

SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY

CONSOLIDATION STUDY AND INNOVATIVE TRANSIT REVIEW TASK 2 – FINAL CONSOLIDATION REPORT

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FINAL



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TASK 2 FINAL CONSOLIDATION REPORT

SAN BERNARDINO COUNTY TRANSPORTATION
AUTHORITY

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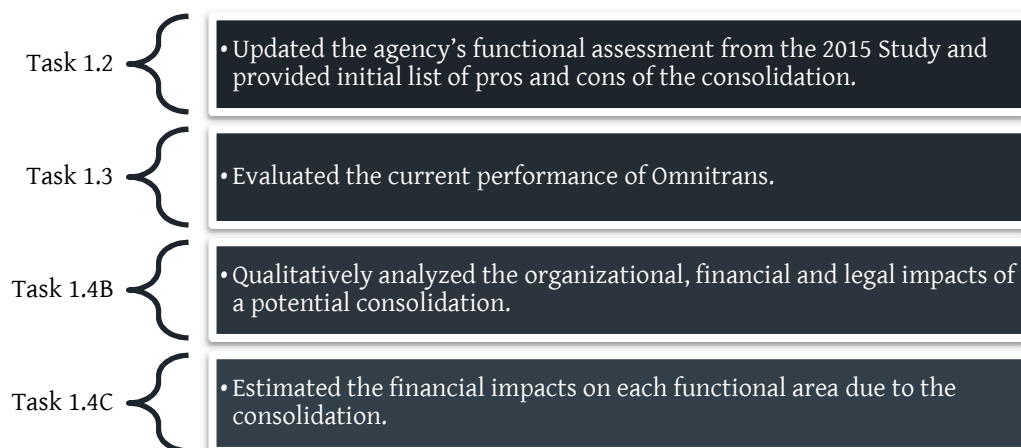
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1. Executive Summary

The SBCTA Consolidation Study commenced in January 2020 to build on the Countywide Transit Efficiency Study from 2015. The 2015 Study evaluated the six operators in San Bernardino County and identified the potential efficiencies that could be achieved through coordination and joint efforts among the operators and SBCTA. Subsequent to the 2015 Study, Omnitrans experienced significant cost increases of 35 percent, partially due to the changes in the scope of the agency, while ridership dropped 25 percent during the same period, leading to the impetus for the current study. Since the original 2015 Study, the scope of the work evolved to only include Omnitrans and SBCTA. The scope of the 2020 Study concentrates on identifying the cost saving opportunities that could be achieved through a complete consolidation with Omnitrans and quantifying the opportunities and challenges of merging the two agencies. This Study also discusses steps and estimated cost to implement such a consolidation.

Since January 2020, the consultant team issued four reports as shown in Figure 1.

Figure 1: Consolidation Study Tasks Completed



The reports were commissioned prior to the global COVID-19 pandemic and as such compare and refer to the pre-pandemic information. The reports concluded that there are fundamental differences in the missions of the agencies. A performance review of Omnitrans' key metrics and performance was conducted (Appendix A.4) and SBCTA and Omnitrans, after an analysis of 49 functional areas, had limited functional overlaps between the agencies. Most areas presented limited savings while others raised significant risks.

Omnitrans has already demonstrated the ability to make the difficult decisions necessary to address structural funding issues, with the 11 percent service reduction approved in May 2020 as part of ConnectForward. Since then, Omnitrans significantly reduced the service levels twice more due to the pandemic.

After careful discussion and review, SBCTA and Omnitrans staff recommend not to consolidate.

2. Introduction

2.1. Study Overview

San Bernardino County is the largest county in geographic area in the contiguous United States, with developed regions that vary from relatively dense urban concentrations to rural communities, combined with untouched desert and mountain landscapes. Like the county they are located in, the six transit operator/agencies¹ in San Bernardino County vary widely in size and nature of the transit services provided. However, all are in the business of moving people by public transit efficiently and economically.

In 2015, the San Bernardino County Transportation Authority (SBCTA) conducted a study, the “2015 Study”, of all the bus transit operators in the County with the goal of identifying opportunities for improved economies of scale through increased coordination, cooperation, and joint efforts. The study identified a series of potential strategies that could be pursued to improve efficiency and reduce overall costs among the operators. A portion of those recommended strategies were subsequently implemented by some of the operators.

Since that time, an industry-wide trend across the U.S. has led to a significant drop in transit ridership. Omnitrans, the largest of the San Bernardino County transit operators, has experienced a 25 percent loss in ridership while service levels remained relatively flat. In addition, operating costs at Omnitrans have risen 35 percent between FY 2015 and FY 2019. Contributing key factors include: increases in salary, benefit and liability insurance costs, increases in Agency scope, such as assuming responsibility for the Coordinated Transportation Service Agency (CTSA), establishing a rail function (for the upcoming implementation of the Arrow line), and taking on maintenance and security for the San Bernardino Transit Center. Other cost drivers include expenses related to a Medi-Cal transportation reimbursement write-off and negotiated increases in Purchased Transportation costs necessitated in part by the state’s increase in the minimum wage.

The combined impact of these trends significantly deteriorated Omnitrans’ system-wide operating performance indicators, such as the cost per unit of service and cost per passenger, which substantially increased operating subsidy requirements.² These trends are not financially sustainable, and Omnitrans has been working with SBCTA to implement service reductions and other actions to address their mid- and long-term financial performance. Notably, the Omnitrans Board approved the

¹ The six transit operator/agencies include: Omnitrans, Victor Valley Transit Authority, Mountain Area Regional Transit Authority, Morongo Basin Transit Authority, The City of Needles, and Southern California Regional Rail Authority.

² These trends, including a detailed analysis of the causes of the operating cost increase and performance indicator results, are analyzed in depth in the Performance Review Report as part of the current Consolidation Study and Innovative Transit Review.

ConnectForward Plan in May 2020, which cut 11 percent of revenue hours to reduce operating costs and help achieve financial sustainability.

For the purposes of this study, a “complete consolidation” is defined as the two agencies (all functions) brought together under one organization, thus transferring all functions into a single consolidated agency under a single Board of Directors, which then provides transit and other transportation services. During interviews conducted with SBCTA and Omnitrans for this study in January 2020, staff from both agencies responded that consolidation of Omnitrans into SBCTA as an entirely separate department would be most appropriate.

Note that this complete consolidation analysis explicitly excludes the consideration of the other transit operators in San Bernardino County.

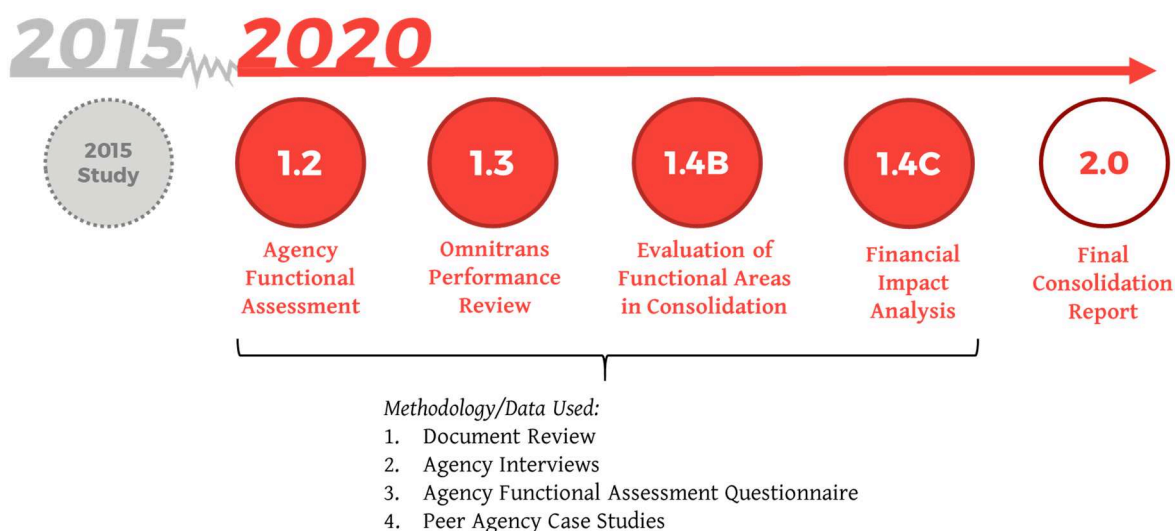
The objective of this 2020 SBCTA Consolidation Study and Innovative Transit Review is two-fold: first, the study was to identify the financial, organizational, and operational impacts of potential consolidation of Omnitrans into SBCTA to determine if improved efficiencies and economies can be achieved by a combined agency. Second, the Innovative Transit Review was to evaluate current transit service delivery in the San Bernardino Valley area and analyze strategies to realign transit services and match resources to the changing demand for public transportation.

This study began in January 2020, a few months before the worldwide COVID-19 pandemic drastically changed the current operations of SBCTA, Omnitrans, and all transit agencies across the nation. To keep momentum with the study, although options and impacts were discussed informally, incorporating inclusion of the service cuts to Omnitrans service reductions due to COVID-19 was not incorporated into this report. The financial figures reference the pre-pandemic budgets, expenditures, and staffing levels. This report has included Section 4.4, to discuss at a high-level the potential impacts or modifications due to this major disrupter.

2.2. Report Organization and Methodology

This Consolidation Report compiles the previous tasks of the 2020 SBCTA Consolidation Study and Innovative Transit Review into a final report. Relevant sections of these reports have been excerpted and included in the appendices. Figure 2 below provides an overview of the preceding reports and methodology.

Figure 2: 2020 SBCTA Consolidation Study Methodology



Task 1 of the 2020 SBCTA Consolidation Study and Innovative Transit Review conducted an update to the 2015 Study’s functional assessment to identify the areas of potential agency overlap and opportunities for efficiency between SBCTA and Omnitrans. This was done using three approaches:

- **Document Review** – The consultant team reviewed available information on SBCTA and Omnitrans from documents such as: Annual Budgets, Comprehensive Annual Financial Reports (CAFRs), Short-Range Transit Plans, Service and Management Plans, Labor Agreements, TransTrack data, and agency websites.
- **Agency Functional Assessment Questionnaire** – The consultant team developed a detailed Functional Assessment Questionnaire, which solicits information from each agency on how they functionally organize, operate the services provided, and conduct necessary activities.
- **Agency Interviews** – Following the completion of the Questionnaires, the consultant team conducted interviews of key staff at each agency to expand on the information requested in the Questionnaire and to further probe areas for efficiency that could be yielded by a potential consolidation.
- **Peer Agency Case Studies** – The consultant team conducted interviews with former or current employees of peer agencies that experienced a consolidation. Through these interviews, the consultant team captured the barriers, facilitators, risks and mitigation strategies of a merger. In doing so, the project team also analyzed the lessons that are applicable to a potential consolidation between Omnitrans and SBCTA.

The Questionnaire and the agency interviews were structured around obtaining information on six key areas:

1. Agency background information – Basic information regarding agency policy-setting authority, budgets, funding sources, retirement systems, processes for complying with Federal Transit Administration (FTA) Certifications and Assurances, and agency progress in implementing the coordination strategies from the 2015 Study. The agencies were also asked for their views on opportunities for efficiency through a potential consolidation.
2. Current transit services provided – Detailed information on the range of services each agency provides, as well as methods of service delivery, operational contracts, and overall system design concepts and philosophies.
3. Operations and Administrative Support Functions – A request for information on how the various operational and administrative functions of the organization are staffed (or filled by consultant services), including position titles, number of staff in each position, summary of job duties, salary information, and representation status (unionized or non-unionized position). This information was especially important in identifying areas of agency overlap/potential economy from consolidation. Information was also requested on employee benefit programs, agency insurance types and liability coverage levels.
4. Management Information Systems (MIS)/Information Technology (IT) – Identification of the various MIS/IT systems used to support agency activities, used for assessment of commonalities and potential efficiencies.
5. Fixed Asset Review – Review of each agency’s fixed assets and capital project prioritization processes.
6. Service Planning – Size, scope, and nature of the current service planning efforts conducted by each agency.

Use of the Document Reviews, Agency Functional Assessment Questionnaire, and Agency Interviews were the foundation of all analyses.

Once all the information on the two agencies’ functions was obtained, it was arrayed in matrices in order to compare and contrast each agency and identify areas of commonality.

As described in [Appendix A](#), in-depth interviews were also conducted with similar agencies that have undergone consolidation, with findings collected and documented.

Task 1.4b and 1.4c, Evaluation of Functional Areas in a Complete Consolidation and Financial Impacts and Benefits of any Proposed Consolidation, respectively, utilized all the baseline information gathered as indicated above, to assess impacts. First, the 49 functional areas were analyzed with respect to organizational, legal, and financial impacts. Those areas that had minor to major potential financial impacts were included in the Task 1.4c Detailed Financial Analysis Report. Details from both reports can be found in [Appendices A, C, and D](#).

A workshop was conducted on June 29th to review all areas of potential impact and validate the findings with both SBCTA and Omnitrans staff present. The results of this consultant's analysis and the workshop discussion are reflected in the Task 2 report.

The body of this report summarizes the findings and actions from the previous study components and is intended for review by the policymakers. Relevant sections of the previous reports have been excerpted and included in the appendices of this final consolidation report. No additional editing and analysis were completed on these sections, rather they are included in this report for reference to enable a complete report.

Task 3: Innovative Transit Review will evaluate the state of transit innovation across the U.S. for applicability to Omnitrans services and will discuss additional opportunities in a separate report.

3. Consolidation Report Overall Findings

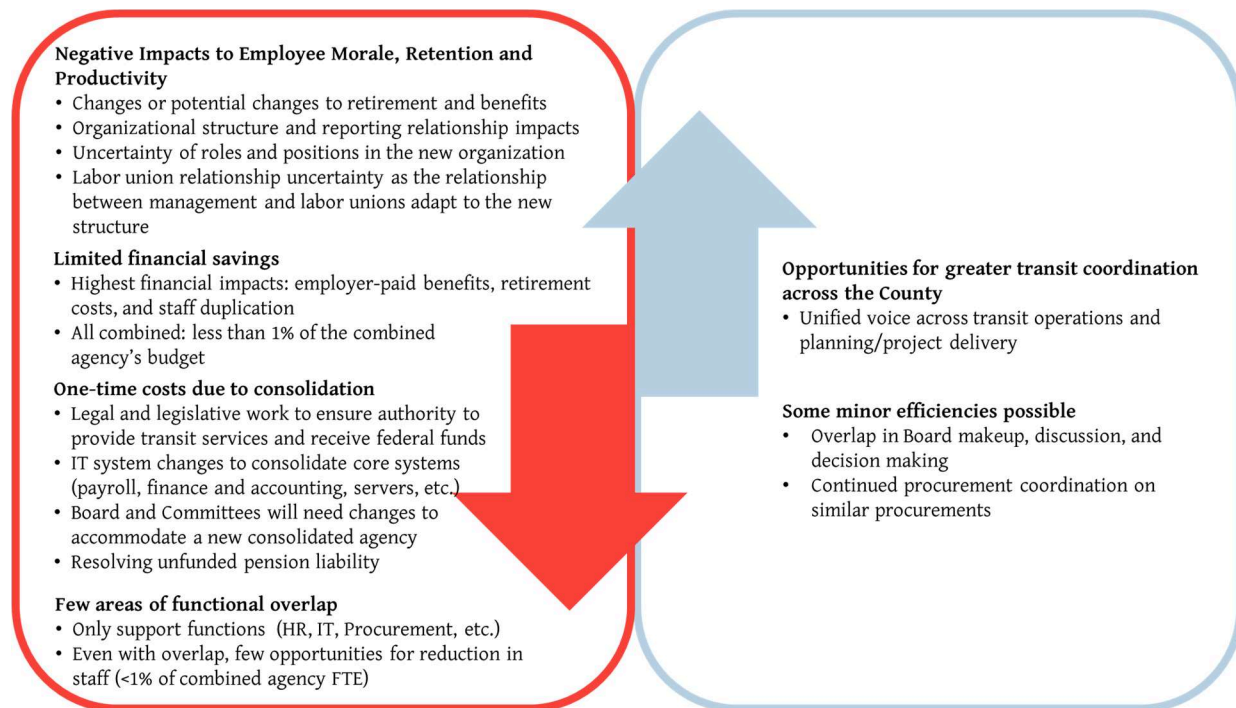
3.1. Summary of Findings

After a case study review of other agencies who completed a consolidation and a review of the financial, organizational and legal impacts from a complete consolidation, it has been determined that there are few substantial advantages to a complete consolidation and many noteworthy risks.

The evaluation of organizational, financial, and legal factors identified limited financial savings from a comprehensive consolidation of Omnitrans and SBCTA. There are significant risks related to the unfunded pension liabilities under both agencies' retirement systems. If either one of the pension systems determines that a retirement plan has been terminated through the consolidation, costly unfunded pension liabilities will become a stark reality. Other major risks are potential negative impacts on employee morale, retention, and productivity due to the uncertainty and potential impacts to pay, classification, retirement, and benefits. In addition, there are a number of significant one-time efforts to legally establish and set-up the new consolidated agency.

Aside from the purely financial costs and risks related to the retirement systems, it should also be noted that any change in retirement plans or benefits at Omnitrans would be subject to labor negotiations with their two labor unions. In many cases, the unionized employees have built up substantial credits in their existing retirement plans and may be very reluctant to change plans at this point. Likewise, the Teamsters Union provides health and welfare benefits for the entire Omnitrans workforce and this would be a major point of negotiations. As was seen in the Los Angeles County Metropolitan Transportation Authority (LA Metro) consolidation case study (discussed later in this chapter), the former Southern California Rapid Transit District employees ultimately voted not to join the former Los Angeles County Transportation Commission's retirement program, leading to two separate systems at that agency.

Figure 3 summarizes the high-level findings of this study. Sub-sections following this figure expand on the findings.

Figure 3: Summary findings in a potential consolidated agency

3.2. Comparison of key agency elements

SBCTA and Omnitrans engage in the provision and improvement of transportation and mobility in San Bernardino County, yet their mission and activities in meeting those overarching goals are quite different. In fact, there are few areas of functional overlap based on their core services and missions, despite their common vision for the region.

SBCTA is principally an administrative and project delivery organization with wide authority over all aspects of transportation in the County, including both highway and transit service programs. As the statutorily established County Transportation Commission (CTC)³, SBCTA is responsible for short- and long-range transportation planning, coordination and approval of all public mass transit service, approval of capital development projects for public transit and highway projects and conducting major transportation improvement projects in the Transportation Improvement Program. SBCTA administers Measure I, the Countywide half-cent sales tax measure, and disseminates state Transportation

³ In 2016, [SB 1305](#) (Morell) was enacted, consolidating the CTC, local transportation authority, service authority for freeway emergencies, and local congestion management agency into a single entity - SBCTA. The San Bernardino Associated Governments continues as a Joint Powers Authority functioning as a Council of Governments (SBCOG).

Development Act (TDA) and FTA formula funds to the five bus transit operators in the County, among other duties⁴.

Omnitrans is by far the largest of the five bus transit operators in San Bernardino County. Established as a Joint Powers Authority (JPA) and not statutorily established⁵, Omnitrans' service area is the San Bernardino Valley, which is also referred to as the Metro-Valley area. Omnitrans' principal role as a transit service provider utilizes federal, state, local, and farebox revenues to deliver its services. Omnitrans coordinates closely with SBCTA on matters related to funding levels, pass-through revenues, and capital projects, but is not an administrative agency. The operator also administers a number of contracts for vendors associated with operations and maintenance.

Table 1 provides a high-level summary comparison of the two agencies based on the reviews conducted in this report.

Table 1: Comparison of key agency factors

Key Agency Factors	SBCTA	Omnitrans
Agency Mission and Jurisdiction	Broad focus on all transportation modes and the entire county	Focus on public transit provision within San Bernardino Valley
Principal Programs	Major capital project delivery, funding programming, and oversight of all transit capital and operating programs, commuter rail programs, and highway programs	Bus transit services provider
Size of Annual Budget (FY 2020)	\$927.2 million	\$96.9 million
Modal Focus	Multi-modal	Fixed-route public transit and demand response services
Planning Horizon	Primarily long-range on capital projects, short-range for transit oversight	Short-range service delivery focus
Major Funding Sources Used	Variety of Federal, State and Local sources	Variety of Federal, State and Local sources

⁴ Under an MOU with SCAG, SBCTA is responsible for allocating FTA Section 5307 program funds.

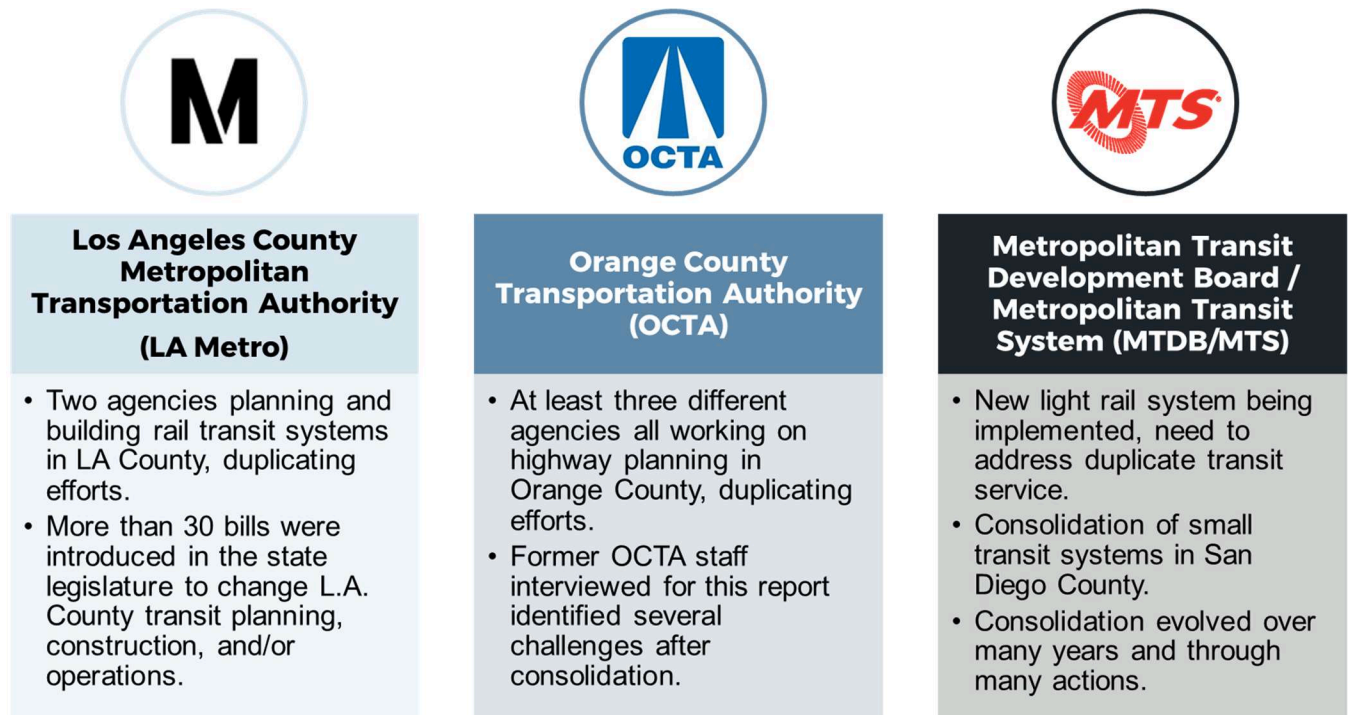
⁵ The Joint Powers Agreement establishing Omnitrans was executed in 1976 and subsequently amended to include the County of San Bernardino and the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa as signatories. The agreement created a County-wide Transportation Authority to be known as 'Omnitrans' pursuant to the [Joint Exercise of Powers Act](#).

Key Agency Factors	SBCTA	Omnitrans
Staffing	Relatively small staff with heavy reliance on consultants and contractors	A fully-staffed organization providing most services directly
Assets	The administrative facility, some rail rights-of-way, Crew house at SBTC, co-owns several stations and parking lots maintained by the co-owner	Extensive transit fleet and five operations and maintenance facilities

Omnitrans and SBCTA are close partners in transportation planning, capital projects, and service delivery in San Bernardino County. The two agencies have many opportunities for a continued partnership and interviews with staff revealed each agency is aware of and interested in opportunities to be more efficient and effective in delivering their core services by leveraging the partnership when possible. Ultimately, in the lens of consolidation, there are not many areas of overlap or functional areas with duplicative work on the scale that would generate significant financial efficiencies in a complete consolidation.

3.3. Comparison of key consolidation factors between case study agencies and this potential consolidation

To provide a historical perspective on complete consolidation, the analysis drew on the experiences of agencies that consolidated to become both the County Transportation Commission (CTC), or a transit funds distribution agency with similar authority, and a transit services provider. Three case studies were conducted based on interviews with former officials from the Los Angeles County Metropolitan Transportation Authority (LA Metro), Orange County Transportation Authority (OCTA), and Metropolitan Transit System (MTS) in San Diego County that helped to ascertain best practices and lessons learned during these consolidations. It should be noted that this peer review is based on interviews with personnel who were key staff (Executive Directors, General Managers) at the time of the consolidations, in order to identify the causal factors and thought processes that led to those ultimate decisions being made. This peer review does not necessarily represent how those agencies are organized or managed today, up to 30 years later. Figure 4 provides a brief overview of the agencies considered.

Figure 4: Case study agencies

In all three case studies, significant overlap of some kind existed prior to consolidation, either in services provided, planning activities, and/or significant project development. Other factors were also present, including financial pressures in the LA Metro and OCTA cases, but the overlap of activities was likely the most compelling factor leading to a desire for consolidation. The elimination of those overlaps or duplications was also the source of much of the financial savings from consolidation, either through a reduction of duplicate staff positions or through a service reduction or realignment. All three consolidations ultimately achieved the desired outcome of combined/coordinated services, planning activities, and/or project development. In the LA Metro and OCTA cases, these successes were somewhat offset in the human costs of employee layoffs and reduced employee morale. Table 2 captures, at a high level, the significant factors driving consolidation in the case studies.

Table 2: Summary of Key Factors in Case Study Consolidations

Key Factors	LA Metro	OCTA	MTDB/MTS	Potential SBCTA/Omnitrans Consolidation
Overlap in direct transit service provision			<input checked="" type="checkbox"/>	
Overlap in fleet or facilities			<input checked="" type="checkbox"/>	
Overlap in Planning of Transportation or Transit Services	<input checked="" type="checkbox"/> <i>Transit</i>	<input checked="" type="checkbox"/> <i>Highways</i>	<input checked="" type="checkbox"/> <i>Transit</i>	
Overlap in leadership on major capital infrastructure programs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
State legislation as the impetus to consolidate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Presence of influential external consolidation champions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Funding/Financial Pressures	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Desire to pass a local tax measure	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Desire for a multi-modal planning and decision-making approach in a centralized board	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

It should be noted that the summary displayed in Table 2 only indicates similarity in the relative scale of the issues and opportunities presented by peer agencies and by the potential consolidation of SBCTA-Omnitrans. Like most organizations, SBCTA and Omnitrans have a variety of factors contributing to varying levels of significance.

KEY FINDINGS FROM CASE STUDIES

The case study analysis revealed that, while each consolidation had its own unique opportunities and challenges, there are lessons learned and best practices that could be considered in any potential complete consolidation of SBCTA and Omnitrans:

- The initial desire for consolidation or restructuring at all three peer agencies was based on some type of duplication in agencies or services. For LA Metro, consolidation arose because the County having two separate agencies, both conducting rail network planning and development.

At MTDB, the vision of developing a light-rail transit system would need to supplant the existing, uncoordinated transit services with a network that would feed and support light-rail and improve cross-jurisdiction ease of travel for passengers. At OCTA, it was a response to the existence of seven separate entities, all doing some form of transportation planning or service provision.

- Consolidation, alone, was not the solution for structural budget shortfalls and poor transit performance, however, was a catalyst for overall better outcomes of effectiveness and efficiency. In all three cases, difficult decisions were necessary during or following the consolidation process in order to achieve improved coordination or reduced duplication of services. With LA Metro and OCTA, it involved large-scale administrative layoffs. At MTDB, service reductions and large-scale contracting for transit service delivery and service re-design were impacted.
- Restructuring takes commitment – often years – to see lasting effects and should involve a transition period with targeted implementation steps aimed at achieving very specific change objectives. The LA Metro consolidation was rushed with critical decisions made following the merging of its predecessor agencies, which resulted in administrative challenges, labor strikes and prolonged retention of duplicative staff. The MTDB consolidation evolved over a number of years, and by starting with the federation of agencies concept, it was perhaps more palatable to the agencies than a sudden, forced consolidation would have been.
- Strategic planning can institutionalize changes, guide long-term policy direction and vision, and set a timeline for action. This should preferably begin before the consolidation takes effect and should continue with multi-agency coordination efforts to achieve buy-in by the participating agencies and/or department heads.

Appendix A, includes the Case Study report and the full list of findings from the Case Studies.

3.4. Areas of Organizational Impacts

A comparison of functional areas between SBCTA and Omnitrans, in an analysis of organizational impacts under a potential complete consolidation, yielded few relative areas of impact. To assess the organizational changes, the following question was postulated: “*What is the impact on current personnel, talent, and/or policy from a complete consolidation?*”

The evaluation of opportunities and challenges as presented here is provided in full recognition that these changes may not be feasible due to lack of support from staff, management, or board members and possible increase in turnover. They are presented, however, to simply show where organizational costs or benefits may occur in the event of complete consolidation.

Table 3: Summary of Functional Areas with Potential Organizational Impacts

Functional Area	Potential Organizational Impact
Human Resources - HR Staffing	
<ul style="list-style-type: none"> SBCTA has two HR employees who have shared responsibilities with IT and Facilities functions. SBCTA hires consultants to perform compensation studies and uses a NeoGov subscription for recruiting. Omnitrans' HR department is composed of 11 employees who support a workforce of 722. Omnitrans performs compensation studies internally and has its own NeoGov subscription for recruitment purposes. While there are few opportunities to reduce HR staffing, some limited savings may occur with regard to compensation studies that could be conducted completely in-house or through outsourcing and recruiting services that could be assisted with a shared NeoGov account under a single consolidated agency. 	<p>Near-term opportunity for limited savings on contracted service supporting the HR function through consolidation.</p> <hr/> <p>Longer-term opportunity to standardize HR functions, provide career path options, and more redundancy for vacancies and extended absences. Nominal efficiencies expected.</p> <hr/> <p>Longer-term, HR would likely need to address adjustments to compensation and benefit levels of employees from the two former organizations to ensure equity.</p>
Human Resources - Labor Relations Staffing	
<ul style="list-style-type: none"> Omnitrans has two unions that represent 589 front-line, operations and maintenance personnel, and administrative staff – the Amalgamated Transit Union (ATU) and Teamsters. SBCTA's employees are not unionized. Under a consolidated agency, a centralized HR function would need to continue Omnitrans' labor relations responsibilities (e.g., administration of labor agreements, grievances and arbitrations, handling potential wage/salary level issues such as "wage compression"), which would likely largely be handled by the former Omnitrans staff who were handling these duties. It is assumed that there will be no change to labor agreements in the short-term. However, learning from LA Metro's experience, the role of labor unions in the consolidated agency and treatment of unionized employees' benefits, retirement system, and other rights will need to be addressed prior to the consolidation. 	<p>The consolidated agency's board and management would need to actively manage labor relations during the transition and longer-term operations of the consolidated agency.</p> <hr/> <p>Additional engagement with union leadership would be needed from management to better explain the different purposes, funding, and expenditures at SBCTA, and help manage expectations.</p>
Finance – Accounting	
<ul style="list-style-type: none"> Consolidation provides an opportunity to consolidate traditional accounting functions as well as the overall financial software system that supports all these functions, which are currently duplicated at the two agencies. 	<p>Opportunity to consolidate personnel in a traditional accounting team.</p>

Functional Area	Potential Organizational Impact
<ul style="list-style-type: none"> FTA accounting requirements, such as utilizing the FTA Uniform System of Accounts, are met in the consolidated agency. Consolidation should provide some reduction of work resulting from a reduction of bank accounts and investment accounts to manage and reconcile, the preparation of a single Comprehensive Annual Financial Report (CAFR) instead of two CAFRs and reduction of billing back and forth between the two agencies. 	
Finance – Risk Management	
<p>Risk considerations and requirements for transit operations are considerably different from those of an administrative agency:</p> <ul style="list-style-type: none"> Omnitrans’ General Liability is handled through the CalTIP JPA and administered by Sedgwick (formerly York). Omnitrans is self-insured up to \$100,000. Current liability insurance costs are budgeted at \$9 million, which includes administrative costs. Omnitrans has a Third-Party Administrator for Workers Comp. SBCTA also has a Third-Party Administrator for all claims. SBCTA’s annual cost of insurance and liability including the third-party administrators is estimated at \$340,000. SBCTA manages from a perspective of contractual risk transfer for most of its scope of work. This allows the agency itself to finance a limited amount of liability exposure through self-insured retention and the purchase of commercial insurance. 	<p>The consolidated agency would need to adjust risk management practices and liability insurance levels to match the risks of being a transit service operator.</p>
Finance – Grant Application Preparation and Assistance	
<ul style="list-style-type: none"> Discretionary grant funds can leverage existing local resources to pay for planning and construction costs of priority capital projects. Improved coordination regarding discretionary grant application preparation and assistance would be expected as both agencies plan for future projects. SBCTA’s grant writing contract and other grant application preparation and assistance resources could be shared in a consolidated agency. This is needed as Omnitrans, along with other transit providers statewide, seeks funds to reach compliance with the California Air Resources Board’s (CARB) Innovative Clean Transit regulation that mandates 100 percent Zero Emission Bus fleets by 2040. 	<p>Opportunity to improve services by consolidating grant writing resources to apply for discretionary grant funding for future capital projects benefiting the new Transit Operations Department.</p>
People Costs – Retirement Systems	

Functional Area	Potential Organizational Impact
<ul style="list-style-type: none"> One of the major challenges to consolidation is the difference in retirement systems between the two agencies. Although complex, other similar agencies have navigated this challenge in California. LA Metro addressed this by establishing a separate legal entity to hold the retirement and other employee benefits of a specific group of employees. The Public Transportation Service Corporation was created to house all the benefits of the LACTC employees. The former SCRTD employees stayed with their own retirement system. OCTA grandfathered employees under two systems. OCERS (Orange County Employees Retirement System) and CalPERS have reciprocity arrangements and recognize years of service between the systems. OCTA found it preferable to grandfather in the former CalPERS employees into that system. Grandfathered employees stopped accumulating CalPERS credits and started accumulating credits in OCERS. So, employees had credits in both systems upon retirement⁶. 	<p>Changes in retirement benefits can cause unease, rumors, and productivity decline in the announcement of the change.</p> <p>A potential consolidation may require the creation of a Public Transportation Service Corporation to hold the retirement and benefits of one of the two groups of employees.</p>
People Costs – Benefits	
<ul style="list-style-type: none"> SBCTA and Omnitrans have different benefit programs, each specific to their history and labor agreements. In a potential consolidated agency, benefits packages typically are aligned at the Agency level, primarily for the unrepresented positions. In addition to retirement benefits already detailed above, benefits can include medical, vision, and dental insurance, disability, and life insurance, paid time off accruals, and other non-compensation employee benefits. It is expected that represented employees will continue to be covered by their negotiated labor contract until the expiration of that contract. Any changes for represented employees will be subject to negotiation with the labor unions. 	<p>Changes in employee benefits can cause unease, rumors, and productivity decline in the announcement of the change.</p>
Other Shared Services - Information Technology	
<ul style="list-style-type: none"> There are opportunities to consolidate some IT systems. The most significant near-term potential savings is if Omnitrans' SAP ERP implementation can support all of SBCTA's financial 	<p>Combining data centers and IT systems will impact support models and systems that will need to be carefully managed during the transition.</p>

⁶ This is per interview with the former CEO of OCTA, Stan Otelie.

Functional Area	Potential Organizational Impact
<p>reporting needs, with modifications, eliminating the need for SBCTA to acquire a new financial system.</p> <ul style="list-style-type: none"> It is unlikely that any IT personnel or consultants would be reduced, although the combined IT staff would have additional cross-training and backup support on the team. The function-specific IT systems of each agency have little cross over and few opportunities for efficiencies. Traditional business systems such as MS Windows® and Office® will have operational efficiencies by having the same standard platform and potential economies of scale for license purchases. 	
Board of Directors/Committees	
<ul style="list-style-type: none"> Though all 19 Omnitrans members could conceivably serve on SBCTA Board, currently, 13 members of the Omnitrans Board actually sit on the SBCTA Board. It is typical practice for Omnitrans staff to attend the SBCTA Transit Committee and Board of Directors meetings and for SBCTA Transit Department staff to attend Omnitrans committees and board meetings. Some agenda items presented to the Omnitrans committees, SBCTA Transit Committee, and the respective board committees are duplicative in nature. One benefit of a consolidated board/committee structure that cannot be quantified is improved efficiency and effectiveness in decision-making. Interviews with former LA Metro staff involved in the consolidation of the Los Angeles County Transportation Commission and Southern California Rapid Transit District into LA Metro described how one of the greatest benefits of merging the agencies was a more efficient decision-making process by the board of directors. Having one board of directors decide on all matters currently within Omnitrans' jurisdiction may provide more consistency and a regional focus regarding transit policy decisions of the board in San Bernardino County. 	<p>Potential efficiencies in decision-making due to the existence of a single decision-making body and one set of committees.</p>

As indicated in Table 3's discussion areas, most of the organizational impacts due to a potential complete consolidation can be attributed to two primary factors:

- 1 The long-term opportunities to standardize functions, provide career path options, and support vacancies and extended absences.
- 2 Changes in employee compensation (pay and benefits) can cause unease, rumors, and productivity decline in the announcement and implementation of the change.

These organizational impacts could be somewhat mitigated with support from a dedicated champion and strong change management practices.

Appendix D, Section D.2, Organizational, Financial, Legal Assessment of Functional Areas details the Organizational impacts for the 49 functional areas.

3.5. Areas of Legal/Contractual Impacts

A comparison of functional areas between SBCTA and Omnitrans, in an analysis of organizational impacts under a potential complete consolidation, yielded few relative areas of impact. To assess the organizational changes from contractual or legal impacts, the following question was postulated: “*What are the legislative, labor contract, or other legal actions required to effectuate complete consolidation?*”

The evaluation of opportunities and challenges as presented here is provided in full recognition that they may not be feasible due to lack of support from staff, management, or board members. They are presented, however, to simply show where legal and/or labor contract costs or benefits may occur in the event of complete consolidation.

Table 4: Summary of Functional Areas with Potential Legal Impacts

Functional Area	Potential Legal/Labor Contracts Impact
Fixed route, commuter/express bus, and bus rapid transit - Revenue Service	
<ul style="list-style-type: none"> Complete consolidation of Omnitrans and SBCTA would not result in an immediate expansion or reduction of revenue services. To effectuate the transfer of Omnitrans revenue service operations to SBCTA, Omnitrans’ JPA would need to be dissolved. If the agencies were to consolidate, legislation would be necessary to allow the consolidated agency to not only receive the FTA funds but also to operate transit services. 	<p>Omnitrans’ JPA would need to be dissolved, and new state legislation would need to be enacted.</p>
Finance - Capital Asset Management and Reporting	
<ul style="list-style-type: none"> Omnitrans conducts regular capital asset management and reporting due to its ownership of capital assets and status as a direct FTA funding recipient. SBCTA tracks its capital assets in a manner that is compliant with FTA requirements. SBCTA’s ownership of capital assets is limited, and it does not use the same financial accounting system as Omnitrans. 	<p>If consolidation is pursued, enabling legislation establishing the consolidated agency will also need to address the transfer of all of Omnitrans’ assets (as well as all rights, obligations, and contracts) to the newly consolidated agency.</p>

Functional Area	Potential Legal/Labor Contracts Impact
<ul style="list-style-type: none"> • Omnitrans is investigating a new asset management system (Board Item #5 in June 2020) to assist in tracking assets in a coordinated way with their TAM Plan. • SBCTA's assets could simply be added to Omnitrans' Asset Management system and be adopted by SBCTA. 	
Finance - FTA Processes and Direct Recipient Designation	
<ul style="list-style-type: none"> • Currently, Omnitrans is a direct recipient of FTA funds, which provides them the authority to receive non-discretionary federal funds. • SBCTA is a sub-recipient of FTA funds, which means SBCTA cannot receive non-discretionary funds directly from FTA but must coordinate with Omnitrans to receive them. • Under a complete consolidation, SBCTA would need to become a direct recipient of FTA so that, among other duties, its board can approve grant requests, receive grant funding, and approve submission of annual certifications and assurances. These functions, currently handled by Omnitrans, would now become functions of the consolidated agency. 	<p>SBCTA must become a direct FTA funds recipient and comply with FTA compliance requirements.</p> <hr/> <p>All current FTA grants would need to be revised to show the consolidated agency as the recipient.</p>
People Costs – Retirement Systems	
<ul style="list-style-type: none"> • One of the major challenges to consolidation is the difference in retirement systems between the two agencies. Although complex, other similar agencies have navigated this challenge in California. • LA Metro addressed this by establishing a separate legal entity to hold the retirement and other employee benefits of a specific group of employees. The Public Transportation Service Corporation was created to house all the benefits of the LACTC employees. The former SCRTD employees stayed with their own retirement system. • OCTA grandfathered employees under one of the retirement systems. OCERS (Orange County Employees Retirement System) and CalPERS have reciprocity arrangements and recognize years of service between the systems. OCTA found it preferable to grandfather the former CalPERS employees into that system. Grandfathered employees stopped accumulating CalPERS credits and started accumulating credits in OCERS. So, employees had credits in both systems upon retirement. 	<p>Revision of statute to account for any change in SBCTA participation in SBCERA and Omnitrans employees' participation in the same or different plan.</p> <hr/> <p>Challenges in establishing reciprocity agreements especially for members with lower-tier membership, if pursued.</p> <hr/> <p>Challenges in actual logistics of transferring between CalPERS and SBCERA for all SBCTA or Omnitrans employees, if this option is pursued.</p> <hr/> <p>Challenges in establishing a separate entity to be able to maintain two retirement systems and benefit packages. The decision as to which system new hires would be hired under in the future. Labor negotiations with Omnitrans' Unions, depending on the approach chosen.</p>

Functional Area	Potential Legal/Labor Contracts Impact
People Costs – Benefits	
<ul style="list-style-type: none"> • SBCTA and Omnitrans have different benefit programs, each specific to their history and labor agreements. In a potential consolidated agency, benefits packages typically are aligned at the Agency level, primarily for the unrepresented positions. In addition to retirement benefits already detailed above, benefits can include medical, vision, and dental insurance, disability, and life insurance, paid time off accruals, and other non-compensation employee benefits. • It is expected that represented employees will continue to be covered by their negotiated labor contract until the expiration of that contract. Any changes for represented employees will be subject to negotiation with the labor unions. 	<p>Longer-term pressure on the organization by unions to equalize benefits for bargaining unit employees.</p>
Board of Directors/Committees	
<ul style="list-style-type: none"> • SBCTA Board of Directors is statutorily established under Chapter 7, Division 12 of the CA Pub. Util. Code. Under the law, SBCTA Board must consist of 29 individuals: (1) five members of the San Bernardino County Board of Supervisors; (2) the mayor or council member from each San Bernardino County incorporated city; and (3) one nonvoting member appointed by the governor. • Omnitrans Board of Directors is provided governing authority under the Omnitrans Joint Powers Agreement (JPA). Under the Omnitrans JPA, its board must consist of 19 individuals: (1) an officially designated mayor or council member from each of its member cities; and (2) four members of the San Bernardino County Board of Supervisors. 	<p>The consolidated agency would be governed by a single board of Directors, which will require the dissolution of the Omnitrans JPA.</p> <hr/> <p>No change to the statute providing for SBCTA Board membership is needed because the Supervisors and cities that comprise Omnitrans Board are represented on the SBCTA Board.</p> <hr/> <p>Changes to SBCTA’s enabling statute should be made to expressly expand the scope of the board’s authority to include delivery and oversight of transit operations, and direct receipt of FTA funding.</p>

Most of the legal and labor contractual impacts are short-term, in that they specifically relate to the effort and attention required to consolidate. These areas will need detailed attention by legal and policy resources to ensure continued compliance with FTA regulations and state law during the transition and early days of a consolidated agency. In a potential complete consolidation, careful planning to address these steps will be critical to success, and crucial to not interrupt the ability to provide transit service and deliver a capital program.

Appendix D, Section D.2 Organizational, Financial, Legal Assessment of Functional Areas details the Legal/Labor Contract impacts for the 49 functional areas.

3.6. Areas of Financial Impacts

The primary objective of this study's financial analysis was to estimate the higher-level order of magnitude financial impacts of a potential complete consolidation, ultimately for consideration by decision-makers in San Bernardino County. Forty-nine functional areas were initially evaluated, of which twelve were selected for the detailed financial analysis, given their potential for significant financial impact.

Additional financial analysis detail for each of the 12 functional areas analyzed can be found in Appendix D.3 Analysis of Financial Impacts.

Of the twelve functional areas, three resulted in potential savings or increased costs greater than \$500,000 (employer costs associated with retirement, benefits, and potential staff duplication). However, by enacting the most cost-effective financial decisions, there will be a significant impact to morale, retention, and productivity in the near and mid-term timeframes. These three areas consist entirely of people, their jobs, and their compensation packages. In addition, alternatives to consolidate retirement and benefits are complex and savings are generally uncertain. Not all retirement option cost increases/savings can be estimated with certainty at this time.

Of the remaining nine functional areas, most have savings less than \$200,000, and totaling the nine areas results in savings of up to \$300,000. With the combined annual budget of SBCTA and Omnitrans at approximately \$1 billion annually, this represents a potential savings of 0.03% of the total combined budget.

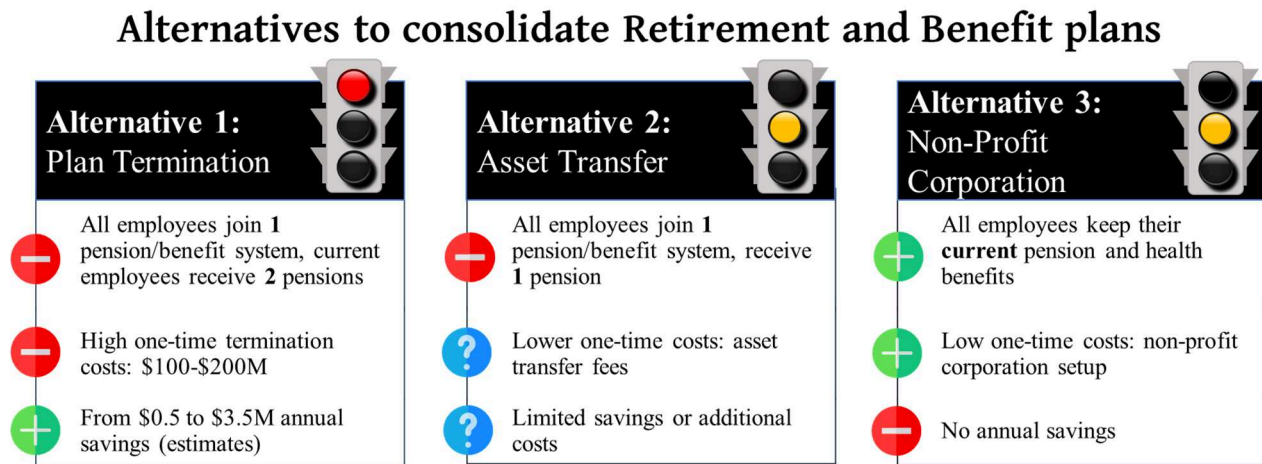
While the results for all twelve areas are described in this financial analysis, only Employer Retirement Costs, Employee Benefit Costs, and Job Classification Costs yield potential cost savings or increases of a substantial nature to inform fiscal decision-making regarding a potential consolidation.

EMPLOYER INCURRED RETIREMENT & BENEFIT COSTS

The most significant potential financial impact due to a complete consolidation occurs in the employer costs associated with retirement costs and employee benefits. Both areas are complex in that any change to the benefits provided has significant organizational and legal challenges that should be taken into account when considering a total consolidation. In addition, the largest risk when considering retirement options is how to resolve the significant potential costs of an unfunded pension liability.

Figure 5 below summarizes the three main alternatives to consolidate retirement and benefit plans in a complete consolidation.

Figure 5: Combined total Annualized Costs/Savings for Retirement and Benefits



Notes:

- **Alternative 1:** Estimated plan termination costs are highly uncertain. The estimated termination cost for Omnitrans reflects CalPERS 2019 actuarial report, and will require an update. The estimated termination cost for SBCERA was calculated based on a ratio using Omnitrans' termination cost.
- **Alternative 2:** Unfunded liability annual payments will change after the asset transfer takes place, which may result in limited savings or additional costs.

Alternatives 1 and 2:

- Retirement cost increase/savings amounts need to be established through actuarial analysis, taking into account the differences in amortization period between SBCERA and CalPERS.
- Health insurance costs will vary based on changes in the demographics of the insured employees' pool, and may increase due to the current health crisis.

The key features of each alternative described in Figure 5 are explained below. Additional description of each scenario is included in Appendix D Section D.3 Analysis of Financial Impacts.

High-level retirement cost estimates are available for **Alternative 1, Plan Termination**. This alternative consists of transferring all employees to CalPERS or SBCERA with service for future employees under one retirement plan from either CalPERS or SBCERA. Current employees will receive a pension of their initial plan, as well as of the selected system if their initial plan is terminated. This alternative leads to significant termination costs due to the unfunded pension liability of whichever plan that is terminated: high-level estimates range between \$100 and \$200 million. CalPERS' termination costs were estimated at \$174 million but updated estimates will be required when CalPERS determines its plan has been terminated. Note that SBCERA may follow a different process to determine termination costs for its plan. The conditions under which the consolidated agency would have to pay termination costs are not known at this time (i.e. whether the entire amount be due on a specific date, under what conditions would the agency borrow funds to pay said termination costs, etc.). Additional description of each scenario (transferring to CalPERS or SBCERA) is included in the appendices.

Two other alternatives would not require a termination cost: **Alternative 2, Asset Transfer** to SBCERA or CalPERS, and **Alternative 3, setting up a Public Non-Profit Corporation**.

Alternative 2, Asset Transfer, would potentially generate additional costs in the case of a transfer to SBCERA, since only accumulated contributions would be transferred, not capital gains, which would be retained by CalPERS (please refer the Appendix for the Task 1.4C report, Data 2 and note that this

memo does not cover asset transfer from SBCERA to CalPERS). No cost estimates are available for the asset transfer alternative prior to actuarial analysis (detailed below).

It was not possible to include a full analysis of these alternatives' costs, due to the need of engaging actuaries from both SBCERA and CalPERS to prepare cost estimates for pension plan consolidation, as well as the timing and costs necessary to perform each analysis. SBCERA and CalPERS will each have to perform a section of the actuarial analysis. The cost of analysis is estimated at \$40,000 per scenario (note that Alternatives 1 and 2 each have two scenarios: consolidation under SBCTA's benefit package or Omnitrans'). The resultant study may take up to eight weeks to complete after the information is shared between the two retirement systems. Considering the significant cost of completing these analyses, the areas of financial impacts analyzed only presents descriptive information on the differences between the plans per the latest CAFRs and actuarial reports available.

Alternatives 1 and 2 will lead to either cost savings or increases and part of these cost fluctuations relate to the medical benefits. If SBCTA employees transfer or opt-out of the Omnitrans' plan, it could generate between approximately half a million dollars in cost increases and half a million dollars in cost savings. If Omnitrans employees transfer or opt-out of the SBCTA's plan, it could generate between approximately \$10,000 in cost increases and half a million dollars in cost savings. These cost savings/increases are uncertain, due to employees' decisions of opting in or out of the plan, selecting a plan, and deciding how many members of a household will be covered by said plan. Healthcare costs would vary between \$3,000 and \$21,000 for each new employee if the Omnitrans package is chosen, and between \$8,500 and \$13,500 if the SBCTA package is chosen. Note that health insurance costs may increase due to the current health crisis. For non-medical benefits, switching SBCTA employees to Omnitrans' benefit package is estimated to result in cost savings of \$700,000 per year. Scenario 2, switching Omnitrans unrepresented employees to SBCTA's non-medical benefit package, is estimated to result in cost increases of \$800,000 per year.

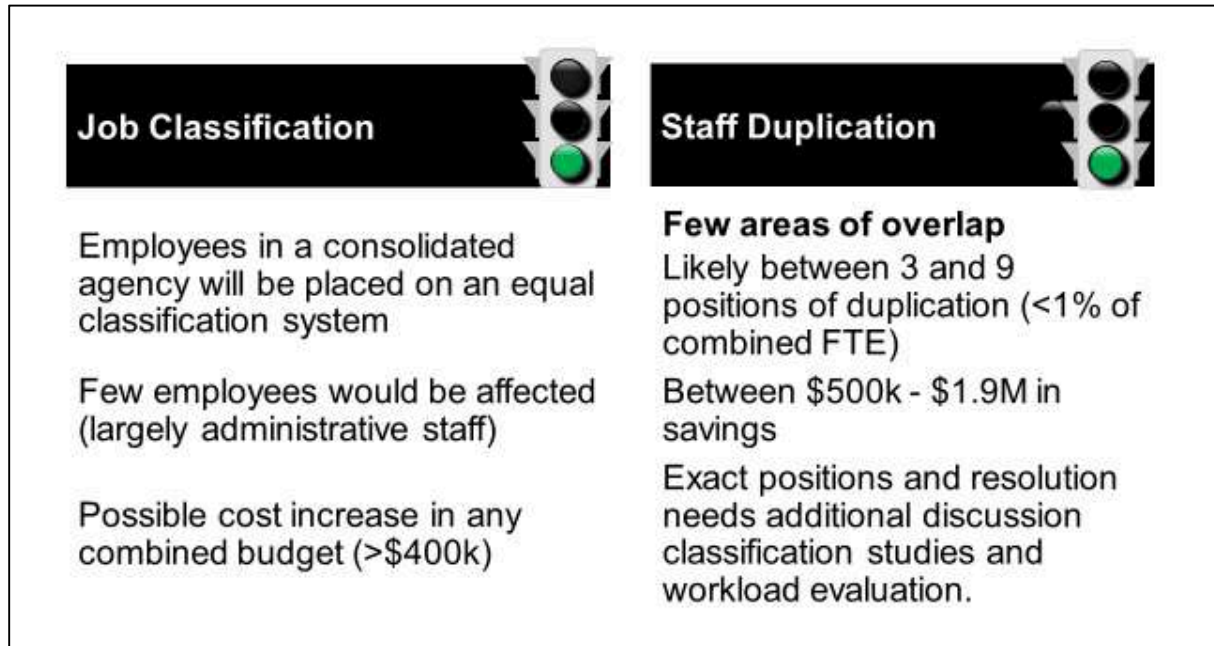
Alternative 3, the creation of a public non-profit corporation, would allow all employees to keep their existing benefits and pension plans, as well as minimize undue financial and personal impacts. The public non-profit corporation alternative was used for the consolidation of the Los Angeles County Metropolitan Transportation Authority. The estimated cost of creating a public non-profit corporation; \$50,000 is included in the "Payroll" analysis. Since all employees will keep their current benefit packages, this alternative will not generate any cost savings.

REMAINING FUNCTIONAL AREAS

The remaining ten functional areas have a lower potential to address significant budget shortfalls identified at the start of this study. Of the ten functional areas, only one, "Job Classification", includes a potential for over \$500,000 savings annually. The "Job Classification" functional area has the potential to save up to \$1,475,000 annually based on a reduction of up to nine staff positions and reclassifying others. It is unlikely to achieve the full cost savings indicated, as decisions for each position and reallocation of duties should include a detailed workload balancing analysis to ensure delivery of critical services. These potential savings are fully burdened staff costs that should not be added

directly to the retirement and benefit analyses discussed above. Figure 6 below discusses the factors involved in the “Job Classification” functional area.

Figure 6: Job Classification and Staff Duplication Impacts



Agencies should be cautious in assuming any potential savings outlined in this report. Importantly, they should also consider the organizational (morale, career satisfaction) and legal impacts. Any functional areas that mention the impacts of outsourcing would need to be negotiated with the respective unions and may also impact the potential savings. Summaries of the analyses can be found in the [D.3 Analysis of Financial Impacts](#). Analyses generally consider fully loaded costs with benefit packages continuing as is, thereby reflecting the total costs of each functional area per consolidation scenario.

4. Considerations in a Potential Complete Consolidation

The decision to consolidate or remain as separate Agencies have many considerations and tradeoffs. This chapter outlines many of the considerations in a potential complete consolidation.

4.1. Risks and Mitigation Strategies for a Potential Consolidation

A potential complete consolidation presents risks organizationally, financially, and legally. This chapter highlights potential risks and provides mitigation strategies to moderate the possible risks that may arise under a complete consolidation.

Employee Morale and Productivity

Despite the effort to merge Omnitrans and SBCTA transparently and as efficiently as possible, some employees may have the feeling of inequity at the agency and position level during the coalescence phase. This may result in loss of productivity and morale in some employees and could occur even before a complete consolidation has been decided. Feelings of inequity can have a long-term impact, leading to a high turnover rate and loss of knowledge.

To mitigate this risk, it is imperative to clearly establish and state the objectives of the consolidation upfront and be clear with regard to known and unknown topics. Planning the cadence and pace of the consolidation in the early planning stages is critical in effectively managing uncertainty and employee morale. It is equally important, where feasible, to assure the employees in advance that their positions in the new organization will not be negatively impacted. In doing so, concise and frequent communication is necessary to provide clarity on the path forward of the consolidated agency. Strong organizational change management activities will also be needed to support the consolidation. The peer agency interviews highlighted the importance of a new vision for the consolidated organization as a direct impact on mitigating changes in employee morale. This will empower the employees and help them understand the goals of consolidation and how the work they do contributes to the consolidated agency.

Investment Priorities

SBCTA manages capital construction and conducts fund administration while Omnitrans provides transit services. The difference in the nature of their work may face a prioritization conflict when the agencies are consolidated. The conflict may be about capital vs. operational projects, rail vs. bus transit, and even the larger issue of transit vs. non-transit. This can also result in project ownership risks as some functional areas can have duplicative work.

To mitigate this conflict, a consolidated agency can establish an advance strategic planning effort involving key staff of both agencies to begin a complete consolidation. Going forward, this advanced strategic planning can align the consolidated agency's business goals, define project prioritization, and manage the potential duplicative work in some functional areas. Developing business process quickly for each area with impacts can also minimize the uncertainties.

Brand Consistency

Omnitrans has an established brand with its customers. Omnitrans is one of the biggest transit operators in the region, with nearly 11 million⁷ annual ridership. If the consolidation was to occur with a name/brand change, the consolidated agency might lose the brand familiarity with Omnitrans' current customers.

To mitigate this risk, it would be best to maintain the Omnitrans brand for the service for the near and mid-term. If, after some time, a new name or brand has a clear business need, planning and implementing new branding can be undertaken.

Labor Unions

SBCTA does not have represented staff, while approximately 80 percent of Omnitrans' 687⁸ employees are represented by two unions. Although the consolidated agency does not need to establish a new relationship with the unions and can leverage Omnitrans' existing relationship, the consolidated agency may have new priorities and structures. Uncertainty between management and union leadership can cause challenging labor relationships and impact productivity. Although this study did not address potential changes to pay or benefits for union-represented staff for the duration of their current contract, it is also likely that when the next bargaining session arises, there will be additional topics of negotiation.

In addition, as noted earlier, choice of retirement plans and health and welfare benefits are both matters subject to labor negotiations with Omnitrans' two labor unions. Based on the lessons learned from the case studies and the number of very senior Omnitrans workers, it is entirely possible that the Unions will not agree to a change in retirement plans or in the Teamsters'-provided benefits plans that cover all Omnitrans employees.

To mitigate the risk of strained relationships with labor unions, Management could be proactive with union leadership on the goals of consolidation, what information is known, addressing potential fears and questions from the employees, and what the union leadership can expect for contacts and frequency going forward. This proactive approach should continue through the consolidation. This can potentially be extremely time and resource-intensive effort for the consolidated agency, which already

⁷ Quick Facts for Fiscal Year 2018 – 2019, https://omnitrans.org/news-resources/#quick_facts

⁸ Pg. 54, Omnitrans 2018 CAFR

has several other initiatives to address. Regarding the retirement and benefit plans, there is an organizational option to maintain both programs using a public benefit corporation, as discussed earlier.

Granting Agencies

As described earlier, a consolidated agency would need to take legislative steps to become a direct FTA funds recipient with authority to directly operate transit services. If the SBCTA and Omnitrans Boards vote to consolidate, a recommended mitigation action would be for senior management of both agencies to conduct high-level briefings with FTA Region 9 staff, to inform them of the voted action by the Boards and the steps the agencies are taking to implement the consolidation, and to request guidance from FTA on any additional steps that should be taken. Similar discussions should also take place between senior management and State Transportation Development Act administrative staff.

4.2. Barriers and Facilitators for a Potential Consolidation

Barriers and facilitators refer to factors that would drive or limit any recommended change. They differ from risks and mitigation strategies as risks and mitigations relate to the issues that may arise in a consolidated agency if the merger was to occur. Barriers and facilitators relay the factors that will prevent (“Barriers”) or propel (“Facilitators”) the consolidation.

Barriers – Grants and Legislative Steps to becoming an FTA Direct Recipient

As discussed in Section D.2.9, the cost and effort to make SBCTA an FTA Direct Recipient are significant both externally and internally. Externally, SBCTA must develop, introduce, advocate for, and pass state legislation designating SBCTA as the successor agency of Omnitrans as well as granting SBCTA the authority to directly operate transit services. To be designated as an FTA Direct Recipient, SBCTA must obtain a letter from the governor and letters from other transit agencies in the region concurring with the designation. Internally, SBCTA and Omnitrans must amend the current FTA grants held by Omnitrans to show that SBCTA can now be a direct recipient. Annual certifications and assurances processes must be revised as well to show that SBCTA is now a certifying entity. Although much of this will be performed by the current staff and consultants at SBCTA and Omnitrans and therefore are sunk costs, establishing SBCTA as a direct recipient of FTA funds is still a demanding task to execute. This can also be a time-consuming initiative - California has a two-calendar-year legislative session, but an annual budget. It convenes in early December, then reconvenes again after the holidays in January and meets through September⁹. Add to this the time to prepare and obtain a sponsor for new state legislation, and this could easily take over a year to complete.

⁹ Source: <https://climate-xchange.org/state-legislative-schedules/#:~:text=California,-Legislative%20Session&text=California%20has%20a%20two%2Dyear,and%20relatively%20complex%20to%20run.>

Barriers – Time and cost to adjust the current retirement systems due to retirement system inertia

SBCERA, the retirement system used by SBCTA, and CalPERS, the retirement system used by Omnitrans, have strict limitations and costs associated with termination or adjustment of their plan. There are three alternatives (Alternative 1: Plan Termination, Alternative 2: Asset Transfer and Alternative 3: Setting Up a Public Non-profit Corporation) to consolidate retirement and benefit plans. All three alternatives have fiscal challenges to the agency as well as impacts to the employee.

Facilitators – Accounting System

SBCTA currently utilizes Eden as their accounting system. SBCTA plans to replace this system in 2021 (with or without a consolidation). Omnitrans invested heavily in configuring its SAP ERP system, an industry leader in financial systems. As such, SBCTA can leverage Omnitrans' already customized system and save time and investment in replacing their accounting system. It should be noted that this opportunity potentially exists with, or without, consolidation, if Omnitrans is amenable to an IT asset-sharing arrangement.

Investing in the same IT system may be possible. Even with a common system, there would still be major changes to business processes in place at SBCTA. It is likely that in order for SBCTA to use the same system as Omnitrans, Omnitrans' chart of accounts may also have to change to be able to account for both types of accounting structures as currently SBCTA has over 100 funds and several fund groups while Omnitrans has a single enterprise fund. The alignment of agency accounting systems includes both the IT infrastructure as well as business processes.

Facilitators – Consistent policy direction

SBCTA and Omnitrans have overlapping members in their governing body. Currently, to get Board approvals on a matter, an issue that involves both agencies must be sent to both SBCTA Board and Omnitrans Board. A centralized governing body can effectively reduce the duplicative work involved in communication and decision making.

Facilitators – Louder Voice

SBCTA staff manages a diverse project portfolio and have experience in large capital construction and planning. Omnitrans staff have extensive transit operations experience. As experts in various fields, a consolidated agency can generate a louder voice to advocate for capital, operations, and funding matters. As such, a consolidated agency will have a bigger impact and voice for legislative representation. A consolidated agency can augment and streamline messaging, therefore able to effectively leverage unified priorities to their customers, legislators, and staff.

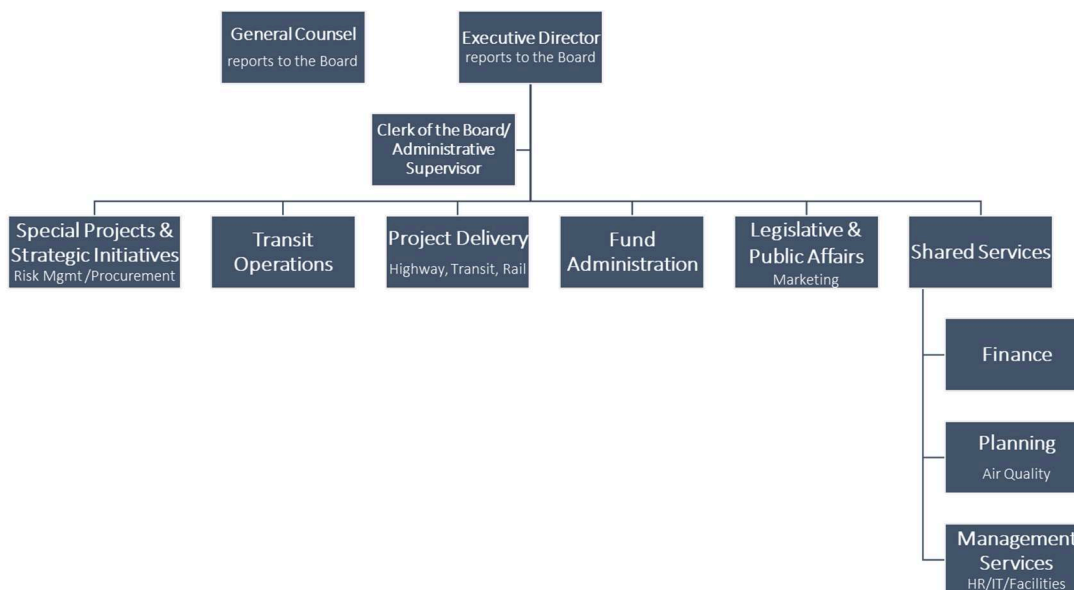
4.3. Organizational Structure of a Potential Consolidation

As mentioned in Section 3, Consolidation Report Overall Findings of this report, there are few areas of functional overlap between the agencies. The study, therefore, viewed the organizational structure of a potential consolidation as follows: to avoid potential transit service disruption, Omnitrans' operational and maintenance staff would be brought under SBCTA as a new transit operations department. Common areas such as HR, IT, Facilities Management, and other common functional areas would combine teams of the two agencies. These combined teams could have the added benefit of cross-training, advancement opportunities in the consolidated agency, and better coverage for extended vacancies and/or absences.

Between three and nine FTE positions have been identified as potential duplicate positions. Out of a combined FTE for the consolidated agencies of approximately 750¹⁰ positions, this is less than 1% of the total FTE and will not result in significant savings. The uncertainty surrounding the consolidation of support departments, changing reporting relationships, and resolving staffing duplication are expected to have a substantial impact on morale, retention, and employee productivity, as was borne out in the LA Metro and OCTA case studies.

Figure 7 provides a high-level overview the consolidated agency departmental organization.

Figure 7: Potential Department Structure for a Consolidated Agency



¹⁰ Per the FY 19-20 SBCTA Annual Budget Adopted, pg. 33, SBCTA has 64 employees. Per the 2018 Comprehensive Annual Financial Report, pg. 54, Omnitrans has 687 employees. 750 is the rounded sum of the two agencies' staff count.

In addition to the reconfigurations of the departments, changes to the board and committee system will need to be made. Specifically, the dissolving of the current Omnitrans board, reestablishing duties and responsibilities of the SBCTA board, and establishing the policymaking committee that will oversee transit operations will be key decision points. Current transit operations issues and policies addressed by the Omnitrans board and committees would get absorbed either by an existing SBCTA committee or by the creation of a new Transit Operations Committee.

While the figure above provides an overview of how the departments could be organized, there may be opportunities to leverage other focus areas or initiatives of current focus. Before decisions are made, it is vital to begin with the strategic planning process to identify the vision, mission, and goals of the consolidated agency. This common approach will then help guide the rest of the activities, such as: decision processes for reporting relationships, evaluating the workload of newly combined departments, resolving staff duplication, and external stakeholder engagement needs.

No staffing or reporting relationship decisions were made or specifically analyzed as a part of this study. The consolidated agency should be transparent as decisions are known, or opportunities created, to best communicate the status of all staffing and reporting decisions. Care should be taken whenever possible to use competitive, merit-based, recruitments for promotions or filling new roles and actively guard against a culture of “winners” and “losers”. This divisive culture was identified in our peer interviews as an unintended side effect significantly impacting the effectiveness of the consolidated agencies for years to come.

Although not specifically analyzed in detail in this study, reviewing facilities and options of co-location when combined departments are formed, especially in shared service departments, would be important. Viewing space in conjunction with the department and staff alignments can assist in building a cohesive team in the new consolidated agency. The coordination of project delivery is another function where granular examination could be warranted during implementation. The advantage of one consolidated agency performing and coordinating all project delivery functions could result in better integration between the groups represented.

4.4. Consolidation Considerations Responding to the Global COVID-19 Pandemic

The SBCTA Consolidation study and Innovative Transit Review was conceived and initiated before the global COVID-19 pandemic became a major impact on transit, transportation, the economy and daily activities throughout the U.S. While the study has progressed without consideration of COVID-19 impacts, the pandemic has caused significant disruption to Omnitrans’ service, capital plans, personnel, and budgets. This section describes those impacts at a high-level, with specific relevance to this study.

Service Impacts

The rapid growth of the pandemic in the U.S. and in Southern California had a nearly immediate impact on Omnitrans' service demand and led to a rapid response by the agency. California's "state of emergency" was formalized on March 4, 2020¹¹. As subsequent actions were taken to close businesses and employment sites and institute "Stay at Home Orders", these events had a profound impact on Omnitrans' ridership and service demand.

