



**REGULAR MEETING**  
of the  
**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT BOARD OF DIRECTORS**  
a Public Agency  
**Tuesday, April 20, 2021**  
**8:30 AM**  
**VIA TELECONFERENCE**

**IMPORTANT NOTICE REGARDING THIS BOARD MEETING:**

This virtual meeting is being conducted utilizing teleconferencing and electronic means pursuant to State of California Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, regarding the COVID-19 pandemic. The public may only view a livestream of the meeting online at: <http://tinyurl.com/sbmtdyoutube>

**Public Participation**

To make a general public comment or to comment on a specific agenda item, the following methods are available: Email, Phone, and Zoom webinar.

**All comments will be limited to 3 minutes per speaker.**

**1. Email:**

- Submit public comment to [clerk@sbmtd.gov](mailto:clerk@sbmtd.gov) *before 12 p.m.* on the Monday prior to the Board meeting for advance distribution to the Board of Directors.
- Public comment emails submitted to [clerk@sbmtd.gov](mailto:clerk@sbmtd.gov) *during* the meeting will be recognized *if* the email is received prior to or during the item to be addressed.
- **In ALL emailed Public Comments, please include:**
  - (A) The agenda item(s) to be addressed
  - (B) If you would like your comment read into the record
  - (C) Public Comment text

**2. Phone:** Call the Zoom webinar line 10 minutes prior to the 8:30 a.m. meeting start time:

- Toll-Free Dial-in: **(669) 900-6833**.
  - When prompted, enter Meeting ID **912 5225 5088** and then #.
  - When prompted for a password, dial **819212** and then #.
- When the item you wish to address is announced, dial \*9 to request to comment.

Please mute your phone until called to speak. If you do not have a mute button, you may mute by dialing \*6. You can unmute by pressing the same keys (\*6). When the chair calls for public comment, the clerk will announce you and will unmute your microphone.

**3. Zoom webinar & computer audio:** View the webinar at the following link at 8:30 a.m.:

<https://zoom.us/j/91252255088?pwd=OVN5Z3ZsdktHZWE4d1BrZW1TN0V6QT09>

To give public comment via the Zoom webinar, click the "Raise Hand" button only when the item you wish to speak on has begun. When the chair calls for public comment, the clerk will announce you and will unmute your microphone. The public will not be able to share their video or screen.

<b>BOARD OF DIRECTORS AGENDA</b>
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**BOARD MEMBERS WILL JOIN VIA TELECONFERENCE**

**ITEMS TO BE CONSIDERED:**

**1. CALL TO ORDER**

**2. ROLL CALL OF THE BOARD MEMBERS**

Dave Davis (Chair), David Tabor (Vice Chair), Bill Shelor (Secretary), Chuck McQuary (Director), Paula Perotte (Director), Jen Lemberger (Director).

**3. REPORT REGARDING POSTING OF AGENDA**

**CONSENT CALENDAR**

**4. APPROVAL OF PRIOR MINUTES - (ACTION MAY BE TAKEN)**

The Board of Directors will be asked to approve the draft minutes for the meetings of March 16, 2021, and March 30, 2021.

**5. CASH REPORT - (ACTION MAY BE TAKEN)**

The Board of Directors will be asked to review and approve the Cash Reports from the following dates: March 5, 2021, through March 26, 2021, and March 27, 2021, through April 9, 2021.

**THIS CONCLUDES THE CONSENT CALENDAR**

**6. PUBLIC COMMENT**

Members of the public may address the Board of Directors on items within the jurisdiction of the Board that are not scheduled for public hearing. The time allotted per speaker will be at the discretion of the Board Chair. If you wish to address the Board under this item number, see the above instructions on giving remote public comment. Additional public comment will be allowed during each agenda item, including closed session items.

**7. FINANCIAL AUDIT SERVICES CONTRACT AWARD RECOMMENDATION - (ATTACHMENT - ACTION MAY BE TAKEN)**

Staff will recommend that the Board authorize an award of the attached contract for Financial Audit Services to Vasquez & Company to perform the annual financial and compliance audits of the District for a base term covering the next three fiscal years, with two renewal option years.

**8. COMMERCIAL PROPERTY INSURANCE RENEWAL - (ACTION MAY BE TAKEN)**

Staff will recommend binding coverage of Commercial Property Insurance with Nationwide Insurance Company effective May 24, 2021 through May 24, 2022 at a Blanket Building coverage of \$12,263,754, Blanket Business Personal Property coverage of \$2,432,237, Business Income coverage of \$859,560, for an annual premium of \$17,588.00.

**TIME CERTAIN 9:00 AM**

**9. DRAFT SERVICE PLAN FOR FISCAL YEAR 2021-22 - (ACTION MAY BE TAKEN)**

Staff requests that the Board of Directors receive a presentation and provide feedback regarding the proposed service changes for August 2021.

<b>BOARD OF DIRECTORS AGENDA</b>
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**10. GENERAL MANAGER'S REPORT - (INFORMATIONAL)**

The General Manager will provide an update on district activities.

**11. OTHER BUSINESS AND REPORTS - (INFORMATIONAL)**

The Board will report on other related public transit issues and committee meetings.

**12. ADJOURNMENT**

**AMERICANS WITH DISABILITIES ACT:** If you need special assistance to participate in this meeting, please contact the MTD Administrative Office at 805.963.3364 at least **48 hours in advance** of the meeting to allow time for MTD to attempt a reasonable accommodation.



<b>BOARD OF DIRECTORS DRAFT MINUTES</b>
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**REGULAR MEETING**  
of the  
**BOARD OF DIRECTORS**  
of the  
**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**  
A Public Agency  
**Tuesday, March 16, 2021**  
**8:30 AM**  
**John G. Britton Auditorium**  
550 Olive Street, Santa Barbara, CA 93101

**1. CALL TO ORDER**

Chair Dave Davis called the meeting to order at 8:30 AM.

**2. ROLL CALL OF THE BOARD MEMBERS**

Chair Davis reported that all members were present with the exceptions of Director Dick Weinberg.

**3. REPORT REGARDING POSTING OF AGENDA**

Christina Perry, Clerk of the Board and Administrative Assistant, reported that the agenda was posted on Friday, March 12, 2021, at MTD's Administrative office, mailed and emailed to those on the agenda list, and posted on MTD's website.

**CONSENT CALENDAR**

**4. APPROVAL OF PRIOR MINUTES - (ACTION MAY BE TAKEN)**

The Board of Directors was asked to approve the draft minutes for the meeting of March 2, 2021.

**5. CASH REPORT - (ACTION MAY BE TAKEN)**

The Board of Directors was asked to review and approve the Cash Report from the following dates: February 20, 2021 through March 5, 2021.

Director Chuck McQuary moved to approve the consent calendar. Vice Chair Dave Tabor seconded the motion. Director Paula Perotte abstained from voting on the prior minutes. Chair Davis opened a roll call vote and the motion passed.

**THIS CONCLUDES THE CONSENT CALENDAR**

**6. PUBLIC COMMENT**

No public comments were made.

<b>BOARD OF DIRECTORS DRAFT MINUTES</b>
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**7. FIRST DRAFT OF FISCAL YEAR 2021-22 BUDGET - (ATTACHMENT - INFORMATIONAL)**

Brad Davis, Director of Finance and Administration, presented the first draft of the Fiscal Year 2021- 22 (FY 2021-22) budget to the Board.

**8. RESOLUTION FOR FISCAL YEAR 2021-22 TRANSPORTATION DEVELOPMENT ACT CLAIM - (ATTACHMENT - ACTION MAY BE TAKEN)**

Finance Manager Thais Sayat requested that the Board adopt Resolution 2021-01 authorizing the General Manager to claim the Transportation Development Act (TDA) funds apportioned to Santa Barbara Metropolitan Transit District for FY 2021-22.

Director Perotte moved to approve Resolution 2021-01. Director McQuary seconded the motion. Chair Davis opened a roll call vote and the motion passed 6 - 0 - 1 absent.

**9. LOW CARBON TRANSIT OPERATIONS PROGRAM RESOLUTION - (ATTACHMENT - ACTION MAY BE TAKEN)**

Grants and Compliance Manager Steve Maas and Capital Projects Manager Ryan Gripp recommended that the Board adopt Resolution 2021-02 authorizing the General Manager to execute all required documents for an application to the California Department of Transportation (Caltrans) for FY 2021 California cap-and-trade funds from the Low Carbon Transit Operations Program (LCTOP).

Vice Chair Tabor moved to approve Resolution 2021-02. Secretary Bill Shelor seconded the motion. Chair Davis opened a roll call vote and the motion passed 6 - 0 - 1 absent.

**10. RENEWAL OF CALTRANS MASTER AGREEMENT - (ATTACHMENTS - ACTION MAY BE TAKEN)**

Mr. Maas recommended that the Board approve Resolution 2021-03 authorizing the General Manager to execute a "Master Agreement - State Funded Transit Projects" with Caltrans.

Director Perotte moved to approve Resolution 2021-03. Vice Chair Tabor seconded the motion. Chair Davis opened a roll call vote and the motion passed 6 - 0 - 1 absent.

**11. GENERAL MANAGER'S REPORT - (INFORMATIONAL)**

General Manager Jerry Estrada provided an update on district activities.

**12. OTHER BUSINESS AND REPORTS - (INFORMATIONAL)**

Two committees, the Contract and Agreements *Ad Hoc* Committee and Calle Real *Ad Hoc* Committees, were scheduled to meet directly following the Board meeting.

**13. ADJOURNMENT**

Chair Davis moved to adjourn the meeting. Vice Chair Tabor seconded the motion. The meeting was adjourned after a vote of 6 - 0 - 1 absent at 9:36 AM.



## BOARD OF DIRECTORS DRAFT MINUTES

**REGULAR MEETING**  
of the  
**BOARD OF DIRECTORS**  
of the  
**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**  
A Public Agency  
**Tuesday, March 30, 2021**  
**8:30 AM**  
**John G. Britton Auditorium**  
550 Olive Street, Santa Barbara, CA 93101

**1. CALL TO ORDER**

Chair Dave Davis opened the meeting at 8:30 AM by recognizing the recent passing of MTD employee Clarence Willis and called for a moment of silence.

**2. ROLL CALL OF THE BOARD MEMBERS**

Chair Davis reported that all members were present and noted that former Director Dick Weinberg retired from the Board on March 25, 2021.

**3. REPORT REGARDING POSTING OF AGENDA**

Christina Perry, Clerk of the Board and Administrative Assistant, reported that the agenda was posted on Friday, March 26, 2021, at MTD's Administrative office, mailed and emailed to those on the agenda list, and posted on MTD's website.

**4. PUBLIC COMMENT**

Howard Green attempted to provide public comment but experienced technical difficulties. Chair Davis opted to reopen Public Comment later in the agenda.

**5. RECESS TO CLOSED SESSION: REAL PROPERTY NEGOTIATIONS (GOVERNMENT CODE §54956.8) - (ATTACHMENT - ACTION MAY BE TAKEN)**

Property: 4678 Calle Real / 149 North San Antonio Road

Agency Negotiators: General Manager Jerry Estrada; District Outside Counsel, Graham Lyons

Negotiating Parties: Comstock Homes, People's Self Help Housing Corporation; Chandler Partners; Con/Am Group; Greystar Development West, LLC.

Under Negotiation: Price and terms of payment.

Prior to Closed Session recess, general public comment was provided by Howard Green regarding the resumption of suspended lines. Mr. Green also provided comment regarding the Real Property Negotiations Closed Session Item, in which he requested an inbound bus stop for Line 7 prior to development of the Calle Real property. Mr. Green

## BOARD OF DIRECTORS DRAFT MINUTES

also requested staff investigate changes in a path adjacent to the Forte Ranch Property that might be effected by development.

Tom Elliott, President of the Homeowners Association at Forte Ranch, addressed Mr. Green's comment regarding the path at the Forte Ranch Property. Additionally, Mr. Elliott noted concerns about the number of rental units in future development plans.

The Board recessed to Closed Session at 8:43 AM. Chair Davis noted the previous "Time Certain" return would be delayed.

The Board returned from recess at 9:20 AM.

General Manager Jerry Estrada provided an review of the proposed development plan and actions taken by staff and the Calle Real *Ad Hoc* Committee. Mr. Estrada requested that the Board receive the *ad hoc* committee's unanimous recommendation and, through adoption of Resolution 2021-04, authorize the General Manager or his designee to negotiate and enter into an Exclusive Negotiating Agreement (ENA) with the development team comprised of Chandler Partners and the ConAm Group.

Secretary Bill Shelor moved to approved the recommendation and adopt Resolution 2021-04. Directory Chuck McQuary seconded the motion. Chair Davis opened a roll call vote and the motion passed unanimously.

### 6. **OTHER BUSINESS AND REPORTS - (INFORMATIONAL)**

Planning and Marketing Manager Hillary Blackerby provided an update on the status of the K-12 Boosters to support the area school district's return to in-person classes.

General Manager Estrada recommended cancelling the regularly scheduled meeting of April 6, 2021. Chair Davis noted that the next meeting of the Board of Directors will therefore be scheduled for April 20, 2021.

### 7. **ADJOURNMENT**

Chair Davis adjourned the meeting at 9:33 AM in honor of MTD employee Clarence Willis.

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**Santa Barbara Metropolitan Transit District**  
**Cash Report**  
**Board Meeting of April 20, 2021**  
**For the Period March 6, 2021 through March 26, 2021**

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**MONEY MARKET**

**Beginning Balance March 6, 2021** **\$5,409,763.88**

Accounts Receivable	342,245.44
Miscellaneous Income	11,342.33
Passenger Fares	<u>389.75</u>
<b>Total Deposits</b>	<b>353,977.52</b>

Bank & Credit Card Fees	(36.83)
Miscellaneous Transfers	(1,091.94)
401(k)/Pension Transfer	(74,498.99)
Payroll Taxes	(272,429.36)
Payroll	(628,376.11)
Accounts Payable	<u>(1,098,721.76)</u>
<b>Total Disbursements</b>	<b>(2,075,154.99)</b>

**Ending Balance** **\$3,688,586.41**

**CASH INVESTMENTS**

LAIF Account	\$5,868,862.51
Money Market Account	<u>3,688,586.41</u>

**Total Cash Balance** **\$9,557,448.92**

**SELF INSURED LIABILITY ACCOUNTS**

WC / Liability Reserves	(\$4,872,613.47)
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**Working Capital** **\$4,684,835.45**



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**Santa Barbara Metropolitan Transit District**  
**Cash Receipts of Accounts Receivable**

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<b>Date</b>	<b>Company</b>	<b>Description</b>	<b>Amount</b>
3/8/2021	Federal Transit Administration	FTA Capital Assistance- Barrier Project	323,537.00
3/11/2021	Montecito Bank & Trust	Advertising on Buses	2,722.00
3/19/2021	Moonlight Graphics/Mktg	Advertising on Buses	4,237.20
3/19/2021	Wells Marketing, LLC	Advertising on Buses	1,731.60
3/26/2021	City of SB Creeks Division	Advertising on Buses	300.00
3/26/2021	Goodwin & Thyne Properties	Advertising on Buses	1,040.00
3/26/2021	KCSB - FM	Advertising on Buses	498.00
3/26/2021	KCSB - FM	Advertising on Buses	498.00
3/26/2021	KCSB - FM	Advertising on Buses	4,482.00
3/26/2021	Lyon Living	Advertising on Buses	2,100.00
3/26/2021	Sansum Clinic	Overpass Property Lease	1,099.64
<b>Total Accounts Receivable Paid During Period</b>			<b>\$342,245.44</b>

**Santa Barbara Metropolitan Transit District**  
**Accounts Payable**

Check #	Date	Company	Description	Amount	Voids
125841	1/29/2021	SPECIALTY TOOL & BOLT, LTD	SHOP SUPPLIES	46.77	V
126121	3/12/2021	ABC BUS COMPANIES INC	BUS PARTS	1,512.09	
126122	3/12/2021	AMERICAN MOVING PARTS, LLC	BUS PARTS	2,121.04	
126123	3/12/2021	ASBURY ENVIRONMENTAL SERVI	WASTE OIL RECYCLER	330.00	
126124	3/12/2021	AUTOZONE STORES LLC	SHOP SUPPLIES	19.60	
126125	3/12/2021	BIG BRAND TIRES, BRANDCO BILL	SERVICE VEHICLE MAINTENANCE	431.82	
126126	3/12/2021	BNS ELECTRONICS, INC.	SANTA YNEZ SITE RENTAL	307.00	
126127	3/12/2021	CENTRAL COAST CIRCULATION, L	BUS BOOK DISTRIBUTION	627.00	
126128	3/12/2021	COMMUNITY RADIO, INC.	GIBRALTAR SITE RENTAL	275.63	
126129	3/12/2021	COMPLETE COACH WORKS	DRIVER BARRIERS	81,043.99	
126130	3/12/2021	COX COMMUNICATIONS, CORP.	INTERNET & CABLE TV	673.97	
126131	3/12/2021	CUMMINS SALES & SERVICE dba	BUS PARTS & REPAIRS	4,552.16	
126132	3/12/2021	DAVID DAVIS JR.	DIRECTOR FEES	120.00	
126133	3/12/2021	DIVERSIFIED TRANSPORTATION S	FREIGHT CHARGES	165.79	
126134	3/12/2021	FEDEX dba	FREIGHT CHARGES	137.34	
126135	3/12/2021	FGL ENVIRONMENTAL, INC	STORMWATER TEST	515.00	
126136	3/12/2021	FLEET SERVICES, INC.	BUS PARTS	184.34	
126137	3/12/2021	FRONTIER CALIFORNIA INC.	TELEPHONE SERVICE	100.98	
126138	3/12/2021	GIBBS INTERNATIONAL INC	BUS PARTS	689.80	
126139	3/12/2021	GILLIG LLC	BUS PARTS	8,926.19	
126140	3/12/2021	GOLD COAST TRANSPORT REFRIG	BUS A/C MAINTENANCE	819.89	
126141	3/12/2021	GRAPHICINK	PRINTING SERVICES	441.78	
126142	3/12/2021	GRAINGER, INC.	SHOP/B&G SUPPLIES	44.70	
126143	3/12/2021	GUARDIAN-APPLETON (DENTAL I	DENTAL INSURANCE	4,868.90	
126144	3/12/2021	GUARDIAN-APPLETON (LIFE INS)	LIFE INSURANCE	1,082.71	
126145	3/12/2021	HAYWARD LUMBER	SHOP SUPPLIES	60.89	
126146	3/12/2021	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	33.57	
126147	3/12/2021	JANEK CORP	BUS PARTS	4,980.75	
126148	3/12/2021	LANSPEED DBA	IT SERVICES	1,500.00	
126149	3/12/2021	LMA ARCHITECTS, CORP.	BUS STOP DESIGNS	140.25	
126150	3/12/2021	MARBORG INDUSTRIES (INC)	UTILITIES & RENTAL FEES	1,102.75	
126151	3/12/2021	MC CORMIX CORP. (OIL)	LUBRICANTS	3,648.83	
126152	3/12/2021	MC CORMIX CORP. (GAS)	FUEL-SERVICE VEHICLES	1,059.76	
126153	3/12/2021	CHUCK MCQUARY	DIRECTOR FEES	60.00	
126154	3/12/2021	MOHAWK MFG. AND SUPPLY CO.	BUS PARTS	204.04	
126155	3/12/2021	MULLEN & HENZELL	CALLE REAL PROJECT SERVICES	46,359.38	
126156	3/12/2021	MUNOZ JANITORIAL	JANITORIAL/DISINFECTANT SERVICE	25,840.00	
126157	3/12/2021	NFI PARTS DBA	BUS PARTS	1,226.05	

