



ADMINISTRATIVE & FINANCE COMMITTEE MEETING

Monday, June 11, 2012 – 1:30 p.m.

Omnitrans Metro Facility

1700 West 5th Street

San Bernardino, CA 92411

The Administrative & Finance Committee 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.

A. CALL TO ORDER

B. ANNOUNCEMENTS/PRESENTATIONS

1. Next Committee Meeting: July 9, 2012 at 1:30 p.m.
Omnitrans Metro Facility Board Room

C. POSSIBLE CONFLICT OF INTEREST ISSUES

2

D. AGENDA ITEMS

1. Approve Administrative & Finance Committee Minutes – May 14, 2012 3
2. Recommend Adoption, Affirmative Action Program – 2012 through 2015 6
3. Receive & File Construction Progress Report No. 6 through May 2012 – sbX E Street Corridor BRT Project 8
4. Receive & File Forward Fuel Purchase Program Update for June 2012 27
5. Receive & File Omnitrans Comprehensive Operational Analysis (COA) 30
6. Recommend Receive & File, Summary of Risk Assessment Results and FY 2013 Internal Audit Workplan 39
7. Recommend Adoption, Resolution #260-12, Support Transfer of Ontario International Airport to Local Control 58
8. Authorize Amendment No. 1, OPS10-20, West Valley Paratransit Fuel Services Base Year 2 and Increase in Spend Authority Option Year 1 62
9. Authorize Amendment No. 1, Contract 7560 Custodial Supplies 66

E. REMARKS AND ANNOUNCEMENTS

F. ADJOURNMENT



DATE: June 11, 2012 **Item #C**

TO: Committee Chair Alan Wapner and
Members of the Administrative & Finance Committee

THROUGH: Milo Victoria, CEO/General Manager *MV*

FROM: Jennifer Sims, Director of Procurement *JS*

**SUBJECT: DISCLOSURE(S) REGARDING RECOMMENDATIONS FOR
ACTION BY THE OMNITRANS ADMINISTRATIVE & FINANCE
COMMITTEE**

FORM MOTION

Staff hereby provides the listing of principals and subcontractors associated with action items on the agenda for the June 11, 2012, Administrative & Finance Committee Meeting.

Item No.	Contract	Principals & Agents	Subcontractors
D-8	Authorize Amendment No. 1, OPS10-20, West Valley Paratransit Fuel Services Base Year 2 and Increase in Spend Authority Option Year 1	<i>Poma Automated Fueling, Inc.</i> <i>Bloomington, CA</i> <i>Randall Malchow, President</i>	<i>None</i>
D-9	Authorize Amendment No. 1 Contract 7560 Custodial Supplies	<i>Waxie Sanitary Supply</i> <i>San Diego, CA</i> <i>Carol Andrews, Sr. Account Consultant</i>	<i>None</i>

MV



Item #D1

**ADMINISTRATIVE & FINANCE COMMITTEE
MINUTES
May 14, 2012**

The Administrative & Finance Committee meeting was called to order by Chair Alan Wapner at 1:35 p.m. on May 14, 2012.

Committee Members Attending

Councilmember Alan Wapner, City of Ontario, Committee Chair
Mayor Paul Eaton, City of Montclair
Mayor Pro Tem Frank Gonzales, City of Colton
Mayor Ed Graham, City of Chino Hills
Mayor Pro Tem John Roberts, City of Fontana

Committee Members Absent

Mayor Pro Tem Paul Foster, City of Redlands
Mayor Pro Tem Lee Ann Garcia, City of Grand Terrace
Supervisor Gary Ovitt, County of San Bernardino

Omnitrans Staff & Others Attending

Mayor Dick Riddell, City of Yucaipa
Milo Victoria, CEO/General Manager
Marjorie Ewing, Director of Human Resources
Wendy Williams, Director of Marketing
Don Walker, Director of Finance
Jack Dooley, Director of Maintenance
Scott Graham, Director of Operations
Jennifer Sims, Director of Procurement
Ray Lopez, Director of Safety & Regulatory Compliance
Rohan Kuruppu, Director of Planning & Development Services
Maurice Mansion, Treasury Manager
Bart Hayashi, sbX Construction Manager
Debra NiCastro, Sr. Contracts Specialist
Carol Angier, Administrative Secretary

C. Agenda Items

1. Approve Administrative & Finance Committee Minutes of April 9, 2012

M/S (Graham/Roberts) to approve the minutes of the April 9, 2012 Committee meeting. Member Eaton abstained as he was not in attendance at the April meeting. Motion was unanimous by members present.

2. Receive & File Financial Officer's Report on Forward Fuel Purchases for May 2012

Director of Finance Walker reviewed the Forward Fuel Purchases for May 2012. He said that to date Omnitrans has experienced a favorable variance of \$121,900 on fuel costs.

This was a receive and file agenda item.

3. Receive & File College Free Pass Program Status Update

Director of Marketing Williams said all three community colleges have approved the referendum for a five-year agreement to have student bus passes paid through student fees. The referendums still have to go through their Board of Trustees, but no opposition is anticipated. The agreements will be brought to the June Board Meeting for approval. A two-month pilot program has started with the Art Institute. While the student body at Cal State San Bernardino approved the referendum, the university needs to identify funding for the program. Omnitrans will be contacting other institutions to initiate a similar program, such as Loma Linda University.

This was a receive and file agenda item.

4. Receive and File Construction Progress Report No. 5 through April 2012 – sbX E Street Corridor BRT Project

sbX Construction Manager Hayashi reviewed Progress Report No. 5 for the sbX E Street Corridor BRT Project. He said staff is in constant contact with businesses on current and upcoming construction in their area. There will be no open construction at the 4th and E Streets area until after the Route 66 event.

This was a receive and file agenda item.

5. Receive & Forward to the Board for Approval Realignment of Procurement Department

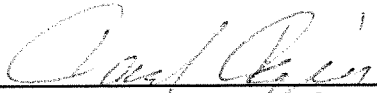
Director of Human Resources Ewing reviewed the proposed Procurement Department realignment to bring the job descriptions up to industry standards. She said the cost for the realignment will cost an additional \$14,000 which can be covered by the departmental budget. Member Graham asked that more detailed information on the salary changes for the realignment be presented to the full Board.

M/S (Eaton/Graham) to recommend approval to the Board of Directors the proposed adjustments to the Procurement Department's organizational structure to align positions with transit industry standards, effective July 1, 2012, as follows:

1. Reclassify the current Contracts Specialist position, Level VI, to a Contract Administrator position, Level V, to accommodate increased activity levels resulting from new projects and possible alternative revenue streams;
2. Retitle the current Senior Buyer position to a Contract Administrator position, remaining at a Level V, to provide a clear career path for staff;
3. Reclassify the Contracts Manager position from a Level IV to a Level III;
4. Keep the position of Purchasing Specialist, Level VII, and with a change of title to Contract Review Analyst position, Level VII; and
5. Keep the temporary Contracts Specialist, Level VI, and reclass as a Contract Administrator, Level V.

The adjustment will flatten the Procurement Department to better utilize the talents of the Department Director, upgrade procurement and contracting skills, and implement plans approved by the Board on January 5, 2011, and does not increase Department position head count.

The Administrative & Finance Committee meeting adjourned at 1:59 p.m. The next Administrative & Finance Committee Meeting is scheduled for June 11, 2012 with location posted on the Omnitrans website and at Omnitrans' San Bernardino Metro Facility.



Carol Angier, Recording Secretary



DATE: June 11, 2012 **Item #D2**

TO: Committee Chair Alan Wapner and
Members of the Administrative & Finance Committee

THROUGH: Milo Victoria, CEO/General Manager

FROM: Marjorie Ewing, Director of Human Resources m.e.

SUBJECT: AFFIRMATIVE ACTION PROGRAM – 2012 THROUGH 2015

FORM MOTION

Recommend to the Board of Directors adoption of the Omnitrans Affirmative Action Plan (AAP) effective July 15, 2012, through July 14, 2015.

BACKGROUND & ANALYSIS

The current program expires with the Federal Transit Administration (FTA) on July 14, 2012.

Our proposed program covers all the required elements of Federal Regulation 41 CFR Parts 60-2.15 and 60-2.16 Government Contractors, Affirmative Action Requirements: Final Rule.

The CEO/General Manager will serve as the Agency's Affirmative Action Officer and the Director of Human Resources shall administer the program. It is the policy of Omnitrans to seek and employ qualified personnel at all locations and facilities, and to provide equal employment opportunities for all applicants and employees in recruiting, hiring, placement, training, compensation and benefits, promotion, transfer, and termination.

Our current analysis of the workforce, in preparation of our Affirmative Action Plan, has identified some differences in the participation of:

- Females in the Senior Management, Management, Coach Operator and Service Worker job groups.
- Hispanics in the Professional job group
- Minorities in the Supervisors job group
- American Indians in the Operators job group
- Minorities in the Clerical Support group

Addressing the differences, we will carefully monitor openings, recruitments and selections for positions in these job groups and engage/advertise in the minority newspapers, websites, and networks, in addition to our regular recruitment methods and good faith efforts that are stated in the proposed plan.

We have identified no barriers to equal employment opportunity in the placement of women or minorities in the different jobs in any job group or in the organizational units.

Action-Oriented Programs - Omnitrans has identified the following recruiting sources that might refer qualified female and minority applicants going forward:

- Diversity.com
- La Opinion
- LaPrensa
- Women's Job List (www.womensjoblist.com)
- Women's Transportation (Inland Empire Chapter)
- Tribal Employment Newsletter (www.nativejobs.com)
- Conference of Minority Transportation Officials (www.comto.org)
- El Mundo Latino
- Black Media News
- Black Enterprise
- Black Executives
- The Progressive Women

The Director of Human Resources reviews, on a monthly basis, all the personnel activity, including hiring, transfers, promotions, and terminations at all levels to ensure policy is carried out. The HR Analyst prepares and submits on a quarterly basis the Affirmative Action Report to the Board.

Omnitrans reaffirms its policy that it is and shall be an equal opportunity employer and will do its utmost to further these principles.

PROPOSED TIME LINE

June 11, 2012	Submitted to Administrative & Finance Committee for recommendation to the Board of Directors
July 11, 2012	Approval by Board of Directors
July 11, 2012	Submit to Federal Transit Administration (FTA)

CONCLUSION

Recommend to the Board of Directors adoption of the Omnitrans Affirmative Action Plan (AAP) effective July 15, 2012, through July 14, 2015.

MV:me



DATE: June 11, 2012 Item #D3

TO: Committee Chair Alan Wapner and
Members of the Administrative and Finance Committee

THROUGH: Milo Victoria, CEO/General Manager *[Signature]*

FROM: Milind Joshi, sbX Program Manager *[Signature]*

SUBJECT: **CONSTRUCTION PROGRESS REPORT NO. 6 THROUGH MAY 2012 -
sbX E STREET CORRIDOR BRT PROJECT**

FORM MOTION

Receive and file Construction Progress Report No. 6 for the sbX E Street Corridor BRT Project through May 2012.

SUMMARY AND BACKGROUND

This is Construction Progress Report No. 6 for the sbX E Street Corridor Project.

CONCLUSION

Receive and file the Construction Progress Report No. 6 for the sbX E Street Corridor BRT Project through May 2012.

MV:MJ

Attachment

Construction Progress This Month:

- Continued construction of the Kendall/Palm Park & Ride Facility; continued grading and compaction operation of the park and ride parking lot and joining curb and gutter sub grade. Continue work to construct station structure steel.
- Directional bored 150 LF northbound 2" detector run for traffic signal conduit at 6th Street and E and 150 LF southbound 2" detector run for traffic signal conduit at 2th Street and E.
- Continued water service and fire hydrant relocations, and westbound removals and clearing & grubbing along Hospitality Lane.
- Ongoing visits to businesses on E Street and Hospitality Lane to discuss construction impacts.
- Began full depth roadway removal and base paving on E Street between 10th and 6th streets; this was due to the deficiencies in the quality and thickness of existing pavement along E Street between 6th and 10th Street were identified.

Community Relation Activities this Month:

- On Thursday, May 10, 2012 the water was turned off at BNSF at 10:00 p.m. and turned back on by Griffith/Comet Joint Venture before 6:00 a.m. the morning of Friday, May 11 2012. Written notice for the planned water shut-off taking place at night on Thursday, May 10, 2012 was hand delivered to the effected business owners.
- Notices for the two water meter relocation is scheduled for Friday, May 4, 2012, were hand delivered to the tenants in buildings 1092 East Hospitality Lane and 1078 East Hospitality Lane.
- Panera Bread – Due to the fact that Panera bakes bread with a steam-operated oven through the night, this water shut off has impacted Panera Bread greatly. Although they have arranged for alternate baking at their Ontario location, they were very concerned about the impacts of construction activities to their business. Will continue to keep the lines of communication open and mitigate all issues with Panera Bread as they come up.
- Continued with weekly construction alerts notifying the public of upcoming construction activities.
- Attended the City of San Bernardino Community Development Department Transit Oriented Development meeting on Thursday, May 24. Presented project information and a construction update to the department, city officials and electeds. In addition, met one-on-one with Councilmember Robert Jenkins and Councilmember John Valdivia and answered questions regarding up coming construction activities.

Accomplishments this Month:

- Partnering was held on May 10, 2011. Public reach-out, invoicing, safety and the VMF were discussed in break-out groups and discussed in detail.
- Successfully passed an FTA conducted audit on May 9, 2012.
- Completed negotiations and submitted for Omnitrans approval, in the month of May, three potential contract change orders totaling \$522,967.47.