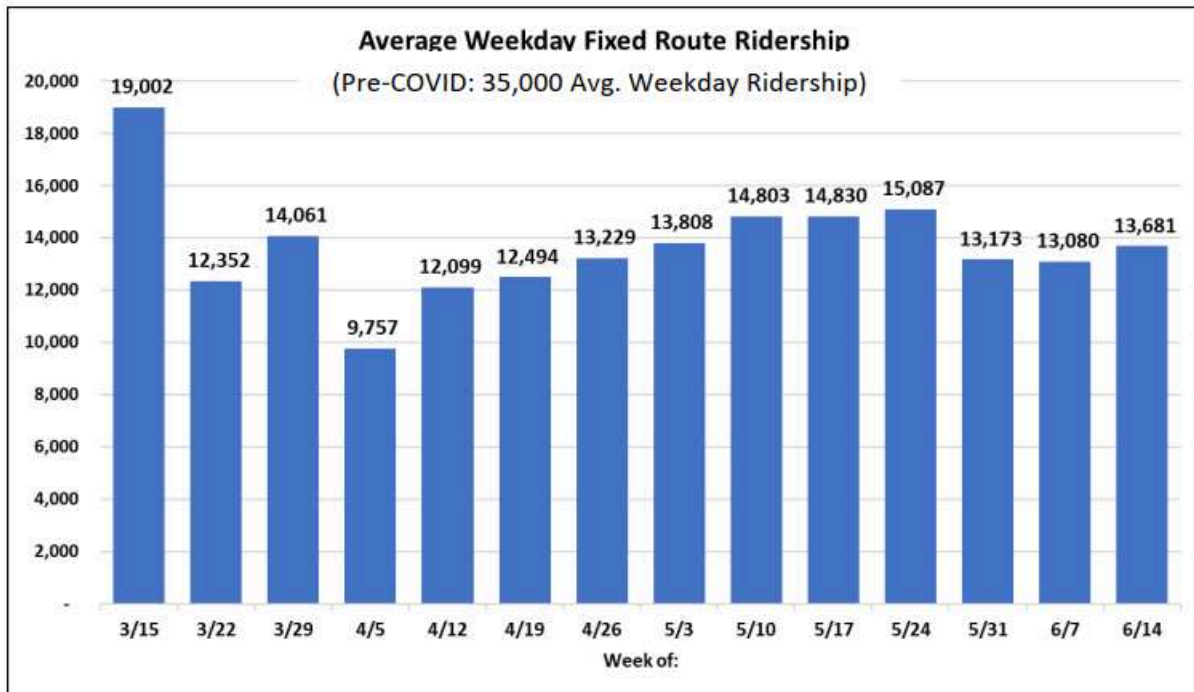
In response to the Stay at Home Order, Omnitrans implemented a Level 3 Emergency Service Deployment Plan on March 23rd, which reduced service by approximately 35 percent through frequency reductions. On April 13th, Omnitrans implemented further targeted reductions, which brought the total service reduction to approximately 45 percent, as measured in revenue hours.¹² These emergency service reductions resulted in Omnitrans' service now operating far below the originally planned service level for September 2020, which had assumed an 11 percent reduction under the ConnectForward Service Plan. It shall be noted that implementing service reductions of this magnitude in such a short time frame represented a tremendous effort on the part of Omnitrans staff, given the required level of scheduling and human resources decisions.

The pandemic, related public health orders and service reductions led to a significant ridership drop on Omnitrans' overall services. As shown in the chart below, average weekday ridership pre-COVID was approximately 35,000 per day. By March 15th, average weekday ridership had fallen to 19,000, and quickly declined further to between 9,800 and 15,000 over the ensuing weeks. Collection of fares was suspended in March, April, and May, and passengers were directed to enter through the rear bus door due to public health and social distancing concerns. Effective June 1, fares were reinstated, and ridership has preliminarily stabilized to roughly 13,500 per weekday, representing an approximate 62 percent drop from pre-COVID levels.¹³

¹¹ Executive Department, State of California, "Proclamation of a State of Emergency", dated March 4, 2020, signed by Governor Gavin Newsom.

¹² Omnitrans Board Agenda, May 6, 2020, Item F1.

¹³ Omnitrans Board Agenda, July 1, 2020, Item F4.

Figure 8: Average Weekday Fixed Route Ridership: March 15 - June 15 2020

Source: Omnitrans Board Agenda, July 1, 2020, Item F4

Moving forward, Omnitrans has adopted a data-driven methodology for gradually restoring service. As described in detail in the July 1, 2020 Board Agenda, Omnitrans has established four “Service Resumption Triggers” which will be used to guide decisions on reinstating service, as summarized in the table below.¹⁴ As of July 1, the Health and Safety Triggers and the Financial Triggers have been met, allowing Omnitrans to proceed with detailed route, direction, and time-period analyses to determine which routes, frequency, and service should be restored or increased to previous levels. Due to social distancing concerns, the peak passengers-on-board trigger for restoring service has been adjusted to a maximum load factor of 0.4, or 15 passengers maximum at a time, to allow greater spacing between passengers. The previous maximum load standard had been 45 passengers.

¹⁴ Omnitrans Board Agenda, July 1, 2020, Item F4.

Figure 9: Omnitrans' Service Triggers

<p style="text-align: center;">Health & Safety Triggers</p> <p>Purpose: Determine when to begin fare collection, open front-door, full bus boarding</p> <ul style="list-style-type: none"> • Driver PPE readily available/installed • State Stay at Home Order Lifted (Phase 2) • Specific CDC/State/County Transit / Transportation Guidelines 	<p style="text-align: center;">Ridership/Demand Triggers</p> <p>Purpose: Determine when to restore service, routes & frequency.....(System & Route specific)</p> <ul style="list-style-type: none"> • Colleges & High Schools reopen in-person • Routes routinely exceeding 15 max passengers on board (Load factor >0.4) <ul style="list-style-type: none"> • 20 for sbX w/ FTA Consultation
<p style="text-align: center;">Financial Triggers</p> <p>Purpose: Determine what services / staffing can be supported</p> <ul style="list-style-type: none"> • Adopt revised budget • CARES Act funding flow • Monthly reports to Administrative & Finance Committee 	<p style="text-align: center;">Employee Recall Triggers</p> <p>Purpose: Determine when to begin to recall operators and mechanics</p> <ul style="list-style-type: none"> • Driven by revenue hours and demand in conjunction with other three triggers • Aligning workforces with service levels

Source: Omnitrans Board Agenda, July 1, 2020, Item F4

Using this methodology, as of July 1, Omnitrans had identified six routes for which frequency levels should be restored. It is too early to know whether implementation of ConnectForward service levels and changes (which reflect an 11 percent reduction from pre-COVID periods) in September 2020 will be possible under the trigger methodology. Staff is continuing to monitor route conditions to examine whether additional routes warrant service restoration.

Regarding the Consolidation Study, three points are worth noting in this section. Firstly, faced with a major emergency, Omnitrans has demonstrated that it can make difficult service decisions that are likely necessary to achieve future financial sustainability. To the extent that recent COVID-related service changes will require public hearings (if not already approved via the ConnectForward hearings), this task remains to be accomplished. However, the effort put forward to adjust service in the face of catastrophic ridership loss and a public health emergency was a major feat and was accomplished internally. The service restoration triggers represent a logical, data-driven approach to ensure service is restored where merited under current conditions.

Second, the significantly reduced level of service may represent an opportunity for further cost containment, which is one of the main objectives of the Consolidation Study. At a 45 percent reduction, service could still be restored to a significant level without reaching the 11 percent pre-COVID reduction originally envisioned in the ConnectForward Plan. The next few months may provide an excellent opportunity, either through the concurrent Innovative Transit Review, or through the Omnitrans service restoration triggers, to take a thorough review of all service before it is restored to pre-COVID levels. This may, in fact, be necessary if one assumes that in a post-COVID world, transit use patterns are going to be significantly lower than pre-disruption.

Third, the challenges and expertise required to rapidly make service changes and address personnel and labor union issues recently demonstrated by Omnitrans would suggest that now may not be the

best time to institute major organizational changes in the midst of managing transit services in “the new normal”.

Personnel and Budget Impacts

The pandemic, and Omnitrans’ response to it, also impacted agency personnel and budgets. On the personnel front, the service reductions led to the layoff of approximately 135 coach operators and 15 maintenance personnel as these positions were not needed to sustain the reduced service levels. These employees are not receiving wage coverage from Omnitrans but are covered by the union health insurance pool through August 2020. They are also eligible to claim unemployment benefits. Under the terms of the labor contracts, these employees have rights to reinstatement as service levels are restored: 18 months under the ATU contract (coach operators) and 12 months under the Teamsters (maintenance) contract. To date, Omnitrans has rehired 14 coach operators.¹⁵

By comparison, under the ConnectForward Plan, it was anticipated that coach operator ranks would be reduced by approximately 40 positions. Thus, the COVID-related service reductions were three times larger than ConnectForward, in terms of personnel.

The pandemic and the ensuing response significantly impacted Omnitrans’ budgets. When the FY 2020-21 Operating Budget was originally prepared, the budget had assumed the 11 percent service reduction of ConnectForward would be implemented in September. The original budget was initially proposed at \$87.6 million. However, following an April Omnitrans Administration and Finance Committee meeting, staff further analyzed and proposed further reductions of \$6.9 million, for a revised FY2020-21 Operating Budget of \$80.7 million. This compares to the FY2019-20 Operating Budget of \$91.5 million, for a reduction of \$10.8 million. Major areas of reduction included Salaries and Benefits (\$8.3 million reduction) and Materials and Supplies (\$1.2 million reduction), the latter item principally reflecting reduced fuel use and maintenance costs.¹⁶

While the pandemic is impacting sales taxes, which will undoubtedly affect future Omnitrans Transportation Development Act (TDA) funding and operating costs due to lower maximum vehicle loads, the impact is being tempered in the near-term by special federal funding. Omnitrans is receiving \$53.3 million in Federal Transit Administration CARES Act (Coronavirus Aid, Relief, and Economic Security) funding, part of the federal emergency assistance passed by Congress and signed by the President in response to the pandemic. Omnitrans has proposed to use \$15.5 million of this funding in FY 2020 and \$34.6 million in FY 2021, allowing LTF (Local Transit Assistance under TDA) and other sources to be set aside for the future.¹⁷

¹⁵ Personnel information per telephone interview with Jeremiah Bryant on 7/10/20.

¹⁶ Omnitrans Board Agenda, June 3, 2020, Item F3.

¹⁷ Omnitrans Board Agenda, June 3, 2020, Item F3, attached Board Presentation.

Regarding the Consolidation Study, the review of Personnel and Budget Impacts due to COVID-19 again demonstrates that Omnitrans can and has taken aggressive steps in the personnel and budgetary areas to respond to the financial emergency presented by the pandemic.

4.5. Streamlining Opportunities Without Consolidation

The functional assessment analysis of this consolidation study (see Appendix D) identified some minor (as compared to the larger budget and FTE) opportunities that could also be undertaken without a complete consolidation. The degree of success of these opportunities is most dependent on the willingness of the affected agency to individually address the financial/funding pressures through making difficult decisions in service and staffing levels to equilibrate on-going agency costs with foreseeable revenue streams. SBCTA and Omnitrans continue to find opportunities for partnership, for example the recent meetings to leverage the SBCTA state and federal advocates or lobbyist, while also advocating for Omnitrans legislative priorities and the consolidation of procurements for DBE services. As discussed below, three opportunities, in particular, could be investigated with or without consolidation.

Board and committee management and organization: As discussed in the Functional Assessment analysis, though all 19 Omnitrans members could serve on SBCTA Board, currently, 13 members of SBCTA's Board actually sit on Omnitrans' Board. Topics that impact both Omnitrans and SBCTA boards and committees are taken to meetings of both agency's governing bodies. This results in duplication of staff time and meeting discussion, along with differing discussion and conclusions even amongst some of the same members. SBCTA and Omnitrans could pursue a review of streamlining conversations or board meeting discussions that result in clearer direction to staff, less duplication of topics, and a more holistic conversation.

Another possibility would be for the Omnitrans Board to serve as the Transit Operations Committee directly to the SBCTA Board on those Omnitrans-specific items being considered by SBCTA, eliminating some of the committee meeting duplications. The Omnitrans Board would continue to make service and policy decisions for Omnitrans as it does currently; this option would solely be with regard to Omnitrans matters in which SBCTA is also involved. An example might be the adoption of the annual Omnitrans budget and capital improvement plan, which is adopted by Omnitrans, but also reviewed and approved by SBCTA. In this example, the Omnitrans Board could be a "Committee" reporting directly to the SBCTA Board.

The options listed in this section are illustrative in nature but not intended to be comprehensive. If the collective boards desire a review of governance and efficiency options for the two agencies in partnership, each could commission a brief review of options with a common set of goals and objectives.

Coordination of messaging with local and state governments: Omnitrans and SBCTA could collaborate on key priorities and messaging that represent the joint interests of the agencies without

consolidation. This would provide a more clear, robust voice for transportation in the area. Examples could be coordinating on legislative priorities and grant priorities and marketing all transit modes on a regional level.

Joint Procurements: As discussed in the Functional Assessment analysis, both Omnitrans and SBCTA procure similar support services, such as facilities maintenance, security, information technology services and others. Both agencies also procure a variety of consulting services and materials and supplies. Without consolidation, the two agencies could regularly investigate and determine efficiencies in co-leading joint procurements. This coordination would result in a standard level of service between the agencies, larger scale of services, and ideally better pricing.

The follow-on portion of this study, the Innovative Transit Review, will be one of the efforts to evaluate Omnitrans service in light of current demand levels and could potentially better match service with demand.

4.6. A Review of the 2015 Study Efficiency

This study examined the progress and outstanding items from the *2015 Countywide Transit Efficiency Study*. In the 2015 Study, several strategies for improved coordination and cost efficiency among the transit agencies were recommended for consideration. Since the 2015 Study involved all the county operators, as well as SBCTA, the proposed strategies were targeted toward transit operational cost savings, though administrative-oriented proposals were also included. In order to obtain an update on the status of implementation of the strategies by SBCTA and Omnitrans, a detailed question on this subject was included in the Questionnaire completed by both agencies for this study.

Table 5 provides the overview of items implemented and not implemented. Appendix C, Section C.1.1 contains the full analysis.

Table 5: Implementation status of items identified in the 2015 Efficiency Study

Items Implemented	Items Not Implemented
— Joint bus/vehicle procurements	— Bus Heavy Overhaul
— ADA certification process	— Joint Bus Parts Procurement
— LNG to CNG conversion	— Joint Tire Contracts
— Regional marketing	— Joint CNG Fuel Procurement
— Service planning	— Regional Telephone Info Center
— Mutual aid agreements	
— Inter-agency transfer agreements	
— Use of taxis for certain ADA trips (Included in new Access Contract)	
— Use of SBCTA On-Call Consultants by the transit agencies to reduce procurement time and cost	

The analysis found all feasible areas of implementation have been achieved. Those left on the list were not feasible due to differing materials and business processes.

5. Implementation Plan and Guidance

This section is presented as a reference if the respective boards wish to proceed with consolidation.

This chapter is presented as a reference if the respective boards vote to proceed with consolidation. The first section, Approaches for Reaching a Decision on Consolidation, provides a roadmap for making the decision to consolidate. The second section, High-Level Implementation Plan in the Event of a Consolidation Decision, provides a high level implementation plan for actions and activities to be planned and implemented during consolidation.

5.1. Approaches for Reaching a Decision on Consolidation

Both agencies will need a formal process for reaching a decision on whether consolidation should be pursued. This section details the considerations and alternative approaches in making that decision.

Figure 10: Questions to guide an approach for reaching a decision



DECISION PROCESS

The impetus of consolidation must lie in a concerted effort by the SBCTA and Omnitrans Boards to bring about a vote over the matter. By making a unified decision on the consolidation, the boards may proceed with procedural duties, which includes complete buy-in from the Omnitrans Board to dissolve the Joint Powers Authority (JPA) agreement. The eventual efforts to proceed with the total consolidation implementation plan rests on such consensus by both boards. Once agreed upon, the launch of the newly formed organization must serve as a catalyst for future decision-making and the “order to proceed” with the implementation strategy. Please refer to Figure 10 and subsequent subsections in Section 5.1 for further reference on the series of necessary events to proceed with regard to the commencement of the total consolidation plan. Finally, this overall plan is further articulated and expanded upon in Task 2.2 of the consultant study.

Appendix C Section C.3 Legal Formation of the Consolidated Agency details the legal basis for the formation of the Consolidated Agency.

CONSIDERATIONS

Table 6 outlines questions and considerations that should be considered by both agencies' assigned committees and boards in this decision process. The majority of these considerations come from the analysis of the Southern California agency case studies:

Table 6: Considerations for consolidation

Question/Consideration:	Discussion:
<p>What are the objectives of a potential consolidation?</p>	<p>The impetus that led to this study appeared to focus on the financial challenges being experienced by Omnitrans in their annual operating cost increases. There also may have been a belief by some that SBCTA is better suited than Omnitrans to make financial management decisions regarding the transit system and services.</p>
<p>How does consolidation address those challenges?</p>	<p>Based on the limited cost savings estimated to occur from consolidation, the study findings conclude that consolidation does not generate large savings. Rather, difficult decisions will need to be made about service and staffing levels, decisions which can be made with or without consolidation. Omnitrans has already demonstrated the ability to make those difficult decisions with the 11 percent service reduction approved in May 2020 as part of ConnectForward. In addition, as discussed in the COVID section of this Consolidation Report, Omnitrans has again demonstrated that they are capable of making those decisions without consolidation in adjusting service levels down significantly during the pandemic.</p>
<p>Who would be the champion of this potential consolidation?</p>	<p>The case studies all demonstrated the importance of having key policy or legislative leaders to champion the consolidation in those counties. As discussed in the study, the need to develop, sponsor, and carry legislation for the changes will be necessary for SBCTA to become an FTA Direct Recipient transit operator. Therefore, a local policy leader must clearly articulate the objectives of the proposed consolidation, and how consolidation achieves them.</p>

Question/Consideration:	Discussion:
<p>What alternatives to consolidation exist that could address the identified objectives?</p>	<p>SBCTA, in its role as County Transportation Commission, “is responsible for short- and long-range transportation planning within San Bernardino County, including coordination and approval of all transit service.” Thus, SBCTA already has the authority to review and approve, or request modification, to Omnitrans’ annual budget proposals and could use this authority to exert more financial control over Omnitrans expenses. As discussed earlier, SBCTA could also choose to have the Omnitrans Board serve as a direct sub-committee to the SBCTA Board solely on items where decisions affecting Omnitrans are being considered.</p>

5.1.1. Decision Making Approaches

With the above considerations framed, there are at least two different approaches for a process to reach a decision regarding consolidation. As discussed earlier, the staff recommendation from both agencies’ staffs will be not to consolidate. However, a process will still be needed for both Boards to consider this important decision, as well as a process for the possibility of a split decision between the Boards. Regardless, if the vote is to consolidate, *both* agencies’ boards must affirmatively support the consolidation for it to be politically viable and successful. A consolidation in which one agency was forced to consolidate into the other through a divisive approach will long be remembered with bitterness, acrimony, and morale problems among one or both agencies’ staffs. That was one of the many lessons from the case studies.

EXISTING COMMITTEE-BASED APPROACH

As detailed in the Appendix, both agencies’ boards have standing committees. Each agency could designate one of their key committees to conduct an extended discussion on Consolidation Study findings, recommendations from staff, and then conduct a committee vote on a motion to its respective board. For SBCTA, the logical committee for this would be the Metro Valley Study Session, owing to its broader membership, and focus on the area of Omnitrans’ operations. For Omnitrans, the Executive Committee might be appropriate, given the agency-wide policy impact of consolidation.

The designated committee’s recommendation at each agency would then go to its board for consideration. In the event there is a split decision on consolidation, an ad hoc “conference committee” comprised of an equal number of members from each agency could then meet in advance of any board discussion to see if both agencies can reach concurrence. In cases where some members are on both boards, such members would need to declare which agency they are representing on the ad hoc

committee, so that an equal number of appointees could be reached. The ad hoc committee report would then go to both boards for consideration and final consensus.

Note that an ad hoc committee from both agencies was recently used to determine ConnectForward service reductions in light of longer-term financial projections, which were agreed to by both boards.

SEPARATE AD HOC COMMITTEE APPROACH

An alternative approach would be for the ad hoc committee to be used from the beginning of the decision-making process. Each board would appoint an equal number of members, and in cases where some members are on both boards, such members would need to declare which agency they are representing on the ad hoc committee. The ad hoc committee would then conduct an extended workshop in which all Study materials, findings, and staff recommendations would be reviewed. An advantage of this approach is that representatives of the two boards would be receiving the same information simultaneously and would thus directly hear the concerns from the other agency. The ad hoc committee would then take a vote on a recommendation to be escalated to both boards. The final recommendation would then be acted on by both boards.

5.1.2. Other Items to Consider

In addition to the formal process necessary to reach a final decision, it would be advisable for a combined staff group from both agencies to hold an informational meeting with the two labor unions in advance of the committee or ad hoc committee meetings. This would not be for providing the unions an opportunity for input on the decision, as this decision is strictly a management decision of the two agencies. Providing transparency on the process that will be used and assuring the two unions' leadership that, regardless of the final decision, their labor agreements will be honored, will be important for instilling a sense of stability and helping to limit the spread of misinformation.

For the same reason, public communication to riders and the public at large should also be considered in advance of the decision-making process. Riders may have concerns that their service or routes will be affected if transit agency management changes, and will need to be reassured that the due process of identifying any proposed service changes and conducting publicly noticed public hearings will continue.

5.2. High-Level Implementation Plan in the Event of a Consolidation Decision

This section presents a high-level implementation plan, should the total consolidation plan be approved and pursued. The overall consolidation is estimated to encompass approximately four years, considering the complicated legal and retirement issues to resolve. Included in each subsection, is a Figure that displays the activities associated with the implementation plan for that Stage, and the

approximate timing and duration. Red check marks (included as examples) can signify major milestones or deliverables completed during the given quarter. A consolidated plan showing all three stages can be found in Appendix E.

5.2.1. Stage 1: Preparatory/Pre-Consolidation

Following a formal vote by the SBCTA and Omnitrans Boards to consolidate, the critical path items in Stage 1 are:

- Establishing the Joint Agency Consolidation Steering Team,
- Conducting the retirement system options analysis,
- Obtaining actuarial studies from the retirement systems,
- Making a decision on the approach for retirement plans and benefits, and then
- Developing, sponsoring, advocating, and passing state legislation.

Many other organizational tasks would also occur during this stage. Figure 11 below highlights these key preparatory milestones and the critical path items can be found in **bold**. Stage 1 is estimated to require 21 months to complete.

Figure 11: Stage 1 - Preparatory/Pre-Consolidation Timeline

High-level Implementation Plan	Year 1												Year 2											
	Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
SBCTA and Omnitrans both vote to consolidate	[Timeline grid with red arrow in Q1 Y1]																							
Stage 1: Preparatory/Pre-Consolidation																								
Establish Joint Agency Consolidation Steering Team	[Timeline grid with red arrow in Q1 Y1]																							
Procure and begin Organizational Change Management Consultant	[Timeline grid]																							
Strategic Planning Effort	[Timeline grid]																							
Development of Consolidation Implementation Plan Details and Decisions	[Timeline grid]																							
Initiate Labor Relations Efforts	[Timeline grid]																							
Retirement System Options Analysis	[Timeline grid]																							
Request Retirement Systems Actuarial Studies based on preferred option	[Timeline grid]																							
Benefits System Options Analysis	[Timeline grid]																							
Initiate Discussions with FTA and TDA Administrators	[Timeline grid]																							
Decisions on Retirement and Benefits Options	[Timeline grid with red arrow in Q2 Y1]																							
Begin Organizational/Staffing Analysis of Duplicate Positions	[Timeline grid]																							
Begin Job Classification Analysis and Revised Reporting Relationship Analysis	[Timeline grid]																							
Draft Public Non-Profit Corporation Incorporation Papers if needed	[Timeline grid]																							
Legal and Legislative Resources to draft State Legislation	[Timeline grid]																							
Legislative process to carry, advocate, and enact State Legislation	[Timeline grid]																							
Completion of Implementation Plan and Enabling Legislation Efforts	[Timeline grid]																							

Following the necessary board approvals, the first action item is to create a joint agency consolidation steering team comprised of key staff at both agencies. This on-going steering team is responsible for the strategic planning efforts necessary to set forth a common vision, approach, and goals for the consolidated agency. In this nascent period, it will be vital to create a decision-making framework that allows for future synergies when more complex agreements are determined to be required. Prior to receiving the final legislative approvals for the consolidation, it is imperative that a robust organizational change management (OCM) workstream is developed to mitigate many of the risks identified in this report. The OCM workstream is envisioned to be an ongoing effort for the duration of consolidation. During this period of time, activities and focused decisions are made and adjustment to duties and jobs are implemented.

Supporting the establishment of a consolidated vision and decision-making structure is challenging if led by staff from one of the agencies. Given the workload focus on delivering the current agency

activities and the need for independence as these foundational items are established and implemented, it is recommended to enlist a third-party independent consultant to lead the strategic planning effort and organizational change management plan.

The steering team's first initiative will be to develop recommendations for key decision points, such as the retirement system and benefits structure. These key decisions will be needed in order to initiate the legislative effort. Additionally, it is necessary to determine an initial organizational and reporting structure to resolve duplicate managerial staffing positions. This effort will need to include a robust organizational change management component, reassuring and communicating with staff what is known and not known about their jobs. This will inform future principles and policies for filling vacant positions and human resources procedures.

With regard to labor relations, the committee must review collective bargaining agreements and identify any potential areas of concern. Discussions with unions must commence to address the purpose, funding sources, and comprehensive budget of the newly formed joint agency.

New state legislation must grant SBCTA authority over transit operation services and the direct recipient status for FTA funding. The final piece of legislation will establish FTA direct-recipient status, transfer all contractual rights, obligations, assets, and responsibilities of Omnitrans to SBCTA, and will authorize the dissolution of the Omnitrans JPA, an action which should be taken after the legislative basis for the consolidated agency is fully in place. Staffing changes deemed necessary by the steering team can also be studied and identified during Stage 1 but implemented during Stage 2 during the Consolidation Implementation.

In this scenario, it is recommended that the state legislation designate SBCTA as the successor in interest to Omnitrans' assets, rights, obligations, contracts, etc., and that the effective date of that transfer of rights and obligations be set at a specified number of months in the future, to provide time for the many required actions to be completed after the legislation is signed into law. Such actions could include coordination with vendors and suppliers, updating relationships currently held by Omnitrans, and establishing the revised relationship with FTA. Interviews with LA Metro shared examples of suppliers needing notification of the change, at a minimum all will need to know where to send invoices in the future. In some cases, contract revisions to be consistent with contract terms and potentially changing business needs were required. Once those acts have been completed, the Omnitrans JPA can be dissolved, during Stage 2.

Learning from LA Metro's experience, the role of labor unions in the consolidated agency and treatment of unionized employees' benefits, retirement system, and other rights will need to be addressed prior to the total consolidation. Determining a robust strategy for retirement and benefit plans will allow for the necessary legal, financial, and employee favorable frameworks to emerge.

5.2.2. Stage 2: Implement Consolidation

The critical path items in Stage 2 are: initiate, implement, dissolve, and monitor.

Figure 12 below highlights the requisite stages of this consolidation implementation stage.

Figure 12: Stage 2 - Implementation Plan

High-level Implementation Plan	Year 2			Year 3						Year 4											
	Q3			Q4			Q1		Q2		Q3		Q4		Q1		Q2				
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
Stage 2: Implement Consolidation																					
Initiate																					
Other studies for IT systems, etc.																					
Internal Reviews of Department Policies and Procedures																					
Implement																					
Staffing Changes																					
Retirement System and Benefits Changes																					
Legislative Changes granting Direct FTA Recipient and Authority to operate transit																					
Accounting System Changes																					
Dissolve																					
Dissolve Omnitrans JPA																					
Monitor																					
Monitor Progress and Address Problems																					

Following the onset of decision-making and strategic planning, operational synergies must be decided upon and established. Another key activity is to take the final steps to have SBCTA designated as a direct recipient of FTA grant funding. This effort requires a letter from the governor and letters from other transit agencies in the urbanized area (Riverside-San Bernardino UZA and LA/Long Beach UZA) concurring with the designation.¹⁸ With new authorizing legislation from Stage 1, the bill’s enactment could serve as a means of generating these letters. The enacted statute would assign Omnitrans’ FTA grant and formula fund recipient duties to the new entity. The interview conducted for this study with former LA Metro staff confirmed that this was a substantial administrative effort. Additional time and resources would be required to establish the internal processes for annual certification and assurances on FTA grants. One of the last tasks will be to dissolve the current Omnitrans JPA. As detailed in Appendix C.3, Omnitrans has few options to dissolve its current JPA. The most logical option is to simply transfer assets from Omnitrans to SBCTA as the complete consolidation is arguably a change in the governance structure.

Then, the implementation phase will undertake a separate detailed IT system evaluation, thereby establishing projects to combine, replace, and consolidate duplicative information systems. This effort will include the study of separate IT networks, infrastructure, and systems alongside a business process analysis for major IT system integration. For instance, shall the SAP licensing remain intact in the consolidated agency due to its customized nature for Omnitrans’ fleet operations?

A business practice guide for overlapping functions, i.e. human resources, accounting, and finance, must be developed. This effort will serve as a template to determine duties and responsibilities for all

¹⁸ FTA Circular C 9030.1E

staff, as well as a staff classification study. Contractual agreements for similar work functions, such as security and facility maintenance providers must be examined and combined with the least possible financial impact. Furthermore, consolidated job descriptions, as in similar accounting positions, will be resolved with rationalized pay by job grade.

One of the purposes of the steering team will be to provide an additional review of HR, IT, and financial policies that will be needed to create a simplified, topical policy for the consolidated agency. In addition, budgetary and accounting differences such as beginning and end of payroll week, and time coding, must be resolved and a common approach adopted. These include mechanisms to allocate indirect costs, changes to reflect FTA cost accounting requirements, and the overall financial structure of the newly formed organization. Financial coding and invoicing systems must be resolved and integrated systematically.

With the internal review of business practices, the steering team will also manage the implementation of previously-identified staff changes, retirement and benefit system modification, legislative actions to implement SBCTA as the FTA direct recipient/authority to operate transit, as well as the integration of the accounting system. The steering team will utilize the analysis of retirement and benefits options, organizational/staffing/job classification and revised reporting relationship from the earlier phase, to execute these implementation tasks. While these tasks are in effect, the Steering Team must also monitor and address any problems that will arise concurrently.

5.2.3. Stage 3: Pursue Further Goals and Efficiencies

The critical path items in Stage 3 are: integrating, facilitating, streamlining, and unifying. Figure 13 below highlights the long-term strategies and goals of the implementation plan.

Figure 13: Stage 3 - Pursue Further Goals and Efficiencies

High-level Implementation Plan	Year 4														
	Q1			Q2			Q3			Q4			Q1		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
Stage 3: Pursue Further Goals and Efficiencies															
Process for Filling on-going vacancies															
Facility Changes as needed															
Integration of staff departments and across facilities															
Implement IT Integration Plan															

Beginning in Stage 3, the consolidated agency has the legal authority, an organizational structure is known, and the details of combining the work continue. From a capital asset perspective, integration may occur across facilities and some staff may be co-located between operational and administrative headquarters. Interior architectural planning may be integrated to allow new divisions to become a comprehensive unit. Co-locating the divisions may help with teambuilding and constructing a collaborative work environment. Furthermore, the identification of functional areas that are likely to

be co-located (e.g., finance and accounting) and those that could remain separate must be established. The creation of these principles allows for an analysis of combined space and real estate of both agencies into a one comprehensive entity, while continuing to serve their primarily internal customers.

HR planning will continue to evaluate and determine efficiencies, such as the process for filling job vacancies and reallocating staff to other functions and disciplines. Departmental personnel must be integrated into the combined agency, their organizational structures, management functions, and functional areas. Creating organizational cohesiveness across administrative and operational facilities will be an additional challenge during the integration process. As staff are combined, a human resources process must be implemented to fill job vacancies and streamline job advancement. Finally, the amalgamation of IT services must occur in accordance with licensing standards, contract changes, and systems integration. This process can often be tedious and will result in the retraining of staff to ensure organizational savviness with the IT systems of the consolidated entity. By addressing and planning for these long-term decisions that lie ahead, steps in the earlier stages, such as contract negotiations and an analysis of real estate, will allow for the final stages to emerge with fewer interruptions. It is vital to note, however, that unforeseen challenges will inevitably arise as these two agencies combine into one comprehensive organization.

6. Staff Recommendation

After reviewing the 2020 Consolidation Study from the consultant, the staff recommends *against* the consolidation of SBCTA and Omnitrans.

The basis of this staff recommendation is as follows:

Little functional overlap and resultant savings: As noted in the consultant's reports, there are few areas of substantial overlap in functional areas between the agencies. As a result, there is little duplication and thus minor ongoing savings, estimated at less than one percent of the combined budget of the potential consolidated agency.

One-time costs: The costs and potential financial risks associated with the legal, contractual, and IT system integration to enable and support a consolidated agency are substantial and greatly outweigh the minimal potential ongoing savings.

Impacts to employees: A consolidated agency would need to consolidate classification and compensation systems and either standardize on one retirement and benefit system or create a complex legal structure to preserve the current retirement and benefit systems. The current salary and benefits structure of the two agencies are different, and most of the savings identified in the consultant's report are specifically due to changing the employees' compensation structure, which will impact employees and create additional organizational risks.

Organizational risks/impacts: As noted in the consultant's report, changes to the employee compensation packages, reporting relationships, and resolving (a few) duplicative positions will likely result in a reduction in productivity and employee morale during the transition and loss of knowledge. In addition, given the representation of labor unions for many current Omnitrans staff, any changes to retirement, benefits, or compensation structure will likely require additional engagement and partnership with said labor unions. These organizational impacts pose a significant disruption to operations due to change in overall vision, goals, and administrative policies and procedures with no offsetting positive effect to services.

After considering the few areas of overlap, limited options for savings, and the increased risks and potential additional costs managing through a complete consolidation, the concerns are significant and far outweigh any identified benefits, opportunities, and savings.

The consultant did identify areas of continued partnership between the agencies, and staff does recommend continued effort to leverage these potential efficiencies:

- **Joint Procurements:** Both Omnitrans and SBCTA procure a variety of consulting services and materials and supplies. Sans consolidation, the two agencies could regularly explore and determine efficiencies in co-leading joint procurements. This would result in a more standard level of service between the agencies, a larger scale of services, and ideally better pricing.

Additionally, coordinating procurements will also take substantive effort on the front end to align procurement cycles, determine which agency is the contracting authority, and conducting the work.

- **Board and committee management and organization:** As discussed in the consultant's analysis, there exists overlap of both SBCTA and Omnitrans' board membership. Board meetings for both agencies are typically scheduled for the same day of the month. Topics that impact both boards and committees are taken to meetings of the agency's governing bodies. This results in duplication of staff time and meeting discussion, with at times, differing discussion and conclusions even amongst some of the same members. SBCTA and Omnitrans could pursue a review of streamlining conversations or board meeting discussion to result in clearer direction to staff, less duplication of topics, and a holistic conversation. The options could range from informal (coordinating agendas for the same conversation) or adjusting the policy setting requirements of the committees to eliminate duplicative meetings.
- **Coordination of messaging with local and state governments:** Omnitrans and SBCTA could collaborate on key priorities and messaging that represent the joint interests of the agencies without consolidation. This would provide a more clear, robust, voice for transportation in the area. Examples could be coordinating on legislative and grant priorities, as well as marketing all transit modes on a regional level.

wsp

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A. Overview and Background of Transportation Agencies in this Study

This chapter provides an overview of the two agencies involved in this study, Omnitrans and SBCTA, utilizing the completed Agency Questionnaires, agency interviews, and background information from a document review. The review identified areas of commonality as well as differences that would bear on a potential consolidation of the agencies.

A.1. Background on San Bernardino County

As an introduction to the background section on SBCTA and Omnitrans, it should be noted that both agencies are engaged in the improvement of transportation and mobility in San Bernardino County. However, their missions and activities are very different.

SBCTA is principally an administrative and project delivery organization, with wide authority over all aspects of transportation in the County, including both highway and transit service programs. As a statutorily-established¹⁹ County Transportation Commission (CTC), SBCTA is responsible for short- and long-range transportation planning, including coordination and approval of all public mass transit service, approval of capital development projects for public transit and highway projects, and conducting major transportation improvement projects in the Transportation Improvement Program. SBCTA administers Measure I, the County-wide half-cent sales tax measure and disseminates state Transportation Development Act (TDA) and FTA formula funds to the five transit operators in the County, among other duties²⁰.

Omnitrans is one of those five transit operators and is by far the largest transit operator in San Bernardino County. Omnitrans is a Joint Powers Authority and not statutorily-established.²¹ Their service area is the San Bernardino Valley portion of the County, also referred to as the Metro-Valley area. Omnitrans' principal role is as a transit service provider, and utilizes federal, state, local, and farebox revenues to deliver those services. Omnitrans coordinates closely with SBCTA on matters related to funding levels, pass-through revenues, and capital projects, but is principally a service

¹⁹ In 2016, [SB 1305](#) (Morell) was enacted, consolidating the CTC, local transportation authority, service authority for freeway emergencies, and local congestion management agency into a single entity - SBCTA. The San Bernardino Associated Governments continues as a Joint Powers Authority functioning as a Council of Governments (SBCOG).

²⁰ Under an MOU with SCAG, SBCTA is responsible for allocating FTA Section 5307 program funds.

²¹ The Joint Powers Agreement establishing Omnitrans was executed in 1976 and subsequently amended to include the County of San Bernardino and the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa as signatories. The agreement created a County-wide Transportation Authority to be Known as 'Omnitrans'" pursuant to the [Joint Exercise of Powers Act](#).

provider, and not an administrative agency. Omnitrans also administers a number of contracts for vendors associated with operations and maintenance.

San Bernardino County is the largest county in geographic area in the contiguous U.S. and encompasses 20,053 square miles. A geographic region that size includes a great amount of diversity from urbanized cities to mountain resort areas and scattered rural communities. The east and west San Bernardino Valleys, along with the Victor Valley in the high desert, are home to the vast majority of the County's population and is a more urbanized setting²². The remaining portion of the County's population is spread across mountain and desert communities. A total of 93 percent of the land area within San Bernardino County is within the San Bernardino County Desert Region (SBCTA, 2019a).

The County's total population as of 2018 was estimated at 2.175 million. The population is projected to grow 28 percent between 2020 and 2040. Currently, the population is estimated to be 54 percent Latino. The Latino share of the population is projected to grow to 64 percent by 2045. Unemployment rose to an all-time high of over 13 percent during the economic downturn in 2010 but has decreased dramatically since then, to 4.2 percent as of August 2018. The median household income was estimated at \$60,420 as of 2017, and 16.2 percent of residents were living in poverty as of that year. The cost of living in San Bernardino County is the lowest in Southern California (SBCTA, 2019a).

Measure I, the County-wide voter approved half-cent transportation transactions and use tax, is estimated to generate almost \$6.56 billion through 2040 for funding of major freeway construction, commuter rail service, local street and road improvements, special transit service for the elderly and disabled population, and traffic management and environmental enhancement efforts. Measure I divided San Bernardino into seven subareas for purposes of tax revenue administration and funding allocation, reflecting the relative population of the subareas, as shown in Table A- 1 and Figure A- 1.

²² Victor Valley is designated an urbanized area for FTA funding purposes.

Figure A-1. San Bernardino County Subareas



Source: SBCTA, 2019b

Table A-1. Measure I Funding Allocation by Subarea

Subarea	Percentage*
Cajon Pass ²³	2.83%
Colorado River	0.14%
Morongo Basin	1.35%
Mountains	1.17%
North Desert	2.86%
San Bernardino Valley	80.62%
Victor Valley	11.03%

Source: SBCTA, 2019b

Notes: *Percentages are adjusted annually based on actual revenue.

²³ Per the Measure I Expenditure Plan, Cajon Pass receives a separate funding allocation though not specifically identified on the Subareas Boundary Map.

A.2. SBCTA Overview

SBCTA serves San Bernardino County, which includes 24 incorporated cities or towns (i.e., Adelanto, Apple Valley, Barstow, Big Bear Lake, Chino, Chino Hills, Colton, Fontana, Grand Terrace, Hesperia, Highland, Loma Linda, Montclair, Needles, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Twentynine Palms, Upland, Victorville, Yucaipa, and Yucca Valley) and unincorporated areas of San Bernardino County.

A.2.1. Agency

Originally created as a council of government (COG), the San Bernardino Associated Governments (SANBAG), in 1973, SBCTA, over the years, has been designated to serve as several additional authorities, including:

- **County Transportation Commission (CTC)** — SBCTA is responsible for short- and long-range transportation planning within San Bernardino County, including coordination and approval of all transit service, approval of all capital development projects for transit and highway projects, and determination of staging and scheduling of construction relative to all transportation improvement projects in the Transportation Improvement Program.
- **County Transportation Authority** — SBCTA is responsible for administration of Measure I, the voter approved half-cent transportation transactions and use tax which is estimated to generate almost \$6.56 billion through 2040 for funding of major freeway construction, commuter rail service, local street and road improvements, special transit service for the elderly and disabled population, and traffic management and environmental enhancement efforts.
- **Service Authority for Freeway Emergencies** – SBCTA is responsible for operating a system of approximately 1,020 call boxes on freeways and highways within San Bernardino County.
- **Congestion Management Agency** — SBCTA manages the performance level of the regional transportation system in a manner that ensures consideration of the impacts from new development and promotes air quality improvements through the implementation of strategies in adopted air quality plans.
- **Sub-regional Planning Agency** — SBCTA represents the San Bernardino County sub-region and assists the Southern California Association of Governments (SCAG) in its role as the metropolitan planning organization (MPO). SCAG is the designated Regional Transportation Planning Agency (RTPA). SBCTA performs studies and develops consensus relative to regional growth forecasts, regional transportation plans, and mobile source components of air quality plans.

In August 2016, Governor Jerry Brown signed Senate Bill (SB) 1305, effective on January 1, 2017. SB 1305 consolidated the five transportation roles of the various entities into a single entity, SBCTA. SANBAG continues to exist as the COG. SBCTA is governed by a board composed of the mayor or a

councilmember from each of the 24 cities/towns and the five members of the San Bernardino County Board of Supervisors.

A.2.2. Services

SBCTA does not operate (either directly or through contract) any traditional fixed-route or paratransit services. However, SBCTA operates a vanpool subsidy program with 53 vanpools currently operating, as of January 2020, and provides commuter incentives for ridesharing through the IE Commuter Program. SBCTA also funds and sits on the board of directors for the Southern California Regional Rail Authority (SCRRA) and provides input and direct support to the Metrolink commuter rail services in San Bernardino County. SBCTA also conducts long-range transportation planning, including the regional rail network.

SBCTA is currently overseeing the construction of the Arrow passenger rail project to Redlands. This project will implement passenger rail service between the SBTC and the University of Redlands, approximately nine miles to the east, along the Interstate 10 corridor. The project budget is estimated at \$359.7 million in capital costs and is expected to open for service in early 2022²⁴. SBCTA is acquiring Stadler Diesel Multiple Units which will be modified to be a zero-emission multiple unit vehicle (ZEMU). The service will operate 30-minute headways during peak periods and hourly headways at other times. In addition to the ZEMU service, certain Metrolink San Bernardino Line trips will operate out to Redlands during peak periods. At this time, SBCTA is planning to enter into an agreement with Metrolink to operate the Arrow service, including operations, vehicle maintenance, dispatching, and maintenance-of-way²⁵.

PROGRAMS

One of the essential roles for SBCTA as the CTC, in addition to transportation planning and programming responsibilities, is the allocation of state and federal funds to high-priority transportation projects in the County. Once the SBCTA Board approves the allocation and the project is added to the appropriate programming document, the lead agency is responsible for applying for funds through SBCTA or state or federal agencies and is responsible for meeting eligibility requirements. State funds allocated by the SBCTA Board do not flow through the SBCTA budget unless SBCTA is the lead agency for project implementation. SBCTA does allocate federal funds; however, SBCTA is not a direct FTA recipient and is unable to receive FTA funds directly. In these cases, SBCTA works with Omnitrans to pass the federal funding on to SBCTA.

²⁴ Per the SBCTA Redlands Passenger Rail Project (Arrow) Fact Sheet.

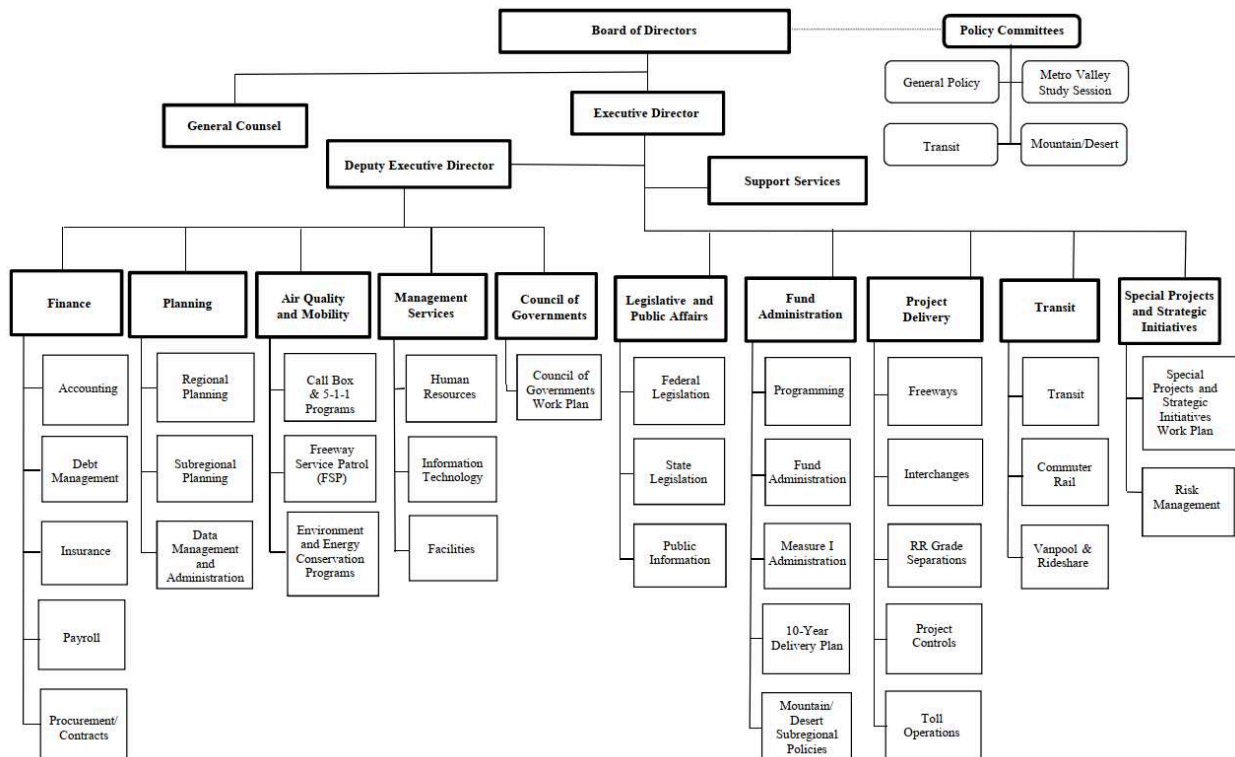
²⁵ See SBCTA Board Agenda Item 14, January 8, 2020.

A.2.3. Operations and Administrative Support Functions

ORGANIZATIONAL STRUCTURE

SBCTA employees are divided into nine program areas, under the management of the SBCTA Board of Directors and the Executive Director or Deputy Executive Director, as shown in Figure A- 2. A Director, Chief, or Administrator-level position leads employee groups in each program area.

Figure A- 2. SBCTA Organizational Chart



Source: SBCTA FY2020-2021 Functional Organization Chart

STAFFING LEVELS

In FY 2020, SBCTA had a total of 67 budgeted direct employee positions spread across its program areas. Two positions were not filled as of the date of the data provided by SBCTA staff. The SBCTA total estimated salary and benefits cost for FY 2020 was \$12.3 million. Table A- 2 provides the staffing positions by division and the salary and benefit cost estimates. In order to maintain confidentiality of individual positions, the salary and benefit costs are estimated assuming that, on average, all employees are at the 50th percentile of their ranges, and that the benefit load is 70 percent of salaries. Both estimating parameters are based on actual data provided by SBCTA for the entire agency staff.

Table A- 2. SBCTA Staffing and Costs

Program/Staff Position	FY2020 # of Positions	FY2020		
		Annualized Salary Cost (FY 20 Positions) ^{1,2}	Benefit Load (Estimate at .70%)	Total Annualized Cost
General Government				
Deputy Executive Director	1	197,806	138,464	336,271
Management Analyst III - legal	1	95,147	66,603	161,750
General Counsel	1	210,000	147,000	357,000
Assistant General Counsel	1	170,873	119,611	290,484
Director of Special Projects & Strategic Initiatives	1	170,873	119,611	290,484
Risk Manager	1	99,905	69,933	169,838
Executive Director	1	327,500	229,250	556,750
Functional Area Total	7	1,272,104	890,473	2,162,576
Clerk of the Board Functions				
Clerk of the Board/Administrative Supervisor	1	110,147	77,103	187,249
Assistant to the Clerk of the Board	1	67,620	47,334	114,953
Records Technician	1	50,459	35,321	85,781
Administrative Assistant Senior	4	257,597	180,318	437,915
Office Assistant	1	48,056	33,639	81,696
Administrative Assistant	1	55,631	38,942	94,573
Deputy Clerk of the Board	1	90,617	63,432	154,049
Functional Area Total	10	680,127	476,089	1,156,215
Fund Administration				
Director of Fund Administration	1	170,873	119,611	290,484
Management Analyst III	4	380,587	266,411	646,998
Chief of Fund Administration	1	140,577	98,404	238,981
Management Analyst II	2	164,381	115,067	279,447
Functional Area Total	8	856,418	599,492	1,455,910

Table A-2 SBCTA Staffing and Costs (continued)

Program/Staff Position	FY2020 # of Positions	FY2020		
		Annualized Salary Cost (FY 20 Positions) ^{1,2}	Benefit Load (Estimate at .70%)	Total Annualized Cost
Financial Management				
Chief Financial Officer	1	170,873	119,611	290,484
Accounting Supervisor	1	99,905	69,933	169,838
Senior Accounting Assistant	1	67,620	47,334	114,953
Senior Accountant	1	86,302	60,411	146,713
Accounting Assistant	3	166,894	116,826	283,720
Accountant	2	149,102	104,371	253,473
Chief of Fiscal Resources	1	140,577	98,404	238,981
Toll Financial Administrator	1	110,147	77,103	187,249
Functional Area Total	11	991,418	693,993	1,685,411
HR/IT/Facilities				
Management Analyst II	1	82,190	57,533	139,724
Human Resources/Information Services Administrator	1	110,147	77,103	187,249
Functional Area Total	2	192,337	134,636	326,973
Environment/Commuter				
Management Analyst III	1	95,147	66,603	161,750
Chief of Air Quality & Mobility Programs	1	140,577	98,404	238,981
AQTS Intern/part-time	1	13,320	9,324	22,644
COG Administrator	1	110,147	77,103	187,249
Functional Area Total	4	359,190	251,433	610,624
Procurement				
Procurement Manager	1	121,436	85,005	206,441
Procurement Analyst	2	164,381	115,067	279,447
Functional Area Total	3	285,817	200,072	485,888
Legislative				
Director of Legislative Affairs	1	170,873	119,611	290,484
Management Analyst II	2	164,381	115,067	279,447
Chief of Legislative and Public Affairs	1	140,577	98,404	238,981
Functional Area Total	4	475,831	333,081	808,912
Transit				
Management Analyst II	1	82,190	57,533	139,724
Management Analyst III	1	95,147	66,603	161,750
Right of Way Administrator	1	95,147	66,603	161,750
Program Manager	1	133,883	93,718	227,601
Chief of Transit and Rail	1	140,577	98,404	238,981
Director of Transit & Rail Programs	1	170,873	119,611	290,484
Functional Area Total	6	717,817	502,472	1,220,289

Table A-2 SBCTA Staffing and Costs (continued)

Program/Staff Position	FY2020 # of Positions	FY2020		
		Annualized Salary Cost (FY 20 Positions) ^{1,2}	Benefit Load (Estimate at .70%)	Total Annualized Cost
Planning				
Senior Planner	1	99,905	69,933	169,838
GIS Administrator	1	95,147	66,603	161,750
Chief of Planning	1	140,577	98,404	238,981
Planning Intern/part-time	1	25,740	18,018	43,758
Director of Planning	1	170,873	119,611	290,484
GIS Analyst	1	82,190	57,533	139,724
Functional Area Total	6	614,432	430,102	1,044,534
Project Delivery				
Corridor Manager	1	154,986	108,490	263,476
Project Delivery Manager	1	140,577	98,404	238,981
Project Controls Manager	1	133,883	93,718	227,601
Construction Manager	1	140,577	98,404	238,981
Toll Operations Administrator	1	133,883	93,718	227,601
Director of Project Delivery and Toll Operations	1	179,416	125,591	305,007
Functional Area Total	6	\$ 883,321	\$ 618,325	\$ 1,501,646
Grand Total All Programs/Functions	67	\$ 7,328,811	\$ 5,130,168	\$ 12,458,979

Source: SBCTA Salary and Benefits Data from Financial Management Division

Notes:

1. Salary costs assume 50th Percentile of ranges. Ranges have been used to protect the privacy of employees.
2. All positions assumed at 2,080 hours per year, except interns
3. Includes Position added mid-year

In addition to staffed agency positions, SBCTA relies on a large amount of consultant support to carry out its responsibilities. The estimated annual cost of these consultant and contractor services is \$7.3 million based on the information provided in SBCTA's completed Questionnaire, equivalent to the total value of employee salaries. These consultant support services cover a host of areas and specialties and are detailed in tables in the Task 1.2 Appendix.

EMPLOYEE BENEFIT PROGRAMS

All SBCTA direct employees receive health, dental, and vision insurance plans. Nearly all active employees are covered by the San Bernardino County Employees' Retirement Association (SBCERA) retirement program and two retired employees are under CalPERS. There are two groups of SBCERA-covered employees, those hired before the effective date of PEPRA (January 1, 2013), and those hired after it, as follows:

- Tier 1 Employees contribute 7.2 percent of their salary toward the required contribution and SBCTA pays the difference of about 3.5 percent of total salaries for those employees affected (\$190,000 budgeted for FY 2019-2020) plus the Employer Contribution portion of \$2,200,000 (as of CY 2018), which is 38.02 percent of salaries. The retirement formula for these employees is “2 percent @ age 55”.
- Tier 2 Employees contribute a flat rate – currently at 9.10 percent. There is no SBCTA contribution toward the employee share. SBCTA pays the employer contribution of \$812,000 which is 35.61 percent of salaries. The retirement formula for these employees is “2.5 percent @ age 67”.

It is notable that the SBCTA employer contribution toward retirement, ranging from 35 percent to 38 percent of salaries, is far higher than the employer cost for Omnitrans under PERS. SBCTA reported that, as of June 2019, they have a SBCERA unfunded pension liability of \$14.99 million, which is more than 100 percent of total annual salaries and benefits.

Employees receive 96 hours of paid sick leave per year, 13 paid holidays, and two to four weeks of paid vacation per year, the latter depending on tenure. They also receive Administrative Leave of 40 hours per year, depending on job classification.

Employees are also eligible for Deferred Compensation Plans with various levels of matching, depending on employee group. In 2020, the highest estimated cost to SBCTA of all matching programs was \$542,550 (SBCTA, 2018). The actual figure for CY 2018 was \$420,000.

INSURANCE AND LIABILITY LEVELS

SBCTA currently obtains Commercial General Liability insurance, including Automobile, Errors and Omissions, and Employment Practices coverages. The policy provides coverage limits of \$5,000,000, with a self-insured retention of \$50,000. The annual premium of \$157,668 is far lower than Omnitrans, reflecting the minimal vehicle operations risk compared to that of a transit operator. SBCTA also carries several other types of insurance coverages, all of which are detailed in Table A- 3.

Table A- 3. SBCTA Insurance and Liability Levels

Insurance Type	Annual Premium Cost	Self-Insured Retention	Coverage Limits
Commercial General Liability – including Automobile, E&O, and Employment Practices Liability Coverages	\$157,668	\$50,000	\$5,000,000
Commercial Automobile	\$1,373	\$1,000 – Deductible	\$1,000,000
Excess Liability	\$46,914	Excess of Underlying	\$5,000,000
Cyber Liability	\$15,387	\$5,000-\$50,000	\$1,000,000

Insurance Type	Annual Premium Cost	Self-Insured Retention	Coverage Limits
Workers' Compensation	\$38,126	N/A	CA Statutory \$1,000,000
Commercial Property	\$30,884	\$5,000	\$32,589,834
Crime	\$11,600	\$2,500	\$10,000,000

A.2.4. Management Information Systems/Information Technology

SBCTA has several computer applications used for all financial and project management purposes. Table A- 4 lists the major systems currently in use and modules/functions provided.

Table A- 4. SBCTA Computer Applications

Application Type/System	Module(s) Used	Functions Supported
Adobe Acrobat DC	Standard and Pro	Office-related applications
Adobe Cloud	All	Legislative Affairs and Public Information Use
MS Office	2010, Access, Excel, OneNote, Outlook, PowerPoint, Publisher, Word	Office-related applications
MS SharePoint	2016	Electronic Document Management
Laserfiche Rio	Client, Forms, Import Agent, Laserfiche Connector, Quickfields, Web Client, Weblink	Electronic Document Management
Tyler Technology - EDEN	AP, AR, Budget Prep, Contract Management, Fixed Assets, GL, HR, Payroll, Project Accounting, Purchasing	Financial System
ShoreTel VOIP		Phone System
Esri ArcGIS Platform		Geographic Information System, Mapping/Spatial Analysis
Granicus	Minute Traq and WeGovern	Agenda Management and Board voting
NEOGOVS	Insight & Perform	Applicant Tracking and EE Performance
Oracle	Primavera P6 Enterprise Project Portfolio Management	Capital Project Management

Application Type/System	Module(s) Used	Functions Supported
Hexagon	EcoSys	Capital Project Management
Caliper	TransCAD	Model Networks/Transportation Patterns
Sophos		Antivirus Protection
Unitrends		Onsite and Cloud backup and DRAAS
Accela	Minutraq	Board items and contracts system for board meetings

SBCTA uses Tyler Technology’s EDEN software for its major financial accounting functions, including Accounts Payable, Accounts Receivable, Budget Prep, Contract Management, Fixed Assets, General Ledger, Human Resources, Payroll, Project Accounting, and Purchasing. During the SBCTA interview, staff indicated this major package is slated for replacement in the near future.

One application is especially important for SBCTA’s major project management and delivery role – EcoSys Database. In support of the 10-year plan updates, EcoSys manages data input directly or imported from Primavera by project, phase, contract, fund source, and fiscal year. Revenue sources and actual expenditures are entered into EcoSys. With the information in the system, EcoSys provides an effective means to analyze the project cash flow needs and project total funding needs against funding available (SBCTA, 2020). SBCTA also uses Primavera Scheduling software for project management.

A.2.5. Fixed Assets

FLEET

SBCTA does not currently own any transit fleet fixed assets, other than a single staff vehicle. The agency is acquiring rail vehicles for the Arrow service, which will likely be transferred to Metrolink once the service begins operations.

SBCTA is currently supporting all San Bernardino County transit operators by leading a County-wide analysis of current transit fleets compared to the zero-emission buses the region will eventually need to migrate to under the CARB Zero-Emission Bus Regulation.

FACILITIES AND RIGHT-OF-WAY

SBCTA co-owns 50%/50% of several Metrolink stations or Transit Centers facilities located in the San Bernardino Valley. In virtually all cases, station sites are maintained by the local agency in which the station is situated, per the terms of a Memorandum of Understanding between the local agency and SBCTA. Services include security, maintenance, and administration of station site leases. In addition, SBCTA also constructed and owns the crew house located by the SBTC which is leased to SCRRA. Omnitrans provides maintenance and security services for this facility via an MOU with SBCTA.

The San Bernardino Santa Fe Depot building, SBCTA's administrative center, is maintained under a property management contract administered by SBCTA.

SBCTA owns railroad rights-of-way on three separate current or former rail lines, which are maintained by a SBCTA maintenance-of-way contractor or by SCRRA in the case of property within 20 feet of the rail on the San Gabriel Subdivision. The nine miles of the Redlands subdivision, currently under construction for the Arrow service, is the responsibility of the mainline construction contractor.

A.2.6. Short- and Long-Range Planning

SBCTA's Planning Division has five employees, as detailed earlier in Table A- 2. Their planning charter is broad, encompassing long-range county-wide plans, modal plans, greenhouse gas (GHG) and air quality plans, sustainability, and active transportation. SBCTA is not involved in transit route planning and scheduling, and transit operator SRTPs are prepared by the individual operators and coordinated through the SBCTA Transit Department. SBCTA had prepared a county-wide, over-arching SRTP covering the entire county.²⁶

SBCTA, not the transit operators, has responsibility for long-range transit planning, with the last LRTP having been completed in 2010. That Plan was heavily focused on expansion of BRT services in the San Bernardino Valley. An update to the LRTP has been postponed until the current study is completed.

²⁶ *SBCTA Short-Range Transit Plan, FY2016 – FY2020*, prepared by WSP USA for SBCTA, December, 2016.

A.3. Omnitrans Overview

Omnitrans serves southwest San Bernardino County, within the Valley Subarea (Figure A- 1). The Omnitrans service area covers 466 square miles and has a population of 1,500,107 (National Transit Database, 2018). Omnitrans provides service to 15 cities (the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa) and nearby areas of San Bernardino County. Omnitrans also serves Pomona Transit Center in Los Angeles County and the Riverside Downtown Terminal in Riverside County. Omnitrans is the largest local transit provider in San Bernardino County.

A.3.1. Agency

Omnitrans, previously known as the San Bernardino Transit System, was created by a Joint Powers Agreement (JPA) in 1976, which was subsequently amended to, among other things, add members to the Joint Powers Authority. Omnitrans is governed by a 19-member board consisting of four of the five San Bernardino County Supervisors and an elected official from each of the 15-member cities. The Omnitrans Board adopts the budget, establishes policy (fares, marketing, and service changes), adopts rules and regulations, and submits federal and state grant applications.

A.3.2. Omnitrans Transit Services

Omnitrans primarily operates a hub-and-spoke bus transit system with transfers at major transfer centers, including the San Bernardino Transit Center (SBTC), which it co-owns and operates.²⁷ Omnitrans also provides demand-response service (Omnitrans, 2015).

FIXED-ROUTES

Omnitrans routes are grouped as follows, based on service type (SBCTA, 2020).

Regular “fixed-route” service is provided on one bus rapid transit (BRT) line (the “sbX Green Line”, Figure A- 3), two freeway express service routes, and 26 “local bus” fixed-routes.²⁸ Service hours are Monday to Friday (3:27 a.m. to 11:28 p.m.), Saturday (5:20 a.m. to 11:37 p.m.), and Sunday (5:35 a.m. to 8:25 p.m.). These services are directly operated by Omnitrans.

“OmniGo” provides fixed-route circulator service on three contract-operated routes. Service is provided in Yucaipa, Grand Terrace, and Chino Hills, using smaller “cutaway” style buses for lower cost. Service

²⁷ From 2015 to 2019, Omnitrans was the designated operator for the future Arrow passenger rail service to Redlands, which is anticipated to open in 2022. However, the rail service will now be operated by the Southern California Regional Rail Authority (SCRRA, or Metrolink).

²⁸ Another Rapid Bus and BRT line, the West Valley Connector, is currently in the project development phase.

hours are Monday to Friday (5:00 a.m. to 8:52 p.m., Saturday (6:05 a.m. to 8:25 p.m., and Sunday (6:05 a.m. to 6:39 p.m.).

Figure A- 3. Omnitrans' sbX Service



Omnitrans sbX BRT vehicle



BRT station on sbX line.

DEMAND-RESPONSE SERVICE

Omnitrans' "OmniAccess" provides complementary ADA paratransit service to seniors and persons with disabilities within the ADA service area (i.e., 3/4-mile on either side of an existing fixed route). Service hours are the same as for the associated fixed-route in each area. Omnitrans is also the designated Consolidated Transportation Services Agency (CTSA) for the Omnitrans service area and coordinates Social Service Agency transportation services in the Valley to improve efficiency.

ANNUAL SYSTEM RIDERSHIP

In FY 2019, Omnitrans served 10,385,360 trips on its regular fixed-route services, 113,864 trips on its contracted OmniGo service, and 360,124 ADA demand-response trips (SBCTA, 2020).

FARES

The Omnitrans fare structure is shown in Table A- 5. Generally, fares are dependent upon the service type, with reduced fares offered to seniors, persons with disabilities, Medicare recipients, veterans, and youth (Omnitrans I.D. cards are required for seniors and persons with disabilities). Additionally, children 46 inches tall and under ride free. Cash or a ticket for the exact fare (for each individual trip), or a pass, is required for the selected service. Omnitrans also accepts fare payment through its Token Transit smartphone app.

Access service is restricted to riders and attendants with ADA certification (an Omnitrans I.D. card is required); therefore, fares are dependent upon travel between zones (note: eligible riders may bring up to one guest; however, both the eligible rider and the guest must pay the fare, while the eligible attendant is free).

Omnitrans offers the *Go Smart* student pass program, which allows students at participating colleges and universities unlimited free rides on all fixed-route services. Additionally, under this program,

eligible students with ADA certification receive a 20 percent discount on *Access* service. Schools and/or programs include California State University San Bernardino, Chaffey College, San Bernardino Valley College, and Crafton Hills College.

Omnitrans also works with several other transit agencies to honor each other’s fare media (i.e., passes and tickets). Omnitrans accepts all purchased passes from Foothill Transit, Riverside Transit Authority (RTA), MARTA, and Metrolink from points of connection, and from Orange County Transportation Authority (OCTA) from Chino Transit Center. Round-trip Metrolink tickets/passes also are valid on Omnitrans to Metrolink (connecting routes only). Omnitrans 31-, 7-, and 1-day passes are accepted as follows: from points of contact (RTA and MARTA); from Pomona and Montclair Transit Centers (Foothill Transit); and from Chino Transit Center (Foothill Transit and OCTA). Premium services are excluded to/from Omnitrans and RTA, including *OmniLink*, *Access*, *Commuterlink*, and *Dial-a-Ride*.

Telephone operators are available Monday to Friday from 7:00 a.m. to 6:00 p.m. and Saturday and Sunday from 8:00 a.m. to 5:00 p.m.

Table A- 5. Omnitrans Fares

Service Type	Rider Type	Fare Type	Price
Local Bus, Freeway Express, OmniGo, & sbX Rapid Transit	Full Fare	Cash Fare	\$2.00
		1-Day Pass	\$6.00
		7-Day Pass	\$20.00
		31-Day Pass	\$60.00
	Seniors/Disability/Medicare/Veterans	Cash Fare	\$0.90
		1-Day Pass	\$2.75
		7-Day Pass	\$9.00
		31-Day Pass	\$30.00
	Youth	7-Day Pass	\$15.00
		31-Day Pass	\$45.00
OmniAccess	1 - 3 Zone Trip	Cash Fare or Ticket	\$3.75
	Each Additional Zone	Cash Fare or Ticket	\$1.00

Source: Omnitrans website, www.omnitrans.org accessed 01/18/2020.

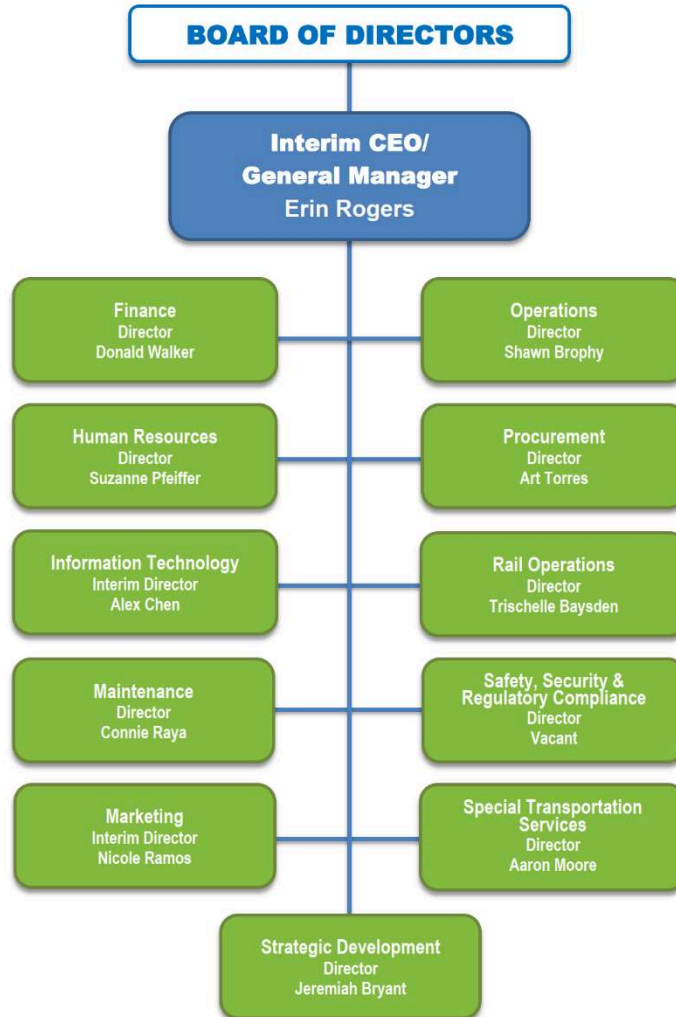
A.3.3. Operations and Administrative Support Functions

ORGANIZATIONAL STRUCTURE

The Omnitrans organizational structure is comprised of eleven divisions, each under a Director, reporting to the CEO/General Manager, as illustrated in Figure A- 4. The Interim CEO/General Manager was appointed in November 2019 and served for two years as Omnitrans Deputy General Manager. A

majority of the directors under her have served at Omnitrans for two years or less, reflecting recent leadership changes.