Check #	Date	Company	Description	Amount	Voids
126158	3/12/2021	PREVOST CAR (US) INC.	BUS PARTS	673.35	
126159	3/12/2021	O'REILLY AUTO PARTS DBA	BUS PARTS	14.12	
126160	3/12/2021	PAULA A. PEROTTE	DIRECTOR FEES	60.00	
126161	3/12/2021	POWERSTRIDE BATTERY CO.	BATTERIES	299.44	
126162	3/12/2021	LETICIA RAMIREZ	PAYROLL RELATED	650.00	
126163	3/12/2021	SANTA BARBARA FASTENERS, IN	SHOP SUPPLIES	19.43	
126164	3/12/2021	SB COUNTY FEDERAL CREDIT UNI	PAYROLL DEDUCTION	260.00	
126165	3/12/2021	SPECIAL DISTRICT RISK MGMT	HEALTH INSURANCE	66,190.89	
126166	3/12/2021	WILLIAM JOHN SHELOR	DIRECTOR FEES	120.00	
126167	3/12/2021	SM TIRE, CORP.	BUS TIRE MOUNTING	227.00	
126168	3/12/2021	SO. CAL. EDISON CO.	UTILITIES	5,611.93	
126169	3/12/2021	SOAP MAN DISTRIBUTIN DBA	CLEANING SUPPLIES	264.10	
126170	3/12/2021	SPECIALTY TOOL & BOLT, LTD	SHOP SUPPLIES	716.29	
126171	3/12/2021	SB CITY OF-REFUSE/WATER	UTILITIES	2,132.38	
126172	3/12/2021	SB COUNTY AIR POLLUTION	PERMIT FEE	458.00	
126173	3/12/2021	THE COUNTRY MEAT MARKET IN	TRANSIT APPRECIATION DAY	3,870.47	
126174	3/12/2021	DAVID T. TABOR	DIRECTOR FEES	120.00	
126175	3/12/2021	TEAMSTERS MISC SECURITY TRU	UNION MEDICAL INSURANCE	201,782.00	
126176	3/12/2021	TEAMSTERS PENSION TRUST	UNION PENSION	83,649.95	
126177	3/12/2021	TEAMSTERS UNION LOCAL NO. 18	UNION DUES	9,893.22	
126178	3/12/2021	TRUMAN ARNOLD COMPANIES (T	DIESEL FUEL	16,912.21	
126179	3/12/2021	VALLEY POWER SYSTEMS, INC.	BUS PARTS	882.15	
126180	3/12/2021	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	934.90	
126181	3/12/2021	RICHARD WEINBERG	DIRECTOR FEES	60.00	
126182	3/12/2021	WURTH USA WEST INC.	SHOP SUPPLIES	332.78	
126183	3/18/2021	ABC BUS COMPANIES INC	BUS PARTS	119.63	
126184	3/18/2021	HENRY ANDREWS	RETIREE HEALTH REIMBURSEMENT	285.00	
126185	3/18/2021	ALL PHASE ELECTRIC SUPPLY D	B&G SUPPLIES	3,759.16	
126186	3/18/2021	ASBURY ENVIRONMENTAL SERVI	WASTE OIL RECYCLER	110.00	
126187	3/18/2021	JAMES BRACKETT	RETIREE HEALTH REIMBURSEMENT	178.00	
126188	3/18/2021	KARL BRETZ	RETIREE HEALTH REIMBURSEMENT	735.00	
126189	3/18/2021	ROBERT BURNHAM	RETIREE HEALTH REIMB/SDRMA REF	285.00	
126190	3/18/2021	BYD COACH & BUS LLC	BUS PARTS	260.10	
126191	3/18/2021	BYD MOTORS LLC	CAPITAL LEASE PAYMENT	26,354.35	
126192	3/18/2021	CALIFORNIA ELECTRIC SUPPLY, I	SHOP/B&G SUPPLIES	74.39	
126193	3/18/2021	GILBERT CALLES	RETIREE HEALTH REIMBURSEMENT	178.00	
126194	3/18/2021	STAN CISOWSKI	RETIREE HEALTH REIMBURSEMENT	285.00	
126195	3/18/2021	COMPLETE COACH WORKS	DRIVER BARRIERS	113,020.80	
126196	3/18/2021	CINTAS CORPORATION	FIRST AID SUPPLIES	103.16	
126197	3/18/2021	CUMMINS SALES & SERVICE dba	BUS PARTS & REPAIRS	1,295.73	
126198	3/18/2021	NANCY CURTIS	RETIREE HEALTH REIMBURSEMENT	215.75	

Check #	Date	Company	Description	Amount	Voids
126199	3/18/2021	CDTFA	SALES/CONSUMER USE TAX	2,516.00	
126200	3/18/2021	DIESEL FORWARD, INC.	BUS PARTS	5,462.65	
126201	3/18/2021	DOCUPRODUCTS CORPORATION	COPIER MAINTENANCE/SUPPLIES	275.28	
126202	3/18/2021	EASY LIFT TRANSPORTATION, IN	MONTHLY ADA SUBSIDY	83,463.33	
126203	3/18/2021	EVERSHADE LLC DBA	STEAM CLEANING TC/EXPRESS ZONE	2,000.00	
126204	3/18/2021	FAUVER, LARGE, ARCHBALD&SPR	LEGAL COUNSEL	4,293.62	
126205	3/18/2021	FLEET SERVICES, INC.	BUS PARTS	311.03	
126206	3/18/2021	FRONTIER CALIFORNIA INC.	TELEPHONE SERVICE	2,014.83	
126207	3/18/2021	GIBBS INTERNATIONAL INC	BUS PARTS	1,520.71	
126208	3/18/2021	GILLIG LLC	BUS PARTS	1,765.72	
126209	3/18/2021	GARY GLEASON	RETIREE HEALTH REIMBURSEMENT	247.95	
126210	3/18/2021	GOGETTERS, LLC DBA	COURIER SERVICES	240.00	
126211	3/18/2021	GOLD COAST TRANSPORT REFRIG	BUS A/C MAINTENANCE	982.58	
126212	3/18/2021	JUAN A. GONZALES	DMV/VTT REIMBURSEMENT	58.00	
126213	3/18/2021	GRAINGER, INC.	SHOP/B&G SUPPLIES	197.73	
126214	3/18/2021	JILL GRISHAM	RETIREE HEALTH REIMB/SDRMA REF	275.17	
126215	3/18/2021	ALI HABIBI	RETIREE HEALTH REIMBURSEMENT	285.00	
126216	3/18/2021	STEPHEN HAHN	SHOP SUPPLIES REIMBURSEMENT	442.58	
126217	3/18/2021	ROBERT HARTMAN, JR.	RETIREE HEALTH REIMBURSEMENT	446.02	
126218	3/18/2021	HAYWARD LUMBER	SHOP SUPPLIES	63.55	
126219	3/18/2021	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	43.57	
126220	3/18/2021	JAY DANIEL ROBERTSON	RETIREE HEALTH REIMBURSEMENT	285.00	
126221	3/18/2021	JAVIER JIMENEZ	RETIREE HEALTH REIMBURSEMENT	178.00	
126222	3/18/2021	LOUIS JONES	RETIREE HEALTH REIMBURSEMENT	223.00	
126223	3/18/2021	MONTE KIMZEY	RETIREE HEALTH REIMBURSEMENT	294.00	
126224	3/18/2021	LINDA LEE LACKEY	RETIREE HEALTH REIMBURSEMENT	855.00	
126225	3/18/2021	LABOR ALLIANCE MANAGED TRU	UNION DENTAL INSURANCE	10,296.00	
126226	3/18/2021	JENNIFER LEMBERGER	DIRECTOR FEES	120.00	
126227	3/18/2021	MC CORMIX CORP. (OIL)	LUBRICANTS	1,142.07	
126228	3/18/2021	MEDICAL EYE SERVICES, INC.	VISION INSURANCE	491.66	
126229	3/18/2021	MIKE CUEVAS GARDENING SERVI	LANDSCAPE MAINTENANCE SERVICE	1,045.00	
126230	3/18/2021	NATIONAL INTERSTATE INS INC.	LIABILITY INSURANCE	84,297.00	
126231	3/18/2021	NFI PARTS DBA	BUS PARTS	1,715.42	
126232	3/18/2021	PREVOST CAR (US) INC.	BUS PARTS	173.17	
126233	3/18/2021	O'REILLY AUTO PARTS DBA	BUS PARTS	104.33	
126234	3/18/2021	CARLOS ORNELAS	RETIREE HEALTH REIMBURSEMENT	180.00	
126235	3/18/2021	CAREY POINDEXTER	RETIREE HEALTH REIMBURSEMENT	285.00	
126236	3/18/2021	POWERSTRIDE BATTERY CO.	BATTERIES	598.89	
126237	3/18/2021	AL ROMERO SR.	RETIREE HEALTH REIMBURSEMENT	89.00	
126238	3/18/2021	SANTA BARBARA NEWSPRESS D	PUBLIC NOTICE ADS	128.25	
126239	3/18/2021	SILVAS OIL CO., INC.	LUBRICANTS	788.68	

Check #	Date	Company	Description	Amount	Voids
126240	3/18/2021	SM TIRE, CORP.	BUS TIRE MOUNTING	343.00	
126241	3/18/2021	SMARDAN-HATCHER CO., INC	B&G REPAIRS & SUPPLIES	57.67	
126242	3/18/2021	SPECIALTY TOOL & BOLT, LTD	SHOP SUPPLIES	306.42	
126243	3/18/2021	STAPLES CONTRACT & COMMERC	OFFICE SUPPLIES	997.12	
126244	3/18/2021	THE MEDCENTER	MEDICAL EXAMS	1,004.00	
126245	3/18/2021	TANK TEAM INC.	TANK TESTS	128.00	
126246	3/18/2021	TRUMAN ARNOLD COMPANIES (T	DIESEL FUEL	33,900.85	
126247	3/18/2021	J.C.M. AND ASSOCIATES INC.	UNIFORMS	964.16	
126248	3/18/2021	VALLEY POWER SYSTEMS, INC.	BUS PARTS	469.50	
126249	3/18/2021	VERIZON WIRELESS	WIRELESS PHONES & AIM CELLULAR	3,062.08	
126250	3/18/2021	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	301.31	
126251	3/18/2021	WURTH USA WEST INC.	SHOP SUPPLIES	49.16	
126252	3/18/2021	ALEXANDER YOUNG	RETIREE HEALTH REIMBURSEMENT	222.64	
126253	3/18/2021	ZWORLD GIS dba	ARIAL IMAGERY OF MTD PROPERTIES	625.00	
126254	3/26/2021	ABC BUS COMPANIES INC	BUS PARTS	177.06	
126255	3/26/2021	BIG BRAND TIRES, BRANDCO BILL	SERVICE VEHICLE MAINTENANCE	1,067.09	
126256	3/26/2021	BYD COACH & BUS LLC	BUS PARTS	297.50	
126257	3/26/2021	CELTIS VENTURES, INC.	MARKETING SERVICES	2,588.75	
126258	3/26/2021	COMPLETE COACH WORKS	DRIVER BARRIERS	28,846.09	
126259	3/26/2021	CUMMINS SALES & SERVICE dba	BUS PARTS & REPAIRS	3,326.76	
126260	3/26/2021	DENMUN OFFICE SOLUTIONS DB	IT CONTRACT SERVICES	4,590.00	
126261	3/26/2021	EVERSHADE LLC DBA	STEAM CLEANING TC/EXPRESS ZONE	600.00	
126262	3/26/2021	GIBBS INTERNATIONAL INC	BUS PARTS	820.76	
126263	3/26/2021	GILLIG LLC	BUS PARTS	1,727.43	
126264	3/26/2021	GOODYEAR TIRE & RUBBER CO	BUS TIRE LEASE	10,033.07	
126265	3/26/2021	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	154.11	
126266	3/26/2021	MARBORG INDUSTRIES (INC)	UTILITIES & RENTAL FEES	213.75	
126267	3/26/2021	MC CORMIX CORP. (OIL)	LUBRICANTS	2,264.14	
126268	3/26/2021	MC CORMIX CORP. (GAS)	FUEL-SERVICE VEHICLES	1,143.22	
126269	3/26/2021	MILPAS RENTAL INC.	EQUIPMENT RENTAL	406.10	
126270	3/26/2021	NATIONAL DRIVE	PAYROLL DEDUCTION	28.00	
126271	3/26/2021	NEOPART TRANSIT LLC	BUS PARTS	987.72	
126272	3/26/2021	NEWARK ELEMENT14	BUS PARTS	71.50	
126273	3/26/2021	NFI PARTS DBA	BUS PARTS	424.17	
126274	3/26/2021	PREVOST CAR (US) INC.	BUS PARTS	978.74	
126275	3/26/2021	O'REILLY AUTO PARTS DBA	BUS PARTS	8.69	
126276	3/26/2021	PITNEY BOWES INC	POSTAGE METER QTRLY CHARGES	146.81	
126277	3/26/2021	POWERSTRIDE BATTERY CO.	BATTERIES	1,289.47	
126278	3/26/2021	LETICIA RAMIREZ	PAYROLL RELATED	650.00	
126279	3/26/2021	SAFETY-KLEEN CORPORATION	SHOP SUPPLIES	376.04	
126280	3/26/2021	SB COUNTY FEDERAL CREDIT UNI	PAYROLL DEDUCTION	260.00	

Check #	Date	Company	Description	Amount	Voids
126281	3/26/2021	SANTA BARBARA HOSE & SUPPLY	SHOP SUPPLIES	62.58	
126282	3/26/2021	SO. CAL. EDISON CO.	UTILITIES	6,126.18	
126283	3/26/2021	SOCALGAS	UTILITIES	866.71	
126284	3/26/2021	SB CITY OF-REFUSE/WATER	UTILITIES	544.02	
126285	3/26/2021	THE MEDCENTER	MEDICAL EXAMS	1,050.00	
126286	3/26/2021	TK SERVICE, INC.	BUS PARTS & REPAIRS	1,139.74	
126287	3/26/2021	TEAMSTERS UNION LOCAL NO. 18	UNION DUES	262.15	
126288	3/26/2021	TRUMAN ARNOLD COMPANIES (T	DIESEL FUEL	16,944.39	
126289	3/26/2021	UNITED WAY OF SB	PAYROLL DEDUCTION	40.00	
126290	3/26/2021	U.S. BANK CORP. PAYMENT SYST	CREDIT CARD PURCHASES	2,702.02	
126291	3/26/2021	VALLEY POWER SYSTEMS, INC.	BUS PARTS	9,107.15	
126292	3/26/2021	VALLEY POWER SYSTEMS, INC.	LUBRICANTS	1,961.06	
126293	3/26/2021	VC STAR / DESK SPINCO, INC	PUBLIC NOTICE ADS	328.66	
126294	3/26/2021	VERIZON WIRELESS	WIRELESS PHONES & AIM CELLULAR	1,229.92	
126295	3/26/2021	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	646.61	
126296	3/26/2021	YACO SCHOLARSHIP FUND	PAYROLL DEDUCTION	53.00	
				<b>1,098,768.53</b>	
				<b>Current Cash Report Voided Checks:</b>	0.00
				<b>Prior Cash Report Voided Checks:</b>	46.77
				<b>Grand Total:</b>	<b>\$1,098,721.76</b>

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**Santa Barbara Metropolitan Transit District**  
**Cash Report**  
**Board Meeting of April 20, 2021**  
**For the Period March 27, 2021 through April 9, 2021**

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**MONEY MARKET**

**Beginning Balance March 27, 2021** **\$3,688,586.41**

Accounts Receivable	790,200.66
Prepays & Advertising	3,999.00
Interest Income	980.58
Miscellaneous Income	440.00
Passenger Fares	156.00
Measure A Transfer	.06
<b>Total Deposits</b>	<b>795,776.30</b>

Miscellaneous Transfers	(545.97)
Bank & Credit Card Fees	(2,513.10)
401(k)/Pension Transfer	(37,750.34)
Workers' Compensation	(55,125.36)
Payroll Taxes	(138,792.02)
Payroll	(310,352.87)
Accounts Payable	(475,432.60)
<b>Total Disbursements</b>	<b>(1,020,512.26)</b>

**Ending Balance** **\$3,463,850.45**

**CASH INVESTMENTS**

LAIF Account	\$5,868,862.51
Money Market Account	3,463,850.45

**Total Cash Balance** **\$9,332,712.96**

**SELF INSURED LIABILITY ACCOUNTS**

WC / Liability Reserves	(\$4,974,554.72)
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**Working Capital** **\$4,358,158.24**

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**Santa Barbara Metropolitan Transit District**  
**Cash Receipts of Accounts Receivable**

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<b>Date</b>	<b>Company</b>	<b>Description</b>	<b>Amount</b>
4/2/2021	True Media LLC/Cottage Health	Advertising on Buses	1,054.80
4/5/2021	Local Transportation Fund	SB 325 - Mar 2021	617,738.58
4/5/2021	Measure A, Section 3 LSTI	Measure A Funds - Mar 2021	171,407.28
<b>Total Accounts Receivable Paid During Period</b>			<b>\$790,200.66</b>

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**Santa Barbara Metropolitan Transit District**  
**Accounts Payable**