- Weekly informational meeting with the City of San Bernardino (Mark Raab and Kenny Barren) held every Thursday at 8:00 a.m. to discuss project progress and issues with the City i.e. permitting issues, etc.
- Meeting w/ Glenborough – Meeting between the construction management team and Glenborough. This meeting resulted in moving the team one step closer to Glenborough granting approval to move forward early with work in Phase Two.
- City of San Bernardino confirmed project Insurance Compliance.
- Jacobs' safety stand-down meeting was conducted on May 17, 2012. Members from the contractor's team, the Omnitrans team and Jacobs discussed safety concerns, safety/incident reporting, and safety practices that are currently in place and others that will be implemented.
- Received approval for the additional contingency from the Omnitrans Board.
- The contractor (Comet) completed and submitted the 100% design for the transit signal priority, communications and variable message sign systems. Submittal is currently under review by the designer

Construction Planned for the Next Month:

- Continue construction of the Kendall/Palm Park & Ride facility. Continue work to construct station structure steel.
- On E Street – Continue driveway and curb and gutter work, stormdrain activities, electrical activities, street-widening activities on east side of E Street between 10th and 6th Streets.
- Continue with all phases of full depth roadway removal on E Street between 10th and 6th streets.
- Continue irrigation and landscaping activities, including median work.
- Continue installation of curb & gutter, sidewalk, drive ways, and bus pads along E Street and the north side of Hospitality Lane.
- Continue traffic signal relocations along E Street.
- Complete Installation/extension of water services, fire hydrants, and water meters relocations along Hospitality Lane.
- storm drain and sanitary sewer improvements along E Street
- Various bus stations - Relocate existing shelters, landscape removal, and road work and leveling at various locations.
- Commencing bus station construction at Little Mountain and Marshall.

Areas of Concern and Proposed Solutions:

- Received encroachment permit from the City of San Bernardino on 01/27/12; the first contract day of construction was 12/21/11. The actual start of construction was delayed due to the permitting issue with the City of San Bernardino.
- The baseline schedule has been returned to the contractor for corrections. The contractor has addressed most comments but several discrepancies still exist and Omnitrans 3rd Party scheduler is also reviewing the schedule.
- Caltrans Encroachment permit for Hospitality and Carnegie; waiting for Caltrans
- Pride Envelope has contacted Councilmember John Valdivia, regarding concerns and questions about the design and ADA compliance at the Union Street and E Street intersection. He has concerns about the design and

whether or not water runoff would collect by his business; also, he is concerned with the construction activities being executed per code.

- Panera Bread has concerns about construction impacts on business. Panera Bread is a Northpointe property on Hospitality Lane and claims they have allegedly lost business as a result of construction and driveway impacts. In addition, last week during water meter relocation work, late night bread baking was sent to an Ontario store resulting in extra labor hours to coordinate and execute. Panera is requesting to be compensated for these hardships.
- Waiting for the Flood Control District Permit for the Redlands Park & Ride Station.
- Waiting for permit from City of Riverside for Gage Canal. Submitted plans for final review on May 10, 2012.

Contract Change Orders:

CCO	Description	Negotiated Cost	Time Extension Contract Calendar Days
1	Water Meter and Fire Hydrant Connections to the Main	\$2,594,555.00	0
2	Additional Insurance Requirements, prepared and processing	\$214,364.64	0
3	Electrical Service Modifications for Street Lights; prepared and processing	\$433,500.00	0
TOTALS		\$3,242,419.64	0

Potential Change Orders/Change Order Requests:

COR	Description	*Estimated Cost	Time Extension Contract Calendar Days	Status
1	Permit Plan Changes, Delta 1, requested by the City	\$489,754	TBD	Submitted to Omnitrans for approval on 05/07/12
2	Permit Plan Changes, Delta 1A, additional changes	\$150,000	TBD	JV preparing cost proposal
3	Permit Plan Changes, Delta 2, G & M Oil Gas Station and Station Utility Service Pedestals (SCE & Verizon)	\$896,930	TBD	JV to revise and resubmit cost proposal
4	Project Signs changed from Wood to Aluminum	\$3,519	TBD	Submitted to Omnitrans for approval on 04/12/2012
5	Ad Panels - rejected	0	0	Denied
6	SWPPP training	\$2,512	TBD	Proposal under review by Jacobs
7	Street Conduit Forensic study,	0	0	Denied

COR	Description	*Estimated Cost	Time Extension Contract Calendar Days	Status
	Paid under Pay Item No. 318, closed			
9	Caltrans Kendall/Palm Encroachment Permit	\$50,000	TBD	Awaiting further information
10	Revise Station Limits and Elevations	0	0	JV to confirm "no cost" change
11	Station Glass Dimension Revisions	0	0	JV to confirm "no cost" change
12	Partnering Session Supplies for Team Building	\$7,936.87	TBD	Submitted to Omnitrans for approval on 05/10/12
13	Station Elevation Modifications for Marshall and Baseline	0	0	JV to confirm "no cost" change
15	Electrical Plan Changes	\$80,000	TBD	JV preparing cost proposal
16	Taper revisions at Parcels B235, B237, B239	0	0	JV to confirm "no cost" change
17	177 lf of 6" DIP missing from bid list; paid under Pay Item No. 55, closed.	0	0	Denied
18	Drainage Plan and Profile Kendall/Palm Station East	\$68,343	TBD	Under review by Jacobs
19	Lowering Catch Basin for Street Light Foundation	0	0	Denied
20	Missing bid item for 1-1/2" PVC pipe at Kendall/Palm – Denied included in Station bid item	0	0	Denied
21	Flow line modifications at Benton, Prospect, Anderson & Redlands stations	\$12,000	TBD	Designer preparing scope
22	Potholing along E Street for curb & gutter excavation, paid under Bid Item 318, closed.	0	0	Denied
24	Additional traffic signal requirements	\$59,477	TBD	Submitted to Omnitrans for approval on 05/07/12
25	Addition of two bus stops at Kendall/Palm	\$53,510	TBD	Under review by Jacobs
26	Redesign of median fountain area at Court Station	\$15,000	TBD	Designer preparing scope
27	Kendall at Palm Traffic Signal Revisions	\$10,000	TBD	Designer preparing scope
28	Kendall at Palm additional local bus station – Part 2 – electrical, landscape, signage and striping additions	\$40,000	TBD	Designer preparing scope
29	Gage Canal Changes	\$10,000	TBD	Designer preparing scope
30	Bus Stop No. 2 Revisions	\$245,000	TBD	Designer preparing scope

COR	Description	*Estimated Cost	Time Extension Contract Calendar Days	Status
31	Planter curb additions at Shell Gas Station	\$8,000	TBD	Designer preparing scope
32	Graded channel at north end of Kendall/Palm	\$25,000	TBD	JV preparing cost proposal
33	E Street/North Mall Way bay taper & median removal	\$52,000	TBD	JV preparing cost proposal
34	Optional traffic signal at Hospitality and private drive	0	TBD	Designer preparing scope
35	E Street/North Mall Way bay taper	\$5,000	TBD	Awaiting info from JV
36	Flow line modifications to Hospitality at Tippecanoe, Hospitality at Carnegie, Kendall at Little Mountain and the CSUSB stations	\$48,000	TBD	Designer preparing scope
37	Out of Sequence Concrete Pours due to Existing Unforeseen Obstructions -	\$481,000	TBD	Jacobs preparing package
38	Modified Utility Plans Showing Vaults to be Replaced and water Meter As-Builts	\$382,000	TBD	JV preparing cost proposal
39	Out of Sequence Concrete Pours due to Existing Unforeseen Obstructions – Union Street	\$8,262.72	TBD	Under review by Jacobs
40	Curb Ramp at Northwest Corner of E Street & Rialto	\$12,000	TBD	Designer preparing scope
41	Change sbX Traffic Signal Heads from PV to LRT	\$5,000	TBD	Designer preparing scope
42	Pavement Section Along E Street from 10 th to 2 nd Street	\$760,000	TBD	Field directive sent via CM 19 on 05/18/12
43	Increase in Bid Quantities	\$50,000	TBD	Preparing documentation for submittal to Omnitrans
44	SCE Vault at North Mall Way	\$5,000	TBD	Awaiting info from JV
45	Cross Gutter at E Street and Victoria	\$20,000	TBD	Designer preparing scope
46	Eliminate Driveway Approach at Parcel C33	0	TBD	Designer preparing scope
47	Replace Driveway Approach at B251	\$10,000	TBD	Designer preparing scope
48	Steel Storage Containers	0	0	No cost/no time change. Item closed.
49	System #23 Catch Basin at E & N Mall Way	\$6,824.00	TBD	Under review by Jacobs
50	Shoe City Planters	\$5,647.20	TBD	JV tracking T & M
51	Expedite Driveway on Hospitality at STA 698+20	\$6,000	TBD	JV tracking T & M

COR	Description	*Estimated Cost	Time Extension Contract Calendar Days	Status
52	Gas Station at NW Corner of E Street & Orange Show Road (Auto Center Drive)	\$100,000	TBD	Designer preparing scope
53	Demolition for Northerly Building on Parcel at NE Corner E Street & Marshall.	\$68,000	TBD	Designer preparing scope
54	Revised Architectural Drawings	0	TBD	Designer preparing scope
55	Revised Survey Control Sheets	\$20,000	TBD	Designer preparing scope
56	Increase to Artist Budget	\$5,000	TBD	Under review by Jacobs
57	Steel Plate Rentals	\$6,000	TBD	JV tracking T & M
58	Trees on Hospitality	\$5,000	TBD	Designer preparing scope
TOTALS		\$4,287,715.79	TBD	

*** Currently pricing is estimated based on Rough Order of Magnitude pending designer plans or final submittal of pricing by JV.**

- Contract Statistics:**

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 29 May 2012	160	
CCO Time Extension to Date	0	
Required Completion Date as of 29 May 2012		12/21/13
Forecasted Completion Date as of 29 May 2012		12/21/13
Percent Time Elapsed	21.47%	

Contract Cost

	Comments	Project Cost
Original Contract Amount		\$64,700,603.05
CCO's to Date		\$3,242,419.64
Total Authorization to Date		\$67,943,022.69
Options (Pay Items 319 & 320)		\$307,000.00
Pending CCO's		\$4,287,715.79
Forecasted Cost at Completion		\$72,537,738.48
Contract Items as of 29 May 2012		\$7,740,815.47
Materials on Hand as of 29 May 2012		\$33,130.72
CCO's Paid as of 29 May 2012		\$334,609.80
DBE Contract Amount		\$6,473,983.70
DBE Paid to Date		\$310,158.25
DBE Contract Goal		9.15%
DBE Percentage of Total Earned to Date		4.55%
Amount Earned as of 29 May 2012		\$8,075,425.27
Retention Held		\$807,542.53
Percent Complete (% paid)		11.83%

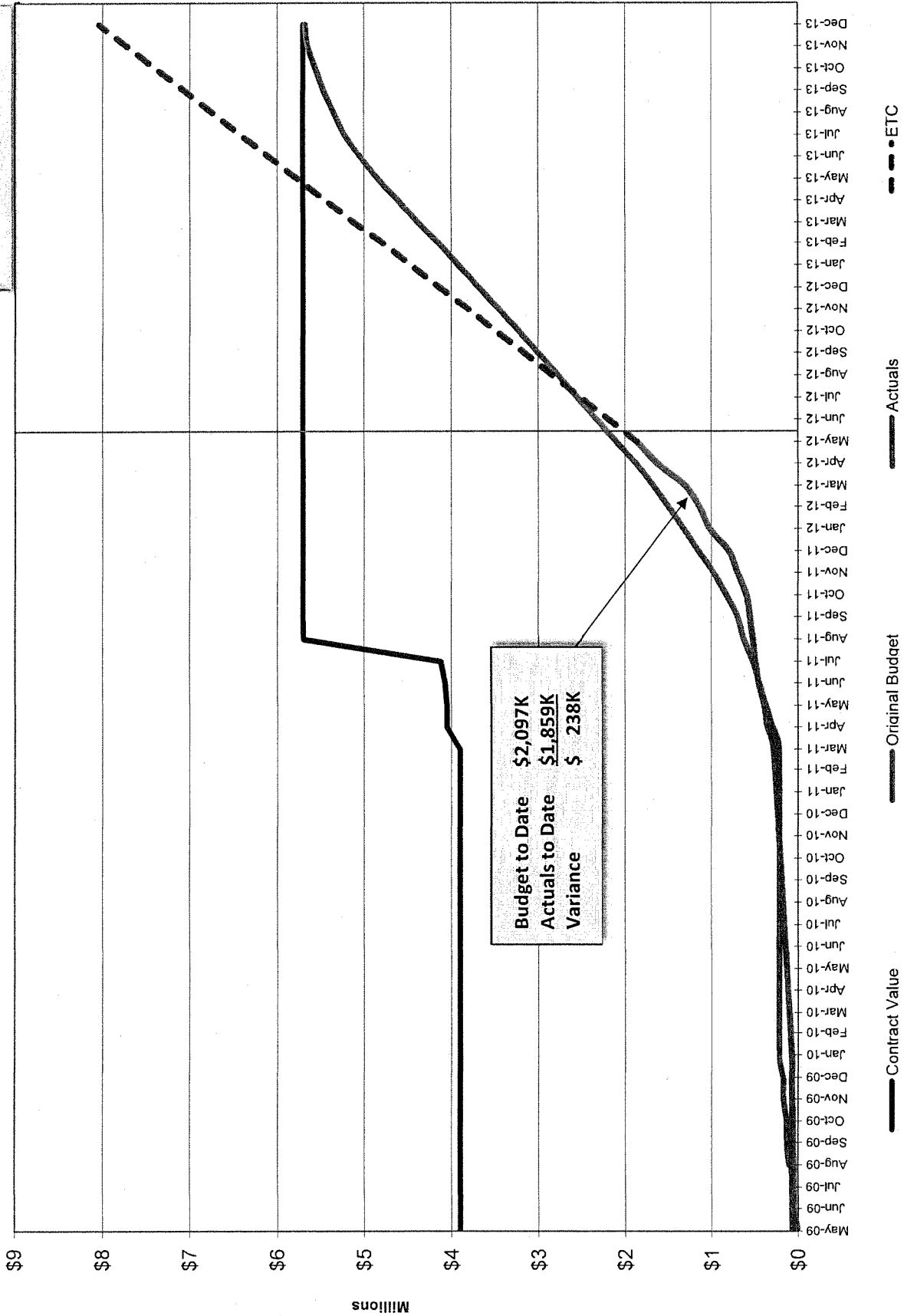
Construction Management Services Cost

	Comments	Project Cost
Original Contract Amount		\$3,898,769.00
CCO's to Date		\$1,803,526.90
Total Authorization to Date		\$5,702,295.90
Pending CCO's		\$0
Forecasted Cost at Completion		\$8,142,364.00
Total Billed as of 24 March 2012		\$1,597,852.36
DBE Contract Amount		\$789,333.00
DBE Paid to Date		\$94,999.20
DBE Percentage of Contract		13.84%
DBE Percentage of Total Earned to Date		5.95%
Percent of Budget Expended		28.02%