Figure A- 4. Omnitrans' Organizational Chart²⁹



STAFFING LEVELS

As of January 2020, and per the completed Omnitrans Questionnaire, total Omnitrans staff (including all management, administrative, and bargaining unit positions) consisted of 722 employees, as shown in Table A- 6. Management and Administrative positions total 163. There were 463 coach operators and 96 maintenance workers. The coach operators are members of the Amalgamated Transit Union (ATU) and maintenance employees and some administrative staff are members of the Teamsters Union Local No. 166. Table A- 6 provides the estimated FY 2020 salary and benefit costs, based on the assumption that

²⁹ The Rail Operations Division will no longer be in place next year – the Arrow Line Rail function is transferring to SCRRRA.

employees, on average, are at the mid-point of their ranges, and the benefit load is 45 percent of salaries. These assumptions yielded a total FY 2020 labor and benefits cost estimate that was within 0.88% of the FY 2020 budget. Using this approach, the total estimated FY 2020 salary and benefits cost was \$54.9 million.

In addition to staffed agency positions, Omnitrans relies on many contractors and suppliers to carry out its responsibilities. The estimated annual cost of these consultant and contractor costs exceeds \$20.6 million, excluding fuel supplies, based on information from Omnitrans' completed Questionnaire. These services cover a host of areas and specialties and are detailed in tables in the Task 1.2 Appendix. The single largest contractor service is MV Transportation's contract for the OmniAccess and OmniGo service operations, totaling \$11.0 million. A sizable portion of the other services are comprised of annual license and support fees for the many computer applications Omnitrans uses, which totaled \$2.1 million in annual fees.

Table A- 6. Omnitrans Staffing

Staff Position	FY2020 # of Positions	FY2020		
		Annualized Salary Cost (FY 20 Positions) ^{1,2}	Benefit Load (Estimate at 45%)	Total Annualized Cost
General Management				
CEO/General Manager	1	\$ 239,400	\$ 107,730	\$ 347,130
Deputy General Manager	1	\$ -	\$ -	
Functional Area Total	2	\$ 239,400	\$ 107,730	\$ 347,130
Clerk of the Board Functions				
Sr. Executive to the CEO/Clerk of the Board	1	\$ 80,076	\$ 36,034	\$ 116,110
Executive Staff Assistant	1	\$ 70,686	\$ 31,809	\$ 102,495
Functional Area Total	2	\$ 150,762	\$ 67,843	\$ 218,605
Budgeting				
Treasury Manager	1	\$ 103,998	\$ 46,799	\$ 150,797
Functional Area Total	1	\$ 103,998	\$ 46,799	\$ 150,797
Finance Department				
Director of Finance	1	\$ 127,590	\$ 57,416	\$ 185,006
Accounting Manager	1	\$ 103,998	\$ 46,799	\$ 150,797
Sr. Financial Analyst	2	\$ 160,152	\$ 72,068	\$ 232,220
Accountant	2	\$ 141,372	\$ 63,617	\$ 204,989
Accounting Clerk	2	\$ 77,501	\$ 34,875	\$ 112,376
Functional Area Total	8	\$ 610,613	\$ 274,776	\$ 885,389
Payroll				
Payroll Technician	2	\$ 109,416	\$ 49,237	\$ 158,653
Functional Area Total	2	\$ 109,416	\$ 49,237	\$ 158,653

Table A- 6 Omnitrans Staffing (Continued)

Staff Position	FY2020 # of Positions	FY2020		
		Annualized Salary Cost (FY 20 Positions) ^{1,2}	Benefit Load (Estimate at 45%)	Total Annualized Cost
Human Resources				
Director of Human Resources	1	\$ 127,590	\$ 57,416	\$ 185,006
Employee Relations Manager	1	\$ 103,998	\$ 46,799	\$ 150,797
Sr. Human Resources Analyst (Leave/DAPM)	1	\$ 80,076	\$ 36,034	\$ 116,110
Sr. Human Resources Analyst (EEO/Compensation/ Recruitment)	1	\$ 80,076	\$ 36,034	\$ 116,110
Human Resources Analyst	2	\$ 141,372	\$ 63,617	\$ 204,989
Human Resources Technician (Payroll)	1	\$ 54,708	\$ 24,619	\$ 79,327
Human Resources Assistant	2	\$ 90,384	\$ 40,673	\$ 131,057
Administrative Assistant II	1	\$ 54,708	\$ 24,619	\$ 79,327
Human Resources Technician (Benefits)	1	\$ 54,708	\$ 24,619	\$ 79,327
Functional Area Total	11	\$ 732,912	\$ 329,810	\$ 1,062,722
IT Department				
Director of Information Technology	1	\$ 127,590	\$ 57,416	\$ 185,006
Database Manager	1	\$ 103,998	\$ 46,799	\$ 150,797
Network Administrator	1	\$ 90,966	\$ 40,935	\$ 131,901
System Coordinator	1	\$ 90,966	\$ 40,935	\$ 131,901
Application Developer	1	\$ 80,076	\$ 36,034	\$ 116,110
Application Specialist	1	\$ 80,076	\$ 36,034	\$ 116,110
Network Engineer	1	\$ 80,076	\$ 36,034	\$ 116,110
Systems Engineer	1	\$ 80,076	\$ 36,034	\$ 116,110
Systems Specialist	1	\$ 80,076	\$ 36,034	\$ 116,110
Web Designer	1	\$ 80,076	\$ 36,034	\$ 116,110
Functional Area Total	10	\$ 893,976	\$ 402,289	\$ 1,296,265
Procurement Department				
Director of Procurement	1	\$ 127,590	\$ 57,416	\$ 185,006
Contracts Manager	1	\$ 103,998	\$ 46,799	\$ 150,797
Materials Manager	1	\$ 90,966	\$ 40,935	\$ 131,901
Sr. Contract Administrator	1	\$ 90,966	\$ 40,935	\$ 131,901
Contract Administrator	2	\$ 160,152	\$ 72,068	\$ 232,220
Contract Review Analyst	1	\$ 64,530	\$ 29,039	\$ 93,569
Warranty Coordinator	1	\$ 54,708	\$ 24,619	\$ 79,327
Parts Clerk	11	\$ 426,254	\$ 191,814	\$ 618,069
Administrative Clerk (Procurement)	1	\$ 38,750	\$ 17,438	\$ 56,188
Functional Area Total	20	\$ 1,157,915	\$ 521,062	\$ 1,678,976

Table A- 6 Omnitrans Staffing (Continued)

Staff Position	FY2020 # of Positions	FY2020		
		Annualized Salary Cost (FY 20 Positions) ^{1,2}	Benefit Load (Estimate at 45%)	Total Annualized Cost
Maintenance Department				
Maintenance Manager	2	\$ 207,996	\$ 93,598	\$ 301,594
Shift Supervisor	11	\$ 880,836	\$ 396,376	\$ 1,277,212
Technical Services Manager	1	\$ 90,966	\$ 40,935	\$ 131,901
Transit Technical Trainer	1	\$ 70,686	\$ 31,809	\$ 102,495
Director of Maintenance	1	\$ 127,590	\$ 57,416	\$ 185,006
Senior Fleet Analyst	1	\$ 64,530	\$ 29,039	\$ 93,569
Fleet Analyst	1	\$ 54,708	\$ 24,619	\$ 79,327
Maintenance Clerk	1	\$ 36,556	\$ 16,450	\$ 53,006
Functional Area Total	19	\$ 1,533,868	\$ 690,241	\$ 2,224,109
Facility Maint. Administration				
Facility Manager	1	\$ 103,998	\$ 46,799	\$ 150,797
Facility Supervisor	1	\$ 80,076	\$ 36,034	\$ 116,110
Stops & Zones Supervisor (from Stops and Zones Section)	1	\$ 70,686	\$ 31,809	\$ 102,495
Functional Area Total	3	\$ 254,760	\$ 114,642	\$ 369,402
Safety and Security Admin.				
Director of Safety/Reg. Compliance	1	\$ 127,590	\$ 57,416	\$ 185,006
Safety & Reg. Compliance Mgr	1	\$ 103,998	\$ 46,799	\$ 150,797
Environmental/Occupational Health & Safety Specialist	1	\$ 80,076	\$ 36,034	\$ 116,110
Safety & Reg. Compliance Specialist	1	\$ 80,076	\$ 36,034	\$ 116,110
Security & Emerg. Preparedness Coordinator	1	\$ 80,076	\$ 36,034	\$ 116,110
Functional Area Total	5	\$ 471,816	\$ 212,317	\$ 684,133

Table A- 6 Omnitrans Staffing (Continued)

Staff Position	FY2020 # of Positions	FY2020		
		Annualized Salary Cost (FY 20 Positions) ^{1,2}	Benefit Load (Estimate at 45%)	Total Annualized Cost
Operations Department				
Transportation Manager	2	\$ 207,996	\$ 93,598	\$ 301,594
Field Supervisor	16	\$ 1,130,976	\$ 508,939	\$ 1,639,915
Dispatch Supervisor	1	\$ 80,076	\$ 36,034	\$ 116,110
Dispatcher	7	\$ 451,710	\$ 203,270	\$ 654,980
Director of Operations	1	\$ 127,590	\$ 57,416	\$ 185,006
Fleet Safety & Training Supervisor	1	\$ 80,076	\$ 36,034	\$ 116,110
Fleet Safety & Training Instructor	6	\$ 424,116	\$ 190,852	\$ 614,968
Assistant Transportation Manager	2	\$ 160,152	\$ 72,068	\$ 232,220
Operations Senior Secretary	1	\$ 64,530	\$ 29,039	\$ 93,569
Administrative Clerk	3	\$ 116,251	\$ 52,313	\$ 168,564
Functional Area Total	40	\$ 2,843,473	\$ 1,279,563	\$ 4,123,036
Planning & Scheduling				
Director of Strategic Development	1	\$ 127,590	\$ 57,416	\$ 185,006
Business Intelligence Analyst	1	\$ 80,076	\$ 36,034	\$ 116,110
Service Planning Manager	0	\$ -	\$ -	\$ -
Scheduling Analyst	2	\$ 141,372	\$ 63,617	\$ 204,989
Planner I	1	\$ 64,530	\$ 29,039	\$ 93,569
Administrative Secretary (split between Marketing & Strategic Development)	0.5	\$ 27,354	\$ 12,309	\$ 39,663
Functional Area Total	5.5	\$ 440,922	\$ 198,415	\$ 639,337
Capital Project Planning/Mgmt				
Development Planning Mgr	1	\$ 103,998	\$ 46,799	\$ 150,797
Capital Projects Svcs Mgr	1	\$ 90,966	\$ 40,935	\$ 131,901
Functional Area Total	2	\$ 194,964	\$ 87,734	\$ 282,698
Marketing Department				
Director of Marketing	1	\$ 127,590	\$ 57,416	\$ 185,006
Marketing Specialist (print)	1	\$ 64,530	\$ 29,039	\$ 93,569
Administrative Secretary (split between Marketing & Strategic Development)	0.5	\$ 27,354	\$ 12,309	\$ 39,663
Marketing Manager	1	\$ 80,076	\$ 36,034	\$ 116,110
Functional Area Total	3.5	\$ 299,550	\$ 134,798	\$ 434,348

Table A- 6 Omnitrans Staffing (Continued)

Staff Position	FY2020 # of Positions	FY2020		
		Annualized Salary Cost (FY 20 Positions) ^{1,2}	Benefit Load (Estimate at 45%)	Total Annualized Cost
Customer Service/Telephone Information/Social Media				
Customer Service Manager	1	\$ 80,076	\$ 36,034	\$ 116,110
Marketing Specialist (online)	1	\$ 64,530	\$ 29,039	\$ 93,569
Sales Supervisor	1	\$ 70,686	\$ 31,809	\$ 102,495
Customer Service Representative I - Part-Time	3	\$ 82,251	\$ 37,013	\$ 119,264
Customer Service Representative I - Full Time	5	\$ 182,780	\$ 82,251	\$ 265,031
Customer Service Representative II	3	\$ 116,251	\$ 52,313	\$ 168,564
Functional Area Total	14	\$ 596,574	\$ 268,458	\$ 865,033
Coordinated Transportation Service Agency (CTSA)				
Director of Special Transportation Services	1	\$ 127,590	\$ 57,416	\$ 185,006
Programs Administrator	1	\$ 80,076	\$ 36,034	\$ 116,110
Purchased Transportation Administrator	1	\$ 80,076	\$ 36,034	\$ 116,110
Maintenance Supervisor-STIS	1	\$ 80,076	\$ 36,034	\$ 116,110
Class B Technician	1	\$ 45,192	\$ 20,336	\$ 65,528
Travel Trainer	4	\$ 218,832	\$ 98,474	\$ 317,306
Client Relations Coordinator	1	\$ 54,708	\$ 24,619	\$ 79,327
Paratransit Eligibility Technician	2	\$ 109,416	\$ 49,237	\$ 158,653
Customer Service Representative I	1	\$ 36,556	\$ 16,450	\$ 53,006
Administrative Assistant	1	\$ 45,192	\$ 20,336	\$ 65,528
Office Manager	1	\$ 96,957	\$ 43,630	\$ 140,587
Functional Area Total	15	\$ 974,671	\$ 438,602	\$ 1,413,272
Sub-Total Management/Administrative Functions	163	\$ 11,609,590	\$ 5,224,315	\$ 16,833,905

Table A- 6 Omnitrans Staffing (Continued)

Staff Position	FY2020 # of Positions	FY2020		
		Annualized Salary Cost (FY 20 Positions) ^{1,2}	Benefit Load (Estimate at 45%)	Total Annualized Cost
Operations - Coach Operators				
Coach Operators - Full Time	427	\$ 19,619,454	\$ 8,828,754	\$ 28,448,209
Coach Operators - Part Time	4	\$ 137,842	\$ 62,029	\$ 199,870
sbX Operators	32	\$ 1,603,430	\$ 721,544	\$ 2,324,974
Coach Operator Trainees	0	\$ -	\$ -	\$ -
Functional Area Total	463	\$ 21,360,726	\$ 9,612,327	\$ 30,973,053
Maintenance Employees				
Body & Paint Worker	3	\$ 178,121	\$ 80,154	\$ 258,275
Equipment Mechanic	42	\$ 2,493,691	\$ 1,122,161	\$ 3,615,852
Mechanic Helper	13	\$ 627,869	\$ 282,541	\$ 910,410
Tire Repair Worker	1	\$ 43,264	\$ 19,469	\$ 62,733
Utility Service Worker	18	\$ 678,787	\$ 305,454	\$ 984,241
Functional Area Total	77	\$ 4,021,732	\$ 1,809,779	\$ 5,831,511
Facility Maint. Workers				
Building Maint. Mechanic	7	\$ 415,615	\$ 187,027	\$ 602,642
Custodian	4	\$ 147,347	\$ 66,306	\$ 213,653
Functional Area Total	11	\$ 562,962	\$ 253,333	\$ 816,295
Stops and Zones				
Stops and Zones Workers	8	\$ 325,894	\$ 146,652	\$ 472,547
Functional Area Total	8	\$ 325,894	\$ 146,652	\$ 472,547
Sub-Total Operations and Maintenance Workers	559	\$ 26,271,315	\$ 11,822,092	\$ 38,093,407
Grand Total All Management/Administrative and Ops/Maintenance Employees	722	\$ 37,880,905	\$ 17,046,407	\$ 54,927,312

Source: Consolidation Study Questionnaire

Notes:

1. Salary costs assume mid-point of ranges. Ranges have been used to protect the privacy of employees.
2. All positions assumed at 2,080 hours per year, except Part-Time Coach Operators at 1,560 hours per year

EMPLOYEE BENEFIT PROGRAMS

All Omnitrans direct employees receive health, dental, and vision insurance plans. All employees are also covered by CalPERS retirement programs. The current employer cost of the program is 13.65 percent of eligible wages for Tier 1 employees (hired prior to January 1, 2013), and 7.25 percent of eligible wages for Tier 2 employees (hired after January 1, 2013)³⁰.

As a result of the California Public Employees' Pension Reform Act³¹ (PEPRA) and subsequent state legislation, employees are now responsible for their share of retirement costs. Employees are carried in one of two retirement groups: those hired prior to January 1, 2013 are "Classic" (or Tier 1) retirement employees and are under a 2 percent @ 55 program; PEPRA employees are those hired after January 1, 2013 (or Tier 2) and are under a 2 percent @ 62 program. Omnitrans' FY 2019 CAFR reported that, as of the end of FY 2019, the agency had a CalPERS unfunded pension liability of \$25.090 million (Omnitrans, 2019).

Employees also receive 96 hours of paid sick leave per year, 11 paid holidays, and two to five weeks of paid vacation per year, the latter depending on tenure.

Certain additional benefits are provided to specific employee groups, depending on their labor agreement or management status. Omnitrans offers a 457 Deferred Compensation Retirement Program to Management and Confidential Unit employees. In FY 2019, the agency cost of this program was \$360,400.

INSURANCE AND LIABILITY LEVELS

Omnitrans currently obtains its liability insurance through the California Transit Indemnity Pool (CalTIP)³², which includes liability and vehicle physical damage coverages. The policy provides coverage limits of \$25 million with a self-insured retention of \$100,000, and has an annual premium cost of \$2,723,634. Omnitrans also carries several other types of insurance coverages, all of which are detailed in Table A- 7.

³⁰ Per the Omnitrans Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2019.

³¹ See <https://www.calpers.ca.gov/page/about/laws-legislation-regulations/public-employees-pension-reform-act>

³² <https://www.caltiponline.org/>

Table A- 7. Omnitrans Insurance and Liability Levels

Insurance Type	Annual Premium Cost	Self-Insured Retention	Coverage Limits
<u>CalTIP</u> Liability Program Vehicle Physical Damage (VPD) Program	\$2,530,292 \$193,342	\$100,000 \$5,000	\$25,000,000 ³³ Actual Cash Value or Repair/replacement cost.
Property Insurance (includes flood and earthquake)	\$292,587	\$10,000 \$50,000/flood \$100,000/earthquake	\$100,000,000 \$20,000,000 \$20,000,000
Boiler and Machinery	Included in above	\$10,000	\$1,000,000
Cyber	Included in above	\$50,000	\$2,000,000 aggregate
Crime	\$7,000	\$2,500	\$1,000,000
Employment Practices	\$41,630	\$100,000	\$1,000,000
Excess Workers' Compensation and Employers' Liability	\$136,079 based on payroll estimated @ \$37,746,455	\$1,000,000	Excess of \$1,000,000 for workers' compensation up to statutory limits. Excess of \$1,000,000 up to \$5,000,000 for employers' liability.
Pollution	\$58,776	\$50,000	\$5,000,000/each \$10,000,000/Aggregate

Source: Omnitrans Completed Questionnaire (SBCTA, 2020)

MANAGEMENT INFORMATION SYSTEMS/INFORMATION TECHNOLOGY

Omnitrans has an extensive number of in-house computer applications used for all financial purposes. These systems are managed by an IT Department consisting of a Director of Information Technology and nine staff members. Table A- 8 lists the major systems currently in use and modules/functions provided.

³³ The Liability Coverage limit was corrected during the Agency Interview - \$25,000,000

Table A- 8. Omnitrans Financial Computer Applications

Application Type/System	Module(s) Used	Functions Supported
SAP ERP	FI/CO, HCM, Payroll, PS, SRM, MM, PM, BW, ESS, MSS	Incorporates the key business functions of the agency such as finance, HR, payroll, procurement, and maintenance
BSI TaxFactory	TaxFactory 10.0	Performs calculations of Federal, State and Local and U.S. Territory payroll taxes for employees and employer
Trapeze Software	OPS, FX, BSM, PASS, COM, CERT, Blockbuster, Transitmaster, OPS-Web, Pass-Web	Intelligent transportation systems which offer scheduling, route optimization, staffing asset management, and communications systems
Microsoft Office 365	Word, Excel, PowerPoint, OneNote, Outlook, Publisher, Access and so on.	Integrates all Microsoft's existing online applications into a cloud service
Citrix	XenApp, XenDesktop	Provides a complete virtual app and desktop solution to meet business needs
PlanetBids	Vendor/Bid/Contract Management	Manages the complete bidding process for goods, services and construction-related projects

Omnitrans has five physical locations: East Valley, West Valley, I-Street, Rancho Cucamonga, and SBTC, where computer host devices are stored. Most of the hardware uses Dell products, and the operating software is mainly Microsoft Windows Server and VMWare. The company's entire system currently has nearly 250 Virtual Machines, while using 220 TB of storage capacity. For networks, there are 16 major network nodes that provide MPLS, LAN, Internet, Wireless, and Telephone functions through network providers – Windstream, One Ring, Level 3 and Frontier.

Omnitrans also has a number of transit-specific applications to support its operations, which are listed in Table A- 9. One of the main systems used by Omnitrans is Trapeze. Trapeze supports several operations activities (such as real time dispatch, workforce management, fixed-route and demand-response service scheduling, employee timekeeping, and driver work assignment bidding).

Table A- 9. Omnitrans Operations Computer Applications

Application/Vendor	Purpose
Trapeze (OPS, FX, BSM, COM, Blockbuster, Ops-Web) / Trapeze Group	<ul style="list-style-type: none"> - daily dispatch activities to include workforce management, employee status and update, timekeeping through sign-in terminal - used for bidding and adjustments on work pieces - yard management for vehicle parking and assignments - operations statistics and reporting
Transitmaster / Trapeze Group	<ul style="list-style-type: none"> - operations monitoring - radio communications with operators and supervisors - vehicle tracking, monitoring, and route flow management
NexView / TSI Solutions	<ul style="list-style-type: none"> - on-board video surveillance systems for customer and employee safety - used for accident and police investigation
Safety Vision / Fore-Sight-Pro	<ul style="list-style-type: none"> - on-board supervisor video surveillance system, for employee and customer safety - used in accident investigations and off-the bus video capturing for accident and police investigations
Head - sign / Hanover (++) Trapeze)	<ul style="list-style-type: none"> - used to display bus destination and other advertisements
GFI & GFI TVM / Genfare	<ul style="list-style-type: none"> - fare collection, ticket sales, and reporting
Nextbus / Cubic	<ul style="list-style-type: none"> - arrival and departure information available to customers through social media and personal mobile devices
Radio & Tower / Vision Communication	<ul style="list-style-type: none"> - radio communications for dispatch and supervisor with operators for safety and emergencies
Salient video Management / Salient	<ul style="list-style-type: none"> - on street / bus-stop safety video surveillance for customer safety, traffic flow, and protection of company equipment
Commercial Announcement / Commuter Ads.Com	<ul style="list-style-type: none"> - on-board buses commuter advertisements; customer safety and information messaging

In addition to applications supporting transit operations, Omnitrans has specialized applications or modules within the major systems supporting Vehicle Maintenance, Facility Maintenance, Service Planning, ADA Paratransit Dispatching/Scheduling, Customer Service, and Website Development. See the completed Questionnaire in the Task 1.2 Appendix for the full list of applications by Department.

Omnitrans vehicles are equipped with GPS devices and are tracked by an Automatic Vehicle Location (AVL) system. This enables Omnitrans to provide real-time bus arrival information to passengers through NextBus. Vehicles are also equipped with Mobile Data Terminals (MDT), and part of the fleet is equipped with automatic passenger counters (APC) as well. The sbX system is supported by a Traffic Signal Priority (TSP) system for its dedicated bus lane segments.

On-board fare collection equipment consists of General Farebox Inc. (GFI) Odyssey fareboxes. SPX/Genfare ticket machines are on the sbX station platforms.

A.3.4. Fixed Assets

FLEET

The fixed-route revenue fleet includes 192 compressed natural gas (CNG)-fueled buses, comprised of 177 40-foot buses, and 15 60-foot articulated BRT buses (see Table A- 10). Additionally, the revenue fleet includes 106 CNG- or gas-fueled demand response vehicles, for a total fleet of 298 vehicles. A non-revenue fleet of 69 vehicles supports the revenue fleet, including automobiles for staff and driver relief purposes, and service trucks.

It should be noted that sixteen of the 22 2003 model buses are slated to be retired, and the rest, along with those in the 2009 through 2012 vintages are slated to be repowered, extending their useful life. The FTA-expected minimum useful life for heavy-duty buses is 12 years for full size buses³⁴. Omnitrans is currently participating in a SBCTA-sponsored county-wide study of zero-emission buses (ZEBs), which the entire fleet must transition to by 2040 under the California Air Resources Board (CARB) Innovative Clean Transit (ICT) regulation³⁵. As part of the study, Omnitrans will determine the number and rate of ZEBs to incorporate into its fleet to meet the ICT mandate.

Table A- 10. Omnitrans Fleet: Revenue Vehicles

Manufacturer	Quantity	Model Year	Vehicle Length	Fuel Type	Mode Served
New Flyer	22	2003	40'	CNG	Fixed Route
New Flyer	27	2009	40'	CNG	Fixed Route
New Flyer	9	2011	40"	CNG	Fixed Route
New Flyer	8	2011	40'	CNG	Fixed Route
New Flyer	20	2012	40'	CNG	Fixed Route
New Flyer	16	2014	40'	CNG	Fixed Route
New Flyer	14	2012	60'	CNG	Fixed Route
New Flyer	1	2015	60'	CNG	Fixed Route
New Flyer	15	2015	40'	CNG	Fixed Route
New Flyer	13	2018	40'	CNG	Fixed Route
New Flyer	24	2018	40'	CNG	Fixed Route
New Flyer	23	2019	40'	CNG	Fixed Route
Sub-Total, Fixed Route	192				
StarCraft	19	2008	16'	Unleaded	Access Fleet

³⁴ Per FTA Circular C 5010.1E, the minimum expected useful life for large, heavy duty buses is 12 years of service or an accumulation of at least 500,000 miles.

³⁵ See <https://ww2.arb.ca.gov/news/california-transitioning-all-electric-public-bus-fleet-2040>

Manufacturer	Quantity	Model Year	Vehicle Length	Fuel Type	Mode Served
Aerotech	13	2009	16'	Unleaded	Access Fleet
StarCraft	15	2012	16'	CNG	Access Fleet
StarCraft	26	2015	16'	CNG	Access Fleet
StarCraft	33	2017	16'	CNG	Access Fleet
Sub-Total, Access Fleet	106				
TOTAL	298				

Source: Omnitrans Questionnaire, 2020.

Figure A- 5. Omnitrans sbX Revenue Vehicle and Fleet in Yard



FACILITIES

The Omnitrans fleet operates from four facilities – East Valley, West Valley, I Street, and Rancho Cucamonga. Omnitrans manages Operations and Maintenance at the East Valley and West Valley facilities only, while MV Transportation manages *OmniAccess* and *OmniGo* operations and maintenance at the I Street and Rancho Cucamonga facilities. The East Valley facility also houses the primary administrative offices of Omnitrans. A fifth facility on Brooks Street in Ontario is used for Social Service Agency vehicle maintenance under the Special Transportation Service division. Omnitrans also utilizes several transit centers and transfer stations throughout the service area and is responsible for maintenance at the relatively new SBTC, which it co-owns and operates, the Montclair Transit Center, and 16 BRT stations along the sbX corridor. Omnitrans owns no rights-of-way along its transit lines.

Figure A- 6. Omnitrans East Valley Facility



FUEL

At the time of the 2015 Study, Omnitrans was receiving deliveries of Liquefied Natural Gas by tanker truck and converting it to CNG by a vaporizer system for use in its vehicles. However, in 2017, Omnitrans implemented a key cost savings strategy identified in the 2015 Study, to convert its fueling systems at the East Valley and West Valley facilities to piped-in natural gas and use of on-site compressing equipment. The West Valley conversion occurred in August 2017, and the East Valley conversion occurred in October 2017. Omnitrans reported that this change has saved \$4.6 million to date in reduced fuel transportation costs.

BUS STOP SIGNS AND SHELTERS

Omnitrans employees directly maintain the SBTC, bus stop signage, benches, shelters, trash receptacles, solar lights, and sbX stations.

A.3.5. Short-Range Planning and Scheduling

A Director of Strategic Development and 7.5 full-time equivalents are responsible for all short-range planning and scheduling, which includes developing all vehicle operating and driver schedules. The staff and their roles are identified in Table A- 11. Omnitrans does not prepare a Long-Range Transit Plan (LRTP), which is the responsibility of SBCTA.

Table A- 11. Omnitrans Planning Staff and Roles

Planning/Applicable Position Title	# of Employees	Position Responsibilities
Director of Strategic Development	1	Oversees all planning functions, in addition to grant, audit, and business intelligence. Lead for SRTP and annual service plans with the vacant Service Planning Manager.
Service Planning Manager	0, Position is vacant and will not be filled. Work is being split between Business Intelligence Analyst and Director.	
Development Planning Manager	1	Responsible for capital planning, grants, ATP partnerships, development reviews in partnership with JPA cities
Planner I	1	Planning analysis, Title VI, GIS, NTD Statistical Data
Stops & Stations Supervisor	1	City partnerships related to stops and stop placement, and maintaining all passenger amenities
Scheduling Analyst	2	All block and driver schedules. Support planning analysis
Business Intelligence Analyst	1	Data analysis for agency and planning, support audit functions, NTD Statistical Data
Administrative Secretary	0.5	Support Planning staff

Source: Omnitrans Completed Questionnaire

Omnitrans Planning staff develop Short-Range Transit Plans (SRTP), Annual Service Improvement Plans, and Capital Planning Grants. They conduct all route planning, scheduling, service planning, transit impact analyses, and Title VI updates. The last SRTP covered FY 2015 to FY 2020 and a new SRTP is under development at this time.

A.4. Performance review of Omnitrans

The purpose of the San Bernardino County Transportation Authority (SBCTA) Consolidation Study and Innovative Transit Review is to analyze the pros, cons, and financial and organizational impacts from a potential consolidation of SBCTA with Omnitrans, the principal public transit operator in the San Bernardino Valley area.

As part of the overall study, Task 1.3 of the study's Scope of Work calls for the consultant team to conduct a high-level performance review of Omnitrans, reviewing standard transit performance indicators, comparing those indicators with Omnitrans' performance projections, and comparing its performance with peer transit agencies. The intent of the performance review is to identify areas where the agency is doing well, as well as areas with opportunity for improvement through internal efficiency improvement.

In order to conduct the performance review, a three-part process was employed. The process, detailed in this chapter, entailed:

- Standardized Performance Review on Key Indicators – Omnitrans was evaluated using a set of standardized performance indicators and their TransTrack data submittals. A historical trend analysis of data from FY 2015 to FY 2019 was performed, as well as a separate mode-specific analysis using FY 2019 data. This provided a uniform set of performance indicators for each mode operated.
- Internal Agency Performance Review – Omnitrans' most recent Short-Range Transit Plan (SRTP), containing its goals, objectives and service standards, was last updated in 2015, and there have been significant shifts in transit performance nation-wide since then. Thus, for this analysis, Omnitrans' service projections for FY 2019 were compared with FY 2019 actuals to determine whether the agency is currently on track with its projections.
- Peer Agency Performance Review – In order to conduct a peer agency performance review, peers were identified using National Transit Database (NTD) information for the most recent NTD year available (FY 2018). Peer agencies were selected using a web-based transit agency analysis tool from the Florida State Department of Transportation, further explained later in this chapter.

A.4.1. Standardized Performance Review on Key Indicators

Omnitrans and the other transit agencies in San Bernardino County submit on-going operational and financial data into the [TransTrack](#) transit reporting system. The data in this system is based on actual reported results and is separated by year and mode, yielding valuable information for purposes of evaluating performance. FY 2015 through FY 2019 TransTrack data were selected as the base statistics sources for this evaluation because those were the most recent five fiscal years for which a full-year's data was available at the time of this study.

As a starting point, base statistical information was obtained for the following:

- Total Passenger Boardings;
- Total Operating Costs;
- Fare Revenues³⁶;
- Revenue Miles;
- Revenue Hours;
- Operating Subsidy (calculated from Total Operating Costs minus Fare Revenues); and
- Peak Vehicles³⁷.

These base statistics were then used to develop a standardized set of performance indicators over the five-year period, grouped by category as follows:

Cost and Financial Efficiency – These indicators evaluate cost per unit of service supplied and include:

- Operating Cost per Revenue Mile;
- Operating Cost per Revenue Hour; and
- Annual Operating Cost per Peak Vehicle.

Service Effectiveness – These indicators evaluate service utilization per unit of service supplied and include:

- Passenger Trips per Revenue Mile;
- Passenger Trips per Revenue Hour; and
- Annual Passengers per Peak Vehicle.

Cost Effectiveness – These indicators evaluate financial efficiency and include:

- Operating Cost per Passenger Trip;
- Farebox Recovery Ratio; and
- Subsidy per Passenger Trip.

³⁶ Fare revenues from TransTrack were the reported fare receipts only, and excluded SBCTA Measure I subsidies which were used to augment fares for farebox recovery requirements in some years.

³⁷ Peak vehicle information (also known as “Vehicles Operated in Maximum Service”) was obtained from the National Transit Database for Omnitrans, as the data in TransTrack were inconsistent.

OMNITRANS OVERALL PERFORMANCE INDICATORS

A historical summary of Omnitrans FY 2015 through FY 2019 system-wide performance is shown in Table A- 12.

Table A- 12. Omnitrans System-wide Performance, FY 2015 - FY 2019

System-wide Base Statistic	FISCAL YEAR					% Change, FY15 - FY19	Avg % Change/ Year
	FY15	FY16	FY17	FY18	FY19		
Total Passenger Boardings	14,391,194	12,813,471	11,652,596	11,210,246	10,863,530	-24.5%	-6.1%
Total Operating Costs	\$70,232,818	\$68,371,273	\$77,037,131	\$83,331,930	\$94,814,382	35.0%	8.8%
Fare Revenues ¹	\$15,405,753	\$14,805,083	\$15,234,575	\$12,755,725	\$13,273,389	-13.8%	-3.5%
Revenue Miles	11,185,275	11,320,282	11,389,326	11,415,447	11,425,097	2.1%	0.5%
Revenue Hours	821,648	805,732	832,315	830,282	832,951	1.4%	0.3%
Operating Subsidy (Op Costs - Fares)	\$54,827,065	\$53,566,190	\$61,802,556	\$70,576,205	\$81,540,993	48.7%	12.2%
Vehicles Operated in Maximum Svc ²	248	266	250	250	250		
Performance Indicators							
Cost and Financial Efficiency							
Operating Cost per Revenue Mile	\$6.28	\$6.04	\$6.76	\$7.30	\$8.30	32.2%	8.0%
Operating Cost per Revenue Hour	\$85.48	\$84.86	\$92.56	\$100.37	\$113.83	33.2%	8.3%
Annual Operating Cost per Peak Veh	\$ 283,197	\$ 257,035	\$ 308,149	\$ 333,328	\$ 379,258	33.9%	8.5%
Service Effectiveness							
Passengers per Revenue Mile	1.29	1.13	1.02	0.98	0.95	-26.1%	-6.5%
Passengers per Revenue Hour	17.52	15.90	14.00	13.50	13.04	-25.5%	-6.4%
Annual Passengers per Peak Vehicle	58,029	48,171	46,610	44,841	43,454	-25.1%	-6.3%
Cost Effectiveness							
Operating Cost per Passenger Trip	\$4.88	\$5.34	\$6.61	\$7.43	\$8.73	78.8%	19.7%
Farebox Recovery Ratio	21.9%	21.7%	19.8%	15.3%	14.0%	-36.2%	-9.0%
Subsidy per Passenger Trip	\$3.81	\$4.18	\$5.30	\$6.30	\$7.51	97.0%	24.3%

*Source: TransTrack Reports & NTD

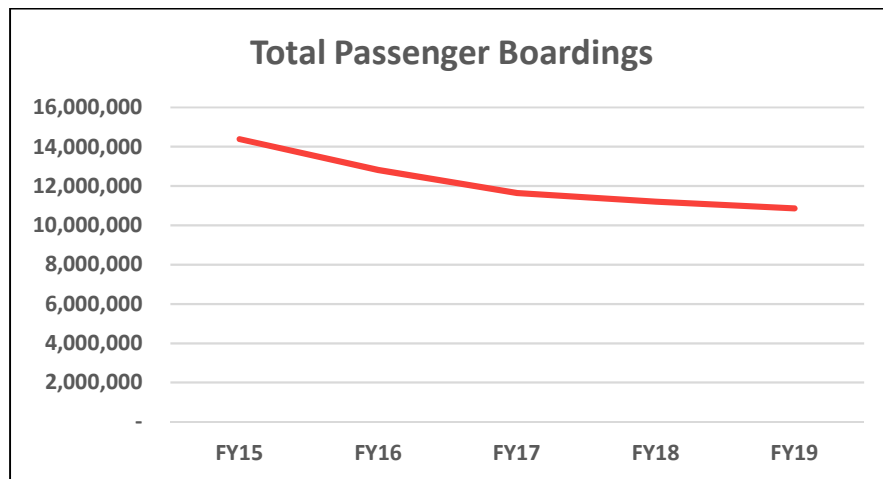
Notes:

1. Fare Revenues exclude non-fare Measure I Subsidies
2. All Base Statistics from TransTrack Reports except Vehicles Operated in Maximum Service, from NTD. FY19 VOMS assumed same as FY18

Several important overall trends over the past five years are apparent from review of these data. Looking first at the base statistics, Omnitrans experienced an overall ridership drop over this five-year

period of nearly 25 percent, comparable to ridership declines experienced at other transit systems³⁸. Fare revenues declined along with the ridership drop, falling 13.8 percent after benefiting from a fare increase in FY 2015³⁹. During this same period, however, total operating costs rose 35 percent⁴⁰. Overall service levels were relatively flat. With all these trends combined, operating subsidies grew nearly 49 percent over this period. Figure A- 7 and Figure A- 8 display these key trends graphically.

Figure A- 7. Omnitrans Total Passengers, FY 2015 - FY 2019

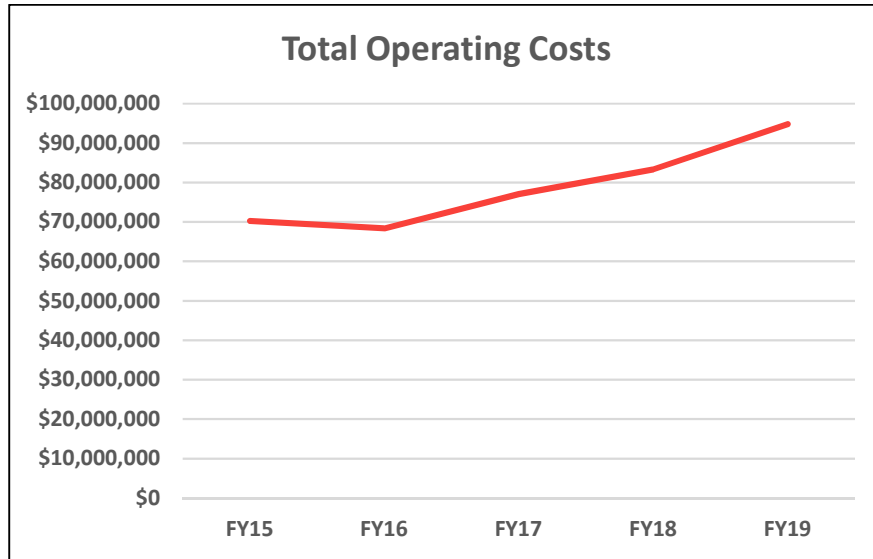


³⁸ See [Falling Transit Ridership: California and Southern California](#). Prepared for Southern California Association of Governments, January 2018.

³⁹ The [Omnitrans FY 2019-2020 Service Plan](#) provides that a 25-cent increase in the single ride regular fare from \$1.50 to \$1.75 was implemented in FY 2015 with similar increases in other fares. Another 25-cent in the base fare increase was implemented in September 2019.

⁴⁰ A review of the key factors in the increase in operating costs over this period is provided in section 1.1.2.

Figure A- 8. Omnitrans Total Operating Costs, FY 2015 - FY 2019



All three operating costs per unit of service Cost and Financial Efficiency performance indicators rose 32 to 34 percent during the five-year period. For example, Operating Cost per Revenue Hour rose from \$85.48 in FY 2015 to \$113.83 in FY 2019. This rate of increase far exceeds inflation during this period and will be examined more closely during subsequent parts of this study to identify potential root causes. Figure A- 9 and Figure A- 10 illustrate two of the key operating cost per unit of service indicators.

Figure A- 9. Omnitrans Operating Cost per Revenue Mile, FY 2015 - FY 2019

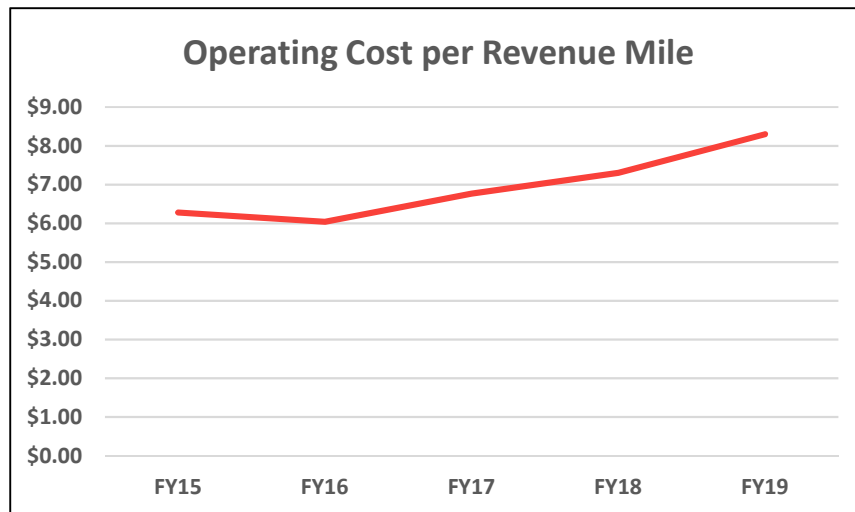
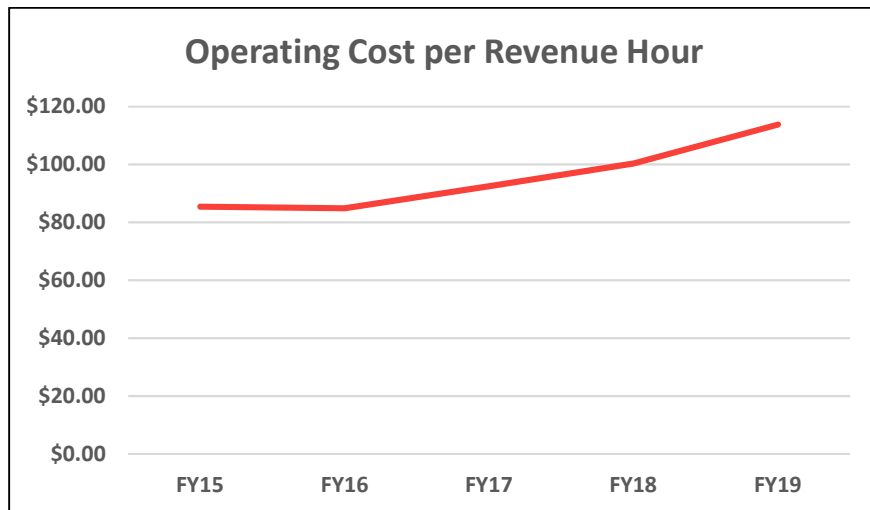


Figure A- 10. Omnitrans Operating Cost per Revenue Hour, FY 2015 – FY 2019



All three passenger per unit of service Effectiveness indicators showed a 25 to 26 percent drop during the five-year period, mirroring the 25 percent drop in overall ridership and relatively flat levels of service. For example, Passengers per Revenue Hour, a key productivity indicator, dropped from 17.52 to 13.04 passengers per revenue hour. Figure A- 11 and Figure A- 12 display two of these service productivity indicators.

Figure A- 11. Omnitrans Passengers per Revenue Mile, FY 2015 – FY 2019

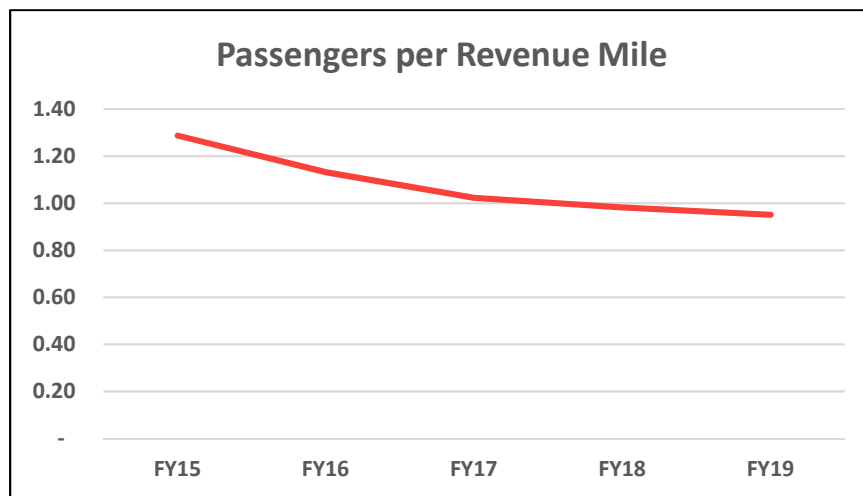
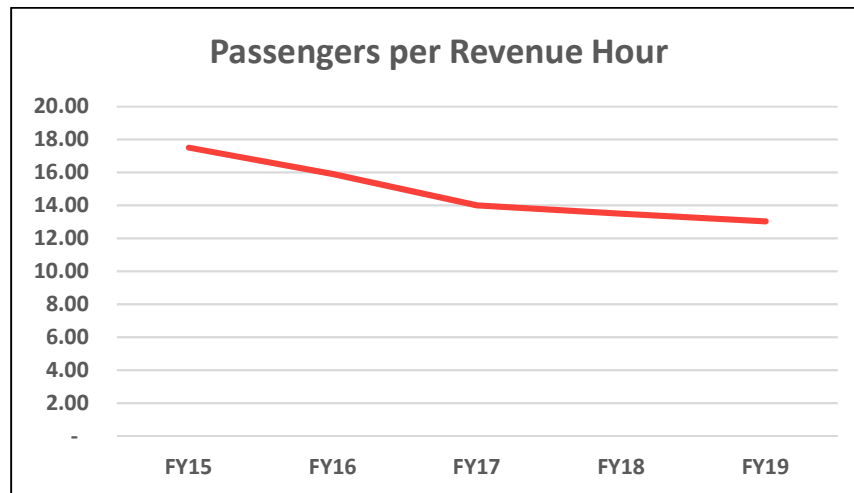
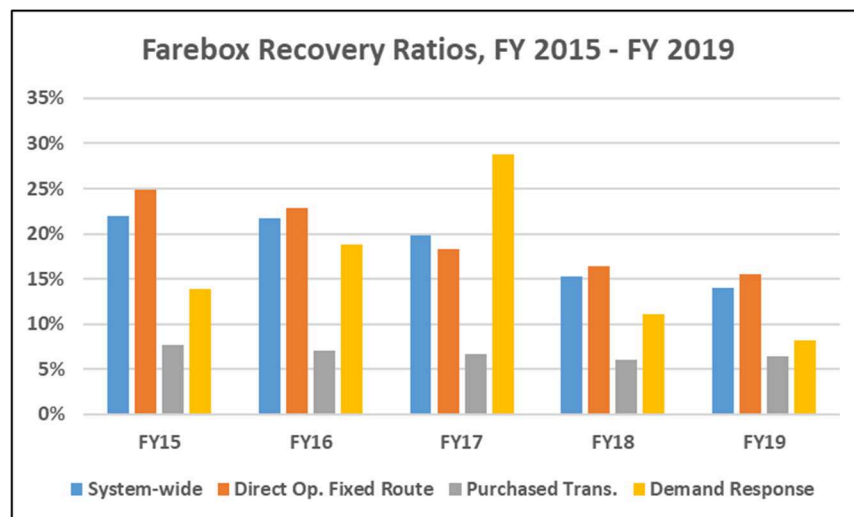


Figure A- 12. Omnitrans Passengers per Revenue Hour, FY 2015 – FY 2019



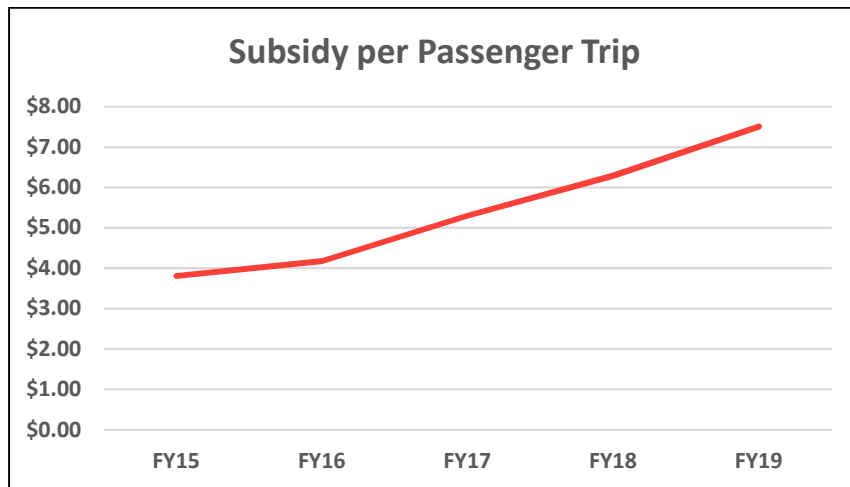
The Cost Effectiveness indicators show how pronounced the combined effects of the reduction in passengers and rise in costs were to Omnitrans. Operating Cost per Passenger Trip rose nearly 80 percent during the five-year period, and Subsidy per Passenger Trip rose nearly 100 percent. The System-wide Farebox Recovery Ratio declined 36 percent, reflecting the compensating effect of the fare increase which occurred during the period. Farebox recovery ratios for the separate modes also trended downward. Figure A- 13 and Figure A- 14 display two of these combined trends.

Figure A- 13. Omnitrans System-wide and Modal Farebox Recovery Ratios, FY 2015 – FY 2019⁴¹



⁴¹ Farebox recovery ratios exclude non-fare Measure I subsidies.

Figure A- 14. Omnitrans System-wide Subsidy per Passenger Trip



It should be noted that Omnitrans has been aware of and has been tracking these performance indicator trends for some time. At the time of this analysis (January 2020), Omnitrans is working on an 11 percent service reduction program, targeting low-productivity services and proposing a micro-transit pilot project for Chino Hills. These changes, if approved by the board in Spring 2020, would become effective in Fall 2020⁴².

IDENTIFICATION OF KEY FACTORS IN SYSTEM-WIDE COST INCREASE

The 35 percent increase in Omnitrans’ system-wide operating costs over the five-year review period warranted closer examination. During the January 23, 2020 Omnitrans Agency Interview conducted for Task 1.2 in this study, this question was explored in depth. Table A- 13 provides an analysis of the sources of cost increases by budget category and other special factors and is discussed below.

⁴² Per Omnitrans Powerpoint *ConnectForward* Summary of Proposed Service Changes.

Table A- 13. Analysis of Omnitrans Operating Cost Increases by Budget Category and Special Factors, FY 2015 - FY 2019

Budget Categories	FY15	FY16	FY17	FY18	FY19	Total Change, FY15 - FY19	Category % of Total Cost Increase	% Change, FY15 - FY19	Avg % Change/ Year
Salaries & Fringe Benefits	\$42,420,214	\$43,345,722	\$48,197,892	\$53,287,351	\$55,356,401	\$12,936,187	52.9%	30.5%	7.6%
Services	3,066,686	2,392,695	2,784,710	2,831,695	3,783,584	\$716,898	2.9%	23.4%	5.8%
Materials & Supplies	8,611,037	6,008,281	6,194,305	5,584,044	7,585,990	(\$1,025,047)	-4.2%	-11.9%	-3.0%
Occupancy	3,433,114	3,726,259	3,811,147	4,204,578	5,096,134	\$1,663,020	6.8%	48.4%	12.1%
Casualty & Liability	2,851,520	3,107,806	6,379,626	7,869,167	7,812,623	\$4,961,103	20.3%	174.0%	43.5%
Taxes	59,503	61,561	52,879	34,106	13,627	(\$45,876)	-0.2%	-77.1%	-19.3%
Purchased Transportation	9,261,048	9,041,314	8,803,691	8,947,264	10,764,903	\$1,503,855	6.1%	16.2%	4.1%
Printing & Advertising	939,459	918,087	878,001	861,669	893,427	(\$46,032)	-0.2%	-4.9%	-1.2%
Miscellaneous Expense	(301,117)	(216,639)	(56,953)	(287,944)	3,507,694	\$3,808,811	15.6%	-1264.9%	-316.2%
Total Operating Costs	\$70,341,464	\$68,385,086	\$77,045,298	\$83,331,930	\$94,814,383	\$24,472,919	100.0%	34.8%	8.7%
Special Factors Affecting Costs in the Above Categories:						Five-Year Total	Percent of Total Change, FY15 - FY19		
CTSA		\$11,190	\$11,629	\$681,092	\$1,453,977	\$2,157,888	8.8%		
Rail					\$400,323	\$400,323	1.6%		
Medi-Cal Write Off					\$3,111,055	\$3,111,055	12.7%		
Total Special Factors	\$0	\$11,190	\$11,629	\$681,092	\$4,965,355	\$5,669,266	23.2%		

Key: (XXX) = Decrease in Operating Expenses
 XXX = Increase in Operating Expenses

Source: Omnitrans Finance Department

COST INCREASES BY BUDGET CATEGORY

Salaries and Fringe Benefits – Costs in this category rose 30.5 percent over the five-year period and account for nearly 53 percent of the entire cost increase, averaging 7.6 percent per year. Root causes of the increase include annual salary increases for management staff and bargaining unit positions, as well as Omnitrans taking on two new functions: the Coordinated Transportation Service Agency (CTSA) and the Arrow Rail function when it was planned that Omnitrans would be assuming operation of the new Arrow line service. Omnitrans had a five-year salary freeze prior to the review period.

It should also be noted that, during this period, in 2016, the requirements of California’s Public Employee Pension Reform Act were implemented. This resulted in Omnitrans no longer picking up the seven percent employee share of CalPERS contributions; however, also in FY 2016, the agency instead increased bargaining unit hourly wage rates by a comparable amount. These concurrent changes are not a cause of the overall salary and benefits cost increase from FY 2015 to FY 2019, but will have a small long-term cost impact due to compounding of the extra seven percent now in base wages. In addition, salary costs rise due to the annual increases and step increases provided in the labor agreements.

Services – This category increased 23.4 percent or \$717,000 over this period, averaging 5.8 percent per year. This category includes a number of outside service providers for everything from maintenance services to support fees on IT equipment and applications.

Materials and Supplies – This category decreased by 11.9 percent or \$1,025,000 over the five-year period. The implementation of the conversion from LNG to CNG fueling is a big part of this savings.

Occupancy – This category entails utility costs and the costs of maintaining and securing facilities. Costs in this category increased 48 percent over the five-year period, averaging 12 percent a year. Significant factors in the increase in this area include the increase in electric utility costs to run the CNG fueling stations, and the increase in maintenance and security costs for the newly-opened San Bernardino Transit Center, which became an Omnitrans responsibility during this period.

Casualty and Liability – This category accounted for 20 percent of the entire cost increase between FY 2015 and FY 2019 and had by far the largest percentage increase of any of the regular budget categories. Costs increased 174 percent, or \$4.9 million over this five-year period. The category includes both liability insurance premiums and budgets for losses, and worker’s compensation. Omnitrans obtains its liability insurance from the California Transit Indemnity Pool, a pool of transit agencies from throughout the state. As a pool, when one agency experiences a loss, all members of the pool end up participating in the cost. Staff stated that Omnitrans is the largest transit operator in the pool and will be reviewing this cost area to see if liability insurance should be sought on the open market. They will also be reviewing their current Self-Insured Retention (SIR) level of \$100,000, to see if the agency could reduce overall costs by going to a higher SIR.

Taxes – This relatively small budget category declined by 77 percent or \$45,900, to a FY 2019 figure of \$13,627.

Purchased Transportation – This budget category covers the contracted service provider for OmniAccess and OmniGo. This category increased 16.2 percent or \$1.5 million over the five-year period, for an average increase of 4.1 percent per year. Service levels (as measured in revenue hours) also dropped 10.7 percent over this period with the reduction in OmniAccess passengers.

While the overall increase over the five-year period was 16.2 percent, a closer examination of Table 1-2 reveals that Purchased Transportation costs declined or were stable from FY 2015 to FY 2018, but then showed a sharp increase of 20 percent or \$1.8 million from FY 2018 to FY 2019. There were two reasons for the increase in FY 2019. Omnitrans staff explained that California minimum wage law increases significantly impacted Purchased Transportation costs. The agency released an RFP for Purchased Transportation in FY 2017-18 prior to exercising option years on the existing MV contract. After going through the procurement process, Omnitrans chose to stick with the option years in the existing contract but negotiated an allowance with MV due to minimum wage law increases. This negotiated allowance was responsible for approximately half of the cost increase from FY 2018 to FY 2019. The other factor was a change in insurance, requiring the Contractor to provide Commercial General

Liability and Auto Coverage for the remainder of the Agreement⁴³. That accounted for approximately half of the cost increase from FY 2018 to FY 2019.

Printing and Advertising – This budget category dropped 4.9 percent, or \$46,000, over the five-year period, to a FY 2019 figure of \$893,000.

Miscellaneous Expense – This budget category showed relatively modest annual increases over the first four years of the analysis period, but then showed a \$3.5 million cost increase in FY 2019, accounting for nearly 16 percent of the entire operating cost increase over five years. Omnitrans reports that this was primarily a result of an auditor requirement to write off two years' worth of unreimbursed Medi-Cal expenses as a bad debt, which occurred due to a change in the State reimbursement rate (see next section).

SPECIAL FACTORS AFFECTING COSTS

Omnitrans staff stated during the January 23, 2020 Agency Interview that the overall increase in operating costs as reported in TransTrack data and as analyzed by the study team were accurate. However, as noted above, there were some special factors affecting operating costs during the five-year analysis period that should be kept in mind:

Assumption of CTSA Role and Staffing – With SBCTA and Omnitrans agreement, in 2016, Omnitrans took over the responsibilities as CTSA for the San Bernardino Valley. Once the transition of this role to Omnitrans was fully implemented, Omnitrans incurred an additional annual operating cost of \$681,000 in FY 2018 and nearly \$1.5 million in FY 2019. This constituted new scope for the agency.

Staffing for Arrow Rail Line – In 2015, SBCTA adopted the recommendations of a study on implementation options for the Arrow Rail project. Those recommendations called for Omnitrans to be the operator and rolling stock maintainer of the new rail service, with SCRRA providing dispatching and right-of-way maintenance. With that recommendation's adoption, Omnitrans began hiring implementation staff for the new service. At first, those staff costs were paid directly by SBCTA, but in FY 2019, a cost of \$400,000 was incurred for that staff in Omnitrans' budget. This constituted new scope for the agency. However, this decision has subsequently been revisited, and SBCTA is now planning to transfer service operations and maintenance to SCRRA also. The staff hired by Omnitrans will be transferred to SCRRA.

Medi-Cal Write-off – Omnitrans took a write-off of \$3.1 million in receivables for Medi-Cal reimbursements for non-emergency transportation services provided by Access that were not materialized. Instead of getting the full amount billed for Access trips provided for medical

⁴³ See Omnitrans *Comprehensive Annual Financial Report*, Fiscal Year Ended June 30, 2019, Page 7.

appointments, the agency could now only get 25% of that amount. Omni wrote off the amount they were carrying in total in FY 2019 as an operating expense, on recommendation of the auditors.

Finally, as noted above in Section 1.1.2.1, taking on maintenance and security responsibilities for the San Bernardino Transit Center, increased electric utility costs to run the CNG fueling stations, and changes in California's minimum wage laws, all had impacts on various parts of the operating budget.

OMNITRANS MODE-SPECIFIC PERFORMANCE INDICATORS

Base Statistics and Performance Indicators were obtained separately for fixed-route directly-operated services, fixed-route purchased transportation services, and for demand-response services over the same five-year period to determine if the observed systemwide changes were also present in both major modal categories. This categorization is consistent with the modal categories used in the NTD. Table A- 14 displays the information for the fixed-route directly-operated services, Figure A- 17 and Figure A- 18 display the Fixed-Route Purchased Transportation Passengers per Revenue hour, and Operating Cost per Passenger, respectively.

Table A- 15 shows the same information for fixed-route purchased transportation services, and Table A- 16 shows the results for demand-response service (Access).

Table A- 14. Omnitrans Fixed-Route Directly-Operated Performance, FY 2015 - FY 2019

Fixed-Route Base Statistic	FISCAL YEAR					% Change, FY15 - FY19	Avg % Change/ Year
	FY15	FY16	FY17	FY18	FY19		
Total Passenger Boardings	13,776,835	12,252,666	11,106,029	10,731,052	10,389,437	-24.6%	-6.1%
Total Operating Costs	\$54,154,791	\$53,833,136	\$62,447,654	\$67,795,318	\$76,024,780	40.4%	10.1%
Fare Revenues ¹	\$13,468,297	\$12,300,872	\$11,452,900	\$11,125,212	\$11,783,841	-12.5%	-3.1%
Revenue Miles	8,034,875	8,357,734	8,466,582	8,632,182	8,762,018	9.0%	2.3%
Revenue Hours	618,271	607,574	638,620	645,792	650,806	5.3%	1.3%
Operating Subsidy (Op Costs - Fares)	\$40,686,494	\$41,532,264	\$50,994,754	\$56,670,106	\$64,240,939	57.9%	14.5%
Vehicles Operated in Maximum Svc ²	145	162	147	147	147		
Performance Indicators							
Cost and Financial Efficiency							
Operating Cost per Revenue Mile	\$6.74	\$6.44	\$7.38	\$7.85	\$8.68	28.7%	7.2%
Operating Cost per Revenue Hour	\$87.59	\$88.60	\$97.79	\$104.98	\$116.82	33.4%	8.3%
Annual Operating Cost per Peak Veh	\$ 373,481	\$ 332,303	\$ 424,814	\$ 461,193	\$ 517,175	38.5%	9.6%
Service Effectiveness							
Passengers per Revenue Mile	1.71	1.47	1.31	1.24	1.19	-30.8%	-7.7%
Passengers per Revenue Hour	22.28	20.17	17.39	16.62	15.96	-28.4%	-7.1%
Annual Passengers per Peak Vehicle	95,013	75,634	75,551	73,000	70,676	-25.6%	-6.4%
Cost Effectiveness							
Operating Cost per Pass. Trip	\$3.93	\$4.39	\$5.62	\$6.32	\$7.32	86.2%	21.5%
Farebox Recovery Ratio	24.87%	22.85%	18.34%	16.41%	15.50%	-37.7%	-9.4%
Subsidy per Passenger Trip	\$2.95	\$3.39	\$4.59	\$5.28	\$6.18	109.4%	27.3%

*Source: TransTrack Reports & NTD

Notes:

1. Fare Revenues exclude non-fare Measure I Subsidies. Fare Revenues calculated based on Farebox Recovery Ratio from TransTrack.
2. All Base Statistics from TransTrack Reports except Vehicles Operated in Maximum Service, from NTD. FY19 VOMS assumed same as FY18

FIXED-ROUTE DIRECTLY-OPERATED

Fixed-route performance indicators mirrored the system-wide indicators, which was expected since fixed-route directly-operated service dominates total service provided. Ridership dropped by 24.6 percent during the five-year period, and operating costs increased 40.4 percent. The farebox recovery ratio, which excludes Measure I fare subsidies in this analysis, dropped from 24.87 percent in FY 2015 to 15.50 percent in FY 2019. The subsidy per passenger increased 109.4 percent during the same period, from \$2.95 to \$6.18.

Figure A- 15 and Figure A- 16 display the Fixed-Route Directly Operated Passengers per Revenue hour, and Operating Cost per Passenger, respectively.

Figure A- 15. Omnitrans Fixed-Route Directly-Operated Passengers per Revenue Hour

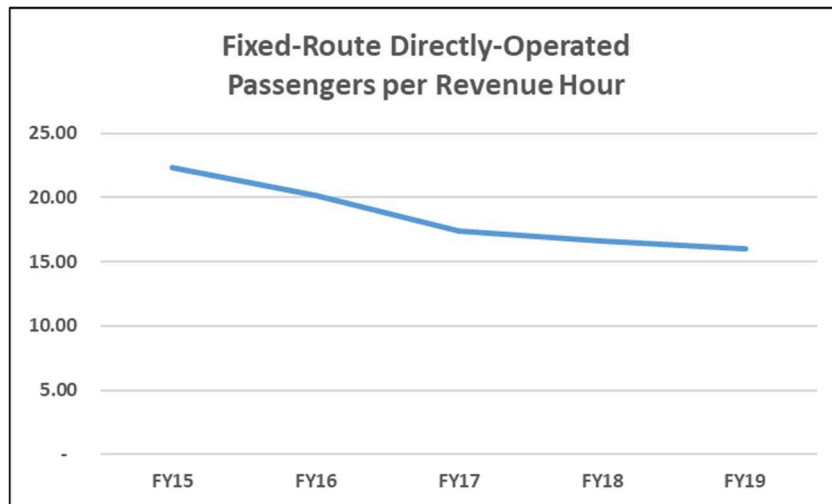
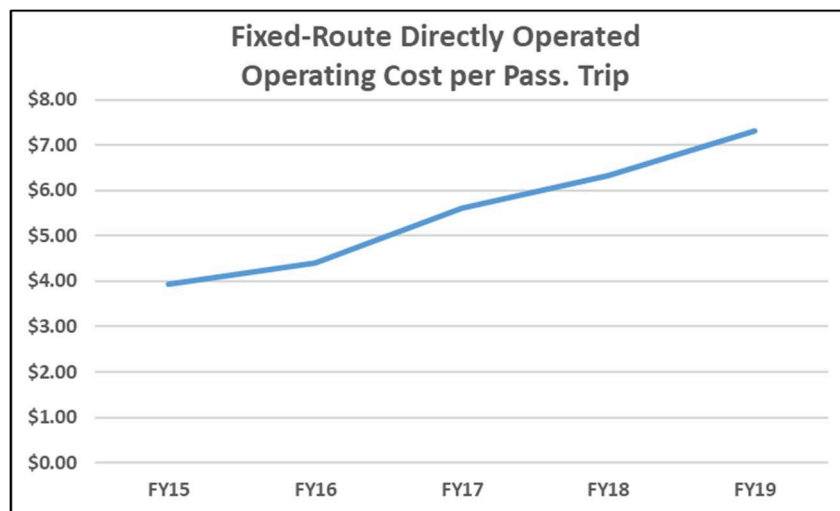


Figure A- 16. Omnitrans Fixed-Route Directly-Operated Operating Cost per Passenger



FIXED-ROUTE PURCHASED TRANSPORTATION (OMNIGO SERVICE)

Fixed-route purchased transportation service performance indicators showed a ridership drop of 21.6 percent during the five-year period, but operating costs increased only 12.7 percent during this period, considerably lower than for directly-operated fixed-route service. The farebox recovery ratio, which excludes Measure I fare subsidies in this analysis, has hovered between six percent and 7.7 percent during this period. The subsidy per passenger increased 46 percent during the same period, from \$12.74 to \$18.58. Omnitrans has indicated that nearly all OmniGo service is proposed to be eliminated in September 2020.

Figure A- 17 and Figure A- 18 display the Fixed-Route Purchased Transportation Passengers per Revenue hour, and Operating Cost per Passenger, respectively.

Table A- 15. Omnitrans Fixed-Route Purchased Transportation Performance

Fixed-Route Base Statistic	FISCAL YEAR					% Change, FY15 - FY19	Avg % Change/ Year
	FY15	FY16	FY17	FY18	FY19		
Total Passenger Boardings	145,317	126,851	114,224	101,107	113,969	-21.6%	-5.4%
Total Operating Costs	\$2,005,719	\$1,930,981	\$1,864,933	\$1,968,934	\$2,261,441	12.7%	3.2%
Fare Revenues ¹	\$153,714	\$136,327	\$123,272	\$118,136	\$144,054	-6.3%	-1.6%
Revenue Miles	372,977	375,556	366,706	352,398	348,657	-6.5%	-1.6%
Revenue Hours	27,739	27,796	26,724	26,935	25,237	-9.0%	-2.3%
Operating Subsidy (Op Costs - Fares)	\$1,852,005	\$1,794,654	\$1,741,661	\$1,850,798	\$2,117,387	14.3%	3.6%
Vehicles Operated in Maximum Svc ²	7	7	7	7	7		
Performance Indicators							
Cost and Financial Efficiency							
Operating Cost per Revenue Mile	\$5.38	\$5.14	\$5.09	\$5.59	\$6.49	20.6%	5.2%
Operating Cost per Revenue Hour	\$72.31	\$69.47	\$69.78	\$73.10	\$89.61	23.9%	6.0%
Annual Operating Cost per Peak Veh	\$ 286,531	\$ 275,854	\$ 266,419	\$ 281,276	\$ 323,063	12.7%	3.2%
Service Effectiveness							
Passengers per Revenue Mile	0.39	0.34	0.31	0.29	0.33	-16.1%	-4.0%
Passengers per Revenue Hour	5.24	4.56	4.27	3.75	4.52	-13.8%	-3.4%
Annual Passengers per Peak Vehicle	20,760	18,122	16,318	14,444	16,281	-21.6%	-5.4%
Cost Effectiveness							
Operating Cost per Pass. Trip	\$13.80	\$15.22	\$16.33	\$19.47	\$19.84	43.8%	10.9%
Farebox Recovery Ratio	7.66%	7.06%	6.61%	6.00%	6.37%	-16.9%	-4.2%
Subsidy per Passenger Trip	\$12.74	\$14.15	\$15.25	\$18.31	\$18.58	45.8%	11.4%

*Source: TransTrack Reports & NTD

Notes:

1. Fare Revenues exclude non-fare Measure I Subsidies. Fare Revenues calculated based on Farebox Recovery Ratio from TransTrack.
2. All Base Statistics from TransTrack Reports except Vehicles Operated in Maximum Service, from NTD. FY19 VOMS assumed same as FY18

Figure A- 17. Omnitrans Fixed-Route Purchased Transportation Passengers per Revenue Hour, FY 2015 – FY 2019

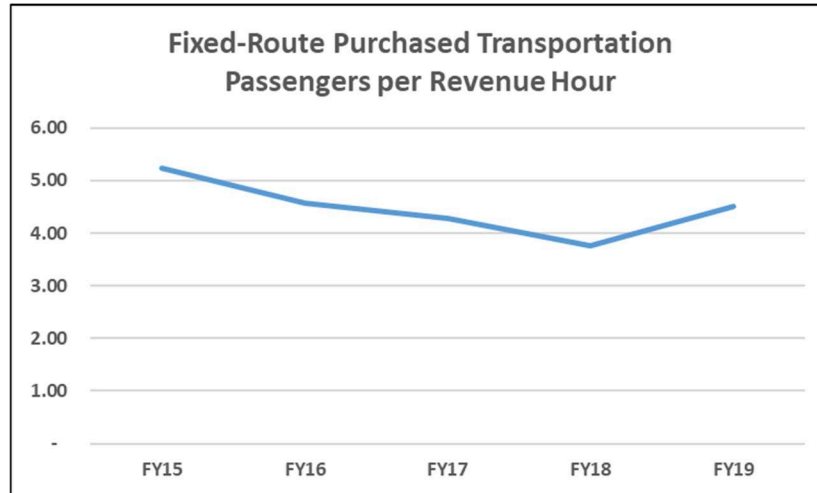
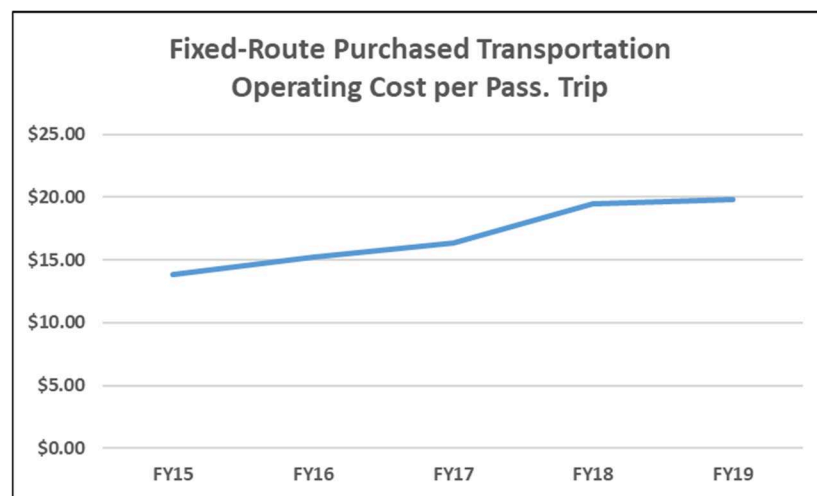


Figure A- 18. Omnitrans Fixed-Route Purchased Transportation Operating Cost per Passenger, FY 2015 – FY 2019



DEMAND RESPONSE SERVICE

Omnitrans’ demand-response service experienced almost as large a ridership drop as the fixed-route system with a 23.2 percent drop in riders over the five-year period. It should be noted that Omnitrans implemented in-person interviews as part of the ADA Passenger Certification process during this period, which has resulted in a reported 40 percent fewer applicants and certifications. Given that the ADA service is by far the costliest and heavily-subsidized service on a per-passenger basis, the reduction in ridership is a positive outcome in helping to control costs.