Check #	Date	Company	Description	Amount	Voids
126297	4/1/2021	ABC BUS COMPANIES INC	BUS PARTS	974.49	
126298	4/1/2021	ASBURY ENVIRONMENTAL SERVI	WASTE OIL RECYCLER	160.00	
126299	4/1/2021	AUTOZONE STORES LLC	BUS PARTS	447.25	
126300	4/1/2021	BREMSKERL NORTH AMERICA, IN	BUS PARTS	1,400.00	
126301	4/1/2021	CALSTART, INC.	MEMBERSHIP	1,950.00	
126302	4/1/2021	COX COMMUNICATIONS, CORP.	INTERNET & CABLE TV	295.00	
126303	4/1/2021	CUMMINS SALES & SERVICE dba	BUS PARTS & REPAIRS	1,021.35	
126304	4/1/2021	DENMUN OFFICE SOLUTIONS DB	IT CONTRACT SERVICES	5,440.00	
126305	4/1/2021	FEDEX dba	FREIGHT CHARGES	74.77	
126306	4/1/2021	FLEET SERVICES, INC.	BUS PARTS	311.03	
126307	4/1/2021	GENFARE, A DIVISION OF SPX CO	FAREBOX REPAIRS & PARTS	907.35	
126308	4/1/2021	GIBBS INTERNATIONAL INC	BUS PARTS	712.11	
126309	4/1/2021	GILLIG LLC	BUS PARTS	1,860.52	
126310	4/1/2021	GLOBAL EQUIPMENT COMPANY	B&G REPAIRS & SUPPLIES	441.47	
126311	4/1/2021	GOLD COAST TRANSPORT REFRIG	BUS A/C MAINTENANCE	1,023.20	
126312	4/1/2021	GRAYBAR ELECTRIC COMPANY, I	B&G REPAIRS & SUPPLIES	28.83	
126313	4/1/2021	HAYNES SALES DBA	B&G REPAIRS & SUPPLIES	1,068.34	
126314	4/1/2021	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	73.71	
126315	4/1/2021	LANSPEED DBA	IT SERVICES	48.00	
126316	4/1/2021	LUMINATOR TECHNOLOGY GROU	IT/OFFICE SUPPLIES	263.18	
126317	4/1/2021	MC CORMIX CORP. (OIL)	LUBRICANTS	2,284.14	
126318	4/1/2021	NFI PARTS DBA	BUS PARTS	234.92	
126319	4/1/2021	O'REILLY AUTO PARTS DBA	BUS PARTS	11.41	
126320	4/1/2021	POWERSTRIDE BATTERY CO.	BATTERIES	3,703.15	
126321	4/1/2021	SANTA BARBARA COUNTY EHS	ANNUAL HAZMAT PERMIT FEE	61.80	
126322	4/1/2021	SM TIRE, CORP.	BUS TIRE MOUNTING	575.02	
126323	4/1/2021	SO. CAL. EDISON CO.	UTILITIES	514.82	
126324	4/1/2021	SPECIALTY TOOL & BOLT, LTD	SHOP SUPPLIES	304.05	
126325	4/1/2021	STAPLES CONTRACT & COMMERC	OFFICE SUPPLIES	115.99	
126326	4/1/2021	SB CITY OF-REFUSE/WATER	UTILITIES	2,584.97	
126327	4/1/2021	TK SERVICE, INC.	SHOP EQUIPMENT	861.93	
126328	4/1/2021	TRUMAN ARNOLD COMPANIES (T	DIESEL FUEL	16,906.15	
126329	4/1/2021	UNITED PARCEL SERVICE, INC.	FREIGHT CHARGES	334.18	
126330	4/1/2021	J.C.M. AND ASSOCIATES INC.	UNIFORMS	387.03	
126331	4/1/2021	VALLEY POWER SYSTEMS, INC.	BUS PARTS	134.36	
126332	4/1/2021	VEHICLE MAINTENANCE PROGRA	BUS PARTS	837.38	
126333	4/1/2021	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	1,045.93	
126334	4/1/2021	WINNER CHEVROLET, INC.	CHEVY BOLT RELIEF VEHICLES	136,338.52	

Check #	Date	Company	Description	Amount	Voids
126335	4/9/2021	ABC BUS COMPANIES INC	BUS PARTS	2,149.21	
126336	4/9/2021	ADVANCED CABLE SYSTEMS COR	TC MONITOR INSTALLATION	893.38	
126337	4/9/2021	CASH - Juan Perez	CASH FOR NEW BILL BREAKER	3,500.00	
126338	4/9/2021	CALIFORNIA ELECTRIC SUPPLY, I	SHOP/B&G SUPPLIES	187.21	
126339	4/9/2021	CITY OF CARPINTERIA	CHARGING STATION ELECTRICITY	14.58	
126340	4/9/2021	COMPLETE COACH WORKS	DRIVER BARRIERS	100,955.44	
126341	4/9/2021	CINTAS CORPORATION	FIRST AID SUPPLIES	72.26	
126342	4/9/2021	CUMMINS SALES & SERVICE dba	BUS PARTS & REPAIRS	3,350.22	
126343	4/9/2021	DEPARTMENT OF MOTOR VEHICL	VEHICLE REGISTRATION	392.00	
126344	4/9/2021	DAVID DAVIS JR.	DIRECTOR FEES	180.00	
126345	4/9/2021	ELECTRO-MECHANICAL REPAIR, I	BUS PARTS & REPAIRS	234.04	
126346	4/9/2021	STATE OF CALIFORNIA	PAYROLL RELATED	616.14	
126347	4/9/2021	GIBBS INTERNATIONAL INC	BUS PARTS	494.31	
126348	4/9/2021	GILLIG LLC	BUS PARTS	2,272.78	
126349	4/9/2021	GOGETTERS, LLC DBA	COURIER SERVICES	230.00	
126350	4/9/2021	GOLD COAST TRANSPORT REFRIG	BUS A/C MAINTENANCE	1,133.67	
126351	4/9/2021	GRAPHICINK	PRINTING SERVICES	36.98	
126352	4/9/2021	GRAYBAR ELECTRIC COMPANY, I	B&G REPAIRS & SUPPLIES	495.76	
126353	4/9/2021	HOME IMPROVEMENT CTR.	SHOP/B&G SUPPLIES	89.16	
126354	4/9/2021	JANEK CORP	BUS PARTS	598.13	
126355	4/9/2021	JOY EQUIPMENT PROTECTION, IN	BUS PARTS	190.32	
126356	4/9/2021	LANSPEED DBA	IT SERVICES	1,500.00	
126357	4/9/2021	JENNIFER LEMBERGER	DIRECTOR FEES	180.00	
126358	4/9/2021	MARBORG INDUSTRIES (INC)	UTILITIES & RENTAL FEES	1,024.75	
126359	4/9/2021	CHUCK MCQUARY	DIRECTOR FEES	180.00	
126360	4/9/2021	MISSION LINEN SUPPLY, INC	UNIFORM & LINEN SERVICE	6,076.55	
126361	4/9/2021	MOUNTAIN SPRING WATER	SHOP & OFFICE SUPPLIES	1,257.00	
126362	4/9/2021	MUNOZ JANITORIAL	JANITORIAL/DISINFECTANT SERVICE	32,380.00	
126363	4/9/2021	PREVOST CAR (US) INC.	BUS PARTS	45.17	
126364	4/9/2021	NOREGON SYSTEM	MAINTENANCE SOFTWARE	1,560.00	
126365	4/9/2021	O'REILLY AUTO PARTS DBA	BUS PARTS	73.96	
126366	4/9/2021	PAULA A. PEROTTE	DIRECTOR FEES	120.00	
126367	4/9/2021	PRAXAIR DISTRIBUTION, INC.	SHOP SUPPLIES	44.54	
126368	4/9/2021	PRECISION WELDING DBA	BUS REPAIRS	630.00	
126369	4/9/2021	LETICIA RAMIREZ	PAYROLL RELATED	650.00	
126370	4/9/2021	REPUBLIC ELEVATOR, INC	ELEVATOR MAINTENANCE	175.58	
126371	4/9/2021	SANTA BARBARA FASTENERS, IN	FAREBOX SUPPLIES	211.17	
126372	4/9/2021	SB COUNTY FEDERAL CREDIT UNI	PAYROLL DEDUCTION	260.00	
126373	4/9/2021	SET SOLUTIONS, INC.	SOFTWARE LICENSE	2,198.00	
126374	4/9/2021	WILLIAM JOHN SHELOR	DIRECTOR FEES	180.00	
126375	4/9/2021	SO. CAL. EDISON CO.	UTILITIES	3,280.53	

Check #	Date	Company	Description	Amount	Voids
126376	4/9/2021	SOFTCHOICE CORP, INC.	MICROSOFT LICENSES	15,489.65	
126377	4/9/2021	SOUTHWEST LIFT & EQUIPMENT,	LIFT REPAIRS & SUPPLIES	2,406.72	
126378	4/9/2021	STAPLES CONTRACT & COMMERC	OFFICE SUPPLIES	883.37	
126379	4/9/2021	SB CITY OF-REFUSE/WATER	UTILITIES	2,221.47	
126380	4/9/2021	DAVID T. TABOR	DIRECTOR FEES	180.00	
126381	4/9/2021	TANK TEAM INC.	TANK TESTS	128.00	
126382	4/9/2021	TEAMSTERS PENSION TRUST	UNION PENSION	85,135.55	
126383	4/9/2021	TEAMSTERS UNION LOCAL NO. 18	UNION DUES	9,779.22	
126384	4/9/2021	VALLEY POWER SYSTEMS, INC.	BUS PARTS	843.25	
126385	4/9/2021	VEHICLE MAINTENANCE PROGRA	BUS PARTS	1,696.45	
126386	4/9/2021	DANIEL VILLA	DMV/VTT REIMBURSEMENT	59.00	
126387	4/9/2021	WAXIE SANITARY SUPPLY DBA	JANITORIAL SUPPLIES	760.73	
				<b>475,432.60</b>	
				<b>Current Cash Report Voided Checks:</b>	0.00
				<b>Prior Cash Report Voided Checks:</b>	0.00
				<b>Grand Total:</b>	<b>\$475,432.60</b>



<b>BOARD REPORT</b>
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<b>MEETING DATE:</b>	APRIL 20, 2021	<b>AGENDA ITEM: #7</b>
<b>DEPARTMENT:</b>	FINANCE	
<b>TYPE:</b>	ACTION ITEM	
<b>PREPARED BY:</b>	VALERIE WHITE, PURCHASING AGENT	_____ <i>Signature</i>
<b>REVIEWED BY:</b>	JERRY ESTRADA, GENERAL MANAGER	_____ <i>Signature</i>
<b>SUBJECT:</b>	FINANCIAL AUDIT SERVICES CONTRACT AWARD RECOMMENDATION	

**RECOMMENDATION:**

Based upon the discussion that follows, staff recommends that the Board authorize an award of the attached contract for Financial Audit Services to Vasquez & Company to perform the annual financial and compliance audits of the District for a base term covering the next three fiscal years, with two renewal option years, as follows:

- \$112,110 for the fiscal years ending June 30, 2021, 2022, and 2023;
- \$38,110 for the fiscal year ending June 30, 2024; and
- \$39,253 for the fiscal year ending June 30, 2025

If approved and all option years are executed, the total contract amount would be \$189,473.

**DISCUSSION:**

**Services Need & Description**

The District requires that an audit of all MTD funds be conducted annually by an independent Certified Public Accounting (CPA) firm. The professional audit services fulfill two main requirements: one, to provide an opinion on whether the financial statements fairly present the financial position of the District; and two, to evaluate MTD's compliance with the use of funds, including but not limited to meeting the requirements of the Federal Transit Administration and the Transportation Development Act. The results are referred to as the Single Audit.

Single Audits are specialized and must be carried out in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Solicitation Process**

As the solicitation involves professional services, the request for proposals (RFP) process was implemented in order to take into account the firms' qualifications and experience as well as cost. MTD published notices of the RFP in the local newspapers, posted on our website, and directly

## BOARD OF DIRECTORS REPORT

contacted 18 firms. Subsequently, four firms submitted proposals. After a review by staff for responsiveness and that the minimum requirements were met, all four proposals/firms progressed to the evaluation phase.

### Proposal Evaluations

An Evaluation Committee was composed of Brad Davis, Director of Finance and Administration; Steve Maas, Grants and Compliance Manager; and Scott Davis, a retired CPA. Scott Davis was the lead audit partner at McGowan Guntermann, which for a number of years carried out MTD's financial audit. However it was in 2018 that McGowan Guntermann eliminated its government auditing services and last provided services for MTD.

The committee members first independently reviewed and scored each firm's proposal. The scores were combined and weighted based on the importance of each criterion with a possible maximum of 300 points:

Firm	Experience	Price	Plan	TOTAL
Vasquez & Company LLP	115.0	120.0	38.0	273.0
Brown Armstrong Accountancy	119.5	96.0	29.0	244.5
The Pun Group	118.5	84.0	40.0	242.5
Moss, Levy & Hartzheim, LLP	75.5	96.0	27.5	199.0

The Evaluation Committee then met to review the scoring and discuss the proposals in depth. As a result, a competitive range was established that included Vasquez & Company and The Pun Group. After interviewing the firms, the Evaluation Committee agreed that Vasquez & Company presented a clearer and a more cohesive understanding of the audit requirements. Additionally, the firm was also able to more clearly identify the key audit team members and their roles, all of whom participated in the interview. Another factor was the frequent trainings that are made available to their clients. MTD staff will have many opportunities through Vasquez & Company resources to stay current in accounting and auditing matters such as new Governmental Accounting Standards Board (GASB) pronouncements and federal and state regulations pertaining to local governments in accounting reporting and compliance.

Work references from other transit and governmental agencies were all positive, indicating Vasquez & Company as a responsible bidder with a track record of integrity, business ethics, and the ability to meet schedules and staff projects sufficiently.

Therefore, MTD staff believes based on the evaluation results that Vasquez & Company provides the District with the greatest value and therefore recommends awarding the firm the contract.

### Price Analysis

Prior to the solicitation, staff reviewed the current amount historically spent on annual audits as well as performed an Independent Cost Estimate (ICE), which included a review of contracts at four other agencies, and had anticipated the cost of a three-year agreement, plus two one-year options would be \$208,924 (an average of \$42,785 per audit). The table below shows how this was compared to the price proposals received.

## BOARD OF DIRECTORS REPORT

Firm	Price Proposal	Difference
<b>Vasquez &amp; Company LLP</b>	<b>\$189,473.00</b>	
Moss, Levy & Hartzheim, LLP	\$196,655.00	4%
Brown Armstrong Accountancy	\$199,950.00	5%
The Pun Group	\$201,748.00	6%
<i>Average Bid</i>	\$196,956.50	4%
<i>ICE</i>	\$208,924.00	9%

Given the close proximity of prices and that Vasquez & Company offered the lowest price proposal, staff has deemed the Vasquez & Company price to be fair and reasonable.

### **Contract Award & Execution**

If contract award is authorized by the Board, staff will issue Vasquez & Company a “Notification of Contingent Award” indicating MTD’s intent to execute a contract for the Financial Audit Services contingent upon receipt of required certificates of insurance. Once required documents are received the contract will be executed.

### **ATTACHMENT:**

- Financial Audit Services Agreement with Vasquez & Company

**Santa Barbara Metropolitan Transit District**  
***Financial Audit Services***

**MASTER AGREEMENT with Vasquez & Company LLP**

THIS AGREEMENT is entered into by and between Santa Barbara Metropolitan Transit District, an incorporated transit district under Sections 95000, et seq. of the California Public Utilities Code ("MTD"), and Vasquez & Company LLP, a California Certified Public Accountancy Firm ("Contractor"), at Santa Barbara, California, as of the later date set forth below the signatures executing this Agreement.

**WHEREAS:**

- A. MTD desires to engage Contractor to carry out financial audit services (the "Project");
- B. Contractor represents that it has the knowledge and experience to carry out the Project, and desires to carry out the Project pursuant to the terms and conditions hereof, and;
- C. Based upon the representations made by Contractor, MTD desires to retain the services of Contractor to carry out the aforesaid Project, upon the within terms and conditions.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

- 1. Effect of Recitals. The foregoing recitals are hereby made express provisions of this Agreement.
  - 2. FTA Provisions. The Project is funded in part by the Federal Transit Administration of the U.S. Department of Transportation and, as such, this Agreement is subject to the terms and conditions contained in *Federal Transit Administration Contract Provisions* which is attached hereto as Exhibit "A" and incorporated herein by this reference.
  - 3. Public Works Provisions. Not applicable to this agreement.
  - 4. Scope of Services. MTD has heretofore issued on February 4, 2021, a scope of services contained in the Request for Proposals for Financial Audit Services, a true copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference.
  - 5. Proposal. Contractor has heretofore submitted on March 10, 2021, a proposal to carry out the Project, true copies of relevant parts that are attached hereto as Exhibit "C" and incorporated herein by this reference.
  - 6. Order of Control. Contractor shall carry out the Project described in Exhibit "B" to this Agreement for the price quoted in Exhibit "C". All work and services shall be performed according to and controlled by the terms and provisions of this Agreement and the exhibits attached hereto. In the event of any conflict between the contract documents, the following order of control shall prevail: MTD Master Agreement, Exhibit "A", Exhibit "B", Exhibit "C".
  - 7. Contract Price. Contractor shall carry out the Project for the fixed prices which is in accordance with Exhibit "C".
  - 8. Payment. Contractor shall submit invoices to MTD in accordance with a progress payment schedule to be determined. Payment from MTD shall be made to Contractor no later than thirty (30) days after receipt of a valid invoice, which shall be sent electronically via email to AP@sbmtd.gov.
  - 9. Taxes. MTD is exempt from the payment of Federal Excise and Transportation taxes. Unless specified otherwise in the Agreement, MTD is subject to any applicable California Sales Tax for the City of Santa Barbara which shall have been included in the Contractor's proposal price and shall be included on the Contractor's invoice.
- Project Schedule. Contractor shall provide services for the three fiscal years ending June 30, 2021, 2022, and 2023, with two one-year options for the fiscal years ending June 30, 2024 and 2025.
- 10. Delivery & Freight. Not applicable to this Agreement.
  - 11. Title & Risk of Loss. Not applicable to this Agreement.

12. Damages. All losses or damages arising from any unforeseen circumstances, either natural or artificial, which may be encountered by the Contractor during the performance of the Project under this Agreement shall be sustained solely by the Contractor. This provision shall also apply to losses or damages resulting from any act or omission not authorized by this Agreement on the part of the Contractor or any agent or person employed by the Contractor.

13. Defective, Damaged or Noncompliant Work. Any items, services, work or systems acquired pursuant to this Agreement found to be non-compliant with the scope of services shall be corrected by the Contractor without additional cost to MTD.

