDULE UPDATE.

CHANGE ORDERS**SBX CORRIDOR CONTRACT CHANGE ORDERS - As of February 20, 2014**

Change Order Status	Amount Approved
Approved Change Orders	\$18,775,176.53
Pending Change Orders	\$736,569.82
Potential Change Orders	\$1,240,000
Total	\$20,751,746.35

VMF CONTRACT CHANGE ORDERS - As of February 20, 2014

Change Order Status	Amount
Approved Change Orders	\$1,013,548.60
Pending Change Orders	\$138,827.82
Potential Change Orders	\$1,891,342.99
Total	\$3,043,719.41

Note: Currently, pricing for Potential Change Orders are estimated based on Rough Order of Magnitude pending designer plans or final submittal of pricing by the Contractor.

Upon the approval of the final to date schedule, an analysis will be completed to determine the effect of the change orders on the scheduled completion date.

V. Project Photographs

SBX CORRIDOR PROGRESS PHOTOS



1. Ace Fence installing a gate post for Gage Canal at Brier.



2. Little Mountain and Kendall installation of truncated domes.

VMF PROGRESS PHOTOS

1. Removal of the 600-Gallon Underground Diesel Tank.



2. All 8 Underground Storage Tanks Are Removed, Buildings B and C are Demolished and Site is Being Prepared for Grading Activities and Foundations of Future Bus Wash and Fueling Stations

IPMO/sbX Project Cost Report
Period Ended 1/31/14

Description	Current Budget	Expenditures \$	%	Remaining Budget	Estimate to Complete	Estimate at Completion	Budget Forecast Variance
BRT Construction	84,637,000	72,528,049	85.7%	12,108,951	16,776,838	89,304,887	(4,667,887)
Vehicle Maintenance Facility (VMF) Construction	8,131,000	4,918,099		3,212,901	10,261,583	15,179,682	(7,048,682)
Vehicles - Design & Manufacturing	16,628,000	14,800,861	89.0%	1,827,139	1,364,854	16,165,715	462,285
ROW Acquisition Services	10,357,000	10,940,793	105.6%	(583,793)	964,334	11,905,127	(1,548,127)
3rd Party Utilities Design & Relocation	1,003,000	1,046,796	104.4%	(43,796)	59,321	1,106,117	(103,117)
BRT Design	17,849,400	16,841,587	94.4%	1,007,813	9,495	16,851,082	998,318
VMF Design	1,007,600	1,282,033	127.2%	(274,433)	413,899	1,695,932	(688,332)
Other Professional, Technical & Management Services	34,020,000	28,715,065	84.4%	5,304,935	9,165,833	37,880,898	(3,860,898)
SUB-TOTAL	173,633,000	151,073,283		22,559,717	39,016,157	190,089,440	(16,456,440)
Unallocated Contingency	18,073,000	-		18,073,000	1,616,560	1,616,560	16,456,440
TOTAL	191,706,000	151,073,283	78.8%	40,632,717	40,632,717	191,706,000	-