Table A- 16. Omnitrans Demand Response Service Performance

Demand Response Base Statistic	FISCAL YEAR					% Change, FY15 - FY19	Avg % Change/ Year
	FY15	FY16	FY17	FY18	FY19		
Total Passenger Boardings	469,042	433,954	432,343	378,087	360,124	-23.2%	-5.8%
Total Operating Costs	\$12,856,470	\$12,607,156	\$12,724,544	\$13,567,678	\$16,528,160	28.6%	7.1%
Fare Revenues ¹	\$1,781,907	\$2,366,363	\$3,657,034	\$1,511,439	\$1,342,087	-24.7%	-6.2%
Revenue Miles	2,777,423	2,586,992	2,556,039	2,430,867	2,314,421	-16.7%	-4.2%
Revenue Hours	175,638	170,361	166,970	157,555	156,906	-10.7%	-2.7%
Operating Subsidy (Op Costs - Fares)	\$11,074,563	\$10,240,793	\$9,067,510	\$12,056,239	\$15,186,073	37.1%	9.3%
Vehicles Operated in Maximum Svc ²	96	97	96	96	96		
Performance Indicators							
Cost and Financial Efficiency							
Operating Cost per Revenue Mile	\$4.63	\$4.87	\$4.98	\$5.58	\$7.14	54.3%	13.6%
Operating Cost per Revenue Hour	\$73.20	\$74.00	\$76.21	\$86.11	\$105.34	43.9%	11.0%
Annual Operating Cost per Peak Veh	\$ 133,922	\$ 129,971	\$ 132,547	\$ 141,330	\$ 172,168	28.6%	7.1%
Service Effectiveness							
Passengers per Revenue Mile	0.17	0.17	0.17	0.16	0.16	-7.9%	-2.0%
Passengers per Revenue Hour	2.67	2.55	2.59	2.40	2.30	-14.1%	-3.5%
Annual Passengers per Peak Vehicle	4,886	4,474	4,504	3,938	3,751	-23.2%	-5.8%
Cost Effectiveness							
Operating Cost per Pass. Trip	\$27.41	\$29.05	\$29.43	\$35.89	\$45.90	67.4%	16.9%
Farebox Recovery Ratio	13.86%	18.77%	28.74%	11.14%	8.12%	-41.4%	-10.4%
Subsidy per Passenger Trip	\$23.61	\$23.60	\$20.97	\$31.89	\$42.17	78.6%	19.6%

*Source: TransTrack Reports & NTD

Notes:

1. Fare Revenues exclude non-fare Measure I Subsidies. Fare Revenues calculated based on Farebox Recovery Ratio from TransTrack.
2. All Base Statistics from TransTrack Reports except Vehicles Operated in Maximum Service, from NTD. FY19 VOMS assumed same as FY18

However, the demand response system experienced a 28.6 percent increase in operating costs over this period, which is unexpected given the ridership decline. Demand response systems typically field only as much service as required to meet demand on a day-to-day basis, and a ridership drop of this magnitude should have resulted in fewer vans on the road at less cost. Revenue Miles and Revenue Hours dropped, but costs still rose substantially. Furthermore, the same contractor operates this service and the fixed-route purchased transportation, with similar vehicles, so a lower rate of cost growth would have been expected.

Demand response Passengers per Revenue Hour dropped from 2.67 to 2.30 passengers per hour, a drop of 14.1 percent. Operating Cost per Passenger Trip rose from \$27.41 to \$45.90, an increase of 67.4 percent. This result reflects the combined effects of reduced passengers and rising operating costs,

including cost increases due to negotiated increases for state minimum wage impacts and insurance increases as discussed in section 1.1.2.1. These trends are depicted in Figure A- 19 and Figure A- 20.

Figure A- 19. Omnitrans Demand-Response Passengers per Revenue Hour, FY 2015 - FY 2019

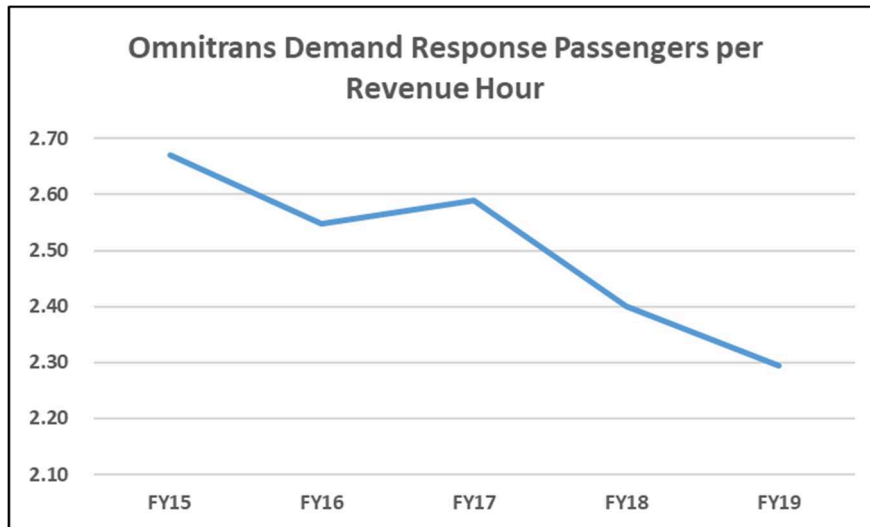
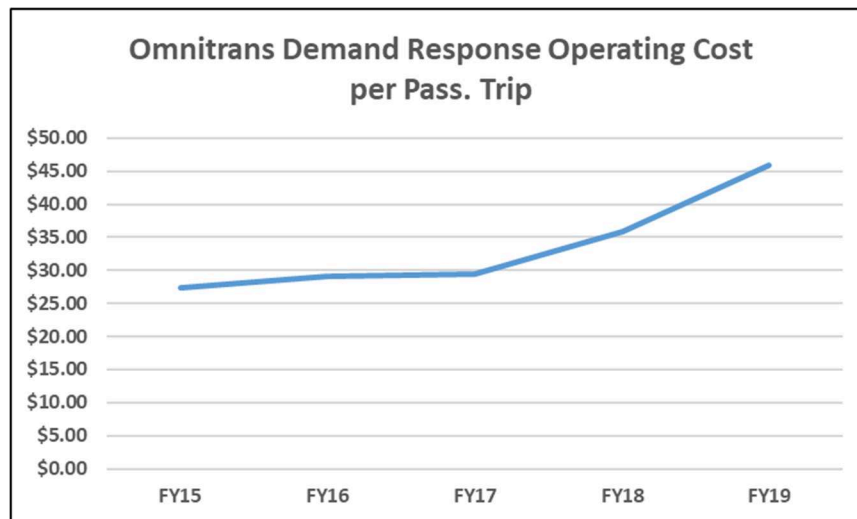


Figure A- 20. Omnitrans Demand-Response Operating Cost per Passenger, FY 2015 - FY 2019



Examining Figure A- 19 and Figure A- 20, it is notable that the trend lines show improvements or stabilization between FY 2015 and FY 2017, but dramatic downturns between FY 2017 and FY 2019. These findings merit further investigation as to potential causes, some of which is due to the aforementioned negotiated cost increases in FY 2019.

A.4.2. Internal Agency Performance Review

This section provides an overview of how Omnitrans performed against its adopted Service Plan for FY 2019. Projections were established on a modal basis. The table in this section includes columns indicating whether the service projections were achieved, with “Yes” indicating the standard was met, “No” indicating it was not met, and “Nearly Met” indicating the indicator came within five percent of meeting the standard.

FY 2019 has been selected as the year for analysis based on it being the most recent completed fiscal year. It should be noted that Omnitrans’ most recently-adopted SRTP is nearly five years old, and its service standards have not been updated to reflect the decline in ridership being experienced by transit agencies across the country. Omnitrans is currently working on a new SRTP, which will update these indicators. Thus, for the current study, the study team elected to compare FY 2019’s projections in the Omnitrans FY 2019 Service Plan against actual FY 2019 performance to assess whether the agency is generally on track with its current projections.

OMNITRANS SERVICE PLAN PROJECTIONS

For this analysis, projection data for fixed-route (directly-operated), fixed-route (purchased transportation), and demand-response were obtained from the *Omnitrans FY 2018-2019 Service Plan* (Omnitrans, 2019a), or were calculated based on those projections. These projected FY 2019 figures were compared against the actual results for the selected indicators reported in TransTrack. The base statistics included:

- Total Passenger Boardings;
- Total Operating Costs;
- Fare Revenues;
- Revenue Miles;
- Revenue Hours;
- Peak Vehicles; and
- Total Operating Subsidy

Table A- 17 shows how Omnitrans’ actual FY 2019 statistics and performance indicators compare to the projections in the *Omnitrans FY 2018 - 2019 Service Plan*.

Table A- 17. Omnitrans Performance: Actual (FY 2019) v. Projected (FY 2019)

FY 2019 Statistics	Fixed-Route - Direct Operated			Fixed-Route - Purchased			Demand-Response - Purchased		
	FY19 Actual ¹	FY19 Budget ²	Meet Projection?	FY19 Actual ¹	FY19 Budget ²	Meet Projection?	FY19 Actual ¹	FY19 Budget ²	Meet Projection?
Total Passenger Boardings	10,389,437	10,208,000	-	113,969	100,000	-	360,124	382,000	-
Total Operating Costs	\$76,024,780	\$71,657,946	-	\$2,261,441	\$2,131,545	-	\$16,528,160	\$15,578,789	-
Fare Revenues	\$11,783,841	\$10,994,000	-	\$144,054	\$120,000	-	\$1,342,087	\$1,638,000	-
Revenue Miles	8,762,018	8,028,000	-	348,657	367,000	-	2,314,421	2,423,000	-
Revenue Hours	650,807	604,000	-	25,237	27,000	-	156,907	194,000	-
Peak Vehicles	145	136	-	7	7	-	96	96	-
Total Operating Subsidy	\$64,240,939	\$60,663,946		\$2,117,387	\$2,011,545		\$15,186,073	\$13,940,789	
Performance Indicators									
Cost and Financial Efficiency									
Operating Cost per Revenue Mile	\$8.68	\$8.93	YES	\$6.49	\$5.81	NO	\$7.14	\$6.43	NO
Operating Cost per Revenue Hour	\$116.82	\$118.64	YES	\$89.61	\$78.95	NO	\$105.34	\$80.30	NO
Operating Cost per Peak Vehicle	\$524,309	\$526,897	YES	\$323,063	\$304,506	NO	\$172,168	\$162,279	NO
Service Effectiveness									
Passenger Trips per Revenue Mile	1.19	1.27	Nearly Met	0.33	0.27	YES	0.16	0.16	YES
Passenger Trips per Revenue Hour	15.96	16.90	NO	4.52	3.70	YES	2.30	1.97	YES
Passengers per Peak Vehicle	71,651	75,059	Nearly Met	16,281	14,286	YES	3,751	3,979	NO
Cost Effectiveness									
Operating Cost per Passenger Trip	\$7.32	\$7.02	Nearly Met	\$19.84	\$21.32	YES	\$45.90	\$40.78	NO
Farebox Recovery Ratio	15.50%	15.3%	YES	6.37%	5.6%	YES	8.12%	10.5%	NO
Average Fare per Passenger	\$ 1.13	\$ 1.08	YES	\$ 1.26	\$ 1.20	YES	\$ 3.73	\$ 4.29	NO
Subsidy per Passenger Trip	\$ 6.18	\$ 5.94	Nearly Met	\$ 18.58	\$ 20.12	YES	\$ 42.17	\$ 36.49	NO

Source: TransTrack Data and FY 2018-2019 Service Plan

Notes:

1. Based on Transit Operator's TransTrack data, fare revenues exclude non-fare Measure I subsidy
2. Based on the Omnitrans FY 2018-2019 Service Plan and Original FY 2019 Operating Budget of \$89,368,280

FIXED-ROUTE (DIRECTLY-OPERATED) SERVICES

The fixed-route (directly-operated) service met all Cost and Financial Efficiency projections for FY 2019.

Of the Service Effectiveness measures, FY 2019 projections for Passenger Trips per Revenue Mile and Passengers per Peak Vehicle came within five percent of being met, while the Passengers Trips per Revenue Hour projection was not met in actual experience. Still, the projections in this area were close to actuals, overall.

The Farebox Recovery Ratio projection of 15.3 percent was met and exceeded for fixed-route (directly-operated) service. It should be noted that, though the FY 2019 projection was met, the actual farebox recovery ratio of 15.3 percent does not meet the TDA minimum requirement of 20 percent for fixed-route service, and that Measure I subsidies (now allowed under revised TDA regulations) were needed to meet the minimum requirement. Operating Cost per Passenger Trip and Subsidy per Passenger Trip projections came within five percent of being met. The latter indicator's actual result shows a subsidy of \$6.18 per passenger trip. The average fare per passenger was five cents higher than the projection.

FIXED-ROUTE (PURCHASED TRANSPORTATION) SERVICES (OMNIGO SERVICE)

The fixed-route (purchased transportation) services did not meet any of the Cost and Financial Efficiency projections, though the actual results for these indicators were lower in cost than those of fixed-route (directly-operated) services. The lower cost is likely attributable to both the lower unit costs of contracted services and the fact that these services use cutaway van vehicles, and not full-size buses, which are used in fixed-route (directly-operated) services.

The fixed-route (purchased transportation) services met all of the projections for Service Effectiveness indicators. However, it should be noted that the actual values obtained are comparatively very low for fixed-route service, with 4.52 passengers per revenue hour. Fixed-route productivity at this low level is difficult to sustain in financially-constrained times and may indicate areas for conversion to alternative mobility options.

The fixed-route (purchased transportation) services met all of the projections for Cost-Effectiveness. Again, however, it should be noted that, at an actual operating subsidy of \$18.58 per passenger trip, micro-transit options might be more financially-viable. The average fare per passenger was six cents higher than the projection, but the overall farebox recovery ratio was only 6.37 percent, the lowest of any of Omnitrans' modes.

Omnitrans is proposing to discontinue most of the OmniGo service in September 2020, due to its low productivity and high cost per passenger.

DEMAND-RESPONSE SERVICE

The demand response service did not meet any of the projections for Cost and Financial Efficiency. Its actual Operating Cost per Revenue Hour was significantly higher than projected, and significantly higher than the fixed-route (purchased transportation) service, which is operated by the same contractor using the same type of vehicles. The difference may be due to the more intensive passenger assistance required with this service.

The demand-response service did meet two of the three Service Effectiveness indicators. However, the projections were set very low in recognition of the low productivity which is typical of ADA paratransit services generally. For example, the service averaged actual results of 2.30 passengers per revenue hour.

The demand-response service did not meet any of the Cost-Effectiveness projections. At \$45.90 per passenger trip, this service is, by far, Omnitrans' most expensive service on a per-passenger basis. The farebox recovery ratio was only 8.12 percent, vs. a projection of 10.5 percent. Average fare per passenger was \$0.56 lower than the projection, which may suggest that a re-visit of the ADA service fares is warranted. Under the ADA, Omnitrans could raise the current *OmniAccess* \$3.75 base fare to \$4.00 (twice the fixed-route base fare).

Providing ADA paratransit service is a federal requirement for Federal Transit Administration (FTA)-funded fixed-route operators. At minimum, Omnitrans must ensure that only properly-certified individuals can use the service, the certification process is accurate, and areas beyond the required ¼-mile band around fixed-route lines are not being served. With the 11 percent service reductions Omnitrans is currently considering, reduction of ADA paratransit coverage areas is also being proposed (Omnitrans, 2019b), both to reflect the reduced fixed-route structure and to eliminate areas outside of those strictly required by the ADA ¼-mile rule⁴⁴.

⁴⁴ See Omnitrans. 2019b. ConnectForward: Omnitrans' FY 2021 – 2025 Short Range Transit Plan (Summary of Proposed Changes).

A.4.3. Peer Agency Performance Review

The Peer Agency Performance Review compares Omnitrans' performance with that of similar agencies in terms of size, services operated, and/or service area characteristics. The key to conducting such an analysis is to identify appropriate peers and a uniform source of data.

APPROACH - URBANIZED OPERATORS

In order to conduct this portion of the study, peer agencies were identified using NTD information for 2018, the most recent year with available data. Omnitrans is an FTA-designated urbanized area transit operator that can apply for, receive, and dispense Urbanized Area Formula Grant funds pursuant to 49 U.S.C. § 5307(a)(2). Therefore, Omnitrans is a "full reporter" under the NTD program. As a result, detailed information is available in the NTD for Omnitrans and peer agencies to conduct a peer review using performance indicators similar to those reviewed earlier in this report.

In order to select peers for comparison, a web-based tool sponsored by the Florida Department of Transportation was utilized. Referred to as the [Integrated National Transit Database Analysis System](#) (INTDAS), this tool uses transit and demographic factors available on each full-reporter agency to create "likeness scores" for all agencies and provides a listing in likeness score order of the most-like to least-like agencies. Using this tool, the study team identified the following peer agencies for Omnitrans, focused only on California agencies given the state's unique funding mechanisms:

1. Riverside Transit Agency (RTA);
2. Fresno Area Express (FAX);
3. San Mateo County Transit District (SamTrans);
4. Golden Empire Transit District (GET - Bakersfield); and
5. SunLine Transit Agency (SunLine - Coachella Valley).

Peer Agency Reviews

The following discussion summarizes the peer agency performance analysis for Omnitrans.

OMNITRANS PEER REVIEW

As noted, the peer review for Omnitrans involved comparing operations to other urbanized operators. Table A- 18 provides a summary of service and financial data for Omnitrans and the selected peers (RTA, FAX, SamTrans, GET – Bakersfield, and SunLine – Coachella Valley).

The base statistics shown in Table A- 18 were used to calculate performance indicators which show Omnitrans' and each peer agency's financial efficiency, service-effectiveness, and cost-effectiveness. A comparison of these performance indicators between Omnitrans and peer operators is discussed below and shown in Figure A- 21, Figure A- 22, and Figure A- 23.

Table A-18. Omnitrans Performance: Peer Comparison Base Statistics

FY18 STATISTICS	Fixed-Route – All						Demand-Response					
	<i>Omnitrans</i>	<i>RTA</i>	<i>FAX</i>	<i>SamTrans</i>	<i>GET</i>	<i>SunLine</i>	<i>Omnitrans</i>	<i>RTA</i>	<i>FAX</i>	<i>SamTrans</i>	<i>GET</i>	<i>SunLine</i>
Service Area Population	1,500,107	2,018,724	527,438	777,905	497,989	460,275	Same as Fixed-Route					
Total Passenger Boardings	10,832,159	8,167,508	9,750,802	11,457,737	6,377,043	3,947,023	378,087	415,902	213,026	362,251	58,241	156,292
Total Operating Costs	\$71,804,281	\$63,931,369	\$41,979,373	\$120,476,488	\$28,071,400	\$26,209,335	\$13,514,125	\$13,398,681	\$7,204,580	\$17,718,240	\$1,976,578	\$5,901,495
Fare Revenues	\$11,249,865	\$9,207,788	\$6,068,176	\$14,831,331	\$4,319,308	\$2,574,580	\$1,511,449	\$1,505,152	\$294,817	\$910,740	\$156,246	\$325,536
Revenue Miles	8,984,580	9,851,791	4,337,684	6,787,803	3,902,753	3,402,692	2,430,867	3,462,841	1,212,603	2,959,214	477,081	989,084
Revenue Hours	672,727	660,112	374,764	653,107	309,645	231,781	157,556	211,174	104,147	187,936	32,580	66,851
Peak Vehicles	154	181	98	267	69	57	96	112	52	132	18	30

Source: NTD, 2018

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Figure A- 21 displays the peer review information for Omnitrans’ fixed-route and demand-response services on Cost and Financial Efficiency indicators:

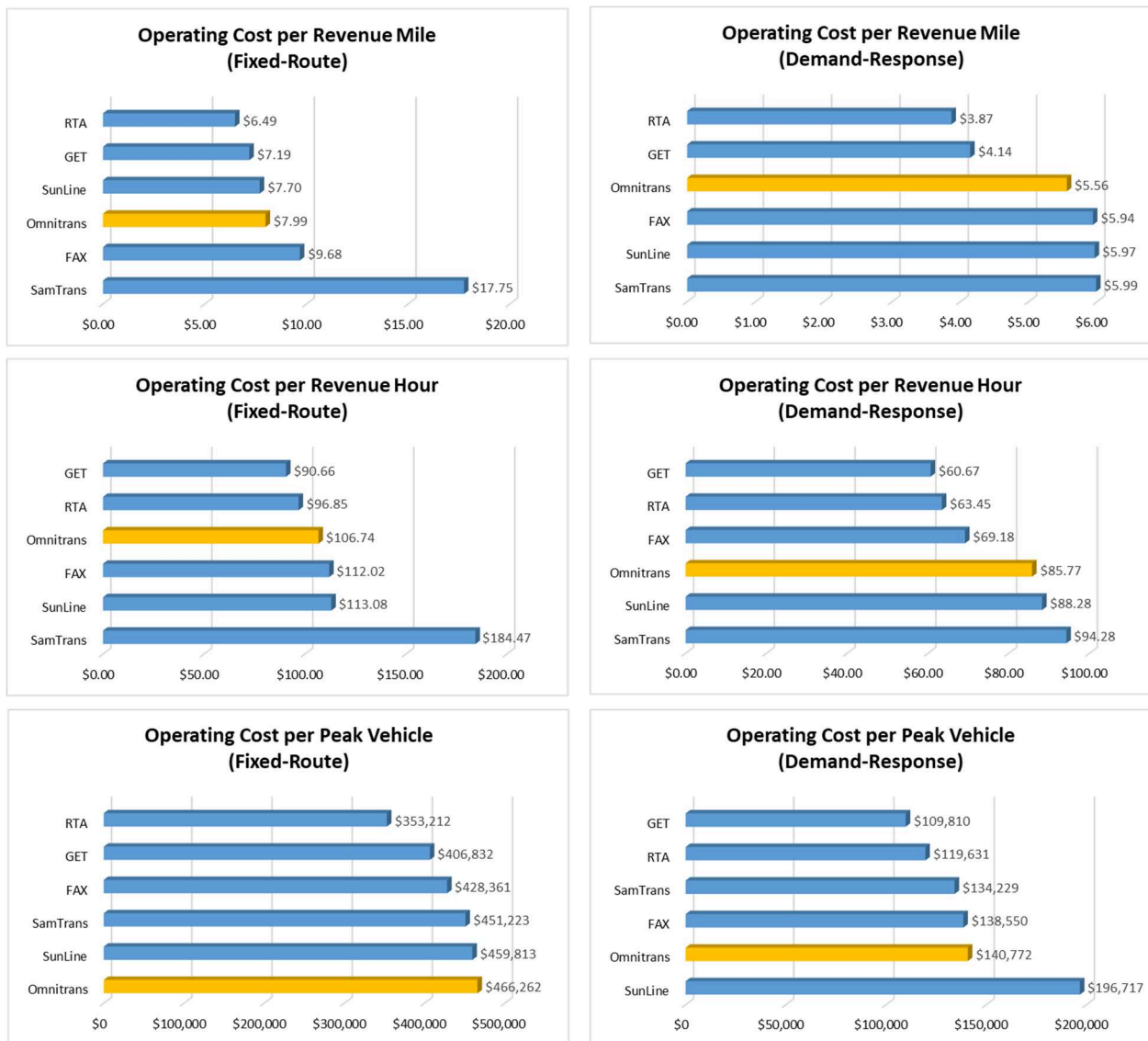
Omnitrans’ fixed-route services’:

- Operating Cost per Revenue Mile of \$7.99 (third) was higher than the median;
- Operating Cost per Revenue Hour of \$106.74 (fourth) was lower than the median;
- Annual Cost per Peak Vehicle of \$466,262 (first) was highest among the peers.

Omnitrans’ demand-response service’s:

- Operating Cost per Revenue Mile of \$5.56 (fourth) was lower than the median;
- Operating Cost per Revenue Hour of \$85.77 (third) was higher than the median;
- Annual Cost per Peak Vehicle of \$140,772 (second) was higher than the median.

Figure A- 21. Omnitrans FY 2018 Cost and Financial Efficiency Performance Comparison



Source: NTD, 2018

Figure A- 22 displays the peer review information for Omnitrans’ fixed-route and demand-response services on Service-Effectiveness indicators:

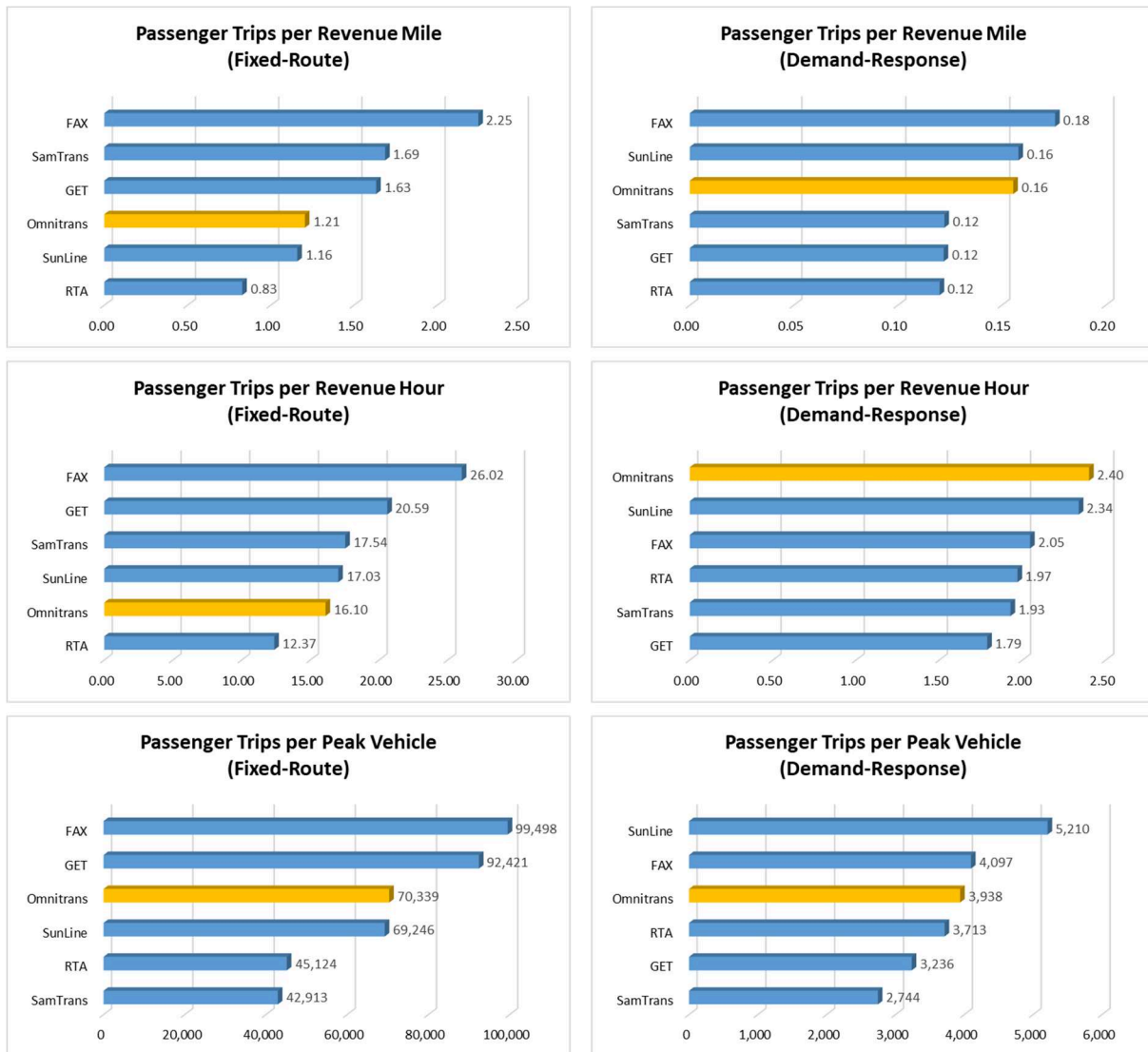
Omnitrans’ fixed-route services’:

- Passenger Trips per Revenue Mile of 1.21 (fourth) was lower than the median;
- Passenger Trips per Revenue Hour of 16.10 (fifth) was lower than the median;
- Annual Passengers per Peak Vehicle of 70,339 (third) was higher than the median.

Omnitrans’ demand-response services:

- Passenger Trips per Revenue Mile of 0.16 (third) was higher than the median;
- Passenger Trips per Revenue Hour of 2.40 (first) was the highest among their peers;
- Annual Passengers per Peak Vehicle of 3,938 (third) was the higher than the median.

Figure A- 22. Omnitrans FY 2018 Service Effectiveness Performance Comparison



Source: NTD, 2018

Figure A- 23 displays the peer review information for Omnitrans’ fixed-route and demand-response services on Cost-Effectiveness indicators:

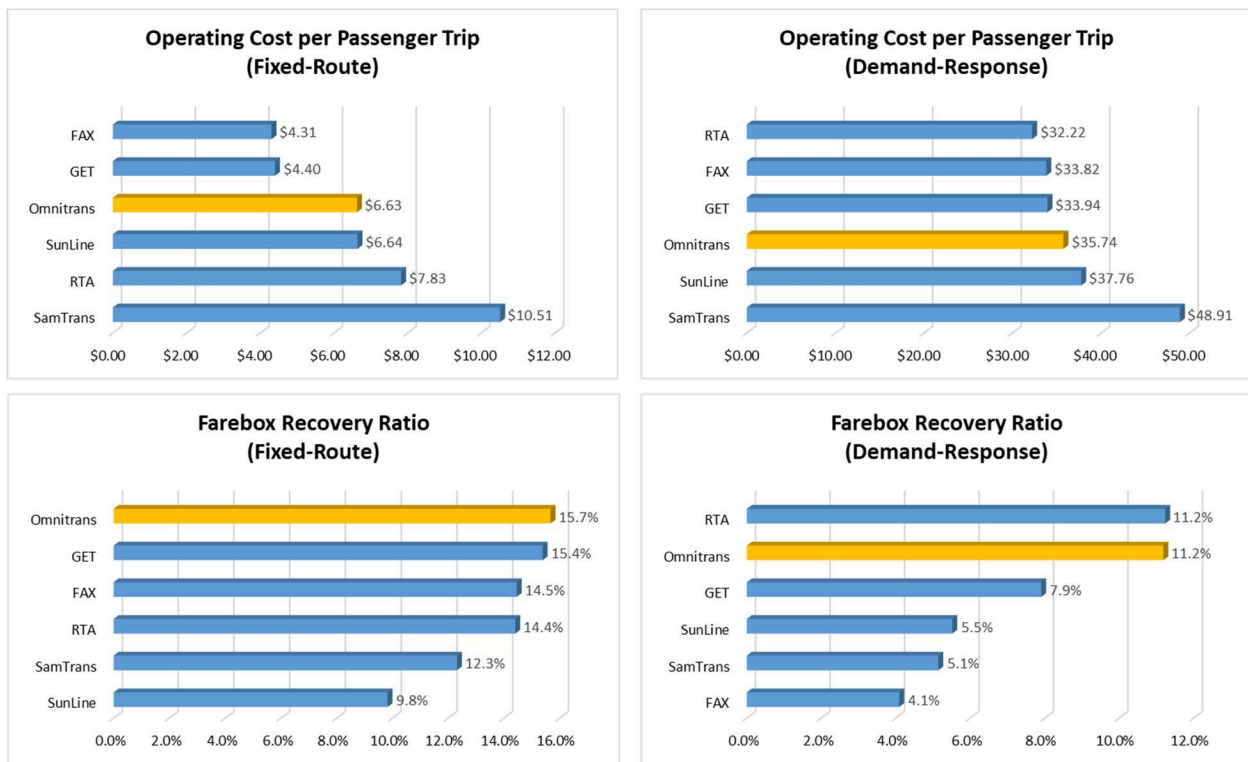
Omnitrans’ fixed-route services’:

- Operating Cost per Passenger Trip of \$6.63 (third) was lower than the median;
- Farebox Recovery Ratio of 15.7 percent (first) was the highest among their peers.

Omnitrans’ demand-response services:

- Operating Cost per Passenger Trip of \$35.74 (fourth) was higher than the median;
- Farebox Recovery Ratio of 11.2 percent (second) was higher than the median.

Figure A- 23. Omnitrans FY 2018 Cost Effectiveness Performance Comparison



Source: NTD, 2018

A.4.4. Summary, Conclusions, and Recommendations

This section summarizes the performance review presented in this chapter and provides recommendations for further review and possible improvement by Omnitrans.

COST AND FINANCIAL EFFICIENCY

Omnitrans' projections for FY 2019 Cost and Financial Efficiency performance indicators were met for its fixed-route (directly-operated) service. Projections were not met for its fixed-route (purchased transportation) or demand-response services.

In the peer agency review, Omnitrans' Operating Cost per Revenue Mile was higher than the median for fixed-route services and lower than median for demand-response services in comparison to its peers. Its Cost per Revenue Hour was below the median for fixed-route services and above the median for demand-response services. Omnitrans' annual Operating Cost per Peak Vehicle was the highest for fixed-route services, which may be attributed to Omnitrans' flat service profile by time of day (rather than a more traditional bi-modal a.m./p.m. peak mode), which requires the Omnitrans fleet to run throughout the day (low peak-to-base ratio). Additionally, Omnitrans' annual Operating Cost per Peak Vehicle was the second-highest amongst its peers for demand-response services.

Omnitrans' Operating Cost per Peak Vehicle data warrants further investigation to determine potential root causes. Omnitrans had the second-highest miles operated per peak vehicle per year for fixed-route services among the peer agencies, possibly further indicating a low peak-to-base service ratio and long hours of service for each bus. This could also reflect the nature of Omnitrans' lower-density service area compared to its peers. Omnitrans had the third-highest average operating speed among its peers, at 13.4 miles per hour. The peers ranged from 10.4 to 14.9 miles per hour. The higher average operating speed results in more vehicle-related mileage per revenue hour, driving up operating costs per hour and per peak vehicle.

SERVICE-EFFECTIVENESS

Omnitrans' FY 2019 projections for Service-Effectiveness performance indicators were nearly met for its fixed-route (directly-operated) service and met for fixed-route (purchased transportation) services. Two of the three standards for Service-Effectiveness were met for demand-response service, and one was not met. It should be noted that these Service-Effectiveness indicators overall reflect a significant deterioration in performance from the levels seen in the 2015 Countywide Transit Efficiency Study and reflect the national trend of declining transit ridership. This is also reflected in the peer agency data, with three of the five peers operating at under 20 passengers per revenue hour; comparable to Omnitrans' 16.10 passengers per revenue hour. A continuation of this downward trend is not sustainable in the long run, and points to the need for a re-thinking of transit service delivery, modes, and mobility options, similar to Omnitrans' proposed service changes that will be rolled out in late 2020 and explored in the "Innovative Transit Review" portion of this study.

As noted in section 1.2.3 of this report, Omnitrans should seriously consider the service-effectiveness of its “OmniGo” service. At 4.52 passengers per revenue hour, it is the lowest-performing fixed-route service among Omnitrans’ fixed-route service offerings, as well as its most expensive fixed-route service on a cost-per passenger basis. It could possibly be replaced with a more cost-effective micro-transit option. Significant reductions in OmniGo Service are already being proposed for the September 2020 service change.

Among peer agencies, Omnitrans falls near the median in terms of Passenger Trips per Revenue Mile for both fixed-route and demand-response services. However, its Passenger Trips per Revenue Hour was near the bottom amongst its peers for fixed-route services but at the top for demand-response services. Omnitrans’ annual Passenger Trips per Peak Vehicle was third highest for both fixed-route services and demand-response services amongst its peers.

COST-EFFECTIVENESS

Omnitrans’ FY 2019 projections for Cost-Effectiveness were met or nearly met for its fixed-route (directly-operated) service. Projections were met for its fixed-route (purchased transportation) service, but again, at levels that are very poor for a fixed-route service. Projections were not met for its demand-response service.

Omnitrans’ Operating Cost per Passenger Trip was at the median for fixed-route services, and higher than the median for demand-response services. Omnitrans’ Farebox Recovery Ratio was at the top of its peer group for fixed-route services and second-highest for demand-response services. However, with a 15.7 percent Farebox Recovery Ratio for fixed-route services, Omnitrans’ figure is below the state’s-mandated 20 percent ratio and has required Measure I subsidies to meet the mandate. The fact that Omnitrans’ Farebox Recovery Ratio was the best among its peers is further evidence of the industry-wide slide in transit productivity over the past several years.

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B. Case studies of complete consolidation

To provide a historical perspective on complete consolidation, the analysis drew on the experiences of agencies that consolidated to become both the County Transportation Commission (CTC) (or a transit funds distribution agency with similar authority), and a transit services provider. Three case studies are provided based on interviews with former officials from the Los Angeles County Metropolitan Transportation Authority (LA Metro), Orange County Transportation Authority (OCTA), and Metropolitan Transit System (MTS) in San Diego County that helped to ascertain best practices and lessons learned during those consolidations. It should be noted that this peer review is based on interviews with personnel who were key staff (Executive Directors, General Managers) at the time of those consolidations, in order to identify the causal factors and thought processes that led to those consolidations. This peer review does not necessarily represent how those agencies are organized or managed today, up to 30 years later.

B.1. Los Angeles County Metropolitan Transportation Authority (LA Metro)⁴⁵

B.1.1. Background

An example of complete consolidation with legislative roots is found in the Los Angeles (California) region. Starting in 1951, the Metropolitan Transit Authority (MTA) was formed as a transit planning agency, empowered to formulate plans and policies for a publicly-owned and operated mass rapid transit system that would replace the crumbling infrastructure of privately-owned and operated systems.




In 1964, the Southern California Rapid Transit District (SCRTD) was created by the California state legislature to improve bus systems and design/build a transit system for Los Angeles. The SCRTD took over all bus services operated by the near-bankrupt MTA and, like MTA, acquired local suburban bus companies. The SCRTD also was successful in securing federal funding for the Metro Rail subway project.

In 1976, the California state legislature enacted AB 1246, the County Transportation Commission Act, which created the Los Angeles County Transportation Commission (LACTC) to oversee public transit and highway policy/funding in the nation's largest county. Notably, it was this same bill that also created transportation commissions in San Bernardino, Riverside, and Orange Counties. At the time

⁴⁵ The information in this section based on interviews with: Linda Bohlinger, who held various senior positions leading to Director of Capital Planning, LACTC (1979 – 1985) and Chief Executive Officer, Metro (1990 - 1998); and Claudette Moody, former Director of Governmental Relations, LACTC (1985 – 1997).

SCR TD was initially created, there were no transit or transportation grant programs available from the state or federal governments. Once funding sources became available from the Urban Mass Transit Administration (now the Federal Transit Administration), the California Transportation Commission (CTC), and others, the creation of county transportation commissions ensured coordination of multimodal transportation planning and funding programs (CA Pub. Util. Code, 1992).

B.1.2. Factors Contributing to the Merger

The creation of the LACTC required the SCR TD to share some of its power. While SCR TD was building heavy rail as well as operating a large bus transit system, LACTC was building light-rail systems, leading to a complex situation of two agencies planning and building rail transit systems in Los Angeles County.

In this confusing rail transit development environment, between 1987 and 1992, over 30 bills were introduced in the state legislature aimed at various changes in transit planning, construction, and operation. Ultimately, the Los Angeles Mayor at that time, Tom Bradley, requested an end to these legislative efforts to allow Los Angeles officials to work things out on their own. This led to AB 152, sponsored by California State Assemblyman Richard Katz and enacted in 1992, which was the bill that ultimately merged the two organizations.

Key in the move to consolidate the two agencies was that both were performing rail planning and construction, and the coordination of rail transit among two agencies had become unworkable. Consolidation was precipitated with the building of Metro Rail. LACTC had the authority to construct rail projects. Mayor Bradley and leaders in Los Angeles County, including Assemblyman Katz, were frustrated with too many agencies performing transportation development and construction and wanted an umbrella agency in Los Angeles County. The consolidation effort also recognized Tom Bradley's vision of a tax measure to build rail. At that time, it became obvious that there had to be one board of directors to govern. There were also budget problems at SCR TD, and funding shortfalls preceded the consolidation. SCR TD had a \$60 million shortfall in 1990.

Ultimately, SCR TD and LACTC merged on April 1, 1993, creating the Los Angeles County Metropolitan Transportation Authority (LACMTA or LA Metro). Through this merger, "transit" was expanded to "transportation," as the agency combined both county-wide roles of the two predecessor agencies.

B.1.3. Challenges after the Merger

In the newly consolidated agency, there were many organizational decisions that needed to be made. These included who would lead each department, as there were many duplicate positions between the two former agencies. At times the negotiations were contentious, according to interviews with former Metro staff involved in the consolidation. There was a "bus operator" culture among former SCR TD staff and an "administrative/policy/engineering" culture among the former LACTC staff.

Steps to address challenges had begun even before the consolidation took effect. After the decision was made to consolidate, a committee was formed with staff from the two agencies to work on the broad

outlines of the consolidation. An interim board of directors was also established to formalize decisions. Their work was folded into Metro's enabling legislation, AB 152, that was ultimately passed.

After consolidation, the new organization had to eliminate 250 staff due to duplication. At first, this was done by requesting retirements or resignations with six months' severance. Many staff took that offer. The second time, an additional 250 staff were eliminated, but it was performance-based and was also done with a severance package.

Metro undertook a strategic planning exercise with representatives of all departments to develop common strategies and goals. Metro hired an outside consultant to lead this effort. The staff interviewed for this report recommend that a strategic planning effort such as this needs to occur, at the latest, in the first year of the new organization, but preferably prior to the consolidation. According to the former Metro employees, having certain decisions negotiated and settled before the merger would help avoid some of the problems that could occur in a consolidation. Strategic planning in advance of consolidation would help. The former Metro staff recommend scenario building for how the new organization will look, whom the head of transit will report to (likely the Executive Director of the new consolidated agency), and other key organizational decisions.

Another major challenge was the desire of former LACTC staff to keep their CalPERS retirement and not pay into Social Security Insurance, as had formerly been the case. The retirement system question was put to the vote of the SCRTD union, and they voted not to join CalPERS. SCRTD employees had been under their own retirement system. To solve this problem, a separate legal entity was created three and a half years after the consolidation. The Public Transportation Service Corporation was created to house all the compensation and benefits of employees who had formerly been with LACTC, including CalPERS retirement (LA Times, 1998). SCRTD employees stayed with their own retirement system.

Both former agencies had been direct FTA fund recipients. Metro had to re-certify all the certifications for the new entity. What helped was that SCRTD and LACTC were state created agencies with enabling state statutes, and Metro was also established as a state-created agency under AB 152. Thus, no act of the Governor, other than signing the bill, was needed with the duties of SCRTD and LACTC transferred over to the new entity under the law. The former Metro staff interviewed for this report believe an SBCTA-Omnitrans consolidation should be effectuated by statute. The new entity should be created by the State to become a direct FTA grant recipient for funds that had formerly gone to Omnitrans. Additionally, SBCTA would need to have all of Omnitrans' existing grants transferred to SBCTA.

Another consideration raised by the former Metro staff involves requirements for financial plans. Following the strategic planning exercise, Metro staff established a 30-year financial plan that modeled how the money would be allocated between Metro's rail and bus modes, as well as highways. The former Metro staff recommended that, with Omnitrans service coming under SBCTA, SBCTA would need to show a balanced long-term financial plan for all modes, including Omnitrans bus service, to evaluate the financial sustainability of the agency, appease those concerned about one mode dominating the other and secure discretionary federal grant funding in the future. This is not currently explicitly a requirement because the organizations are separate; however, SBCTA Fund Administration

staff does perform a 20-year financial plan by analyzing long-term transit operating needs through 2040 for financial constraints. Portions of this analysis are included in the SBCTA 10-year delivery plan, CMAQ 10-year delivery plan, and the 10-year LCTOP plan.

Labor issues posed another major challenge. Labor unions feared that rail would take priority with regard to funding, programming, and operations, and, thus, the unions, representing primarily bus operators, would have less leverage to negotiate higher wages for its members. They and a key SCRTD board member brought a lawsuit that resulted in a settlement that required Metro to have a master judge oversee bus funding to make sure things were fair between bus and rail. No bus service could be cut for several years. This made changes in bus service very difficult.

B.1.4. Being a CTC and a Transit Operator in a Multi-Operator County

Another key issue to consider is the agency taking on the dual role of both County Transportation Commission and transit operator, especially with other transit operators continuing to exist in the county, and how any perceptions of conflict of interest can be handled.

Today, Metro has very broad powers. According to the Metro website: the “Los Angeles County Metropolitan Transportation Authority (Metro) is unique among the nation’s transportation agencies. It serves as transportation planner and coordinator, designer, builder, and operator for one of the country’s largest, most populous counties (Metro, 2020).” As the regional transportation planning agency and public transportation operating agency for Los Angeles County, Metro develops and oversees transportation plans, policies, funding programs, and both short-term and long-range solutions that address the county's increasing mobility, accessibility, and environmental needs (Wikipedia, 2020). It should be noted that even with the creation of LA Metro, there are still several municipal transit systems that operate cooperatively but independently, such as Foothill Transit, Santa Monica’s “Big Blue Bus” system, and Culver City Bus. However, funding for these agencies still flows through Metro.

There were approximately 20 separate transit operators in Los Angeles County, so Metro had to consider this very issue. Metro looked to the sales tax measures that assigned specific percentages of funding by agency to help ensure equity. Established formulae for FTA funds existing in law provided a basis for federal funds distribution. The “Call for Projects” process was very organized and transparent to protect non-Metro agencies. The municipal operators formed their own coalition to guard against Metro taking too much money for its own rail and bus operations. Metro then created a Muni committee to offer advice on the distribution of funds.

Discretionary state and federal funds were distributed on a competitive basis. For Transportation Development Act monies, the formula to follow is in law and can be verified by the other agencies. Propositions A and C, and Measures R and M all had been divided among the agencies by their respective ballot measures. Metro’s rail, operations, and highway share was divided among those modes at Metro’s discretion.

Former Metro staff who were interviewed recommended that all these decisions need to be worked out ahead of consolidation, including how any new sources of funding would be divided up. They recommended the establishment of a working committee of the SBCTA and Omnitrans finance managers. The grants all must be revised to reflect the new consolidated agency if a new entity is formed. The new entity must be listed as the grantee, and all of the state and federal certifications must be re-done with the new entity.

B.1.5. Did Consolidation Work?

The former Metro staff interviewed for this report concluded that consolidation did not achieve cost savings as intended. The consolidation of LACTC and SCRTPD was sold to the public, staff, and stakeholders as a cost-saving measure. However, shortly after Metro's formation, an economic recession hit and undermined any potential cost savings that could have been gained. The agency, like many others across the U.S. at the time, had to address declining revenues in the face of capital and operating needs. Instead of constructing 12 light rail lines as intended, Metro proceeded with just a few.

Following consolidation, Metro also did not realize immediate cost savings from staff reductions. As noted in Section B.1.3, the newly-formed Metro sought to eliminate 250 staff by requesting retirements or resignations with six months' severance. Then, an additional 250 staff were eliminated under a performance-based process that was supplemented with severance packages. The cost savings from these staff reductions were realized, but not for several years after the consolidation. Furthermore, another reason why savings were not realized immediately is because it took three and a half years before Metro established the nonprofit governmental agency to provide different retirement benefits to their members. During these three years, Metro was contributing to either two retirements systems for some employees or was covering the employee share for those that were just covered by a single retirement system.

Consolidation did, however, improve decision-making. Rather than two agencies and two boards of directors receiving the same information and making redundant or contradictory decisions, the consolidated Metro leadership and its board of directors could act as the sole decision-making body for delivery of Los Angeles County's mobility services and projects.

B.2. Orange County Transportation Authority (OCTA)⁴⁶

B.2.1. Background

In 1991, around the same time that the LACTC and SCRTRD consolidated, the Orange County Transportation Authority (OCTA) was formed under state law. OCTA was created by the consolidation of seven separate transportation planning agencies, including OCTA's predecessor agency, the Orange County Transit District (OCTD), which was established in 1970, the Orange County Transportation Commission (OCTC), the Orange County Service Authority for Freeway Emergencies, and the Orange County Consolidated Transportation Services Agency.



OCTC was previously created by AB 1246 (Ingalls, 1976), the same legislation that also created transportation commissions in Los Angeles, Riverside, and San Bernardino County. The commission worked closely on planning matters with the Southern California Association of Governments and advised the California Transportation Commission on highway and freeway priorities (WSP, 2020c).

In 1986, the OCTD began planning a central county mobility project, a series of flyover carpool lanes to be built at the Interstate 5 - SR 55 interchange using transit funds. At the same time, the OCTC obtained special legislation allowing it to intercept the interest earnings on the OCTD's transit reserves to begin the environmental and design work on freeway projects. To improve freeway project delivery and under pressure from the OCTC and state legislators, Orange County broke away from Los Angeles in 1987 to become its own Caltrans district (District 12), the first new Caltrans district formed in almost 40 years. Thus, in relatively short order, there were at least three different agencies all working on highway planning in Orange County.

After failing twice (in 1984 and 1989) to pass county-wide sales tax measures to fund transportation projects, in 1990, OCTC successfully led voter passage of a half-cent sales tax measure after lobbying for a consolidated transportation agency to avoid duplication of effort, improve priority setting, reduce transportation staffing, and streamline decision-making (WSP, 2020c). Sen. Marian Bergeson (R - Newport Beach) sponsored the consolidation legislation that created OCTA, known as SB 838 (1990).

B.2.2. Factors Contributing to the Consolidation

Key factors contributing to the desire to consolidate agencies focused on reducing duplication of planning efforts, as noted earlier. Other concerns included increasing agency economy given the past

⁴⁶ The information in this section is derived from interviews with former key staff of OCTA and OCTC and supplemented by other references. Staff interviewed included: Stan Oftelie, OCTC Executive Director from 1983 - 1991, and OCTA Chief Executive Officer, 1991 - 1997; Will Kempton, former Chief Executive Officer, OCTA, 2009 - 2013; and Tom Jenkins, who held various senior positions at OCTD and OCTC, 1974 - 1983.

difficulty with obtaining increased funding for transportation. The successful passage of Measure M, the 1990 half-cent sales tax, owed its passage in part to greater efficiency through consolidation. The promise of having a single voice managing transportation decision-making was undercut when the Transportation Corridor Agencies, builder and operator of three county toll roads, and Laguna Beach Transit, a recipient of Transportation Development Act funds, were not included in the Orange County Transportation Authority legislation. All other major transportation agencies were combined into the single decision-making, operational agency (WSP, 2020c).

B.2.3. Challenges after the Consolidation

Former OCTA staff interviewed for this report identified several challenges after consolidation. Board membership was, at times, a controversial issue and led to much public acrimony. Getting the board and the new, combined agency's staff, on the same page with regard to priorities was also difficult.

OCTC and the CTSA had both been non-unionized agencies, while OCTD was heavily unionized. Most of the former OCTD labor relations programs remained intact after the consolidation. Most OCTA administrative employees were not unionized.

The state legislation carried by Sen. Bergeson included provisions to smooth over differences in pensions and other technical problems in the new organization. According to staff interviewed for this report, Orange County had its own retirement system at the time of consolidation. All of the former agencies combined under OCTA stayed with the Orange County Employees Retirement System (OCERS). OCERS had reciprocity with the other retirement systems of the former agencies. OCTA found it preferable to grandfather in the former CalPERS employees into that system. Grandfathered employees stopped accumulating CalPERS credits and started accumulating credits in OCERS. So, employees had credits in both systems upon retirement (WSP, 2020c).

OCTA's stated goals for the consolidation were as follows:

- One priority-setting agency, speaking with one voice, on transportation issues;
- Adopt a multi-modal approach balancing transportation investments in freeways, buses, streets and road, and rail programs geographically;
- Emphasize early delivery of voter-approved transportation projects;
- Re-configure the bus system to increase bus ridership and farebox return;
- Recognize the special transportation needs of the elderly and disabled;
- Manage transportation resources cautiously, with regular financial reports to the board and, annually, to the public; and
- Right-size the new agency's staff by practicing rigorous examinations of the agency needs.

There was a significant reduction in staffing after consolidation in both the administrative and operating personnel ranks. The day after consolidation was official, the combined agency had 1,790

employees. Eight years later, this had been reduced to 1,492. A former agency CEO reported that every reduction was painful; many were the result of continuous organization evaluation. The evaluations impacted morale in every area studied (some people lost their jobs), but most of the selected employees who stayed with the new OCTA recognized that the best employees were being retained and weaker, less productive staffers were being eliminated. Anticipating future changes, many who felt they were not appreciated left the organization, allowing vacant positions to be eliminated. Having a rigorous, bias-free selection process was very important (WSP, 2020c).

Morale issues were a significant issue in the consolidated agency. Despite senior management's best efforts, administrative staffers and others believed there were winners and losers in the consolidation. This sentiment was prevalent, particularly among mid-level staffers. There was a belief, and anecdotal information, suggesting former OCTC staffers were given the best jobs, even though they were a much smaller agency prior to the merger. They were seen as winners. OCTD staffers, who built their careers in the narrow field of bus transit, were seen as losers. Big investments in new freeway and highways, driven by new money, grabbed headlines. People working in those areas were winners. People working in bus operations, where there was no new money, were seen as losers (WSP, 2020c).

The former agency CEO was quite insistent that simply consolidating Omnitrans under SBCTA is not going to produce savings. There would also need to be changes in the services operated and staffing levels. This should be based on the goals of the consolidation, merging to be more fiscally responsible. Metrics of the consolidation should drive improvement in performance. In the OCTA case, the key metric was headcount, he stated.

B.2.4. Being a Funding Agency and a Transit Operator in a Multi-Operator County

A major portion of OCTA's spending is related to Measure M, a measure approved by Orange County voters in November 1990 and renewed in 2006 that provides revenues from a one-half percent sales tax to pay for a variety of freeway, road, and rail transit improvements in cities and the county. Measure M also authorized OCTA to issue sales tax revenue bonds for transportation purposes.

Bus and commuter rail systems also comprise a major element of OCTA's operations. Funding is largely provided by a one-quarter percent Transportation Development Act (TDA) local Bradley-Burns sales tax, a TDA gasoline, and diesel fuel sales tax, passenger fares, federal grants, and property taxes.

Conflicts over funding were minimized by two things: the influx of Measure M cash (and how to manage and prioritize the new money) and the fact the old OCTD covered more than 90% of the county and received the lion's share of TDA funds. How to deal with Laguna Beach Transit and the CTSA services (for the elderly and handicapped) was always an issue in the funding area. To further address this, OCTA has a quasi-separate entity to handle CTC functions. OCTA staff did the work, but the separate entity handled the CTC function (WSP, 2020d).

B.3. Metropolitan Transit Development Board (MTDB) / Metropolitan Transit System (MTS)⁴⁷

B.3.1. Background

Another example of complete consolidation is found in the San Diego region. Starting in 1976, SB 101 (Mills) established the Metropolitan Transit Development Board (MTDB) as a transit development entity to plan, construct, and operate transit guideways in the urbanized area of south San Diego County.



Importantly, SB 101 also placed MTDB in charge of all transit funding and transit capital project programming decisions within the metropolitan part of the San Diego region (Larwin, 2012).

Between 1976 and 1980, there were several separate transit systems begun or already in operation in the metropolitan San Diego area, which included the San Diego Transit Corporation (SDTC), the County Transit System (CTS), Chula Vista Transit, and National City Transit (NCT), as well as other contract services. It should be noted that Chula Vista and National City Transit were both contracted operations to their respective cities. Because the TDA originally remitted transit operating funding to each city, this tended to encourage the creation of small transit systems. These systems were fragmented and not well-coordinated in terms of fares, transfers, and policies. MTDB, in developing the light rail system, would be adding yet another operator.

For the first few years, MTDB focused on the development of the light rail system, the San Diego Trolley, which opened in 1981. In coordination with these efforts, other actions were undertaken:

- **Formation of the San Diego Trolley, Inc. (SDTI).** SB 101 gave the MTDB Board of Directors the option to operate transit guideways or contract services. For the San Diego Trolley (the brand name given the light rail transit [LRT] system), the MTDB Board of Directors elected to create a separate corporate entity, SDTI, to operate the LRT service.
- **Unified Transit Services Implemented with Initiation of the LRT Service.** With initiation of the LRT service, the following also occurred: the reorganization of San Diego Transit Corporation (SDTC) bus services, to feed and support the San Diego Trolley, and the reduction of SDTC bus-miles in the South Bay area, where the San Diego Trolley would operate; coordinated fares and transfers amongst the metropolitan area transit operators, as well as a single monthly pass (replacing separate operator-issued passes); and coordinated timed-transfers at key transfer locations, a single regional telephone public information number, coordinated bus route numbering (across the multiple operators), and publication of the first regional transit map and guide.

⁴⁷ The information in this section based on an interview with Tom Larwin, MTDB General Manager (1976 – 2003)

In 1984, additional legislation was passed, resulting in the following changes to MTDB:

- **Acquisition of SDTC.** In 1985, MTDB took ownership of SDTC, acquiring assets from the City of San Diego. This was a complete consolidation of SDTC into MTDB/MTS, as SDTC ceased to exist as a separate entity.
- **Formalization of the Metropolitan Transit System (MTS).** Coincident with MTDB acquiring SDTC, MTS was introduced as the “umbrella” organization of the metropolitan area transit operators, which at the time included SDTC, the San Diego Trolley, and three contract bus operators (i.e., the CTS, Chula Vista Transit, and NCT). MTS was a brand name/logo, with no employees and no budget. All staff and administrative expenses were assumed by MTDB and the individual operators.
- **Expansion of the MTDB jurisdiction and the MTDB Board of Directors.** The MTDB Board of Directors was changed from an 8-member to a 15-member board, better representing the actual metropolitan jurisdiction, allowing each of the nine suburban cities to have one of their councilmembers on the board.

From the late 1980s to 2003, additional legislation was passed, and other steps were taken, resulting in the following: a standard farebox recovery ratio for all metropolitan area transit operators; state TDA funds received directly by MTDB and distributed to the metropolitan area transit operators; the reorganization of marketing activities for all metropolitan area transit operators under MTDB; and the transfer of CTS operations from the County of San Diego to MTDB.

By 2003, MTS had acquired the assets of all but one municipal area transit operator and assumed management of all bus and light rail operations. In 2003, the roster of bus services that comprised MTS included SDTC, Chula Vista Transit, NCT, CTS, and other contract services (i.e., Strand Express Joint Powers Authority and Amarillo y Rosa). In 2005, MTDB reorganized and changed its name to MTS. In 2007, MTS assumed control over NCT from the City of National City (Larwin, 2012; SDMTS, 2020).

B.3.2. Factors Contributing to the Consolidation

Several factors contributed to the eventual consolidation, starting with the creation of MTDB by SB 101 in 1976. The passage of SB 101 (Mills) in 1975 was the crucial impetus to the eventual consolidation of multiple metropolitan area operators into one organization. According to a paper prepared by former MTDB staff who were also interviewed for this report,

It is not an understatement to note that the impetus for what transpired institutionally was state legislation passed in 1975. Termed SB 101, it was authored by state senator James R. Mills, who represented the southern portion of the San Diego region, and was president pro tempore of the state senate at the time. Largely portrayed as an urban rail transit development bill, it set into place numerous mechanisms that would eventually have an equally significant role when it would come to how metropolitan-wide transit services would be operated. . . Specifically, the MTDB was empowered to plan, construct, and operate mass transit guideways and to perform near-term planning and programming in its area of jurisdiction. These powers were significant and placed MTDB in charge of all transit funding and transit capital project programming decisions within the metropolitan part of the San Diego region (Larwin, 2012).

Specific powers granted to MTDB under SB 101 included Short Range Transit Planning (SRTTP) and Transit Improvement Program (TIP) responsibilities for the metropolitan region, and the power, any time after the first segment of the light-rail system entered revenue service, to “assume the operation of SDTC,” the region’s largest bus operator. MTDB was also made the designated recipient for federal public transportation funds for its area of jurisdiction and was given the power to approve claims for state public transportation monies derived from the California TDA. The result of this legislation was the creation of “an agency with substantial policy power over all transit operations and future capital development in the San Diego metropolitan area.” (Larwin, 2012)

The existence of multiple, uncoordinated transit operators in the same geographic area, and the need for increased coordination with the advent of the San Diego Trolley, were additional causal factors. Among other changes, SDTC service had to change significantly in the South Bay with the start of LRT service, and SDTC bus miles were reduced substantially as a result.

B.3.3. Challenges after the Consolidation

The MTDB consolidation evolved over a period of many years and through many actions, rather than occurring at a defined point in time. During the first five years of MTDB’s existence, the agency was focused almost completely on the development of the first leg of the light-rail system. The first line opened in 1981. However, with the significant powers granted to MTDB by SB 101, the agency began conducting regional planning activities that would ultimately lead to a coordinated metropolitan transit system rather than a collection of independent operators. MTDB prepared a metropolitan short-range transit plan and took the lead in approval of annual operating grants for the metropolitan transit operators and the adoption of an annual transit capital improvement program. Key planning activities related to the start of LRT service in 1981 included revising SDTC South Bay routes to serve as feeders to the new LRT line.

One area of challenge created by SB 101 was the confusion of responsibilities between MTDB and the regional council of governments, the Comprehensive Planning Organization (CPO, which later became the San Diego Association of Governments [SANDAG]). In 1977, MTDB and CPO executed a memorandum of understanding regarding the division of responsibilities for long-range planning and fixed-guideway planning.

The area of jurisdiction and makeup of the board of directors was another challenge. The original draft of SB 101 had called for the jurisdictional area to include the entire county. However, north county officials balked at being a part of the metropolitan organization, and the draft legislation was modified to cover south San Diego County only. Instead, under SB 802 (1975), the north county cities formed the North San Diego County Transit Development Board to plan, construct, and operate public transit in North San Diego County. North County Transit District (NCTD), its operating name, began operations in July 1976 (NCTD, 2020).

Given the existence in south San Diego County of multiple transit operators and their concerns about local control of their services and farebox revenues, MTDB pursued the concept of creating an

“umbrella organization” to coordinate routes, fares, transfers, and service policies, rather than becoming a direct operator. This was essential with the startup of the LRT service in 1981. The umbrella agency concept had its roots in “transit federations” of multiple transit agencies that were implemented in a number of European cities beginning in the 1960s, and with which MTDB senior staff were familiar. In those European examples, multiple separate operating companies continued to exist in a geographic area but were coordinated by the umbrella agency, including planning, operating standards, and fares for the entire region. This concept seemed particularly applicable to the situation San Diego was in at the time.

To help chart a course for the newly created agency, in 1976, MTDB adopted a set of principles for a low-cost, feasible fixed-guideway project, that would guide system development of the first and subsequent extensions of the LRT system. Those principles included the following (Larwin, 2012):

- A project that would have a relatively low capital cost
- A line that would extend a long-distance, defined to be 15 to 20 miles
- A system that could operate cost-effectively with a goal of having a relatively high farebox recovery percentage
- Use off-the-shelf technology
- Offer high-speed service

In 1979, the agency developed an organizational plan which described a future MTDB that would “... determine overall transit service levels, fares, schedules, and be responsible for public information about transit in the MTDB area of jurisdiction ... The LRT operator is but one of several contract operators for transit and freight service operating to the specifications established by the regional agency. All of these contract operations would thus fit together into a unified system from the point of view of the public.” (Larwin, 2012)

With the implementation of LRT service in 1981, there was a significant reduction of SDTC’s bus miles in the South Bay, and this created tension between SDTC and MTDB. The bus service reduction was absorbed through bus driver attrition.

Several regional coordination strategies were pursued by MTDB to develop buy-in among the agencies they now had jurisdiction over and to improve working relationships. These included:

- Cross-membership on policy boards
- Creation of intergovernmental management groups, such as the General Managers Group from all the operators, to serve in an advisory function to the board of directors
- Negotiating memoranda of understanding
- Sharing of technical staff
- Creation of project-oriented task forces comprised of agency staff from the affected entities
- Contracting out of services to sister organizations with expertise in certain areas

B.3.4. Being a Funding Agency and a Transit Operator in a Multi-Operator County

In its first several years, MTDB had the authority to become a transit operator, but chose to retain some insulation from operations. Prior to LRT start-up in 1981, MTDB had to choose whether to directly operate or contract for the operation of the new LRT line. After soliciting proposals, MTDB eventually rejected all proposals and created a separate corporate entity under California non-profit laws, and in 1981 the LRT line began operation under San Diego Trolley, Inc.

The importance of this decision was stressed by the former MTDB General Manager interviewed for this report. It was felt that, if MTDB had become a direct operator of the Trolley, it could have interfered with the umbrella organization concept. Being an operator might also have created a conflict of interest with the other operators since MTDB would be operating one of several services in the County. Not having to deal with pressures of labor unions was another advantage of this approach (WSP, 2020b). As with the bus operators, all staff associated with the LRT operations and maintenance functions—in this case, rail services—were employees of SDTI, not MTDB.

Another key to the success of the umbrella concept and eventual consolidation was that MTDB had very good working relationships at the senior staff level with SDTC and the North County Transit District (NCTD). The General Managers Group was effective in coordinating service and fares, and there was a strong desire to create seamless service between the operators. The 1984 legislation helped cement the umbrella concept and allowed MTDB to coordinate service parameters and fares and conduct major capital projects without being an operator (WSP, 2020b).

It was not until several years after MTDB's formation – after the umbrella agency concept had been well-established and additional state legislation had been passed – that MTDB became MTS and subsequently acquired the operations of the area transit operators. By then, the foundation had been laid for full consolidation of the agencies. NCTD remained a separate transit operating agency in North County.

B.4. Key Findings from the Review of Peer Agency Consolidations

B.4.1. Summary of Key Factors in Case Study Consolidations

A summary of the key factors leading to consolidation in each of the peer agency case studies and comparing those factors to the driving factors in a potential SBCTA-Omnitrans consolidation, is provided in Table B- 1

Table B- 1. Summary of Key Factors in Case Study Consolidations

Key Factors	LA Metro	OCTA	MTDB/MTS	Potential SBCTA/Omnitrans Complete Consolidation
Overlap in direct transit service provision			<input checked="" type="checkbox"/>	
Overlap in fleet or facilities			<input checked="" type="checkbox"/>	
Overlap in Planning of Transportation or Transit Services	<input checked="" type="checkbox"/> <i>Transit</i>	<input checked="" type="checkbox"/> <i>Highways</i>	<input checked="" type="checkbox"/> <i>Transit</i>	
Overlap in leadership on major capital infrastructure programs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
State legislation as impetus to consolidate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Presence of influential external consolidation champions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Funding/Financial Pressures	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Desire to pass a local tax measure	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Desire for a multi-modal planning and decision-making approach in a centralized board	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

In all three case studies, a significant overlap of some kind existed prior to consolidation, either in services provided, planning activities, and/or significant project development. Other factors were also present, including financial pressures in the Metro and OCTA cases, but the overlap of activities was likely the most compelling factor leading to a desire for consolidation. The elimination of those overlaps or duplications was also the source of much of the financial savings from consolidation, either

through a reduction of duplicate staff positions or through a service reduction or realignment. All three consolidations ultimately achieved the desired outcome of combined/coordinated services, planning activities, or project development. In the LA Metro and OCTA cases, these successes were somewhat offset in the human costs of employee layoffs and reduced employee morale.

It should be noted that the summary displayed in Table B- 1, only indicates similarity in the relative scale of the issues and opportunities presented by peer agencies and by the potential consolidation of SBCTA-Omnitrans. Like most organizations, SBCTA and Omnitrans have a variety of factors that will be analyzed specifically in this 1.4b Evaluation of Functional Areas in a Complete Consolidation report, as well as the following financial analysis report 1.4c.