14. Acceptance. Not applicable to this Agreement.

15. Warranty. Not applicable to this Agreement.

16. Changes. Any changes or modifications to this Agreement must be in writing, and agreed to by both parties.

17. Insurance.

a. Contractor's Insurance Representations to MTD.

i. It is expressly understood and agreed that the insurance coverages required herein:

A. represent MTD's minimum requirements and are not to be construed to void or limit Contractor's indemnity obligations as contained in this Agreement nor represent in any manner a determination of the insurance coverages Contractor should or should not maintain for its own protection; and

B. are being, or have been, obtained by Contractor in support of Contractor's liability and indemnity obligations under this Agreement. Irrespective of the requirements as to insurance to be carried as provided for herein, the insolvency, bankruptcy, or failure of any insurance company carrying insurance of Contractor, or the failure of any insurance company to pay claims accruing, shall not be held to affect, negate, or waive any of the provisions of this Agreement.

ii. Failure to obtain and maintain the required insurance shall constitute a material breach of, and default under this Contract. If Contractor shall fail to remedy such breach within five (5) business days after written notice by MTD, Contractor will be liable for any and all costs, liabilities, damages and penalties resulting to MTD from such breach, unless a written waiver of the specific insurance requirement(s) is provided to Contractor by MTD. In the event of any failure to Contractor to comply with the provisions of this portion of the Agreement, MTD may, without in any way compromising or waiving any right or remedy at law or in equity, on notice to Contractor, purchase such insurance, at Contractor's expense, provided that MTD shall have no obligation to do so and if MTD shall do so, Contractor shall not be relieved of or excused from the obligation to obtain and maintain such insurance amounts and coverages.

b. Conditions Affecting All Insurance Required Herein.

i. Cost of Insurance. All insurance coverage shall be provided at Contractor's sole expense.

ii. Maintenance of Insurance. All insurance coverage shall be maintained in effect with limits not less than those set forth below at all times during the term of this Agreement.

iii. Status and Rating of Insurance Company. All insurance coverage shall be written through insurance companies admitted to do business in California and with a Best's Financial Strength Rating of A- or better, as shown in the on-line version of Best's Rating & Criteria Center.

iv. Restrictive, Limiting, or Exclusionary Endorsements. All insurance coverage shall be provided to Contractor Parties in compliance with the requirements herein and shall contain no endorsements that restrict, limit, or exclude coverage in any manner without the prior express written approval of MTD.

v. Limits of Liability. The limits of liability may be provided by a single policy of insurance or by a combination of primary and umbrella policies, but in no event shall the total limits of liability available for any one occurrence or accident be less than the amount required herein.

vi. Notice of Cancellation, Nonrenewal, or Material Reduction in Coverage. In the event of cancellation, nonrenewal, or material reduction in coverage affecting the certificate holder, thirty (30) days prior written notice shall be given to the certificate holder by certified mail, return receipt requested, except in the event of cancellation for nonpayment, in which event fifteen (15) days prior written notice shall be given. If



insurer will not include in its coverage such written notifications, it shall be incumbent upon Contractor to comply with such written notification requirements.

vii. Additional Insured Status. Additional insured status shall be provided in favor of MTD and its officers, employees and agents, including consultants, on all liability insurance required herein except workers' compensation/employer's liability and the certificate of insurance shall reflect same. Such additional insured coverage shall be primary to and shall seek no contribution from all insurance available to MTD, with MTD's insurance being excess, secondary, and noncontributing.

viii. Waiver of Subrogation. Insurance coverage carried by Contractor required herein shall provide a waiver of subrogation in favor of MTD for all loss covered by such insurance, and Contractor waives all rights of action against MTD for such loss. The single exception is for Professional Liability Insurance in which the Waiver of Subrogation is excluded.

ix. Primary Liability. All insurance coverage required herein shall be primary to and shall seek no contribution from all insurance available to MTD, with MTD's insurance being excess, secondary, and noncontributing. Where necessary, coverage shall be endorsed to provide such primary liability, and the certificate of insurance shall reflect same.

x. Deductible/Retention. All insurance required for this project shall have a maximum deductible or self-insured retention of \$150,000 per policy.

xi. Claims Against Aggregate. MTD must be notified in writing by Contractor at MTD's address set forth herein immediately upon knowledge of possible claims against Contractor that might cause a reduction below seventy-five (75%) of any aggregate limit of any primary policy.

c. Commercial General Liability Insurance.

i. Coverage. Such insurance shall cover liability arising out of all locations and operations of Contractor, including but not limited to liability assumed under this Agreement (including the tort liability of another assumed in a business contract). Defense shall be provided as an additional benefit and not included within the limit of liability.

ii. Form. Commercial General Liability Occurrence form, at least as broad as an unmodified ISO CG 00 01 10 93 or its equivalent.

iii. Amount of Insurance. Coverage shall be provided with limits of not less than:

A. Each Occurrence Limit	\$1,000,000
B. General Aggregate Limit	\$2,000,000
C. Product-Completed Operations Aggregate Limit	\$2,000,000
D. Personal and Advertising Injury Limits	\$1,000,000
E. Fire Damage (any one fire)	\$50,000
F. Medical Expense (any one person)	\$5,000

iv. Additionally Required Endorsements.

A. Personal Injury Liability: The personal injury contractual liability exclusion shall be deleted.

B. Primary Liability, as required in 18(b)(ix), above.

C. Continuing Commercial General Liability Insurance: Contractor shall maintain such insurance in identical coverage, form, and amount, including required endorsements, for at least three (3) years following the date of acceptance by MTD of the last bus built pursuant to this Agreement.

d. Auto Liability Insurance.

i. Coverage. Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned).

ii. Form. Business Auto Form (at least as broad as an unmodified ISO CA 0001 or its equivalent).

iii. Amount of Insurance. Coverage shall be provided with a limit of not less than \$1,000,000, combined single limit.

e. Workers' Compensation/Employer's Liability Insurance.

i. Coverage. Such insurance shall cover liability arising out of Contractor's employment of workers and anyone for whom Contractor may be liable for workers' compensation claims. Workers' compensation insurance is required, and no "alternative" forms of insurance shall be permitted.

ii. Amount of Insurance. Coverage shall be provided with a limit of not less than:

A. Workers' Compensation: Statutory limits

B. Employer's Liability: \$1,000,000 each accident and disease.

f. Professional Errors & Omissions Liability Insurance.

i. Coverage. Such insurance shall cover claims alleged to arise out of the negligent performance of Contractor's professional services.

ii. Amount of Insurance. Coverage shall be provided with a limit of not less than \$1,000,000 annual aggregate.

18. Bonding. Not applicable to this Agreement.

19. Termination. For applicable terms, refer to Paragraph 21 (Termination) in the *Federal Transit Administration Contract Provisions* which are attached hereto as Exhibit "A".

20. Liquidated Damages. Not applicable to this Agreement.

21. Infringement of Patents. The Contractor agrees that it will, at its own expense, defend all suits and proceedings instituted against MTD and pay any award of damages assessed against MTD in such suits or proceedings, insofar as the same are based upon any claim that the items, services, work, systems, or any part thereof, or any tool, or process used in or for the Project, constitutes an infringement of any legal United States copyright or patent. MTD agrees that it will give the Contractor prompt notice in writing of the institution of the suit or proceeding and permits the Contractor through its counsel to defend the same and gives the Contractor all information, assistance and authority necessary for the Contractor to do so. In case said items, services, work, systems, or any part thereof, or any tool, or process used in or for the Project, is in such suit held to constitute infringement and use of same is enjoined, the Contractor shall, at its own expense and at its option, either procure for the MTD the right to continue using said items, services, work, systems, or any part thereof, or any tool, or process used in or for the Project, or replace same with non-infringing equipment, or modify it so it becomes non-infringing.

22. Rights in Data. Not applicable to this Agreement.

23. Indemnification. The Contractor shall, to the extent permitted by law protect, indemnify, defend, and hold MTD and its officers, employees and agents, including consultants, harmless from and against any and all liabilities, damages, claims, demands, liens, encumbrances, judgments, awards, losses, costs, expenses, and suits or actions or proceedings, including reasonable expenses, costs and attorneys' fees incurred by MTD and its officers, employees and agents, including consultants, in the defense, settlement or satisfaction thereof, for any injury, death, loss or damage to persons or property of any kind whatsoever, arising out of, or resulting from, the acts, errors or omissions of the Contractor, including acts, errors or omissions of its officers, employees, servants, agents, subcontractors and suppliers; and upon receipt of notice and if given authority, shall settle at its own expense or undertake at its own expense the defense of any such suit, action or proceeding, including appeals, against the MTD and its officers, employees and agents, including consultants, relating to such injury, death, loss or damage. Each party shall promptly notify the other in writing of the notice or assertion of any claim, demand, lien, encumbrance, judgment, award, suit, action or other proceeding hereunder. The Contractor shall have sole charge and direction of the defense of such suit, action or proceeding. The MTD shall not make any admission which might be materially prejudicial to the Contractor unless the Contractor has failed to take over the conduct of any negotiations or defense within a reasonable time after receipt of the notice and authority above provided. The MTD shall at the request of the Contractor furnish to the Contractor all reasonable assistance that may be necessary for the purpose of defending such suit, action or proceeding, and shall be repaid all reasonable costs incurred in doing so. The MTD shall have the right to be represented therein by advisory counsel of its own selection at its own expense. The obligations of the Contractor under this clause shall not extend to circumstances where the injury, or death, or damages is caused solely by the negligent acts, errors or omissions of the MTD, its officers, employees, agents or consultants, including

negligence in the preparation of the Contract documents, or the giving of directions or instructions with respect to the requirements of the Contract by written order.

24. Notice. Notices in connection with this Agreement shall be made in writing and may be delivered either personally, by governmental postal service (regular, certified or registered), by private delivery service, or by email. Receipt shall be deemed to have occurred when actually made to the party or its designated agent. Such notices shall be properly addressed to the intended party as follows:

MTD:

Jerry Estrada, General Manager  
Santa Barbara Metropolitan Transit District  
550 Olive Street  
Santa Barbara, CA 93101  
Email: [jestrada@sbmtd.gov](mailto:jestrada@sbmtd.gov)

CONTRACTOR:

Roger A. Martinez  
Vasquez & Company LLP  
655 N. Central Avenue, Suite 1550  
Glendale, CA 91203  
Email: [ram@vasquezcpa.com](mailto:ram@vasquezcpa.com)

25. Attorney Fees and Costs. In the event of a controversy (including, but not limited to arbitration or an criminal or civil filing in a Federal Court or a court of any of the United States) between the parties with respect to the enforcement or interpretation of this Agreement, the prevailing party in such controversy shall be entitled to receive, in addition to such other award as the court may deem appropriate, full reimbursement for its court costs and reasonable attorney fees incurred therein.

26. Negation of Partnership. This Agreement creates a relationship between two independent contractors and does not, nor may it be interpreted to, create the relationship of joint venturers, partners, employee/employer, or any other business relationship.

27. No Assignment. This Agreement is not assignable by either party, and any attempt by either party to assign its obligations hereunder shall be void ab initio at the election of the other party, which election may be made by written notice within ten (10) days of the non-assigning party's receipt of actual knowledge of such attempted assignment. Notwithstanding the foregoing, at the election of the other party, the obligations and burdens of a party shall bind and apply to any permitted successor in interest or assignee of the business and/or operations of a party.

28. Partial Invalidity. In the event that any portion of this Agreement or any provision hereof shall be deemed as invalid as contrary to applicable law, the balance of this Agreement shall be enforced according to its term, and that portion found unenforceable shall be interpreted and enforced to the extent it may be within said applicable laws.

29. Disputes. This Agreement shall be construed and all disputes arising therefrom shall be settled in accordance with the laws of the State of California. Venue for any dispute arising under this Agreement shall be in Santa Barbara, California. Any controversy or claim arising out of or relating to this Agreement shall be resolved by binding arbitration before a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") then pertaining (available at [www.adr.org](http://www.adr.org)), except where those rules conflict with this provision, in which case this provision controls. Any court with jurisdiction shall enforce this clause and enter judgment on any award. The arbitrator shall be selected within twenty business days from commencement of the arbitration from the AAA's National Roster of Arbitrators pursuant to agreement or through selection procedures administered by the AAA. Within 45 days of initiation of arbitration, the Parties shall reach agreement upon and thereafter follow procedures, including reasonable limits on discovery, assuring that the arbitration will be concluded and the award rendered within no more than eight months from selection of the arbitrator or, failing agreement, procedures meeting such time limits will be designed by the AAA and adhered to by the Parties. The arbitration shall be held in Santa Barbara, California and the arbitrator shall apply the substantive law of California, except that the interpretation and enforcement of this arbitration provision shall be governed by the Federal Arbitration Act. Prior to commencement of arbitration, emergency relief is available from any court to avoid irreparable harm. THE ARBITRATOR SHALL NOT AWARD EITHER PARTY PUNITIVE, EXEMPLARY, MULTIPLIED OR CONSEQUENTIAL DAMAGES. Prior to commencement of arbitration, however, the Parties must attempt to mediate their dispute using a professional mediator from AAA, the CPR Institute for Dispute Resolution, or like organization selected by agreement or, absent agreement, through selection procedures administered by the AAA. Within a period of 45 days after the request for mediation, the Parties agree to convene with the mediator, with business representatives present, for at least one session to attempt to resolve the matter. In

no event will mediation delay commencement of the arbitration for more than 45 days absent agreement of the Parties or interfere with the availability of emergency relief.

30. Prohibited Interest. The parties hereto covenant and agree that to their knowledge no board member, officer, or employee of MTD, during his/her tenure or for one year thereafter, has any interest, whether contractual, non-contractual, financial or otherwise, in this transaction, or in the business of a contracting party other than MTD. If any such interest comes to the knowledge of either party at any time, a full and complete disclosure of all such information will be made in writing to the other parties, even if such interest would not be considered a conflict of interest under Article 4, Chapter 1, Divisions 4 and 4.5, Title I of the Government Code of the State of California.

31. Compliance with Laws and Regulations. Contractor shall warrant that in the performance of work under contract to MTD that they shall comply with all applicable federal, state and local laws and ordinances, and all lawful orders, rules, and regulations thereunder.

32. Audit and Inspection of Records. The Contractor shall agree that all materials supplied and services performed under the Project, facilities used in connection therewith, and records and documentation thereunto appertaining shall be subject to inspection, test, or audit by duly authorized representatives of MTD and the State of California. The Contractor agrees to maintain all required records relating to the Project for at least three years after MTD makes final payment and all other pending matters are closed.

33. Equal Employment Opportunity. For applicable terms, refer to Paragraph 24 (Civil Rights Requirements) in the *Federal Transit Administration Contract Provisions* which are attached hereto as Exhibit "A".

34. Entire Agreement. This Agreement and its attached exhibits constitute the entire agreement between the parties and shall be deemed to supersede and cancel any and all previous representations, understandings, or agreements between MTD and Contractor as to the subject matter hereof. This Agreement may only be amended by an instrument in writing signed by the parties.

35. No Waiver. The failure of either party at any time to require performance by the other party of any provision of this Agreement shall in no way affect that party's right to enforce such provisions, nor shall the waiver by either party of any breach of any provision of this Agreement be taken or held to be a waiver of any further breach of the same provision.

36. Counterparts & Email. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. The parties agree that a scanned and emailed signature may substitute for and have the same legal effect as the original signature.

37. Qualifications. Contractor or Contractor's representative (Contractor) certifies that Contractor is qualified to do business and is in good standing in the State of California, and that Contractor has authority to enter into and perform its obligations under this Agreement, which constitutes a valid and binding obligation of Contractor.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed.

Santa Barbara MTD

Vasquez & Company LLP

\_\_\_\_\_  
Jerry Estrada, General Manager

\_\_\_\_\_  
Roger A. Martinez, Partner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

# FEDERAL TRANSIT ADMINISTRATION

## CONTRACT PROVISIONS

*Financial Audit Services – Vasquez & Company LLP*

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- 1. FLY AMERICA REQUIREMENTS (NOT APPLICABLE TO AGREEMENT)**
- 2. BUY AMERICA REQUIREMENTS (NOT APPLICABLE TO AGREEMENT)**
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- 5. SEISMIC SAFETY REQUIREMENTS (NOT APPLICABLE TO AGREEMENT)**
- 6. ENERGY CONSERVATION REQUIREMENTS**

The Contractor agrees to comply with mandatory standards and policies relating to energy efficiency, which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act. The Contractor agrees to include the requirements of this section in all subcontracts.

**7. CLEAN WATER REQUIREMENTS**

The Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq. The Contractor agrees to report each violation to the Purchaser and understands and agrees that the Purchaser will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office. The Contractor also agrees to include these requirements in each subcontract exceeding \$100,000.

**8. BUS TESTING (NOT APPLICABLE TO AGREEMENT)**

**9. PRE-AWARD & POST-DELIVERY AUDIT REQUIREMENTS (NOT APPLICABLE TO AGREEMENT)**

**10. LOBBYING**

The Contractor certifies, to the best of his or her knowledge and belief, that:

(a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for making lobbying contacts to an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, or cooperative agreement, the undersigned shall complete and submit Standard Form--LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions [as amended by "Government wide Guidance for New Restrictions on Lobbying," 61 Fed. Reg. 1413 (1/19/96). Note: Language in paragraph (b) herein has been modified in accordance with Section 10 of the Lobbying Disclosure Act of 1995 (P.L. 104-65, to be codified at 2 U.S.C. 1601, et seq.)]

(c) The Contractor shall require that the language of this certification be included in the award documents for all subawards exceeding \$100,000 at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this

transaction imposed by 31, U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure. [Note: Pursuant to 31 U.S.C. § 1352(c)(1)-(2)(A), any person who makes a prohibited expenditure or fails to file or amend a required certification or disclosure form shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure or failure.] Contractor certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, Contractor understands and agrees that the provisions of 31 U.S.C. A 3801, et seq., apply to this certification and disclosure.

[Note: The Contractor shall have previously submitted to MTD a separately signed Lobbying Certification containing the above language for itself and any subcontracts exceeding \$100,000 as a condition of contract award.]

## **11. ACCESS TO RECORDS & REPORTS**

(a) The Contractor agrees to provide MTD, the FTA Administrator, the Comptroller General of the United States or any of their authorized representatives access to any books, documents, papers and records of the Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts and transcriptions. Contractor also agrees, pursuant to 49 CFR 633.17 to provide the FTA Administrator or his authorized representatives including any PMO Contractor access to Contractor's records and construction sites pertaining to a major capital project, defined at 49 U.S.C. 5302(a)1, which is receiving federal financial assistance through the programs described at 49 U.S.C. 5307, 5309 or 5311.

(b) If contract is for a capital project or improvement (defined at 49 U.S.C. 5302(a)1) through other than competitive bidding, the Contractor shall make available records related to the contract to MTD, the Secretary of Transportation and the Comptroller General or any authorized officer or employee of any of them for the purposes of conducting an audit and inspection.

(c) The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.

(d) The Contractor agrees to maintain all books, records, accounts and reports required under this contract for a period of not less than three years after the date of termination or expiration of this contract, except in the event of litigation or settlement of claims arising from the performance of this contract, in which case Contractor agrees to maintain same until MTD, the FTA Administrator, the Comptroller General, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims or exceptions related thereto. Reference 49 CFR 18.39(i)(11).

## **12. FEDERAL CHANGES**

The Contractor shall at all times comply with all applicable FTA regulations, policies, procedures and directives, including without limitation those listed directly or by reference in the Master Agreement between MTD and FTA, as they may be amended or promulgated from time to time during the term of this contract. Contractor's failure to so comply shall constitute a material breach of this contract.

## **13. BONDING REQUIREMENTS (NOT APPLICABLE TO AGREEMENT)**

## **14. CLEAN AIR**

The Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. §§ 7401 et seq. The Contractor agrees to report each violation to the Purchaser and understands and agrees that the Purchaser will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office. The Contractor also agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with Federal assistance provided by FTA.



**15. RECYCLED PRODUCTS (NOT APPLICABLE TO AGREEMENT)****16. DAVIS-BACON & COPELAND ANTI-KICKBACK ACTS (NOT APPLICABLE TO AGREEMENT)****17. CONTRACT WORK HOURS & SAFETY STANDARDS ACT (NOT APPLICABLE TO AGREEMENT)****18. [RESERVED]****19. NO GOVERNMENT OBLIGATIONS TO THIRD PARTIES**

(a) MTD and Contractor acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying contract, absent the express written consent by the Federal Government, the Federal Government is not a party to this contract and shall not be subject to any obligations or liabilities to MTD, Contractor, or any other party (whether or not a party to that contract) pertaining to any matter resulting from the underlying contract.

(b) The Contractor agrees to include the above clause in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

**20. PROGRAM FRAUD & FALSE OR FRAUDULENT STATEMENTS & RELATED ACTS**

a) The Contractor acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. § 3801 et seq. and U.S. DOT regulations, "Program Fraud Civil Remedies," 49 CFR Part 31, apply to its actions pertaining to this Project. Upon execution of the underlying contract, the Contractor certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the underlying contract or the FTA assisted project for which this contract work is being performed. In addition to other penalties that may be applicable, the Contractor further acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 on the Contractor to the extent the Federal Government deems appropriate.

(b) The Contractor also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a contract connected with a project that is financed in whole or in part with Federal assistance originally awarded by FTA under the authority of 49 U.S.C. § 5307, the Government reserves the right to impose the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5307(n)(1) on the Contractor, to the extent the Federal Government deems appropriate.