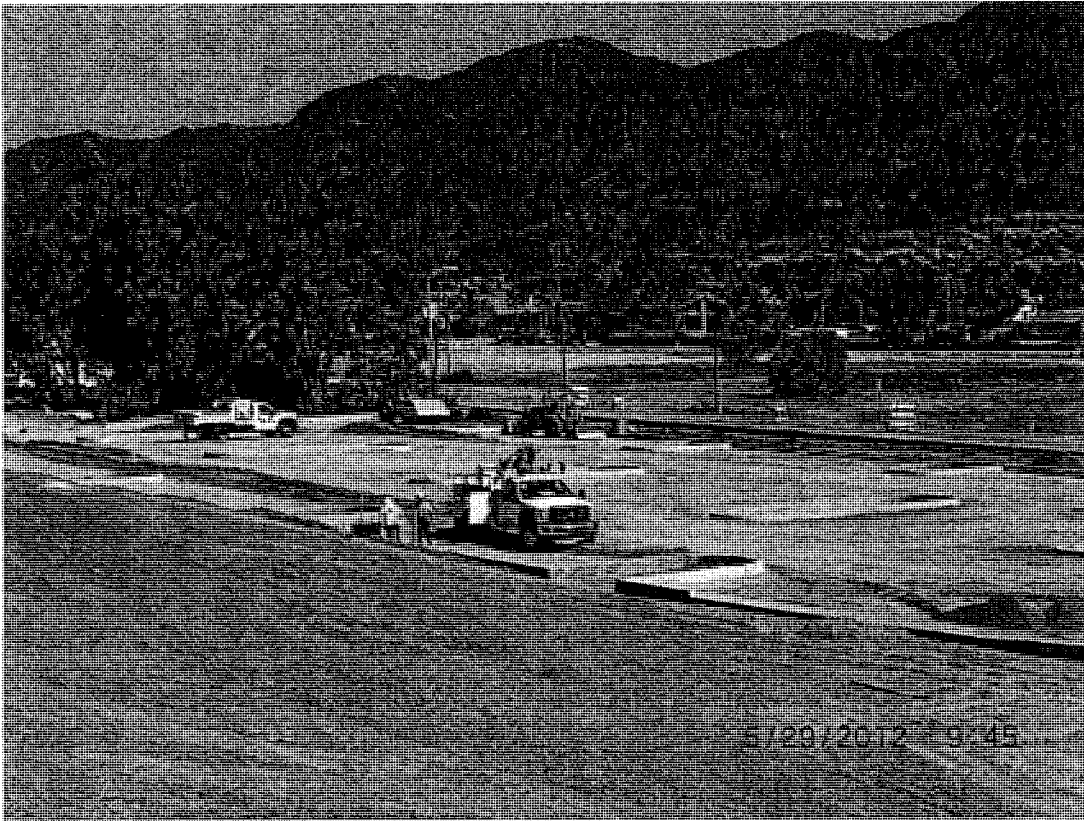
We added Primavera Contract Manager to assist with document control; a new server to provide the capacity to store documents at a remote location, provided additional staff for administrative and document control services, and inspection staff was also added sooner than planned. Also due to early extensive contract change orders, we added estimators to assist with estimating the costs of the change orders. The following Cash Flow Analysis shows our current billings through February 2012 and the estimate to complete through December 2013.

**Omnitrans - sbx E Street Corridor
Cash Flow Analysis
Billings through May 2012**

Contract Value	\$ 5,767,535
Est. at Complete	\$ 8,142,364
Overrun	(\$ 2,374,829)



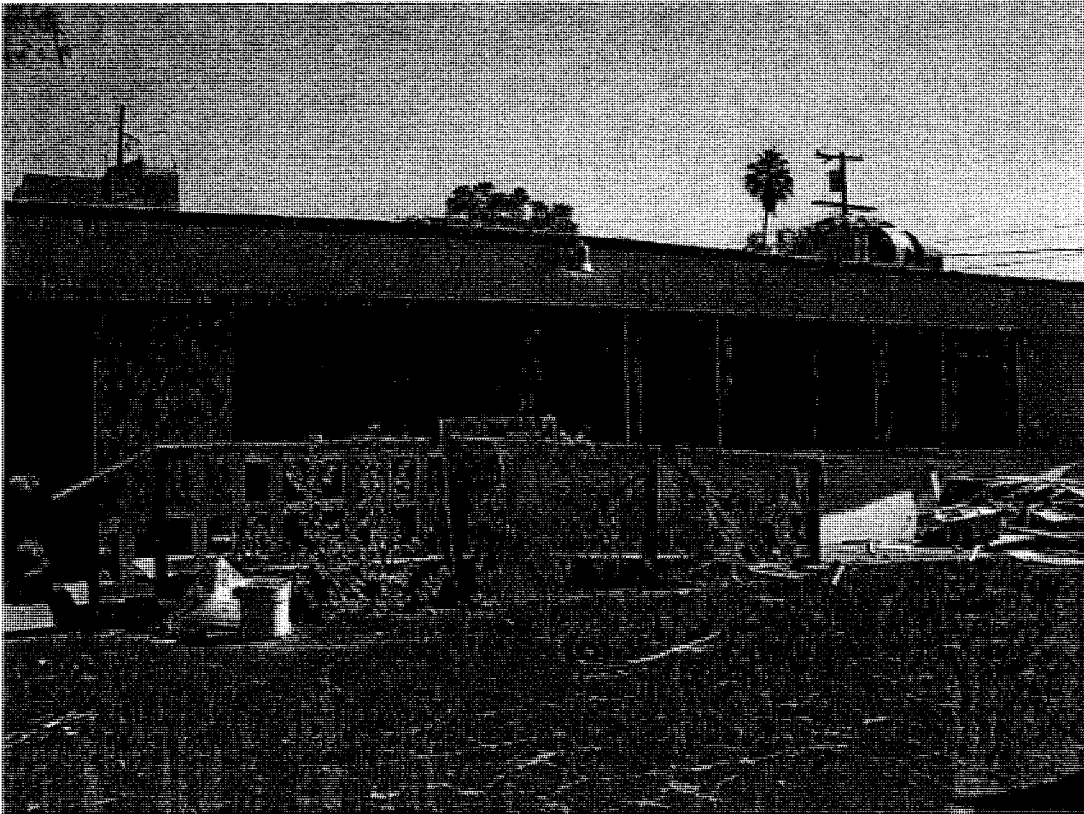
Progress Photos:



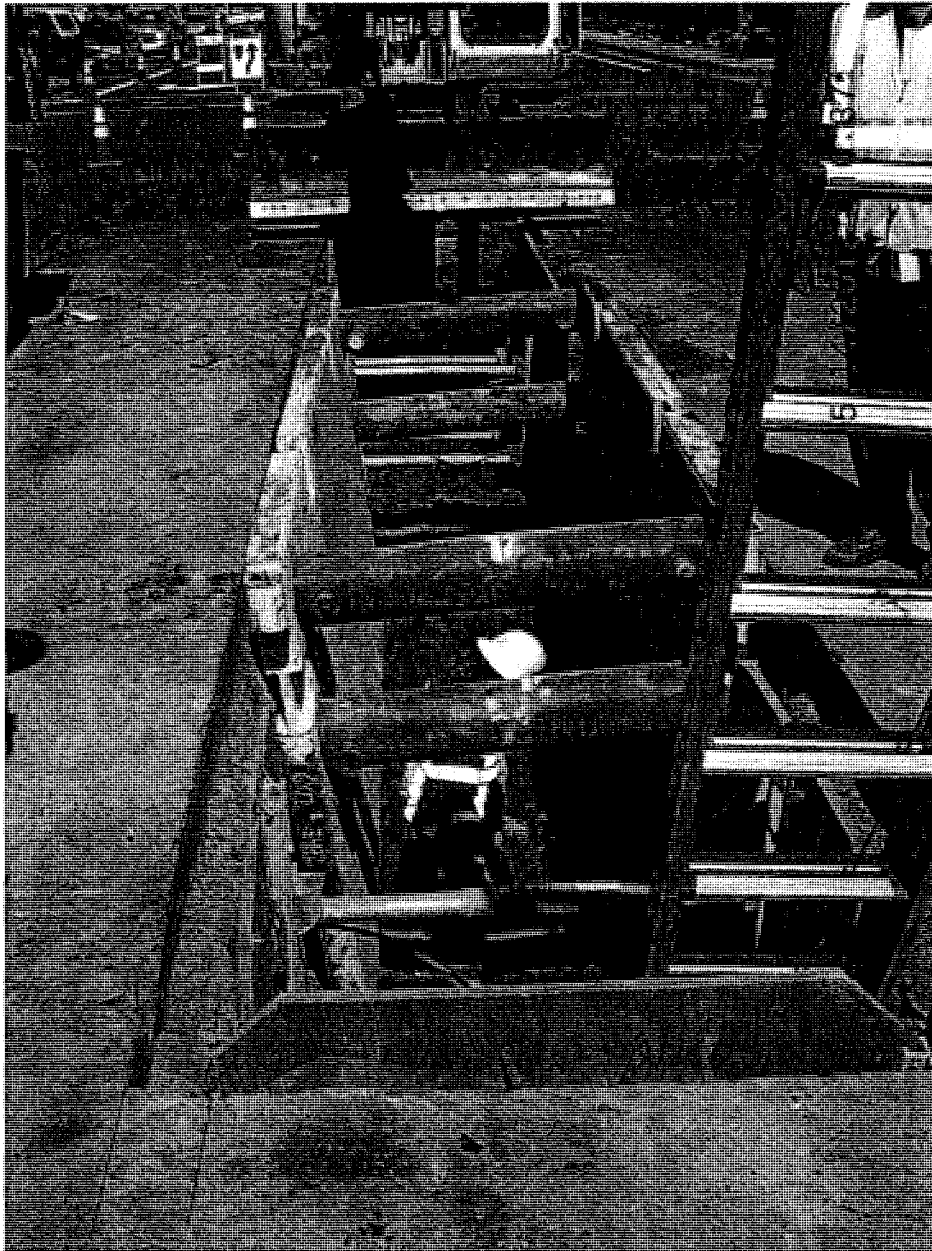
Park and Ride at Kendall/Palm – Sub grade preparation for parking lot.



Kendall/Palm – Erected CMU walls for bus driver restroom.



Marshall and E Street Park and Ride - Building being demolished.



Little Mountain and Kendall – Excavation for storm drain lateral 6.



Waterman and Hospitality – Removing light poles in the right-of-way at Shell gas station.



Jacobs' safety stand-down meeting conducted on May 17, 2012.