B.4.2. Key Findings from Case Studies

The case study analysis revealed that, while each consolidation had its own unique opportunities and challenges, there are lessons learned and best practices that could be applied to potential complete consolidation of SBCTA and Omnitrans:

- The initial desire for consolidation or restructuring at all three peer agencies was based on some type of duplication in agencies or services. At LA Metro, it started from having two separate agencies, both doing rail network planning and development. At MTDB, it started with the vision of developing a light-rail transit system that would need to supplant the existing, uncoordinated transit services with a network that would feed and support light-rail and improve cross-jurisdiction ease of travel for passengers. At OCTA, it was a response to the existence of seven separate entities, all doing some form of transportation planning or service provision.
- All three of the peer agency consolidation case studies had their origins in state legislation mandating the change and establishing planning, funding, and operating roles of the new agency. In some cases, subsequent state legislation was also needed.
- Consolidation, by itself, was not the solution for structural budget shortfalls and poor transit performance but could be the catalyst for better outcomes if other supporting actions were taken to make the consolidation more effective and efficient. In all three cases, difficult decisions were necessary during or following the consolidation process in order to achieve increased efficiencies. With LA Metro and OCTA, it involved large-scale administrative layoffs. At MTDB, it involved service reductions and large-scale contracting for transit service delivery and service re-design.
- Restructuring takes time – often years – to see lasting effects and should involve a transition period with targeted implementation steps aimed at achieving very specific change objectives. The LA Metro consolidation was rushed with critical decisions made following the merging of its predecessor agencies, which resulted in administrative challenges, including labor strikes and prolonged retention of duplicative staff. The MTDB consolidation evolved over a number of years, and by starting with the federation of agencies concept, it was perhaps more palatable to the agencies than a sudden, forced consolidation would have been.
- Strategic planning can institutionalize changes, guide long-term policy direction and vision, and set a timeline for action. This should preferably begin before the consolidation takes effect

and should continue with multi-agency coordination efforts to achieve buy-in by the participating agencies and/or department heads.

- A balanced long-term financial plan for all modes, including Omnitrans bus service, should follow strategic planning to evaluate the financial sustainability of the agency, appease those concerned about one mode dominating the other, and secure discretionary federal grant funding in the future. Since a 20-year financial plan is already in place, this component would be easy to implement.
- A potential SBCTA-Omnitrans consolidation should be effectuated by statute to have the consolidated agency become the direct FTA grant recipient for funds that had formerly gone to Omnitrans.
- If there were to be a consolidation, decisions related to discretionary grant funds distribution by SBCTA to the consolidated agency (i.e., to its new Transit Operations Department) versus the other transit operators across the county need to be worked out ahead of any potential consolidation
- The use of separate corporate entities to solve thorny consolidation issues were present at both Metro and MTDB. Metro created the Public Transportation Services Corporation to resolve the issue of two separate sets of retirement programs and benefits between the two former agencies. MTDB created a separate California non-profit corporation to be the operator of the San Diego Trolley in order to retain independence from the transit operators and avoid perceptions of conflict of interest if they had been an operator of one of the region's services.
- The importance of strong leadership and a strategic vision from champions of the consolidation cannot be overlooked. With LA Metro, former Mayor Tom Bradley and former State Assemblyman Richard Katz were instrumental in bringing about the consolidation of SCRTD with LACTC to improve rail planning and coordination. At OCTA, it was State Senator Marian Bergeson's leadership in sponsoring legislation to consolidate multiple agencies under OCTA for increased efficiency and "one voice on transportation issues." At MTDB, it was State Senator Jim Mills' and General Manager Tom Larwin's vision of a coordinated transit system centered on a light-rail network, supported by a "federation" of local transit services under an umbrella planning agency. After the creation of the umbrella agency, a concerted effort was made by MTDB to have multiple cross-agency working groups to achieve a common purpose and buy-in among the staff of the other agencies.

C. Supporting discussion used in functional analysis

C.1. Review of Opportunities for Additional Efficiency Improvements from the 2015 Study

C.1.1. The 2015 County-wide Transit Efficiency Study Coordination and Cost Efficiency Strategies

In the 2015 Study, several strategies for improved coordination and cost efficiency among the transit agencies were recommended for consideration. These strategies were grouped into three categories:

1. High Potential Cost Savings Items
2. Low- to Mid-Level Potential Cost Savings Items
3. Items Not Likely to Reduce Cost but Could Improve Services or Revenues

Since the 2015 Study involved all the county's transit agencies as well as SBCTA, the proposed strategies were targeted toward transit operational cost savings, though there were some administrative-oriented proposals also.

In order to obtain an update on the status of implementation of the strategies by SBCTA and Omnitrans, a detailed question on this subject was included in the Questionnaire completed by both agencies. This section of the report provides the status of implementation and potential for further opportunities.

C.1.2. Strategy Implementation Status to Date

Table C- 1 provides a summary listing of all the coordination and cost savings strategies and the progress to date in implementing them. The following discussion provides a review of each strategy.

HIGH POTENTIAL COST SAVINGS ITEMS

Joint Bus/Vehicle Procurements – Omnitrans continues to use joint procurement with other agencies on vehicles, though not necessarily with other county agencies. Four ZEBs planned for their next procurement will come from a state procurement list. SBCTA had to issue a new Request for Proposals for the Arrow service rail vehicles.

ADA Certification Process – A key recommendation from the last study was to implement changes to the ADA Passenger Certification process to ensure that only properly-eligible users are certified. Omnitrans implemented in-person interviews for their ADA certification process, whereas in the past all the paperwork was just submitted and reviewed. Omnitrans reported a 40 percent reduction in applications and certifications after implementing the in-person interviews, which indicates that this step has helped reduce misuse of the ADA paratransit service.

The 2015 Study estimated a potential four-year cost savings for Omnitrans of \$842,700. Omnitrans did not provide an estimate of the actual cost savings from this strategy, but a very rough estimate can be generated by assuming that, had the program not been implemented, ADA Passenger ridership would have continued at the current level or risen, as is the experience at most other transit agencies for this very expensive service.

The following chart shows the total *OmniAccess* ridership from FY 2015 to FY 2019, and the subsidy per passenger for each of those years. If it is assumed that the in-person interviews were not implemented, ADA ridership would have remained flat at FY 2015's level. Multiplying the ridership difference between each year and FY 2015's level by the subsidy per passenger yields a potential cost savings of \$8.1 million over the four-year period. The cost to implement the program can be estimated at \$158,600 a year for two Paratransit Eligibility Technicians. While this is a very rough estimate and does not account for reduced ridership from system-wide factors, this analysis would suggest that this strategy was very successful in helping to reduce costs.

Statistic	FY15	FY16	FY17	FY18	FY19	TOTAL
OmniAccess Riders	469,042	433,954	432,343	378,087	360,124	2,073,550
Rider Reduction from FY15 Level	-	35,088	36,699	90,955	108,918	271,660
Subsidy per Rider	\$ 23.61	\$ 23.60	\$ 20.97	\$ 24.49	\$ 39.37	-
Potential Net Savings (Reduction in Riders X Subsidy per Rider)	-	\$ 828,075	\$ 769,678	\$ 2,227,356	\$ 4,287,666	\$ 8,112,775

ADA Use of Taxis for Certain Trips – This strategy recommended that the transit agencies use taxis instead of regular paratransit vans to handle some trips during low-demand hours, to reduce costly paratransit vehicles on the road. Omnitrans incorporated this recommendation into their last *OmniAccess* contract, but the contractor was not able to implement the strategy due to insurance issues. Omnitrans is re-procuring this service at this time and will work to ensure the next contractor is able to implement use of taxis.

Bus Heavy Overhaul – This strategy, involving either a joint procurement for a heavy overhaul contract and/or Omnitrans providing this service for the other agencies, was not implemented. It should be noted that the next largest transit operator in the County after Omnitrans, and the closest geographically, is Victor Valley Transit Authority (VVTA). VVTA is a 100-percent contract-operated system, and the contractor includes overhaul services as part of the contract. Thus, pursuing this strategy with VVTA was not feasible. The other agencies are likely too small, and too far away, for this to result in much savings.

Joint Bus Parts Procurement – This strategy was not implemented. Procuring bus parts jointly with other transit operators in the county was not feasible for the same reasons as the bus heavy overhaul strategy – the diversity of bus parts needs amongst county transit agencies.

Joint Tire Contracts – This strategy was not implemented. Bidding a joint tire lease contract with the other San Bernardino County transit agencies was not as feasible as predicted by the agencies in 2015.

The study team did some independent review on Omnitrans’ reported annual tire lease contract, by obtaining comparative information from LA Metro. As shown in the table below, based on the information Omnitrans provided in their Questionnaire and their annual fixed-route revenue miles, the Omnitrans tire lease cost per revenue mile is running about half that of LA Metro. While this analysis did not conduct a detailed review of each agency’s tire contract, it would seem to indicate that Omnitrans’ current lease rate is very competitive and may not likely have benefited significantly from an effort to conduct a joint procurement with other agencies.

Omnitrans Tire Lease Cost Analysis		
Omnitrans		
Lease Cost/Year	\$	514,556 (From Omnitrans Questionnaire)
Annual F/R Revenue Miles, FY18		8,984,580 (From NTD)
Cost/Mile	\$	0.0573
LA Metro		
Lease Cost/Year	\$	8,181,785 (\$40.9 million 5 year contract divided by five)
Annual F/R Revenue Miles, FY18		73,191,891 (from NTD, includes BRT mileage)
Cost/Mile	\$	0.1118

Joint CNG Fuel Procurement – This strategy was not implemented. During the agency interview, Omnitrans stated that though they asked the other county operators about the possibility of participating during their CNG fuel procurement, the responses conveyed a lack of interest.

LNG to CNG Conversion at Omnitrans – This strategy involved converting Omnitrans’ previous trucked-in LNG fuel to an on-site CNG fueling operation. This strategy was implemented at both of Omnitrans’ main fixed-route yards, with West Valley implementation in August 2017 and East Valley implementation in October 2017. In addition to the elimination of fuel trucking costs, Omnitrans receives revenue from its participation in an alternative fuel credits program with their vendor⁴⁸. Omnitrans estimates savings totaling \$4.6 million to date on CNG fuel costs; however, this savings is partially offset by increased electrical costs to run the CNG compressing equipment. *OmniAccess* vehicles are brought to one of the two main yards for CNG fueling.

⁴⁸ A [low-carbon fuel standard \(LCFS\)](#) is a rule enacted to reduce carbon intensity in transportation fuels as compared to conventional petroleum fuels, such as gasoline and diesel. The most common low-carbon fuels are alternative fuels and cleaner fossil fuels, such as natural gas (CNG and LPG). The main purpose of a LCTF is to decrease carbon dioxide emissions associated with vehicles powered by various types of internal combustion engines while also considering the entire life cycle ("well to wheels"), in order to reduce the carbon footprint of transportation.

Table C-1. Agency Progress to Date in Implementing Coordination and Cost Savings Strategies

Category/Strategy	Applicability SBCTA	Applicability Omnitrans	2015 Study's Est. 4-Year Cost Savings for Omnitrans	Omnitrans Actual Progress to Date in Implementing Recommendations	Omnitrans Estimated Actual Cost Savings to Date from Implementation	SBCTA Progress to Date in Implementing Recommendations	SBCTA Estimated Actual Cost Savings to Date from Implementation
High Potential Cost Savings Items							
Joint Bus/Vehicle Procurement		X	\$3,900,000	Have used Joint procurement and state contracts for vehicle procurements. (not necessarily county partners)	Unknown	N/A	N/A
ADA Certification Process	X	X	\$842,700	Changed to in person interview	Unknown	N/A	N/A
ADA Use of Taxis for certain trips		X	\$1,091,000	Last Access contract included provisions for use of taxi. However, due primarily to insurance requirements, taxi providers were not implemented	Not Implemented	N/A	N/A
Bus Heavy Overhaul/Repair		X	\$203,400	Not implemented	Not Implemented	N/A	N/A
Joint Bus Parts Procurement		X	\$1,296,000	Not implemented	Not Implemented	N/A	N/A
Joint Tire Contracts		X	\$81,100	Not implemented	Not Implemented	N/A	N/A
Joint CNG Fuel Procurement		X	\$439,100	Not implemented	Not Implemented	N/A	N/A
CNG Conversion at Omnitrans - Scenario 3		X	\$1,807,400	August 2017 WV October 2017 EV	\$1,768,030 \$2,860,444	N/A	N/A
Low to Mid-Level Potential Savings Items							
Regional Cust. Tel. Info Center		X		Not implemented	N/A	Not Implemented	
Project Development / Construct. Mgmt.	X	X		Major projects (WVC/SBTC, etc) were consolidated at SBCTA	Unknown	SBCTA assisted MT with maintenance facilities feasibility study and assumed responsibility to delivery WVC from Omnitrans	
Regional Marketing	X	X		Using LCTOP there was a regional marketing effort for the other county operators, Omnitrans was not included related to funding source constraints	N/A	SBCTA assisted the Mountain/Desert operators with a regional marketing effort in 18/19 using LCTOP funding designated for their region.	\$481,000
Mutual Aid Agreements		X		Mutual aid agreements exist. In all cases Omnitrans provides mutual aid to others	N/A for Omnitrans, unknown for others		

Table C-1 Agency Progress to Date in Implementing Coordination and Cost Savings Strategies (continued)

Category/Strategy	Applicability SBCTA	Applicability Omnitrans	2015 Study's Est. 4-Year Cost Savings for Omnitrans	Omnitrans Actual Progress to Date in Implementing Recommendations	Omnitrans Estimated Actual Cost Savings to Date from Implementation	SBCTA Progress to Date in Implementing Recommendations	SBCTA Estimated Actual Cost Savings to Date from Implementation
Items not likely to reduce cost but could improve services or revenues							
Inter-Agency transfer agreements		X		Agreements were updated, but existed previously	N/A		
Service Planning/ Data Analysis Assistance	X	X		Occasional support to partners but at no cost	N/A	SBCTA is conducting the Countywide ZEB Study	Unknown potential cost savings county-wide by consolidating all agencies under one study.
Grant Application Assistance (Non-competitive)	X	X		See SBCTA column	N/A	SBCTA provides support for LCTOP funding and reviews grant applications when requested. Omnitrans also reviews grant applications for WVC prepared by SBCTA. SBCTA administers the FTA 5310 call for projects and assists Omnitrans with their applications.	
Civil Rights Compliance Assist.		X		Not implemented	N/A	SBCTA's contract with AMMA Transit planning helps with 5310 Applications, Unmet Needs, Transit Operators assistance such as grants, grant review, Title VI analysis, special transit projects	
Training/Staff Development		X		Limited to none. Omnitrans has hosted training such as NTI, UOP etc and has informed peers	N/A	N/A	

LOW TO MID-LEVEL POTENTIAL SAVINGS ITEMS

Regional Customer Telephone Information Center – This strategy was not implemented by either SBCTA or Omnitrans. During the 2015 Study, some interest had initially been expressed in this strategy by several of the transit agencies. However, at the time, the smaller operators were already covering this activity with the same staff that also check-in drivers, dispatch service, and answer phones. There was little cost to be saved by the smaller operators from participating in a regional information center.

However, now that the SBTC has opened, and serves not only Omnitrans buses but also VVTA, MARTA, RTA, Metrolink, and PASS Transit service, and with Omnitrans customer service staff co-located at SBTC, this strategy bears re-examination, at least for the service coordination benefits.

Project Development/Construction Management – This strategy was implemented by both Omnitrans and SBCTA. Omnitrans transferred the West Valley Connector and SBTC projects to SBCTA; SBCTA used one of its existing on-call contracts to assist Mountain Transit with their maintenance facility feasibility study, saving Mountain Transit the cost of procuring their own consultant for that study. Omnitrans reported that, at this time, there is no formal policy with SBCTA regarding which projects will be transferred to SBCTA and which will be retained by Omnitrans. It appears from recent practice that their larger projects are being transferred.

Regional Marketing – This strategy involved a regional effort to market transit services and transit information, particularly for agencies which provide cross-jurisdictional services, such as VVTA and MARTA. While such efforts may not save money in the short run, they could contribute to ridership and long-term service productivity improvements and improve information available to the customer. The strategy was implemented between SBCTA and some of the other county transit agencies using Low Carbon Transit Operations Program (LCTOP) funding, one of several state programs under the California Climate Investments (CCI), funded through auction proceeds from the California Air Resources Board's (CARB) cap-and-trade program. Funding restrictions prevented Omnitrans from participating.

Mutual Aid Agreements – This strategy involved execution of emergency/mutual aid agreements to support the agencies' services that travel long distances to San Bernardino and incur accidents or breakdowns. The cost and time for certain agencies' home bases to service accidents or breakdowns that occur far from their primary service areas is significant and creates a major inconvenience to passengers. The strategy was implemented between Omnitrans, VVTA, and Mountain Transit.

ITEMS NOT LIKELY TO REDUCE COST BUT COULD IMPROVE SERVICES OR REVENUES

Inter-Agency Transfer Agreements – Creating additional or updated Inter-Agency Transfer Agreements among the county transit agencies was identified in the 2015 Study to improve service coordination. These agreements existed previously between Omnitrans and several other operators and were updated following the 2015 Study.

Service Planning/Data Analysis Assistance – SBCTA and Omnitrans both reported that they explored the potential need for providing service planning and/or data analysis services with other county

transit agencies. Omnitrans provides occasional support to other agencies at no cost; SBCTA is conducting a county-wide ZEB study for the benefit of all county transit agencies.

Grant Application Assistance (Non-competitive) – Both agencies work together on preparing grant applications under certain funding programs and review each other’s applications as requested. Omnitrans also acts as the FTA direct recipient on projects where SBCTA needs to access FTA funding as a sub-recipient.

Civil Rights Compliance Assistance – SBCTA provides consultant assistance on civil rights compliance issues for the smaller transit agencies through its on-call agreement with AMMA Planning.

Training/Staff Development – Joint training and staff development has not been implemented amongst the San Bernardino County transit agencies. Omnitrans has hosted on-site training from time to time and has informed the other agencies but there has been little or no participation.

C.2. Functional Assessment of the Transit Agencies

To identify commonalities and differences between Omnitrans and SBCTA functions and identify potential opportunities for efficiencies under consolidation, a detailed Questionnaire was completed by each agency. The Questionnaire covered six functional areas:

Section	Functional Area	Reference
-	General Background	Table C- 2
A	Current Transit Services Provided	Table C- 3
B	Operations and Administrative Support Functions	Table C- 4
C	Management Information Systems/Information Technology (MIS/IT)	Table C- 5
D	Fixed Asset Review	Table C- 6
E	Short- and Long-Range Planning	Table C- 7

Following receipt and review of the Questionnaires, the study team conducted agency interviews of key staff at each agency to obtain clarifications and ask follow-up questions for a complete picture of each agency’s operations. Meeting summaries of those interviews are included in the Task 1.2 Appendix to this report.

The information from this process was then summarized in the attached tables, grouped into the six key areas. The tables are based on the same format used in the 2015 Study; the study team has kept the columns of information from 2015 and added columns for 2020, so that comparisons can be made both between SBCTA and Omnitrans today and in 2015. The following discussion summarizes and analyzes the findings for each functional area. The tables are provided at the end of this section.

C.2.1. General Background

Table C- 2 summarizes the information collected from the “General Background” portion of the Questionnaire, supplemented by agency interview information. As noted at the beginning of this report and in the table, Omnitrans and SBCTA are both transportation agencies, but they differ dramatically in the missions they serve and the functions they provide.

SERVICES PROVIDED

Omnitrans is a traditional fixed-route bus transit operator with an extensive array of transit services; SBCTA is principally an administrative and project delivery agency and does not operate any fixed-route transit services. Thus, there are limited areas of commonality regarding transit service provision. SBCTA has implemented a vanpool subsidy program the past two years, which is a qualifying transit mode under FTA rules.

FUNDING

Both SBCTA and Omnitrans rely on Transportation Development Act (TDA) Local Transportation Funds (LTF) and State Transit Assistance Funds (STAF) for their programs. They both also utilize Measure I funds for both operations and capital projects.

Both agencies utilize FTA funds, but for differing purposes. FTA funding helps pay for major capital projects conducted by SBCTA; Omnitrans uses FTA funding for some capital replacements but also uses it extensively to help cover their operating budget through the “preventative maintenance” allowance in FTA rules. In fact, 19 percent of Omnitrans’ FY 2020 operating budget relied on FTA Section 5307 funds.

COORDINATION AND COST SAVING STRATEGIES

In the 2015 Study, a major focus was to identify opportunities for increased coordination and/or cost efficiency. The current study’s Questionnaire and follow-up discussions during the agency interviews solicited updates on the status of these efforts. These opportunity areas and status updates are shown in Table C- 2.

Areas where SBCTA and Omnitrans coordinate directly include the development and submission of grant applications, grant administration, project development, and project construction. This lends support to the notion that administrative and project delivery areas are likely to be the areas of greatest commonality between the two agencies.

Not being a transit operator, several of the operations-related opportunity areas do not apply to SBCTA. Omnitrans continues to conduct joint procurement of buses with other agencies (not necessarily San

Bernardino County operators). Omnitrans has updated its transfer or interagency agreements with other agencies. Omnitrans also implemented Mutual Aid Agreements with some of other county transit agencies.

Omnitrans implemented the conversion of trucked-in LNG to CNG at its two primary operating facilities, saving an estimated \$4.6 million in operating costs to date. Omnitrans also implemented in-person interviews for the ADA Paratransit Certification process, which led to a reported 40 percent decrease in applications and resulting operating cost savings. An estimate of the approximate potential savings from this policy change is provided in Section 4, “Review of Opportunities for Additional Efficiency Improvements from 2015 Study”.

C.2.2. Current Transit Services Provided

Table C- 3 lists information on “Current Transit Services Provided” obtained from the agency Questionnaires.

SERVICE PROVIDED AND SERVICE HOURS

The first portion of this table lists services, service hours, and service day details for each of the services offered. SBCTA does not operate any regular fixed-route services; however, a vanpool subsidy program was implemented in September 2018, and had 34 vanpools as of the end of FY 2019. As of January 2020, 53 vanpools have been approved and two are pending.⁴⁹ SBCTA has also just implemented a pilot Private Transportation Pilot program using Lyft to provide travelers subsidized service to Ontario International Airport. This type of specialized micro-transit service may be a preview of the types of service that need to be considered during the Innovative Transit Review portion of this study.

This section of the Questionnaire provides an update of Omnitrans’ service offerings. The principal changes in Omnitrans services since the 2015 Study include the implementation of the sbX BRT service, and the addition of a second Freeway Express route. Overall service levels and service hours are relatively similar to those of the 2015 Study.

SERVICE DELIVERY

Responses to this section of the Questionnaire showed comparable findings to those of the 2015 Study. SBCTA does not operate any regular transit services, except for the vanpool subsidy and pilot projects noted above; Omnitrans still directly operates all of the fixed-route service that uses full-sized buses, and contracts with a private firm for operation of the *OmniGo* community circulator service and the *OmniAccess* ADA Paratransit service.

⁴⁹ Per WSP USA staff managing the Vanpool Subsidy program.

SERVICE CHARACTERISTICS

Two other service issues explored through the Questionnaire were peak-to-base ratios and dispatching hours. Omnitrans' current system is still based on a "hub-and-spoke" design concept, with three major transfer centers, including the SBTC, which opened in 2016. The peak-to-base service ratio is relatively flat, with most routes operating the same headway most of the day. Omnitrans' main dispatching center is in their East Valley Facility, with operating hours of up to 21.25 hours a day; the West Valley Facility only operates about 10 hours a day.

EXISTING TRANSFER AGREEMENTS

Omnitrans continues to have inter-agency transfer agreements with most of the same agencies as in the 2015 Study.

ADA SERVICE

Omnitrans continues to provide complementary ADA Paratransit service, using assigned vehicles and drivers (via their contractor), and next-day reservations. One significant change Omnitrans has made, however, is to require in-person interviews as part of the ADA Certification process. The implementation of that requirement has reportedly resulted in a reduction in applications and certifications by 40 percent. Given that ADA service is, by far, the most expensive service to provide on a per-passenger basis (\$45.90 per passenger in FY 2019), this is an important efficiency improvement that is paying off. Section 4 of this report provides an approximate savings estimate.

C.2.3. Operations and Administrative Support Functions

Table C- 4 provides study findings on the "Operations and Administrative Support Functions" at the agencies. As with the previous sections, since SBCTA does not operate any traditional transit service, many of the sections in Table C- 4 are not applicable to it.

DIRECT AGENCY PERSONNEL

The first portion of Table C- 4 summarizes the management and administrative staffing levels (agency personnel) at each agency. Details on the specific positions at each agency are provided in the agency-by-agency review in Section 2 of this report.

In the 2015 Study, the team was instructed to consider only SBCTA's Transit and Planning staff for comparison with the other agencies. Because of this and due to significant differences in the manner each agency is staffed, the table provides separate sections for the 2015 and 2020 data.

Omnitrans has, by far, the largest number of in-house management and administrative staff positions, at 163, up from 153 in 2015. Omnitrans has depth in all areas traditionally staffed in a medium to large transit agency. In addition, Omnitrans has 463 coach operators and 96 maintenance employees. Thus, the total direct employees for Omnitrans is 722.

SBCTA has 67 total direct employees. As would be expected, the vast majority of the positions are administrative in nature. SBCTA does not explicitly separate out the Human Resources, Risk,

Procurement, Payroll, or Information Technology functions, which are covered by consultant support and other SBCTA staff.

In the “2020 Agency Management and Administrative Staff” section of Table C- 4, areas of potential staffing commonality between SBCTA and Omnitrans include:

- General Government/General Management;
- Clerk of the Board functions;
- Fund Administration/Treasury;
- Financial Management;
- Planning;
- Marketing;
- Transit/Operations Administration; and
- Project Delivery/Capital Project Management.

Table C- 4 attempts to show these common areas on the same line for each function. There are differences in what the personnel in these areas do at each agency. However, for purposes of this study, these constitute areas to focus more closely on for potential efficiencies in the case of a consolidated agency.

An additional area that does not appear in Table C- 4 but is clearly an area of agency overlap is board and committee functions. Both agencies have separate boards and policy committees which meet monthly. Both boards and committees often meet on the same day and discuss the same topics. Thirteen of the 19 Omnitrans board members also serve on the SBCTA Board. Consequently, a significant amount of board member time is spent reviewing the same material, discussing the same issues, and making similar decisions regarding Omnitrans and transit services in the Omnitrans service area.

CONTRACTOR AND CONSULTANT SERVICES

For this study, the Questionnaire asked each agency to identify the dollar value of contractor or consultant services used in each functional area to provide a relative comparison of how much agency activity is contracted out or conducted by in-house staff. This information is shown in the “Contractor/Consultant Services” section of the Questionnaire. As discussed in Section 2, SBCTA relies on contractors and consultants for a large amount of agency activity, totaling \$9.4 million. This is more than the amount of all direct staff salaries at SBCTA. Omnitrans has an estimated total of \$20.6 million in contractor and consultant services, and this excludes fuel purchases. Listings in the Appendix provide details on the contractor and consultant services of both agencies.

Many of the contractor and consultant services are unique to each agency. Omnitrans’ services are heavily service-oriented. Omnitrans contracts for its ADA Paratransit and its *Omnigo* service; at \$11.0 million a year, that is, by far, the largest single contracted operating expense between the two agencies.

Omnitrans has many sub-contractors to support facility maintenance functions, and an extensive list of annual license and maintenance fees to support its operations-related information technology functions. The two largest in this latter group are service contracts with SAP for its enterprise financial functions, and Trapeze Group for its operations management and scheduling functions. The SAP package, in particular, could be an opportunity for sharing between the agencies, given the breadth of the financial applications available. For example, Omnitrans processes its own payroll in SAP, while SBCTA is sending timesheet information to the San Bernardino County Human Resources and Auditor/Controller for processing payroll.

EMPLOYEE BENEFIT PROGRAMS

As shown in the “Agency Benefit Programs” portion of Table C- 4, employee benefit programs between the agencies are similar regarding the types of benefits provided. Both agencies provide paid sick leave, vacation, and holiday pay and offer all employees health, dental, and vision insurance plans, but there are differences between the agencies as to the level of benefits (e.g., number of paid holidays per year, paid administrative leave eligibility, deferred compensation eligibility, contribution levels toward health plans, accruals and cash outs of accruals). At Omnitrans, there are some differences in plans, depending on employee group (management, bargaining unit, etc.). Overall, while there are similarities on the types of benefits provided, further analysis must be done to identify the cost variances between the two agencies for benefit programs.

Another significant difference between the two agencies is in their retirement plans. SBCTA is under SBCERA, while Omnitrans is under CalPERS. Both plans offer “Tier 1 Employees” (i.e., employees hired prior to the effective date of PEPRA) a “2 percent @ 55” program. However, for employees hired after the effective date of PEPRA, SBCTA Tier 2 employees receive a “2.5 percent @ 67” program, while post-PEPRA Omnitrans Tier 2 employees receive a “2 percent @ 62” program. These could be significant considerations for employees, in the event of an agency consolidation.

In addition, SBCTA is currently paying an overall retirement contribution rate of 34.70% of covered payroll into SBCERA as the employer contribution, while Omnitrans is only paying an overall rate of 13.46% of covered payroll into CalPERS. This area may be an opportunity as well as a challenge. While the contribution rate paid by Omnitrans to CalPERS is more than 60% lower than the contribution rate paid by SBCTA to SBCERA, it is unknown at this time if the difference is based on actuarial assumptions, what each plan considers pensionable compensation, based on the current assets each plan has, or a combination of these and other variables. So, it is unclear what the impact would be by a change in retirement systems. Also, the legal structure of the potential consolidated agency will play a role on how the retirement system must be established. This area requires significant analysis. Some of the options that will be explored are the termination of a plan, the transfer of assets from one plan to another, and grandfathering employees in their current systems.

C.2.4. Management Information Systems/Information Technology

Table C- 5 summarizes the Questionnaire responses regarding MIS/IT at the agencies.

As noted earlier in the discussion of contractor and consultant services, Omnitrans has an extensive array of software systems and applications, many in direct support of transit operations as well as financial functions. Omnitrans relies on two major software providers for many of its core activities. SAP Enterprise level software provides the major financial functions, project management, and materials management. Trapeze Group software is used for major operational functions, including transit scheduling and driver assignments and ADA Paratransit scheduling and management. Omnitrans also has many other systems directly tied to passenger information and equipment support, such as GFI/Genfare for fare collection, NextBus/Cubic for on-board passenger announcements and information for customers, and specialized systems for fleet management and two-way radio communications. These systems are common at transit agencies of Omnitrans' size.

SBCTA's systems are focused primarily on financial functions and project management, as would be expected given the agency's mission. As discussed in Section 2.2.4, SBCTA uses Tyler Technology's EDEN software for its major financial accounting functions, including Accounts Payable, Accounts Receivable, Budget Prep, Contract Management, General Ledger, Human Resources, Payroll, Project Accounting, and Purchasing. During the SBCTA interview, staff indicated this major package is slated for replacement in the near future. If, under an agency consolidation, Omnitrans' SAP system could be easily-modified to meet SBCTA needs, this could be an area of longer-term cost savings.

SBCTA's major project management software is EcoSys Database. In support of the ten-year plan updates, EcoSys manages data input directly or imported from Primavera by project, phase, contract, fund source and fiscal year. Revenue sources and actual expenditures are entered into EcoSys. With the information in the system, EcoSys provides an effective means to analyze the project cash flow needs and project total funding needs against funding available (SBCTA, 2020). Staff explained that it is a critical need of the agency to be able to track funding sources to all expenses, including staff time charges as well as contractors and consultants. SBCTA also uses Primavera Scheduling software for project management.

One relatively recent area of software acquisition by SBCTA is the TripSpark Vanpool Subsidy Program management system. This software is a Trapeze Group product and was rolled out in the past year. The Riverside County Transportation Commission, which jointly funds the IE Commuter Program with SBCTA, is reportedly also moving to TripSpark. Trapeze Group is a common vendor between both SBCTA and Omnitrans and the team will explore possible savings under potential consolidation; however, team experience is that software vendors typically charge separate user or license fees for each unique module, and the modules used at SBCTA and Omnitrans are different.

C.2.5. Fixed Asset Review

Table C- 6 summarizes the "Fixed Asset Review" portion of the Questionnaire, covering vehicles and facilities.

As would be expected, given the agencies' differing missions, the fixed-assets owned by each agency are dramatically different. Omnitrans owns a large 192-vehicle fixed-route bus fleet, comprised of standard

full-size 40-foot buses and articulated 60-foot buses for the BRT line. They also own 106 “cutaway” buses for *OmniAccess* and *OmniGo* service, and a 69-vehicle non-revenue support fleet. SBCTA lists only one staff support vehicle as its fleet.

Omnitrans owns three administrative, operating, and maintenance facilities, and leases two additional locations, to support fleet operations. Omnitran also owns the relatively-new SBTC and 16 BRT stations along the sbX corridor. SBCTA owns the historic San Bernardino Santa Fe Depot building which houses its administrative staff, the crew house at SBTC and several depot stations. SBCTA also owns active and inactive railroad rights-of-way.

C.2.6. Service Planning

Table C- 7 summarizes Questionnaire responses regarding “Service Planning.”

PLANNING STAFF

SBCTA and Omnitran have relatively similar-sized Planning staffs, at six and 6.5 positions, respectively. However, the Planning staff roles at the two agencies are quite different, and both serve critical roles in support of the agency missions.

PLANNING ACTIVITIES

SBCTA Planning staff are focused principally on long-range and county-wide plans, multi-modal plans, grant applications, infrastructure planning, and area-wide transportation modeling and analysis. Omnitran’s Planning staff are heavily focused on short-range service and route planning, transit service scheduling, and driver work assignment preparation. Some capital planning is performed pertaining to bus stop facilities, and support is provided for grant application preparation.

Both agencies use data analysis and GIS skills in their planning efforts, which would be two areas of potential resource sharing.

Several of the task areas in Table C- 7 are unique to a transit operations, such as on-going processes for evaluating route performance, ridership counting, on-time performance monitoring and evaluation, and Title VI Compliance analyses for service and fare changes.

Table C- 2. General Background

General Background				
Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Agency Overview:				
Service Area Population	2,035,200	1,470,000	2,174,938	1,500,107 (2018 NTD)
Service Area Geographic Area (Sq. Miles)	20,057 (San Bernardino County)	463	20,0573 (San Bernardino County)	466
Total Annual System Ridership, All Modes Combined	-	16,146,268	-	10,863,530
Direct or Contract Operation	-	Direct - F/R; Contract - D/R and some Community Routes	N/A	Direct - F/R, BRT, Freeway Express; Contract - D/R and some Community Routes
Services Provided:				
Fixed-Route		√	N/A	√
Deviated Fixed-Route			N/A	
Bus Rapid Transit (BRT)		√	N/A	√ One BRT Route
Passenger Rail	√ (Future Arrow Service to be operated by Metrolink, supports Metrolink Svc)	-	No direct rail operations; (Future Arrow Service to be operated by Metrolink, supports Metrolink Svc)	-
Express Bus			N/A	√ Two Routes
Commuter Express		√	N/A	-
General Public Demand Response		√	√ Pilot Lyft Service Subsidy program to connect transit and trains to ONT	-
ADA Paratransit		√	N/A	√
Vanpool	(SBCTA is exploring implementation of Vanpool subsidy program)		√ (SBCTA has its own Vanpool Subsidy Program)	-
Other				
Founding Legislation (Senate Bill, JPA, etc.)	Created as COG 1973	JPA - 1976	Became SBCTA 2017 On-going JPA for the COG	JPA - 1976
Funding Sources: Operating				
FTA Section 5307	N/A	√		√
FTA Section 5309				
FTA Section 5339				
FTA Section 5310				√
FTA Section 5311				
FTA Section 5316 (JARC)				√
Other FTA:			√ (CMAQ Flex used for Vanpool Program)	
Transportation Dev. Act - LTF	√	√	√	√
Transportation Dev. Act - STA	√	√	√	√
Measure I	√	√	√	√
Other:	√ Bond Proceeds	√ (Fares, Ad Revenue, Interest/Rental)	State grants for plans e.g. greenhouse gas, sidewalk inventory, etc., Member special assessments for COG	MediCAL Billing





Table C- 2. General Background (continued)

General Background				
Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Agency Overview:				
Funding Sources: Capital				
FTA Section 5307		√	√	√
FTA Section 5309				
FTA Section 5310				√
FTA Section 5311				
FTA Section 5316 (JARC)				
FTA Section 5317 (New Freedom)				
FTA Section 5339				√
Other FTA:			√ - TIGER Grants	
Transportation Dev. Act - LTF	√		√	√
Transportation Dev. Act - STA	√		√	√
Measure I	√		√	√
Other:	√ Bond Proceeds	√ (PTMISEA, CMAQ)	Federal ARRA; LCTOP; TIRCP; CMAQ; Prop 1B	CMAQ Used in FY18 and FY19
Activity/function with current coordination:				
Procurement: Buses		W/ other Non SB Co. Ops	N/A	W/ other Non SB Co. Ops
Other:				
Transfer or Interagency Agreements (See "Current Service Provided Matrix)			N/A	
Agency opinions on activities/functions for future coordination:			Implementation Status	Implementation Status
Operations/Maintenance:				
Procurement - Bus Parts			N/A	NO
Procurement - Fuel			N/A	NO
Tire Contracts			N/A	NO
CNG Fuel Station Maintenance			N/A	NO
LNG to CNG Fuel Conversion (Omnitrans)			N/A	YES
Heavy Overhaul/Repair Services			N/A	NO
Body Repair/Painting			N/A	NO
Training - Coach Operator			N/A	NO
Emergency/ Out-of-Area mutual aid/support			N/A	YES

Table C- 2. General Background (continued)

General Background				
Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Management & Operations/Maintenance (Admin):				
ADA Eligibility Determination/Certification			N/A	YES
Civil Rights Compliance (e.g., Title IV)				NO
Fare Media			N/A	NO
Grant Application/Submission			YES - Works with Omnitrans	YES - Works with SBCTA
Grants Administration			YES - Works with Omnitrans	YES - Works with SBCTA
Marketing/Regional Marketing			NO	NO
Advertising				
Project Development and Construction			YES - Works with Omnitrans	YES - Works with SBCTA
Regional Transit Telephone Information/Customer service			NO	NO
Reservationists			NO	NO
Regional Fare Structure			NO	NO
Service Planning/Analysis			NO	YES
Joint Service Contracting			N/A	NO
Procurements (Non-bus)			YES - Works with Omnitrans on major projects	NO
Procurement Training			NO	NO
Staff Resource Sharing			YES - Works with Omnitrans	YES - Works with SBCTA
Training - Customer Service			NO	NO
Training - On-going Training /Staff Development			NO	NO

Key:

	= Currently coordinating or supports coordination
	= May support coordination
	= Does not believe coordination on this item works for agency
	= Not discussed at Site Visit

Notes: AB = Assembly Bill; ADA = Americans with Disabilities Act; JARC = Job Access Reverse Commute; JPA = Joint Powers Authority; MDPDTMS = Mountain/Desert Subareas Project Development and Traffic Management Systems; TREP = Transportation Reimbursement Escort Program; CTSGP = California Transit Security Grant Program

Table C- 3. Current Transit Services Provided

A. Current Transit Services Provided

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Current Transit Services Provided:				
Services Provided on Weekdays (W), Saturdays (Sa), Sundays (Su)				
Fixed-Route	Agency currently does not operate any transit services	<p>Fixed Route: W: 3:48 a.m. to 11:12 p.m. Sa: 5:13 a.m. to 10:34 p.m. Su: 5:51 a.m. to 7:49 p.m.</p> <p>OmniGo (308/309/310): W: 6 a.m. to 9 p.m. Sa: 7 a.m. to 8:25 p.m. Su: 7:30 a.m. to 6:40 p.m.</p> <p>OmniGo (365): W: 5 a.m. to 10 p.m. Sa: 6 a.m. to 6 p.m.</p> <p>OmniGo (325): W: 5 a.m. to 8:30 p.m. Sa: 7:20 a.m. to 6:15 p.m. Su: 8:30 a.m. to 6:15 p.m.</p>	Agency does not operate any regular fixed-route transit service	<p>Fixed Route (Local Bus Service): W: 3:27 a.m. to 11:28 p.m. Sa: 5:20 a.m. to 10:37 p.m. Su: 5:35 a.m. to 8:25 p.m.</p> <p>OmniGo (all OmniGo Services): W: 5 a.m. to 8:52 p.m. Sa: 6:05 a.m. to 8:25 p.m. Su: 6:05 a.m. to 6:39 p.m.</p>
Bus Rapid Transit (BRT)		W: 6 a.m. to 8:45 p.m.	N/A	1 route - sbX BRT (Green Line) W: 5:00am-8:52 pm Sa: 6:05am-8:25pm Su: 6:05am-6:39pm
Passenger Rail	Hours to be Determined (Future Services)		SBCTA is constructing the Redlands Passenger Rail Project, AKA Arrow service. Operations to be handed off to Metrolink	N/A
Freeway Express Bus			N/A	2 routes - Routes 215 and 290: 215 operates 7 days a week, 290 weekday only. W: 4:18am-9:49 pm Sa: 6:38am-10:27pm Su: 6:38am-7:27pm
Commuter Express			N/A	N/A
ADA Paratransit		Same as Fixed-Route	N/A	OmniAccess ADA Paratransit Service: Days and Hours of service match the fixed-routes in the same areas
Vanpool			Vanpool Subsidy Program begun in September, 2018. 34 Vanpools as of end of June, 2019	N/A
Other			Private Transportation Provider Pilot Program (Lyft) just begun for trips to/from ONT, with 45 uses in 6 weeks.	Paratransit trip coordination with Social Service Agencies through the CTSA function

Table C- 3. Current Transit Services Provided (Continued)

A. Current Transit Services Provided

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Current Transit Services Provided:				
Services Provided: Direct-operated or contracted, if contracted, list firm				
Fixed-Route	N/A	Fixed-Route: Direct-operated (Limited) Fixed-Route: Contracted: First Transit, Inc.	N/A	All Regular Fixed-Route Services: Direct-operated OmniGo Services: Contracted: MV Transportation
Deviated Fixed-Route			N/A	N/A
Bus Rapid Transit (BRT)		Direct-operated	N/A	Direct-operated
Passenger Rail			N/A	N/A
Express Bus			N/A	Direct-operated
Commuter Express			N/A	N/A
General Public Demand Response		Direct-operated	N/A	N/A
ADA Paratransit		Contracted: First Transit, Inc.	N/A	Contracted: MV Transportation
Vanpool			Vanpool Subsidy Program begun in September, 2018. 34 Vanpools as of end of June, 2019	N/A
Other	SANBAG Funds and is a Member of SCRRA		SBCTA Funds and is a Member of SCRRA; Private Transportation Provider Pilot Program (Lyft) just begun for trips to/from ONT, with 45 uses in 6 weeks.	Paratransit trip coordination with Social Service Agencies through the CTSA function, via agreements with 14 separate agencies
Services Provided: For Direct-Operated Services, indicate labor union if represented				
Fixed-Route		Amalgamated Transit Union	N/A	Amalgamated Transit Union for Bus Operations; Teamsters for Maintenance and some Administrative Positions
Deviated Fixed-Route			N/A	N/A
Bus Rapid Transit (BRT)		Amalgamated Transit Union	N/A	Amalgamated Transit Union for Bus Operations; Teamsters for Maintenance and some Administrative Positions
Passenger Rail	(Future Services)		N/A	N/A
Express Bus			N/A	Amalgamated Transit Union for Bus Operations; Teamsters for Maintenance and some Administrative Positions
Commuter Express			N/A	N/A
General Public Demand Response		Amalgamated Transit Union	N/A	N/A
ADA Paratransit			N/A	Contracted to MV Transportation
Vanpool			No paid labor in vanpools except consultant support to administer program	N/A
Other				

Table C- 3. Current Transit Services Provided (Continued)

A. Current Transit Services Provided

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Current Transit Services Provided:				
Service Characteristics				
System Design Concept	Agency currently does not operate any transit services	Hub-and-spoke system with transfers at major transfer centers	Vanpool program routes based on demand to/from major employers in the County	Hub-and-spoke system with transfers at three major transfer centers
Peak to Base Ratio		Frequencies range from 10 minutes (sbX Green Line) to 60 minutes (fixed routes), and up to 120 minutes; however, system mostly operates on a base level of service all day	N/A	Frequencies range from 10 minutes (sbX Green Line) to 65 minutes (fixed routes); however, system mostly operates on a base level of service all day. No significant peak-to-base ratio
Dispatching Hours		East Valley Facility: 21 hours/day West Valley Facility: 12 hours/day	N/A	East Valley Facility: 21.25 hours/day West Valley Facility: 10 hours/day
Existing Transfer Agreements				
Agency/Type of Agreement		Foothill Transit, Riverside Transit Authority, MARTA, and Metrolink/Transfers: Omnitrans accepts purchased passes from points of connection	N/A	Foothill Transit, Riverside Transit Authority, MARTA, PASS Transit, VVTA Transit, and Metrolink/Transfers: Interagency Coordination Agreements.
Agency/Type of Agreement		Orange County Transportation Authority/Transfers: Omnitrans accepts purchased passes from Chino Transit Center	N/A	
ADA Service:				
Service Delivery Method	No ADA-specific Service (agency currently does not operate any transit services)	ADA-specific Service: Assigned Vehicles/Drivers	N/A	ADA-specific Service: Assigned Vehicles/Drivers, with next-day advance scheduling using dispatchers and reservationists
Considered using taxis during early/late hours?		No	N/A	Not currently, but under consideration as part of current contract resolicitation
ADA Passenger Certification Process		<ul style="list-style-type: none"> ▪ Applicant completes paper application. A Healthcare Verification Form from his/her licensed medical provider also is required. ▪ Process conducted in-house 	N/A	<ul style="list-style-type: none"> ▪ Applicant completes paper application. A Healthcare Verification Form from his/her licensed medical provider also is required. In-Person interview required as part of certification process, which has reduced applications by 40%. ▪ Process conducted in-house
Reviews/audits of ADA Certification process?	N/A	Yes	N/A	Yes, as part of FTA Triennial Reviews in FY16 and FY19

Table C- 4. Operations and Administrative Support Functions**B. Operations and Administrative Support Functions**

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Operations and Administrative Support Functions:				
2015 Agency Management and Administrative Staff¹:				
General Management	3	4		
Finance /Grants	0	12		
Human Resources and Safety	0	13		
IT Department	0	7		
Procurement Department	0	22		
Operations Department	0	44		
Maintenance Department	0	20		
Planning Department	2	7		
Marketing Department/Customer Service	0	24		
Mobility Management	0	0		
2015 AGENCY TOTAL ALL ADMINISTRATIVE FUNCTIONS	5	153		
2020 Agency Management and Administrative Staff				
General Government/General Management/ Legal Counsel/ Risk			7	2
Clerk of the Board Functions (includes Admin support for all departments)			10	2
Fund Administration/Budgeting/Treasury			8	1
Financial Mgmt (Includes Payroll)			11	10
Procurement (Omnitrans includes 11 Parts Clerks)			3	20
Human Resources (SBCTA includes IT/Facilities)			2	11
Information Technology			-	10
Environment/Commuter/Motorist Assistance			4	-
Legislative (Omnitrans - Marketing)			4	3.5
Customer Service/Telephone Info/Social Media				14
Transit (Omnitrans - Operations Administration)			6	40
Planning			6	5.5
Coordinated Transportation Service Agency (CTSA)			-	15
Project Delivery/Capital Project Planning/Mgmt			6	2
Safety and Security Administration			-	5
Maintenance Administration			-	22
2020 AGENCY TOTAL ALL ADMINISTRATIVE FUNCTIONS			67	163

Table C- 4. Operations and Administrative Support Functions (Continued)**B. Operations and Administrative Support Functions**

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Operations and Administrative Support Functions:				
Agency Coach Operators and Maintenance Workers				
Coach Operators - Full Time	0	398	-	459
Coach Operators - Part Time	0	9	-	4
Maintenance Workers (Includes Stops/Zones Staff)	0	82	-	96
TOTAL AGENCY OPERATORS AND MAINTENANCE	0	489	0	559
GRAND TOTAL AGENCY EMPLOYEES	5	642	67	722
Contractor/Consultant Services:				
Management and Administrative Staff	0			
Operators and Maintenance Workers	0	227		
TOTAL CONTRACTOR EMPLOYEES	0	227		
GRAND TOTAL AGENCY and CONTRACTOR EMPLOYEES	5	869	67	722
Contractor/Consultant Services:				
Administrative Support Services Costs	0	0	\$7,722,603	\$9,620,583
Transit Operations and Maintenance Services	0	0	\$0	\$11,000,000
GRAND TOTAL CONTRACTOR/CONSULTANT COSTS	0	0	\$7,722,603	\$20,620,583

Table C- 4. Operations and Administrative Support Functions (Continued)

B. Operations and Administrative Support Functions

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Operations and Administrative Support Functions:				
Agency Benefit Programs:				
Agency Administrative Employees:				
Sick Leave	96 hours per year	96 hours per year	96 hours per year	96 hours per year
Vacation/Holiday Leave	Vacation and Holiday pay provided	6 months: 5 days / yr 1 – 5 yrs: 10 days /yr 5 – 10 yrs: 15 days / yr 10 – 20 yrs: 20 days / yr 20+ yrs: 25 days / yr	80 hours to 160 hours per year based on tenure; 13 paid holidays; 40 hours paid Administrative Leave depending on classification	6 months: 5 days / yr 1 – 5 yrs: 10 days /yr 5 – 10 yrs: 15 days / yr 10 – 20 yrs: 20 days / yr 20+ yrs: 25 days / yr; 11 Paid Holidays
Retirement	San Bernardino County Employees' Retirement Association (SBCERA)	CalPERS - 10.666% employer-paid contribution	Tier 1 Employees - "2% @ 55 years old" Tier 2 Employees - "2.5% @ 67 years old" San Bernardino County Employees' Retirement Association (SBCERA) Agency Contribution as % of Covered Payroll: 34.7%	Tier 1 Employees - "2% @ 55 years old" Tier 2 Employees - "2% @ 62 years old" California Public Employees Retirement System Agency Contribution as % of Covered Payroll - 13.46% (current)
Medical/Dental/Vision	Medical and Dental		Medical, Dental, Vision	Medical, Dental, Vision
Life/LT Disability			Yes	Some employee groups
Agency Operating/Maintenance Employees:				
Sick Leave	N/A	96 hours per year	N/A	96 hours per year
Vacation/Holiday Leave	N/A	6 months: 5 days / yr 1 – 5 yrs: 10 days /yr 5 – 10 yrs: 15 days / yr 10 – 20 yrs: 20 days / yr 20+ yrs: 25 days / yr	N/A	6 months: 5 days / yr 1 – 5 yrs: 10 days /yr 5 – 10 yrs: 15 days / yr 10 – 20 yrs: 20 days / yr 20+ yrs: 25 days / yr
Retirement		CalPERS - 10.666% employer-paid contribution		CalPERS - 9.962% employer-paid contribution

Notes:

- 1) See detailed position tables for each agency in Section 2. Employees are grouped by general function to facilitate ease of comparison and do not necessarily reflect agency-specific department names.
- 2) For SBCTA, 2015 data included only staff in Transit and Rail Group. All employees are included in 2020 data.
- 3) Omnitrans contracts for ADA Paratransit and limited fixed-route service. Due to differences in survey questions, 2015 Survey requested Contractor employee counts; 2020 Survey requested contractor costs.

Table C- 5. Management Information Systems/Information Technology**C. Management Information Systems/Information Technology Systems**

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
MIS/IT Systems:				
Information Systems Master Plan or IT decision making process		yes	No formal IT Master Plan. Process of procuring new technology would follow the budget and procurement policies.	No formal IT Master Plan. IT Steering Committee tto help prioritize projects within the agency.
Computer network systems with servers	yes	yes	Yes	Yes
IT staff: agency or contracted out	yes, 1	yes, 7	Yes	Yes
Enterprise-level software system	no	SAP	Yes	Yes
Systems by Department:				
Operations	TransTrack	Trapeze, TransTrack	MS SharePoint/Agiline; Laserfiche/ECS; Adobe Cloud; MinuteTraq/Granicus; NEOGOV; Primavera P6; EcoSys/Hexagon; Sophos; TransTrack.	TransTrack; Transitmaster; NexView; Safety Vision/Fore-Sight-Pro; Head - sign/Hanover; GFI & GFI TVM/Genfare; Nextbus/Cubic; Radio & Tower/Vision Communication; Salient video Mangement/Commuter Ads.com.
Vehicle Maintenance		SAP, Trapeze, Access and others	N/A	SAP; Kronos/Iron Kite; Fleetwatch/SA Systems, Inc.
Facility Maintenance		SAP-MM/PM, TAC Building Automation	N/A	SAP (PM, MM) / SAP SE
Finance and Accounting		SAP, BSI-TaxFactory	Eden; TransTrack.	SAP (FI/CO, HCM, Payroll, PS) / SAP SE; TransTrack.net / TransTrack Systems.
Service Planning and Scheduling		Trapeze-FX	Trapeze - TripSpark	Trapeze (FX & BlockBuster) / Trapeze Group; ArcGis / Esri..
Customer Service/Information		Trapeze – COM module, Shoretel	ShoreTel/KTS Networks	Nextbus / Cubic; Trapeze (COM); Mitel Call Center / ShoreTel, Inc.; Mitel Connect / ShoreTel, Inc.; CounterPoint / Data Tech;
Trip Planning/Website Development		Industrial Strength, LA Metro	Planeteria	Nextbus / Cubic; Omnitrans.org Dev & Maint / Celtis; Omnitrans.info Dev & Maint / in-house; MyOmni / In-

Table C- 5. Management Information Systems/Information Technology (Continued)**C. Management Information Systems/Information Technology Systems**

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
MIS/IT Systems:				
Specific Systems:				
Fare collection system	N/A	GFI Odyssey	N/A	SPX / Genfare
Bus radio voice and/or data communications systems		Vision Comm.	N/A	Vision Communication & Trapeze Group
Bus GPS/AVL/CADD Dispatch		Trapeze	N/A	Trapeze Group
Mobile Data Terminals (MDT)		Trapeze	N/A	Trapeze Group
“Next Trip” or similar system for bus arrival times (on vehicles or at stops)		NextTrip	N/A	Cubic Corp.
Traffic Signal Priority Systems		Trapeze	N/A	Trapeze Group
Integration with Google Transit for public information		yes, Developed by IT	N/A	In-House
Automatic Passenger Counters		Trapeze	N/A	IRMA (Matrix – Standard)
Video Surveillance for security		yes	N/A	
Data Exchange/Coordination systems with other agencies or information centers		no	N/A	TransTrack

Table C- 6. Fixed Asset Review**D. Fixed-Asset Review**

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Fixed-Asset Review:				
FLEET:				
Fleet Composition:	N/A			
Total Artic Fleet		14		15
Total 40' Fleet		161		177
Total 35' Heavy Duty				
Total 30' Heavy Duty		10		
Total 32'-35' Heavy Duty				
Total 25' - 32' Cutaways or Medium Duty				
Total less than 25' Cutaways or Medium Duty		131 (DAR)		106
Total Revenue Vehicle Fleet		316		298
Other Support Vehicles:		73	1	69
Fuel Types Used: Revenue Fleet				
CNG - % of Fleet		100%		89%
Diesel - % of Fleet				
Gasoline - % of Fleet				11%
Fuel Types Used: Non-Revenue Fleet				
CNG - % of Fleet				
Diesel - % of Fleet		1%		1%
Gasoline - % of Fleet		94%		75%
Other		5%	100% (hybrid)	23% (electric)
Fleet Maintenance Services:				
Directly - provided or contracted out?		Both		Both
Subcontracted Maintenance services?		Yes		Yes
Number of Maintenance Facilities		3		5
Major subcontractors used:	-	First Transit - ADA and limited F/R service only		Bridgestone/Firestone - Tire repair Voith Transmissions - Transmissions overhauls CCW - Repower project

Table C- 6. Fixed Asset Review (Continued)**D. Fixed-Asset Review**

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Fixed-Asset Review:				
Fleet Maintenance Plan?		Yes		Yes
Process for prioritizing capital replacements		FTA		FTA guidelines. But Omnitrans has extended the useful life from 12 to 14 years, and other capital equipment are replaced at manufacturers useful life expectancy, equipment assessment, professional judgement, and available funding. All capital equipment is entered into the Transit Asset Management Plan and evaluated based on condition.
Joint Procurements conducted for:				
Buses		Other Transits/ CalAct		2015 - Cities of Culver City, Elk Grove, Montebello, and Torrance, and the County of Stanislaus and the University of California, Davis. SunLine Transit, San Diego MTS, MBTA.
Fuel		No		No
Maintenance Equipment		No		No
Parts Inventory		No		No
Inventory Management System?		Yes SAP System		Yes SAP System

Table C- 6. Fixed Asset Review (Continued)**D. Fixed-Asset Review**

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Fixed-Asset Review:				
FACILITIES:				
Number of Maintenance facilities:	1	4	0 ¹	5
Facility Maintenance Plan?		Yes	No	Yes
Major Subcontracted Facility Maintenance Services:				
Landscaping		No		Yes
Custodial services		No	Yes	Yes
Bus Stop/Shelter cleaning		In-house with contractor as needed		
Other:		HVAC	Railroad maintenance; property management (maintenance, security, building repair, etc.)	HVAC; elevator; generators; CNG; pest management; methane detection system; fire, life, safety; plumbing; vehicle lift; hazardous waste disposal service; parking lot sweeping and washing; roofing; air compressor; fall protection; fire extinguisher; rolling gates; roll-up door; bulk cleaning chemical; underground storage tank; overhead crane.
How is bus stop/shelter installation and maintenance handled?		In-house with contractor as needed		In-house with contractor as needed
Other Property requiring maintenance?				Metrolink Crew House at San Bernardino Transit Center.
Other Facility Maintenance needs?				

Notes:

- SBCTA is constructing an Operations and Maintenance Facility for the Arrow Service, which will be transferred to Metrolink once operations begin.

Table C- 7. Service Planning

E. Short- and Long-Range Planning

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Service Planning				
Service Planning Staffing:				
Number of Planning Employees	5	7	6	6.5 ¹
Types of Planning Duties (Short Range/Service Planning, Long Range Planning, Scheduling, etc.)	SANBAG staff assist Transit Agencies with COA/SRTP every 5-years	Short Range Planning, route design and scheduling, ridership analysis; long Range Planning w/ regional agencies.	Long-range countywide plans; multi-modal plans; area plans; air quality; CMP; GIS	Short-range planning; service and route planning, transit service scheduling, driver work assignment scheduling.
Goals, Objectives, Standards in SRTP/COA?	NA	Yes	Yes - in Regional Short-Range Transit Plan	Yes
On-going Process for evaluating route performance?	NA	Yes. SRTP has specific standards for fixed route, ADA demand response and general demand response that are used on a monthly and yearly basis to evaluate the performance of the transit services.	NA	Yes. Service Planning, Implementation and Monitoring Committee provides two route performance analyses per month, in addition to relevant before and after studies for major route changes. Planner I delivers performance reports based on KPRs in SRTP on a monthly basis.
Public outreach effort conducted annually on unmet needs and/or proposed service changes?	SANBAG typically conducts the unmet needs hearings for agencies where required.	Yes, as part of SRTP and/or public hearing for service changes. Changes first go to Service Planning & Monitoring Committee (SPMC). If service changes are considered minor changes, they can be made in the next schedule change (three times a year).	SBCTA typically conducts the unmet needs hearings for agencies where required.	Partner with cities to determine areas of need, we collect information through public meetings and outreach, collect requests for service through Trapeze COM. All service requests are cataloged and mapped (if relevant) and discussed at Strategic Development meetings. Maps are created to show areas of need.
Significant public outreach effort conducted as part of most recent COA/SRTP?		yes - Omnitrans informed and obtained comments from riders, cities, stakeholders, neighboring transit providers and county agencies. There were ample opportunities to provide comments on the proposed SRTP, public hearings were scheduled at several locations to allow the public opportunity to provide feedback.	Yes, as part of development of the SBCTA FY2016 - FY2020 Short Range Transit Plan	Multiple rounds of public meetings, both prior to developing a plan and after recommendations are developed. Typically Omnitrans holds public meetings at major transit/transfer centers so that we go to the public instead of asking the public to come to us. These are then augmented by official public meetings at city halls etc. Info is also solicited via social media and other online resources. The current SRTP under development received 1000+ comments in the development phase.

Table C- 7. Service Planning (Continued)

E. Short- and Long-Range Planning

Assessment Area:	SBCTA 2015	Omnitrans 2015	SBCTA 2020	Omnitrans 2020
Service Planning				
Ridership counting system (e.g., farebox, APC's, manual counts, etc.)	NA	Ridership data is obtained through GFI (farebox) data and automated passenger counters and is reviewed by the service planning staff. Ridership is reviewed at route and systemwide level.	N/A	Ridership data is obtained from fareboxes. Approximately 40% of buses are equipped with APC.
On-Time Performance measuring system (e.g., Supervisor observations, GPS/AVL, other?)	NA	Omnitrans uses GPS/AVL (Automatic Vehicle Locator) data to obtain on-time performance. Field supervisors also conduct regularly on-site observation of on-time performance.	N/A	Automatic Vehicle Locator (AVL), measured at the point of departure.
Title VI Compliance Policy and process?		Omnitrans completes a Title VI analysis for major service changes and fare changes as part of the planning process to ensure compliance with Title VI of the Civil Rights Act of 1964. Omnitrans also has a Title VI compliance policy and process.	N/A	Strategic Development is responsible for Title VI including the triennial report, service equity analysis and fare equity analysis. There is a defined policy to trigger the analysis (25% of a routes miles, boardings or hours; or any fare change).

Notes:

1. Omnitrans is planning to transfer one position from Marketing to Planning in FY2021.

C.3. Legal Formation of the Consolidated Agency

FORMATION OF EXISTING AGENCIES

San Bernardino Associated Governments was created in 1973 as a council of governments responsible for cooperative regional planning and furthering an efficient multi-modal transportation system countywide, and over time was statutorily designated to serve in additional capacities. SBCTA was established in its current structure in 2016 through [SB 1305](#), the SBCTA Consolidation Act of 2017 (Morell), to consolidate those additional functions into a single entity:

- **County Transportation Commission (CTC)** – Allocates and programs State and Federal funds for regional transportation projects throughout the county, and conducts regional planning for all transportation modes in San Bernardino County.
- **Service Authority for Freeway Emergencies** – Manages the system of call boxes on major highways throughout the county
- **County Transportation Authority (CTA)** – Administers Measure I, the voter-approved half-cent transportation sales tax and provides major transportation improvements within the county
- **Congestion Management Agency** – Implements the plan for addressing congestion and air quality related to transportation facilities throughout the county

SB 1305 gave SBCTA authority to “exercise all rights and powers, expressed or implied ... and rely on any immunities or exemptions provided by law to a county transportation commission, a local transportation authority, a service authority for freeway emergencies, or a local congestion management agency” (CA Pub. Util. Code § 130809). The bill passed through both houses and was signed by the Governor in August 2016, becoming effective on January 1, 2017.⁵⁰ San Bernardino Associated Governments continues as a Joint Powers Authority (JPA) functioning as a Council of Governments (SBCOG).

Omnitrans was established under a Joint Powers Agreement (JPA) among its member agencies on March 8, 1976 pursuant to the state’s [Joint Exercise of Powers Act](#). The agreement has been amended and restated as late as July 1, 2016. Legally, a JPA is established when two or more public agencies by agreement jointly exercise any power common to the contracting agencies. It is not necessary that each member agency has the authority to exercise the common powers in the geographical area in which the authority will jointly exercise such powers.

In 2019, [AB 1457](#) (Reyes) was introduced to establish Omnitrans as a transit district under state law, but was not enacted. A transit district is a legal entity under state statute with authority to, among

⁵⁰ SBCTA was formerly known as the San Bernardino Associated Governments (SANBAG), which continues as a Joint Powers Authority functioning as a Council of Governments (SBCOG).

other things, administer its own voter-approved transportation revenue (tax) measure for its own major transportation improvements. The Omnitrans JPA provides the agency taxing authority, which would not have changed had AB 1457 passed.

CONSIDERATIONS FOR ESTABLISHING A CONSOLIDATED AGENCY

The following discussion outlines the topics and actions identified by the consultant to establish a consolidated agency. This discussion is not a legal opinion, including legislative changes that might be needed. Should the Boards vote to consolidate, they should engage legal counsel to validate and provide direction on the specific actions required.

SBCTA would not be able to undertake transit operations without enabling legislation. To effectuate complete consolidation, several legislative and contractual actions would need to take place. If Omnitrans were to be integrated into SBCTA as a new Transit Operations Department, it would first need to be dissolved as a legal entity. The Omnitrans JPA can only be terminated by mutual agreement of all the JPA members/signatories. Section 16 of the Omnitrans JPA provides that the agreement may be “terminated, assigned, or transferred in whole or in part,” in which case all of its assets must be distributed to the parties of the JPA. Omnitrans could also be dissolved “for purposes of changing its governance structure,” in which case all of its assets and liabilities will transfer to the successor agency. Complete consolidation would, arguably, be a change in the governance structure. Thus, no distribution of assets to the JPA members would need to occur, but simply be transferred from Omnitrans to SBCTA.

As a CTC, SBCTA is required under law to “coordinate the operation of all public transportation services within the county so as to achieve efficient operation thereof,” “resolve all jurisdictional disputes between public transit operators”⁵¹, and “designate the operator of any approved transit guideway system”⁵². Bus transit operations are not expressly within the scope of powers for a CTC, local transportation authority, service authority for freeway emergencies, and local congestion management agency. SBCTA could not take on Omnitrans transit operations under its current authority to “construct, acquire, develop, jointly develop, maintain, operate, lease, and dispose of work, property, rights-of-way, and facilities”⁵³, “enter into and perform all necessary contracts”⁵⁴, and “fix and collect fees for any services rendered by it”⁵⁵.

Legislation was required for the consolidated LA Metro and OCTA to undertake transit operations partly because the predecessor transit providers, SCRTD and OCTD, were established as transit districts through the law decades before the consolidations. The laws governing SCRTD and OCTD had to be

⁵¹ CA Pub. Util. Code § 130250

⁵² CA Pub. Util. Code § 130254

⁵³ CA Pub. Util. Code § 130809(b)(6)

⁵⁴ CA Pub. Util. Code § 130809(b)(8)

⁵⁵ CA Pub. Util. Code § 130809(b)(9)

changed to transfer their duties and responsibilities to LA Metro and OCTA, respectively. Omnitrans, on the other hand, is not statutorily-established. It is not a transit district, despite AB 1457, nor is it a transit development board, or other statutorily-established transportation entity (e.g., CTC or CTA). However, the law still needs to change in order for SBCTA to take on Omnitrans duties and responsibilities as a transit operator because the authority to operate bus transit are not expressed within the CTC scope of powers.

In addition to the legal basis mentioned above for legislation, there are policy benefits to SBCTA undertaking transit operations through legislation. Enactment of state enabling legislation would provide a means of gathering the required approvals of the Governor and regional transit agencies for SBCTA to receive direct recipient status for FTA funding, by providing evidence to the FTA that SBCTA is a state-created entity designated to receive direct FTA funding formerly apportioned to Omnitrans. Legislation would also provide an opportunity to codify important policy decisions regarding the funding and governance relationship between SBCTA and the county's other transit providers. Amending the current SBCTA statute would also provide documented evidence of Omnitrans' dissolution due to a change in governance structure, which would provide a valid defense to any claim by Omnitrans' JPA members that they are entitled to a distribution of Omnitrans' assets. The statutory change would not trigger the distribution of assets to the JPA members but simply allow the transfer of such assets from Omnitrans to SBCTA. Enacting legislation to expand SBCTA's statutory authority would also codify policy decisions related to such issues as Board structure, retirement systems, and collective bargaining.

Just as LA Metro initiated consolidation prior to the enactment of its authorizing statute, SBCTA and Omnitrans could transition into a merged organization by agreement of the two agencies. LA Metro was created by AB 152, the Los Angeles County Metropolitan Transportation Authority Reform act of 1992 (Stats. 1992, Ch. 60, Sec. 4. Effective January 1, 1993), which was signed into law by Governor Pete Wilson on May 19, 1992 and became effective on February 1, 1993 with the predecessor agencies being dissolved effective April 1, 1993. AB 152 was partially required because both predecessor agencies were statutorily-established. AB 152 was needed to modify sections of the CA Public Utilities Code relevant to the CTC. However, it left the Transit District law untouched, along with the powers and authorities granted to both the SCRDT and LACTC in their original legislation, which was transferred over to LA Metro.

AB 152's provisions were informed by decisions and actions made by LA Metro after it had been consolidated. During the transition, committees composed of members of the two predecessor agencies and an interim Board engaged in strategic planning and decision-making that were folded into AB 152. In the same way, SBCTA and Omnitrans could be functionally consolidated prior to the enactment of enabling legislation. It should be noted, however, that the former LA Metro staff interviewed for this study recommended strategic planning for consolidation before it actually occurs and an interim Board and staff from both agencies to work together in a transition period preceding consolidation to formulate legislation that would incorporate Omnitrans' transit operations responsibilities into SBCTA.