**IPMO/sbX Project
Through 1/31/14**

Standard Cost Category (SCC)	Description	Approved Current Budget	Expenditures \$ %	Remaining Budget	Estimate to Complete	Estimate at Completion	Budget Forecast Variance
10	GUIDEWAY & TRACK ELEMENTS	19,725,000	16,842,055 85.4%	\$ 2,882,945	\$ 2,750,640	\$ 19,592,695	\$ 132,305
10.02	Guideway: At-grade semi-exclusive (allows cross-traffic)	\$ 18,353,000	14,915,643 81.3%	\$ 3,437,357	\$ 2,413,579	\$ 17,329,222	\$ 1,023,778
10.03	Guideway: At-grade in mixed traffic	\$ 1,372,000	1,926,412 140.4%	\$ (554,412)	\$ 337,061	\$ 2,263,473	\$ (891,473)
20	STATIONS, STOPS, TERMINALS, INTERMODAL	14,917,000	12,495,408 83.8%	\$ 2,421,592	\$ 1,840,671	\$ 14,336,079	\$ 580,921
20.01	At-grade station, stop, shelter, mall, terminal, platform	14,917,000	12,495,408 83.8%	\$ 2,421,592	\$ 1,840,671	\$ 14,336,079	\$ -
30	SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS	\$ 8,131,000	4,918,099 60.5%	\$ 3,212,901	\$ 10,261,582	\$ 15,179,681	\$ (7,048,681)
30.02	Light Maintenance Facility	\$ 4,265,000	3,821,363 89.6%	\$ 443,637	\$ 7,866,991	\$ 11,688,354	\$ (7,423,354)
30.05	Yard and Yard Track	\$ 3,866,000	1,096,736 0.0%	\$ 2,769,264	\$ 2,394,591	\$ 3,491,327	\$ 374,673
40	SITEWORK & SPECIAL CONDITIONS	34,271,000	24,928,679 72.7%	\$ 9,342,321	\$ 5,699,632	\$ 30,628,311	\$ 3,642,689
40.01	Demolition, Clearing, Earthwork	\$ 4,741,000	329,366 6.9%	\$ 4,411,634	\$ 133,428	\$ 462,794	\$ 4,278,206
40.02	Site Utilities, Utility Relocation	\$ 4,993,000	9,128,258 182.8%	\$ (4,135,258)	\$ 2,118,701	\$ 11,246,959	\$ (6,253,959)
40.05	Site structures including retaining walls, sound walls	\$ 90,000	176,540 196.2%	\$ (86,540)	\$ 467,326	\$ 643,866	\$ (553,866)
40.06	Pedestrian / bike access and accommodation, landscaping	\$ 6,925,000	3,190,112 46.1%	\$ 3,734,888	\$ 1,729,878	\$ 4,919,990	\$ 2,005,010
40.07	Automobile, bus, van accessways including roads, parking lots	\$ 3,601,000	4,076,160 113.2%	\$ (475,160)	\$ 171,189	\$ 4,247,349	\$ (646,349)
40.08	Temporary Facilities and other indirect costs during construction	\$ 13,921,000	8,028,243 57.7%	\$ 5,892,757	\$ 1,079,110	\$ 9,107,353	\$ 4,813,647
50	SYSTEMS	\$ 16,727,000	19,308,703 115.4%	\$ (2,581,703)	\$ 1,217,600	\$ 20,526,303	\$ (3,799,303)
50.02	Traffic signals and crossing protection	\$ 10,810,000	6,269,090 58.0%	\$ 4,540,910	\$ 228,946	\$ 6,498,036	\$ 4,311,964
50.05	Communications	\$ 4,210,000	8,065,688 191.6%	\$ (3,855,688)	\$ 362,579	\$ 8,428,267	\$ (4,218,267)
50.06	Fare collection system and equipment	\$ 1,707,000	4,973,925 291.4%	\$ (3,266,925)	\$ 626,075	\$ 5,600,000	\$ (3,893,000)
	Pending Change Orders				\$ 2,115,576	\$ 2,115,576	\$ (2,115,576)
	Risk				\$ 3,212,040	\$ 3,212,040	\$ (3,212,040)
	Construction Subtotal (10-50)	93,771,000	78,492,944 83.7%	\$ 15,278,056	\$ 27,097,741	\$ 105,590,685	\$ (11,819,685)
60	ROW, LAND, EXISTING IMPROVEMENTS	\$ 6,532,000	\$ 6,006,388 92.0%	\$ 525,612	\$ 959,604	\$ 6,965,992	\$ (433,992)
60.01	Purchase or lease of real estate	\$ 6,327,000	5,841,458 92.3%	\$ 485,542	\$ 919,534	\$ 6,760,992	\$ (433,992)
60.02	Relocation of existing households and businesses	\$ 205,000	164,930 80.5%	\$ 40,070	\$ 40,070	\$ 205,000	\$ -
70	VEHICLES	\$ 16,628,000	\$ 14,800,861 89.0%	\$ 1,827,139	\$ 1,364,854	\$ 16,165,715	\$ 462,285
70.04	Bus	\$ 15,448,000	14,800,861 95.8%	\$ 647,139	\$ 457,806	\$ 15,258,667	\$ 189,333
70.06	Non-revenue vehicles	\$ 250,000	- 0.0%	\$ 250,000	\$ -	\$ -	\$ 250,000
70.07	Spare parts	\$ 930,000	- 0.0%	\$ 930,000	\$ 907,048	\$ 907,048	\$ 22,952
80	PROFESSIONAL SERVICES	56,702,000	51,773,090 91.3%	\$ 4,928,910	\$ 9,593,958	\$ 61,367,048	\$ (4,665,048)
80.01	Preliminary Engineering	\$ 12,921,000	12,876,525 99.7%	\$ 44,475	\$ 17,502	\$ 12,894,027	\$ 26,973
80.02	Final Design	\$ 7,261,000	7,028,619 96.8%	\$ 232,381	\$ 413,503	\$ 7,442,122	\$ (181,122)
80.03	Project Management for Design and Construction	\$ 15,997,000	11,178,820 69.9%	\$ 4,818,180	\$ 3,543,882	\$ 14,722,702	\$ 1,274,298
80.04	Construction Administration & Management	\$ 6,632,000	9,140,751 137.8%	\$ (2,508,751)	\$ 3,711,896	\$ 12,852,647	\$ (6,220,647)
80.05	Professional Liability and other Non-Construction Insurance	\$ 1,112,000	- 0.0%	\$ 1,112,000	\$ 500,000	\$ 500,000	\$ 612,000
80.06	Legal; Permits; Review Fees by other agencies, cities, etc.	\$ 10,596,000	11,548,375 109.0%	\$ (952,375)	\$ 682,175	\$ 12,230,550	\$ (1,634,550)
80.07	Surveys, Testing, Investigation, Inspection	\$ 1,463,000	- 0.0%	\$ 1,463,000	\$ 25,000	\$ 25,000	\$ 1,438,000
80.08	Start up	\$ 720,000	- 0.0%	\$ 720,000	\$ 700,000	\$ 700,000	\$ 20,000
	Subtotal (10-80)	\$ 173,633,000	\$ 151,073,283 87.0%	\$ 22,559,717	\$ 39,016,157	\$ 190,089,440	\$ (16,456,440)
90	UNALLOCATED CONTINGENCY	18,073,000	- 0.0%	\$ 18,073,000	\$ 1,616,560	\$ 1,616,560	\$ 16,456,440
	Subtotal (10-90)	191,706,000	151,073,283 78.8%	\$ 40,632,717	\$ 40,632,717	\$ 191,706,000	\$ -
100	FINANCE CHARGES	-	-	\$ -	\$ -	\$ -	\$ -
	TOTAL PROJECT COST (10-100)	191,706,000	151,073,283 78.8%	\$ 40,632,717	\$ 40,632,717	\$ 191,706,000	\$ -