IPMO/sbX Project Costs
Forecasted through 5/31/12

Standard Cost Category (SCC)	Description	Budget Authority (PCGA)	Current Budget	Total Spending Authority \$	Expenditures \$	Expenditures %	Remaining Budget	Estimate to Complete	Estimate at Completion	Budget Forecast Variance
10	GUIDEWAY & TRACK ELEMENTS	\$ 17,984,000	\$ 19,725,000	12,959,917	808,798	4.1%	18,916,202	\$ 12,151,119	\$ 12,959,917	\$ (6,765,083)
10.02	Guideway: At-grade semi-exclusive (allows cross traffic)	\$ 16,686,000	\$ 18,353,000	\$ 12,169,991	731,565	4.0%	17,621,435	\$ 11,438,426	\$ 12,169,991	\$ (6,183,009)
10.03	Guideway: At-grade in mixed traffic	\$ 1,298,000	\$ 1,372,000	\$ 789,926	77,233	5.6%	1,294,767	\$ 712,693	\$ 789,926	\$ (582,074)
20	STATIONS, STOPS, TERMINALS, INTERMODAL	\$ 17,201,000	\$ 14,917,000	13,045,338	415,215	2.8%	14,501,785	\$ 12,630,123	\$ 13,045,338	\$ (1,871,662)
20.01	At-grade station, stop, shelter, mall, terminal, platform	\$ 17,201,000	\$ 14,917,000	13,045,338	415,215	2.8%	14,501,785	\$ 12,630,123	\$ 13,045,338	\$ (1,871,662)
30	SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS	\$ 5,370,000	\$ 8,131,000	\$ -	-	0.0%	8,131,000	\$ 8,131,000	\$ 8,131,000	\$ -
30.02	Light Maintenance Facility	\$ 1,265,000	\$ 4,265,000	\$ -	-	0.0%	4,265,000	\$ 4,265,000	\$ 4,265,000	\$ -
30.05	Yard and Yard Track	\$ 4,105,000	\$ 3,866,000	\$ -	-	0.0%	3,866,000	\$ 3,866,000	\$ 3,866,000	\$ -
40	SITEWORK & SPECIAL CONDITIONS	\$ 35,611,000	\$ 34,271,000	19,985,908	6,404,204	18.7%	27,866,796	\$ 13,725,704	\$ 20,129,908	\$ (14,141,092)
40.01	Demolition, Clearing, Earthwork	\$ 4,785,000	\$ 4,741,000	\$ 455,559	46,387	1.0%	4,694,613	\$ 409,172	\$ 455,559	\$ (4,285,441)
40.02	Site Utilities, Utility Relocation	\$ 6,245,000	\$ 4,993,000	\$ 4,488,511	1,418,493	28.4%	3,574,507	\$ 3,070,018	\$ 4,488,511	\$ (504,489)
40.05	Site structures including retaining walls, sound walls	\$ 99,000	\$ 90,000	\$ 72,224	-	0.0%	90,000	\$ 72,224	\$ 72,224	\$ (17,776)
40.06	Pedestrian / bike access and accommodation, landscaping	\$ 6,312,000	\$ 6,925,000	\$ 3,653,137	287,293	4.1%	6,637,707	\$ 3,508,660	\$ 3,795,953	\$ (3,129,047)
40.07	Automobile, bus, van accessways including roads, parking lots	\$ 6,972,000	\$ 3,601,000	\$ 4,247,349	631,544	17.5%	2,969,456	\$ 3,616,989	\$ 4,248,533	\$ 647,533
40.08	Temporary facilities and other indirect costs during construction	\$ 11,198,000	\$ 13,921,000	\$ 7,069,128	4,020,487	28.9%	9,900,513	\$ 3,048,641	\$ 7,069,128	\$ (6,851,872)
50	SYSTEMS	\$ 19,984,000	\$ 16,727,000	19,889,557	952,207	5.7%	15,774,793	\$ 19,094,350	\$ 20,046,557	\$ 3,319,557
50.02	Traffic signals and crossing protection	\$ 11,386,000	\$ 10,810,000	\$ 5,995,557	268,518	2.5%	10,541,482	\$ 5,884,039	\$ 6,152,557	\$ (4,657,443)
50.05	Communications	\$ 6,294,000	\$ 4,210,000	\$ 8,294,000	634,745	15.1%	3,575,255	\$ 7,659,255	\$ 8,294,000	\$ 4,084,000
50.06	Fare collection system and equipment	\$ 2,304,000	\$ 1,707,000	\$ 5,600,000	48,944	\$	1,658,056	\$ 5,551,056	\$ 5,600,000	\$ 3,893,000
	Contract Change Orders			\$ 3,242,420			3,242,420	\$ 3,242,420	\$ 3,242,420	\$
	Pending Change Orders							\$ 4,287,716	\$ 4,287,716	\$ 4,287,716
60	Construction Subtotal (10-50)	\$ 96,150,000	\$ 93,771,000	69,131,100	8,580,424	9.2%	85,190,576	\$ 73,262,432	\$ 81,842,856	\$ (11,928,144)
60.01	ROW, LAND, EXISTING IMPROVEMENTS	\$ 6,532,000	\$ 6,532,000	\$ 6,032,000	4,814,937	73.7%	1,717,063	\$ 1,217,063	\$ 6,032,000	\$ (500,000)
	Purchase or lease of real estate	\$ 6,327,000	\$ 6,327,000	\$ 5,827,000	4,805,843	76.0%	1,521,157	\$ 1,021,157	\$ 5,827,000	\$ (500,000)
60.02	Relocation of existing households and businesses	\$ 205,000	\$ 205,000	\$ 205,000	9,094	4.4%	195,906	\$ 195,906	\$ 205,000	\$ -
70	VEHICLES	\$ 16,628,000	\$ 16,628,000	\$ 15,505,435	-	0.0%	16,628,000	\$ 16,628,000	\$ 16,628,000	\$ -
70.04	Bus	\$ 15,448,000	\$ 15,448,000	\$ 14,598,387	-	0.0%	15,448,000	\$ 15,448,000	\$ 15,448,000	\$ -
70.06	Non-revenue vehicles	\$ 250,000	\$ 250,000	\$ -	-	\$	250,000	\$ 250,000	\$ 250,000	\$ -
70.07	Spare parts	\$ 930,000	\$ 930,000	\$ 907,048	-	0.0%	930,000	\$ 930,000	\$ 930,000	\$ -
80	PROFESSIONAL SERVICES	\$ 58,365,000	\$ 56,702,000	54,753,620	27,077,536	47.8%	29,624,464	\$ 27,473,948	\$ 54,551,484	\$ (2,150,516)
80.01	Preliminary Engineering	\$ 12,933,000	\$ 12,921,000	\$ 12,884,026	12,872,109	99.6%	48,891	\$ 1,734	\$ 12,873,843	\$ (47,157)
80.02	Final Design	\$ 7,268,000	\$ 7,261,000	\$ 6,272,299	5,097,842	70.2%	2,163,158	\$ 995,504	\$ 6,093,346	\$ (1,167,654)
	Project Management for Design and Construction	\$ 17,622,000	\$ 15,997,000	\$ 15,997,000	5,157,275	32.2%	10,839,725	\$ 10,839,725	\$ 15,997,000	\$ -
80.03	Construction Administration & Management	\$ 6,638,000	\$ 6,632,000	\$ 5,696,295	1,597,852	24.1%	5,034,148	\$ 4,098,443	\$ 5,696,295	\$ (935,705)
80.04	Professional Liability and other Non-Construction Insurance	\$ 1,113,000	\$ 1,112,000	\$ 1,113,000	-	0.0%	1,112,000	\$ 1,112,000	\$ 1,112,000	\$ -
80.05	Legal: Permits; Review Fees by other agencies, cities, etc.	\$ 10,606,000	\$ 10,596,000	\$ 10,606,000	2,352,458	22.2%	8,243,542	\$ 8,243,542	\$ 10,596,000	\$ -
80.06	Surveys, Testing, Investigation, Inspection	\$ 1,464,000	\$ 1,463,000	\$ 1,464,000	-	0.0%	1,463,000	\$ 1,463,000	\$ 1,463,000	\$ -
80.07	Start up	\$ 721,000	\$ 720,000	\$ 721,000	-	0.0%	720,000	\$ 720,000	\$ 720,000	\$ -
80.08		\$ 177,675,000	\$ 173,633,000	\$ 145,422,155	40,472,897	23.3%	133,160,103	\$ 118,581,443	\$ 159,054,340	\$ (14,578,660)
90	UNALLOCATED CONTINGENCY	\$ 14,031,000	\$ 18,073,000	\$ 1,956,400	-	0.0%	18,073,000	\$ -	\$ -	\$ (18,073,000)
	Subtotal (10-90)	\$ 191,706,000	\$ 191,706,000	147,378,555	40,472,897	21.1%	151,233,103	\$ 118,581,443	\$ 159,054,340	\$ (32,651,660)
100	FINANCE CHARGES	\$ -	\$ -	\$ -	-	\$	\$ -	\$ -	\$ -	\$ -
	TOTAL PROJECT COST (10-100)	\$ 191,706,000	\$ 191,706,000	147,378,555	40,472,897	21.1%	151,233,103	\$ 118,581,443	\$ 159,054,340	\$ (32,651,660)

IPMO/sbX Project Cost Report
Forecasted through 5/31/12

Description	Current Budget	Spending Authority \$	%	Expenditures \$	%	Remaining Budget	Estimate to Complete	Estimate at Completion	Budget Forecast Variance
BRT Construction	\$ 84,637,000	\$ 64,766,602	76.5%	\$ 8,143,424	9.6%	\$ 76,493,576	\$ 64,462,315	\$ 72,605,739	\$ (12,031,261)
Vehicle Maintenance Facility									
(VMF) Construction	\$ 8,131,000	\$ -	0.0%	\$ -	0.0%	\$ 8,131,000	\$ 8,131,000	\$ 8,131,000	\$ -
Vehicles - Design & Manufacturing	\$ 16,628,000	\$ 15,505,435	93.2%	\$ -	0.0%	\$ 16,628,000	\$ 16,628,000	\$ 16,628,000	\$ -
ROW Acquisition Services	\$ 10,357,000	\$ 10,021,135	96.8%	\$ 8,593,045	83.0%	\$ 1,763,955	\$ 1,503,090	\$ 10,096,135	\$ (260,865)
3rd Party Utilities Design & Relocation	\$ 1,003,000	\$ 1,112,117	110.9%	\$ 437,000	43.6%	\$ 566,000	\$ 669,117	\$ 1,106,117	\$ 103,117
BRT Design	\$ 17,849,400	\$ 16,736,000	93.8%	\$ 15,598,814	87.4%	\$ 2,250,586	\$ 845,611	\$ 16,444,425	\$ (1,404,975)
VMF Design	\$ 1,007,600	\$ 931,190	92.4%	\$ 699,158	69.4%	\$ 308,442	\$ 259,471	\$ 958,629	\$ (48,971)
Other Professional, Technical & Management Services	\$ 34,020,000	\$ 33,097,296	97.3%	\$ 7,001,456	20.6%	\$ 27,018,544	\$ 26,082,839	\$ 33,084,295	\$ (935,705)
Allocated Contingency		\$ 3,250,380				\$ -	\$ -		
(Construction Contract)									
Unallocated Contingency	\$ 18,073,000	\$ 1,956,400	10.8%	\$ -	0.0%	\$ 18,073,000		\$ -	\$ (18,073,000)
TOTAL	\$ 191,706,000	\$ 147,378,555	76.9%	\$ 40,472,897	21.1%	\$ 151,233,103	\$ 118,581,443	\$ 159,054,340	\$ (32,651,660)



DATE: June 11, 2012 Item #D4

TO: Committee Chair Alan D. Wapner and Members of the Administrative and Finance Committee

THROUGH: Milo Victoria, CEO/General Manager *[Signature]*

FROM: Robert Miller, Chief Financial Officer *RM 6-4-12*

SUBJECT: OMNITRANS CHIEF FINANCIAL OFFICER'S REPORT ON FORWARD FUEL PURCHASES FOR JUNE 2012

FORM MOTION

Receive and file Omnitrans Chief Financial Officer's report on forward fuel purchases for June 2012. 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.

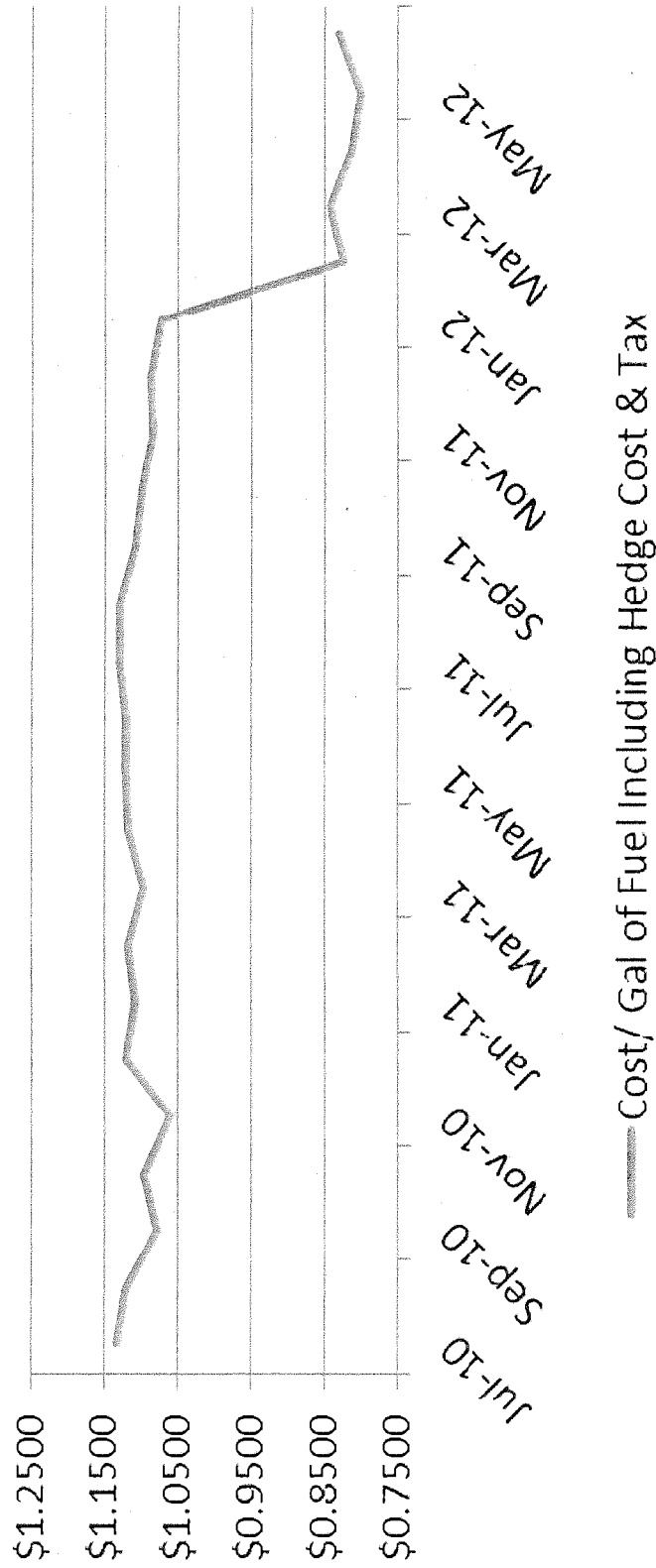
SUMMARY AND BACKGROUND

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 compressed natural gas (CNG) on the New York Mercantile Exchange (NYMEX) exchange through Morgan Stanley. The report includes a summary of the hedge that has been established, the monthly variance recognized in the Agency's financials, and may include articles on significant matters that have impacted the market for CNG.