Expansion of SBCTA’s powers under a complete consolidation to expressly allow for bus transit operations could parallel AB 152 and other legislation enacted following it (codified as CA Pub. Util. Code §§ 130050.2 - 130051.24), which established LA Metro as a transit operator, as well as the CTC for Los Angeles County. The new legislation could also replicate the Orange County Transportation Authority’s enabling statutes in CA Pub. Util. Code §§ 130052.2 -130052.3. As Table C-8 shows, LA Metro’s authorizing statute is more comprehensive than OCTA’s, as well as SBCTA’s. Certain LA Metro and OCTA statutory provisions may be useful in executing the complete consolidation of Omnitrans and SBCTA. Of note are provisions that would:

- Amend § 130806 to establish SBCTA as the successor to the powers, duties, revenues, debts, obligations, liabilities, immunities, and exemptions of Omnitrans
- Require the predecessor agencies to conduct quarterly joint regular interim Board meetings to discuss major fiscal and policy items for the consolidated agency (similar to § 130051.7)
- Provide SBCTA discretion to determine its organizational structure, but require a transit operations unit and allow SBCTA to make adjustments to bus routes and services (similar to § 130051.11)
- Transfer collective bargaining obligations of Omnitrans to SBCTA (similar to § 130051.11)
- Amend § 130809 to expand Board powers to include approving labor contracts, establishing organizational structure, setting fare policy, and approving certain transit equipment purchases (similar to § 130051.12)
- Require the predecessor agencies to develop a comprehensive plan for consolidation to be approved by a certain date (similar to § 130052.3)

Table C- 8. Enabling Statutes for LA Metro, OCTA, and MTDB/MTS Compared to SBCTA’s Statute

CA Pub. Util. Code	Description	Effective Date	Similar Statute for SBCTA
§ 130050.2	Establishes LA Metro as the single successor agency to SCRTD and LACTC	Jan. 1, 1993	§ 130806 establishes SBCTA as the successor to the SBCTC, the local transportation authority, service authority for freeway emergencies, local congestion management agency, and SANBAG
§ 130051	Defines board membership, method of appointment, and term of service. Abolishes alternate members	Jan. 1, 1998	§ 130815 defines board membership. Allows for alternate members
§ 130051.1	Allows the board member appointed by the LA Mayor who is not a council member to serve for a period without Council approval	Sept. 2, 1992	None
§ 130051.5	Requires all board members to be subject to the state conflict-of-interest standard	Jan. 1, 1998	None
§ 130051.6	Describes board member term duration and limits	Jan. 1, 1993	None

CA Pub. Util. Code	Description	Effective Date	Similar Statute for SBCTA
§ 130051.7	Requires the predecessor agencies to conduct quarterly joint regular interim board meetings to discuss major fiscal and policy items. Prohibits alternates from attending the joint meetings in place of the LA County Board of Supervisors and LA Mayor.	Sept. 2, 1992	None
§ 130051.9	Describes CEO appointment, term, and limits on removal. Requires appointment of general counsel and board secretary	Jan. 1, 1998	None
§ 130051.10	Requires board appointment by Feb. 1, 1993. Allows the board to exercise powers of both predecessor agencies between Feb. 1, 1993 to April 1, 1993	Jan. 1, 1993	None
§ 130051.11	Provides LA Metro discretion to determine its organizational structure, but requires transit construction, transit operations, and transportation planning and programming units. Allows LA Metro to adjust bus routes and services. Transfers collective bargaining obligations of SCRTD to LA Metro. Delegates from the Board to the CEO or a LA Metro unit certain duties and powers (eminent domain, contract approval, bid protest hearings). Establishes a citizens' advisory council.	Jan. 1, 2010	None
§ 130051.12	Provides for board duties and responsibilities, including establishing goods and people movement goals and objectives, adoption of budgets, approving rail corridor selections, approving labor contracts, establishing organizational structure, setting fare policy, approving transportation zones, approving bonds and other debt, approving benefit assessment districts and assessment rates, and approving certain transit equipment purchases. Requires LA Metro to work with other municipal operators in the County to complete a security assessment every five years	Jan. 1, 2003	§ 130809 provides the general powers of SBCTA and its board, including adoption of budgets, acquisition of property, appoint necessary employees, entering into JPAs, issuing bonds, advancing funds in anticipation of future funding, loan funds, and other powers and duties needed or desired to carry out the purposes of a CTC, CTA, service authority for freeway emergencies, and local congestion management agency
§ 130051.13	Abolishes the SCRTD and LACTC and transfers their powers, duties, rights, obligations, and liabilities to LA Metro	Jan. 1, 1993	§ 130806 establishes SBCTA as the successor to the powers, duties, revenues, debts, obligations, liabilities, immunities, and exemptions of SBCTC, the local transportation authority, service authority for freeway emergencies,

CA Pub. Util. Code	Description	Effective Date	Similar Statute for SBCTA
			local congestion management agency, and SANBAG
§ 130051.14	Expressly provides for statutory references to SCRTD and LACTC to refer to LA Metro	Jan. 1, 1993	None
§ 130051.15	Transfers rights and obligations of SCRTD and LACTC contracts, property, and Full Funding Grant Agreements to LA Metro. Prohibits LA Metro from renewing or extending until April 1, 1993 employment contracts that SCRTD or LACTC made before Jan. 1, 1993	Jan. 1, 1993	§ 130806 establishes SBCTA as the successor to the powers, duties, revenues, debts, obligations, liabilities, immunities, and exemptions of SBCTC, the local transportation authority, service authority for freeway emergencies, local congestion management agency, and SANBAG
§ 130051.16	Transfers duties, obligations, and liabilities of SCRTD related to collective bargaining agreements and labor obligations required by law to LA Metro	Jan. 1, 1993	None
§ 130051.17	Requires LA Metro to adopt an ordinance regulating the acceptance of gifts	Jan. 1, 1998	None
§ 130051.18	Requires LA Metro to adopt an ordinance regulating lobbying, including lobbyist registration and reporting	Jan. 1, 1999	None
§ 130051.19	Requires LA Metro to establish an affirmative action plan for management positions, a DBE program, and a Transportation Business Advisory Council	Jan. 1, 1993	None
§ 130051.20	Prohibits gifts over \$10 from businesses seeking contracts with LA Metro board members, employees, and families of board members and employees	Jan. 1, 1998	None
§ 130051.21	Requires LACTC and SCRTD to undertake an independent fiscal audit for July 1, 1992 to March 30, 1993 to determine the financial condition of the agencies. Requires LA Metro to conduct independent fiscal audits annually	Sept. 2, 1992	None
§ 130051.22	Requires LA Metro to establish a prequalification program for contract bidders	Jan. 1, 2013	None
§ 130051.23	Allows for sale, destruction, or other disposition of documents	Sept. 30, 1994	None
§ 130051.24	Describes collective bargaining units and the authority to approve labor contracts. Describes the process for maintaining and changing retirement systems and health benefits under collective bargaining	Jan. 1, 2001	§ 130824 transfers the membership of SANBAG employees in the SBCERA retirement system to the same personnel as SBCTA employees as if the employees remained members of the retirement system without any

CA Pub. Util. Code	Description	Effective Date	Similar Statute for SBCTA
			break in service or change of employer
§ 130051.25	Requires construction firms under contract with LA Metro to provide monthly reports of recordable injuries	Jan. 1, 1998	None
§ 130051.28	Requires LA Metro to appoint an inspector general. Defines their term of service, removal, and reporting requirements	Jan. 1, 1998	None
§ 130052	Establishes OCTA as successor to the OCTC. Defines board membership and terms of service. No alternate members included.	Jan. 1, 2005	§ 130806 establishes SBCTA as the successor to the SBCTC, the local transportation authority, service authority for freeway emergencies, local congestion management agency, and SANBAG. § 130815 defines board membership and allows for alternate members
§ 130052.1	Establishes the OCTA Board as the governing body of the Orange County Service Authority for Freeway Emergencies	Dec. 1, 1991	§ 130806 establishes SBCTA as the successor to the service authority for freeway emergencies and § 130815 defines board membership
§ 130052.2	Defines annual funding allocation for municipal transit operators	Dec. 1, 1991	None
§ 130052.3	Requires OCTA's four predecessor agencies (OCTC, the Orange County Transit District, the Orange County Service Authority for Freeway Emergencies, and the Orange County Consolidated Transportation Services Agency) to develop a comprehensive plan for consolidation to be approved by Dec. 1, 1991	1990	None
§ 130010	Applies provisions regarding employer-employee relations, employee benefits, and conditions of employment for OCTD to OCTA	1991	None
§ 40060	Establishes the OCTA Board as the board for the Orange County Transit District, effectively transferring OCTD's transit operations responsibilities to OCTA	1991	None
§ 40095	Provides the OCTA Board authority to appoint and determine the salary for the OCTD general manager	1991	None
§ 40120	Establishes the right of OCTD employees to enter into collective bargaining	2012	None

CA Pub. Util. Code	Description	Effective Date	Similar Statute for SBCTA
§ 40130	Covers OCTD employees under the Orange County Employees Retirement System	1965	§ 130824 transfers the membership of SANBAG employees in the SBCERA retirement system to the same personnel as SBCTA employees as if the employees remained members of the retirement system without any break in service or change of employer
§ 40500	Allows for dissolution of OCTD by election of voters of the district	1965	None
§ 40600	Allows for OCTD to consolidate with SCRTD	1965	None
§ 120050	Establishes the MTDB to be known as the “San Diego Metropolitan Transit System” as a rapid transit district and public agency	Jan. 1, 2020	§ 130806 establishes SBCTA as the successor to the SBCTC, the local transportation authority, service authority for freeway emergencies, local congestion management agency, and SANBAG.
§§ 120050.2 - 120051	Defines membership of the MTDB Board of Directors	Jan. 1, 2018 and Jan. 1, 2004	§ 130815 defines board membership
§ 120051.6	Defines alternate membership for the MTDB Board	Jan. 1, 2018	§ 130815 defines alternate membership for the SBCTA Board
§ 120054	Defines the geographic area of the MTDB	Jan. 1, 2004	None
§§ 120100 - 120109	Provides rules, duties, and procedures for the MTDB Board	1975 – 2005	None
§§ 120200 - 120488	Defines the powers of the MTDB, including making and entering into contracts (Article 2), acquiring and disposing property (Article 3), acquire, construct, maintain, and operate transit facilities and services (Article 4), coordinating with SANDAG on planning in MTDB’s service area (Article 5), receiving FTA funds from SANDAG, the designated FTA direct recipient (Article 6), imposing penalties for violations (Article 8), investing surplus funds (Article 9), coordinating with transit operators within its service area and resolving disputes amongst them (Article 10), and imposing a sales and use tax measure to generate revenues (Article 11)	1975 – 2020	<p>§ 130809 provides the general powers of SBCTA and its board</p> <p>§ 130818 transfers the rights, obligations, assets, and liabilities of predecessor agencies</p> <p>§ 130821 provides the taxing authority of local transportation authorities to SBCTA</p>

CA Pub. Util. Code	Description	Effective Date	Similar Statute for SBCTA
§§ 120500 – 120550	Defines the collective bargaining rights of employees, resolution of labor disputes, adoption and application of collective bargaining agreements, and enrollment of collectively bargained employees in CalPERS or another retirement system (Article 1). Provides for the rights of employees of corporate or utility facilities that are acquired by MTDB (Article 2). Applies the federal prevailing wage law to MTDB transit facilities and establishes a MTDB police force (Article 3)	1978 – 2010	§ 130824 transfers the membership of SANBAG employees in the SBCERA retirement system to the same personnel as SBCTA employees as if the employees remained members of the retirement system without any break in service or change of employer § 130827 provides SBCTA the authority to provide the services of its employees to SANBAG
§§ 120630 – 120702	Authorizes MTDB to issue bonds (Article 1), acquire transit equipment by executing agreements, leases, and equipment trust certificates (Article 2), and borrow money (Article 4).	1983 – 2005	§ 130812 authorizes SBCTA to take action to determine the validity of debts and contracts
§ 120050	Establishes the MTDB to be known as the “San Diego Metropolitan Transit System” as a rapid transit district and public agency	Jan. 1, 2020	§ 130806 establishes SBCTA as the successor to the SBCTC, the local transportation authority, service authority for freeway emergencies, local congestion management agency, and SANBAG.
§§ 120050.2 - 120051	Defines membership of the MTDB Board of Directors	Jan. 1, 2018 and Jan. 1, 2004	§ 130815 defines board membership
§ 120051.6	Defines alternate membership for the MTDB Board	Jan. 1, 2018	§ 130815 defines alternate membership for the SBCTA Board
§ 120054	Defines the geographic area of the MTDB	Jan. 1, 2004	None
§§ 120100 - 120109	Provides rules, duties, and procedures for the MTDB Board	1975 – 2005	None
§§ 120200 - 120488	Defines the powers of the MTDB, including making and entering into contracts (Article 2), acquiring and disposing property (Article 3), acquire, construct, maintain, and operate transit facilities and services (Article 4), coordinating with SANDAG on planning in MTDB’s service area (Article 5), receiving FTA funds from SANDAG, the designated FTA direct recipient (Article 6), imposing penalties for violations (Article 8), investing surplus funds (Article 9), coordinating with transit operators within its service area and resolving disputes amongst them (Article 10), and imposing a sales and use tax	1975 – 2020	§ 130809 provides the general powers of SBCTA and its board § 130818 transfers the rights, obligations, assets, and liabilities of predecessor agencies § 130821 provides the taxing authority of local transportation authorities to SBCTA

CA Pub. Util. Code	Description	Effective Date	Similar Statute for SBCTA
	measure to generate revenues (Article 11)		
§§ 120500 – 120550	Defines the collective bargaining rights of employees, resolution of labor disputes, adoption and application of collective bargaining agreements, and enrollment of collectively bargained employees in CalPERS or another retirement system (Article 1). Provides for the rights of employees of corporate or utility facilities that are acquired by MTDB (Article 2). Applies the federal prevailing wage law to MTDB transit facilities and establishes a MTDB police force (Article 3)	1978 – 2010	<p>§ 130824 transfers the membership of SANBAG employees in the SBCERA retirement system to the same personnel as SBCTA employees as if the employees remained members of the retirement system without any break in service or change of employer</p> <p>§ 130827 provides SBCTA the authority to provide the services of its employees to SANBAG</p>
§§ 120630 – 120702	Authorizes MTDB to issue bonds (Article 1), acquire transit equipment by executing agreements, leases, and equipment trust certificates (Article 2), and borrow money (Article 4).	1983 – 2005	§ 130812 authorizes SBCTA to take action to determine the validity of debts and contracts

D. Functional Assessment of a Potential Consolidation

D.1. Preliminary Findings and Identification of Pros and Cons of Consolidation

D.1.1. Summary of Key Findings from Functional Assessment

The Transportation Agency Overview and Agency Functional Assessments in the previous sections of this report identified SBCTA and Omnitrans as two agencies engaged in the improvement of transportation and mobility in San Bernardino County. However, their mission and activities in meeting those overarching goals are very different. Table D- 1 provides a high-level summary comparison of the two agencies based on the reviews conducted in this report. Among those key differences are the following points:

Agency Mission and Jurisdiction – Broad focus on all transportation modes and entire county, vs. focus on public transit provision within San Bernardino Valley

Principal Programs – Major capital project delivery, funding programing, and oversight of all transit capital and operating programs, vs. transit services provider (which includes fixed-route and demand response services, operations and capital planning, and addressing mobility needs of the communities served)

Size of Annual Budget (FY 2020) - \$927.2 million vs. \$96.9 million

Modal Focus – Multi-modal (transit, highway, commuter rail, light rail, ridesharing/commuter programs) vs. fixed-route public transit and demand response services

Planning Horizon – Primarily long-range on capital projects, short-range for transit oversight, vs. short-range (five-years) service delivery focus

Major Funding Sources Used – Variety of Federal, State and Local sources for both agencies

Staffing – Relatively small staff with heavy reliance on consultants and contractors, vs. fully-staffed organization providing most services directly

Assets – Administrative facility, some rail rights-of-way, Crew house at SBTC, and co-ownership of several stations and parking lots maintained by the co-owner, vs. extensive transit fleet and five operations and maintenance facilities

Table D- 1. Detailed Summary of Key Findings from Agency Overview and Functional Assessment

Key Differences	SBCTA	Omnitrans
Agency Mission and Jurisdiction	Broad focus on all transportation modes and entire county	Focus on public transit provision within San Bernardino Valley
Principal Programs	Major capital project delivery, funding programing, and oversight of all transit capital and operating programs	Transit services provider
Size of Annual Budget (FY 2020)	\$927.2 million	\$96.9 million
Modal Focus	Multi-modal	Fixed-route public transit and demand response services
Planning Horizon	Primarily long-range on capital projects, short-range for transit oversight	Short-range service delivery focus
Major Funding Sources Used	Variety of Federal, State and Local sources	Variety of Federal, State and Local sources
Staffing	Relatively small staff with heavy reliance on consultants and contractors	Fully-staffed organization providing most services directly
Assets	Administrative facility, some rail rights-of-way, Crew house at SBTC, co-owns several stations and parking lots maintained by the co-owner	Extensive transit fleet and five operations and maintenance facilities

D.1.2. Initial Identification of Opportunities and Challenges of Potential Consolidation

Despite the significant differences between the two agencies, there are many potential opportunities as well as challenges⁵⁶ in a potential consolidation of SBCTA and Omnitrans. Also, there are existing examples of agencies in Southern California who operate as the CTC and have fund administration and project delivery programs, while also having significant public transit service delivery obligations, namely, the Los Angeles County Metropolitan Transportation Authority (Metro) and Orange County Transportation Authority (OCTA).

The agency functional assessment conducted in this report found some aspects of SBCTA and Omnitrans that bore close similarity and offer the potential for increased operational efficiency and some cost savings in a consolidation. Those common functional areas, and some key opportunities and challenges associated with them, are summarized in Table 5-2 and discussed here. Table 5-2 lists the administrative staffed functions that seemingly offered the greatest commonality between the two agencies and provides a qualitative rating on the “Degree of Similarity” using a High-Medium-Low scale, which is also color-coded green, yellow, or red for ease of review, respectively. In addition to staffed functions, the table lists the key issues that would have to be addressed in a potential consolidation and categorizes them as an “Opportunity or Challenge”.

STAFFED FUNCTIONS

Given the administrative and project delivery nature of SBCTA, and the transit service provider status of Omnitrans, the administrative functions of the two organizations offer the highest degree of potential similarity, and therefore potential gains in efficiency. Those include the following areas.

Board and Committee Functions – Currently, both agencies have their own boards and board committees which meet monthly, generating considerable board member time commitments and staff support requirements. This area was rated “High” in degree of similarity. To the extent that both boards and committees meet to discuss Omnitrans-related issues, this could be a significant area of savings in board and staff time and cost in a consolidation. It should be recognized that meetings of the resulting consolidated agency’s board and transit policy committee would not save substantial time. This is due to the fact that the single combined board or committee would now be taking on the business items that are handled only by Omnitrans currently, such as routine contract awards. The consolidated agency’s board would also need to conduct the federally-required public hearings for transit service changes, fare changes, grant applications, and other operator-specific actions. The primary board efficiency expected is streamlined discussions and decisions due to all board members participating together.

⁵⁶ “Opportunities and challenges” are utilized in this report, as opposed to “pros and cons”. Focusing on opportunities and challenges allows for identification of strategies that address issues underlying the perceived need for consolidation.

Clerk of the Board Functions – Similar to Board and Committee functions, the Clerk of the Board functions are currently required at both agencies. Consolidation could result in a significant reduction of the combined time and staff commitment, freeing those staff persons for other duties. This area was rated “High” in degree of similarity.

Finance and Accounting – Both agencies conduct traditional finance and accounting functions, such as accounts receivable, accounts payable, grant accounting, payroll, general ledger, budgeting, and benefits administration. However, SBCTA is more program and project delivery-oriented, while Omnitrans is more focused on the specific financial functions of operating an FTA-funded transit system. The agencies use different approaches to budgeting; program approach at SBCTA, and separate operating and capital budgets following FTA guidelines at Omnitrans. Due to the differences in focus and budgeting systems, this area was rated “Medium” in similarity, with some potential efficiencies likely.

Grants/Fund Administration/Treasury – Similar to the Finance and Accounting area, both agencies work with many of the same grant funding programs and processes. However, SBCTA’s grant applications are heavily-weighted toward capital projects and are county-wide and multi-modal in nature, whereas Omnitrans’ focus is on funding their operating as well as capital budgets and focused on transit services. Based on these differences, this area was rated “Medium” in similarity, with some potential efficiencies likely.

Procurement – Both agencies conduct procurements and follow FTA procurement requirements as applicable based on project funding. SBCTA’s procurements tend to be larger as part of their project delivery efforts, whereas Omnitrans procurements include everything from bus parts to bus purchases. This area was rated “High” in similarity, with some efficiencies likely.

Capital Project Development/Management/Project Delivery – Both agencies have some Capital Project Development/Management staff. SBCTA has two departments that oversee major capital projects: 1) Project Delivery and Toll Operations which concentrate primarily on major highway construction and does not have any similarities to Omnitrans and 2) Transit Department which oversees the construction of major capital projects related to rail or station construction. The Transit department has led some of Omnitrans’ major capital construction for projects like the San Bernardino Transit Center and the upcoming West Valley Connector. Therefore, some efficiency would result from project management related to these major transit projects. This area was rated “Medium” in similarity.

Transit/Operations Administration – SBCTA has a Transit Department and Omnitrans has a large transit operations department. But there is relatively little similarity in the current functions at the two agencies. SBCTA’s transit group is heavily focused on transit and rail capital projects, along with some oversight of local transit operators’ programs and management of some commuter programs like vanpool and Lyft pilot program. Omnitrans’ Operations staff are totally focused on direct transit service delivery. Based on these significant differences, this area was rated “Low” in similarity.

Legislative/Marketing – SBCTA’s legislative staff are focused on high-level legislative efforts, such as working with federal and state agencies and elected officials for funding and monitoring and reporting on legislative developments affecting transportation programs. SBCTA’s policy and legislative affairs staff and consultants provide the agency with a means of taking part in transportation policy and legislative discussions at the federal and state levels. Omnitrans does not have staff or consultant resources that perform these functions. Instead, Omnitrans’ Marketing staff is focused on direct marketing of Omnitrans’ service offerings, providing customer service support, and advertising. Accordingly, this area was rated “Low” for similarity.

Planning – Both agencies have Planning staff and departments, but their functions are quite different. SBCTA’s planning focus is county-wide, multi-modal, and generally longer-range; Omnitrans’ planning focus is on transit operations and short-range. Accordingly, this area was rated “Low” in similarity, with limited opportunities for efficiencies in consolidation.

Table D- 2. Key Areas offering Opportunities and Challenges in a Potential Agency Consolidation

Function	SBCTA Summary Function Description	Omnitrans Summary Function Description	Degree of Similarity High/Medium/Low	Comments
Staffed Functions:				
Board and Committee Functions	Monthly Meetings of Board and four policy committees	Monthly Meetings of Board and three policy committees	High	Could eliminate duplication of effort for Omnitrans-related subjects; could result in longer Committee and Board meetings; could reduce total meeting time for some Board members and increase for others
Clerk of the Board Functions	Supports Board, Committees, and Executive Director with Agenda preparation, posting, voting records, meeting minutes; provide administrative/secretarial support to all departments, staff front office reception and records retention .	Supports Board, Committees, and Executive Director with Agenda preparation, posting, voting records, meeting minutes	High	Could eliminate duplication of effort for Omnitrans-related subjects; could result in increased effort in assembling agendas, running meetings, etc.
Finance and Accounting	Manages and oversees Finance functions including A/R, grant accounting, A/P, payroll, G/L, budgeting, benefits administration, debt management	Manages and oversees Finance functions including A/R, grant accounting, A/P, payroll, G/L, budgeting, benefits administration, debt management	Medium	All the financial functions are conducted by both agencies; however, SBCTA has a Program approach to budgeting; Omnitrans follows FTA requirements
Grants/Fund Administration/Treasury	Programs Federal, State, and local funding types to improve transportation systems, determines eligibility requirements, grants administration	Handles budget and grant application and administration, programs revenue sources to appropriate uses in the budget	Medium	SBCTA function has broader, county-wide and multi-modal focus; Omnitrans' function is specific to funding the transit capital and operating budget
Procurement	Conducts agency solicitations for goods and services, following funding source requirements and FTA, FHWA, or other applicable guidelines	Conducts agency solicitations for goods and services, following funding source requirements and FTA or other applicable guidelines	High	SBCTA's procurements may tend to be larger and more FHWA-oriented
Capital Project Development/Management/ Project Delivery	Responsible for the development and construction of major freeway projects, grade separations, and interchanges projects	Manages non-service planning including capital projects; provides oversight of management and safety during construction of capital projects	Medium	SBCTA's Transit Department oversees construction of major transit and rail capital projects, including some Omnitrans projects. Therefore, some efficiency would result from consolidated project management related to these projects.
Transit/Operations Administration	Plans and implements capital projects supporting passenger rail service, supports existing commuter rail service, manages agency-owned rights-of-way	Manages, supervises, and monitors the day-to-day operation of fixed-route and para-transit service	Low	SBCTA's Transit Department's focus is transit and rail capital projects; Omnitrans' Operations Administration function's focus is transit service delivery. Therefore, this area was rated "Low" in similarity.
Legislative/Marketing	Advocates for policies, funding, legislation, and regulatory actions that advance transportation and SBCTA/SBCOG programs	Provides transit service-oriented marketing, customer service, public relations, marketing materials	Low	SBCTA's focus is on high-level legislative efforts; Omnitrans' focus is specific to the marketing of agency transit services directly to the public including at-risk populations.
Planning	Comprehensively plan at the regional and county wide levels, prepare long-range plans, compile and maintain data in support of planning effort, travel demand modeling, growth analysis, focused transportation studies, grant applications	Conducts short-range service and route planning, transit service scheduling, and driver work assignment preparation. Some capital planning is performed pertaining to bus stop facilities, and support is provided for grant application preparation.	Low	SBCTA's planning focus is county-wide and multi-modal; Omnitrans' is service area focused on its transit services

Table D- 2 Key Areas offering Opportunities and Challenges in a Potential Agency Consolidation (Continued)

Function	SBCTA Summary Function Description	Omnitrans Summary Function Description	Degree of Similarity High/Medium/Low	Comments
Other Areas of Opportunity or Challenge			Opportunity or Challenge?	
Retirement Systems	San Bernardino County Employees' Retirement Association (SBCERA)	California Public Employees Retirement System	Challenge and Opportunity	While the contribution rate paid by Omnitrans to CalPERS is more than 60% lower than the contribution rate paid by SBCTA to SBCERA, it is unknown at this time if the difference is based on actuarial assumptions, what each plan considers pensionable compensation, based on the current assets each plan has, or a combination of these and other variables. More review is needed in this area.
Benefits Packages	SBCTA Benefits as listed in Table 3-3	Omnitrans Benefits as listed in Table 3-3	Challenge	As discussed in Section 3, while there are similarities in the types of benefits offered, the levels of benefits and eligibility for certain benefits varies and would need to be made equivalent in a consolidated organization for similar level employees.
Federal Transit Administration Funds Direct Recipient?	No	Yes	Challenge	SBCTA must become a Direct Recipient of FTA funds to have a federally-funded transit operation, which could be challenging to implement and has on-going FTA compliance responsibilities
Budgeting Approach	Program oriented	FTA-compliant separation of capital and operating expenses, use of USOA Functions and Object Classes	Challenge	FTA-compliant approach would, at a minimum, be needed for the transit operations functions if brought under SBCTA
Liability Insurance Coverage Limits	\$5,000,000	\$25,000,000	Challenge	Direct transit operations dictate need for higher level of liability coverage limits
Union Representation	No represented employees	Omnitrans has 589 employees represented by Unions	Challenge	Omnitrans has two separate Unions, which would require labor relations administration staffing and management
Legal Structure of Agency	SBCTA currently has several legislated responsibilities under SB 1305 (2017).	Omnitrans exists under a Joint Powers Agreement among its member agencies.	Possible Challenge	SBCTA may need changes to its enabling legislation to become a transit operator; Omnitrans' JPA may need to be modified or dissolved in event of a consolidation. Both issues to be further examined in Task 1.4.
Information Technology	SBCTA uses vendors to support hardware and software and maintain website.	Omnitrans has an IT staff of 10 and a number of similar applications/IT functions.	Opportunity	There may be capacity of Omnitrans IT to absorb some of SBCTA's IT functions, reducing use of vendors. There may be overlap on some applications that could be pooled to reduce costs.
Payroll Systems	SBCTA collects timekeeping information and pays County to process payroll	Omnitrans has complete in-house payroll application	Opportunity	Possibility that SBCTA payroll could be run on Omnitrans system with modifications. Or that County could process payroll for entire consolidated organization.
Financial Systems/Applications	SBCTA has Eden system for major financial applications which they are anticipating replacing soon	Omnitrans has extensive SAP Enterprise software system installation with many modules	Opportunity	SAP system would need modifications to account for costs by revenue source to meet SBCTA needs, but the costs for these modifications may be much lower than deploying a new system and the ongoing licenses/maintenance costs may be significantly less as it will be one product versus two.

Table D- 2 Key Areas offering Opportunities and Challenges in a Potential Agency Consolidation (Continued)

Function	SBCTA Summary Function Description	Omnitrans Summary Function Description	Degree of Similarity High/Medium/Low	Comments
Other Areas of Opportunity or Challenge			Opportunity or Challenge?	
Human Resources Staffing	Two Staff positions, with other shared responsibilities	Eleven staff positions in HR plus two Payroll Technicians	Opportunity	Omnitrans HR department supports a workforce of 722 and may be large enough to support an additional 67 SBCTA employees.
Facilities management/ grounds/custodian/security	SBCTA uses a property manager for its Santa Fe Depot and is spending over \$1.2 million a year on this.	Omnitrans has 11 Facility Maintenance workers and 8 stops and zones workers who maintain many of their facilities.	Opportunity	Omnitrans staff could potentially take on some of SBCTA's facility maintenance needs, reducing SBCTA contractor costs.

D.1.3. Other Areas of Opportunity or Challenge

In addition to the staffed functions that are common to both agencies as discussed above, there are a number of unique agency characteristics that present opportunities and/or challenges associated with a potential consolidation. These are provided below.

Retirement Systems (Challenge and Opportunity) – This area may be an opportunity as well as a challenge. The two agencies are under different retirement systems. While the contribution rate paid by Omnitrans to CalPERS is more than 60% lower than the contribution rate paid by SBCTA to SBCERA, it is unknown at this time if the difference is based on actuarial assumptions, what each plan considers pensionable compensation, based on the current assets each plan has, or a combination of these and other variables. So, it is unclear what the impact would be by a change in retirement systems. Also, the legal structure of the potential consolidated agency will play a role on how the retirement system must be established. This area requires significant analysis. Some of the options that will be explored are the termination of a plan, the transfer of assets from one plan to another, and grandfathering employees in their current systems.

Benefits Packages (Challenge) - As discussed in Section 3, while there are similarities in the types of benefits offered, the levels of benefits and eligibility for certain benefits varies (e.g., number of paid holidays per year, paid administrative leave eligibility, deferred compensation eligibility, contribution levels toward health plans, accruals and cash outs of accruals) and would need to be made equivalent in a consolidated organization for similar level employees. Furthermore, at Omnitrans, health, dental and vision coverage is provided through Northwest Administrator's Teamsters Miscellaneous Trust, so there may be a need to negotiate the non-bargaining unit staff out of the Teamsters health plans and into SBCTA's plans, or addition of SBCTA employees to the Teamsters program.

FTA Direct Recipient (Challenge) – Omnitrans is a direct recipient of FTA funds; SBCTA is not and must use a sub-recipient agreement with Omnitrans to obtain FTA funds for projects. In a consolidated organization where the combined board would be the grant-approval body, SBCTA may need to become a direct recipient of FTA funding, given the importance of this source to transit operations and capital. Becoming a designated FTA grant funding requires a letter from the governor and letters from other transit agencies in the urbanized area (Riverside - San Bernardino UZA) concurring with the designation.⁵⁷ As a new direct or designated recipient, SBCTA would need to comply with the comprehensive areas of compliance that FTA considers as minimum requirements for federal assistance.⁵⁸ These will be reviewed by FTA prior to becoming a new direct or designated recipient, and again every three years. In the interim years, SBCTA would have to submit FTA's annual certifications and assurances. These tasks are currently being performed by Omnitrans and would likely be performed by the same staff in a consolidated organization.

Budgeting Approach (Challenge) – SBCTA's budget is program-oriented and heavily weighted toward major capital projects. The budget is not routinely split between operating and capital expenses as defined by FTA.

⁵⁷ FTA Circular C 9030.1E

⁵⁸ FTA, [Comprehensive Review Guide for Triennial and State Management Reviews Fiscal Year 2019](#), p. 02-03.

Omnitrans develops an annual budget which follows FTA definitions for separation of operating and capital expenses and uses the National Transit Database's object class codes and functions. It is likely that, from a financial systems viewpoint, SBCTA would be able to modify its budgeting to be similar to that of Omnitrans, at least for the minor transit operations and maintenance portions of its overall program. SBCTA staff indicate that they already budget at the object class level so it would take some additional work to present the information in a way that meets FTA requirements, but it won't require many internal accounting and process changes.

Liability Insurance Coverage Limits (Challenge) - Currently, SBCTA carries general liability insurance with coverage limits of \$5 million. Omnitrans, as a transit operating agency, is carrying liability insurance with \$25 million in coverage limits. SBCTA would need to dramatically increase its coverage limits to cover the increase in risk associated with extensive public transit operations. This is probably more of a cost consideration than an organizationally-challenging item. The combined agency would need to ensure its safety and risk functions maintain risk management and safety planning for transit operations.

Union Representation (Challenge) - SBCTA has no unionized employees currently; Omnitrans has approximately 589 represented employees under either the Amalgamated Transit Union (ATU) or the Teamsters. Omnitrans' operations staff are covered by the ATU. Some of the lower-level administrative positions at Omnitrans are covered by the Teamsters. Consolidation of the two agencies would introduce potential management, personnel, and legal issues unique to organized labor into legacy-SBCTA, which has historically been a purely-administrative agency. There are several impacts to such a consolidation, including, but not limited to, potential issues for legacy-SBCTA administrative staff, establishment of a labor relations function at legacy-SBCTA, administration of two labor agreements (including grievances and arbitrations), potential wage/salary level issues (such as "wage compression") for current legacy-SBCTA staff, and ultimately the threat of labor strikes and service disruptions if the parties cannot reach agreement on labor contracts that come up for renegotiation every three to five years. These issues need to be carefully thought through by the consolidated board and management.

Legal Structure of Agency (Possible Challenge) - SBCTA has several legislated responsibilities under SB 1305 (2017), and SANBAG still exists as the Council of Governments. Omnitrans exists under a Joint Powers Agreement among its member agencies. Changes may be needed to SBCTA's enabling legislation to become a transit operator, and Omnitrans' JPA may need to be modified or dissolved. Changes to enabling legislation, if needed, will require legislative support in Sacramento. All of these issues will be further examined in Task 1.4.

Information Technology (Opportunity) - SBCTA has limited IT staff who have other shared responsibilities and relies on vendors to support hardware and software. Omnitrans has a staff of 10 in IT and uses a number of similar applications and systems, such as web development and board agenda systems. There may be overlap on some applications that could be pooled to reduce costs.

Payroll Systems (Opportunity) - Currently, SBCTA collects employee timekeeping information and sends it to the County of San Bernardino for payroll processing services. Omnitrans has its own in-house timekeeping and payroll systems covering all employees and is confident that this system could accommodate another 67 employees who probably have relatively straight-forward workweeks. The one critical need is for legacy-SBCTA to be able to track employee labor to funding programs for its project and program administration, and this would require a change in Omnitrans' SAP enterprise software system. Still, given that SBCTA is contemplating

replacement of its entire financial system, this could be an opportunity in a potential consolidation. Alternatively, a payroll interface to the County system could be developed so that Omnitrans time-keeping data could be sent to the County for final payroll processing. Both options need to be further explored.

Financial Systems/Applications (Opportunity and Challenge) – Beyond just the payroll system, Omnitrans’ SAP system has been extensively developed to cover all financial and accounting requirements of the agency. SBCTA is considering replacing its Eden system. Assuming the SAP system can be modified to meet SBCTA’s project accounting needs, this could be a viable opportunity for SBCTA. The costs for these modifications may be much lower than deploying a new system and the ongoing licenses/maintenance costs may be significantly less as it will be one product versus two. On the other hand, there would also be the challenge of changes to the General Ledger structure at Omnitrans so there is consistency on the financial data structure.

Human Resources Staffing Support (Opportunity) – SBCTA has a limited staff of two positions to support HR, and those positions also support IT and Facilities oversight at the agency. Omnitrans HR department supports a workforce of 722 and may be large enough to support an additional 67 SBCTA employees.

Facilities Management/ Grounds/ Custodian/ Security (Opportunity) - SBCTA uses a property manager and various contractors for its Santa Fe Depot and is spending over \$1.2 million a year on this. Omnitrans has 11 Facility Maintenance workers and 8 stops and zones workers who maintain many of their facilities. Omnitrans staff could potentially take on some of SBCTA's facility maintenance needs, reducing SBCTA contractor costs.

D.2. Organizational, Financial, Legal Assessment of Functional Areas

Omnitrans operates three types of transit services covering 15 cities in the San Bernardino Valley, as well as major destinations such as central business districts, transportation centers, hospitals, educational facilities, and shopping malls. Its mission is to “provide the San Bernardino Valley with comprehensive public mass transportation services which maximize customer use, comfort, safety, and satisfaction, while efficiently using financial and other resources in an environmentally sensitive manner.”

SBCTA is responsible for cooperative regional planning and furthering an efficient multi-modal transportation system countywide. SBCTA is also a fund administration entity that delivers a countywide capital construction program for all transportation modes. Its mission is to “improve the quality of life and mobility in San Bernardino County” and goes on to provide that “Safety is the cornerstone of all we do. We achieve this by:

- Making all transportation modes as efficient, economical, and environmentally responsible as possible.
- Envisioning the future, embracing emerging technology, and innovating to ensure our transportation options are successful and sustainable
- Promoting collaboration among all levels of government.
- Optimizing our impact in regional, state, and federal policy and funding decisions.
- Using all revenue sources in the most responsible and transparent way.”

For evaluation purposes, this study assumes that, in a potential complete consolidation, Omnitrans would become a separate Transit Operations Division under the current SBCTA organizational structure, and all

current customer-facing services would remain the same. The consultant’s task order requires that only complete consolidation be examined to provide detailed opportunities and challenges for the key functional areas presented in this section, as stated in the RFP. Interviews conducted with SBCTA and Omnitrans for this study in January 2020 revealed that consolidation of Omnitrans into SBCTA as a separate Transit Operations Division would be most appropriate if consolidation were found financially advantageous.

The evaluation of opportunities, challenges, and findings in this chapter is provided in full recognition that they may not be feasible due to lack of support from staff, management, or board members. They are presented, however, to simply show where financial, organizational, or legal costs or benefits may occur in the event of complete consolidation. Table D- 3 summarizes the opportunity and challenge areas from a complete consolidation. The sections following the table provide evaluation details for each functional area. As noted in the legend below, the summary displayed in this Table 3 is intended to at a glance, indicate areas of additional discussion and potential investigation in the event of a complete consolidation, and intentionally combine both level of effort and significance of impact to highlight the areas to potentially be considered further.

Table D- 3. Overview of Evaluation

	Financial	Organizational	Legal/ Contractual
Fixed Route, Commuter/Express Bus and BRT			
Revenue Service			
Dispatching and Customer Service			
ADA and Demand Response			
Paratransit Services			
Special Transportation Services			
ADA Certification Process			
ADA Dispatching and Customer Service			
Integration with Existing and Future Rail Service			
Integration with Existing and Future Rail Service			
Assets and Maintenance			
Facilities Management			
Revenue and Non-Revenue Vehicles			
Transit Facilities, ROW, and Property			
Transit Asset Management (TAM)			
Procurement			
Professional Services Contract			
Vehicle and Support Equipment			
Fare Collection and Other Equipment			
DBE, Buy America, and Title VI			
Human Resources			
HR Staffing			
Labor Relations			
Training – Coach Operator, Maintenance, Dispatch			
Drug and Alcohol Program Compliance			
Planning			
Long Range Planning			
Service Planning/Data Analysis			
Short Range Transit Plans			
Comprehensive Operational Analysis			
Scheduling and Run Cutting			
Capital Projects			

	Financial	Organizational	Legal/ Contractual
Project Development			
Construction Management			
Finance			
Budgeting			
Accounting			
Payroll			
Risk Management			
Internal Controls and Audits			
Capital Asset Management and Reporting			
Grant Application Prep and Assistance			
Grant Management and Reporting			
Funding, Fare Structure			
Cash and Investment Management			
Inventory Management			
Sub-Recipient Monitoring			
FTA Processes			
People Costs			
Retirement Systems			
Job Classification			
Benefits			
Support Functions			
Other Shared Services			
Policy and Legislative Affairs			
Information Technology			
Marketing, Community Outreach, and Advertising			
Telephone Systems and Information			
Security			
Board of Directors/Committees			
Board of Directors/Committees			

Legend

	Red shading indicates a more significant effort
	Blue shading indicates some impact or effort expected
	Light blue shading indicates nominal efficiencies or effort expected
	Grey shading indicates no significant impact

D.2.1. Fixed Route, Commuter/Express Bus and Bus Rapid Transit (BRT)

Omnitrans is a major fixed route, express bus, and BRT transit operator that serves the San Bernardino Valley. SBCTA is responsible for cooperative regional planning and furthering an efficient multi-modal transportation system countywide. Additionally, SBCTA administers funds and oversees capital construction within the County, and coordinates and approves all transit services and projects in the county. SBCTA is a Metrolink Joint Powers Authority (JPA) member and provides financial support and oversight for its commuter rail services.

As provided in the Task 1.2 *Updated Agency Functional Assessment & Initial Pros/Cons of Consolidation Report* (Task 1.2 Report), SBCTA has a Transit Department and Omnitrans has a large Transit Operations Department. As a CTC, SBCTA’s role is to coordinate the operation of all public transportation services within the county to achieve efficient operation. As one of seven transit service providers in San Bernardino County, Omnitrans is focused

on direct transit service delivery for its service area. This core difference in their operations results in relatively few opportunities under consolidation regarding the transit services function.

Revenue Service | A complete consolidation of Omnitrans and SBCTA would not result in an immediate expansion or reduction of revenue services. As discussed in the Task 1.2 Report, SBCTA’s Transit Department oversees the construction of major transit projects, whereas Omnitrans’ Operations department is focused on service delivery. There would be some limited opportunities for cost savings related to both agencies no longer sending staff to meetings on new transit capital projects. As detailed in Section Table D- 4, to effectuate the transfer of Omnitrans revenue service operations to SBCTA, Omnitrans’ JPA would need to be dissolved. If the agencies were to consolidate, legislation would not be necessary, but should, for policy reasons, be enacted to serve as the region and state’s express approval of SBCTA as the direct recipient of FTA funds that will support the continuation of Omnitrans’ bus operations under SBCTA.

Dispatching and Customer Service | Omnitrans currently operates two dispatch centers and a customer service call center. The dispatch centers are staffed with seven dispatch staff and one supervisor. The dispatch centers are open seven days a week, often for most of the 24-hour day. The customer service call center is staffed with five full-time and two-part time staff and is currently available seven days a week, for nine to eleven hours a day. In May 2020, the call center hours are being reduced by a total of ten hours a week, including no Sunday service. SBCTA does not have staff assigned to dispatching and customer service. In a consolidated agency, there would be no cost savings or organizational impacts because dispatching and customer service would continue to be handled by Omnitrans staff that move over to the new Transit Operations Department at SBCTA.

Table D- 4. Revenue Services Evaluation Matrix

Functional Area	Areas of Impact
<i>Revenue Service</i>	Legal/Contractual ✓ Omnitrans’ JPA would need to be dissolved, and legislation should be enacted
<i>Dispatching and Customer Service</i>	No significant impact

D.2.2. ADA and Demand Response

SBCTA does not have comparable transit service to Omnitrans’, so no significant impact is expected from financial, organizational, and/or contractual opportunities.

Paratransit Services | Omnitrans operates OmniAccess, its ADA-complementary paratransit demand-response service. ADA paratransit trips use assigned vehicles and drivers with pre-scheduled daily trip itineraries. Omnitrans also provides subsidies to encourage passengers who would otherwise be eligible for the OmniAccess service to use Lyft for their transportation needs. OmniAccess is contracted out. Omnitrans recently competitively procured the next contract, for up to seven years. SBCTA does not have comparable transit service to OmniAccess. There is no anticipated impact or savings impact from complete consolidation.

Special Transportation Services | Special Transportation Services have three areas of function – CTSA, OmniAccess, and OmniGo/Purchased Transportation. Of those functions, Access and OmniGo operate via third parties. Similarly, SBCTA manages a Vanpool Program through a third party. Each program serves different

demographics of passengers: SBCTA’s Vanpool Program serves commuters and motorists who travel on fixed routes, while OmniAccess provides transit service for those unable to use the fixed-route bus services and OmniGo provides services on the weekends that have low productivity and connects low demand areas with regular fixed-route services. However, in the long-term, there may be opportunities to evaluate and identify activities to streamline the services under a consolidation.

ADA Certification Process | SBCTA does not engage in ADA certification, but Omnitrans does. Omnitrans’ ADA certification would not experience major changes in a consolidation and would likely continue to operate as-is. For the ADA certification process, Omnitrans supervisory staff routinely evaluate certifications to ensure they are completed correctly. Omnitrans has shifted from a paper screening process to an in-person interview process, after which ADA applications and certifications dropped by more than 40 percent, indicating that this has helped reduce misuse of the ADA paratransit service. As such, after consolidation, resources for ADA certification process will not see a reduction as the service will likely remain the same.

ADA Dispatching/Coordination/Customer Service | SBCTA does not engage in ADA dispatching, coordination, or customer service, but Omnitrans does. Omnitrans uses contractors for dispatch and reservations, separate from fixed-route service. Under complete consolidation, dispatching and customer service would continue to be handled by Omnitrans’ contractor staff with the relevant and appropriate expertise and capacity.

Table D- 5. ADA and Demand Response Evaluation Matrix

Functional Area	Areas of Impact
<i>Paratransit Services</i>	No significant impact
<i>Special Transportation Services</i>	No significant impact
<i>ADA Certification Process</i>	No significant impact
<i>ADA Dispatching and Customer Service</i>	No significant impact

D.2.3. Integration with Existing and Future Rail Service

Omnitrans partnered with SBCTA and the Southern California Regional Rail Authority (SCRRA or Metrolink) for the operations of the Redlands Passenger Rail Project, also known as the Arrow Rail service. In January 2020, SBCTA Board approved the transfer of Arrow operations to SCRRA. In January 2020, the full SBCTA Board approved this transfer. As such, the future rail service will now be integrated into Metrolink, and Omnitrans will be removed as the designated Arrow rail operator.

Integration with Existing and Future Rail Service | Though SBCTA (as SANBAG) was the application sponsor, Omnitrans is the recipient of a federal Transportation Investment Generating Economic Recovery (TIGER) grant in the amount of \$8.6 million for the Redlands Passenger Rail Project. SBCTA is Omnitrans’ sub-recipient on the

TIGER grant. As the direct recipient, Omnitrans will continue to administer this grant until such time as the grant is transferred to SBCTA as a future direct recipient in the event of a consolidated organization.⁵⁹

In terms of operations of the rail service, there will be no employees dedicated to the Redlands Passenger Rail Project at Omnitrans in the future with the transfer of Arrow rail operations to SCRRA. SBCTA currently has an oversight and funding role over commuter rail services operated by Metrolink in San Bernardino County, so it will continue these duties under a potential consolidation, adding funding and oversight of Arrow service once its operations are fully transferred to Metrolink. It is expected that current Omnitrans staff dedicated to the Redlands Passenger Rail Project will have the option of assuming similar positions with SCRRA as part of the transfer of operations. However, current Omnitrans Planning staff will be needed in the consolidated organization to plan modifications of Omnitrans routes to provide feeder service to/from Arrow line stations. Current Omnitrans’ Planning staff coordination of transit service with Metrolink and Arrow service would also continue under the consolidation, either as part of the new Transit Operations Division or in a merged SBCTA Planning Department. For these reasons, there would not likely be a significant impact on future rail service in the event of a consolidation of SBCTA and Omnitrans.

Table D- 6. Integration with Existing and Future Rail Service Evaluation Matrix

Functional Area	Areas of Impact
<i>Integration with Existing and Future Rail Service</i>	No significant impact.

D.2.4. Assets and Maintenance

Omnitrans’ and SBCTA’s assets and maintenance approach for those assets are different but provide a few opportunities for coordination in a consolidation. SBCTA has a property manager for the Santa Fe Station, its administrative facility, and owns some rail rights-of-way (ROW) and a portion of the regional San Bernardino Transit Center (SBTC) and co-owns several stations and parking lots maintained by the co-owner, employing maintenance contractors at the cost of \$1.2 million annually. This cost includes maintenance, security, electricity, parking lot improvements, building repairs, utilities, etc. of the Santa Fe Depot but excludes ROW maintenance. ROW maintenance, which costs of \$950,000 a year, requires contractors with special railroad safety training and record keeping and would likely need to be kept separate from other asset maintenance. Omnitrans has an extensive fleet of 298 vehicles and five operations and maintenance facilities, conducting facility maintenance with 11 employees and some security consultants.

Facilities Management | The San Bernardino Santa Fe Depot building, SBCTA’s administrative center, is maintained under a property management contract administered by SBCTA. SBCTA employs the contractor for maintenance, janitorial, and security operation of the Santa Fe Depot and is currently procuring a new facilities management contractor. Omnitrans employs full-time staff and contractors to conduct facility maintenance and administration. A potential consolidated agency could streamline the management of facilities by taking one of two longer-term actions. The consolidated agency would meet its combined facility maintenance needs,

⁵⁹ See [January 8, 2020 Omnitrans Board Agenda. As provided in Section 0, SBCTA is not a direct recipient of Federal Transit Administration \(FTA\) funds. Omnitrans is a direct FTA funds recipient.](#)

in the short-term, through Omnitrans' employees and SBCTA and Omnitrans' contractors. In the longer term, it could seek cost savings by either: (A) continuing facility maintenance management by former Omnitrans staff and a single facilities maintenance contract; or (B) eliminating staff directly providing facilities maintenance services and, instead, relying on a third-party contractor, as well as staff to manage the contract. Both options are anticipated to achieve nominal savings due to economies of scale and standardization.

Revenue Vehicles, Overhauls, Body Work and Non-revenue Vehicles | Omnitrans' fleet includes 192 compressed natural gas (CNG)-fueled buses, comprised of 177 40-foot buses, and 15 60-foot articulated BRT buses, and 106 CNG- or gas-fueled demand response vehicles, for a total fleet of 298 vehicles. A non-revenue fleet of 69 vehicles supports the revenue fleet, including automobiles for staff and driver relief purposes, and service trucks. SBCTA does not currently own any transit fleet fixed assets, other than a single staff vehicle. The overall lack of comparable rolling stock assets and maintenance personnel limits the likelihood of any savings through a complete consolidation.

Bus Stop, Shelter and Transit Centers, Rail ROW, Facilities and Support Equipment, and Other Property and ROW | These asset and maintenance categories will not face significant impacts in the event of a complete consolidation. Omnitrans employees directly maintain certain assets, such as the SBTC, bus stop signage, benches, shelters, trash receptacles, solar lights, and sbX express bus stations. SBCTA co-owns a number of bus and rail stations primarily located in the San Bernardino Valley that, in virtually all cases, are maintained by the municipality in which the station is situated. Also, SBCTA contracts with a vendor to manage its ROW license/lease agreements and with a separate vendor to maintain its ROW. Both agencies co-own and operate the SBTC. Omnitrans owns the SBTC building and the bus bays, and SBCTA owns the crew house, the railroad infrastructure including the platforms and 50 percent of the parking lot with the City of San Bernardino.

Maintenance of these assets and the Santa Fe Depot building may eventually be streamlined under a complete consolidation. Similar to facilities maintenance, streamlined management of assets in a consolidated agency could take one of two longer-term forms. Potential cost savings opportunities could come from: (A) continuing asset management by former Omnitrans staff and a single facilities maintenance contract; or (B) eliminating staff directly providing asset maintenance services, and relying on a third-party contractor, as well as staff to manage the contract. Both options are anticipated to achieve nominal savings due to economies of scale and standardization, and, in the case of the latter option, elimination of some staff.

Unlike facilities maintenance, however, ROW management may be more appropriately administered through contractual or other third party means. Maintenance of SBCTA's railroad ROW, currently performed by an SBCTA maintenance-of-way contractor or by SCRRA, should remain contracted functions because it requires railroad safety qualifications.

Transit Asset Management (TAM) and Asset Management and NTD reporting processes | Congress requires transit agencies to report to the National Transit Database (NTD) if they receive or benefit from Urbanized Area Formula Grants under 49 United States Code (U.S.C.) Section 5307. All recipients and sub-recipients of federal transit funds that own, operate, or manage public transportation capital assets are required to develop and implement transit asset management (TAM) plans. Because SBCTA is currently an FTA funding sub-recipient to Omnitrans, SBCTA works with Omnitrans to include completed project assets into their TAM plan. At this time, this includes infrastructure completed as part of the Arrow Redlands Rail Project. Omnitrans' current TAM Plan was approved by the Omnitrans Board of Directors in December 2018. With the transfer of Arrow vehicle

operations and maintenance to SCRRA, all assets associated with Arrow service will be included in SCRRA's TAM. Further, SCRRA is working to incorporate the SBCTA jointly owned Metrolink Stations into their TAM. The TAM Plan focuses on three types of capital assets: 1) Revenue vehicles; 2) Service vehicles; and 3) Buildings & Facilities. The assets have a condition assessment and a Useful Life Benchmark (ULB). Assets exceeding their ULB are prioritized and scheduled for replacement or refurbishment, depending on the capital funds available.

Transit providers are required to set performance targets for their capital assets based on the state of good repair measures and report their targets, as well as information related to the condition of their capital assets, to the NTD. FTA submits annual NTD reports that summarize transit service, asset, and safety data to Congress for review and use. Omnitrans currently sets performance targets and reports performance data to NTD, which SBCTA monitors, along with reports provided by the county's other transit providers to NTD.

Under a consolidated agency, Omnitrans' TAM plan would continue to be developed, and performance goals and data would continue to be provided to NTD. A marginal level of improvement could occur in a consolidation where the TAM plan and transit performance targets would be better aligned with overall SBCTA goals. Oversight of the new Transit Operations Department's performance, however, should be a consideration prior to consolidation. The agencies should determine whether, as a matter of policy, it benefits the consolidated agency to designate a third party or internal business unit to perform regular performance oversight.

Table D- 7. Assets and Maintenance Evaluation Matrix

Functional Area	Areas of Impact
<i>Facilities Management</i>	Financial <ul style="list-style-type: none"> ✓ Longer-term cost savings opportunity for the consolidated agency by consolidating facility-maintenance resources with Omnitrans employees or contracting out services currently performed by Omnitrans staff to a third-party contractor.
<i>Revenue Vehicles, Overhauls, Body Work and Non-revenue Vehicles</i>	No significant impact
<i>Bus Stop, Shelter and Transit centers, Rail ROW, Facilities and Support Equipment, and Other Property and ROW</i>	Financial <ul style="list-style-type: none"> ✓ Potential opportunity for the consolidated agency by consolidating asset maintenance resources with Omnitrans employees or contracting out services currently performed by Omnitrans staff to a third-party contractor. Nominal efficiencies expected.
<i>Transit Asset Management (TAM) and Asset Management and NTD reporting processes</i>	Organizational <ul style="list-style-type: none"> ✓ No short-term gains but a long-term opportunity to streamline coordination of transit planning and operations reporting, and oversight of Omnitrans and county transit providers' TAM plans. This is an opportunity with or without consolidation. Nominal efficiencies expected.

D.2.5. Procurement

Each agency's procurement office purchases different types of products and services. SBCTA's procurement office of three employees focuses on planning and capital construction delivery services. Omnitrans' procurement office of 20 employees purchases goods and services to support transit operations. Eleven of the 20 positions in Omnitrans' procurement function are parts clerks, maintaining storerooms and parts inventory. These parts clerks are warehouse personnel in a 24/7 operation in two parts rooms. A complete consolidation of SBCTA and Omnitrans will not impact efficiencies in this area, and Omnitrans is already evaluating this function.

Professional Services Contracts / Omnitrans and SBCTA have similar professional services procurement functions. Both agencies' procurement units engage in work associated with creating requests for proposals (RFP) and contracts for professional services that are compliant with FTA guidelines. A complete consolidation could streamline duplication in professional services procurement, requiring fewer staff and contracts where there are currently duplicative planning, design, or other service or project delivery service needs being met by similar professional services firms paid by similar funding sources.

Vehicle and Support Equipment, Non-revenue Vehicles, Fuels, Fueling Infrastructure Installation and Maintenance / There are no economies of scale from procurement of physical assets under a complete consolidation as SBCTA only operates one non-revenue vehicle and no revenue vehicles. Vehicle and support equipment, non-revenue vehicles, gas/diesel/alternative fuels, fueling infrastructure installation and maintenance will not experience any major savings or impact but would be procured by the merged procurement function in the consolidated agency. In case of a consolidation, a zero-emission bus procurement that arises from the current countywide Zero Emission Bus (ZEB) Study being conducted by SBCTA may be

beneficial for the consolidated agency’s Procurement Department as the five transit operators purchase their battery-electric buses. There are no direct cost savings associated under a consolidated agency because SBCTA does not purchase or own revenue vehicles and is conducting the ZEB Study for the five operators. The overall benefit is the potential coordination in battery-electric bus procurements because SBCTA is the coordinating agency for the Study, and Omnitrans is one of the stakeholders. The coordination of ZEB purchases can occur with or without a complete consolidation.

Fare Collection and Other Equipment | For the Arrow rail service, fare collection and other equipment will not experience significant impact from a complete consolidation, as it is assumed that fare collection and fare equipment management will be transferred to SCRRA along with the new rail service’s operations and maintenance. Omnitrans’ on-board fare collection equipment consists of General Farebox Inc. (GFI) Odyssey fareboxes and SPX/Genfare ticket machines on sbX station platforms. Omnitrans’ existing fare collection will likely continue under a consolidation with support from the same personnel who perform this today. However, the financial accounting for fare revenues and procurement of equipment and contracted security firms for cash pickup would be handled by the finance/revenue department of the consolidated agency.

DBE, Buy America, and Title VI | Procurement impacts due to disadvantaged business enterprise (DBE), Buy America, and Title VI requirements, have no significant impact in a complete consolidation. Omnitrans and SBCTA currently must comply with FTA procurement regulations, such as DBE, Buy America, and Title VI, due to their status as FTA funding recipient and sub-recipient, respectively. Both agencies are already coordinating DBE program goals and reporting, as SBCTA must provide information regarding its DBE spending to Omnitrans as well as following Omnitrans DBE goals when procuring for services funded by FTA. Currently, the procurement and/or planning staffs of the two agencies coordinate on DBE and Title VI matters. Also, SBCTA has a consultant to do Title VI compliance while Omnitrans utilizes internal staff to perform this function. There may be an opportunity to streamline these requirements, reporting, and compliance as the agencies are integrated, but the consolidated agency’s compliance with these specific regulations will see little impact. In general, the ability to streamline similar processes can provide the opportunity for staff advancement and more flexibility to cover vacancies and extended absences.

Table D- 8. Procurement Evaluation Matrix

Functional Area	Areas of Impact
<i>Professional Services Contract</i>	<p>Financial and Organizational</p> <ul style="list-style-type: none"> ✓ Streamlining of procurement staff performing duplicative functions ✓ Longer-term opportunity to standardize procurement functions, provide career path options, and more redundancy for vacancies and extended absences. <p>Nominal efficiencies expected.</p>
<i>Vehicle and Support Equipment, Non-revenue Vehicles, Fuels, Fueling Infrastructure and Maintenance</i>	No significant impact.
<i>Fare Collection and Other Equipment</i>	No significant impact
<i>DBE, Buy America, Procurement, and Title VI</i>	Nominal efficiencies expected.

D.2.6. Human Resources

Currently, SBCTA's human resources (HR), risk management, procurement, payroll, and information technology (IT) functions are supported by a mix of staff, other agencies, and consultants. In a complete consolidation, the combined agency could centralize HR staffing but likely faces challenges in labor relations, training, and staff development.

HR Staffing | SBCTA has only two HR employees who have shared responsibilities with IT and Facilities functions. SBCTA hires consultants to perform compensation studies and uses a NeoGov subscription for recruiting. Omnitrans' HR department is composed of 11 employees who support a workforce of 722 and may be large enough to support an additional 67 employees currently at SBCTA. Omnitrans performs compensation studies internally and has its own NeoGov subscription for recruitment purposes. While there are few opportunities to reduce HR staffing, some limited savings may occur with regard to compensation studies that could be conducted completely in-house or through outsourcing and recruiting services that could be assisted with a shared NeoGov account under a single consolidated agency. The long-term opportunity is to standardize HR functions, provide career path options, and support vacancies and extended absences. One of the staffing challenges of the consolidated agency would be to adjust the compensation and benefit levels for the staff positions of the two agencies to provide equity for similar-level positions, as discussed in the Job-Classification discussion of this section, and the Benefit discussion in Section D.2.10 People Costs.

Labor Relations Staffing | Omnitrans has two unions that represent 589 front-line, operations and maintenance personnel, and administrative staff – the Amalgamated Transit Union (ATU) and Teamsters. SBCTA's employees are not unionized. Under a consolidated agency, a centralized HR function would need to continue Omnitrans' labor relations responsibilities (e.g., administration of labor agreements, grievances and arbitrations, handling potential wage/salary level issues such as "wage compression"), which would likely largely be handled by the former Omnitrans staff who were handling these duties. The consolidated board and management will need to actively manage labor relations during the transition and longer-term operations of the consolidated agency.

It is assumed that there will be no change to labor agreements in the short-term. However, learning from LA Metro's experience, the role of labor unions in the consolidated agency and treatment of unionized employees' benefits, retirement system, and other rights will need to be addressed prior to the consolidation. Interviews performed for this study revealed that the unions might see SBCTA's large budget and believe there is more money to pay unionized staff. Thus, a consolidated agency may need additional engagement with union leadership to better explain the different purposes, funding, and expenditures at SBCTA, and help manage expectations.

Training – Coach Operator, Maintenance, Dispatch, other Administrative | Omnitrans has previously experienced coach operator recruitment and retention challenges but reports that these are not issues at this time. Omnitrans has six staff and one manager in the fleet safety and training group. This group is responsible for developing and conducting training and certification of coach operators. Omnitrans directly performs most vehicle maintenance for the fixed-route service. It provides maintenance training for mechanics and helpers. This training is significant with both classroom and hands-on training provided. Omnitrans is purchasing four electric-powered vehicles in 2020. The vehicle manufacturer will provide Coach Operator and vehicle

maintenance training. SBCTA does not perform nor contract for vehicle maintenance training. Thus, a complete consolidation is not expected to have a significant impact on training.

Drug and Alcohol Program Compliance / Of the two agencies, only Omnitrans is subject to a required Drug and Alcohol Compliance program per FTA regulations. Omnitrans has one staff person that administers the Drug and Alcohol Program (as well as the leave program). The annual cost for drug and alcohol testing and services is approximately \$41,000. This function would now be assumed under the combined HR department of the consolidated agency.

Table D- 9. Human Resources Evaluation Matrix

Functional Area	Areas of Impact
<i>HR Staffing</i>	<p>Organizational</p> <ul style="list-style-type: none"> ✓ Near-term, opportunity for limited savings on contracted service supporting the HR function through consolidation. ✓ Longer-term opportunity to standardize HR functions, provide career path options, and more redundancy for vacancies and extended absences. Nominal efficiencies expected. ✓ Longer-term, HR would likely need to address adjustments to compensation and benefit levels of employees from the two former organizations to ensure equity.
<i>Labor Relations Staffing</i>	<p>Financial</p> <ul style="list-style-type: none"> ✓ Longer-term potential shifting of some SBCTA administrative employees from non-represented to represented, or vice versa <p>Organizational</p> <ul style="list-style-type: none"> ✓ The consolidated agency’s board and management will need to actively manage labor relations during the transition and longer-term operations of the consolidated agency ✓ Additional engagement with union leadership will be needed from management to better explain the different purposes, funding, and expenditures at SBCTA, and help manage expectations <p>Legal/Contractual</p> <ul style="list-style-type: none"> ✓ The role of unions in the consolidated agency and treatment of unionized employees’ benefits, retirement system, and other rights will need to be addressed prior to the consolidation and maybe codified in legislation ✓ Challenges in negotiating agreements, wage compression, and labor negotiations become a responsibility for the board and management in the combined agency
<i>Training – coach operator, maintenance, dispatch, other</i>	No significant impact
<i>Drug and Alcohol Program Compliance</i>	No significant impact

D.2.7. Planning

Each agency provides a function described as planning, but the focus of each agency’s planning unit is significantly different. SBCTA’s Planning Department, comprised of six employees, has a multi-modal focus and plans at the regional and county-wide level, while Omnitrans’ Planning and Scheduling Department, composed

of 5.5 staff, focuses on short-term⁶⁰ (near-term to five years out) planning efforts relating to operating its transit services.

Long Range Planning Functions / Long-range planning, such as the development of the Long-Range Transportation Plan (LRTP) is currently completed by SBCTA, which provides comprehensive long-range planning expertise for the county and contributes to regional plans. Omnitrans does not provide these services. SBCTA's Planning Department has been responsible for Comprehensive Multimodal Corridor Plans (required by the state for SB 1 funding), Long Range Transportation Plans (no specific timeline required), Customer-based Action Plan, submittal of growth forecast and project submittals to the Southern California Association of Governments' (SCAG) Regional Transportation Plan (RTP)/Sustainable Communities Strategy (SCS), and integration of land use into these plans (as appropriate). This function will not be impacted by a complete consolidation, but the input of the new Transit Operations Department into these plans will likely be better coordinated. Thus, a complete consolidation will have little impact on long-range planning functions.

Service Planning/Data Analysis / Service planning and data analysis are not expected to change significantly but offer opportunities for improved organizational efficiency and coordination under a consolidated agency. For example, SBCTA is currently conducting a Countywide ZEB Study for the six transit operators in the County, including Omnitrans. As such, planning initiatives like the ZEB Study could see improved coordination under a consolidated agency. In addition, Omnitrans' Planning Department includes a development review planner who coordinates with cities on development reviews, and whose skillsets could integrate into the current first mile/last mile studies for SBCTA, as well as active transportation planning.

Both agencies currently utilize GIS, which is another area where consolidation would provide efficiencies. SBCTA's Planning Department utilizes GIS to analyze, map, and support other SBCTA departments. Omnitrans' Planning and Scheduling Department utilizes GIS for its planning efforts and has a service planning function for scheduling of transit services provided by the agency. The consolidated agency could share resources for GIS and technical data analysis and would need to retain Omnitrans staff who currently provide service planning and scheduling services for its bus transit operations.

Short Range Transit Plans (SRTP) / SBCTA allocates operating and capital dollars to county transit operators every year based on the information in their individual SRTPs which are presented to the SBCTA Transit Committee and Board of Directors for approval. In addition, SBCTA's Transit Department prepares a comprehensive over-arching SRTP for the county and presents this plan to the SBCTA Transit Committee and Board of Directors. The funding projections in the SRTPs are then used as a guide for annual allocations to the operators. As such, a consolidation would improve the coordination efforts for the annual allocation for Omnitrans. In addition, SBCTA's SRTP does not currently include an annual process for evaluating the performance of transit services, which, as a transit operator, it would need to do. As a consolidated agency, SBCTA's SRTP preparation would broaden its scope to include the annual process for evaluating transit service performance, addressing service area needs, and providing capital and operating budget projections. However, this could be done by the consolidated agency's Planning staff who would perform or contract for this function, previously performed by Omnitrans. Thus, no significant impact is anticipated.

⁶⁰ Omnitrans's service planning horizon is five years; their capital planning horizon is for the life of the assets procured.

Comprehensive Operational Analysis (COA) | Comprehensive Operational Analyses are typically performed every five to ten years by transit agencies. They are intended to provide a detailed analysis of the operational performance of a transit system and provide a strategic plan for how the system should evolve in the following five to ten years. The last COA of the Omnitrans system was conducted in 2013/2014 by SBCTA. A high-level version of a COA is a part of this current *Consolidation Study and Innovative Transit Review*, to identify where Omnitrans' fixed-route resources should be focused and where alternative modes may be more appropriate, given the current transit use environment. The Innovative Transit Review portion of this study (Task 3) is scheduled to start in May 2020. It is anticipated that in the future, the consolidated agency would continue to prepare a COA every five to ten years. In the future, the consolidated agency's Planning staff would complete the COA.

Scheduling/Run Cutting | Scheduling/run cutting is solely an Omnitrans function. SBCTA is not involved in transit route planning and scheduling. Omnitrans uses its Trapeze Software for scheduling and route optimization. There are no anticipated impacts to scheduling/run cutting from a complete consolidation. This would likely remain as a function within the new Transit Operations Department in the event of consolidation.

Table D- 10. Planning Evaluation Matrix

Functional Area	Areas of Impact
<i>Long Range Planning</i>	No significant impact
<i>Service Planning/Data Analysis</i>	Organizational <ul style="list-style-type: none"> ✓ Improved coordination and expertise for special studies. Nominal efficiencies expected. ✓ Sharing of resources/talent for GIS and other data analysis. Nominal efficiencies expected.
<i>Short Range Transportation Plans</i>	Financial Nominal efficiencies as it will eliminate the need to prepare a duplicate SRTP to Omnitrans SRTP. The consolidated agency's Planning staff would complete or contract for this function, previously performed by Omnitrans.
<i>Comprehensive Operational Analysis</i>	Nominal savings as it will eliminate two agencies participating in this function. The consolidated agency's Planning staff would complete or contract for this function, previously performed by Omnitrans. The previous Omnitrans COA was administered by SBCTA.
<i>Scheduling and Run Cutting</i>	No significant impact

D.2.8. Capital Projects

Staff at both agencies are dedicated to capital project development and construction management. SBCTA focuses on multimodal capital project development and construction countywide, while Omnitrans focuses on making minor improvements to its transit facilities in its service area and ensuring a state of good repair of its facilities. The differences in the modal and geographic nature of their work provide a moderate impact from a potential consolidation with some efficiency resulting from coordinated project management of major transit

projects and programs. Omnitrans is currently contracting with SBCTA to deliver the construction of major capital projects related to bus infrastructure.

Project Development | SBCTA has two departments that oversee major capital projects: 1) Project Delivery and Toll Operations, focused on major highway construction and without similarities to Omnitrans; and 2) Transit, which oversees the construction of major capital projects related to bus and rail infrastructure improvements or station construction. Omnitrans has one Construction Manager in the maintenance department and one planner who also has other duties.

Omnitrans currently bills SBCTA for their staff time since Omnitrans is the main recipient of the FTA funding for any capital project services requested by Omnitrans in the cases that SBCTA is leading on a construction project (e.g., the San Bernardino Transit Center, West Valley Connector). In addition, SBCTA includes an allocation of funding to pay Omnitrans for their staff time too. On these joint projects, each agency assigns a project manager to oversee the project and maintain communication on the project progress. This creates some duplication of effort as both agencies must present updates to each agency committee of jurisdiction and board regarding the progress of the project as well as changes to the scope, schedule, or budget. There is duplication of staff at all project meetings including those with local stakeholders and with the FTA.

If consolidation were to occur, the consolidated agency would be most effective if it incorporated operational needs from the new Transit Operations Department into the Transit Department’s development of capital projects. Currently, SBCTA-managed construction projects for facilities in which Omnitrans operates require coordination between the two agencies. With a consolidated agency, the capital delivery staff will likely be able to more effectively integrate input from the new Transit Operations Department.

Construction Management | SBCTA’s Transit Department has led some of Omnitrans’ major capital construction for projects like the San Bernardino Transit Center and the upcoming West Valley Connector. Managing capital construction is a core function of SBCTA and not significantly undertaken by Omnitrans. Under a consolidation, there may be opportunities for minor transit projects currently handled by Omnitrans to be leveraged with SBCTA’s expertise, processes, and contractual resources for project delivery. However, no significant impacts are expected.