(c) The Contractor agrees to include the above two clauses in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clauses shall not be modified, except to identify the subcontractor who will be subject to the provisions.

**21. TERMINATION**

(a) Termination for Convenience: MTD, by written notice, may terminate this contract, in whole or in part, when it is in the Government's interest. If this contract is terminated, MTD shall be liable only for payment under the payment provisions of this contract for services rendered before the effective date of termination.

(b) Termination for Default

(1) If the Contractor fails to perform the services, within the time specified in this contract or any extension or if the Contractor fails to comply with any other provisions of this contract, MTD may terminate this contract for default. MTD shall terminate by delivering to the Contractor a Notice of Termination specifying the nature of default. The Contractor will only be paid the contract price for services performed in accordance with the manner of performance set forth in this contract.

(2) If this contract is terminated while the Contractor has possession of MTD goods, the Contractor shall, upon direction of MTD, protect and preserve the goods until surrendered to MTD or its agent. The Contractor and MTD shall agree on payment for the preservation and protection of goods. Failure to agree on an amount will be resolved under the Dispute clause.

(3) If, after termination for failure to fulfill contract obligations, it is determined that the Contractor was not in default, the rights and obligations of parties shall be the same as if the termination had been issued for the convenience of MTD.

(c) Opportunity to Cure: MTD in its sole discretion may, in the case of a termination for breach or default, allow the Contractor ten (10) days in which to cure the defect. In such case, the notice of termination will state the time period in which cure is permitted and other appropriate conditions. If Contractor fails to remedy to MTD's satisfaction the breach or default of any of the terms, covenants, or conditions of this Contract within ten (10) days after receipt by Contractor of written notice from MTD setting forth the nature of said breach or default, MTD shall have the right to terminate the Contract without any further obligation to Contractor. Any such termination for default shall not in any way operate to preclude MTD from also pursuing all available remedies against Contractor and its sureties for said breach or default.

(d) Waiver of Remedies for any Breach: In the event that MTD elects to waive its remedies for any breach by Contractor of any covenant, term or condition of this Contract, such waiver by MTD shall not limit MTD's remedies for any succeeding breach of that or of any other term, covenant, or condition of this Contract.

## **22. GOVERNMENT-WIDE DEBARMENT & SUSPENSION**

This contract is a covered transaction for purposes of 49 CFR Part 29. As such, the Contractor is required to verify that none of the Contractor, its principals, as defined at 49 CFR 29.995, or affiliates, as defined at 49 CFR 29.905, are excluded or disqualified as defined at 49 CFR 29.940 and 29.945. The Contractor is required to comply with 49 CFR 29, Subpart C and must include the requirement to comply with 49 CFR 29, Subpart C in any lower tier covered transaction it enters into. By signing and submitting its bid or proposal, the bidder or proposer certifies as follows: The certification in this clause is a material representation of fact relied upon by MTD. If it is later determined that the bidder or proposer knowingly rendered an erroneous certification, in addition to remedies available to MTD, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. The bidder or proposer agrees to comply with the requirements of 49 CFR 29, Subpart C while this offer is valid and throughout the period of any contract that may arise from this offer. The bidder or proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

## **23. PRIVACY ACT (NOT APPLICABLE TO AGREEMENT)**

## **24. CIVIL RIGHTS REQUIREMENTS**

(a) Nondiscrimination: In accordance with Title VI of the Civil Rights Act, as amended, 42 U.S.C. § 2000d, section 303 of the Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6102, section 202 of the Americans with Disabilities Act of 1990, 42 U.S.C. § 12132, and Federal transit law at 49 U.S.C. § 5332, the Contractor agrees that it will not discriminate against any employee or applicant for employment because of race, color, creed, national origin, sex, age, or disability. In addition, the Contractor agrees to comply with applicable Federal implementing regulations and other implementing requirements FTA may issue.

(b) Equal Employment Opportunity: The following equal employment opportunity requirements apply to the underlying contract:

(1) Race, Color, Creed, National Origin, Sex: In accordance with Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e, and Federal transit laws at 49 U.S.C. § 5332, the Contractor agrees to comply with all applicable equal employment opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," 41 CFR Parts 60 et seq., (which implement Executive Order No.

11246, "Equal Employment Opportunity," as amended by Executive Order No. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," 42 U.S.C. § 2000e note), and with any applicable Federal statutes, executive orders, regulations, and Federal policies that may in the future affect construction activities undertaken in the course of the Project. The Contractor agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, national origin, sex, or age. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.

(2) Age: In accordance with section 4 of the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 623 and Federal transit law at 49 U.S.C. § 5332, the Contractor agrees to refrain from discrimination against present and prospective employees for reason of age. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.

(3) Disabilities: In accordance with section 102 of the Americans with Disabilities Act, as amended, 42 U.S.C. § 12112, the Contractor agrees that it will comply with the requirements of U.S. Equal Employment Opportunity Commission, "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 CFR Part 1630, pertaining to employment of persons with disabilities. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.

The Contractor agrees to include these requirements in each subcontract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary to identify the affected parties.

## **25. BREACHES & DISPUTE RESOLUTION**

Paragraph 30 of the *MTD Master Agreement* regarding disputes shall be deemed satisfactory to meet the federal requirements for dispute resolution. The Contractor agrees to include the requirements of said Paragraph 30 in all subcontracts.

## **26. PATENT & RIGHTS IN DATA (NOT APPLICABLE TO AGREEMENT)**

## **27. TRANSIT EMPLOYEE PROTECTIVE AGREEMENTS (NOT APPLICABLE TO AGREEMENT)**

## **28. DISADVANTAGED BUSINESS ENTERPRISE (DBE)**

(a) This contract is subject to the requirements of Title 49, Code of Federal Regulations, Part 26, Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs. The national goal for participation of Disadvantaged Business Enterprises (DBE) is 10%. MTD's overall goal for DBE participation is 2.9%. A separate contract goal has not been established for this procurement.

(b) The Contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The Contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of this DOT-assisted contract. Failure by the Contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as MTD deems appropriate. Each subcontract the Contractor signs with a subcontractor must include the assurance in this paragraph (see 49 CFR 26.13(b)).

(c) [reserved]

(d) The Contractor is required to pay its subcontractors performing work related to this contract for satisfactory performance of that work no later than 30 days after the Contractor's receipt of payment for that work from the MTD. In addition, the Contractor may not hold retainage from its subcontractors.

(e) Contractor must promptly notify MTD whenever a DBE subcontractor performing work related to this contract is terminated or fails to complete its work, and must make good faith efforts to engage another DBE subcontractor to perform at least the same amount of work. The Contractor may not terminate any

DBE subcontractor and perform that work through its own forces or those of an affiliate without prior written consent of MTD.

## **29. NOTIFICATION OF LEGAL MATTERS TO THE FTA**

If a current or prospective legal matter that may affect the Federal Government emerges, the Contractor must promptly notify the FTA Chief Counsel and FTA Region 9 Chief Counsel.

(a) The types of legal matters that require notification include, but are not limited to, a major dispute, breach, default, litigation, or naming the Federal Government as a party to litigation or a legal disagreement in any forum for any reason.

(b) Matters that may affect the Federal Government include, but are not limited to, the Federal Government's interests in the Award funding this Agreement and any Amendments thereto, or the Federal Government's administration or enforcement of federal laws, regulations, and requirements.

(c) The Contractor must promptly notify the U.S. DOT Inspector General in addition to the FTA Region 9 Chief Counsel if the Contractor has knowledge of potential fraud, waste, or abuse occurring on a Project receiving assistance from FTA. The notification provision applies if a person has or may have submitted a false claim under the False Claims Act, 31 U.S.C. § 3729 et seq., or has or may have committed a criminal or civil violation of law pertaining to such matters as fraud, conflict of interest, bribery, gratuity, or similar misconduct involving federal assistance. Knowledge, as used in this paragraph, includes, but is not limited to, knowledge of a criminal or civil investigation by a Federal, state, or local law enforcement or other investigative agency, a criminal indictment or civil complaint, or probable cause that could support a criminal indictment, or any other credible information in the possession of the Contractor.

(d) The Contractor agrees to include this clause in each subcontract and any lower tier subcontracts financed in whole or in part with Federal assistance provided by the FTA under this Agreement.

## **30. INCORPORATION OF FEDERAL TRANSIT ADMINISTRATION (FTA) TERMS**

The preceding provisions include, in part, certain Standard Terms and Conditions required by DOT, whether or not expressly set forth in the preceding contract provisions. All contractual provisions required by DOT, as set forth in the most recent version of FTA Circular 4220.1, are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Agreement. The Contractor shall not perform any act, fail to perform any act, or refuse to comply with any MTD requests which would cause MTD to be in violation of the FTA terms and conditions. The Contractor agrees to include the requirements of this section in all subcontracts.

## **31. DRUG & ALCOHOL TESTING (NOT APPLICABLE TO AGREEMENT)**

## **32. INTELLIGENT TRANSPORTATION SYSTEM (ITS) (NOT APPLICABLE TO AGREEMENT)**

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**  
***Financial Audit Services***  
**SCOPE OF SERVICES**  
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# **SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

## **Financial Audit Services**

### **SCOPE OF SERVICES**

#### **I. INTRODUCTION & BACKGROUND**

##### **A. INTRODUCTION**

This *Scope of Services* specifies the requirements for an annual independent financial audit (Audit) of the Santa Barbara Metropolitan Transit District (MTD) in accordance with applicable accounting, federal, and state laws, regulations, standards, etc. The Auditor shall be a CPA firm licensed by the California State Board of Accountancy experienced in California special district transit agency audits.

The Auditor shall provide all necessary resources including, but not limited to, qualified personnel, software, hardware, internet access, licenses, equipment, and supplies necessary to carry out the Audit as specified herein for a three-year period with an option for two additional years beginning with MTD's 2020-2021 fiscal year that ends June 30, 2021.

##### **B. GENERAL INFORMATION**

1. MTD is a California Special District created by state law in 1965 to provide public mass transit services to the South Coast of Santa Barbara as codified in the Public Utilities Code 95000 et. seq.
2. MTD is governed by a Board of Directors (Board) made up of seven members. Two members are appointed by the County Board of Supervisors, two by the Santa Barbara City Council, one by the Goleta City Council, and one by the Carpinteria City Council. The seventh "at-large" member is appointed by the other six members of the Board. The Board normally meets at 8:30 AM on the first and third Tuesday of each month except during August and December when there are no scheduled meetings.
3. The Auditor is working on behalf of and ultimately reports to the Board. The Audit is under the purview of the Finance, Risk & Human Resources Committee, comprised of three members of the Board.
4. MTD currently provides fixed route bus service. ADA paratransit service is provided under contract with a local non-profit agency. The ADA contractor is not subject to the Audit specified herein.
5. MTD's service area is 52 square miles and includes the cities of Santa Barbara, Goleta, and Carpinteria; and the unincorporated portions of the County of Santa Barbara between such cities including the areas of Montecito and Summerland. The region is commonly referred to as the South Coast of Santa Barbara County.
6. MTD currently operates a fleet of 114 transit buses including 30-, 40-, and 60-foot models powered by renewable diesel, battery-electric, and hybrid diesel-electric engines and motors. There are no fixed guideway or Bus Rapid Transit services provided by MTD.
7. MTD currently has 208 employees. Bus operators, driver supervisors, mechanics and service workers are represented by the Teamsters Local 186. The current three-year collective bargaining agreement expires June 30, 2022. Other than the General Manager, staff and management are at-will employees.
8. MTD's transit-related facilities include:
  - a. Administrative, Operations, and Maintenance Facility located at 550 Olive Street, Santa Barbara, CA, 93101 (where Finance Department staff and records are located).
  - b. The Transit Center, MTD's primary passenger facility, located at 1020 Chapala Street, Santa Barbara, CA 93101.
  - c. A second limited operations facility at 5353 Overpass Road, Goleta, CA 93111.

### C. FINANCIAL & DATA SYSTEM INFORMATION

1. Fund Accounting – MTD’s financial statements are prepared using proprietary (enterprise) fund accounting. MTD operates under one enterprise fund using an economic resources measurement focus and the accrual basis of accounting.
2. Budget – Annual budgets are scheduled for approval each June for the fiscal year beginning the following July 1. The approved MTD operating budget for Fiscal Year 2020-21 (FY20-21) is \$28 million. The capital budget is \$34 million.
3. COVID-19 – MTD’s financial position has been affected significantly by the ongoing COVID19 pandemic. Of greatest relevance is a steep decline in operating revenue as a result of the cessation of transit fare collection last March for health and safety reasons. Stemming the negative impact is the receipt of federal CARES Act funding which were used the backfill the \$1.2 million deficit in FY19-20 and will cover an operating budget shortfall in excess of \$8 million in the current FY20-21.
4. Pension Plans –MTD contributes to the Western Conference Teamsters Pension Trust on behalf of represented employees. Pension benefits for staff and management are through the MTD 401(k) Salary Deferral Plan & Trust. MTD is not a member of the California Public Employees Retirement System (CalPERS).
5. OPEB – In FY16-17, MTD began prefunding its OPEB liability for retiree health benefits with the establishment of a \$1 million irrevocable trust with the California Employers Retiree Benefit Trust (CERBT) which is managed by CalPERS. The Board authorized an additional \$500,000 of prefunding in FY 17-18. Approximately 59% of the estimated \$2.7 million OPEB obligation at the end of FY19-20 is funded. The biennial OPEB actuarial valuation will take place this summer with a measurement date of June 30, 2021.
6. Accounting Software – MTD uses the SBT Pro Series 5.0i accounting system for recording and maintaining its financial transactions and database. The SBT software, developed using Microsoft FoxPro, has been in use since 1994. SBT is linked to Trapeze Timekeeper for importing driver payroll and Trapeze EAM for importing bus parts purchase order and inventory data. Given its limited functionality, SBT data is exported to custom-built Microsoft Access databases and Microsoft Excel workbooks that are used primarily for expanded analysis and reporting capabilities.

## II. CONTACTS & COMMUNICATIONS

### A. MTD CONTACTS

The following MTD personnel will in varying degrees participate in the Audit:

1. Chief Executive Officer
  - a. Jerry Estrada, General Manager (CEO)
2. Finance Department
  - a. Brad Davis, Director of Finance and Administration (CFO)
  - b. Thais Sayat, Finance Manager (audit lead)
  - c. Cherie Alvarez, Assistant Finance Manager
  - d. Diana Flores, Accounting Assistant
3. Other Departments
  - a. Mary Gregg, Director of Human Resources & Risk (COO)
  - b. Steve Maas, Grants & Compliance Manager
  - c. Tom Sheldon, Manager of IT Systems
  - d. Steve Hahn, Material Control Manager

## **B. COMMUNICATIONS & MEETINGS**

### **1. Communications**

- a. Generally, any communications requesting, delivering, or complying with actions, financial information, documents, and any other items concerning the Audit shall be via email between MTD and the Auditor with appropriate attachments. There may be exceptions such as when original documents and signatures are required.
- b. Meetings and telephone communications concerning audit matters shall be confirmed in a follow-up email prepared by the Auditor unless of a trivial nature.
- c. Thais Sayat, Finance Manager, shall lead the Audit for MTD. Unless indicated otherwise, all communications and coordination of audit activities shall be through Ms. Sayat with a copy to Brad Davis, Director of Finance and Administration. If Ms. Sayat is unavailable, communications shall be through Mr. Davis with emails copied to Ms. Sayat.

### **2. Meetings & Presentations**

- a. All meetings and presentations shall be carried out in compliance with applicable federal, state and local health and safety orders, mandates, measures, guidance, and the like regarding COVID-19.
- b. If desired by the Finance, Risk & Human Resources Committee or the General Manager, the Auditor shall meet with the Committee or General Manager prior to the start of the Audit to review the Audit objectives and process, or to communicate any particular Audit goals or emphasis. The Auditor shall be available for additional meetings with such parties as requested.
- c. Following acceptance of the engagement letter by MTD and prior to the start of the Audit, there shall be a “kick-off” meeting between key personnel of the Auditor and MTD. Prior to the meeting, the Auditor shall provide a proposed Audit schedule with dates, and a preliminary list of items and other needs required by the Auditor to carry out the Audit.
- d. There shall be at least biweekly meetings between the MTD Finance Manager and the designated Auditor representative to review the progress of the Audit to ensure compliance with the Audit schedule to the extent feasible. The Auditor shall provide a follow-up email report by the end of the day on key matters discussed and decisions agreed upon.
- e. MTD and Auditor representatives shall be available for meetings or telephone calls as needed to carry out the Audit and meet the Audit objectives including a review of draft Audit deliverables.
- f. The Auditor shall make formal presentations on the results of the Audit to the Finance, Risk & Human Resources Committee and the Board in open public meetings. It is anticipated that there will be only one presentation to each body but more may be required.

## **III. AUDITING STANDARDS & RESPONSIBILITIES**

It is not the purpose of this *Scope of Services* to provide a complete description of the requirements of the Audit but rather to outline the process and deliverables as understood by MTD as well as to specify other MTD requirements. It is fully the responsibility of the Auditor to be aware of, comply with, and carry out applicable financial auditing requirements for a California special district public transit agency including the audit requirements of the state and federal agencies, programs, and grants that provide funding. If anything if this *Scope of Services* appears to differ from the requirements of the Audit, the Auditor shall bring such discrepancies to the attention of MTD for clarification and/or correction.

### **A. AUDITING STANDARDS**

The Audit shall be performed in accordance with the current applicable versions of:



1. Generally Accepted Auditing Standards (GAAS) promulgated by the American Institute of Certified Public Accountants (AICPA).
2. Government Auditing Standards issued by the Comptroller General of the United States.
3. Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) per the Office of Management & Budget (OMB).
4. Applicable pronouncements or other issuances of the Governmental Accounting Standards Board (GASB).
5. California Code of Regulations (CCR) pertaining to Transportation Development Act (TDA) audits.
6. Any additional auditing standards required for or by other governmental funding sources.

## **B. MTD RESPONSIBILITIES**

MTD Finance staff shall:

1. Provide Auditor with all financial data, records, transaction listings, reports, schedules, spreadsheets, procedures, support documentation, contracts, etc. required for the Auditor to perform the Audit.
2. Prepare and retain responsibility for the accuracy of all financial statements, footnotes, pension schedules, and required supplementary information subject to the Audit.
3. Prepare Management Discussion and Analysis for inclusion in the Audit document.
4. Provide Auditor with requested contact information for MTD financial institutions; attorneys; local, state and federal funding agencies, creditors, etc. as needed for confirmation of assets and liabilities.
5. Arrange the availability of MTD staff members for meetings and interviews with the Auditor as needed for carrying out the Audit.
6. At the end of each fiscal year, carry out an inventory of MTD's bus parts, fuel, motor oil, and other bulk fluids recorded as current assets with a combined approximate value of \$900,000.
7. Engage actuarial firm(s) for determination and preparation of workers' compensation and OPEB actuarially determined year-end liability valuation reports and provide such to the Auditor.
8. Prepare and provide the above items in a timely manner to meet the established Audit schedule.