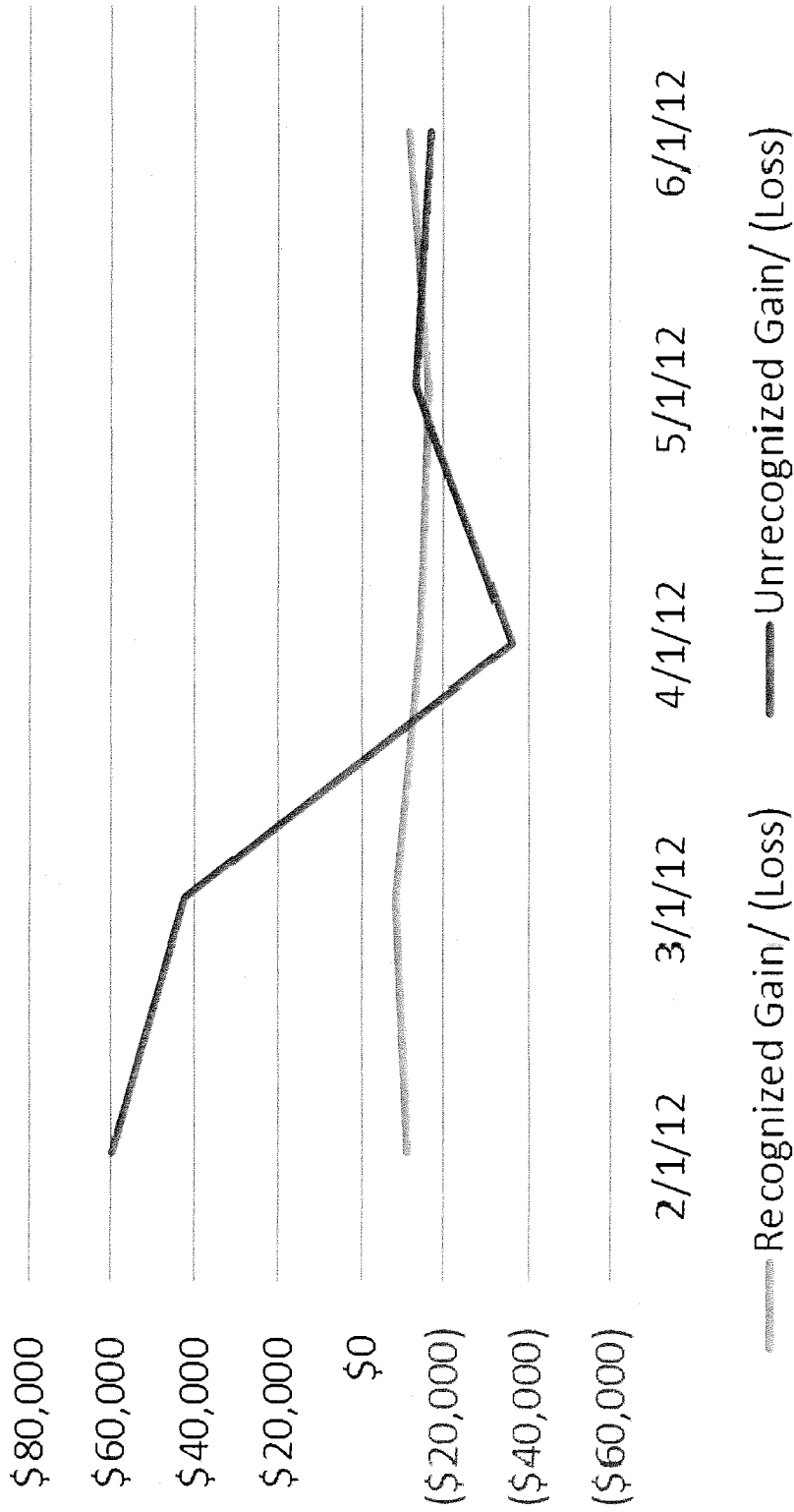
Spot market prices for natural gas have firmed a bit. However, the spot price that will be used for Omnitrans' June purchases of LNG from Clean Energy will reflect a price of \$.8280 per gallon including CNG at the SoCal Index price, liquefaction, delivery, and sales tax. This is after recognition of the loss on the hedge position in the amount of \$11,625. Omnitrans will recognize a favorable budget variance in the CNG account of approximately \$116,265 in June 2012.

MV:rm

Omnitrans Fuel Cost History



Monthly Close on The Hedge Account





DATE: June 11, 2012 **Item #D5**

TO: Committee Chair Alan D. Wapner and
Members of the Administrative & Finance Committee

THROUGH: Milo Victoria, CEO/General Manager

FROM: Rohan A. Kuruppu, Director of Planning and Development Services

SUBJECT: OMNITRANS COMPREHENSIVE OPERATIONAL ANALYSIS (COA)

FORM MOTION

Receive and file this status and schedule update of the Comprehensive Operational Analysis (COA) of Omnitrans being led by SANBAG and conducted by AECOM Consultants.

This report was presented to the Plans and Programs Committee on May 30, 2012.

SUMMARY

The Omnitrans Comprehensive Operational Analysis is an independent study of all aspects of Omnitrans. This will directly impact current and future transit operations in the San Bernardino Valley, and determine the transit services available in your communities.

The COA of Omnitrans being prepared by AECOM for SANBAG is a three phase project that began in March 2011. It was scheduled to be completed within one year, and is currently slated for completion by October 2012.

Phase I of the COA is an analysis of existing conditions and determination of need. Phase II develops service alternatives. Phase III is the creation of the implementation plan for Fiscal Years 2014-2020 (FY2014-2020). Currently, Phase I is approximately 75% complete; Phase II is approximately 60% complete; and, Phase III has yet to begin.

Phase I

Phase I of this report includes seven components: 1) Comprehensive Operating Analysis of All Service; 2) Financial Analysis; 3) Service Policy Analysis; 4) Service Needs and Public Outreach; 5) Administrative Functions; 6) Transition of Services and Alternative Delivery Methods; and, 7) Summary of Findings.

Omnitrans • 1700 West Fifth Street • San Bernardino, CA 92411
Phone: 909-379-7100 • Web site: www.omnitrans.org • Fax: 909-889-5779

Serving the communities of Chino, Chino Hills, Colton, County of San Bernardino, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland and Yucaipa.

The Omnitrans Board of Directors Plans and Programs Committee (PPC) received its most recent COA status update on October 18, 2011. At that time, AECOM presented draft summary findings from several components of Phase I. This report included a nearly complete Service Area Profile and Transit Service Baseline, a nearly complete Service Policies Analysis, and a nearly complete Service Needs/Public Outreach report. Following this PPC meeting, AECOM updated the associated memos to include Board and staff feedback. As of the writing of this report, only the Phase I Public Outreach section is complete. Details of the current stats of these reports can be seen in Attachment B and the current COA schedule can be found in Attachment A.

At the October 2011 PPC meeting, AECOM also reported initial findings from the Financial Analysis and the Administrative Functions review. Since that time, AECOM has delivered two revised Financial Analysis Technical Memorandums. Omnitrans made significant comments on the first of these which was delivered in January 2012. The primary comment was the report did not reflect the agreement between SANBAG and Omnitrans to maintain FY2013 funding at FY2012 levels. Since FY2013 became part of the baseline for future years, this change had the potential to impact multiple years of revenue. Many technical comments were also submitted.

Once the Board approved Omnitrans FY2013 Budget on May 2, 2012, AECOM delivered the next draft of the Financial Analysis. This draft was delivered on May 11, 2012; and as of the writing of this report on May 14, 2012, Omnitrans staff has not completed a detailed review. The current report does show a 10% reduction in non-fare related operating revenue in FY2014¹ compared to the FY2013 budget and several other funding shifts. Based on AECOM's schedule, they plan to present the findings of the Financial Analysis to Omnitrans' PPC and SANBAG's Commuter Rail and Transit Committee in June 2012.

AECOM has also delivered an update to the Phase I Administrative Functions review. This review updated the initial findings based on a peer analysis of data available in the National Transit Database and was presented in a collection of "thermometer charts" that indicated that Omnitrans generally provided service at a relatively lower cost than many peers. This data was augmented with specific salary by department data collected from a peer survey. AECOM continues to work on developing recommendations based on their findings, specifically as it relates to recommendations for staffing levels and organizational improvements. This update was scheduled to be completed on May 15, 2012 (not available as of the writing of this report) and to be delivered to PPC in June 2012.

Two elements of Phase I have not been delivered to Omnitrans yet. These two elements are Alternative Service Delivery and Summary of Findings. The Alternative Service Delivery Technical Memo was scheduled to be delivered on May 15, 2012 and presented to PPC in June. Following this PPC meeting, the Summary of Findings will be completed and delivered in June.

1 Table 2-1, Page 2-6, Technical Memorandum #2 Financial Analysis, May 11, 2012.

Phase II

Phase II of the COA is to develop service alternatives. It has two primary components: 1) Identify Service Alternatives; and, 2) Public Comment Opportunity.

During the last PPC COA update in October 2011, Phase II had not begun. Since then, AECOM has delivered three versions of its service alternatives that included numerous recommendations for Omnitrans fixed route network. At this time, the service recommendations have been focused on potential route lines, restructuring current lines and the creation of several new circulator routes.

Phase II began prior to the completion of Phase I and specifically before the completion of the Financial Analysis of Phase I. As such, the Initial Service Alternatives does not provide the required service level details. AECOM has described and mapped route lines, but key data is missing including service frequency, service span, days of service, types of vehicles, ridership estimates, productivity and efficiency estimates or cost estimates.

During January and February 2012, AECOM conducted several rounds of public comment opportunities including outreach at transit centers, public open houses and employee sessions. Comment opportunities were also available on the project website www.OmnitransCOA.org. In total, nearly 700 people had the opportunity to comment on the mapped route lines. These findings were detailed in Technical Memorandum 8.

While the outreach effort did touch multiple participants, all of the pertinent data was not available for the public to make a full evaluation of the service recommendations. The primary missing components are service frequency and service span. Additionally, when AECOM updated Technical Memo 7: Initial Service Alternatives, there was the addition of a proposed Fare Policy for FY2014 to FY2020. These details will need to be shared with the public prior to the completion of the COA through formal public hearings in order to meet the FTA's Public Outreach requirements. These public hearings are not currently scheduled.

A formal public hearing must be held prior to the Board of Directors adoption of the COA per FTA requirements. This public hearing must include all service details and fare policy recommendations. Omnitrans staff believes this to be the responsibility of the COA team and is working with SANABG and AECOM on these.

During the implementation of COA recommendations in FY2014-2020, Omnitrans will also be required to hold public hearings for any implemented major service or fare change. These public hearings are Omnitrans' responsibility.

AECOM has conducted two rounds of public outreach. This outreach has provided valuable information that will shape the recommendations of the COA. However, these two rounds of outreach do not substitute for the public hearing requirements.

AECOM does not plan to independently present the findings of Phase II to the Omnitrans PPC or to the SANBAG Commuter Rail and Transit Committee. Instead, AECOM plans to wrap any Phase II material into a presentation at the conclusion of the report.

Phase III

Phase III of the COA has not begun yet. This phase will include the final service, service delivery and policy recommendations. It will also deliver the implementation plan for the recommendations for FY2014-2020. Additionally, Phase III will include a Title VI evaluation, which will ensure that the proposed changes comply with Civil Rights Act of 1964's mandate of non-discrimination of low-income or minority populations. Lastly, AECOM will work with Omnitrans on remaining technical aspects of implementing service.

AECOM plans to deliver Phase III to staff by July 11, 2012 and present to the PPC in August. If these deadlines are met, the COA will be completed following a presentation to the Omnitrans and SANBAG Boards in either September or October 2012.

Details of AECOM's schedule and Omnitrans evaluation of the status of deliverables can be found in the attachments to this report.

CONCLUSION

Receive and file this schedule and status report for the COA of Omnitrans being led by SANBAG by AECOM consultants.

ATTACHMENTS

- A. AECOM's Official Project Schedule (as of April 26, 2012)
- B. Comprehensive Operational Analysis (COA) of Omnitrans: Status of Deliverables

MV:RK:JB

Attachment A: AECOM's Official Project Schedule

Omnitrans COA Calendar (Revised 04-26-2012)

Phase I

Tech Memo 1/Task 1 – Service Area Profile and Transit Service Baseline

This tech memo provides a description of the Omnitrans service area and Omnitrans services. This includes Census 2010 data (when available), land use characteristics, and information from city profiles to present a profile of the service area. Also included is a description of Omnitrans' services and presentation of route performance.

Final comments to be addressed in Phase I Report

Tech Memo 2/Task 2 – Financial Analysis

This tech memo provides a financial analysis of Omnitrans. Financial trends over the past five years are analyzed to determine Omnitrans performance. Documentation of the projected Omnitrans costs and levels of funding available will be developed, including identifying when and where budget shortfalls and excess revenues will occur. A cost model that will be used for estimating costs for the entire COA is presented in this memo. The factors that are influencing the financial projections will be identified.

Draft for TAC – May 1, 2012 [*Omnitrans: AECOM delivered on Friday May 11, 2012*]

Tech Memo 3/Task 3 – Service Policies and Analysis

This tech memo provides an analysis of Omnitrans' service policies. This includes a description and evaluation of Omnitrans' based upon the adopted service policies and standards. Recommendations regarding modifying certain service policies and standards are presented in this memo. The service standards are based on the FY 2008-2013 Short Range Transit Plan.

Final comments to be addressed in Phase I Report

Tech Memo 4/Task 4 – Service Needs and Public Outreach

This tech memo presents the phase I public outreach as well as an evaluation of the service adequacy and issues and opportunities. The public outreach process and findings for phase I/the public's opinion of existing service is provided in this memo. Also, the service adequacy is presented which includes a congruency analysis to show coverage and issues and opportunities identified from the previous memos.

Complete

Tech Memo 5/Task 5 – Administrative Functions

This tech memo provides an overview and analysis of Omnitrans' administrative functions. This includes an update of the benchmarking study to provide a peer comparison, a review of staffing levels, and a review of salaries and benefits. Recommendations regarding staffing will be made as part of this analysis.

Draft for TAC – May 15, 2012

Tech Memo 6/Task 6 – Alternative Service Delivery

This task will look at the costs and benefits of alternative service delivery methods and how different service delivery methods could be applied to Omnitrans. Service delivery includes looking at full or partial outsourcing of Omnitrans functions to the private sector. The status quo, consisting of outsourcing only the functions that are outsourced today, will also be examined.

Draft for TAC – May 15, 2012

Presentation of Financial Analysis and Alternative Service Delivery (TM2 and 6)/Phase I

- **Omnitrans Plans and Programs Committee – June 19, 2012** [*Omnitrans: This was a tentative date selected by AECOM. Actual date TBD based on Committee Schedule*]
- **SANBAG Commuter Rail and Transit Committee – June 21, 2012**

Phase I Report/Task 7

This task prepares a report for all of Phase I of the study. Besides compiling each of the previous tech memo's, this phase I report will also provide a summary of the activities and findings completed in phase I.