ITEM # E4

DATE: March 13, 2014

TO: Committee Chair Ed Graham and
Members of the Administrative and Finance Committee

THROUGH: P. Scott Graham, CEO/General Manager

FROM: Donald Walker, Director of Finance

SUBJECT: **POLICY FOR INCURRED BUT NOT REPORTED (IBNR)
WORKERS' COMPENSATION AND LIABILITY CLAIMS**

FORM MOTION

Recommend to Board of Directors, adoption of Risk Policy for Incurred But Not Reported (IBNR) Workers' Compensation and Liability Claims.

BACKGROUND

Establishing a policy for reporting Incurred But Not Reported (IBNR) was a recommendation by Omnitrans' FY2013 financial auditors Vavrinek, Trine, Day & Co., LLP.

Omnitrans is self-insured up to \$50K per occurrence for liability claims, with excess coverage up to \$20M, and self-insured up to \$1M for workers' compensation claims with a limit of \$5M and excess coverage up to \$95M.

Governmental Accounting Standards Board (GASB) No. 10 requires that state and local governmental entities report an estimated loss from claim-generating events incurred but not reported (IBNR) in its financial statements. At the end of each fiscal year, Omnitrans has an actuarial study performed. The study for fiscal year end June 30, 2013, was performed by Aon Risk Solutions, of Newport Beach, CA. A summary of the actuarial study is presented below in Table I.