## **C. AUDITOR RESPONSIBILITIES**

Notwithstanding the Auditor's ultimate responsibility for carrying out the Audit in compliance with all requisite audit standards and requirements, the Auditor shall:

1. Complete the Audit such that the Auditor presentation to the Board shall be no later than the third Tuesday of the October following the end of the fiscal year.
2. Prepare Audit schedule with due dates and list of all financial data, records, transaction listings, reports, schedules, spreadsheets, procedures, support documentation, contracts, etc. to be provided by MTD to the Auditor in order to properly perform the Audit.
3. Review MTD's internal control structure and assess control risk to determine the extent of auditing procedures necessary to express an opinion on the financial statements; and without expressing an opinion on internal controls, report any material weaknesses identified as a result of such review.
4. Carry out tests of documentary evidence supporting the transactions recorded in the accounts which may include tests of the physical existence of assets and inventories; and require confirmation of accounts receivables and other pertinent assets and liabilities from third parties that may include individuals, financial institutions, attorneys, creditors, or local, state and federal funding agencies.
5. Interview appropriate MTD employees as necessary or required for carrying out the Audit. Such

interviews may be through MTD completion of Auditor forms, surveys or questionnaires to the extent that such completion is not the responsibility of the Auditor.

6. As needed, make MTD aware of accounting standards, principles, requirements, etc., including the application thereof, for MTD to accurately prepare the financial statements and associated items.
7. Using financial and other information provided by MTD, prepare all required reports, documents, letters, etc. including but not limited to those deliverables listed in Section IV below.
8. Maintain Audit working papers for a minimum of three years from the date of the Audit. Upon any request for such working papers by cognizant state, or federal agency, Auditor shall inform MTD of such request and make the working papers available to the agency to the extent required.
9. Report and provide an opinion on MTD compliance, in all material respects, with laws and regulations that apply to major federal financial assistance programs. Regarding transactions for non-major programs, the compliance report will contain a statement of positive and negative assurances.

## **IV. AUDIT DELIVERABLES**

### **A. REPORTS & DOCUMENTS LISTING**

The Auditor shall at a minimum prepare and/or combine the following items for inclusion in MTD's Financial Statements, Compliance Reports or as independent documents:

1. Financial Statements and Required Supplementary Information
  - a. Independent Auditor's Report
  - b. Management Discussion and Analysis
  - c. Financial Statements
    - (1) Statements of Net Position
    - (2) Statements of Revenue, Expenses and Change in Net Position
    - (3) Statements of Expenses
    - (4) Statements of Cash Flows
  - d. Notes to Financial Statements
  - e. Required Supplementary Information
2. Compliance Reports
  - a. Report on Internal Controls (without an opinion)
  - b. Schedule of Expenditures of Federal Awards (SEFA)
  - c. Notes to Schedule of Expenditures of Federal Awards
  - d. Report on Compliance and on Internal Control over Financial Reporting in accordance with Government Auditing Standards
  - e. Report on Compliance with Requirements applicable to Each Major Program and Internal Control over Compliance in Accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* of the OMB
  - f. Federal Schedule of Findings and Questioned Costs
  - g. Report including an opinion on compliance with the California TDA including any State of Good Repair or Low Carbon Transit Operations Program funds received or expended
3. Other Documents
  - a. Management Letter including any findings and/or recommendations

- b. Management Representation Letter (prepare on behalf of MTD for MTD signature)
- c. Auditor's Communication with Those Charged with Governance (AICPA SAS No. 114)

**B. FORMATS & QUANTITIES**

- 1. The Auditor shall provide MTD with one (1) electronic copy in PDF format of all deliverables. Protection settings shall allow printing, content copying, and page extraction.
- 2. The Auditor shall provide MTD with ten (10) separately bound hardcopies of the Financial Statements and Required Supplementary Information and the Compliance Reports.

**C. PUBLIC RECORDS**

All deliverables shall become a matter of public record and may be reproduced, distributed, published or electronically posted as deemed fit by MTD or others.

**End of Scope of Services Text**

# Proposal for Financial Audit Services

## SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

Submitted by:

Roger A. Martinez  
Partner, Audit Practice Leader  
Tel: (213) 873-1703  
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March 10, 2021

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## Letter of Transmittal

March 10, 2021

Valerie White  
Purchasing Agent  
Santa Barbara Metropolitan Transit District  
550 Olive Street  
Santa Barbara, CA 93101

### **RE: Request for Proposal Independent Audit Services**

Vasquez & Company LLP (Vasquez) appreciates the opportunity to respond to the Santa Barbara Metropolitan Transit District (MTD) request for proposal to perform a financial audit of MTD in compliance with various accounting, federal, and state standards and requirements for its fiscal years ending June 30 of 2021, 2022, and 2023, with an option to extend the contract for the fiscal years ending June 30 of 2024 and 2025.

### Why Vasquez?

#### Transportation Expertise:

Vasquez has over 25 years of experience serving the financial and compliance audit needs for transportation agencies such as the Los Angeles County Metropolitan Transportation Authority, Orange County Transportation Authority, Plumas County Transportation Commission, San Joaquin Regional Transit District, and SunLine Transit Agency, among others.

#### Experienced Leaders:

The engagement will be led by partners with over 20 years of transportation experience.

- Roger Martinez, Vasquez Audit Practice Leader and former KPMG department of professional practice partner dealing with complex accounting, auditing, and risk management issues at a national level, will oversee our delivery of services to the MTD.

Roger's experience in the transportation industry includes Los Angeles County Metropolitan Transportation Authority, Alameda Corridor East Project, Foothill Transit, Plumas County Transportation Commission, and SunLine Transit Agency.

- Cristy Canieda, Vasquez Partner formerly with PwC, will act as the engagement quality control reviewer for the MTD engagement.

Cristy's experience in the transportation industry includes Los Angeles County Metropolitan Transportation Authority, Orange County Transportation Authority, Alameda Corridor Transportation Authority, and SunLine Transit Agency.

- Elisa Stilwell, Vasquez Northern California Government Practice Partner, formerly with KPMG will direct and supervise the auditors in performing the engagement, review the audit results, and provide technical expertise as appropriate.

Elisa's experience includes the San Joaquin Regional Transit District and the Santa Barbara Airport.

#### National Resources:

As part of the RSM US Alliance, we have access to the resources, tools, and expertise of RSM US LLP (the fifth largest accounting firm in the United States). RSM's transportation industry experience includes Riverside County Transportation Commission, Miami-Dade County Transit Agency, Palm Beach County Transit System, and Jacksonville Transit Authority.

#### Timeliness:

- We understand and appreciate the importance of adhering to agreed-upon timelines and meeting deadlines.
- We structure our audit approach to recognize issues early, plan for the orderly completion of our work, and avoid end-of-the-audit surprises.

#### Anticipating Your Needs:

- With extensive experience in performing financial and compliance audits of transportation agencies in California, our professionals will bring an unbiased, fresh perspective to the MTD's audits.
- Our experience will allow us to assess your risk and compare existing policies and practices to those used by other efficient, reputable public agencies. We will focus on the critical areas to the MTD.

#### Communication with MTD:

- We will hold regularly scheduled status meetings to keep you abreast of our progress.
- We will provide you meaningful status reports.
- We will take a proactive approach to develop effective solutions to identified challenges.
- Team members, including the engagement partner and quality control partner, will be available to you on a year-round basis.

#### Addressing Critical Accounting Matters:

Recognizing that your interests are best served by highly qualified, knowledgeable, and trained accountants and auditors, we offer our staff and our clients:

- Frequent training in current technical matters and subjects of importance to the finance, accounting, and auditing aspects of local governments such as new GASB pronouncements, applicable regulations, TDA and FTA requirements.
- Specifics of Federal and State of California regulations pertaining to local government accounting, reporting, and compliance.

#### Providing an Effective and Efficient Audit:

- Our risk-based approach, our high-caliber management team, and our experienced staff ensure that critical issues are not overlooked but instead are promptly identified, communicated to you, and resolved to the MTD's satisfaction.

## Affirmations:

Vasquez affirms the following statements:

- Its interest and willingness to enter into a contract with MTD to carry out the audit services as described in the attached Scope of Services.
- Its willingness to accept the contract terms and conditions included in the MTD Master Agreement and the Federal Transit Administration Contract Provisions.

Vasquez has the following requests to help comply with GAGAS and general limitations of the insurance industry with regards to waiver of subrogation regarding professional liability insurance:

- viii. Waiver of Subrogation. All insurance coverage carried by Contractor required herein shall provide a waiver of subrogation in favor of MTD for all loss covered by such insurance, and Contractor waives all rights of action against MTD for such loss.

While most insurance coverages allow waiver of subrogation, in general, professional liability insurance does not. As such, we request that this provision exclude professional liability insurance coverage.

- x. Deductible/Retention. All insurance required for this project shall have a maximum deductible or self-insured retention of \$10,000 per policy.

Our insurance coverages exceed those required by the contract. Due to the size of our firm and the clients we serve, our deductible is higher than \$10,000. We request for this provision to be modified accordingly.

- Its ability and willingness to obtain insurance meeting the requirements indicated in paragraph 18 of the Master Agreement.
- It is a Certified Public Accountant firm licensed by the California State Board of Accountancy
- It has conducted audits of California transit agencies or other governmental units for at least five years.
- It possesses sufficient staffing and other resources to perform the audit in a timely and efficient manner.
- It shall use only Certified Public Accountants to make, evaluate, recommend, provide written reports (except clerical), and to make presentations unless otherwise approved by MTD.
- It is fully familiar with the Single Audit requirements of the Office of Management and Budget (OMB): Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and applicable Governmental Accounting Standards Board (GASB) pronouncements.

Vasquez is committed to providing the MTD with the highest level of customer service and trust that you will find Vasquez well qualified to provide the MTD with professional auditing services. Should you have any questions or desire further assistance, please call me at the contact information below. I, Roger A. Martinez, Partner with Vasquez, am authorized to negotiate and bind the firm to contract.

VASQUEZ & COMPANY LLP



Roger A. Martinez, CPA | Audit Practice Leader

tel.: 213-873-1703

fax: 213-873-1777

email: [ram@vasquezcpa.com](mailto:ram@vasquezcpa.com)



## Description of the Firm

Vasquez was established in 1969 as a Limited Liability Partnership registered with the State of California Department of Consumer Affairs. Vasquez is ranked in the top 1% of firms in the nation by the AICPA through membership in the AICPA G400.

The AICPA separates the country's 100 largest CPA firms into a separate group called the Major Firm's Group (MFG). The G400 represents the next 400 largest firms in the United States. This second tier of CPA firms represents the CPA firms more commonly serving America's small and mid-sized businesses.

## Personnel Resources

Partners/Principals	7
Managers	8
Supervisors	9
Senior Auditors	20
Staff Auditors	35
Professionals	79
Administrators	4
Total	83

## National Resources

Vasquez is an integral part of the RSM US Alliance, a premier affiliation of independent accounting and consulting firms in the United States, with more than 75 members in over 38 states, the Cayman Islands, and Puerto Rico. This affiliation gives us access to a full range of national and international capabilities. As a member of the RSM US Alliance, Vasquez has access to the resources and services RSM provides its clients. We accepted an invitation to become a member of the RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and consulting firms today.

RSM US Alliance provides its members with access to resources of RSM US LLP (formerly known as RSM US LLP), the leading provider of audit, tax, and consulting services focused on the middle market, with more than 8,000 people in 80 offices nationwide. RSM US LLP (R.S. M) is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax, and consulting firms with more than 37,500 people in 110 countries. RSM US Alliance member firms are separate and independent businesses and legal entities responsible for their acts and omissions, and each is separate and independent from RSM.

## Government Practice Group

Vasquez is comprised primarily of personnel who left the prestigious international accounting firms to focus on their chosen industry – mainly government and nonprofit – and work with greater autonomy in a progressive, agile, and client-centric environment. The Vasquez leadership consists of seven (7) partners, each of whom previously worked with one or more global accounting firms. This experience ensures a firm emphasis on quality, innovation, performance standards, opportunity, discipline, and professional growth.

Since its inception, Vasquez has been focused on serving governmental entities. The government-industry easily comprises the largest portion of all industries we serve today.

### Office Locations

Vasquez will staff MTD with two partners, one audit manager, one I.T. manager, one senior, and one staff auditor. We will serve MTD from our headquarters based in Glendale:

**Headquarters**  
655 N. Central Avenue  
Suite 1550  
Glendale, CA 91203  
t) 213-873-1700  
f) 213-873-1777

**Sacramento**  
1215 K Street  
17<sup>th</sup> Floor  
Sacramento, CA 95814  
t) 916-503-3269  
f) 916-503-2401

**San Diego**  
333 H Street  
Suite 5000  
Chula Vista, CA 91910  
t) 858-263-2760  
f) 619-551-7001

**Manila**  
29F Rufino Tower  
6784 Ayala Avenue  
Legaspi Village,  
Makati City,  
Philippines

### Peer Review Report

Vasquez is a member of the American Institute of Certified Public Accountants (AICPA) Division of Firms and received a Peer Review Rating of "Pass" without comment - the highest rating from the AICPA on its peer review dated April 1, 2020. This peer review covered several government engagements similar in size and complexity as the MTD. A copy of the peer review opinion follows:

<p><b>AICPA</b> Peer Review Program Administered by the National Peer Review Committee</p> <p>American Institute of CPAs 220 Leigh Farm Road Durham, NC 27707-8110</p> <p>April 01, 2020</p> <p>Gilbert Vasquez Vasquez &amp; Company, LLP 655 N Central Ave Ste 1550 Glendale, CA 91203</p> <p>Dear Gilbert Vasquez:</p> <p>It is my pleasure to notify you that on March 25, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2021. This is the date by which all review documents should be completed and submitted to the administering entity.</p> <p>As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.</p> <p>Thank you for your cooperation.</p> <p>Sincerely, </p> <p>Michael Fawley Chair, National PRC mrc@aicpa.org +1 919 402 4502</p> <p>cc: James Dougherty, Roger Martinez</p> <p>Firm Number: 900010138115      Review Number: 568010</p> <p>1 919 402 4502   1 919 402 4502   1 919 402 4502</p>	<p><b>JLK Rosenberger</b> Certified Public Accountants</p> <p>16425 Dallas Parkway, Suite 720 Addicks, Texas 75001 Tel: 972-993-6600 jrosenberger.com</p> <p><b>Report on the Firm's System of Quality Control</b></p> <p>December 30, 2019</p> <p>To the Partners of Vasquez &amp; Company LLP, and the Peer Review Committee of the State of California.</p> <p>We have reviewed the system of quality control for the accounting and auditing practice of Vasquez &amp; Company (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).</p> <p>The nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at <a href="http://www.aicpa.org/peerreview">www.aicpa.org/peerreview</a>. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.</p> <p><b>The Firm's Responsibility</b></p> <p>The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.</p> <p><b>Peer Reviewer's Responsibility</b></p> <p>Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.</p> <p><b>Required Selections and Considerations</b></p> <p>Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act, and audits of employee benefit plans.</p> <p>As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.</p> <p><b>Opinion</b></p> <p>In our opinion the system of quality control for the accounting and auditing practice of Vasquez &amp; Company applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Vasquez &amp; Company, LLP has received a peer review rating of pass.</p> <p> JLK Rosenberger, LLP JLK Rosenberger LLP</p> <p>Proudly part of the PKF global family</p>
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## Prior Experience with Similar Projects

Client/Contact/Address	Project Description
<b>Los Angeles County Metropolitan Transportation Authority (LA Metro)</b> One Gateway Plaza Los Angeles, CA 90012-2952 Lauren Choi T) 213-922-3926 E) <a href="mailto:ChoiL@metro.net">ChoiL@metro.net</a>	Financial and compliance audits of Propositions A and C Local Return Funds and TDA Articles 3 & 8 Funds, Measure R Local Return Funds, Measure M Local Return Funds, Transit System Funds, LADOT Transportation Services, SCRRA (Metrolink) Program, Immediate Needs, Rider Relief Transportation Program (INTP), Rider Relief Transportation Program (RRTP) and SHORE Subsidies Programs of the 89 jurisdictions, transit operators and other transportation program recipients in LA County.  Dates of service: 2007 to 2009 and 2011 to present.
<b>Plumas County Transportation Commission</b> 711 East Main Street Quincy, CA 95971 John Mannle T) 530-283-6498 E) <a href="mailto:JohnMannle@countyofplumas.com">JohnMannle@countyofplumas.com</a>	Audit of the financial statements of the Plumas County Transportation Commission and the financial statement audit of the proprietary funds of Plumas County Transit Funds.  Dates of service: 2018 to present
<b>San Joaquin Regional Transit District</b> 421 East Weber Avenue, 2 <sup>nd</sup> Floor Stockton, CA 95201 Sharon Miller T) 209-467-6607 E) <a href="mailto:smiller@sanjoaquinrtd.com">smiller@sanjoaquinrtd.com</a>	Audit of the financial statements, single audit report, and Agreed-upon procedures FTA administration NTD report.  Dates of service: 2016 to 2019
<b>SunLine Transit Agency</b> 32-505 Harry Oliver Trail Thousand Palms, CA 922276 Luis Garcia T) 760-343-3456 E) <a href="mailto:lgarcia@sunline.org">lgarcia@sunline.org</a>	Audit of the financial statements, single audit report, Retirement Income Plan for Bargaining and Non-Bargaining Unit Personnel audits, and Agreed-upon procedures FTA administration NTD report.  Dates of service: 2016 to present
<b>Montebello Transit System Fund</b> 400 S. Taylor Avenue Montebello, CA 90640 Michael Solorza T) 323-887-1412 E) <a href="mailto:msolorza@cityofmontebello.com">msolorza@cityofmontebello.com</a>	Audit of the financial statements of the Transit System Fund of the City of Montebello (an enterprise fund of the City of Montebello) in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States.  Dates of service: 2012 to present

## Key Audit Personnel Résumés

Our team structure, staffing, service approach, communication, and coordination are refined to fit the unique needs of the MTD. We staff our engagements with individuals focused on a dedicated industry because of their desire to positively impact their careers, resulting in continuity of the team members you work with year after year.

Our government-industry expertise allows our team to understand your specific business's nuances and translate that knowledge into better solutions, faster responses to your questions, and a more comfortable (and valuable) working relationship overall.

You should note that the audit team we are proposing for the MTD assignment has experience with other entities similar to yours.

### Engagement Team

Team Member	Role
<b>Roger A. Martinez</b> Client Service Partner	Roger A. Martinez, Vasquez Audit Practice Leader formerly with KPMG national department of professional practice, will oversee our delivery of services to the MTD and serve as the client service partner, monitor deadlines, and ensure all expectations are met.
<b>Cristy Canieda</b> Quality Control Partner	Cristy Canieda, Vasquez Government Practice Leader, with over twenty (20) years of public accounting experience, will have the responsibility of technical reviewer for the engagement and work closely with the Lead Partner to review and evaluate the audit fieldwork and reports.
<b>Marielyn Labastilla</b> Senior Manager	Marielyn (Lyn) Labastilla, Vasquez Senior Manager formerly with BDO with over fifteen (15) years of public accounting and auditing experience, will work closely with the Lead Partner in planning, coordinating, and reviewing the fieldwork for the MTD engagement. She will manage the day-to-day activities and task accomplishments, monitoring progress, and ensure schedule compliance.
<b>Michelle de Guzman</b> IT Senior Manager	Michelle de Guzman, Vasquez IT Senior Manager with over twenty-five (25) years of experience in IT consulting and auditing, will work with the Lead Partner in performing audit procedures as they pertain to the MTD's financial systems and Information Technology.