Table D-11. Project Development and Construction Management Evaluation Matrix

Functional Area	Areas of Impact
<i>Project Development</i>	Organizational ✓ Integration of operational inputs and minor transit project needs to capital project development. Nominal efficiencies expected.
<i>Construction Management</i>	Organizational ✓ Nominal efficiencies through less duplication of staff attending meetings/managing construction projects.

D.2.9. Finance

The finance functional area poses several opportunities and challenges in a complete consolidation because both agencies’ Finance Departments conduct similar, and thus, duplicative functions. However, due to the agencies’ diverging missions, each approach accounting and budgeting differently.

Budgeting | SBCTA has a program-based approach to budgeting weighted toward delivery of major capital projects funded from various local, state, and federal sources. Their budget is not routinely split between operating and capital expenses as required of FTA fund recipients. Omnitrans, on the other hand, closely follows FTA requirements. Omnitrans develops an annual budget that follows FTA definitions for separation of operating and capital expenses and uses NTD object class codes and functions. Under a complete consolidation, SBCTA would need to modify its budgeting to resemble that of Omnitrans, at least for the minor transit operations and maintenance portions of its overall program. SBCTA staff indicated that they already budget at the object class level, so it would take some additional work to present the information in a way that meets FTA requirements. However, this would not require many internal accounting and process changes. Thus, no significant impact is likely from consolidation.

Accounting | Consolidation provides an opportunity to consolidate traditional accounting functions (e.g., accounts payable, accounts receivable, grant accounting, general ledger, and invoices), as well as the overall financial software system that supports all these functions, which are currently duplicated at the two agencies. It is important to note that FTA accounting requirements⁶¹, such as utilizing the FTA Uniform System of Accounts, are met in the consolidated agency. Consolidation should provide some reduction of work resulting from a reduction of bank accounts and investment accounts to manage and reconcile, the preparation of a single Comprehensive Annual Financial Report (CAFR) instead of two CAFRs and reduction of billing back and forth between the two agencies.

SBCTA is currently assessing replacement of its financial management system, and Omnitrans holds an SAP Enterprise software system containing modules that, with some modification, could potentially support SBCTA's financial needs. If consolidation were to occur, this integration of financial management software systems could achieve lower overall costs as opposed to the acquisition of a completely new system at SBCTA and maintenance of Omnitrans' separate system. In fact, Omnitrans currently has many of its capital assets (e.g., buses, other vehicles, shop equipment, operating facilities) that are already carried in its asset management system.

Payroll and Personnel Administration | SBCTA's payroll system is handled through the County of San Bernardino, which procures and secures health benefits, processes payroll, and tracks/pays taxes. SBCTA collects employee timekeeping information and sends it to the County for payroll processing services. There are three SBCTA employees partly dedicated to managing payroll. In their completed Agency Questionnaire, SBCTA estimated that a total of 0.33 full-time equivalents are involved in payroll processing, in addition to the contracted County payroll and personnel services. Omnitrans has four dedicated employees to handle payroll and benefit related functions. In contrast to the SBCTA's payroll system, Omnitrans utilizes its own in-house timekeeping and payroll system, SAP ERP, to do more than just payroll processing. SAP ERP also manages financial transactions, processes work for planning, reporting of business operations, and handles data management within the HR department. Omnitrans' system could potentially handle both agencies' payroll with a system modification to include SBCTA's project coding. Alternatively, SBCTA's payroll system from the

⁶¹ FTA accounting and other financial management requirements are provided in FTA-issued guidance, including [circulars](#), its [Grant Management Requirements](#), its [Certifications and Assurances for Federal Transit Administration Grants and Cooperative Agreements](#), its [Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs \(49 CFR Part 24\)](#), and its [Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended](#).

County also has the capability to incorporate Omnitrans payroll if an interface can be devised to accept Omnitrans' Trapeze System/Kronos timekeeping data.

Risk Management | Risk considerations and requirements for transit operations are considerably different from those of an administrative agency. Currently, Omnitrans' General Liability is handled through the CalTIP JPA and administered by Sedgwick (formerly York). Omnitrans is self-insured up to \$100,000. Current liability insurance costs are budgeted at \$2.7 million, which includes administrative costs. Omnitrans has a Third-Party Administrator for Workers Comp. Due to the rapidly rising costs Omnitrans has experienced in the Casualty and Liability area, the agency is considering going out on the open market for General Liability coverage.

SBCTA also has a Third-Party Administrator for all claims. SBCTA manages from a perspective of contractual risk transfer for most of its scope of work. This allows the agency itself to finance a limited amount of liability exposure through a self-insured retention and the purchase of commercial insurance. At the time a claim is received, it is evaluated for sufficiency and appropriateness. Then, at that time, the agency may reject the claim directly to the claimant with no assignment of liability as the agency may have no established contract, project, or other relationship in the incident area. On other occasions, the agency may reject the claim and tender it to the appropriate contractor or service provider based on a contractual relationship. SBCTA pays about \$24,000 annually in claims. Under consolidation, SBCTA would need to absorb Omnitrans' coverage limits and increase its current \$5 million coverage limit to cover the increase in risk associated with extensive public transit operations akin to the \$25 million coverage limit for Omnitrans. This could potentially be addressed by SBCTA joining Omnitrans' insurance coverage pool or newly-procured liability coverage.

Internal Controls and Audits | A small portion of the duties of three SBCTA staff, including the Chief of Fiscal Resources and Fund Administration Management Analysts, involve audit services, including procurement of external auditors. SBCTA's Chief of Fiscal Resources and Chief Financial Officer also have responsibility for internal control review and assessment. Omnitrans and the other transit agencies in San Bernardino County are recipients of state Transportation Development Act (TDA) and Measure I funds from SBCTA. Thus, SBCTA engages an external auditor to audit compliance related to these funding sources. SBCTA engages a consultant for the triennial TDA audit, and both SBCTA and Omnitrans are audited. Under a consolidation, this auditing and internal control assessment would continue utilizing an external auditor procured by SBCTA. Thus, no significant impact is anticipated.

Capital Asset Management and Reporting | Omnitrans conducts regular capital asset management and reporting due to its ownership of capital assets and status as a direct FTA funding recipient. SBCTA tracks its capital assets in a manner that is compliant with FTA requirements. However, because SBCTA's ownership of capital assets is limited, it does not use the same financial accounting system as Omnitrans. Consolidation would not require a change to SBCTA's financial system to mirror FTA requirements regarding capital asset management and reporting. SBCTA's assets could simply be added to Omnitrans' SAP Enterprise financial accounting system and be adopted by SBCTA. If enabling legislation establishing the consolidated agency is pursued, it may also need to address the transfer of all of Omnitrans' assets to the newly consolidated agency.

As provided in Section D.2.4, Omnitrans' 2018 TAM Plan focuses on revenue and service vehicles, as well as buildings and facilities. Assets with a condition assessment exceeding its ULB are prioritized and scheduled for replacement or refurbishment, depending on the capital funds available. Omnitrans replaces buses based on FTA guidelines but has extended the useful life from 12 to 14 years. Other capital equipment is replaced at the

manufacturers' useful life expectancy, equipment assessment, professional judgment, and available funding. A complete consolidation may change this approach to asset management, which may have budgetary impacts. Extending the useful life of assets may bear short-term cost savings, but might require longer-term expenditures related to mid-life overhauls and other repairs associated with age and deterioration.

Grant Application Preparation and Assistance / Discretionary grant funds can leverage existing local resources to pay for planning and construction costs of priority capital projects. Improved coordination regarding discretionary grant application preparation and assistance is expected as both agencies plan for future projects. SBCTA holds a grant preparation contract, which accesses consultant support to assist it in applying for state and federal discretionary grant funding. SBCTA has been successful in acquiring discretionary grant funding, including the following funds in Omnitrans' service area:

- \$8.7 million in 2016 USDOT TIGER funds for the Redlands Passenger Rail Project
- \$10.8 million in 2018 CTC Local Partnership Competitive Program funds for the Redlands Passenger Rail Project
- \$65 million in 2018 CTC Solutions for Congested Corridors funds for the Redlands Passenger Rail Project
- \$30 million in 2018 CalSTA TIRCP funds for the Diesel Multiple Unit Vehicle to Zero- or Low-Emission Vehicle Conversion and West Valley Connector Bus Rapid Transit Project

SBCTA prepared and applied for discretionary grant funding for these projects and in the case of the federal TIGER grant, Omnitrans was the recipient of funds. This required duplicative efforts on the parts of SBCTA and Omnitrans in the preparation of the FTA full funding grant agreement as well as with respect to the ongoing project management oversight meetings for the Redlands Passenger Rail Project which Omnitrans attends. SBCTA also provides support for the state Low Carbon Transit Operations Program (LCTOP) and federal 49 U.S.C. § 5310 (Enhanced Mobility of Senior and Individuals with Disabilities Program) funding it distributes and reviews Omnitrans grant applications when requested. Both agencies monitor the availability of these funds as well as the related expenditure deadlines. Omnitrans and SBCTA work together to input FTA grant applications in Trams (FTA's grants system) for projects where SBCTA is the lead agency for constructing the project. Omnitrans inputs the grant information into Trams when they are the project lead, using UZA and federal fiscal year information provided by SBCTA. SBCTA then reviews the grants and monitors their drawdown. Omnitrans also applies for grant funding and, when requested, SBCTA reviews the Omnitrans applications. Further, Omnitrans works with SBCTA to identify the required local match funding needed to be competitive on their grant applications.

SBCTA's grant writing contract and other grant application preparation and assistance resources could be shared in a consolidated agency such that these resources are used to apply for discretionary grant funding that could cover the costs of planning or construction of future capital projects benefiting the new Transit Operations Department. This is needed as Omnitrans, along with other transit providers statewide, seek funds to reach compliance with the California Air Resources Board's (CARB) Innovative Clean Transit regulation that mandates 100 percent ZEB fleets by 2040.

Grant Management and Reporting / The other side of applying for and receiving discretionary and non-discretionary grants is grants management and status reporting to funding agencies. Both agencies currently perform this function but for different grants provided by different funding agencies. At SBCTA, grant management and reporting are, for the most part, duties performed by those overseeing the specific program or project scope of work. Other, more specific functions are performed by SBCTA's Fund Administration or

Finance Departments, such as determination of available funding or billing. SBCTA has 18 staff that partially support grants management as a small part of their overall work (total of 1.92 FTE). Omnitrans only has one position that explicitly handles this task with support from others, including the Finance Department, which has two financial analysts that partially support this function. In a consolidated agency, this function would likely continue as it is performed at SBCTA. That is, project managers in the consolidated agency would continue to manage the grant as part of managing the project, perform all reporting requirements and the Finance Department will continue to do grant billing only. Thus, there would be improved efficiency but little cost savings in this area.

In addition, each year, FTA requires recipients of federal grants for public transportation purposes to formally agree to certain pre-award certifications and assurances. For FY 2019, there were 18 separate categories of certifications and assurances for FTA assistance programs, covering many federal transit regulatory areas. Omnitrans, as the direct recipient of FTA funds, annually files the certifications and assurances with the FTA. Under an MOU with SCAG, SBCTA is responsible for determining the split of FTA formula funds, notifying Omnitrans of the amount of their allocation, and making sure that Omnitrans submits a copy of their FTA certifications and assurances to SCAG. In addition, SBCTA completes a separate annual certifications and assurances. This duty of SBCTA's would continue under a consolidation though the oversight would be internal to the consolidated agency and one annual certifications and assurances would be completed.

Funding (including LTF Administration and Measure I compliance), Fare Structure, Collection Methods, Fare Media, Shelter and Bus Advertising | Funding, fare structure, collection methods, fare media, shelter, and bus advertising are functional areas that will not see major impacts. Omnitrans manages a fare collection system, a monthly Mag Stripe pass, Genfare Odyssey validating fareboxes, and mobile fares. Omnitrans dumps fareboxes nightly and contracts with LA Federal Armored Service for cash handling. SBCTA does not manage fareboxes and has very little cash handling associated activities. Omnitrans also coordinates with six adjacent transit agencies for fare vending, schedule coordination, and transfers. Fare structure and collection would continue in the merged departments in the consolidated agency with little impact. Fare structure and policy would now be a function of the consolidated agency and its board, which would also be required to conduct FTA-required hearings for fare changes.

Cash and Investment Management | SBCTA's Finance Department and the Chief Financial Officer (CFO) oversee cash, investment monitoring, and compliance. The department also utilizes a consulting firm and a bank (PFM and US Bank) for investment advisory assistance. SBCTA invests in the Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), and San Bernardino County Treasury pool. Omnitrans earns revenue (interest payments) from its investment in LAIF and money market accounts. Unlike SBCTA, Omnitrans does not have the need to invest in long-term investment types due to the nature of their operations and their available cash balance. Prior to consolidation, the agencies would need to consider whether Omnitrans' investments in LAIF or money market accounts will be combined with SBCTA's or transferred to CAMP, depending on interest earnings provided by both pools. Both options would be an easy transition, and cash and investment management resources would likely reduce slightly as less bank/pool accounts have to be managed and reconcile on a monthly basis. Thus, minimal financial, organizational, or legal/contractual impacts are anticipated, due to the transfer of all of Omnitrans' cash and investments to SBCTA as part of consolidation.

Inventory Control / SBCTA performs inventory checks once a year as a part of their capital asset tracking. In doing so, SBCTA uses MS Excel® for minor furniture and equipment inventory (e.g., chairs, desks, computers). SBCTA does not maintain an active inventory of parts or equipment that is used for repairs. Once the SBCTA's I-10 and I-15 Express Lanes are in operation, SBCTA will have access to the contractors' inventory management system to view inventory related to the toll systems/operations only. However, the inventory will be managed by a vendor who will perform maintenance on the assets on SBCTA's behalf. Maintenance-of-way for rail property does not have an inventory of the signs and fences maintained by SBCTA, but currently, a system is being developed to inventory asset locations. Omnitrans has 11 personnel dedicated to the maintenance of a parts storeroom and other inventory. Omnitrans uses SAP to manage all aspects of material management. SAP is integrated with maintenance work orders, and parts are issued and tracked to individual buses. This system is primarily used for the majority of their fixed-route services. The maintenance of the OmniAccess fleet is the responsibility of the contractor (MV). With respect to the contractor's inventory management system, Omnitrans staff has access to this data at any given time. In case of a consolidation, inventory management for the OmniAccess fleet would continue to be the contractor's responsibility until such time as the contracting agency (Omnitrans, or SBCTA if consolidated), decides to take it in-house.

Sub-recipient Monitoring / Omnitrans requests SBCTA, as a sub-recipient of its FTA funds, to complete a form as part of the FTA certifications and assurances process. This is done by various SBCTA departments based on their respective areas of the self-certification process. This form is part of the annual monitoring/audit site visit performed by Omnitrans to SBCTA. Omnitrans would no longer have to perform sub-recipient monitoring/audits of SBCTA under a consolidation. This presents an opportunity to save a limited amount of time and other resources currently used to conduct sub-recipient audits for both agencies. There may be ongoing sub-recipient monitoring for other FTA recipients in the county, however, so this functional area is not expected to result in significant savings or efficiencies.

FTA Processes and Direct Recipient Designation / Currently, Omnitrans is a direct recipient of FTA funds, which provides them the authority to receive non-discretionary federal funds. SBCTA is a sub-recipient of FTA funds, which means SBCTA cannot receive non-discretionary funds directly from FTA but must coordinate with Omnitrans to receive them. These funds are passed-through from Omnitrans. SBCTA and Omnitrans have a master agreement that provides the general requirements of this sub-recipient relationship. Both agencies develop project-specific supplemental agreements as projects that require FTA funding are developed.

Under a complete consolidation, SBCTA would need to become a direct recipient of FTA so that, among other duties, its board can approve grant requests, receive grant funding, and approve submission of annual certifications and assurances. These functions, currently handled by Omnitrans, would now become functions of the consolidated agency.

A key step in being designated as a direct recipient of FTA grant funding requires a letter from the governor and letters from other transit agencies in the urbanized area (Riverside-San Bernardino UZA and LA/Long Beach UZA) concurring with the designation.⁶² Should the consolidated agency be established through new

⁶² FTA Circular C 9030.1E

authorizing legislation, the bill's enactment could serve as a means of generating these letters. The enacted statute would assign Omnitrans' FTA grant and formula fund recipient duties to the new entity.

As a new direct FTA funds recipient, SBCTA would need to comply with the comprehensive areas of compliance that FTA considers as minimum requirements for federal assistance.⁶³ These will be reviewed by FTA prior to becoming a new direct recipient, and again every three years. In the interim years of becoming an FTA funds direct recipient, SBCTA must submit FTA's annual certifications and assurances that require compliance by the agency in all certified areas. These tasks are currently being performed by Omnitrans and would likely be performed by the same staff in a consolidated organization.

Under a consolidation, FTA major oversight reviews would continue as they do today. This includes triennial reviews of the new Transit Operations Department at SBCTA, which would be the new grantee receiving Section 5307 Urbanized Area Formula Grants, and other reviews that may be conducted under special circumstances (e.g., participation in a special program or being at-risk or out of compliance with procurement or financial systems).

Receiving FTA recipient designation was identified as a challenge in Task 1.2 due to the required legislative steps involved and the administrative effort to re-title all FTA grants with SBCTA as the recipient. However, although SBCTA is not a direct recipient, it complies with all FTA requirements except for those that apply only to direct recipients. As a major sub-recipient, SBCTA already participates in FTA triennial reviews and maintains internal controls, policies and procedures and accounting systems that comply with FTA. The challenges in compliance with FTA requirements arise when SBCTA seeks to become a direct recipient. However, those challenges should be minimal in the compliance area as both Omnitrans and SBCTA are already complying with FTA requirements and merging the two agencies should not increase the complexity of the requirements.

As highlighted in the Task 1.2 Report, the costs and resources of becoming an FTA fund direct recipient are significant due to the extensive work involved in becoming an approved direct recipient and building internal capacity to administer grants and meet compliance requirements with annual certification and assurance. FTA direct recipient status requires approval from the Governor and concurrence from all other transit operators in San Bernardino and Riverside counties. It would cost them time and other resources needed to draft and advocate for passage of state legislation that would serve as the Governor and other transit providers' approval of SBCTA as an FTA funding direct recipient, delegating transit operations rights to SBCTA, and transferring all Omnitrans' rights and obligations to SBCTA, including applying for and receiving federal and state grants. In addition, all grants and contracts currently held by Omnitrans would have to be retitled or otherwise revised to name SBCTA as the grant recipient/contracting entity. The interview conducted for this study with former LA Metro staff confirmed that this was a substantial administrative effort. Additional time and resources would be required to establish the internal processes for annual certification and assurances on FTA grants.

⁶³ FTA, [Comprehensive Review Guide for Triennial and State Management Reviews Fiscal Year 2019](#), p. 02-03.

Table D- 12. Finance Evaluation Matrix

Functional Area	Evaluation Criteria
<i>Budgeting</i>	No significant impact
<i>Accounting</i>	<p>Financial</p> <ul style="list-style-type: none"> ✓ Savings opportunity in the consolidation of a traditional accounting system and personnel ✓ Savings opportunity in the consolidation of the SAP system ✓ No savings in FTA reviews <p>Organizational</p> <ul style="list-style-type: none"> ✓ Opportunity to consolidate personnel in traditional accounting
<i>Payroll and Personnel Administration</i>	<p>Financial</p> <ul style="list-style-type: none"> ✓ Savings opportunity due to the flexibility of San Bernardino County and Omnitrans' respective payroll systems to accommodate the others. ✓ Potential short-term cost to adapt the payroll system
<i>Risk Management</i>	<p>Financial</p> <ul style="list-style-type: none"> ✓ No significant impact. Costs would likely be similar to the combined costs of the two agencies currently. <p>Organizational</p> <ul style="list-style-type: none"> ✓ The consolidated agency would need to adjust risk management practices and liability insurance levels to match the risks of being a transit service operator.
<i>Internal Controls & Audits</i>	No significant Impact
<i>Capital Asset Management and Reporting</i>	<p>Financial</p> <ul style="list-style-type: none"> ✓ Policy changes related to capital asset management will need to be considered in relation to funding available for maintenance. Differing methods are established in the regulations for evaluating facilities and fleet. No significant impact. <p>Organizational</p> <ul style="list-style-type: none"> ✓ Capital asset management policies will need to be evaluated and approved by the consolidated agency's committee of jurisdiction and board, as they do separately today. No significant impact. <p>Legal/Contractual</p> <ul style="list-style-type: none"> ✓ Consolidation legislation could include sections addressing the transfer of all assets to the newly consolidated agency.
<i>Grant Application Preparation and Assistance</i>	<p>Organizational</p> <ul style="list-style-type: none"> ✓ Opportunity to improve services by consolidating grant writing resources to apply for discretionary grant funding for future capital projects benefiting the new Transit Operations Department

Functional Area	Evaluation Criteria
Grants Management and Reporting	Organizational <ul style="list-style-type: none"> ✓ Project managers in the consolidated agency would continue to perform grant management and grant reporting with the Finance Department performing grant billing. Nominal efficiencies expected.
Funding, Fare Structure, Collection Methods, Fare Media, Shelter and Bus Advertising	No significant impacts. The consolidated agency would now be required to conduct the FTA-required hearings for fare changes.
Cash and Investment Management	Financial <ul style="list-style-type: none"> ✓ Nominal efficiencies expected. Costs would likely be lower and interest earnings may be higher due to SBCTA cash and investment capacity. As well as the consolidated agency will manage less bank/investment accounts.
Inventory Management	No significant impact
Sub-recipient Monitoring	No significant impact
FTA Processes and Direct Recipient Designation	Financial and Organizational <ul style="list-style-type: none"> ✓ Initial additional cost and resource of establishing the consolidated agency as an FTA funds direct recipient. Legal/Contractual <ul style="list-style-type: none"> ✓ SBCTA must become a direct FTA funds recipient and comply with FTA compliance requirements ✓ All current FTA grants would need to be revised to show the consolidated agency as the recipient

D.2.10. People Costs

A consolidation presents opportunities and substantial challenges in personnel costs due to standardizing classification, compensation, labor relations administration, and type of work. The factors discussed in this section focus on employee compensation and benefits. There are substantial challenges with any change to any employee’s benefits package as it may impact morale, productivity, and employee retention. Changes in employee benefits can cause unease, rumors, and productivity decline. This is on top of morale issues that may result from decisions such as relocating staff. Indeed, some Omnitrans staff in departments that are being merged may have to relocate to SBCTA’s office.

The opportunities and challenges presented in this section are in addition to these significant workplace culture factors. Any decision to implement these types of changes should be accompanied by a robust employee engagement effort. For the purposes of this analysis, it is assumed that no diminution to any employee’s compensation package will occur as an automatic result of consolidation.

Retirement Systems | One of the major challenges to consolidation is the difference in retirement systems between the two agencies. Omnitrans’ contribution rate to retirement as a percentage of salaries under CalPERS is about 60 percent less than the amount paid by SBCTA under SBCERA. After further analysis, it was

identified that the contribution percentage for the current employee is the same. However, the contribution percentage for the unfunded liability is significantly higher at SBCERA than CalPERS, primarily due to two reasons: Higher benefit retirement package and a shorter term for payment of the unfunded liability as explained below. It is the contribution for the unfunded liability that generates the significant difference in annual retirement costs between the two systems.

Each plan presents its own set of benefits and costs. For example, pensionable compensation is higher with SBCERA than CalPERS with SBCERA covering more pay categories than CalPERS. This is due to the fact that SBCERA counts cash-outs, phone allowances, car allowances, and other pay as earnable compensation, while CalPERS uses the employees' hourly rate. Thus, while SBCERA costs more, the benefit payout to each retiree is higher. In addition, CalPERS' amortization schedule until the end of this fiscal year is for 30 years, while SBCERA's is for 20 years. CalPERS is changing this to 20 years starting in the coming fiscal year but only prospectively.

Prior to consolidation, the two agencies and their boards (or an interim board for the consolidated agency) would need to determine the retirement plan(s) that employees of the consolidated agency would participate in. There are five options to consider: (1) all employees under CalPERS; (2) all employees under SBCERA; (3) transfer the retirement assets from one pension system to the other (4) create a separate corporate entity to hold the retirement benefits of one of the groups so that both existing groups of employees can retain their retirement plans, or (5) create a separate corporate entity to grandfather employees in their respective systems and through attrition, transition new employees into one of the two systems until one system is no longer utilized.

Although complex, other similar agencies have navigated this challenge in California. LA Metro addressed this by establishing a separate legal entity to hold the retirement and other employee benefits of a specific group of employees. The Public Transportation Service Corporation was created to house all the benefits of the LACTC employees. The former SCRTD employees stayed with their own retirement system.

The decision that is ultimately made could have significant financial impacts on the consolidated agency and SBCTA. As of June 30, 2019, Omnitrans has an unfunded pension liability of approximately \$25.1 million and SBCTA has an unfunded pension liability of \$15 million. These liabilities could become much larger depending on the option selected. It appears the unfunded pension liability becomes due and payable at a much higher rate if a retirement plan is terminated, which would occur under options (1) and (2), but may be viewed differently if transferred which is option (3). Organizationally, leadership in each agency and the consolidated agency will need to manage the unease, rumors, and productivity decline that may result from the announcement of any change in retirement plans.

Legal impacts are also anticipated due to the fact that SBCTA employees' participation in SBCERA is codified in the California Public Utilities Code (CA Pub. Util. Code) § 130824. The statute provides for the former SANBAG employees' membership in SBCERA following the creation of SBCTA to be as if the employees had remained members of SBCERA without any break in service or change of employer. The statute also provided for SBCTA to assume the prior obligations of SANBAG for the payment of the unfunded actuarial liability. Any shift in SBCTA employees' participation in SBCERA and Omnitrans employees' participation in the same retirement plan as SBCTA's would need to be reflected in CA Pub. Util. Code § 130824. These changes would also need to be

described in a potential transfer agreement to provide equity amongst employees with similar years of service, as well as agreements that would transfer between CalPERS and SBCERA for all SBCTA or Omnitrans employees.

Job Classification / In a consolidated agency, there will be some staff completing similar functions with differently described job classifications and compensation. Positions most likely to be impacted are administrative staff, clerks, procurement specialists, management analysts, and other shared service functions. In the short-term, this is unlikely to result in immediate changes. Longer-term, the consolidated agency should investigate standardizing these classifications and compensation, either as the positions become vacant or as a stand-alone effort.

Also, in a potential consolidated agency, executive and administrative positions will need to be adjusted and perhaps consolidated. Because of the limited functional areas of overlap of the agencies, it is unlikely there will be substantial duplication. The analysis of possible duplicate positions will occur in the Detailed Analysis of Financial Impacts chapter.

Benefits / SBCTA and Omnitrans have different benefit programs, each specific to their history and labor agreements. In a potential consolidated agency, benefits packages typically are aligned at the Agency level, primarily for the unrepresented positions. (It should be noted that such alignment may not be necessary if a separate corporate entity is created to hold all the benefits of one group or the other, as discussed under Retirement.) In addition to retirement benefits already detailed above, benefits can include medical, vision, and dental insurance, disability, and life insurance, paid time off accruals, and other non-compensation employee benefits. Currently, these benefits are administered separately by San Bernardino County and Omnitrans for SBCTA and Omnitrans, respectively. Organizationally, leadership in each agency and the consolidated agency will need to manage the unease, rumors, and productivity decline that may result from the announcement of any change in employee benefits. A potential consolidated agency will need to consider the payroll IT system mentioned in Section D.2.9 Finance when considering benefits packages, as in most cases, the payroll system also generates the benefit payments for the employer and employee. The two major differences in benefits are related to the number of leave days (vacation, holiday, and administrative) each agency provides to their respective employees as well as the match towards the employer sponsored deferred compensation plan. A detailed analysis of the benefit plans will be considered in the Detailed Analysis of Financial Impacts chapter. Aligning employee benefits will have an impact on the Agency labor cost. It is expected that represented employees will continue to be covered by their negotiated labor contract until the expiration of that contract. Any changes for represented employees will be subject to negotiation with the labor unions.

Support Functions / As described in Section D.2.5, a complete consolidation can help reduce duplicative efforts in the procurement of services and save on professional services contracts in the long-term. According to SBCTA's Annual Budget FY19-20, SBCTA utilizes contractors to complete some general staff tasks, such as facilities management, security, grounds keeping, janitorial, information technology services, and on-call services. In the longer-term after the two agencies consolidate, former Omnitrans employees could gradually absorb and support these general staff and on-call tasks, allowing the consolidated agency to utilize its in-house forces. Alternatively, the consolidated agency could continue to provide these general staff support tasks through SBCTA's third party contractors and staff to manage the contracts. Both options could result in cost savings due to economies of scale and standardization, and, in the case of the latter option, elimination of some staff.

Table D- 13. People Costs Evaluation Matrix

Functional Area	Areas of Impact
<i>Retirement Systems</i>	<p>Financial</p> <ul style="list-style-type: none"> ✓ Challenge in funding the unfunded pension liability depending on the plan selected and the mechanism selected: 1) thru a termination of one retirement plan, 2) a transfer of assets from one plan to the other, 3) grandfathering to retain the costs as is, 4) create a separate corporate entity to hold the retirement benefits of one of the groups, or 5) thru attrition. <p>Organizational</p> <ul style="list-style-type: none"> ✓ Changes in retirement benefits can cause unease, rumors, and productivity decline in the announcement of the change. <p>Legal/Contractual</p> <ul style="list-style-type: none"> ✓ Revision of statute to account for any change in SBCTA participation in SBCERA and Omnitrans employees’ participation in the same or different plan ✓ Challenges in establishing reciprocity agreements especially for members with lower-tier membership, if pursued ✓ Challenges in actual logistics of transferring between CalPERS and SBCERA for all SBCTA or Omnitrans employees, if this option is pursued ✓ Challenges in establishing a separate entity to be able to maintain two retirement systems and benefit packages. The decision as to which system new hires would be hired under in the future. <p>Peer Agencies</p> <ul style="list-style-type: none"> ✓ Based on the experience of other similar consolidations, there are challenges in preserving current employees’ benefits at current levels. ✓ Based on the experience of other similar consolidations, there are potential solutions and roadmaps to follow.
<i>Job Classification</i>	<p>Financial</p> <ul style="list-style-type: none"> ✓ Long-term, if similar positions have standardized compensation and classification, costs for the work may go up or down in comparison to the current baseline with separate agencies. ✓ Potential salary savings thru the elimination of duplicate positions.
<i>Benefits</i>	<p>Financial</p> <ul style="list-style-type: none"> ✓ Potential increase in benefits costs if SBCTA benefit levels are adopted for all in-coming Omnitrans non-union positions. <p>Organizational</p> <ul style="list-style-type: none"> ✓ Changes in employee benefits can cause unease, rumors, and productivity decline in the announcement of the change. <p>Legal/Contractual</p> <ul style="list-style-type: none"> ✓ Longer term pressure on organization by unions to equalize benefits for bargaining unit employees

Functional Area	Areas of Impact
Support Functions	<p>Financial</p> <ul style="list-style-type: none"> ✓ Eventual opportunity to absorb some of current SBCTA's general staff tasks with current Omnitrans similar functions. Nominal efficiencies expected. <p>Organizational</p> <ul style="list-style-type: none"> ✓ Longer-term opportunity to standardize support functions, provide career path options, and more redundancy for vacancies and extended absences. Nominal efficiencies expected.

D.2.11. Other Shared Services

Other support functions include policy and legislative affairs, IT, security, marketing, social media, community outreach, and advertising as well as telephone systems and information. Opportunities and challenges that arise from consolidating these support functions largely depend on the degree of similarity of each function at each agency.

Policy & Legislative Affairs | SBCTA's four policy and legislative affairs staff and their consultants provide the agency with a means of taking part in transportation policy and legislative discussions at the federal and state levels. These discussions are, for the most part, currently focused on transit, rail, and highway capital projects and services, policies, and legislation. Omnitrans does not have staff or consultant resources that perform these functions but would benefit politically and financially from resources that advocate for Omnitrans' needs and policy priorities. This is especially relevant given the current federal economic stimulus and surface transportation reauthorization discussions that will inform the successor to the Fixing America's Surface Transportation (FAST) Act, which expires on September 30, 2020.

Information Technology | There are opportunities to consolidate some IT systems to save money on new IT systems procurement and on-going license and maintenance fees. The most significant near-term potential savings is if Omnitrans' SAP ERP implementation can support all of SBCTA's financial reporting needs, eliminating the need for SBCTA to acquire a new financial system. It is unlikely that any IT personnel would be reduced, although the combined IT staff would have additional cross-training and backup support on the team. Traditional business systems such as MS Windows® and Office® will have operational efficiencies by having the same standard platform and potential economies of scale for license purchases. The function-specific IT systems of each agency have little cross over and few opportunities for efficiencies. The Omnitrans IT system supports bus operations, manages technology of bus systems, surveillance, data storage, regional network infrastructure, route optimization, and asset management, while SBCTA's technology supports document management, capital project management, travel demand modeling as well as rideshare management and online reporting system. However, both agencies utilize the TransTrack system to report to NTD (SBCTA with Vanpool Program and Omnitrans with all service modes). As further analysis occurs in the Information Technology function, additional systems may also have the opportunity for consolidation or sharing of support resources (e.g., board item system, firewall and virus products, website hosting and management).

Marketing, Social Media, Community Outreach, and Advertising | The differences in marketing goals and targeted audience present little current opportunity for overlap in a complete consolidation. Omnitrans establishes marketing priorities each year and produces and publishes an [annual marketing plan](#). The marketing

department consists of 4.5 full-time staff for marketing and social media outreach. Functions include Omnitrans’ public relations and public engagement for transit services. SBCTA’s marketing group consists of about one full-time equivalent staff spread amongst three positions. The positions are focused on legislative and public affairs. One potential area of coordination is with the marketing promotion for IE Commuter on the Rideshare Program, the Private Transportation Provider Pilot Program, and for enhanced coordination with Metrolink. It may be more efficient since SBCTA and Omnitrans already have ongoing coordination efforts. Furthermore, SBCTA will perform marketing activities once the toll lanes become operational. There may be a longer-term opportunity for the combined marketing teams to provide career path options and more redundancy for vacancies and extended absences.

Telephone Systems and Information / SBCTA utilizes one vendor to support its telephone system. Omnitrans has four vendors that support telephone systems and customer service information. The vendors support not only internal business communications but also provide bus arrival/departure information, and support sales/tracking of bus passes. A consolidated agency can combine its internal business communications telephone systems, but this will provide minimal savings.

Security / Both agencies have contracts for private security services at various facilities. As a transit service provider, Omnitrans manages a transit security program. Security and safety are delivered together with five staff providing some element of security management. Omnitrans also contracts with several firms for security services at an annual cost of \$1,647,000. SBCTA contracts with various vendors providing facility maintenance and/or janitorial services to also provide security services at the Santa Fe Depot, SBCTA office, and employee parking lot. Security represents a small opportunity to consolidate the management of the security contracts. The potential savings in contract value and efficiency is minor.

Table D- 14. Other Shared Services Evaluation Matrix

Functional Area	Areas of Impact
<i>Policy and Legislative Affairs</i>	<p>Organizational</p> <ul style="list-style-type: none"> ✓ Immediate opportunity to have Omnitrans’ transit policy and legislative needs addressed at the state and federal levels as part of SBCTA’s overall legislative platform and policy priorities
<i>Information Technology</i>	<p>Financial</p> <ul style="list-style-type: none"> ✓ Potential significant one-time savings if SBCTA’s financial management needs can be met with Omnitrans’ SAP implementation, with some modification ✓ Ongoing savings opportunity in the consolidation of administrative technology (i.e., office email, payroll, board agenda system) <p>Organizational</p> <ul style="list-style-type: none"> ✓ Combining data centers and IT systems will impact support models and systems that will need to be carefully managed during the transition.
<i>Marketing, Social Media, Community Outreach and Advertising</i>	<p>Organizational</p> <ul style="list-style-type: none"> ✓ Opportunity to improve coordination efforts for IE Commuter on the Rideshare Program and the Private Transportation Provider Pilot Program. Nominal efficiencies expected. ✓ Longer-term opportunity to provide career path options, and more redundancy for vacancies and extended absences. Nominal efficiencies expected.

Functional Area	Areas of Impact
<i>Telephone Systems and Information</i>	No significant impact
<i>Security</i>	Financial ✓ Potential minor savings through the consolidation of security contracts of the two agencies.

D.2.12. Board of Directors/Committees

SBCTA Board of Directors is statutorily-established under Chapter 7, Division 12 of the CA Pub. Util. Code, while Omnitrans Board of Directors is provided governing authority under the Omnitrans Joint Powers Agreement (JPA). Under the law, SBCTA Board must consist of 29 individuals: (1) five members of the San Bernardino County Board of Supervisors; (2) the mayor or council member from each San Bernardino County incorporated city; and (3) one nonvoting member appointed by the Governor. Under the Omnitrans JPA, its board must consist of 19 individuals: (1) an officially designated mayor or council member from each of its member cities; and (2) four members of the San Bernardino County Board of Supervisors. Current Board members for both agencies are listed in Table D- 15.

Table D- 15. SBCTA and Omnitrans Board Membership

SBCTA	Omnitrans
1. Gabriel Reyes (Mayor, City of Adelanto)	-
2. Art Bishop (Council Member, Town of Apple Valley)	-
3. Julie McIntyre (Mayor, City of Barstow)	-
4. Bill Jahn (Council Member, City of Big Bear Lake)	
5. Eunice Ulloa (Mayor, City of Chino)	1. Eunice Ulloa (Mayor, City of Chino)
6. Ray Marquez (Council Member, City of Chino Hills)	2. Cynthia Moran (Council Member, City of Chino Hills)
7. Frank Navarro (Mayor, City of Colton)	3. Frank Navarro (Mayor, City of Colton)
8. Acquanetta Warren (Mayor, City of Fontana)	4. John B. Roberts, Jr. (Council Member, City of Fontana)
9. Darcy McNaboe (Mayor, City of Grand Terrace)	5. Darcy McNaboe (Mayor, City of Grand Terrace)
10. Rebekah Swanson (Council Member, City of Hesperia)	
11. Larry McCallon (Mayor, City of Highland)	6. Penny Lilburn (Mayor Pro Tem, City of Highland)
12. Rhodes “Dusty” Rigsby (Mayor, City of Loma Linda)	7. Ron Dailey (Council Member, City of Loma Linda)
13. John Dutrey (Mayor, City of Montclair)	8. John Dutrey (Mayor, City of Montclair)
14. Edward Paget (Vice Mayor, City of Needles)	
15. Alan Wapner (Mayor Pro Tem, City of Ontario)	9. Alan Wapner (Mayor Pro Tem, City of Ontario)
16. L. Dennis Michael (Mayor, City of Rancho Cucamonga)	10. Sam Spagnalo (Council Member, City of Rancho Cucamonga)

SBCTA	Omnitrans
17. Toni Momberger (Council Member, City of Redlands)	11. Paul Foster (Mayor, City of Redlands)
18. Deborah Robertson (Mayor, City of Rialto)	12. Deborah Robertson (Mayor, City of Rialto)
19. John Valdivia (Mayor, City of San Bernardino)	13. John Valdivia (Mayor, City of San Bernardino)
20. Joel Klink (Mayor Pro Tem, City of Twentynine Palms)	-
21. Debbie Stone (Mayor, City of Upland)	14. Debbie Stone (Mayor, City of Upland)
22. Jim Cox (Council Member, City of Victorville)	-
23. David Avila (Mayor, City of Yucaipa)	15. David Avila (Mayor, City of Yucaipa)
24. Council Member, Town of Yucca Valley	-
25. Robert Lovingood (First District Supervisor, County of San Bernardino)	-
26. Janice Rutherford (Second District Supervisor, County of San Bernardino)	16. Janice Rutherford (Second District Supervisor, County of San Bernardino)
27. Dawn Rowe (Third District Supervisor, County of San Bernardino)	17. Dawn Rowe (Third District Supervisor, County of San Bernardino)
28. Curt Hagman (Fourth District Supervisor, County of San Bernardino)	18. Curt Hagman (Fourth District Supervisor, County of San Bernardino)
29. Josie Gonzales (Fifth District Supervisor, County of San Bernardino)	19. Josie Gonzales (Fifth District Supervisor, County of San Bernardino)
30. One nonvoting member appointed by the Governor	-

Under SBCTA's enabling statute, alternate members of the SBCTA Board are only allowed for its city members if the regular member cannot attend a meeting, and the alternate is a mayor or council member. Under Omnitrans' JPA, each city representative may have one alternate who must be a mayor or city council member officially designated by the City Council, and each County Supervisor representative may have one alternate who must be a County Supervisor.

Though all 19 Omnitrans members could serve on SBCTA Board, currently, 13 members of SBCTA Board sit on Omnitrans Board. Board meetings for both agencies are typically scheduled for the same day of the month (the first Wednesday).

SBCTA has committees that make recommendations to the board. The board has the authority to approve the budget, fees, or grants. Furthermore, since the Metro Valley Study Session committee is composed of the same membership as the board, SBCTA has a policy that allows MVSS committee to approve certain items without additional board approval. Some delegation of authority via board items has been given to the Executive Director to sign subsequent grant agreements or annual fee increases for the right of use fees.

The SBCTA Board's six policy committees and two technical advisory committees are:

- 3 General Policy Committee (second Wednesday every month)
- 4 Transit Committee (second Thursday every month)
- 5 Mountain/Desert Policy Committee (second Friday every month)
- 6 Metro Valley Board Study Session (second Thursday every month)
- 7 I-10/I-15 Joint Subcommittee (second Thursday every month)
- 8 Legislative Policy Committee (on as needed basis)

- 9 City/County Manager Technical Advisory Committee (first Thursday every month)
- 10 Public and Specialized Transportation Advisory and Coordination Council

Issues related to transit and Omnitrans are generally discussed at the Transit Committee, which occurs on the second Thursday of the month. SBCTA's Transit Committee is currently structured to provide policy guidance and recommendations to the SBCTA Board of Directors with respect to commuter rail and transit service in San Bernardino County. The Metro Valley Board Study Session Committee provides policy guidance and recommendations to the board of directors on issues related to the Measure I Major Projects in the Metro Valley region.

Omnitrans also has committees that make recommendations to the board. Omnitrans' Board has the authority to set/change fares, approve the budget, approve service changes, and submit grants. Omnitrans staff present coordinated updates to their appropriate committee and board of directors meetings. Omnitrans Board has four standing committees that meet on different days:

- 11 Administrative and Finance Committee (second Thursday every month)
- 12 Plans and Programs Committee (third Wednesday every three months)
- 13 Operations and Safety Committee (third Wednesday every three months)
- 14 Executive Committee (first Friday)

Both agencies' boards are supported by the Clerk of the Board staff and other resources. SBCTA employs ten staff to support Clerk of the Board functions as well as daily administrative functions. Of those ten staff, only two support Clerk of the Board functions full-time, and others support partially as administrative assistance for the department heads, work as a receptionist, or support the Procurement department. In addition, SBCTA utilizes Granicus and Accela software to manage board meetings and functions. Omnitrans employs two staff to support its Clerk of the Board functions with no specific software to manage board operations, currently. Furthermore, Omnitrans has eight administrative support staff reporting directly to the individual departments. It is typical practice for Omnitrans staff to attend the SBCTA Transit Committee and Board of Directors meetings and for SBCTA Transit Department staff to attend Omnitrans committees and board meetings. Some agenda items presented to the Omnitrans committees, SBCTA Transit Committee, and the respective board committees are duplicative in nature.

Today, there is a duplication of effort in SBCTA and Omnitrans Board membership, and staff and board member time spent on preparing for, attending, and following up committee and board meetings. Under a potential complete consolidation, the Omnitrans' committees and board would be dissolved, and SBCTA's Board of Directors would continue to oversee Omnitrans' transit operations, as well as the operations of the other transit providers in the county. Decisions regarding the new SBCTA Transit Operations Department could be overseen by the board's existing Transit Committee or Metro Valley Board Study Session Committee or a newly-created committee (e.g., a Transit Operations Committee) under a revised SBCTA committee structure. A newly-created Transit Operations Committee may be most beneficial given the volume of board business currently handled by the existing Omnitrans committees, such as contract awards, grant requests, and performance reviews. If so, the existing SBCTA Transit Committee could be re-named the Rail Committee and focus on Metrolink and Arrow service.

Time and cost savings would be realized to the extent that both boards and committees currently meet to discuss Omnitrans-related issues. The primary efficiency would be streamlined discussions and decisions. Savings may occur from meeting stipend and time savings of the 13 members who currently sit on both boards

since they will only be required to participate in one set of meetings. Savings may also come from duplicative Clerk of the Board staff and the resources used to support their functions. Potential savings will be explored in the Detailed Analysis of Financial Impacts chapter. The software SBCTA uses to support its board management would likely continue to be utilized, freeing Omnitrans from having to procure such software.

Legal and contractual impacts to consolidating the two boards include the dissolution of the JPA establishing Omnitrans. However, no change to SBCTA’s enabling statute would be needed because the County Supervisors and cities that comprise Omnitrans Board are represented on the SBCTA Board. However, the statute would need to change to add duties and powers to the consolidated agency’s board that covers the Omnitrans Board’s authority to establish fares, set and change bus services and routes, and approve FTA funds and expenditure of such funds.

One benefit of a consolidated board/committee structure that cannot be quantified is improved efficiency and effectiveness in decision-making. Interviews with former LA Metro staff involved in the consolidation of the Los Angeles County Transportation Commission and Southern California Rapid Transit District into LA Metro described how one of the greatest benefits of merging the agencies was a more efficient decision-making process by the board of directors. Having one board of directors decide on all matters currently within Omnitrans’ jurisdiction may provide more consistency and a regional focus regarding transit policy decisions of the board in San Bernardino County.

Table D- 16. Board of Directors/Committees Evaluation Matrix

Functional Area	Areas of Impact
<i>Board of Directors/Committees</i>	<p>Financial</p> <ul style="list-style-type: none"> ✓ Time, board stipend savings, and legal consultant savings from consolidation into one board and consideration of transit operations issues and decisions at existing or newly-established committees, which will need to add new business items currently handled by Omnitrans committees/Board <p>Organizational</p> <ul style="list-style-type: none"> ✓ Efficiencies in decision-making due to the existence of a single decision-making body <p>Legal/Contractual</p> <ul style="list-style-type: none"> ✓ The consolidated agency would be governed by a single board of Directors, which will require the dissolution of the Omnitrans JPA ✓ No change to the statute providing for SBCTA Board membership is needed because the Supervisors and cities that comprise Omnitrans Board are represented on the SBCTA Board. ✓ Changes to SBCTA’s enabling statute should be made to expressly expand the scope of the board’s authority to include delivery and oversight of transit operations

D.3. Analysis of Financial Impacts

The previous chapter, Task 1.4B Evaluation of Functional Areas in a Complete Consolidation, identified the organizational, legal, and potential financial opportunities and challenges by functional areas of the San Bernardino County Transportation Authority (SBCTA) and Omnitrans under a potential “complete

consolidation”. This matter is defined as the two agencies (all functions) are brought together under one organization and would entail transferring all functions into a single consolidated agency, which then provides transit and other transportation services. During interviews conducted with SBCTA and Omnitrans for this study in January 2020, staff from both agencies responded that consolidation of Omnitrans into SBCTA as an entirely separate department would be most appropriate. The previous chapter noted there are very few areas of functional overlaps between the two agencies. Unlike many other consolidations where there was significant overlap in core functions, such as service revenue delivery, the areas in which SBCTA and Omnitrans have overlapping functions are in the support functions (e.g. HR, Payroll, Accounting, IT). Even in these cases, few redundancies were identified.

Note that this complete consolidation analysis explicitly excludes the consideration of the other four transit operators in San Bernardino County. Thus, the premise of an Omnitrans and SBCTA total consolidation underlies this chapter’s analysis due to the consultant’s task order to undertake this study.

The primary objective of this chapter’s financial analysis was to estimate the higher-level order of magnitude financial impacts of a potential complete consolidation, ultimately for consideration by decision-makers in San Bernardino County.

Of the twelve functional areas, three resulted in potential savings or increased costs greater than \$500,000 (employer costs associated with retirement and benefits, and potential staff duplication). However, by enacting the most cost-effective financial decisions, there will be a significant impact to morale, retention, and productivity in the near and mid-term timeframes. These three areas consist entirely of people, their jobs, and their compensation packages. In addition, options to consolidate retirement and benefits are complex and savings are generally uncertain. Not all retirement option cost increases/savings can be estimated with certainty at this time.

Of the remaining nine functional areas, most have savings less than \$200,000, and totaling the nine areas results in a savings of up to \$300,000. With the combined annual budget of SBCTA and Omnitrans at approximately \$1 billion annually, this represents a potential savings of 0.03% of the total combined budget.

While the results for all twelve areas are described in this financial analysis, only Employer Retirement Costs, Employee Benefit Costs, and Job Classification Costs yield potential cost savings or increases of a substantial enough nature to inform fiscal decision-making regarding a potential consolidation.

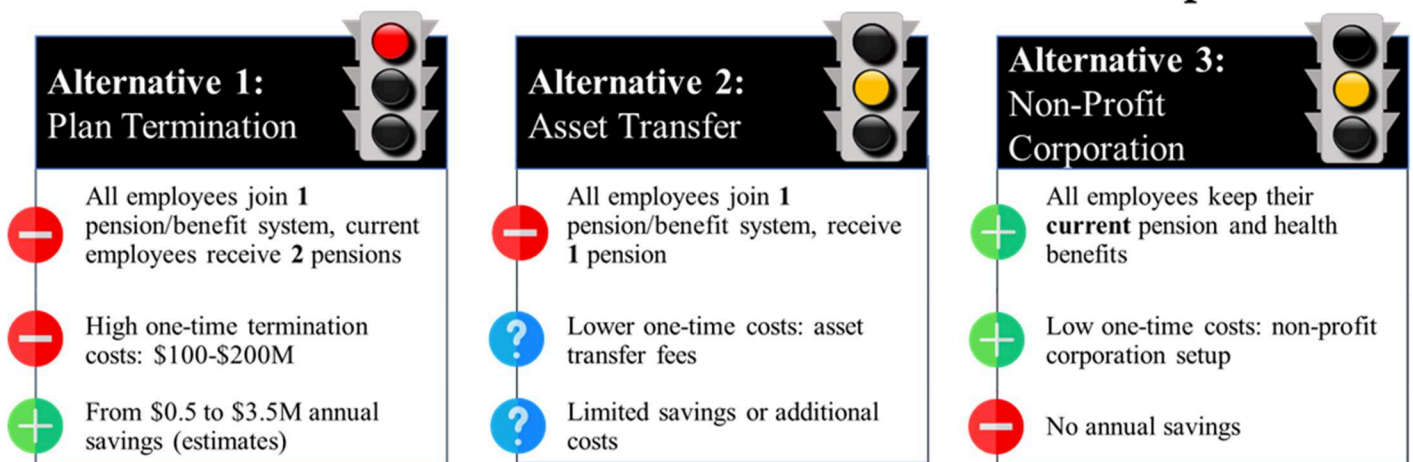
Employer incurred Retirement & Benefit Costs

The most significant potential financial impact due to a complete consolidation occurs with the employer costs associated with retirement costs and employee benefits. Both areas are complex in that any change to the benefits provided have significant organizational and legal challenges that should be taken into account when considering a total consolidation. In addition, the largest risk when considering retirement alternatives is how to resolve the significant potential costs of an unfunded liability.

Figure D- 1 below summarizes the three main alternatives to consolidate retirement and benefit plans in a complete consolidation.

Figure D-1. Combined total Annualized Costs/Savings for Retirement and Benefits

Alternatives to consolidate Retirement and Benefit plans



Notes:

- **Alternative 1:** Estimated plan termination costs are highly uncertain. The estimated termination cost for Omnitrans reflects CalPERS 2019 actuarial report, and will require an update. The estimated termination cost for SBCERA was calculated based on a ratio using Omnitrans' termination cost.
- **Alternative 2:** Unfunded liability annual payments will change after the asset transfer takes place, which may result in limited savings or additional costs.

Alternatives 1 and 2:

- Retirement cost increase/savings amounts need to be established through actuarial analysis, taking into account the differences in amortization period between SBCERA and CalPERS.
- Health insurance costs will vary based on changes in the demographics of the insured employees' pool, and may increase due to the current health crisis.

The key features of each alternative described in Figure 1 are explained below.

High-level retirement cost estimates are available for **Alternative 1, Plan Termination**. This alternative consists of transferring all employees to CalPERS or SBCERA with service for future employees under one retirement plan from either CalPERS or SBCERA. Current employees will receive a pension of their initial plan, as well as of the selected system if their initial plan is terminated. This alternative leads to significant termination costs due to the unfunded liability of whichever plan that is terminated: high-level estimates range between \$100 and \$200 million. CalPERS' termination costs were estimated at \$174 million but updated estimates will be required when CalPERS determines its plan has been terminated. Note that SBCERA may follow a different process to determine termination costs for its plan. The conditions under which the consolidated agency would have to pay termination costs are not known at this time (i.e. whether the entire amount be due on a specific date, under what conditions would the agency borrow funds to pay said termination costs, etc.). Additional description of each scenario (transferring to CalPERS or SBCERA) is included in the appendices.

Two other alternatives would not require a termination cost: **Alternative 2, Asset Transfer** to SBCERA or CalPERS, and **Alternative 3, setting up a Public Non-Profit Corporation**.

Alternative 2, Asset Transfer, would potentially generate additional costs in the case of a transfer to SBCERA, since only accumulated contributions would be transferred, not capital gains, which would be retained by CalPERS (please refer to the Appendix, Data 2 and note that this memo does not cover asset transfer from

SBCERA to CalPERS). No cost estimates are available for the asset transfer alternative prior to actuarial analysis (detailed below).

It was not possible to include a full analysis of these alternatives' costs, due to the need of engaging actuaries from both SBCERA and CalPERS to prepare cost estimates for pension plan consolidation, as well as the timing and costs necessary to perform each analysis. SBCERA and CalPERS will each have to perform a section of the actuarial analysis. The cost of analysis is estimated at \$40,000 per scenario (note that Alternatives 1 and 2 each have two scenarios: consolidation under SBCTA's benefit package or Omnitrans'). The resultant study may take up to eight weeks to complete after the information is shared between the two retirement systems. Considering the significant cost of completing these analyses, this report only presents descriptive information on the differences between the plans per the latest CAFRs and actuarial reports available.

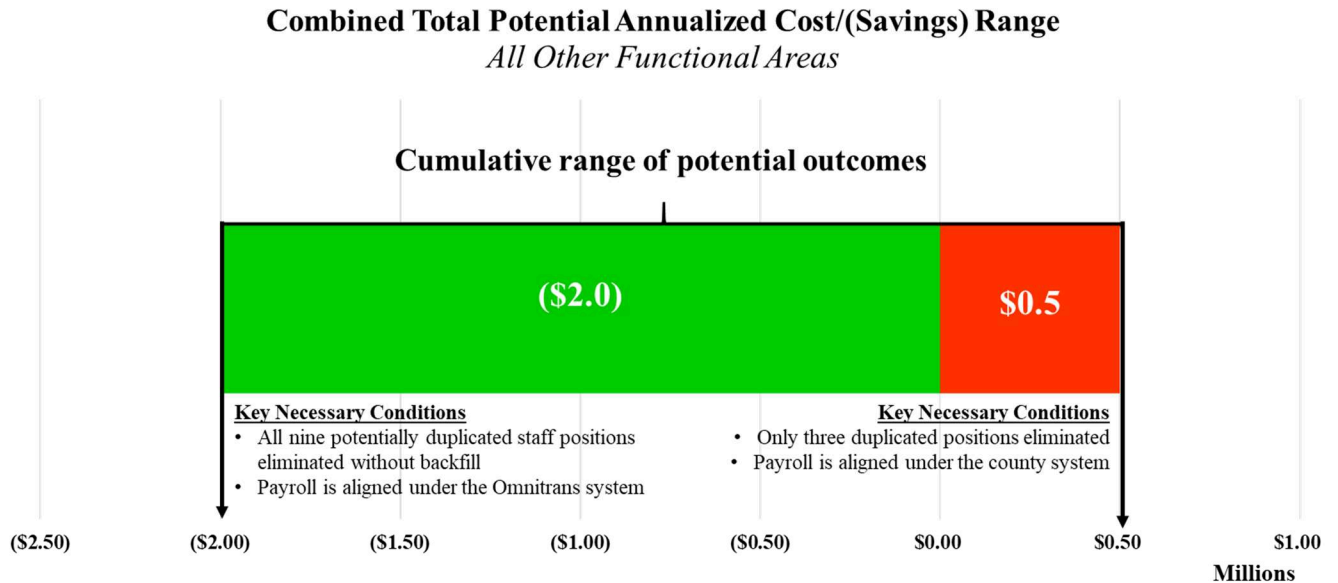
Alternatives 1 and 2 will lead to either cost savings or increases and part of these cost fluctuations relate to the medical benefits. If SBCTA employees transfer or opt-out of the Omnitrans' plan, it could generate between approximately half a million dollars in cost increases and half a million dollars in cost savings. If Omnitrans employees transfer or opt-out of the SBCTA's plan, it could generate between approximately \$10,000 in cost increases and half a million dollars in cost savings. These cost savings/increases are uncertain, due to employees' decisions of opting in or out of the plan, selecting a plan, and deciding how many members of a household will be covered by said plan. Healthcare costs would vary between \$3,000 and \$21,000 for each new employee if the Omnitrans package is chosen, and between \$8,500 and \$13,500 if the SBCTA package is chosen. Note that health insurance costs may increase due to the current health crisis. For non-medical benefits, switching SBCTA employees to Omnitrans' benefit package is estimated to result in cost savings of \$700,000 per year. Scenario 2, switching Omnitrans unrepresented employees to SBCTA's non-medical benefit package, is estimated to result in cost increases of \$800,000 per year.

Alternative 3, the creation of a **public non-profit corporation**, would allow all employees to keep their existing benefits and pension plans, as well as minimize undue financial and personal impacts. The public non-profit corporation alternative was used for the consolidation of the Los Angeles County Metropolitan Transportation Authority. The estimated cost of creating a public non-profit corporation; \$50,000 is included in the "Payroll" analysis. Since all employees will keep their current benefit packages, this alternative will not generate any cost savings.

Remaining Functional Areas

Figure D- 2 below shows the potential range of costs or savings based on the total financial impact of the remaining areas, which have a lower potential to address significant budget shortfalls identified at the start of this study. Included in this summary range are fully burdened staff costs that should not be added directly to the retirement and benefit analyses discussed above. Of the ten functional areas, only one, "Job Classification", includes a potential for over \$500,000 savings annually. The "Job Classification" functional area has the potential to save up to \$1,475,000 annually based on a reduction on up to nine staff positions and reclassifying others. It is unlikely to achieve the full cost savings indicated, as decisions for each position and reallocation of duties should include a detailed workload balancing analysis to ensure delivery of critical services.

Figure D- 2. Combined Total Potential Range, All other functional areas



Notes:

1. *Staff duplication has the most significant impact on the range of potential outcomes*
2. *Potential one-time costs are excluded in the above range:*
 - Payroll - \$50K or \$550K
 - IT - \$250K to \$1M
3. *Combined SBCTA and Omnitrans have an annual budget of approximately \$1 billion. The impact shown is <1%.*

Agencies should be cautious in realizing any potential savings outlined in this report. Importantly, they should also consider the organizational (morale, career satisfaction) and legal impacts. Any functional areas that mention the impacts of outsourcing would need to be negotiated with the respective unions and may also impact the potential savings. Summaries of the analyses can be found in the Sections D.3.1 to D.3.7 of this report. The cost summations are rounded while the detailed calculation tables found in the appendices, are non-rounded values. Analyses generally consider fully loaded costs with benefit packages continuing as is, to reflect the total costs of each functional area per consolidation scenario.

D.3.1. Detailed Financial Analysis

For evaluation purposes, this study assumes that, in a complete consolidation, Omnitrans would become a separate operating department under the current SBCTA organizational structure, and all current customer-facing services would remain the same. The two organizations have different missions, and the areas of functional overlap are principally in administrative areas, such as board functions, finance and accounting, grants management, and procurement.

This detailed analysis of financial impacts analyzes those functional areas assessed in Task 1.4B that potentially have some or significant impact. The purpose of this Task 1.4C analysis is to estimate the high-level impact on expenditures, from a complete consolidation. Financial impacts were estimated with available information, and at times used industry best assumptions for relative impact between scenarios. A primary goal of this analysis was to estimate financial impacts at a higher-level order of magnitude to identify items with a larger financial impact and those not worth much further consideration for decision-makers in San Bernardino County. Note

that not all functional areas assessed in Task 1.4B were evaluated in this chapter. Only those with potentially some or significant impact per the summary of findings in the 1.4B chapter were included.

Figures presented in the summary analysis throughout in this Section 2 are rounded for order of magnitude. The Task 1.4c appendix contains the detailed tables and assumptions for each section, and figures in the Task 1.4c appendix are not rounded.

Figure D- 3 below summarizes the costs associated with changes to retirement and benefit plans in a complete consolidation. Care should be taken in comparing these figures directly with those shown in Figure D- 3 as those are fully burdened costs. Analyses generally consider fully loaded costs with benefit packages continuing as is, to reflect the total costs of each functional area per consolidation scenario. Benefit and retirement plans are presented separately, since any potential savings are not exclusive of other functional areas' savings, and cost levels are highly uncertain. The total savings/cost increases reflected below for the most significant cost items, benefits and retirement, are order-of-magnitude costs, subject to significant variations.

Figure D- 3. Summary of potential fiscal impacts due to retirement and medical plan consolidation

Section	Functional Area	# of Scenarios	Lowest of range (net savings) or increase in net annual cost	Existing Baseline (2020)	Highest of range (net savings) or increase in net annual cost	Potential One-time (Savings)/Cost	Estimated Termination Costs ¹
2.4.1	Retirement	2	\$ (2,200,000)	\$ 9,200,000	\$ (2,100,000)		\$104M or \$174M
2.4.3	Benefits - Non-Medical Plans	2	\$ (710,000)	\$ 1,110,000	\$ 830,000	(\$140K) or \$210K	
2.4.3	Benefits - Medical Plans	2	\$ (580,000)	\$ 2,400,000	\$ 80,000		

¹ - The estimated termination costs are highly uncertain. Omnitrans' estimated termination cost is from CalPERS actuarial report. The estimated termination cost for SBCTA was calculated based on a ratio using Omnitrans' termination cost.

Figure D- 4 displays the other ten functional areas detailed in this report, which have a lower potential to address significant budget shortfalls. These functional areas are displayed separately, as they include fully burdened staff costs that should not be added directly to the retirement and benefit analyses discussed above. Of the ten functional areas, only one, "Job Classification", includes a potential for over \$200,000 savings annually. The "Job Classification" functional area has the potential to save up to \$1,475,000 annually based on a reduction on up to nine staff positions and reclassifying others. It is unlikely to achieve the full cost savings indicated, as decisions for each position and reallocation of duties should include a detailed workload balancing analysis to ensure delivery of critical services. The potential consolidation has few overlapping functional areas, thus there are limited options for eliminating redundant staff. Section D.3.5.2 Job Classifications includes a more detailed description of the comparison. In addition to "Job Classification", any impacts on computer systems typically incur one-time programming/conversion costs, as are shown in the "Information Technology" and "Payroll" functional areas.

Figure D- 4. Summary of remaining ten functional areas

Section	Functional Area	# of Scenarios	Lowest of range (net savings) or increase in net cost	Existing Baseline (2020)	Highest of range (net savings) or increase in net cost	Potential one-time cost	
2.1.1	Facilities Management	2	\$ (200,000)	\$ 3,560,000	\$ 150,000	\$50k or \$550k	
2.2.1	Labor Relations	3	\$ -	\$ 1,890,000	\$ -		
2.3.1	Accounting	1	\$ -	\$ 2,400,000	\$ -		
2.3.2	Payroll	3	\$ 10,000	\$ 480,000	\$ 310,000		
2.3.3	Risk Management	1	\$ -	\$ 9,400,000	\$ -		
2.3.4	FTA Direct Recipient	1	\$ -	\$ -	\$ -		
2.4.2	Job Classification	2	\$ (1,475,000)	\$ 7,325,000	\$ (100,000)		
2.5.1	Information Technology	2	\$ (40,000)	\$ 4,180,000	\$ -		\$250k to \$1M
2.5.2	Security	1	\$ -	\$ 1,830,000	\$ -		
2.6.1	Board of Directors/Committee	2	\$ (65,000)	\$ 245,000	\$ (50,000)		
			Annual	Annual	Annual		

D.3.2. Assets and Maintenance

D.3.2.1. Facilities Management

Facilities costs include maintenance contracts for both agencies' facilities (25 contracts for Omnitrans, three contracts for SBCTA). In addition to these contracts, Omnitrans also has 11 maintenance workers and two staff in maintenance management functions. Omnitrans maintains five facilities, while SBCTA maintains two facilities, including the Santa Fe Depot Building. SBCTA is currently procuring a new property manager to oversee its facility operations. SBCTA maintains railroad right of way, and the maintenance of this disparate activity is not considered in this financial analysis given the separate type of work.

The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found a potential longer-term cost savings opportunity for the consolidated agency if SBCTA's facility-maintenance resources were merged with Omnitrans employees or contracting out services currently performed by Omnitrans staff to a third-party contractor.

For the purposes of analysis in this chapter, two scenarios were evaluated:

- 1 Eliminate the SBCTA contract and have Omnitrans staff perform maintenance activities for the consolidated agency (with a range of current contract margins)
- 2 Expand the SBCTA contracts to cover all facilities management functions

Most of the facilities management cost is based on hourly labor, and any potential savings only come from minor efficiencies in one management system for the combined assets. Additionally, there are minor differences between benefit costs if contracted activities are performed in-house and fee/overhead of in-house activities are outsourced, based on the chosen scenario. The analysis found a nominal savings in either scenario, with the most significant savings in Scenario 2 (approximately \$200,000). This area presents opportunities for coordination even if the agencies do not consolidate, considering the significant overlap in facilities management between both agencies and the different contracts each agency has.

Figure D- 5 shows the comparison of estimated costs between the two scenarios.

Figure D- 5. Estimation of Annual Facilities Management Costs Under Two Scenarios

Total Facilities Management Costs	Existing	Scenario 1	Scenario 2
<i>SBCTA - Facilities Management Costs</i>	980,000	N/A	N/A
<i>Omnitrans - Facilities Management Costs</i>	2,580,000	N/A	N/A
Total Combined Facilities Management Costs	3,560,000	3,550,000 to 3,710,000	3,360,000
<i>Annual Savings/Cost Increases over Existing</i>	N/A	(10,000) to 150,000	(200,000)

The cost for security was removed from these contracts for analysis and presented in Section D.3.6.2 Security. Note also that impacts of outsourcing must be negotiated with the union and would likely impact the potential savings.

Task 1.4c Appendix A-1 includes the assumptions, approach, and data used for the above analysis.

D.3.3. Human Resources

“Labor Relations” is the only functional area under “Human Resources” identified for a detailed financial analysis.

D.3.3.1. Labor Relations

Omnitrans has two unions that represent 589 front-line, operations and maintenance personnel, and some administrative staff – the Amalgamated Transit Union (ATU) and Teamsters. SBCTA’s employees are not unionized. Administrative positions at Omnitrans that are deemed to be handling confidential information as a part of their job duties are unrepresented. Thus, Omnitrans has both represented and non-represented administrative employees. In a consolidated agency, employees performing the same or similar work are typically represented in a similar fashion. The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found a potential longer-term impact, with the potential shifting of some SBCTA administrative employees from non-represented to represented, or vice versa with similar Omnitrans employees.

For the purposes of financial analysis in this chapter, three scenarios were evaluated:

1. Consolidation of current staff covered by Omnitrans-Teamsters/ATU labor agreements into SBCTA with no current SBCTA employees represented by a union (keep current representation the same at the employee level)
2. Consolidation of current staff covered by Omnitrans-Teamsters/ATU labor agreements into SBCTA with certain existing SBCTA administrative employees represented by a union (administrative SBCTA positions similar to those Omnitrans positions would be represented)
3. Consolidation of current transit operations staff covered by Omnitrans-ATU labor agreement into SBCTA with currently covered Omnitrans administrative employees no longer represented by a union (administrative Omnitrans positions would be no longer represented, similar to SBCTA positions)

SBCTA positions that are similar to currently represented administrative positions at Omnitrans, and are not handling confidential information (in contrast to the Clerk of the Board, for instance) cover one category of personnel occupying three staff:

- Accounting Assistant: three positions

It is assumed that the consolidated agency would add other administrative represented positions at Omnitrans that do not have an equivalent at SBCTA to its job classification system at their current pay rates.

Only one SBCTA classification (Accounting Assistant) has a direct equivalent at Omnitrans (Accounting Clerk), which is consistent with the analysis in Section D.3.5.2, Job Classifications. Figure D- 6 summarizes the costs of each scenario.

Figure D- 6. Estimation of annual costs due to aligning representation of administrative personnel

<i>Total Administrative Personnel Costs - Represented or eligible to representation</i>	<i>Existing</i>	<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario 3</i>
SBCTA	\$280,000	\$280,000	\$280,000	\$280,000
Omnitrans	\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
Total Combined Costs	\$1,890,000	\$1,890,000	\$1,890,000	\$1,890,000
<i>Annual Savings/Cost Increases over Existing</i>	N/A	\$0	\$0	\$0

None of the scenarios result in an annual savings or cost increase over existing conditions. The analysis was conducted based on the midpoint of the salary ranges, including salaries and benefits. If changes to benefit packages occur for some or all employees, there may be cost savings or increases in the different scenarios, which are not reflected in this analysis.

Task 1.4c Appendix A-2 includes the assumptions, approach, and data used for the above analysis.

D.3.4. Finance

The “Finance” functional area poses several opportunities and challenges in a complete consolidation because both agencies’ Finance Departments conduct similar functions. However, due to the agencies’ diverging missions, each of them approaches accounting and budgeting differently. Functional areas identified for detailed financial analysis in the “Finance” area include accounting, payroll, risk management and Federal Transit Administration (FTA) processes.

D.3.4.1. Accounting

Consolidation provides an opportunity to merge traditional accounting functions (e.g., accounts payable, accounts receivable, grant accounting, and general ledger), as well as the overall financial software system that supports all these functions, which are currently duplicated at the two agencies. It is important to note that FTA accounting requirements, such as utilizing the FTA Uniform System of Accounts, must be met by the consolidated agency, at least for the “Transit Operations” function. The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found a potential savings opportunity in the consolidation of accounting personnel and aligning the accounting software systems. The financial impacts of aligning the accounting software systems are analyzed in Section D.3.6.1, Information Technology. This section addresses the consolidation of accounting personnel.