As recommended by the actuarial study, Omnitrans should have over \$13.1M in reserves to cover its estimated outstanding losses at an 80% confidence level. The \$13.1M consists of \$11.3M for workers' compensation, and \$1.8M for liability losses.

FY2013

Confidence Level (1)	Workers' Compensation		Liability		Total	
	Estimated Outstanding Losses (2a)	Present Value Estimated Outstanding Losses (2b)	Estimated Outstanding Losses (3a)	Present Value Estimated Outstanding Losses (3b)	Estimated Outstanding Losses (2a) + (3a) (4a)	Present Value Estimated Outstanding Losses (2b) + (3b) (4b)
(A) Expected 50%	\$9,696,500	\$8,997,105	\$1,378,448	\$1,344,025	\$11,074,948	\$10,341,130
(B) 80%	12,217,590	11,336,352	1,819,551	1,774,113	14,037,141	13,110,465
(C) 85%	13,187,240	12,236,063	1,998,750	1,948,836	15,185,990	14,184,899
(D) 90%	14,059,925	13,045,802	2,177,948	2,123,560	16,237,873	15,169,362
(E) 95%	16,968,875	15,744,934	2,274,439	2,217,641	19,243,314	17,962,575

In previous years, Omnitrans' operating revenues were more than its operating expenses, which allowed for recording the estimated outstanding losses from workers' compensation and liability claims at high confidence levels. However, limited growth in operating revenues and increasing operational costs prevent continuing this practice. Several strategies have been implemented to mitigate the rising cost of workers' compensation, for example, changing the third party administrator, and implementing new employee safety and training standards.

As stated above, Omnitrans has funded its estimated outstanding losses for workers' compensation and liability claims at high confidence levels, however the actual annual payouts on the outstanding claims have remained relatively constant, averaging \$2,426,447 annually. The Expected confidence level reserves of \$10,341,130 are more than four times the amount required to meet the annual workers' compensation and liability claims payouts.

Workers' Compensation & Liability Claims Payouts

Fiscal Year	Confidence Level	Workers' Compensation	Liability	Total
FY2009	95%	\$1,874,327	\$666,364	\$2,540,691
FY2010	95%	\$1,267,624	\$834,256	\$2,101,880
FY2011	80%	\$2,092,729	\$511,595	\$2,604,324
FY2012	85%	\$1,662,178	\$644,992	\$2,307,170
FY2013	80%	\$1,855,165	\$723,004	\$2,578,169
			Average	\$2,426,447

A survey was taken from members and associates of California Transit Insurance Pool (CalTIP) on the confidence level their organizations record for estimated outstanding losses. The results of the survey are presented in the Attachment.

Over the next six (6) years (FY2015 – FY2020), Omnitrans is projected to have an operating loss of \$12.1M. Operating costs will exceed operating revenue by an average \$2.1M each fiscal year. Reducing the confidence level at which Omnitrans records its estimated outstanding losses will lower operational cost while maintaining a sustainable level of risk.

FUNDING SOURCE

The cost associated with implementing this Incurred But Not Reported policy is budgeted in the Human Resources and Finance Department Budget, as follows:

Department: 1600, 1800
Expenditure Code: 506360, 506960

_____ Verification of Funding Sources and Availability of Funds
(Verified and initialed by Finance)

CONCLUSION

Establishing a policy that authorizes Omnitrans to record its estimated outstanding losses for workers' compensation and liability claims at a lower confidence level will assist Omnitrans in reducing its operational costs, and closing the projected \$12.1M operating deficit over the next six years.

Actuarial Study Survey

Agency	Confidence Level	Comment
Yolo County Transportation District	N/A	\$10K deductible paid by Contractor
Central Contra Costa Transit Authority	Discount to 73%	Small liability claims - \$132K. Discount Workers' Compensation claims - \$886K
California Joint Powers Risk Management Association (CJPRMA)	55%	Lists the Outstanding Losses in their financial statements at 55% per GASB 10. CJPRMA is a pool of cities and other smaller JPAs that provides liability and property insurance. (But excludes transit agencies)
City of Santa Rosa, CA	50%	We set our own reserves at the 50% confidence level plus the amount of one outstanding Self Insured Retention for liability
San Luis Obispo Regional Transit Authority	N/A	Do not carry a self-insured retention (SIR)
California Transit Insurance Pool (CalTIP)	50%	We set our own reserves at the 50% confidence level plus the amount of one outstanding Self Insured Retention (SIR) for liability
Golden Empire Transit District	90%	Because it allows us to build a larger cash reserve. I could lower it but not below the minimum.
Santa Cruz Metropolitan Transit District	50%	We book at the “Expected” Level – which is the minimum in accordance with GASB #10, therefore we wouldn’t be able to lower it.
Riverside Transit Agency	55%	55% - or the Expected Confidence Level - per GASB 10. But we try to include an additional 20% (up to 75%) for contingency.