Draft for TAC – June 26, 2012

Phase II

Tech Memo 7/Task 1 – Draft Service Alternatives

This tech memo will provide an overview of the planning process and preliminary route plans. This will include precepts that form the foundation of the planning process. Finally, this tech memo will include a proposed route network based on the needs identified and developed in the route planning workshop that is attended by the consultant, Omnitrans, and SANBAG.

Draft for TAC – June 26, 2012

Tech Memo 8/Task 2 – Service Alternative Outreach and Modified Alternatives

This tech memo is focused on the public outreach process and results for presenting the proposed plan for Omnitrans. This tech memo will highlight the outreach process and activities and present the public opinion regarding the plan.

Draft for TAC – June 26, 2012

Phase III

Draft Final Report

The draft final report will be a compilation of all the study documents. New material presented in the final plan will be the finalized route plan that is based on the public comments and a Title VI assessment. The activities that constitute phase III of the study are the preparation of the final report, presenting the final report to Omnitrans and SANBAG boards, scheduling assistance, and implementation assistance.

Draft for TAC – July 11, 2012

Presentation of Final Report

- **Omnitrans Plans and Programs Committee – August 14, 2012** [*Omnitrans: This was a tentative date selected by AECOM. Actual date TBD based on Committee Schedule*]
- **SANBAG Commuter Rail and Transit Committee – August 16, 2012**

Final Activities

- Scheduling assistance
- Implementation assistance

Attachment B: Comprehensive Operational Analysis (COA) of Omnitrans

Status of Deliverables

Phase I: Comprehensive Operations Analysis/Analysis of Existing Conditions & Determination of Need

I.1 Comprehensive Operating Analysis of All Services

Description	Orig. Due	Draft 1	Draft 2	Draft 3	Draft 4	Draft 5	Notes
Tech Memo 1: Service Area Profile & Transit Service Baseline	Apr 2011	May 2011	Jun 2011	Jul 2011	Sep 2011	Nov 2011	Nearly completed, Census or ACS demographic analysis to be provided completed Phase I Report. Team shifted to ACS after waiting for unavailable Census Data.

I.2 Financial Analysis

Description	Orig. Due	Draft 1	Draft 2	Draft 3	Draft 4	Draft 5	Notes
Tech Memo 2: Financial Analysis	Apr 2011	Jun 2011	Sep 2011	Jan 2012	May 2012		The financial analysis is the key component of the COA that identifies the resources available to Omnitrans in the coming years. Since several subsequent sections of the COA including the majority of Phase II have been nearly completed without an understanding of the financial outlook, staff is concerned with the impact this may have on the validity of the subsequent findings. Draft 4 was delivered on May 11, 2012; as of the writing of this report, on May 14, 2012, staff has not completed a detailed review.

I.3 Service Policies Analysis

Description	Orig. Due	Draft 1	Draft 2	Draft 3	Draft 4	Draft 5	Notes
Tech Memo 3: Service Policies Analysis	May 2011	Jun 2011	Aug 2011	Sep 2011	Dec 2011		Nearly complete. Analysis of current performance to standard is complete; development of new standards is contingent on a completed Financial Analysis. To be completed as part of Phase I Report.

I.4 Service Needs/Public Outreach

Description	Orig. Due	Draft 1	Draft 2	Draft 3	Draft 4	Draft 5	Notes
Tech Memo 4A: Summary of Initial Commuter Outreach	Jun 2011	Jul 2011	Sep 2011	Sep 2011	Nov 2011		Complete: Outreach effort successfully gathered rider, stakeholder and employee input; however, this information gathering session does not meet the FTA's requirements. FTA requirements must still be met in Phase II or III of this project.
Tech Memo 4B: Attitude & Awareness Study, Non-Riders 2011	Jun 2011	Sep 2011	Nov 2011				Complete
Tech Memo 4C: Coverage and Congruency Analysis	Jun 2011	Sep 2011	Nov 2011				Complete
Tech Memo 4D : Needs and Opportunities Analysis	Jun 2011	Nov 2011					Complete

I.5 Administrative Functions

Description	Orig. Due	Draft 1	Draft 2	Draft 3	Draft 4	Draft 5	Notes
Tech Memo 5: Administrative Functions Review	Jun 2011	Jan 2012					Will complete review and comment following resubmission of Tech Memo #2, Financial Analysis. Staffing levels and reporting relationship recommendations have not been delivered.

I.6 Transition of Services and Alternative Delivery Methods

Description	Orig. Due	Draft 1	Draft 2	Draft 3	Draft 4	Draft 5	Notes
	Jul 2011						No deliverable tendered

I.7 Summary of Findings

Description	Orig. Due	Draft 1	Draft 2	Draft 3	Draft 4	Draft 5	Notes
	Jul 2011						No deliverable tendered

Phase II: Develop Service Alternatives

II.1 Identify Service Alternatives

Description	Orig. Due	Draft 1	Draft 2	Draft 3	Draft 4	Notes
Initial Route Planning Memo	Oct 2011	Nov 2011	Jan 2012			The initial route planning memo was provided but lacked several key features including service levels, frequency, span or similar stats. Without this data there was no back up estimates for ridership, productivity or efficiency offered. This level of detail is not practical to deliver without a completed Financial Analysis
Tech Memo 7: Initial Service Alternatives	Oct 2011	Mar 2012				The report was an update of the Initial Route Planning Memo. It added a brief fare policy analysis, but still lacks the service details such as frequency and service span to adequately understand the impact on the Omnitrans Fixed Route Network.

II.2 Public Comment Opportunity

Description	Orig. Due	Draft 1	Draft 2	Draft 3	Draft 4	Notes
Held Public Outreach	Nov 2011	Jan & Feb 2012				Public outreach was held based on the initial route planning memo, but without detailed service levels riders, stakeholders and employees could not fully vet the proposals.
Tech Memo 8	Nov 2011	Mar 2012				Outreach report adequately describes public outreach held; however, the outreach will not meet the FTA requirements for Public Hearings because the service plan and fare policy are not adequately described.

Phase III: Implementation Plan

- III.1 Preparation of Action Plan
- III.2 Presentation of Action Plan
- III.3 Schedule Development
- III.4 Technical Assistance/Development of Implementation Tools

Description	Orig. Due	Draft 1	Draft 2	Draft 3	Draft 4	Notes
All Phase III Items	Jan 2012					No deliverable tendered, waiting on Financial Analysis to complete Phase II and begin Phase III

* Original Due was based on the Schedule AECOM provided to SANBAG and Omnitrans in March 2011



DATE: June 11, 2012 **Item #D6**

TO: Committee Chair Alan Wapner and
Members of the Administrative and Finance Committee

THROUGH: Milo Victoria, CEO/General Manager *[Signature]*

FROM: Samuel Gibbs, Director of Internal Audit Services *[Signature]*

**SUBJECT: SUMMARY OF RISK ASSESSMENT RESULTS AND FY 2013
INTERNAL AUDIT WORKPLAN**

FORM MOTION

Receive and forward to the full Board for receipt and file the results from the risk assessment and the FY 2013 Internal Audit workplan, completed November 30, 2011, and updated May 25, 2012.

SUMMARY AND BACKGROUND

The Department of Internal Audit Services was approved by the Omnitrans Board of Directors on January 9, 2008. Internal Audit Services has been providing services to Omnitrans since April 2008. One of the responsibilities assigned to the Director of Internal Audit Services is to conduct a risk assessment of the Agency annually and develop a workplan which includes audit engagements and activities for mitigation of risk.

ANALYSIS

Internal Audit Services helps Omnitrans accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The workplan outlines the audit activities to mitigate the potential risk identified by the assessment matrix and summary of the interviews. Mitigation will consist of a mixture of audit engagements, strengthening of internal controls, and an evaluation of policies and procedures. The risk assessment is updated at this time to bring the assessment cycle in alignment with the Agency's fiscal year.

MV:SJG

Attachment- List of planned engagements, and risk matrix and methodology



Omnitrans Department of Internal Audit Services

Risk Assessment and FY 2013 Workplan

Auditor Name: Samuel Gibbs
Audit Date: May 25, 2012

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INTERNAL AUDIT ATTRIBUTES

Purpose

Mission

Omnitrans has established the Department of Internal Audit Services (DIAS) to strengthen internal controls and to promote the economy, efficiency and effectiveness of Omnitrans operations. The mission of the DIAS is to provide independent, objective assurances of Omnitrans. The DIAS will help Omnitrans accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The DIAS shall carry out independent and objective audits and reviews to accomplish its mission.

Goals and Objectives

DIAS is an internal service organization which assists Omnitrans management in ensuring:

- Omnitrans operates in accordance with Omnitrans procedures and applicable laws and regulations.
- Risks are appropriately identified and managed.
- Programs, plans and objectives are achieved.
- Adequate and effective systems of internal controls are in place.
- Important financial, managerial and operating information is accurate, reliable, and timely.
- Omnitrans contract and contract change order audits are conducted in a timely manner.
- Quality and continuous improvement are fostered in Omnitrans' control process.
- Significant legislative or regulatory issues impacting Omnitrans are recognized and addressed appropriately.
- Omnitrans assets and resources are adequately safeguarded, and Omnitrans operations are managed economically, efficiently and effectively.

DIAS participates and cooperates with management to ensure that Omnitrans successfully achieves its mission.

Organizational, Independence, Structure, and Resources

DIAS is given complete independence by Omnitrans executive management in using its resources, in selecting the area to be audited and the methodology to be used, and in determining the conclusions and recommendations resulting from its work. The Director of DIAS reports directly to the Chief Executive Officer/General Manager.

DIAS shall submit written audit reports to the Board of Director's Administrative and Finance Committee and the CEO/General Manager, informing them of individual department's compliance with policies and procedures.

Risk Assessment
May 2012

All Omnitrans departments, programs, functions, systems, contracts and activities are subject to audits by DIAS. DIAS shall initiate audits activities based on assessed risk, legislative mandates and regulations, and on response to requests from Omnitrans Board of Directors, CEO/General Manager, Chief Financial Officer (CFO), and department heads. DIAS auditors and staff shall have complete and unrestrictive access to all books, records, documents, reports, plans, contracts, and other relevant materials, as well as to all Omnitrans personnel and its third party contractors. Omnitrans management and staff shall cooperate fully with DIAS auditors during discharge of their duties, to include prompt reply to DIAS audit reports findings and recommendations, in accordance with Omnitrans procedures for audit resolution and follow-up.

RISK ASSESSMENT

Standards of Audit Practices

DIAS auditors in conducting this risk assessment adhered to the professional standards set forth in the Government Audit Standards promulgated by the Comptroller of the United States, and the Institute of Internal auditors (e.g. *Standards for Professional Practice*).

What is Risk?

Risk can be defined as the combination of the probability of an event and its consequences. In simple terms risk can be seen as a combination of the chance that something may happen and the degree of damage or loss that may result if it does occur.

What is Risk Management?

Risk management is the process of recognizing risk and developing methods to both minimize and manage the risk. This requires the development of a method to identify, prioritize, treat (deal with), control and monitor risk exposures. In risk management, a process is followed where the risks are assessed against the likelihood (chance) of them occurring and the severity or amount of loss or damage (impact) which may result if they do happen.

The annual internal audit risk assessment is intended to demonstrate:

- the breadth and depth of audit activities addressing financial, operational, strategic, hazards, and compliance of the Agency in relationship to the associated risk;
- accountability for our resources; and
- The progress in our efforts to continually improve the Agency's Internal Audit program.

It is my intent to convey a current sense of the Agency's internal control environment and the extent to which controls are being assessed by regular audit activities, addressed proactively through advisory services, or investigated as a result of issues raised.

Frequency Performed

Risk assessments shall be performed annually, or as directed by the Administrative and Finance Committee of the Board of Directors, or the CEO/General Manager. Audit engagements will be conducted in accordance to the potential for weakened internal control or increased risk.

Process and Methodology

The process will involve consideration of all potential risks facing Omnitrans in pursuing its strategies with risks broken down into appropriate headings (e.g. strategic, operational, financial, and hazard etc.) and identified with the operating departments.

Risk Assessment
May 2012

All risks should be clearly defined together with the controls that currently exist to manage them. Considering the adequacy of the present control system will avoid duplication of resources as several of the identified risks may already prove to be effectively controlled.

Risk will be determined by performing the following evaluations:

- Interview of the director and all key personnel in each operating department.
- A recap of all previous internal and external audits over the last 24 months.
- The use of a risk evaluation matrix recommended by the Institute of Internal Audits.
- The use of a self-assessment risk review list of questions provided by the FTA specifically designed to address risk in transit.

It is important that the internal systems and procedures in place are adequate to manage the identified risk. Where control weaknesses are identified, these should be noted so that the proposed action is taken to remedy such weaknesses.

Internal Audit Services will undertake the identification of risks. Input will be obtained from the individual operating departments to ensure that all risks have been taken into account and that important risk and control issues have not been overlooked.

Risks will be categorized as strategic, financial, hazard, or operational.

As not all risks represent equal significance to the Agency, each area shall be ranked high, medium or low in terms both of likely frequency and impact. The risk weighting is provided below by category.

Risk Matrix:

The risk matrix is designed to assess risk for the entire organization. The categories are; key risk that are identified as either operational, strategic, financial, or hazard; the impact of the risk which is weighted from 1-3 (1 being the lowest and 3 the highest); the probability of occurrence for the risk which is also weighted 1-3; the status of the activities for mitigating the risk, classified as open, in process, completed, or signed off; the residual risk rating which is rated 1-9, 1 being the lowest and 9 the highest risk; and trends which are defined as static, trending up or trending down. A category shaded in red is not an indication that this area is bad or unaddressed; it implies that attention will have to be applied in that area.