For the purposes of analysis in this chapter, one scenario was evaluated:

- 1 Consolidation into one aligned accounting department

The accounting function cost analysis considers current staff in departments of accounts payable, accounts receivable, grant accounting, and general ledger. Analysis of these personnel was based directly on the information provided by both agencies in the respective questionnaires. The goals of this analysis were to differentiate between disparate (non-redundant) and redundant processes of accounting functions and to determine the effort associated with aligning these processes. The financial analysis found that current functions are fundamentally distinct. Even if these departments are generally combined within transit agencies that have both roles, as shown in Figure D- 7, it is unlikely that any staff savings will be achieved in the near-term. However, potential efficiencies could be achieved in the medium term. Synergies occur in that the consolidated entity will have to prepare only one Comprehensive Annual Financial Report (CAFR) and one budget, as well as manage fewer bank accounts, investment accounts, and billing interactions.

Figure D- 7. Accounting Function Summary Financial Analysis

<i>Total Annual Accounting Costs</i>	<i>Existing</i>	<i>Scenario 1</i>
<i>SBCTA - Accounting Costs</i>	\$1,400,000	\$1,400,000
<i>Omnitrans - Accounting Costs</i>	\$1,000,000	\$1,000,000
<i>Total Combined Costs</i>	\$2,400,000	\$2,400,000
<i>Annual (Savings)/Cost Increases over Existing</i>	N/A	\$0

Task 1.4c Appendix A-3 includes the assumptions, approach, and data used for the above analysis.

D.3.4.2. Payroll

SBCTA’s payroll system is handled through the County of San Bernardino, which procures, secures, and manages health benefit plans including enrollment, payroll processing, tax tracking and payment, retirement contributions, deferred contribution, other employee deductions, and manage position control. SBCTA utilizes Eden as a financial accounting system, to collect employee timekeeping information and for other uses. SBCTA collects employee timekeeping information and sends it to the County for payroll processing services. Three SBCTA employees are partly dedicated to managing payroll. Omnitrans utilizes SAP ERP and Kronos, for timekeeping, payroll and other functions. Therefore, any consideration of eliminating the current Omnitrans SAP ERP system should also consider impacts listed in many other areas of this report. This “Payroll” section solely focuses on the payroll functions.

When considering the total impacts due to integrating the payroll function, it is important to note the wider implications of the potential consolidation of payroll systems, as they tie to how employee benefits are administered. There must be an alignment of where the benefits are administered and which payroll system is processing payroll. Note also that changes to payroll management will require engaging with the respective unions that currently manage benefit plans for Omnitrans’ represented employees.

The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found a potential opportunity to consolidate payroll functions into one of the two systems. In addition, there would be a potential cost to make changes in one system to accommodate the timekeeping functions of the other agency. For the purposes of this chapter, three scenarios were evaluated:

- 1 One aligned payroll system using the County’s system

- 2 One payroll system under the Omnitrans payroll system
- 3 Maintain two separate payroll and benefits functions through the use of a public non-profit benefits corporation, such as the one the Los Angeles County Metropolitan Transportation Authority established in 1993 and still utilizes

This analysis found a range in costs from an increase of approximately \$310,000 annually for aligning the payroll systems using the current County system, to an increase of approximately \$10,000 annually for using the Omnitrans payroll system. In addition, Scenario 1 would require an initial one-time cost of approximately \$550,000 to configure Omnitrans current system to provide inputs for the County's system, and to configure the County's system to accommodate these inputs. Scenario 2 would require that former SBCTA employees have access to health plan benefits through Omnitrans rather than through the County of San Bernardino. Additionally, due to the high cost of having the County process payroll for the far larger workforce of former Omnitrans employees, Scenario 3 may make the most sense, strictly from a financial and feasibility perspective. Figure D- 8 is a graphical representation of the three scenarios described above.

Figure D- 8. Payroll Function Summary Financial Analysis

<i>Total Annual Payroll Costs</i>	<i>Existing</i>	<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario 3</i>
<i>SBCTA - Payroll Costs</i>	\$120,000	\$120,000	\$50,000	\$120,000
<i>Omnitrans - Payroll Costs</i>	\$360,000	\$670,000	\$440,000	\$360,000
<i>Total Combined Payroll Costs</i>	\$480,000	\$790,000	\$490,000	\$480,000
<i>Annual (Savings) / Cost Increases over Existing</i>	N/A	\$310,000	\$10,000	\$0
<i>One-Time Cost</i>	N/A	\$550,000	\$0	\$50,000

Note that Scenario 2 shows no one-time costs to modify SAP to incorporate SBCTA payroll because one-time costs to modify SAP to accommodate SBCTA business needs, including payroll, are covered under the IT section. Scenario 3 shows a one-time cost of \$50,000 to set up a public non-profit corporation.

AppendixA-4 includes the assumptions, approach, and data used for the above analysis.

D.3.4.3. Risk Management

Risk considerations and requirements for transit operators are considerably different from those of an administrative agency. Currently, Omnitrans' general liability is handled through the CalTIP Joint Powers Agreement (JPA) and administered by Sedgwick (formerly York). Omnitrans is self-insured up to \$100,000. Omnitrans current casualty and liability insurance costs are budgeted at approximately \$9 million with CalTIP and other insurance providers. Omnitrans has a third-party administrator for workers' compensation. The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found the consolidated agency would need to adjust risk management practices and liability insurance levels to match the risk portfolio of transit service operator. Thus, if consolidation were to occur, SBCTA would have to absorb Omnitrans' coverage limits. This would significantly increase SBCTA's current \$5 million coverage limit to \$25 million to cover the increase in risk associated with extensive public transit operations. Costs would likely be similar to the combined costs of the two agencies currently.

For the purposes of analysis in this chapter, one scenario was evaluated:

- 1 The consolidated agency procures a new combined liability policy on the open market

SBCTA and Omnitrans staff have discussed this scenario with their insurance broker, who has stated that there would be no savings from consolidating the insurance policies of the two agencies. Cost savings could only be achieved by testing the open insurance market.

Figure D- 9. Estimation of Annual Liability Insurance Costs

<i>Total Risk Management Costs</i>	<i>Existing</i>	<i>Scenario 1</i>
<i>SBCTA Risk Management Costs</i>	\$300,000	\$300,000
<i>Omnitrans Risk Management Costs</i>	\$9,100,000	\$9,100,000
<i>Total Combined Risk Costs</i>	\$9,400,000	\$9,400,000
<i>Annual Savings/Cost Increases over Existing</i>	N/A	\$0

Appendix A-5 includes the assumptions, approach, and data used for the above analysis.

D.3.4.4. FTA Direct Recipient Status

Omnitrans is a direct recipient of FTA funds, which provides authority to receive non-discretionary federal funds. SBCTA is a sub-recipient of FTA funds, which means SBCTA cannot receive non-discretionary funds directly from FTA, but may receive from Omnitrans as pass-through funds. SBCTA and Omnitrans have a master agreement that provides the general requirements of this sub-recipient relationship. Both agencies develop project-specific supplemental agreements as projects that require FTA funding arise.

Under a complete consolidation, SBCTA would need to become a designated FTA funds recipient, so that, among other duties, its board can approve grant requests, receive grant funding, and approve submission of annual certifications and assurances. These functions, currently handled by Omnitrans, would now become functions of the consolidated agency. While most of the functions of a direct-recipient agency are currently provided by the separate agencies and would continue by the same or similar functions, there would be a one-time conversion to designate SBCTA as a direct FTA funds recipient. The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found a potential initial cost to establish the consolidated agency as the FTA funds direct recipient. For the purposes of analysis in this chapter, one scenario was evaluated:

1 SBCTA is established as a direct recipient of FTA funds

The analysis, as summarized in Figure D- 10, shows a one-time cost of approximately \$204,000 to establish SBCTA as an FTA direct recipient. Most of these costs are associated with the effort to develop, introduce, advocate for, and pass state legislation amending SBCTA’s authority to include direct transit operations. The cost appraisal was based on a previous SBCTA legislative effort for SB 1305 and would vary based on the current political climate and legislative priorities. Other smaller cost impacts would result from one-time efforts to amend current FTA grants held by Omnitrans to show SBCTA as the recipient, as well as updates to the annual Certifications and Assurances processes to reflect SBCTA as the certifying entity. Staff already employed by SBCTA and Omnitrans and consultants paid in a lump sum every year will perform the effort. As such, all costs to establish SBCTA as a direct recipient of FTA funds are sunk costs. If a complete consolidation is selected, additional staff and work planning should be reviewed to adequately ensure focus on the legislative effort alongside other duties. This analysis does not include the cost of the work for sub-recipient monitoring as it was estimated to have very minimal impact.

Figure D- 10. FTA Direct Recipient Establishment Costs

<i>Costs to establish FTA Direct Recipient Status</i>	<i>Existing</i>	<i>Scenario 1</i>
<i>Legislative Costs SBCTA Staff</i>	\$0	\$180,000
<i>Legislative Costs Consultants</i>	\$0	\$14,000
<i>Grant Amendment Efforts (staff)</i>	\$0	\$6,000
<i>Certifications and Assurances Effort</i>	\$0	\$4,000
<i>Total Combined Effort Costs</i>	\$0	\$204,000
<i>Net Total (Excluding Staff Costs)</i>	\$0	\$0
<i>One-Time Net (Savings)/Cost Increases over Existing</i>	N/A	\$0

Task 1.4c Appendix A-6 includes the assumptions, approach, and data used for the above analysis.

D.3.5. People Costs

The “People Cost” functional area poses several opportunities and challenges in a complete consolidation because both agencies compensate employees using different factors and benefits. Functional areas identified for a detailed financial analysis are Retirement Systems, Job Classification, and Employee Benefits.

D.3.5.1. Employer Retirement Costs

The largest financial impact from a potential consolidation stems from employer participation costs to retirement systems. In addition, this function requires careful consideration of legal impacts and likely impacts to employees’ morale and productivity. Omnitrans’ employees participate in CalPERS, and SBCTA employees participate in SBCERA. The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found a potential for a significant cost impact in transitioning to a retirement system for the current and future employees of a consolidated agency, depending on the scenario chosen.

For the purposes of the order of magnitude financial analysis in this chapter, five scenarios were initially considered.

- 1 All employees in the consolidated agency would be enrolled in CalPERS (transferring all SBCTA employees to CalPERS): with the termination of SBCTA’s SBCERA plan, SBCTA’s unfunded liability rises significantly due to the change in the investment rate of return. SBCTA employees transferred to CalPERS after termination of the SBCERA plan will receive two pensions when they retire, one from SBCERA for the period worked while under that plan, and one from CalPERS for future work.
- 2 All employees enrolled in SBCERA (transferring all Omnitrans employees to SBCERA): with the termination of Omnitrans’ CalPERS plan, the unfunded liability rises significantly due to the change in the investment rate of return. Omnitrans employees transferred to SBCERA after termination of the CalPERS plan will receive two pensions when they retire, one from CalPERS for the period worked while under that plan, and one from SBCERA for future work.
- 3 All employees in the consolidated agency would be enrolled in CalPERS (transferring all SBCTA employees to CalPERS) with a transfer of assets from SBCERA to CalPERS. SBCTA employees transferred to CalPERS will receive only one pension when they retire, from CalPERS. Transfer is retroactive to the date at which they

started working at SBCTA. A termination payment may be due for those members that are already retired from SBCERA and some payment/credit may be also due to/received from CalPERS if the assets transferred from SBCTA are not enough/too much to keep the plan funded at the same level.

- 4 All employees in the consolidated agency would be enrolled in SBCERA (transferring all Omnitrans employees to SBCERA) with a transfer of assets from CalPERS to SBCERA. Omnitrans employees transferred to SBCERA will receive only one pension when they retire, from SBCERA. Transfer is retroactive to the date at which they started working at Omnitrans. A termination payment may be due for those members that are already retired from CalPERS and some payment/credit may be also due to/received from SBCERA if the assets transferred from CalPERS are not enough/too much to keep the plan funded at the same level.
- 5 All employees stay in their current retirement plan by placing one group under a public non-profit corporation. A mix of options exists under this scenario, with new employees enrolling either in CalPERS or in SBCERA (a single option), or new non-represented hires entering SBCERA, and new represented hires entering CalPERS.

Actuarial analyses will be required in order to estimate any savings/cost increases associated with changing retirement systems under each of these scenarios. For every scenario, SBCERA and CalPERS will each have to perform a section of the actuarial analysis. The cost for analyzing a scenario was estimated at \$40,000. The analysis may take up to eight weeks to complete after the information is shared between the two retirement systems.

Considering the significant cost and time to complete these analyses, this report only presents descriptive information on the differences between the plans per the latest CAFR or actuarial report available, i.e. the levels of contribution and unfunded liability contribution and the costs to terminate Omnitrans' CalPERS plan, related to scenarios 1 and 2. Note that pension liability amounts most likely have increased due to the recent investment losses suffered by both retirement systems. Figures below are for reference only. Actuarial analysis will be required to obtain estimates. Note also that the figures shown below include all employees' salaries and wages for Omnitrans and SBCTA, in contrast to the benefits analysis.

The retirement analysis was based on FY 2020 salaries and does not account for salary and wage increases. Existing cost data used are from information provided by SBCTA and Omnitrans and presented in the Task 1.2 chapter. To calculate the annual employer costs for the combined agencies, the current costs were converted to a percentage of annual salaries. In addition to the employer-paid retirement costs for each employee, "catch-up" payments are due to each retirement system to address the unfunded pension liability. These percentage factors were then used against the salaries of each of the agencies to calculate relative retirement system cost impacts under the two scenarios. Using this method, the current SBCTA annual employer retirement cost for active employees is approximately \$3 million. For Omnitrans, the current annual employer retirement cost for active employees is approximately \$6 million. The primary drivers of this cost differential are that SBCERA's percentage paid to retire the unfunded pension liability was significantly higher than CalPERS, at 26.80% vs. 5.61%, respectively.

The differences between the two plans are the following (source: SBCERA Plan Provisions vs CalPERS Plan Provisions Memorandum):

- Items included in compensation: SBCERA allows more items to be included in final compensation numbers than CalPERS
- Assumed salary increases are greater with SBCERA
- Amortization horizons on changes to the UAAL are different (currently 20 years for SBCERA and 30 years for CalPERS, subject to change). SBCERA has used closed amortization layers, while CalPERS has reset amortization in recent history. In theory, this treatment causes a lower UAAL payment in the near future, but allows it to linger longer
- Disability benefits are potentially higher with the SBCERA plan than they are with CalPERS
- Death benefits are higher with SBCERA
- Benefit formulas are calculated differently

To conduct the analysis for Scenario 1, the retirement factors of CalPERS were applied to SBCTA’s salaries. Scenario 1 results in a decrease of annual employer retirement costs due to the lower combined contribution rate (regular employer contribution rate plus rate for “catch up” payments). However, the estimate for the one-time cost of the SBCTA unfunded liability if SBCERA determines their plan has been terminated is higher than \$100 million. Note that this high-level estimate is provided for reference only. SBCERA's methods to estimate the termination liability are likely to differ from CalPERS. Essentially, "the effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination." Finally, costs may be incurred to ensure that no employee is unfairly impacted by the plan termination, with respect to vesting period, eligibility to retirement, among other plan features.

Scenario 2 was calculated similar to Scenario 1, but with all employees participating in SBCERA. Scenario 2 also results in a decrease of annual employer retirement costs due to the lower combined contribution rate (regular employer contribution rate plus rate for “catch up” payments). Also included is the estimate (as of July 2019) for the one-time cost of the Omnitrans unfunded liability if CalPERS determines their plan has been terminated. In addition, costs may be incurred to ensure that no employee is unfairly impacted by the plan termination, with respect to vesting period, eligibility to retirement, among other plan features. Figure D- 11 below highlights the various retirement systems under the two aforementioned scenarios.

Figure D- 11. Estimation of Employer Retirement Costs Under Two Scenarios

Total Retirement Systems Costs	Existing	Scenario 1	Scenario 2
<i>SBCTA - Retirement Systems Costs (high-level estimates)</i>	\$2,900,000	\$800,000	\$2,900,000
<i>Omnitrans - Retirement Systems Costs (high-level estimates)</i>	\$6,300,000	\$6,300,000	\$4,100,000
Total Combined Retirement Systems Costs (high-level estimates)	\$9,200,000	\$7,100,000	\$7,000,000
<i>For reference only: termination costs based on CalPERS' termination costs of hypothetical termination liability</i>	N/A	\$104,000,000	\$174,000,000

Task 1.4c Appendix A-7 includes the assumptions, approach, and data used for the employer-paid retirement cost analysis.

D.3.5.2. Job Classifications

Staff Duplication

In a potential consolidated agency, positions must be adjusted and perhaps amalgamated. The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found possible salary and benefit savings through the elimination of staff redundancy. As mentioned in the preceding reports, there are few areas of functional overlap or duplication, thus very little duplication of staff was identified in this financial impact analysis. For the purposes of analysis in this chapter, several alternatives were analyzed for each potential position. Taken together, this develops a range of potential financial impacts to consider in future staffing discussions. The range of potential staffing options include eliminating up to nine positions and adjusting the classifications of up to four positions. When considering the number of FTE in the current agencies, this represents approximately 1% of the total FTE. As shown in Figure D- 12, this results in a range of savings between \$500,000 and \$1,875,000 annually.

Figure D- 12. Staff Duplication Cost Summary

<i>Total Costs</i>	<i>Existing</i>	<i>Option 1</i>		
<i>SBCTA Subtotal</i>	\$2,625,000	\$2,700,000	to	\$4,075,000
<i>Omnitrans Subtotal</i>	\$1,950,000			
<i>Total Costs</i>	\$4,575,000	\$2,700,000	to	\$4,075,000
<i>Annual (Savings)/Cost Increases over Existing</i>	N/A	(\$1,875,000)	to	(\$500,000)

In conducting the analysis, it was again clear there are few areas of redundancy in a consolidated organization, due to the limited areas of functional overlap. Positions considered for potential alignment are primarily in the shared service areas supporting both agencies.

It is critical to stress that this analysis solely provides a range of potential savings. Therefore, staffing decisions should be made with the long-term health and viability of the consolidated agency in mind, and in a process that involves participation from staff to ensure a deep understanding by decision-makers of the advantages and disadvantages of each decision. The analysis process typically would occur after the decision to form a consolidated agency, and ideally, in conjunction with a strategic plan or other similar effort to ensure position planning is based on the work of the position, team, and in conjunction with overarching agency goals.

Not addressed in this analysis is the exact form of a final organizational chart. Similar to identifying any potential changes to positions, discussions of changes to an organizational chart and reporting structure should be completed after a decision to consolidate is made and with an established vision for the future consolidated agency. Designing the new organizational chart and reporting structure should be completed with open communication regarding opportunities and challenges with potential changes in any team reporting structure.

Standardized Staff Classification

SBCTA and Omnitrans each have their own job classification systems and associated salary ranges for each position. While many of the positions at Omnitrans are unique since they involve direct bus operations or maintenance, several positions in the administrative areas are similar between the two agencies and, in some cases, even have the same or similar job titles.

This analysis is intended to estimate the annual financial impact from the potential consolidation of all job classifications into one system. For the purposes of this analysis, it was assumed that, in the event of a

consolidation, staff in similar positions would need to be on the same salary range. It was further assumed that no individual’s salary would be diminished as a result of consolidation. For the purposes of analysis in this chapter, one scenario was evaluated:

1. Under a consolidated agency, the creation of a single job classification system covers all employees of the consolidated organization

Figure D- 13 summarizes the total estimated financial impact from the Standardize Staff Classification analysis.

Figure D- 13. Standard Job Classification Cost Summary

	Total Costs	Existing	Standardized Classification
<i>SBCTA Subtotal</i>		\$1,500,000	\$3,150,000
<i>Omnitrans Subtotal</i>		\$1,250,000	
Total Costs		\$2,750,000	\$3,150,000
<i>Annual (Savings)/Cost Increases over Existing</i>		N/A	\$400,000

The analysis estimates that there would be a net increase of approximately \$400,000 in salary costs resulting from the alignment of job classifications between the two agencies.

The analysis only calculated the affected positions salary changes in case of a consolidation. As such, only the additional costs of bringing these affected positions to the consolidated agency’s classification level was determined.

Combined Financial Impact of Standardized Staff Classification and Executive Staff Duplication

The overall financial impact of the “Job Classifications” functional area ranges from saving \$1,475,000 to \$100,000 annually for both duplication of staff and aligning classifications. As mentioned above, it is unlikely that all reductions would occur to achieve the lowest end of the range, as specific positions and organizational reporting decisions should be evaluated based on workload and the overall needs of the consolidated agency. The ranges presented below should be considered as a range of potential financial impact.

Figure D- 14 summarizes the total estimated financial impact from the Job Classification analysis.

Figure D- 14. Job Classification Cost Summary

Total Costs	Existing	Duplication	Standardization	TOTAL
<i>SBCTA Subtotal</i>	\$4,125,000	\$2,700,000 to	\$3,150,000	\$5,850,000 to \$7,225,000
<i>Omnitrans Subtotal</i>	\$3,200,000	\$4,075,000		
Total Costs	\$7,325,000	\$2,700,000 to \$4,075,000	\$3,150,000	\$5,850,000 to \$7,225,000
<i>Annual (Savings)/Cost Increases over Existing</i>	N/A	(\$1,875,000) to (\$500,000)	\$400,000	(\$1,475,000) to (\$100,000)

Note that changes to benefits and retirement will change the range of results presented in this analysis.

Task 1.4c Appendix A-8 includes the assumptions, approach, and data used for the analysis found in this Job Classification section.

D.3.5.3. Employee Benefits

SBCTA and Omnitrans have different employee benefits programs, each specific to their history and labor agreements. In a potential consolidated agency, benefits packages typically are aligned at the agency level. In addition to retirement benefits, employee benefits include medical, vision, and dental insurance, disability and life insurance, paid time off accruals, deferred compensation plans, and other non-compensation employee benefits. Currently, these non-retirement benefits are administered separately by the County of San Bernardino and Omnitrans for SBCTA and Omnitrans, respectively. Appendix A-7 provides the specific details of Employee Benefits provided by each Agency, which are summarized here in Figure D- 15.

The analysis shown below includes all employees’ salaries and wages for SBCTA but only unrepresented employees for Omnitrans, in contrast to the retirement analysis. Bargaining units are excluded from the analysis since they are covered by labor agreements.

Figure D- 15. Comparison of SBCTA and Omnitrans Employee Benefits

	SBCTA	OMNITRANS
VACATION LEAVE(DAYS)	10 (0-4 YOS) 15 (5-9 YOS) 20 (>9 YOS)	10 (1-5 YOS) 15 (5-10 YOS) 20 (10-20 YOS) 25 (>20 YOS)
SICK LEAVE (DAYS)	12	12
HOLIDAY LEAVE (DAYS)	13	11
ADMINISTRATIVE LEAVE*(DAYS)	5	0

YOS: Years of Service

** only provided to professional staff and not all staff receive this benefit.*

The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found that aligning employee benefits will have an impact on agency labor costs.

For the purposes of analysis in this chapter, two options were evaluated to consolidate benefits for SBCTA’s staff and Omnitrans’ unrepresented staff. These options can be considered separately or jointly:

- 1 Option 1: Medical Plans
- 2 Option 2: Main Non-Medical Benefits

Option 1:

- Scenario 1: Switch 65 SBCTA employees to Omnitrans health benefit package
- Scenario 2: Switch Omnitrans' 123 unrepresented employees to SBCTA health benefit package

Each scenario presents maximum cost savings and maximum cost increases due to switching staff from one health benefit package to the other, compared to the current trend. Given the uncertainty linked to the decisions of opting in or out the plan, selecting a plan, and deciding how many members of a household will be covered by the plan, a range of costs provides more reasonable estimates than specific amounts. The range of costs of Scenario 1, switching 65 SBCTA employees to Omnitrans health benefit package, is significantly larger than the range of costs of Scenario 2, switching Omnitrans' 123 unrepresented employees to SBCTA’s health benefit package. This is due to the fact that while Omnitrans’ opt-out subsidy (\$3,000) is lower than SBCTA’s (\$8,473), Omnitrans’ employer subsidy reaches much higher potential levels than SBCTA, at almost \$21k.

Note that health insurance costs may increase due to the current health crisis. Figures below are for reference only. Actuarial analysis will be required to obtain estimates. Note also that this range assumes that costs will remain the same for healthcare plans. In practice, costs will change when the population of eligible employees changes. The midpoint average is for reference only.

Option 2:

- Scenario 1: SBCTA employees receive Omnitrans benefit package other than health
- Scenario 2: Omnitrans employees receive SBCTA benefit package other than health

The analysis was based on FY 2020 salaries and does not account for salary and wage increases. Existing cost data used are from information provided by SBCTA and Omnitrans and presented in the Task 1.2 chapter. In contrast to Option 1 regarding the health benefit package, it was possible to determine more precisely the costs of each scenario, based on the current staff and positions of each organization. Scenario 1, switching SBCTA employees to the Omnitrans benefit package other than health, is estimated to result in cost savings of \$700k per year. Scenario 2, switching Omnitrans employees to the SBCTA benefit package other than health, is estimated to result in cost increases of \$800k per year.

Beyond the scenarios presented here for medical and non-medical benefits, the consolidation of SBCTA and Omnitrans could be accompanied by the creation of a public non-profit corporation, which would allow all employees to keep their existing benefits. The cost of creating a public non-profit corporation cost is included in the payroll analysis. The consolidated organization would then offer to its new unrepresented employees the Omnitrans benefits package, the SBCTA benefits package, or a combination of the two. Healthcare costs would vary between \$3,000 and \$20,921 for each new employee if the Omnitrans package were used, and between \$8,473 and \$13,318 if the SBCTA package were used. Non-medical benefits could be a combination of both packages, and could still depend on the position for certain benefits such as communication allowance, car allowance and administrative leave.

Figure D- 16 highlights the medical and non-medical benefits across the two established scenarios.

Figure D- 16. Estimation of Annual Employee Benefit Costs Under Two Options, Each Including Two Scenarios

Total Employee Benefits Costs	Option 1 - Medical Plans			Option 2 - Non-Medical Benefits		
	Existing	Scenario 1	Scenario 2	Existing	Scenario 1	Scenario 2
Average Trend - SBCTA	\$780,000	\$0	\$0	\$940,000	\$220,000	\$940,000
Average Trend - Omnitrans	\$1,620,000	\$0	\$0	\$170,000	\$170,000	\$1,000,000
Total Average Trend Employee Benefits Costs	\$2,400,000	\$0	\$0	\$1,110,000	\$390,000	\$1,940,000
Maximum Cost Savings	N/A	(\$580,000)	(\$580,000)	N/A	(\$710,000)	N/A
Maximum Cost Increases	N/A	\$580,000	\$10,000	N/A	N/A	\$830,000
One-time (Savings)/Cost	N/A	N/A	N/A	N/A	(\$140,000)	\$210,000

Task 1.4c Appendix A-9 includes the assumptions, approach, and data used for the above analysis.

D.3.6. Other Shared Services

Other support functions include: policy and legislative affairs, IT, security, marketing, social media, community outreach, and advertising, as well as telephone systems and information. Opportunities and challenges that arise from consolidating these support functions largely depend on the degree of similarity of each function at each agency. The functional areas identified for a detailed financial analysis are Information Technology and Security.

D.3.6.1. Information Technology

The function-specific IT systems of each agency have little cross-over and few opportunities for efficiencies. The Omnitrans IT system supports bus operations and maintenance, manages technology of bus systems, surveillance, data storage, regional network infrastructure, route optimization, and asset management; whereas, SBCTA's technology supports document management, capital project management, travel demand modeling as well as a rideshare management and online reporting system. However, there are commonalities in the basic financial system functions of: accounting, accounts payable, accounts receivable, and general ledger, among others. This analysis examined the alignment of a single financial accounting platform for the consolidated agency.

Enterprise financial systems

As mentioned in Section D.3.4.1, consolidating the agencies would require a common platform for the traditional accounting functions. SBCTA is currently assessing replacement of its financial management system (EDEN), and Omnitrans holds an SAP Enterprise software system containing modules that, with some modification, could potentially support SBCTA's financial needs. The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found that, if consolidation were to occur, this integration of financial management software systems could potentially achieve lower overall costs as opposed to the acquisition of a completely new system for the consolidated agency. Omnitrans has invested heavily in the customization of their SAP system and its integration with other operations-supporting systems such as Trapeze.

For the purposes of the financial analysis conducted for this chapter, one scenario was investigated:

1. Utilize Omnitrans existing SAP ERP system as the financial management system for the potential consolidated agency.

WSP interviewed two IT experts within the consultancy who determined Scenario 1 would require far lower expenditures than replacing the entire financial system covering both agencies. Scenario 1 would also make the best use of the significant investment Omnitrans has already made in customizing SAP for its tailored needs. Both experts stated that SAP is one of the leading providers of enterprise-level financial systems.

Under Scenario 1, two types of cost impacts would likely be observed: (1) a small reduction to SBCTA and Omnitrans' combined annual operating costs; and (2) a one-time system modification cost estimated to range between \$250,000 and \$1,000,000. Scenario 1 would result in annual operating savings of approximately \$40,000 annually, which nets the current support cost for SBCTA's existing EDEN financial system.

Figure D- 17 indicates the cost differentials in existing Information Technology systems across both agencies.

Figure D- 17. Information Technology Cost Summary

Total Information Technology Costs	Existing	Scenario 1
SBCTA - IT Costs	\$690,000	\$650,000
Omnitrans - IT Costs	\$3,490,000	\$3,490,000
Total Combined IT Costs	\$4,180,000	\$4,140,000
Net Total (Excluding Staff Costs)	\$2,610,000	\$2,570,000
Annual Savings/Cost Increases over Existing	N/A	(\$40,000)
One-Time System Modification Cost	N/A	\$250,000 to \$1,000,000

Task 1.4c Appendix A-10 includes the assumptions, approach, and data used for this Information Technology analysis.

D.3.6.2. Security

Both agencies have contracts for private security services at various facilities. As a transit service provider, Omnitrans manages a transit security program. SBCTA contracts with a property manager that hires a security firm to provide security to the Santa Fe Depot and parking lots, and with Omnitrans to provide security services for the SB downtown crew house. The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found that security represents a small opportunity to consolidate the management of the security contracts. For the purposes of analysis in this chapter, one scenario was evaluated:

1 One security contract covering the needs of the consolidated agency

The financial analysis found no significant savings from the consolidation of security contracts into one, though would provide administrative ease for all security services to be merged into one agreement in the consolidated agency. There are negligible opportunities for savings due to the existing contracts being in conjunction with facilities management work, and a significant amount of the cost is specifically due to labor-hours for security guards. The overheads for each contract are likely a percentage of the hourly rate for security guards, thus overhead would remain the same with one larger contract, as opposed to two smaller contracts. Consolidating two contracts is therefore unlikely to change the number of hours or the wages for the security guards.

Figure D- 18 highlights the contract prices for security services across both agencies.

Figure D- 18. Security Cost Summary

Total Security Payroll Costs	Existing	Scenario 1
SBCTA	\$230,000	\$230,000
Omnitrans	\$1,600,000	\$1,600,000
Total Combined Security Costs	\$1,830,000	\$1,830,000
Net Total Cost (Excluding Staff Cost)	\$1,830,000	\$1,830,000
Annual (Savings) / Cost Increases over Existing	N/A	\$0

Task 1.4c Appendix A-11 includes the assumptions, approach, and data used for the above analysis.

D.3.7. Board of Directors/Committees

D.3.7.1. Board of Directors/Committees

SBCTA Board of Directors consists of 29 individuals who meet once a month. In addition, SBCTA recently formed the Legislative Policy Committee composed of 7 members who will meet on an as needed basis. SBCTA Board has four committees comprised of 12 of the 29 members each, whom also meet once a month. Board members receive attendance stipends for each meeting they attend, not to exceed \$400 a month, combined with \$100 for attendance to San Bernardino Council of Governments' board of directors meeting.

Omnitrans has 19 board members who meet once a month. Omnitrans Board has four committees comprised of six to eight members. Two committees meet monthly and the other two committees meet quarterly. Board members receive attendance stipends for each meeting they attend. The Evaluation of Functional Areas in a Complete Consolidation (1.4B) chapter found potential time and cost savings from consolidation into one board and committee structure.

In a potential complete consolidation, the legal basis for the Omnitrans Board would be dissolved. For the purposes of the analysis in this chapter, it is assumed that the SBCTA Board would absorb all the current duties of the current Omnitrans Board with the following two scenarios:

1. SBCTA Board handles all board functions; an existing SBCTA's committee handles all transit operations issues
2. SBCTA Board handles all board functions; a new Transit Operations Committee handles all transit operations issues

The financial analysis considered these scenarios and found savings in a consolidation of the boards and committees for both scenarios, with savings of \$65,000 annually if an existing SBCTA committee handles all transit operations issues, and \$50,000 in annual savings if transit operations issues are handled by a newly established "Transit Operations" committee. The analysis used the required stipend/meeting and mileage reimbursements to calculate a reduced total expense for the consolidated meetings. The savings due to a consolidated board are nominal when compared with the operating budget of either agency or other impacts analyzed in this report. Note that total costs include agency executive staff time, which are sunk costs. As a result, net costs excluding staff costs are calculated, and savings are based on said net costs.

Figure D- 19 details the two scenarios of future board costs, while highlighting current conditions across the two agencies.

Figure D- 19. Board of Directors/Committees Financial Analysis Summary

<i>Total Board Costs</i>	<i>Existing</i>	<i>Scenario 1</i>	<i>Scenario 2</i>
<i>SBCTA Board and Staff</i>	\$180,000	\$150,000	\$150,000
<i>Omnitrans Board and Staff</i>	\$70,000	\$5,000	\$5,000
<i>New Transit Operations Committee</i>	\$0	\$0	\$15,000
<i>Total Cost</i>	\$250,000	\$155,000	\$170,000
<i>Net Total Cost (Excluding Staff Costs)</i>	\$215,000	\$150,000	\$165,000

<i>Annual (Savings)/Cost Increases over Existing</i>		N/A	(\$65,000)	(\$50,000)
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The summary of the financial analysis can be found in Task 1.4c Appendix A-12 includes the assumptions, approach, and data used for the above analysis.

In addition to the savings generated by consolidating the board functions, there would be additional costs associated with implementing the legal framework for these board functions. The overall costs for this legal framework are integrated into the establishment of SBCTA as a direct fund recipient and, therefore, are included in the detailed analysis in Section D.3.4.4, FTA Direct Recipient Status.

E. Memos

Figure E- 1. Memo from SBCERA Chief Financial Officer



MEMORANDUM

DATE March 11, 2020

FROM Amy McInerney
Chief Financial Officer

PHONE (909) 885-7980

FAX

EMAIL amcinerney@sbcera.org

TO Beatriz Valdez
SBCTA

SUBJECT: SBCERA Plan Provisions vs CalPERS Plan Provisions

Comparing two pension plans can be difficult, the comparison is unlikely to be an “apples-to-apples” comparison. There are many factors that can be different. These include amortization horizons and methodologies, benefit formulas, items included in final salaries, investment performance, and mortality experience.

Here are some items that I can see are different between the OmniTrans (CalPERS) plan and the SBCTA (SBCERA) plan:

- Items included in compensation – SBCERA allows more items to be included in final compensation numbers than CalPERS.
- Assumed salary increases are greater with SBCERA.
- Amortization horizons on changes to the Unfunded Actuarially Accrued Liability are different. SBCERA has used closed amortization layers, while CalPERS has reset amortization in recent history. In theory, this treatment causes a lower UAAL payment in the near future, but allows it to linger longer.
- Disability benefits are potentially higher with the SBCERA plan than they are with CalPERS.
- Death benefits are higher with SBCERA.
- Benefit formulas are calculated differently.

I based these observations on the SBCERA CAFR, OmniTrans CAFR, CalPERS Valuation Study, and the SBCERA Valuation Study.

Figure E- 2 Memo from Best Best & Krieger


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MEMORANDUM

To: Erin Rogers, Omnitrans Interim CEO/General Manager

From: Best Best & Krieger LLP, General Counsel

Date: April 15, 2020

Re: Implications of Consolidation on Pension Obligations

INTRODUCTION

Omnitrans and the San Bernardino County Transportation Authority (“SBCTA”), collectively (“Agencies”), are considering a consolidation of their operations into a single entity. Omnitrans has asked for an analysis of the impact of such consolidation on the pension obligations of each Agency. Omnitrans provides pension benefits to eligible employees through the California Public Employees’ Retirement System (“CalPERS”) whereas SBCTA does so through the San Bernardino County Employees’ Retirement Association (“SBCERA”) pursuant to statutory obligation as codified in Public Utilities Code Section 130824.

ANALYSIS

The Public Employees’ Retirement Law (“PERL”), the body of law governing CalPERS, and the County Employees Retirement Law (“CERL), the body of law governing county retirement systems such as SBCERA, include provisions requiring that employees in the same membership classification (i.e., general members for SBCERA, miscellaneous members for CalPERS) be covered by the same retirement system.¹ Therefore, as the Agencies continue to move towards consolidation, a principal consideration is that the Agencies will need to select either CalPERS or SBCERA as the retirement system for the employees of the consolidated agency.

Although the consolidated agency could theoretically opt to go in a different direction from either CalPERS or SBCERA, there are two reasons why this would not be advisable. First, under the vested rights doctrine, current employees are entitled to continue accruing pension benefits at the same level extended to them at the start of employment, as improved over time. Therefore, if the consolidated agency were to forego contracting with CalPERS or SBCERA, as a successor to both Omnitrans and SBCTA, it would be required to at the very least replicate the pension benefits provided by CalPERS or SBCERA to then current employees. While opting not to contract with a retirement system would allow the consolidated agency to offer a different retirement benefit to new employees (e.g., a defined contribution plan), the second reason makes this untenable. That is, if the consolidated agency does not negotiate a transition from SBCERA to CalPERS, or vice versa, then each of the Agencies (assuming they cease to operate) would be responsible for the unfunded actuarial liability (“UAL”) under their respective retirement system

¹See e.g., Gov’t Code §§20479 and 31485.9.

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on a terminated basis which generally increases the UAL by three to four times the value of the UAL on an ongoing basis.

The process for the termination of a pension contract varies between CalPERS and SBCERA but the underlying principle is the same – that each retirement system will want to retain sufficient assets to ensure that it can pay the benefits that accrued as of the termination date. Once a contract is terminated, the retirement system cannot go back to the terminated agency seeking additional contributions if the retained assets turn out to be insufficient to pay all accrued benefits. As

such, the retirement systems will calculate the UAL on terminated basis using a much lower assumed rate of return than the rate used to calculate UAL on an ongoing basis (i.e., agencies that continue to participate in the system). While there is no publically available information that provides us with an estimate of what the terminated UAL would be for SBCTA – the Agencies would need to approach SBCERA to request an estimate – that information is available for Omnitrans. Omnitrans’ current valuation report provides a hypothetical termination calculation which assumes a June 30, 2018 termination date. It estimates termination UAL (i.e., termination liability *minus* plan assets) between \$145,005,987 (using a 3.25% discount rate) and \$174,195,569 (using a 2.5% discount rate).² The total termination liability is calculated using a variable rate and would not be finalized until *after* the termination is effective. Therefore, the preceding numbers are subject to change based on numerous factors, including investment returns, benefit accruals, actuarial experience since the date the estimate is based on, and the discount rate applicable at termination. If Omnitrans is unable to pay its entire termination liability, the accrued benefits of its retirees and employees would be reduced to an amount that is proportionate to the remaining unfunded liability.³

In light of the preceding, the remainder of this Memorandum assumes that the consolidated agency would elect either an SBCERA or CalPERS retirement program. A foundational consideration in electing between these retirement systems are the retirement plans offered under each. For this purpose, the following table provides a general overview of the retirement plan offered by each Agency based on publicly available information (this table can be updated as more specific information becomes available). While the plans appear to be similar, the difference lies in what is included in reportable compensation.

Omnitrans (CalPERS) ⁴	SBCTA (SBCERA) ⁵
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² For comparison purposes, the UAL for Omnitrans on an ongoing basis was \$33,026,939 as of June 30, 2018. A copy of the most recent valuation report for Omnitrans can be obtained on the following webpage:
<https://www.calpers.ca.gov/docs/actuarial-reports/2018/omnitrans-miscellaneous-2018.pdf>.

³ Gov’t. Code §20577.

⁴ 2019 Omnitrans actuarial valuation from CalPERS based on data available as of June 30, 2018.

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Pension Formula	Classic: 2% @ 55 PEPRA: 2% @ 62	Tier 1 (Classic): 2% @ 55 Tier 2 (PEPRA): 2% @ 62
Employee Contribution	Classic: 7% PEPRA: 7.25%	Tier 1: 9.13% - 14.79% ⁶ Tier 2: 9.06%
Employer Contribution Rate	14.683% (inclusive of normal cost and amortization of UAL) of projected payroll of \$36,649,597	Tier 1: 37.03% + Tier 1 employee % Tier 2: 34.30%
Final Compensation Period	Classic: Highest 12 months PEPRA: Highest 36 months	Tier 1: Highest 12 months Tier 2: Highest 36 months
Participants	Active: 662 Retired: 444	<i>Data not available publicly</i>

The calculation of benefits for PEPRA members is based on identical factors for both CalPERS and SBCERA as they are based on the Public Employees' Pension Reform Act of 2013. However, the calc

ulation of benefits for classic members (referred to as Tier 1 members by SBCERA) is governed by the laws, regulations and policies applicable to each system. For classic members, reportable compensation is comprised of payrate and special compensation. Payrate is essentially base salary as listed on a publicly available pay schedule. Special compensation is limited to items of compensation identified in Section 571 of the California Code of Regulations which meet a number of requirements, including that it be made available to a "group or class", that it be contained in a written labor or agreement, that it be for normally required duties and for duties performed during normal hours of employment. Compensation items such as overtime (other than FLSA premium pay for normal work hours), cash in lieu of benefits, auto allowances, cash outs of accrued leave, standby or on-call pay are not reportable to CalPERS. In contrast, SBCERA defines reportable compensation broadly excluding only minimal items such as overtime. For SBCERA purposes, reportable compensation is defined as base pay plus any additional payable items, including allowances and cash outs, as approved by the SBCERA Board of Retirement in the annual pay code resolution. The pay code resolution for SBCTA (enclosed) includes items that would not be reportable under CalPERS but note that several items are pending resolution of the vested rights case *Alameda County Deputy Sheriff's Assn v. Alameda County Employees' Retirement Assn., Cal. Supreme Court Case No. S247095* which has been scheduled for oral arguments on May 5, 2020.

⁵ SBCTA 2019 Comprehensive Annual Financial Report. Data available for year ended June 30, 2019.

⁶ Paid by SBCTA.

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Additionally, final compensation calculations are inherently different between CalPERS and SBCERA for classic and Tier 1 members. For instance, CalPERS uses the full-time equivalent salary during a final compensation period for calculations, while SBCERS uses the true earnings from the final compensation period.

Irrespective of which system is selected by the consolidated agency, the goal is to avoid the assessment of termination liability. For this purpose, we strongly recommend early engagement with both SBCERA and CalPERS to negotiate an orderly transition that avoids the assessment of termination liability. The current models for a transfer without the assessment of termination liability provide for a transfer from CalPERS to a county retirement system such as SBCERA.

- The first, is codified in PERL Section 20585,⁷ and carried out, relevant to these circumstances, by PERL Section 20587. This provision states that if all or some of the functions and corresponding employees of a CalPERS employer are transferred to an agency that participates in a county retirement system, the CalPERS employer together with CalPERS and the county retirement system may enter into an agreement to provide for the termination of the CalPERS employer's participation in CalPERS and inclusion of its employees in the county retirement system. While this avoids termination liability, a significant drawback of this approach is that transferred assets from CalPERS to SBCERA would be capped at the accumulated contributions by Omnitrans implying that any investment earnings would be retained by CalPERS.⁸
- The second is codified in PERL Section 20588 but would require amendment. As currently written, this section allows for a CalPERS safety plan to be transferred to a county retirement system in cases where firefighting or law enforcement functions are transferred from an agency participating in CalPERS to an agency participating in a county retirement system. The significant advantage of Section 20588 is that a termination of a CalPERS plan pursuant to this section is not subject to termination liability because the liability of accrued benefits of current employees is transferred entirely to the county retirement system.

Under this approach, retired employees through the date of the transfer remain with CalPERS and CalPERS retains sufficient assets to cover its anticipated liability for the payment of said benefits. However, the accrued service credit (and associated liability and assets) of existing members are transferred in their entirety to the county retirement system. While assets, the investment of, and

⁷ All subsequent statutory references are made to the California Gov. Code, and will be designated as being contained within the County Employees' Retirement Law ("CERL") or the Public Employees' Retirement Law ("PERL"), unless otherwise noted.

⁸ CERL §31648.4, where PERL §20569 was amended as PERL §20585

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resultant interest from relevant contributions will be transferred to SBCERA, the CalPERS Board will have control over determining the extent of what's transferred, which could be a point of contention. As such, it would be prudent to request a transfer report from CalPERS under the assumption that PERL Section 20588 would be amended to apply to miscellaneous members, detailing all relevant costs and transferred values, prior to approaching SBCERA under this scenario.

As implied above, pursuing this option would require legislative action to expand the scope of PERL Section 20588 (and the corresponding CERL Section 31657) to include miscellaneous members.

In addition to the foregoing, there is a possible approach that could be pursued for a transfer from SBCERA to CalPERS if SBCTA has no retirees under SBCERA. While unlikely, since SBCTA is a successor to another SBCERA employer, CERL Section 31564(c) appears to allow for a transition of all member contributions to another public retirement system, so long as SBCTA does not have any retirees under SBCERA. In conjunction with PERL Section 20462, which allows for the continuation of an existing pension trust or retirement plan, SBCTA could effectively move all active employees, and their credited service, to CalPERS. To the extent this is a viable approach, we would need to confer with both retirement systems to confirm the application of these statutes. However, a move by SBCTA from SBCERA to CalPERS would require a further amendment to Government Code Section 130824 (part of the law that created SBCTA) as it requires participation in SBCERA to the extent that SBCTA is the surviving entity.

One last consideration is that the process becomes more complicated to the extent that the consolidation results in a new entity and the new entity decides to contract with CalPERS. In this case, assuming that termination liability can be avoided, the new entity would need to establish eligibility to participate in CalPERS (a step that a surviving Omnitrans would not have to engage in). To the extent that the new entity is created by specific legislation, eligibility would likely be assured but not so if the new entity is a joint powers authority. Most, if not all, joint powers authorities have not been deemed eligible by CalPERS since 2012.

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Memorandum

To: Erin Rogers, Omnitrans Interim CEO/General Manager

From: Best Best & Krieger LLP, General Counsel

Date: May 4, 2020

Re: Questions Regarding Potential Consolidation of Omnitrans Under SBCTA

QUESTION PRESENTED

1. What actions would be required to dissolve the Omnitrans JPA?
2. What is required to change Omnitrans' status as the Consolidated Transportation Authority ("CTSA")?
3. Is the San Bernardino County Transportation Authority ("SBCTA") authorized to operate buses, set and collect fares and take other actions related to transit operations?
4. Is SBCTA currently eligible to claim Local Transportation Funds ("LTF") under the Transportation Development Act ("TDA"), and are there any other limitations in the TDA related to SBCTA's potential assumption of Omnitrans functions?
5. How would other transit funding sources be transferred from Omnitrans to SBCTA?
6. What actions would be required for SBCTA to utilize Omnitrans contracts for paratransit and other services?

BRIEF ANSWERS

1. Dissolution of the Omnitrans JPA would either require legislation that would provide for such dissolution, or would require elective action of the member agencies to terminate the JPA Agreement, as defined below.
2. SBCTA may rescind the CTSA designation upon making an appealable finding that Omnitrans has failed substantially to comply with the terms of its allocations, with the governing act or with the action plan.
3. SBCTA, as a special district, is a limited purpose entity and is not clearly authorized to operate buses, set and collect fares and take other actions related to transit operations.

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4. It does not appear that SBCTA is the type of entity that is eligible to submit claims for LTF under Article 4. Assuming SBCTA is eligible, as a successor to an existing joint powers authority, SBCTA would be required to comply with specified fare ratio requirements.

5. Other Transit Funding Sources.

a. Measure I does not identify transit provider entities, thus it would appear that SBCTA can redirect these funds in its discretion, as long as the funds are used for transit in the San Bernardino Valley Subarea.

b. Absent Board or legislative action to dissolve Omnitrans and make SBCTA a successor to the agency, consent and cooperation of Omnitrans would be required to negotiate potential transfer of existing grant agreements with FTA, and a change in the designated recipient for various formula funds. FTA consent may be required regardless of how such transfer is accomplished.

6. Absent Board action or legislation that would provide for automatic assumption by SBCTA of existing Omnitrans' contracts required for continued transit operations, cooperation and consent from Omnitrans to assignment of such contracts would be required. Omnitrans' standard contract form does not specify whether Omnitrans has the right to assign the contract, so a contractor could potentially contest such assignment, and request termination of the contract.

ANALYSIS

1. JPA Dissolution; Transfer of Assets.

Omnitrans is a joint powers authority formed pursuant to the Joint Exercise of Powers Act, Government Code Section 6500, et. seq. through that certain joint powers agreement titled "Amended and Restated Joint Powers Agreement amongst the County of San Bernardino and the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa Creating a County Wide Transportation Authority to be Known as 'Omnitrans'", dated July 1, 2016 (the "JPA Agreement").

Omnitrans could be dissolved by legislative action that would provide for assumption of Omnitrans' transit operations by SBCTA. Legislation could provide for dissolution of Omnitrans, upon enactment of such legislation, without the necessity of any further action. Such legislation could, among other things, provide for all real and personal property owned by Omnitrans to be transferred to SBCTA as the successor to its operations. Cooperation and consent of Omnitrans would likely be necessary to successfully move such legislation through the State government.



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Dissolution of Omnitrans, absent legislative action, would have to occur by voluntary action of its member entities. Section 14 of the JPA Agreement provides that the JPA Agreement shall continue in force until terminated by mutual agreement of the parties.

In accordance with Section 15 of the JPA Agreement, individual members may withdraw from the JPA Agreement in accordance with the procedures set forth in this section, as shown below, which requires advance notice, adoption of a resolution of intent to withdraw by the legislative body of the withdrawing member, and a return to that member of any capital contributions made to Omnitrans, over a period of not more than five years.

Section 15. Any party may withdraw from this Agreement as of the first day of July of any year following six (6) months' notice to the other parties by resolution of intent to withdraw adopted by the legislative body of the party. A withdrawing party shall be compensated for its total capital asset value contributed less appreciation, by return of capital assets and/or cash payment, over a period not to exceed five (5) years, the method to be determined by the Board of Directors.

Section 16 of the JPA Agreement sets forth the terms for dissolution of Omnitrans. In accordance with Section 16(B), if the member agencies elect to dissolve the JPA Agreement in order to change the governance structure of Omnitrans, all assets and liabilities of Omnitrans will transfer to the successor agency. If Omnitrans is dissolved for other than a change in governance structure, in accordance with Section 16(A), all assets owned by Omnitrans are to be distributed to the member agencies "...in the same proportion as that reflected in the parties' accumulated capital contribution accounts....." This subsection provides that, "...the winding up and property distribution hereunder shall be effected in the manner calculated to cause the least disruption to existing public transportation service."

In either case, a complete dissolution of Omnitrans as a JPA requires elective action by a majority of its Board members. Section 3(B) of the Omnitrans JPA provides that, generally, actions of the Board are by a majority vote of the members present, with a quorum in attendance. However, certain actions require a majority vote of the entire membership of the Board. These actions are specified as: "...the adoption of By-laws, Amendment of By-laws, adoption of an annual budget and such other matters as the Board may designate shall require a majority vote of the entire membership of the Board." An action to dissolve the JPA would appear to be the type of action that would require a majority vote of the entire membership of the Board, but it is in the Board's discretion to make this determination.

Individual members may withdraw from the JPA in accordance with Section 15, with any asset return owed to such member(s) to be made in accordance with the timeframe set forth in that section. In practicality, even if some but not all of the members withdraw, the ability of Omnitrans to continue operations under the JPA Agreement, and its current structure, would at some point be compromised. Dissolution of Omnitrans either pursuant to Section 16(B), or

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legislative action could provide for transfer of its assets and liabilities to SBCTA, as the successor agency. Dissolution under 16(A) would be more complicated, and member agencies could require distribution of any assets to which they may be entitled, in accordance with the JPA.

2. CTSA Designation.

Omnitrans is currently the consolidated transportation services agency (CTSA) for the San Bernardino Valley region. Pursuant to Title 21, California Code of Regulations section 6680 (“Section 6680”), SBCTA, as the county transportation commission, is the entity in the SCAG region that has the authority to designate CTSA within San Bernardino County. Such designations are to be made in accordance with the action plan adopted pursuant to Government Code section 15975, and one or more entities may be designated as the CTSA.

Section 6680 provides that a CTSA designation may be rescinded if the designating agency: “finds that the agency [CTSA] has failed substantially to comply with the terms of its allocations, with the Act or with the action plan.” The decision to repeal a CTSA designation may be appealed pursuant to Public Utilities Code section 99242. The appeal is made to the Secretary of the Department of Transportation, who conducts an investigation and evaluation of the matter, and renders a final decision.

Based on the above, it appears that unless Omnitrans is in agreement with a change in the CTSA designation, in order to rescind Omnitrans’ status as the CTSA for the San Bernardino Valley region, SBCTA must have a valid basis to make the above identified findings, or Omnitrans may appeal the decision.

Section 21 CCR § 6680, Designation of Consolidated Transportation Service Agency (CTSA), identifies the types of entities that may serve as the CTSA, and specifies that the transportation planning agency may not be the CTSA.

Each consolidated transportation service agency shall be an entity other than the transportation planning agency and shall be one of the following:

(a) A public agency, including a city, county, operator, any state department or agency, public corporation, or public district, or a joint powers entity created pursuant to Chapter 5 (commencing with section 5000) of division 7, title 1 of the Government Code.

(b) A common carrier of persons as defined in section 211 of the Public Utilities Code, engaged in the transportation of persons, as defined in section 208.

(c) A private entity operating under a franchise or license.

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(d) A nonprofit corporation organized pursuant to division 2 (commencing with section 5000) of title 1 of the Corporations Code.

SBCTA may designate one or more other entities as the CTSA that meet any of the above requirements. It appears that SBCTA may also designate itself as the CTSA.

3. Does SBCTA have power to operate buses, and to set and collect fares?

It is not clear that SBCTA has the authority to operate buses, and take all actions related thereto, including establishing bus routes, setting bus schedules and setting and collecting fares (referred to in this section as “Transit Operations”). Omnitrans’ authority to engage in Transit Operations stems from the JPA Agreement, and the broad authority of its member agencies. Cities and counties are general purpose governments, with much of their authority arising directly from Article XI, section 7 of the California Constitution, which provides: “A county or city may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws.” This is generally known as the “police power”. In addition, Article XI, section 9(a) of the California Constitution provides:

(a) A municipal corporation may establish, purchase, and operate public works to furnish its inhabitants with light, water, power, heat, transportation, or means of communication. It may furnish those services outside its boundaries, except within another municipal corporation which furnishes the same service and does not consent.

(Emphasis added.)

Special districts, by contrast, are entities created by legislation, with their powers only as established by the Legislature in their authorizing statute. Special districts do not have police power.¹

SBCTA, in its current form, was created by SB 1305, Chaptered August, 26, 2016. SBCTA is a consolidated entity with the right to exercise the powers of: a county transportation commission, a local transportation authority, a service authority for freeway emergencies, or a local congestion management agency, all as defined in the San Bernardino County Transportation Authority Consolidation Act of 2017 (Public Utilities Code section 130800, et. seq.). It is not apparent than any of the foregoing types of entities have the power to engage in Transit Operations, and such operations are not part of the basic purpose of any of these types of entities.

¹ See for example, Los Angeles County Flood Control Dist. v. Southern California Edison Company, 51 Cal. 2d 331, 339, 333 P.2d 1 (1958).

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Pursuant to Public Utilities Code section 130809(b)(6), SBCTA does have authority: “to construct, acquire, develop, jointly develop, maintain, operate, lease, and dispose of work, property, rights-of-way, and facilities.” Further, under subsection (b)(9), SBCTA may: “...fix and collect fees for any services rendered by it.” However, these rights do not clearly authorize Transit Operations.

In comparison, the Orange County Transportation Authority (“OCTA”), for example, is a consolidated entity which includes the Orange County Transit District. The Orange County Transit District has the express right, pursuant to Public Utilities Code section 40180, to own and operate buslines and all facilities necessary for the provision of transit service:

...acquire, construct, own, operate, control or use rights-of-way, rail lines, buslines, stations, platforms, switches, yards, terminals and any and all other facilities necessary or convenient for transit service within or partly without the district...

Since the power to engage in Transit Operations does not seem clear in SBCTA’s statutory authority, especially as compared to other special districts that were formed for the purpose of such operations, a reasonable conclusion is that SBCTA does not have such power.

4. LTF Claims for Municipal Services

- a. *SBCTA Does Not Appear to be an Entity Entitled to File a Claim for LTF Funds for Municipal Services.*

LTF funding is a major source of revenue for transit operations. To make transit operations by SBCTA feasible, it would likely require access to this funding source. However, based on a plain reading of the relevant Public Utilities Code (PUC) sections, it does not appear that SBCTA is currently entitled to file a claim for LTF funds. If this reading of the PUC is correct, it appears that a statutory change to the TDA, or to SBCTA’s legal status would be required. Another alternative would appear to be for Omnitrans members, following withdrawal from Omnitrans, dissolution of the JPA, or possibly on joint consent of all Omnitrans members, to file claims individually for their respective cities or the county, on behalf of SBCTA.

PUC section 99231, titled “Operators and city or county governments; claims for area's apportionment” provides, in part, that:

All operators and city or county governments with responsibility for providing municipal services to a given area collectively may file claims for only those moneys that represent that area's apportionment.

(Emphasis added.)

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It does not appear that SBCTA would qualify as an entity eligible to file a claim for apportionment of LTF for provision of municipal services. SBCTA does not appear to meet the definition of an “operator” or a “city or county government” with responsibility for providing municipal services in a given area.

The term “operator” is defined in PUC section 99210 as: “any transit district, included transit district, municipal operator, included municipal operator, or transit development board.”

“Transit district” is generally defined in PUC section 99213 as a public entity designated in its enabling legislation as a transit district or a rapid transit district. Pursuant to PUC section 99208, an “included transit district” means any of the following which has operated a public transportation system since at least January 1, 1971:

- (a) A transit district whose boundaries are contained entirely within those of a larger transit district.
- (b) A district organized pursuant to Part 3 (commencing with Section 27000) of Division 16 of the Streets and Highways Code.

Public Utilities Code section 99209 defines “municipal operator” as:

...a city or county, including any nonprofit corporation or other legal entity wholly owned or controlled by the city or county, which operates a public transportation system, or which on July 1, 1972, financially supported, in whole or in part, a privately owned public transportation system, and which is not included, in whole or in part, within an existing transit district.

Per PUC section 99209.1, “municipal operator” also means any county which is located in part within a transit district and which operates a public transportation system in the unincorporated area of the county not within the area of the district.

PUC section 99207 generally, and in relevant part, defines “included municipal operator” as city or county that has since January 1, 1971, and continuously since then, provided its own public transportation services, but which is included, in whole or in part, within a transit district or which has the authority to join a transit district by that district's enabling legislation.

PUC section 99215 defines “transit development board” as a public entity created by state law and designated as a transit development board in its enabling legislation. It also includes any nonprofit corporation or other legal entity wholly owned or controlled by the transit development board which operates a public transportation system.

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Per Section 99204, “City” means a city within the county having the fund from which the disbursement will be made, and per 99205, “County” includes a city and county.

As SBCTA does not appear to be an “operator” or a “city or county government” it does not seem that SBCTA would be entitled to file a claim for LTF funds under PUC 99231, without a legislative change either to the TDA or to its structure (for example, Orange County Transportation Authority appears to operate bus services under its authority as the Orange County Transit District, Public Utilities Code section 40000, et. seq.)²

b. *PUC 99231 Reference to San Bernardino County JPA.* PUC section 99231 appears to clearly refer to the area covered by the Omnitrans JPA, however, it does not seem that this section, on its own, would limit the ability of another eligible entity to make a claim for funds apportioned to this area.

PUC 99231 provides that term “area” means:

(h) With reference to the County of San Bernardino, the area within the jurisdiction of the transit operator established by the joint exercise of powers of one or more cities, including the most populous city, and the County of San Bernardino. The area within the jurisdiction of the transit operator shall be as it existed on January 1, 1985, as determined by the San Bernardino County Transportation Commission.

Assuming that SBCTA was otherwise authorized to submit a claim under PUC section 99231, it seems that it could submit the claim for this area in lieu of Omnitrans submitting such claim.

c. *The TDA Includes Specific Requirements for a Successor to a JPA.*

PUC section 99268.6 specifically addresses successor agencies to a joint powers entity that have provided public transportation services and received funding under Article 4 of the TDA. This section addresses dissolution of the joint power entity, and eligibility of a successor entity, and requires that the successor entity comply with specified fare ratio requirements. Section 99268.6 provides:

(a) If a joint powers entity providing public transportation services was funded at any time under this article and is subsequently

² Pursuant to Public Utilities Code section 130052.3, the Orange County Transportation Commission, the Orange County Transit District, the Orange County Service Authority for Freeway Emergencies, and the Orange County

Consolidated Transportation Services Agency were required to provide a consolidation plan to the legislature for consolidation of their functions under a single policy board by December 1, 1991.

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dissolved, any succeeding entity providing such services shall not be eligible for funding, unless it conforms to Section 99268.1, 99268.2, 99268.3, 99268.4, 99268.5, or 99268.9, as the case may be, which applied to its predecessor.

(b) Except a city or a county filing a claim pursuant to Section 99260.7, no public agency providing public transportation services, after withdrawing from, or while remaining in, a joint powers entity providing public transportation services, shall be eligible for funding under this article, unless it conforms to Section 99268.1, 99268.2, 99268.3, 99268.4, or 99268.9, as the case may be, that the joint powers entity is required to conform with in order to be eligible for such funding at the time the public agency commences its public transportation services. The public agency is an operator and shall be subject to Section 99268.9.

It would appear that if SBCTA became the successor to Omnitrans, and assuming it is eligible to make a claim for TDA funds, it would also have to comply with the applicable fare ratio requirements set forth above.

5. Other Funding Sources.

a. Measure I Funds.

SBCTA's current measure, Ordinance No. 04-01, provides for the continuation of SBCTA's one-half of one percent retail transaction and use tax for local transportation purposes and Transportation Expenditure Plan from 2010 to 2040 ("Measure I"). Measure I identifies the San Bernardino Valley Subarea, which includes the Omnitrans member entities, as one of the subareas for which various funding sources are allocated, including transit. Measure I does not specifically name Omnitrans, and rather includes generalized funding categories, and allocations for such categories. For example, funding is allocated for express bus and bus rapid transit, "...for the development, implementation and operation of express bus and bus rapid transit service, to be jointly developed by the Authority and transit service agencies serving the Valley Subarea."

In light of the generalized nature of Measure I, it would appear that funds currently allocated to Omnitrans services could be reallocated to transit services provided by SBCTA, without consent or cooperation of Omnitrans, as long as those funds were used for the San Bernardino Valley Subarea.

b. Federal Funds.

Omnitrans is currently the direct recipient of the FTA TIGER grant of \$8.7 million dollars for the Redlands Passenger Rail Project, as well as other FTA funds. Omnitrans annually

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executes the FTA Certifications and Assurances, and completes its multiple reporting, auditing, and other obligations to the FTA. As the direct recipient of multiple FTA grants, and as an obligee to FTA to carry out its grant requirements (such as requirements related to continuing control of FTA assisted revenue vehicles and other property), Omnitrans has direct contractual rights and obligations related to its agreements with the FTA. Absent legislative or Board action to make SBCTA the successor to Omnitrans, as described in Section 1 of this memo, consent and cooperation of Omnitrans would be required to negotiate potential transfer of existing agreements with FTA to SBCTA, and a change in the designated recipient for various formula funds. In any case, agreements with FTA should be reviewed to determine if assignment, even to a successor entity, may require FTA consent.

6. Existing Contracts.

Omnitrans has a multitude of existing contracts for the performance of work and services required for its operations. One of its major contracts is for the provision of Omnitrans Access, its Americans with Disabilities Act mandated on-demand paratransit access service. Omnitrans recently conducted a multi-month procurement process to engage the services of First Transit, Inc. under a long term contract for these services. In order for SBCTA to take on many of the functions provided by Omnitrans, it would need to either conduct new procurements for a multitude of contracted services, or would require Omnitrans' consent to an assignment of its existing contracts, such as its contract with First Transit, Inc. Alternatively, legislative or Board action to make SBCTA the successor agency to Omnitrans could also include assignment of these contracts. Omnitrans' standard contract form does not address Omnitrans' right to assign the contract. While it is unlikely that a contractor would protest assignment of its contract to SBCTA, a contractor could potentially contest the right of Omnitrans to make such assignment, and seek termination of the contract.

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F. Implementation plan sequencing

As also shown in Figure F- 1 below displays the entire high level implementation plan in one view, and shows the tasks and activities associated with the implementation plan and approximate timing and duration. Red check marks (included as examples) can signify major milestones or deliverables completed during the given quarter.

Figure F- 1. High-level implementation plan

High-level Implementation Plan	Year 1												Year 2				Year 3				Year 4		
	Q1			Q2			Q3			Q4			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2
SBCTA and Omnitrans both vote to consolidate																							
Stage 1: Preparatory/Pre-Consolidation																							
Establish Joint Agency Consolidation Steering Team																							
Procure and begin Organizational Change Management Consultant																							
Strategic Planning Effort																							
Development of Consolidation Implementation Plan Details and Decisions																							
Initiate Labor Relations Efforts																							
Retirement System Options Analysis																							
Request Retirement Systems Actuarial Studies based on preferred option																							
Benefits System Options Analysis																							
Initiate Discussions with FTA and TDA Administrators																							
Decisions on Retirement and Benefits Options																							
Begin Organizational/Staffing Analysis of Duplicate Positions																							
Begin Job Classification Analysis and Revised Reporting Relationship Analysis																							
Draft Public Non-Profit Corporation Incorporation Papers if needed																							
Legal and Legislative Resources to draft State Legislation																							
Legislative process to carry, advocate, and enact State Legislation																							
Completion of Implementation Plan and Enabling Legislation Efforts																							
Stage 2: Implement Consolidation																							
Initiate																							
Other studies for IT systems, etc.																							
Internal Reviews of Department Policies and Procedures																							
Implement																							
Staffing Changes																							
Retirement System and Benefits Changes																							
Legislative Changes granting Direct FTA Recipient and Authority to operate transit																							
Accounting System Changes																							
Dissolve																							
Dissolve Omnitrans JPA																							
Monitor																							
Monitor Progress and Address Problems																							
Stage 3: Pursue Further Goals and Efficiencies																							
Process for Filling on-going vacancies																							
Facility Changes as needed																							
Integration of staff departments and across facilities																							
Implement IT Integration Plan																							

In support of Section 5.2 High-Level Implementation Plan in the Event of a Consolidation Decision, this appendix includes a MS Project version of a potential implementation plan. The dates used are to use the tool, and not to be considered as any sort of implied specificity. This MS Project schedule does show projected sequencing of tasks and could be used as a starting point to develop and vet an implementation schedule.

SBCTA-Omnitrans Draft Consolidation Timeline v3																				
ID	Task Mode	Text/Task Name	Duration	Start	Timeline															
					2021	2022	2023	2024	2025											
					Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	
1	🚩	SBCTA and Omnitrans Boards both vote to Consolidate	1 day	Fri 1/1/21	[Gantt bar from Q4 2021 to Q1 2022]															
2	🚩	1.0 Stage 1: Preparatory/Pre-Consolidation	456 days	Fri 1/1/21	[Gantt bar from Q4 2021 to Q4 2023]															
3	🚩	1.1 Establish Joint Agency Consolidation Steering Team	1 day	Fri 1/1/21	[Gantt bar from Q4 2021 to Q1 2022]															
4	🚩	1.2 Procure and begin Organizational Change Management Consultant	255 days	Mon 1/4/21	[Gantt bar from Q1 2022 to Q4 2023]															
5	🚩	1.3 Strategic Planning Effort	255 days	Mon 1/4/21	[Gantt bar from Q1 2022 to Q4 2023]															
6	🚩	1.4 Development of Consolidation Implementation Plan Details and Decisions	255 days	Mon 1/4/21	[Gantt bar from Q1 2022 to Q4 2023]															
7	🚩	1.5 Initiate Labor Relations Efforts	255 days	Mon 1/4/21	[Gantt bar from Q1 2022 to Q4 2023]															
8	🚩	1.6 Retirement System Options Analysis	60 days	Mon 1/4/21	[Gantt bar from Q1 2022 to Q2 2022]															
9	🚩	1.7 Request Retirement Systems Actuarial Studies based on	60 days	Mon 3/29/21	[Gantt bar from Q2 2022 to Q3 2022]															
10	🚩	1.8 Benefits System Options Analysis	40 days	Mon 1/4/21	[Gantt bar from Q1 2022 to Q2 2022]															
11	🚩	1.9 Initiate Discussions with FTA and TDA Administrators	60 days	Mon 1/4/21	[Gantt bar from Q1 2022 to Q2 2022]															
12	🚩	1.10 Decisions on Retirement and Benefits Options	20 days	Mon 6/21/21	[Gantt bar from Q3 2022 to Q4 2022]															
13	🚩	1.11 Begin Organizational/Staffing analysis of duplicate positions	80 days	Mon 1/4/21	[Gantt bar from Q1 2022 to Q3 2022]															
14	🚩	1.12 Begin Job Classification Analysis and Revised Reporting Relationship Analysis	80 days	Mon 1/4/21	[Gantt bar from Q1 2022 to Q3 2022]															
15	🚩	1.13 Draft Public Benefit Corporation Incorporation Papers if needed	40 days	Mon 7/19/21	[Gantt bar from Q3 2022 to Q4 2022]															
16	🚩	1.14 Legal and Legislative Resources to draft State Legislation	60 days	Mon 7/19/21	[Gantt bar from Q3 2022 to Q4 2022]															