## ROGER A. MARTINEZ, CPA

### Partner

Vasquez & Company LLP  
655 N Central Avenue, Suite 1550  
Glendale, CA 91203  
Tel: 213-873-1703  
Email: ram@vasquezcpa.com

### Areas of Expertise

Roger's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews, Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to some of the largest and most complex governmental or regulated entities in California. His expertise also includes serving as a quality technical reviewer of governmental entities at a national level.

### Representation of Experience

- Alameda Corridor – East Construction Authority
- Alameda Corridor Transportation Authority
- Foothill Transit
- Los Angeles County Metropolitan Transportation Authority
- Orange County Transportation Authority
- Plumas County Transportation Commission
- Sunline Transit Agency
- San Joaquin Regional Transit District
- City of Long Beach
- City of Vernon
- Los Angeles World Airports
- Port of Long Beach
- Port of Los Angeles
- San Gabriel Valley Council of Governments
- Southern California Association of Governments

### Professional Background and Affiliations

Roger's professional background includes partner in KPMG National Office for a total of 20 years in the profession. Roger has served an extensive number of special purpose governments concentrated in the Western region of the United States. He has provided professional audit and consulting services to some of the largest, most complex governmental entities in California. He is a member of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, Los Angeles Chamber of Commerce, Association of Latino Professionals in Finance and Accounting.

### Educational Background

Roger received his Bachelor of Arts, Major in Economics and Minor in Accounting from UCLA. He remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.



## CRISTY A. CANIEDA, CPA, CGMA

### Partner

Vasquez & Company LLP  
655 N Central Avenue, Suite 1550  
Glendale, CA 91203  
Tel: 213-873-1720  
Email: ccanieda@vasquezcpa.com

### Areas of Expertise

Cristy's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies; preparation of comprehensive annual financial reports, State Controller's reports.

### Prior Experience

- Alameda Corridor East Construction Authority
- Alameda Corridor Transportation Authority
- Coachella Valley Association of Governments
- Los Angeles County Metropolitan Transportation Authority
- Orange County Transportation Authority
- San Gabriel Valley Council of Governments
- San Joaquin Regional Transit District
- Southern California Association of Governments
- SunLine Transit Agency

### Professional Background and Affiliations

Cristy's professional background includes Diehl, Evans & Company and Audit Manager and Manager, Tech. Standards and Continuing Education with PricewaterhouseCoopers. She is a Certified Public Accountant licensed to practice in the State of California.

### Educational Background

Cristy received her Bachelor of Science in Accountancy and Associate in Government Auditing from Enverga University and her Master's in Business Administration from Ateneo Graduate School of Business. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.





## MARIALYN (LYN) LABASTILLA, CPA, CGMA

### Senior Manager

Vasquez & Company LLP  
655 N. Central Avenue, Suite 1550  
Glendale, CA 91203  
Tel: 213-873-1738  
Email: mlabastilla@vasquezcpa.com

### Areas of Expertise

Lyn's expertise includes managing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies and nonprofit organizations.

### Representation of Experience

- City of Cudahy
- County of Los Angeles
- Hub Cities Consortium
- Los Angeles County Metropolitan Transportation Authority
- Orange County Transportation Authority
- Plumas County Transportation Commission
- SunLine Transit Agency

### Professional Background and Affiliations

Lyn's professional background includes as Audit Supervisor with RSM US LLP and BDO USA, LLP. She also worked as an Audit Manager for PricewaterhouseCoopers in Manila, Philippines. Lyn is a Certified Public Accountant licensed to practice in the State of California. She is a Founding Member and on the National Executive Board of the Board of Directors of the International Society of Filipinos in Finance and Accounting (ISFFA).

### Educational Background

Lyn earned a Bachelor of Science Degree in Accountancy from the Polytechnic University. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to government and construction accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She has maintained compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.



### MICHELLE DE GUZMAN, CISA, CISM

#### IT Senior Manager

Vasquez & Company LLP  
655 N Central Avenue, Suite 1550  
Glendale, CA 91203  
Tel: 213-873-1745  
Email: mdeguzman@vasquezcpa.com

### Area of Expertise

Michelle's practice is focused on planning, design and performance of IT Enabled Business Transformation; Global & Regional Project/Program Management; Business Process and Systems Management/Optimization; Shared Services, Business Process Outsourcing; Strategic Financial Planning, Analysis and Reporting; Activity Based Management; Information Security; IT Governance, Risk and Compliance; Sarbanes – Oxley (SOX) 404; IT Audit and Controls; Operational Excellence; ERP Security and Controls; ERP Materials Management; Enterprise Information Architecture; Master Data Management; Business Intelligence; Resolution and Incident Management; Performance Metrics; Global & Regional Team Development & Management

### Representation of Experience

- City of Baldwin Park
- City of El Monte
- City of Montebello
- City of Moreno Valley
- City of Simi Valley
- City of Vernon
- Encina Wastewater Authority
- San Gabriel Valley Water Company
- San Joaquin Regional Transit District
- Southern California Edison
- Sunline Transit Agency

### Professional Background and Affiliations

Michelle's experience includes fifteen years with The Coca-Cola Company (TCCC). During her tenure with TCCC, she led the company's Global Bottler Business Services group as their Chief Information Officer/Director. She also served as the Regional Information Security Officer for Asia Pacific, Middle East and Africa, who provided direction and assurance over the confidentiality, integrity and availability for Mondelez International's information.

Michelle's professional background includes PriceWaterhouseCoopers and Deloitte & Touche International. She is a certified SAP R/3 Materials Management Consultant, ITIL Foundation V3 Certified, Certified Information Systems Auditor (CISA) and a Certified Information Security Manager (CISM).

### Educational Background

Michelle received her Bachelor of Science in Accountancy from the University of the City of Manila, Philippines. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to a Finance/IT professional.



## Work Plan

For audit engagement, we leverage a formal project management methodology to ensure that all tasks are planned effectively and ultimately completed on time. Any changes in the schedule will be properly documented and authorized. As part of the planning process, we will work with you to agree upon a communications plan that will set forth the protocols for periodic status updates and escalations throughout the project. Throughout the audit, we will provide regular status reporting consistent with the communications plan.

Embedded within your audit team are experienced project managers who have strong project management skills. These Vasquez team leaders will provide highly collaborative project management expertise and consultation to the MTD to ensure no surprises during the audit. Additionally, Vasquez will continuously look for ways to improve the management and execution of the audit. We want to ensure that audit planning, scheduling, and budgeting are executed properly and on a timely basis.

At each phase of our engagement, our client service standards guide us toward providing an exceptional customer experience – one in which we become a trusted adviser and bring innovative ideas and solutions that deliver value to you.

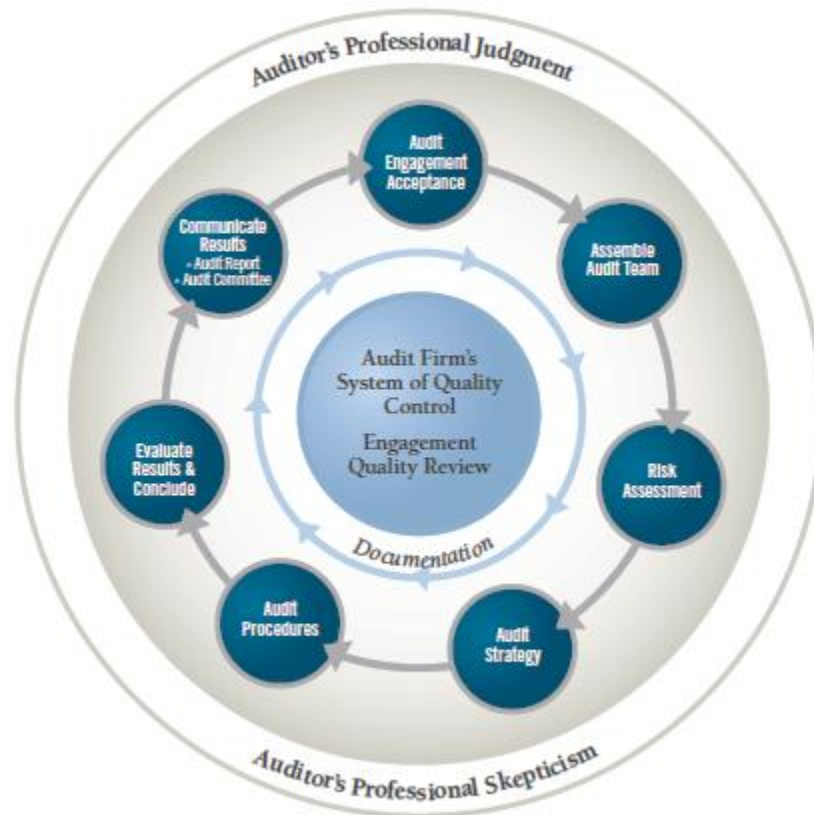
- **We understand.** Our audit and consulting professionals follow our CaseWare process, which provides us with a roadmap for understanding your business, current situation, needs, and expectations to ensure there will be no surprises at each phase of the engagement.
- **We communicate.** Our team is trained to communicate with consistent and open dialogue at the right time to the right people.
- **We collaborate.** We collaborate to bring together the right expertise to meet your needs, resolve emerging issues proactively, and bring innovative ideas and solutions that deliver value to you.
- **We deliver.** We deliver what we promise – on time, on budget, and with the highest quality.



At Vasquez, we want to build strong relationships with our clients and continuously seek to understand ways to ensure the services we are providing align with their needs. We believe it is important to strive for continuous improvement in the ways we interact with and deliver services to clients. In part, we do this by adhering to defined client service standards and seeking feedback on our clients' performance.

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same, and therefore we must tailor the audit to each organization based on the specific risks identified.

Our audit approach is based on a risk assessment process which is planned and executed by experienced auditors. The results as depicted below form the basis for our audit strategy and procedures, and ultimately yield practical comments for strengthening internal controls and improving practices, as well as our opinion on the financial statements and our auditor's reports on internal control and compliance with laws and regulations.



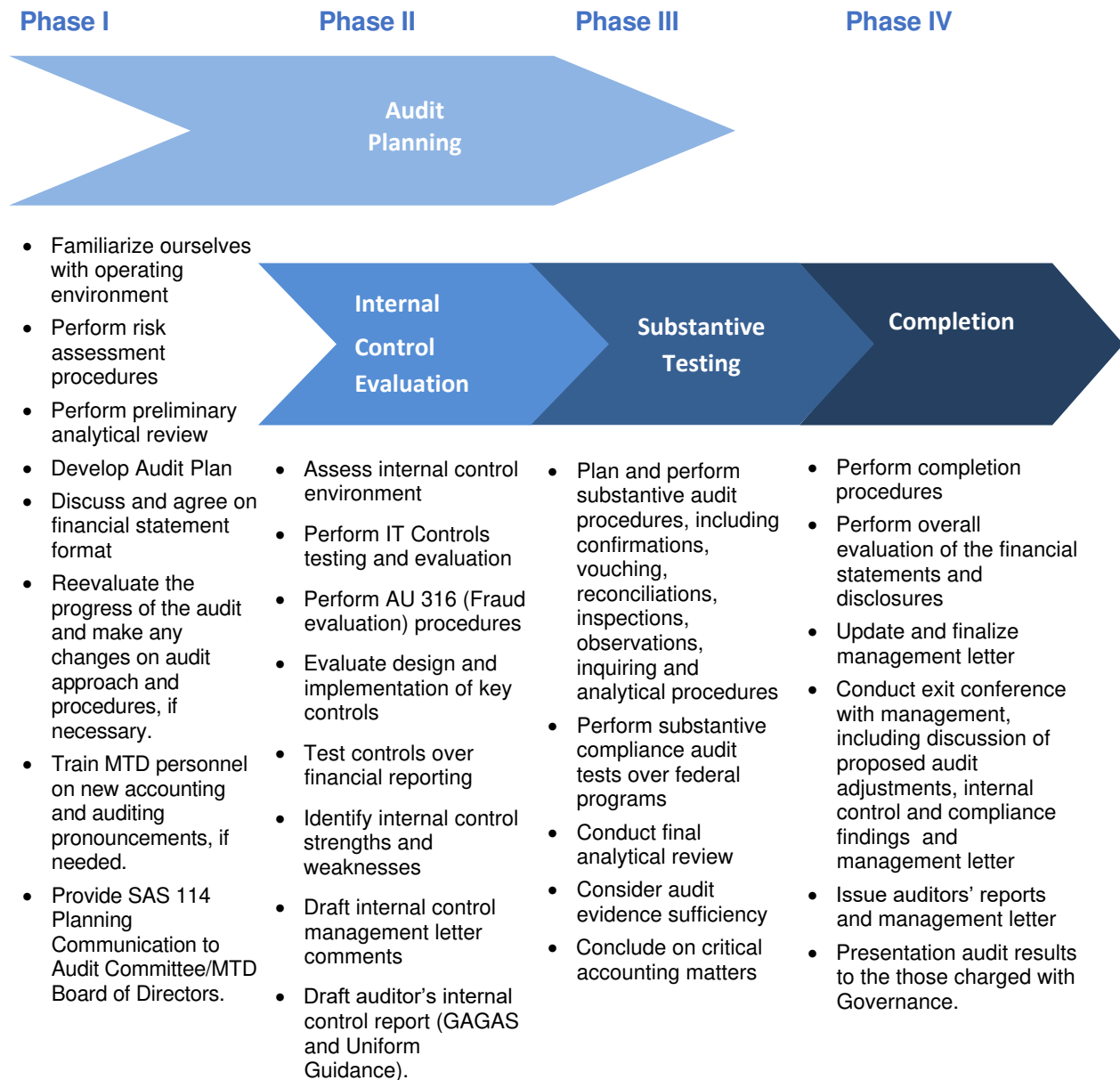
## Risk Assessment

The design of an effective audit plan depends on the audit team's ability to identify and assess the risk that the financial statements contain a material misstatement, whether caused by error or fraud. The risk assessment process will include:

- Obtaining an understanding of the MTD, its special revenue funds, and the environment in which they operate. This includes efforts to understand the events, conditions, and organizational activities that might reasonably be expected to have a significant effect on the risks of material misstatement. Understanding the MTD and the environment will often involve consideration of such things as the regulatory environment, business objectives and strategies, and selection of and application of accounting principles.
- Considering information gathered during the engagement acceptance and continuance evaluation, including prior reports, audit planning activities, prior audits, and other non-audit engagements performed for the MTD.
- Inquiring of the audit committee, management, and others within the MTD about risks of material misstatement.
- Obtaining an understanding of the MTD's internal controls over financial reporting.
- Performing analytical procedures, such as a comparison of the MTD's current financial statement account balances to prior year financial statements and budgeted amounts and/or comparison of current relevant financial ratios to industry ratios or prior year ratios.

## Developing an Audit Strategy

In developing an audit strategy, we may decide to perform tests of the MTD's internal control over certain systems and processes. We assess the desirability of adopting such a strategy by considering factors such as cost/benefit considerations, the volume of transactions, and prior year results of control testing. If test results indicate that the MTD's internal controls are effective, we may decide to reduce the level of substantive tests that it performs as a basis for its opinion.



## Phase I – Audit Planning

The planning phase lays the foundation for the direction of our audit efforts. It encompasses the following steps:

- Conducting entrance conferences with the appropriate the MTD management personnel. The agenda would include, but need not be limited to, the following:
  - The application of generally accepted accounting principles
  - Concerns of the MTD management
  - Report requirements, refinements, and deadlines
  - Initial audit approach and timing schedule
  - Assistance by the MTD personnel
  - Establishment of principal contacts
  - Progress reporting process
  - Consideration of fraud in a financial statement audit
  - The auditors' responsibility for fraud prevention
  - Scheduling inquiries of management and others (including non-accounting personnel) about the risk of fraud
- We believe it is important for us to assist the MTD implement new accounting, auditing, and compliance requirements. It is for that reason we intend to schedule training with the MTD personnel involved in all phases of the audit for them to have a clear understanding of the latest technical changes for their respective areas as well as have a clear understanding of the audit requirements and timeline. The training will be provided live or in webcast format as desired.
- Expanding our understanding of the MTD and its operating environments. We will accomplish this by familiarizing ourselves and updating our knowledge of applicable background information pertinent to the MTD, funding sources, and structure through our review of the following:
  - Applicable state legislation
  - Organizational charts
  - Minutes of the MTD Board of Directors meetings
  - Policies and procedures manuals, administrative codes, rules, and regulations
  - Description of the MTD's financial and other information systems
  - Recent financial statements and key operating statistics
  - Reports of special audits by regulators or other auditors
  - Contracts and major commitments
  - Grant agreements
  - Significant operating agreements
  - Cost allocation plans
  - Possible effects on the MTD of the actions of regulatory agencies
  - Fraud risk assessment processes
  - Utility rate ordinances
  - Bond ordinances and offering statements
  - IT Strategic Plan
- Through our background knowledge of the MTD and our fact-finding process, we will develop an in-depth understanding of the areas of concern. We will be able to meet with MTD management to discuss areas that might have a significant impact on the timing and completion of the audits

or that may be of special concern to management. We will review such areas in-depth to obtain an early understanding and resolution of any "problem" areas that may impede our progress and to develop our overall approach so that the MTD will have sufficient time to develop the data necessary for the completion of the audit with a minimum amount of disruption of the day-to-day routine.

Our planning process will include a specific review of computer activities performed by MTD personnel to:

- Determine the organizational and operational controls over the data being processed, including, but not limited to: system development and maintenance controls, hardware controls, and access controls
- Evaluate the degree of "control consciousness" among personnel
- Determine the potential impact of general control strengths and weaknesses
- Consider the possibility of management override of controls.

Our principal sources of information for this review will be interviews with responsible accounting and computer operations personnel, reviews of program documentation for the MTD's system, as well as direct observations made by our audit team.

- The audit team will use our analytical review techniques to identify other areas that may require attention. Until the year-end account balances are finalized, our review will focus on budgets compared to actual/projected information. We can thus identify sensitive areas to determine whether they are indeed areas requiring extra attention. We will also focus on unusual fluctuations occurring within individual funds to identify accounts and areas which merit further investigation.
- Based on our understanding of the MTD's operating environment, through our analytical review and other planning procedures, we will meet with the MTD personnel to highlight areas to be emphasized during the audit. We will concentrate our efforts on the identified areas of audit concern and areas that we know to be important to the MTD management. Some of our preliminary audit concerns are elaborated as follows:
  - Compliance with applicable laws, regulations, and reporting requirements
  - Receipt of all revenue to which the MTD is entitled
  - Purchase authorizations within budgetary limitations
  - Adequate safeguarding of the MTD cash, investments, and inventory assets
- We will work directly with the appropriate the MTD personnel to discuss the financial statements and footnotes in accordance with all authoritative accounting systems and interpretations. Accordingly, we will meet to discuss and agree upon the format for the individual and general purpose financial statements and any additional requirements that may be relevant because of recent or pending professional pronouncements. (See "Phase IV - Completion" for a more in-depth discussion of our financial reporting capabilities.)

### Interim audit testing

Our audit approach is flexible and can be tailored to fit the evolving needs of the MTD. We will work with you to review the current audit schedule to determine the best approach for the various phases of the financial statement audit. We provide you the option of interim audit effort or after year-end. There are several advantages to performing interim testing, such as:

- It shifts the timing of our testing into less busy periods of the year for your staff and for our staff.
- It allows us to focus on the high-risk areas before the year-end close, which provides more time to deal with issues, if any.