Determination of Audit Universe

Once risks have been identified and quantified, the next step is to control and manage the risks. This will involve the consideration of cost-effective actions, which will be judged against the risk ranking, and the likelihood of occurrence. The proposed action to be taken will then be mapped against the specified risk together with an implementation date reflected by the perceived urgency and the named person designated as responsible for managing the risk. Additional consideration will be given for recommendations from the Administrative and Finance Committee of the Board of Directors, and the CEO/General Manager. The evaluation was made for any Agency operating in our risk environment, and a red, yellow, and green matrix was created that shows the potential and probability for risk activities assuming all things are equal. Red is high risk, yellow is moderate risk, and green is low risk. Please note that a red risk indicator does not necessarily mean bad or negative, but could instead indicate the need for mitigation.

RISK DOMAINS

The risks facing the Agency today can be classified into domains that Enterprise Risk Management (ERM) recognizes:

Operational:

The Operational domain (the term operation in this case is not referring to vehicle operations) is derived from the organization's core business, including its systems, practices, policies, and procedures. Examples include procurement and planning policies. The senior leadership team is focused on developing a dashboard that includes key performance indicators (KPI). The KPI will be used to report the effectiveness of the annual management plan to the Board of Directors.

Financial:

The Financial domain deals with risk related to the organization's ability to acquire, raise, or access capital as well as the costs associated with the transfer of risk. Examples might include federal, state, and local funding. Refinement to the grant process will be under review in FY 2013. Additionally, the Agency has to determine the risk appetite versus the potential savings for all forms of insurance. Finance has to determine and maintain the right risk management strategy for a public agency while optimizing the potential savings. Additional potential financial risk could be associated with the changes to the cash allocation from SANBAG based on the results of the Comprehensive Operational Analysis (COA).

Human Resources:

The Human Resources domain relates to the risk related to recruiting, retaining and managing the workforce. Examples include workers' compensation, FMLA, employee turnover, absenteeism, and discrimination. New challenges associated with the sbX capital project will dictate that the Agency learn how to work with another class of employees (consultants, engineers, and contractors). The Agency needs to place an emphasis on succession planning, a skill inventory, training, and development to improve the internal applicant base. During this growth and transition period, the Agency will have to re-establish the relationships with the labor unions and identify how to best form equitable partnerships. Management confidential employees' salaries have been frozen since July of 2008. This could present human capital risk going forward. Improvement in the economy may cause key employees to evaluate other employment options.

Strategic:

The Strategic domain is risk related to the ability of the organization to grow and expand. Examples include customer relations, plan growth, new projects, and any change in governance structure as a result of planned growth. This includes an evaluation of the alignment of the Agency's strategies to the actual activities of the Agency; additionally, how will the strategies

and activities be measured? The strategic plan for the Agency has been re-evaluated and key performance indicators applied to key measurements.

Legal/Regulatory:

The Legal/Regulatory domain is risk related to transit statutory and regulatory compliance. Examples include the changes in internal policies as a result of the changes in the new circular 4220.1F. The Agency presently receives direction from the county's legal staff and Best Best and Krieger. Additionally, close attention will be paid to changes in federal, state, and local regulations. As the construction phase of the sbX project progresses, the engagement and management of the contracts in accordance to regulations become a major priority.

Technological:

The Technology domain is risk associated with equipment, devices, and reporting systems. Examples include new fare box recovery equipment, and the implementation of a new Enterprise Resource Planning (ERP) system. The Department of Internal Audit Services will need to address additional vulnerability associated with a complex information technology department. The audit department will also assess the institutionalization of the new ERP system. The assessment will include an evaluation of the efficiency realizations relative to the implementation objectives. Additionally, there is an opportunity to share the platform developed for Omnitrans with other transit agencies for a fraction of the cost. This will require monitoring of the agreements and grants that are established.

Other Areas of Interest

Fuel prices

Fuel prices continue to fluctuate and the price of fuel presently showing a downward trend. Also of concern is the availability and dependability of Liquid Natural Gas. Omnitrans presently is under contract with one of the two available sources to Southern California. The hedge program and the pursuit of alternative fuel strategies were monitored during FY 2012. The first hedge contract expired at the end of January 2012 and the CFO has entered into a new two year contract. The price of CNG has gone down and appears to be on a continuing downward trend. The Agency is presently enjoying an average of \$.275 per gallon over the two year life of this contract. The contract is settled daily and recorded to the balance sheet at the end of each month.

sbX (IPMO) Project

The sbX project entered into the construction phase on January 30, 2012. This is the first major capital project for Omnitrans and the project requires both quality assurance and process audits by the external control team and internally. Audits of the invoices submitted for payment and the delivery matrixes, are being conducted to meet the FTA definition of progress payments in Circular 4220.1F. Now that the project is in the construction phase, it will be necessary to conduct QA audits, financial audits, Work Breakdown Structure (WBS) audits, and random audits of the deliverables associated to the invoices. The QA Manager primary job is to audit the

Risk Assessment
May 2012

job sites, materials, and quality of the work conducted. The QA Manager reports directly to the Director of Internal Audit and spends 80% of his time in the field, reporting back to the Director of Internal Audit monthly.

Contract Management

The Agency has entered into the construction stage of sbX, therefore, contract management becomes a very important component of delivering a successful project. It is critical to manage all of the contracts according to the original document and in accordance to federal regulations. A change order protocol has been established that gives the final authority to the CEO/GM and project manager. The execution of the change order process will be audited randomly and routinely. A key component to tracking the change order process is the documentation of each change and how the change order board arrived at the decision.

Grant Process

The grant process was an area for concern in FY2011 and through management re-alignment has been greatly improved. This was the subject of random audit engagements in FY 2012, which will continue in FY 2013. Internal Audit will also continue to review the weekly cash management report and provide guidance to the Finance team. Additionally, the internal auditor will review the execution of the quarterly FTA reporting requirements.

Economic Conditions/Budgeting

Challenging economical conditions are always a genesis for fraudulent or unethical practices. In support of the required SAS 114 examination during our external audit, the DIAS will continue with the fraud detection element to every internal audit engagement.

Comprehensive Operational Analysis (COA)

SANBAG contracted the consultant firm AECOM to conduct a COA of Omnitrans starting in early 2011 and was scheduled to wrap up in March of 2012. There is a possibility that the COA might cause SANBAG to change the amount of funds distributed to Omnitrans in the out years. Internal audits may be engaged in evaluating the implementation of any recommendations adopted by the Board of Directors from the COA. The COA was not concluded in March 2012 as projected. The wrap up projected date is now October 2012. Internal audit will remain a critical part of implementing any recommendations.

Succession Planning and Management Development

Succession planning is a strategy to recognize and promote internal growth and development at every level of the organization. The succession planning process requires the documenting of skill levels, identification of developmental needs, and tailored individual development programs. The first of many such programs is the Leadership Action Program. Additionally, the performance manager element will equip directors and senior leaders with the information about

each of their direct reports to make sound developmental and staffing decisions. Key components of succession planning are: training and development, a skill inventory, and effective performance management.

Capability Maturity Model Integration (CMMI)

The Agency can gain efficiency by having a standard approach to how we manage and monitor projects across the Agency. This will include a standard form for project proposals, key performance indicators, and reporting mechanisms.

Communication

The communication channels deal with the strategies for disseminating information internally and externally. Under consideration is how the Agency communicates policy and procedures consistently across all departments, as well as how important information affecting all employees is communicated. Finally, protocol for how information should be vetted before it is sent out-of-house needs to be monitored.

The Quality Management process

During the construction phases of the sbX project, a comprehensive QA program has been developed to measure and monitor quality. A member of the quality assurance (QA) team is in the field daily monitoring the quality of the work performed by the contractor and the Construction Management Services (CMS). The QA representative will also be engaged on the construction sites evaluating the adherence to the contract, to the design specifications, document control, and conducting material testing.

Employee Compensation

The Agency has been on a salary freeze for the past three years. Senior leadership will need to discuss strategies for employee retention. As the economy starts to recover, key employees are starting to evaluate options. Another year of salary freezes could cause employees to start looking for other employment opportunities.

Recommended Areas for Audit Engagements

Risk can be mitigated by conducting audit engagements in the following areas:

- Construction quality audits and reporting
- Succession Planning, including performance management and employee development
- Information technology (possibly source out)
- Grant Process
- sbX construction timelines, milestones, and invoicing
- Construction change order process
- Future audits of workers' compensation
- The socialization of the SAP platform to other transit agencies.

FY 2012 Audit Workplan

Monthly

Safety and Security Audits- An ongoing monthly review of the safety and security compliance at West Valley, East Valley facilities, new construction projects, and occasional evaluation of both First Transit facilities. These audits will use the audit forms generated by the Safety and Security Section.

QA Site Visits- A comprehensive quality program was written to administer quality control to the construction phase of the sbX project. The QA Manager will conduct onsite quality audits and report the results monthly. DIAS will monitor the QA activities which will include periodic site visits.

Random Review of Invoices- Both DIAS and the QA Manager will conduct random audits of the invoices submitted for payment to ensure that all regulations are followed and the deliverables match the reported percent of completion.

Transaction Flow Review- Select random transactions in accounts payable, accounts receivable, receiving, and procurement and follow the flow from beginning to end. The review will include monitoring who has access to that area, what the lines of authority are, and the process.

Contract Administration- DIAS will conduct regular random audits of the administration of active contracts, including sbX. Additionally, there will be reviews of the change order process and the resolutions to submitted change orders.

Bus Ride- Take a monthly bus ride and monitor rider perception, customer service, driver behavior, and Agency image. Whenever feasible, comparison audits will be conducted on the reliability of the Trapeze and TransitMaster data.

Cycle Count/Inventory Control- a weekly assessment and recap of the previous week's cycle count will be performed. The normal full review will be conducted on a quarterly basis.

Quarterly

Site Visit I St. and Feron St. - Internal Audit will conduct follow up reviews and visits to assess proper monitoring of the safety and security and drug and alcohol compliance audits for the contract provider First Transit.

Review Succession Planning- The Agency is tasked with developing a comprehensive succession plan that includes elements of performance management, employee development, and mentoring. The success of these initiatives is reliant on the full participation of each department director and their management staff.

Grant Review and Update- routine review of the grant process is needed to ensure that the Agency is maximizing the funding options available. In addition, the grant process will be evaluated to ensure that all funds are drawn down as soon as the funds are available to the Agency. For example, the Treasury Manager is requesting federal reimbursement as soon as the Agency pays the invoice and there is not more than 72 hours between when invoices are paid and reimbursements are drawn down from ECHO.

Procurement Review- the Agency's procurement process was audited by the FTA in the fall of 2007 and because of deficiencies the FTA performed a follow-up review in the fall of 2008. A partnership between the procurement staff and internal audit resulted in a clean review of procurement during the Triennial Review in May 2010. The Department of Internal Audit Services will continue to randomly evaluate the effectiveness of the procurement processes and provide support to ensure that the controls remain strong.

IT Evaluation- The help desk and other portions of the IT department have been outsourced starting July 7, 2010. The proposed engagements with IT will include the monitoring of IT security such as passwords, security levels, and delegations of duties (no one IT employee should have exclusive access to all levels of the IT infrastructure). Additionally, in FY 2013 emphasis will be placed on implementing a management dashboard, CMMI process improvement, and a project proposal and management system. Some of the responsibilities for IT monitoring might be delegated to consultants or contract help.

Biannual

Petty Cash- Conduct biannual reviews of all petty cash funds. Review petty cash funds to ensure that transactions are conducted in accordance to the Agency's policy (approved 4-10-2006 and revised 12-15-2006).

P-Cards- Conduct biannual reviews of P-Card use within compliance of applicable laws, regulations, and Agency policy 3000.

Inventory Control- A full review will be conducted biannually to ensure that all processes for inventory management are being completed at both East Valley and West Valley. These processes include cycle counts Mon-Thurs., timely reconciliation, and proper reporting.

Fuel Audit- Conduct a review of fuel use and management of the Forward Fuel Purchase Policy. Additionally, all transactions for the Forward Fuel Purchase Policy will be subject to random and routine audits as deemed necessary by the CEO/General Manager or the Administrative and Finance Committee of the Board of Directors.

Work Schedules and Flex- Conduct biannual follow up reviews of individual work schedules by department. Reviews will address the following questions, are all employees working within core hours as defined by that department by the department director, is the management confidential and represented employees working within the policies for each designation? This process will consist of a full audit annually and quarterly follow ups.

On Going Engagements

Procurement System Review (PSR) Details- Continue to perform random audits using the guidelines provided by the FTA for a PSR. Procurement System Review (PSR) audit will include, follow-up on procurement contracts. Look for spot checks, checklists, proper price and price/cost analysis.

Workers' Compensation- A follow-up audit will be performed to review compliance with law and regulations for workman's compensation and surveys will be conducted to find methods to reduce workman compensation claims.

Information Technology (IT) - Audit to review license and security levels on the network. An additional review will be performed addressing the safeguard of confidential information. An audit will be performed to measure the effectiveness of SAP implementations. Internal Audit will look into contracting and IT auditor and billing it to the SAP contract.

Employee Recreation Club (ERC) - Conduct ongoing random and routine audits on the ERC activities and financial management process.

Additional Engagements

Carry-forward audits

This category will be dependent upon current audits that are incomplete at the end of the fiscal year end.

Other audit engagements to be complete this fiscal year

Conflicts of Interest- A review will be conducted of current laws, regulations and policies and their application at the Agency.

Discipline and Termination- A review will be conducted of the discipline and termination process and compliance with applicable laws, regulations and policies.

Hiring Processes- A random review of the hiring process, and compliance with applicable laws, regulations and policies will be conducted.

Special Projects- Any activity deemed necessary by the CEO/GM, CFO, or the Administrative and Finance Committee.

Risk Assessment- An updated risk assessment will be conducted in late May 2013 no later than early July 2013.

Follow-Up- Conduct reviews of completed audits to assess the progress and implementation of previously issued audit recommendations and management responses as required by the Professional Standards. Follow up on any material issues or deficiencies identified by the Financial Review currently in progress.