**WORKERS' COMPENSATION AND LIABILITY
RISK MANAGEMENT POLICY
ADOPTED BY BOARD OF DIRECTORS _____**

1. POLICY

It is the policy of **OMNITRANS** to identify and evaluate risk and loss exposures to the valued assets (people, reputation and property) in order to efficiently and appropriately control and finance those exposures, maximizing the Agency's overall mission and operational performance.

2. SCOPE

This risk management policy applies only to the estimated outstanding losses for workers compensation and liability claims presented in the actuarial study of the self-insured workers compensation and liability programs at fiscal year-end.

3. OBJECTIVE

Omnitrans is exposed to various risks, which are either insured or self-insured, depending on the specific objectives being performed while fulfilling the Agency's Mission. Our goal is to identify the risks and determine if they may be avoided, reduced, spread, transferred or prevented. Having recognized the need, and taken the responsibility to preserve Omnitrans' resources, the following guidelines assist in managing the self-insured workers compensation and liability programs:

1. Achieve and maintain a reduced cost of risk without placing the Agency in a position of risk exposure that could have a significant impact on its financial security and its Mission.
2. Evaluate and assess risks of loss associated with workers compensation and liability claims estimated outstanding losses and the need for additional reserves in excess of the Expected confidence level.

3. Modify or eliminate identifiable conditions and practices which may cause additional reserve requirements above the Expected confidence level whenever possible.

4. DELEGATION OF AUTHORITY

The CEO/General Manager is hereby authorized to determine the appropriate confidence level Omnitrans shall maintain for workers' compensation and liability claims for its estimated outstanding losses, in accordance with the Governmental Accounting Standards Board (GASB) No. 10.

5. REPORTING REQUIREMENTS

Staff, under the direction of the CEO/General Manager, shall update the Administrative and Finance Committee (Risk Committee) annually on the self-insured workers' compensation and liability program. These reports will include a summary of the results of the actuarial study conducted at fiscal year-end.

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ITEM # E5

DATE: March 13, 2014

TO: Committee Chair Ed Graham and
Members of the Administrative and Finance Committee

FROM: P. Scott Graham, CEO/General Manager

SUBJECT: AMEND BOARD STIPEND POLICY

FORM MOTION

Recommend to the Board of Directors, amendment of the Board Stipend Policy to authorize the Board Chair to approve payment to Board Members, on a case by case basis, should the Member's attendance at Board Meeting and Policy Committee Meetings exceed the established four meeting per month cap.

BACKGROUND

In December 2005, the Board adopted the policy for payment of meeting stipend to Board Members that authorized the payment of \$125 per meeting, up to a maximum of four Board or policy committee meetings per month.

With the recent addition of the Operations and Safety policy committee, the set monthly schedule of the Executive Committee and the fact that several Board Members sit on more than one Committee, a Board Member may exceed the four meeting per month cap.

This matter was discussed with the Board Chair and Vice Chair and received their concurrence to bring forward to the Administrative and Finance Committee for consideration.

FUNDING SOURCE

The impact to the Administration Department's operating budget is expected to be very minimal, with a maximum annual cost of not more than \$1,500.

Department: 1300
Expenditure Code: 509020

_____ Verification of Funding Sources and Availability of Funds
(Verified and initialed by Finance)

CONCLUSION

With the Committee's recommendation, this item will be forwarded to the Board of Directors for approval. If approved, staff would notify the Board Chair when a Board Member has exceeded the meeting cap for approval to pay the stipend for the additional meetings attended.

PSG:VD