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DATE: June 11, 2012 **Item #D7**

TO: Committee Chair Alan Wapner and
Members of the Administrative and Finance Committee

FROM: Milo Victoria, CEO/General Manager

SUBJECT: **RESOLUTION #260-12, SUPPORT TRANSFER OF ONTARIO
INTERNATIONAL AIRPORT TO LOCAL CONTROL**

FORM MOTION

Recommend adoption of Resolution No. 260-12 to the Board of Directors in support of the transfer of Ontario International Airport to local control.

BACKGROUND & ANALYSIS

Committee Chair Alan Wapner has requested that the Board of Directors consider adopting a resolution to support the transfer of Ontario International Airport to local control.

This resolution supports recommendations by the Los Angeles Economic Development Corporation, the Alliance for a Regional Solution to Airport Congestion (ARSAC), and the Southern California Association of Governments (SCAG), who all urge that the Ontario International Airport be transferred from the Los Angeles World Airports back to local control. Returning the airport to local control will provide the ability to better address the decline in passengers and ensure that Southern California has sufficient airport capacity to meet the long-term air travel demands of the region.

FUNDING SOURCE

There is no cost associated with this action.

CONCLUSION

Recommend adoption of Resolution No. 260-12 to the Board of Directors and support the recommendation of the Los Angeles Economic Development Corporation, ARSAC, and SCAG, to transfer the Ontario International Airport to local control.

MV:VLO

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Phone: 909-379-7100 • Web site: www.omnitrans.org • Fax: 909-889-5779

Serving the communities of Chino, Chino Hills, Colton, County of San Bernardino, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland and Yucaipa.

RESOLUTION NUMBER 260-12

A RESOLUTION OF THE OMNITRANS BOARD OF DIRECTORS, SAN BERNARDINO COUNTY, CALIFORNIA, IN SUPPORT OF THE TRANSFER OF ONTARIO INTERNATIONAL AIRPORT (ONT) TO LOCAL CONTROL.

WHEREAS, local control of airports in Southern California has been shown to be conducive to development of successful regional airports because the airport sponsor has a vested interest in the airport making the greatest contribution to its economy.

WHEREAS, local control of ONT will help ensure that all of Southern California will have sufficient airport capacity to meet the long-term demand for air travel in the region.

WHEREAS, on January 7, 2011, the Los Angeles Economic Development Corporation called on Los Angeles World Airports (LAWA) to shift control of ONT – as well as the responsibility and risk that comes with that control – to another entity so LAWA can focus more of its energy on modernizing Los Angeles International Airport.

WHEREAS, on November 29, 2010, the Alliance for a Regional Solution to Airport Congestion (ARSAC) urged the Los Angeles Board of Airport Commissioners to transfer ONT airport management decisions to the local Ontario area in pursuit of a regional airport system that can better address ONT patronage decline and regional service demands.

WHEREAS, on September 2, 2010, the Southern California Association of Governments (SCAG) Regional Council enacted a resolution recommending the transfer of ONT to local control as being in the best interests of Los Angeles and the Southern California region. SCAG further stated that under local control, ONT can recover from the economic downturn of the past several years while positioning itself for long-term growth, consistent with the reorganization of air traffic contemplated in SCAG's Regional Transportation Plan.

WHEREAS, after transfer to local control, ONT can operate on the same basis as airports in Burbank, Orange County, Long Beach and Palm Springs - as low-cost secondary airports under local control.

THEREFORE, BE IT RESOLVED, the Omnitrans Board of Directors hereby supports the transfer of ONT to local control in furtherance of airport regionalization and the region's economy.

BE IT FURTHER RESOLVED, the Omnitrans Board of Directors requests the cities of Los Angeles and Ontario commit the necessary resources and effort to affect the transfer of ONT to local control at the earliest possible date.

BE IT FURTHER RESOLVED, Omnitrans shall communicate this action of the Board of Directors to the Mayors of Los Angeles and Ontario, the Acting Administrator of the Federal Aviation Administration, and state and federal elected representatives.

AYES:

NOES:

ABSENT:

Milo Victoria, CEO/General Manager
Secretary, Omnitrans Board of Directors

The foregoing resolution is hereby approved this 11th day of July 2012.

Dick Riddell, Mayor, City of Yucaipa
Board Chair, Omnitrans Board of Directors

Approved as to form:

Carol Greene
Counsel for Omnitrans

Please transmit the approved resolution to the following parties:

Mayor Antonio Villaraigosa
City of Los Angeles
City Hall
200 North Spring Street, Room 300
Los Angeles, CA 90012

Mayor Paul S. Leon
City of Ontario
City Hall
415 East "B" Street
Ontario, CA 91764

Michael P. Huerta
Acting Administrator
Federal Aviation Administration
800 Independence Avenue, SW
Washington, DC 20591



DATE: June 11, 2012 Item #D8

TO: Committee Chair Alan Wapner and
Members of the Administrative and Finance Committee

THROUGH: Milo Victoria, CEO/General Manager

FROM: Jennifer M. Sims, Director of Procurement

SUBJECT: **AUTHORIZE AMENDMENT NO. 1, OPS10-20, WEST VALLEY
PARATRANSIT FUEL SERVICES BASE YEAR 2 AND INCREASE IN
SPEND AUTHORITY OPTION YEAR 1**

FORM MOTION

Recommend approval to the Board of Directors to authorize the CEO/General Manager to execute Amendment No. 1 to increase Contract OPS10-20 with Poma Automated Fueling, Inc., of Bloomington, California, for Base Year 2, by an additional provision of \$19,300, and a 10% contingency of \$1,930, for a new total of not to exceed amount of \$1,509,594; and

To increase Option Year 1 by an additional provision of \$390,820, and a 10% contingency of \$39,820, for a new total not to exceed amount of \$1,165,088.

BACKGROUND & ANALYSIS

On August 3, 2011, the Board authorized the CEO/General Manager to increase the spending authority under Contract OPS10-20 for Base Years 1 and 2, by an additional \$95,418, and a 10% contingency of \$9,542, a total of \$104,960, for a new total not to exceed of \$1,488,364 to cover unanticipated increases in the cost of unleaded fuel.

Unleaded fuel prices have increased dramatically during Base Year 2, consuming the entire balance of available contingency. An increase of spend authority is necessary to relieve the shortfall for Base Year 2 (FY 2012) and Option Year 1 (FY 2013).

Unleaded fuel prices fluctuate on a daily basis and are expected to remain high through the summer months. Contract pricing with Poma Automated Fueling is \$0.065 over the OPIS Colton Rack at Poma owned stations in Ontario, Riverside and Fontana, and \$0.125 at non-Poma owned Commercial Fuel Network stations. Using an estimated average price per gallon of \$4.48 times 236,272 gallons, \$1,058,500 will be needed for Option Year 1.

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FUNDING SOURCE

The costs associated with this procurement will be absorbed in FY 2012 and FY 2013 operating budget.

Departments 2110 & 2400
Expenditure Code 504100


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

CONCLUSION

For the foregoing reasons, staff recommends that the Administrative and Finance Committee recommend approval to the Board of Directors to authorize the CEO/General Manager to execute Amendment No. 1 to increase Contract OPS10-20 with Poma Automated Fueling, Inc., of Bloomington, California, for Base Year 2, by an additional provision of \$19,300, and a 10% contingency of \$1,930, for a new total of not to exceed amount of \$1,509,594; and

To increase Option Year 1 by an additional provision of \$390,820, and a 10% contingency of \$39,820, for a new total not to exceed amount of \$1,165,088.

MV:JS

 Omnitrans STANDARD CONTRACT 1700 West Fifth Street San Bernardino CA 92411	<input type="checkbox"/>	New	Amendment 1				Contract Number OPS10-20
	<input checked="" type="checkbox"/>	Change					
	<input type="checkbox"/>	Cancel					
	Omnitrans Department Operations			Dept. No. 1100		Project West Valley Paratransit Fuel Services	
	Omnitrans Procurement Representative Christine Van Matre			Telephone 909-379-7122		Total Contract Amount See Article 3	
Contract Type:							
Director of Procurement		Contract Start Date July 1, 2010	Contract End Date June 30, 2012	Original Amount \$1,383,404	Amended Amount \$1,507,664		

THIS AMENDMENT ONE is entered into by and between Omnitrans, a Joint Powers Authority created under Section 6506 of the California Government Code; hereinafter called Omnitrans, and

Name	Poma Automated Fueling, Inc.	hereinafter called	Contractor
Address			
571 West Slover Avenue			
Bloomington, CA 92316			
Telephone	Federal ID No.		
909-421-2280	33-0487199		

IT IS HEREBY AGREED AS FOLLOWS:

1. This Amendment No.1 is contingent upon the language contained in Section 4.0, *Term and Termination*, of the above-referenced agreement.
2. This Amendment No. 1 is further contingent on the following items:
 - A. Adherence to all provisions of the current AGREEMENT; and
 - B. Compliance with the terms of this Amendment.

NOW THEREFORE, AGENCY and CONTRACTOR hereby amend their Contract as follows:

1. Increase contract amount by original contingency amount of \$125,764, Board authorized increase in spend authority of \$95,418, and Board authorized increase in contingency of \$9,542, for a total not to exceed amount of \$1,488,364; and
2. Increase contract amount by an additional provision of \$19,300 for a new total not to exceed amount of \$1,507,664.

AMENDMENT NO. 1, OPS10-20, WV Paratransit Fuel Services
Poma Automated Fueling, Inc.

As hereby amended, the Contract remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 effective as of the day and year first therein above written.

This Agreement is executed upon signature by Omnitrans' CEO/General Manager. One signed original will be returned to Contractor.

IN WITNESS WHEREOF, Omnitrans and the Contractor have each caused this Contract to be subscribed by its respective duly authorized officers on its respective behalf.

OMNITRANS

POMA AUTOMATED FUELING, INC.

Milo Victoria, CEO/General Manager

By

(Authorized signature – sign in blue ink)

Dated

Name

(Print or type name of person signing contract)

Title

(Print or Type)

Dated



DATE: June 11, 2012 Item #D9

TO: Committee Chair Alan Wapner and
Members of the Administrative and Finance Committee

THROUGH: Milo Victoria, CEO/General Manager *[Signature]*

FROM: Jennifer M. Sims, Director of Procurement *[Signature]*

SUBJECT: **AUTHORIZE AMENDMENT NO. 1, CONTRACT 7560
CUSTODIAL SUPPLIES**

FORM MOTION

Recommend approval to the Board of Directors to execute Amendment No. 1 to increase Contract 7560 with Waxie Sanitary Supply of San Diego, California, for the provision of custodial supplies by \$8,000 for a new total not to exceed amount of \$80,000.

BACKGROUND & ANALYSIS

Janitorial supplies are required to maintain the cleanliness and sanitation of Omnitrans' facilities. On May 5, 2010, the Board authorized the award of Purchase Order to Waxie Sanitary Supply of San Diego, California, under the Western States Contracting Alliance (WSCA) Contract No. 7560 for the provision of custodial supplies. Staff estimated the value of the two year Purchase Agreement at \$72,000.

Actual expenses against this Purchase Agreement totaled \$80,000. Although the amount is within budget, it exceeds the estimate approved by the Board. Purchase Orders were issued each year without utilizing SAP Contracts, which has built in system controls that function as a means of check and balances. Staff is working with representatives from SAP through the Landscape Review to identify process changes to increase controls, enhance visibility and ultimately prevent recurrence in the future.

Approval is necessary to authorize payment of outstanding invoices.

Omnitrans • 1700 West Fifth Street • San Bernardino, CA 92411
Phone: 909-379-7100 • Web site: www.omnitrans.org • Fax: 909-889-5779

Serving the communities of Chino, Chino Hills, Colton, County of San Bernardino, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland and Yucaipa.

FUNDING SOURCE

The cost of this increase can be absorbed in the Maintenance Department's FY 2012 operating budget:


Departments 1200
Expenditure Code 504200

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

CONCLUSION

For the foregoing reasons, staff recommends that the Administrative and Finance Committee recommend approval to the Board of Directors to execute Amendment No. 1 to increase Contract 7560 with Waxie Sanitary Supply of San Diego, California, for the provision of custodial supplies by \$8,000 for a new total not to exceed amount of \$80,000.

MV:JS

 Omnitrans STANDARD CONTRACT 1700 West Fifth Street San Bernardino CA 92411	<input type="checkbox"/>	New	Amendment 1				Contract Number 7560
	<input checked="" type="checkbox"/>	Change					
	<input type="checkbox"/>	Cancel					
	Omnitrans Department Procurement			Dept. No. 1700		Project Custodial Supplies	
	Omnitrans Procurement Representative Joanne Cook			Telephone 909-379-7198		Total Contract Amount \$80,000	
Contract Type:							
Director of Procurement		Contract Start Date June 1, 2010	Contract End Date August 1, 2012	Original Amount \$72,000	Amended Amount \$8,000		

THIS AMENDMENT ONE is entered into by and between Omnitrans, a Joint Powers Authority created under Section 6506 of the California Government Code; hereinafter called Omnitrans, and

Name	Waxie Sanitary Supply	hereinafter called	Contractor
Address	4772 NE 190 th Lane, Building D		
	Portland, OR 97230		
Telephone	Federal ID No.		
	94-2647607		

IT IS HEREBY AGREED AS FOLLOWS:

1. This Amendment No.1 is contingent upon the language contained in Section 4.0, *Term and Termination*, of the above-referenced agreement.
2. This Amendment No. 1 is further contingent on the following items:
 - A. Adherence to all provisions of the current AGREEMENT; and
 - B. Compliance with the terms of this Amendment.

NOW THEREFORE, AGENCY and CONTRACTOR hereby amend their Contract as follows:

1. Increase contract amount by \$8,000 for a total not to exceed amount of \$80,000.

AMENDMENT NO. 1, CONTRACT 7560
Waxie Sanitary Supply

As hereby amended, the Contract remains in full force and effect.

This is a unilateral amendment and does not require written acknowledgement by Contractor.

OMNITRANS

Milo Victoria, CEO/General Manager

Dated _____