- It allows us to judge the quality of the interim period, rather than solely year-end, financial statement information and cut-offs, which allows more opportunity for us to identify and for MTD to implement best practices over internal controls and processes.

There are advantages to performing interim audit testing, and, as we stated previously, we will work with you to determine the best approach, and you will control this process.

## Phase II – Control Evaluation

Understanding how critical systems and processes contribute to your overall processing environment and affect the reliability of financial information is a primary element of our audit approach. Our objective is to assess whether the standards of security, integrity, continuity, and controls are conducive to reliable processing, consistent with the District's technology standards and appropriate to safeguard your information assets.

### General IT Controls

General IT controls are pervasive controls within the IT environment. The following types of IT controls are typically addressed in our audit approach:

- Logical security (access to programs and data)—includes the components of management governance over Information Technology (policies and procedures, monitoring), application configuration (passwords, service accounts, super users, user identification/authentication), and security of the physical assets.
- Change control management—assesses program changes (upgrades, service patches, source code) moved into the production environment, and the processes applied to ensure the appropriate initiation, authorization, segregation, testing, and approval are evident.
- Data backup and recovery—reviews that the data backup/storage process and ability to recover data for SBT ProSeries application and databases for the given opinion period are complete, tested, and maintained, including the handling of errors.
- Job processing—tests for the completeness of data transfers/interfaces between SBT ProSeries applications and the change management processes for handling errors, script changes, and interface edits.
- Security administration—addresses the user access provisioning (new hire on-boarding, position/role changes, employee separation) for SBT ProSeries application, databases, and operating systems, along with management's review of access for completeness, segregation of responsibilities and accuracy.

### IT Application Controls

IT application controls apply to the business processes they support. These controls are embedded within the software applications to prevent or detect unauthorized transactions. When combined with manual controls, application controls verify completeness, accuracy, authorization, and validity of processing transactions. Our methodology for assessing controls within your SBT ProSeries application will be as follows:

- Map various transaction types to identify key controls and determine if the control is an application control or manual control.
- Utilize our proprietary questionnaires to help verify and test various types of automated controls.
- Through inquiry, review of written policies and procedures, and on-site testing, evaluate application security controls, in order to verify that minimum access to applications is allowed for individuals to perform their job.



- Through inquiry, review of written policies and procedures, and on-site testing, evaluate input controls that ensure that transactions are initially recorded, entered and accepted by the application accurately and completely.
- By developing and testing a sample of transactions, evaluate processing controls, which ensure that transactions are processed by the application programs accurately, consistently and only once.
- Through inquiry and review of written policies and procedures, evaluate output controls, which ensure that output is complete and is delivered (standard or customized) to the appropriate parties in an appropriate manner.
- Through inquiry, review of written policies and procedures and tests of a sample of transactions, evaluate interface controls, which ensure that transactions between multiple systems are secure and integrity of the information transmitted is maintained, accurate and complete.

#### Pre-ERP Implementation Review

Our review's main purpose is to (1) evaluate the framework, approach and planned deliverables to define the strategy, requirements and processes for design, configuration and development, (2) evaluate the overall project management, assess the quality of documentation and compliance to program guidelines and standards (3) conduct interviews with project leads to address questions on overall strategy in order to drive organizational preparations and (4) assess if the District's key financial activities are being adequately reviewed and documented prior to the new system implementation to ensure key financial processes can be properly addressed by the new system.

Moreover, our review also aims to detect any risks that may derail, delay, or significantly impact critical data, processes and system functionalities, as it relates to planned ERP implementation.

#### **Phase III – Substantive Testing**

Sampling is one of the methods we use to obtain efficiency in the audit process. In designing and implementing a sampling plan, we consider the specific audit objective to be achieved and determine that the audit procedures to be applied will achieve that objective. We will:

- Define the objective of the test.
- Define the population to be sampled, the element of the population to be examined (sampling unit), and what an error is.
- Determine which sampling technique is most appropriate.
- Determine an appropriate sample size and select a sample that is intended to be representative of the population.
- Examine each sample item to determine whether it represents an error or exception.

Substantive Testing – The purpose of the substantive tests is to provide reasonable assurance of the validity of the information produced by the accounting system. These tests will include various detail tests, such as inspection of underlying source documents, confirmations, and reconciliations. We will also perform analytical procedures, including ratio analysis, comparisons of actual-to-budget information, and other procedures. Specifically, tests that we have found to be effective and efficient for the MTD audits include tests such as confirmation of cash, investments, grants receivable, loan balances, and debt; tests of subsequent receipts for selected receivables and unrecorded liabilities for payables.

Analytical Review Procedures – Analytical review procedures, consisting of the Statistical, ratio, and trend analyses, are performed during every audit phase, from planning to reporting. These analytical testing techniques provide feedback on potential areas of audit concern and provide comfort concerning the overall reasonableness of the financial statements. Analytical procedures are especially helpful when analyzing utility operations and receivables.

*Our practice is to use MTD's existing schedules, account analyses, reports and other documents to avoid unnecessary demands on MTD personnel.*

Consideration of Fraud – The primary responsibility for the prevention and detection of fraud rests with those charged with governance and with management. It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight by those charged with governance. Oversight by those charged with governance includes considering the potential for the override of controls or other inappropriate influence over the financial reporting process.

We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. As part of our audit planning process, we will perform procedures to obtain information that will be used for identifying the risks of material misstatement due to fraud, such as the following:

- Discussions with management and others within the MTD. These discussions would focus on obtaining an understanding of management's: (a) assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent, and frequency of such assessments; (b) process for identifying, responding to, and monitoring the risks of fraud in the MTD, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; (c) communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the MTD; and (d) communication, if any, to employees regarding its views on business practices and ethical behavior. We will also make inquiries of management, and others within the MTD as appropriate, to determine whether they have knowledge of any actual, suspected, or alleged fraud affecting the MTD.
- Discussions with those charged with governance. We will obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the MTD and the internal control that management has established to mitigate these risks.
- Evaluation of unusual or unexpected relationships identified. Unusual or unexpected relationships, variances, or balances that we may identify during our preliminary analytical review procedures will be evaluated for the indication of risks of material misstatement due to fraud.
- Discussions among our audit team members. This discussion will involve an exchange of ideas or brainstorming among our audit team members about how and where MTD's financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the MTD could be misappropriated.

Adjusting Journal Entries – Adjusting journal entries proposed by our auditors, if any, will be discussed and explained to the Chief Financial Officer and others as appropriate. Our practice is to discuss issues and proposed audit entries with the program manager or management personnel immediately responsible for the program to ensure that we have not misunderstood that particular situation. This will ensure that the proposed entry or management comment and recommendation are accepted by the immediate manager in charge and ensure that the recommendation is feasible and makes business sense. It is also our policy to address issues and resolve them as they arise, rather than at the end of the audit. In short, there will not be any surprises.

Our work plan's final element is the continual reporting to the MTD management personnel to apprise them of our progress. We believe communication is vital. We have stressed the importance of continuous close



relationships throughout this proposal and have indicated the various points where we will meet for specific discussions and decisions.

*Any and all potential exceptions or findings will be immediately discussed with knowledgeable personnel and summarized in weekly status meetings to ensure accuracy of any findings, time for management to correct noted deficiencies and the avoidance of any surprises.*

## Phase IV - Reporting

- Review federal, state, and other grant reporting requirements;
- Determine which internal control findings are significant deficiencies or material weaknesses;
- Prepare findings and draft the auditors' reports;
- Review draft reports with the MTD management; and
- Evaluate management feedback and proposed corrective actions, make revisions as necessary, and finalize the report.

Ample time will be provided for management review of all reports in draft form.

## Management letter

After our audit, separate from any significant internal control deficiencies or items of noncompliance we may have identified and included in the respective auditors' reports, we will also provide our comments and observations for improvements to operating, accounting, and business practices. The diverse experience of our personnel, the fresh perspectives of our team members, combined with their independent and objective viewpoints, will likely yield valuable information. The findings and other comments will contain, as warranted and appropriate:

- Specific recommendations for improvement of the accounting practices and procedures and the internal accounting and administrative controls.
- Comments on the design, controls, and audit trails of new and redesigned automated systems, along with suggestions to improve processing methods and procedures.
- Suggestions for operational improvements or cost efficiencies noted during the course of our examination.
- Comments relative to ensuring compliance with the applicable laws, rules, and regulations and all applicable contracts.
- Comments regarding the implementation of the new GASB pronouncements.
- Other comments, recommendations, or observations regarding best practices that we believe may be of interest.

## Single Audit Approach

We will utilize an integrated audit approach. This means we will coordinate the Single Audit testing of major federal programs with the testing of internal controls and systems in conjunction with the financial statement audit. Each major program requires a separate opinion on compliance with federal rules and regulations. The scope of our testing will be sufficient and specific enough to allow opinions on each of the City's major programs. We will perform risk assessment procedures, including:

- Review of prior years' reported findings; and

- Consideration of the extent of continuing or new personnel assigned to administer each major federal program.

Our procedures for testing major federal programs will be performed as follows:

- Hold a planning meeting with the accounting managers and grant administrators.
- Make a preliminary assessment of the condition of the records and controls and determine the procedures necessary to more fully document the systems.
- Obtain copies of the grant agreements under which federal financial assistance is provided.
- Document any program-specific compliance requirements contained in the agreements beyond those included in the OMB Compliance Supplement.
- Review reports completed to meet the federal financial reporting requirement.
- Document our understanding of program requirements and other laws and regulations.
- Establish detailed work plans and audit timetables in conjunction with management.
- Schedule regular status meetings to monitor the audit process.
- Review the inventory of grants and other federal and state assistance.
- Test the completeness and accuracy of the schedule of expenditures of federal awards.
- Examine any external, state, and federal audit reports for control weaknesses, compliance exceptions, or questioned costs.

The extent of testing and sampling depends on many factors, including environmental controls, previous audits, and the number of locations at which controls are administered. Our sampling plan will conform to the AICPA's guidance for testing compliance.

### Areas of Audit Emphasis

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same, even in the public sector. Therefore, we tailor the audit to each organization based on the specific risks identified. We address the issues to meet the specific needs of our clients. Below are the more common audit issues that we have addressed in the past or are trying to proactively address to ensure our services are delivered timely and based on our clients' expectations.

### Impact of the Pandemic in the Audit Processes

During the COVID-19 pandemic, audits should continue to comply with the required standards, which may necessitate different and enhanced considerations by auditors in the current circumstances. Entities being audited are adjusting to the changing environment relating to their businesses and operations, including financial reporting processes, disclosures in financial statements, and their ability to maintain operations in the foreseeable future.

The COVID-19 Pandemic has not changed the nature and scope of audits. It has, however, changed how we perform procedures and how we interact with auditees. Almost 100% of all our audits over the last year have been conducted remotely to help us and our clients comply with CDC guidelines. Vasquez was ready to perform remote audits from day 1 because we have been paperless for over 15 years. We have the necessary audit tools and resources to assist clients in ensuring that the audit can be conducted in accordance with the standards and that our clients are meeting their financial reporting and compliance requirements under the current circumstances brought about by the COVID-19 pandemic.

Critical Audit Area	Audit Considerations
<b>Financial Reporting</b>	<p><b>Background.</b> Government agencies have unique financial reporting requirements—that is, how they present information in their entity-wide financial statements, fund financial statements, notes to those financial statements, and other required supplementary information.</p> <p><b>Audit Considerations.</b> We will work closely with management to ensure we understand and evaluate the controls in place over the financial reporting process. We will perform a materiality calculation to highlight accounts that are considered material at the financial statement level. We will perform a major fund determination at the planning and final stage of the audit to ensure that all funds are reported in compliance with the reporting standards. We will analyze potential components units to determine the nature of their reporting in the comprehensive annual financial report. We will evaluate and review the government's control process and entries involved in the conversion from the fund level to the entity-wide level in compliance with GASB 34. We will consider prior year GFOA comments and the current year requirements and advise the MTD of potential areas for consideration as to modifications or new disclosures.</p>
<b>Procurement</b>	<p><b>Background.</b> Typically, in cases where there is alleged abuse of administrative costs, there is a correlation to improper procurement processes for professional services and supplies. Risks may include noncompetitive procurements, collusion on bid amounts, kickbacks or bribes, contracts with related parties, significant changes in contract terms, and fictitious vendors.</p> <p><b>Audit Considerations.</b> We will gain an understanding of the controls and procedures in place to address the typical risk associated with the procurement of capital and operating expenditures (e.g. include noncompetitive procurements, collusion on bid amounts, kickbacks or bribes, contracts with related parties, significant changes in contract terms, and fictitious vendors). In addition, we will work closely with management to gain an understanding of the types of commodities purchasing contracts to ascertain they fall under the normal sales and purchases exception of GASB 53. For operating costs one significant area we focus on is fuel contracts and expenses.</p>
<b>Financial Instruments</b>	<p><b>Background.</b> Governments have certain unique requirements that apply to their financial instruments, including cash, investments such as reverse repurchase agreements, securities lending transactions, and derivative instruments.</p> <p><b>Audit Considerations.</b> We will work with management to fully understand the controls and procedures in place over the cash and investments cycle. We will review the MTD's investment policy to gain an understanding of the MTD's investment objectives. To ensure all financial instruments are recorded on the books, we will confirm cash and investment balances from outside third parties. For more complex investments, we will rely on our due diligence procedures to ascertain the propriety of the information reported in the financial statements. We will consider the adequacy of financial statement disclosures for conformance with GASB pronouncements and transparency to users of the financial statements.</p>
<b>Revenues and Receivables</b>	<p><b>Background.</b> Government agencies have a variety of revenue and receivable sources that play a significant role in their operations.</p> <p><b>Audit Considerations.</b> We will work with management to gain a full understanding of the controls and procedures in place over the revenues and receivable cycles. We will devise our procedures to ensure that reported revenues represent amounts relating to the period and pertain to the government, and revenue transactions and events have been recorded in the correct accounting period and proper accounts. Our tests will include consideration that the reported receivables represent amounts uncollected as of the end of the period, that for grants, the related events have occurred that entitle the MTD to the related revenue, and receivables are reported at</p>

Critical Audit Area	Audit Considerations
	the proper amounts. We will analytically review revenues from the budget as well as the prior period to identify plausible trends. We will confirm certain receivables (taxes, grants, shared revenues) and perform a search of unrecorded revenues by analyzing receipts subsequent to year-end.
<b>Inventory</b>	<p><b>Background.</b> Spare parts inventory has traditionally been an area that has represented a large number of smaller transactions susceptible to a higher risk of error or fraud.</p> <p><b>Audit Considerations.</b> We will observe the physical inventory, test the clerical accuracy, reconcile the physical inventory summary to the general ledger account balance, and investigate major reconciling items.</p>
<b>Expenditures and Liabilities</b>	<p><b>Background.</b> Expenditures and liabilities represent outflows of resources from the government. Many resource outflows are reported based primarily on events or transactions that require cash disbursements during the current period or shortly thereafter; examples are payroll, rent, utilities, etc. Other resource outflows are reported based primarily on known or estimated future-period cash disbursements; examples are compensated absences, claims, judgments, etc.</p> <p><b>Audit Considerations.</b> We will gain an understanding of the controls and procedures in place relating to the purchasing and cash disbursements cycle. We will devise our procedures to ensure reported expenditures represent amounts relating to the period and pertain to the government, expenditures have been recorded in the proper accounts, and correct accounting period. We will devise our procedures to ensure reported liabilities represent amounts unpaid as of the end of the period; the financial statements report all liabilities as of the end of the period, and liabilities are reported at the appropriate amounts. We will agree selected liabilities to detail ledgers, such as lists of outstanding debt and subsequent payments, and we will review subsequent payments to help identify unrecorded liabilities.</p>
<b>Payroll and benefit control processes</b>	<p><b>Background.</b> Personnel costs represent a significant percentage of operating expenses – Risks include unapproved salary/rate changes, improper application of withholdings and assignment of fringe costs, ghost employment, or fictitious time records.</p> <p><b>Audit Considerations.</b> We will gain an understanding of controls related to payroll and personnel. We will consider adequate segregation of duties, proper authorization, adequacy of documents and records, use of pre-numbered documents, use of an imprest payroll account</p>
<b>Federal and State grants</b>	<p><b>Background.</b> The District expends Federal and State grants.</p> <p><b>Audit Considerations.</b> We would focus on the compliance requirements of these programs, such as matching, procurement, program income, reporting, and special tests. Emphasis would be placed on the internal controls.</p>

## Proposed Timeline

Deliverables	Tasks	Start	End
I. Report on MTD's Financial Statements II. Report on Internal Control Over Financial Reporting III. Report on State Compliance IV. Single Audit Report	<b>PLANNING</b>		
	Review of prior year FS, Board minutes, budget, and other background information.	7/1/2021	completion
	Entrance conference with MTD	7/12/2021	7/12/2021
	List of interim schedules and documents to be provided by MTD furnished by Vasquez	7/12/2021	7/12/2021
	<b>INTERIM FIELDWORK</b>		
	Interim testwork (primarily internal controls and compliance tests of details)	7/19/2021	7/30/2021
	Status conference	7/30/2021	7/30/2021
	<b>YEAR-END AUDIT PROCESS</b>		
	List of final schedules and documents to be provided by MTD furnished by Vasquez	8/1/2021	8/1/2021
	MTD books to be closed with all schedules and documents available	8/15/2021	8/15/2021
	Entrance conference for final fieldwork	8/16/2021	8/16/2021
	Final fieldwork	8/16/2021	9/3/2021
	Exit conference	9/6/2021	9/6/2021
	<b>FINANCIAL REPORTING</b>		
	Draft Report and MD&A due from MTD	9/20/2021	9/20/2021
	Vasquez review of draft report and MD&A	9/21/2021	9/24/2021
	Vasquez delivery of final comments and draft auditors' report on financial statements	9/27/2021	9/30/2021
	MTD and Vasquez review, agree and finalize financial statements and auditors' reports	10/4/2021	10/8/2021
	Final CAFR, including auditors' reports completed and available for issuance	10/15/2021	10/15/2021
	Presentation to the MTD Board of Directors	10/19/2021	10/19/2021



## Price Proposal

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**  
**Request for Proposals for Financial Audit Services**  
**PRICE PROPOSAL**

Description	Price
Fixed Price for Financial Audit for MTD Fiscal Year Ended June 30, 2021	\$ 37,000
Fixed Price for Financial Audit for MTD Fiscal Year Ended June 30, 2022	\$ 37,000
Fixed Price for Financial Audit for MTD Fiscal Year Ended June 30, 2023	\$ 38,110
Fixed Price for Financial Audit for MTD Fiscal Year Ended June 30, 2024 (option)	\$ 38,110
Fixed Price for Financial Audit for MTD Fiscal Year Ended June 30, 2025 (option)	\$ 39,253
<b>TOTAL Price for Base Contract plus all Option Years</b>	<b>\$189,473</b>

The Bidder hereby represents and warrants that:

1. It has sufficiently informed itself in all matters affecting the performance of the work, or the furnishing of the labor, services, software, supplies, material, or equipment called for in carrying out the project.
2. It has reviewed the contract documents including the *MTD Master Agreement*, the *Federal Transit Administration Contract Provisions*, and the *Scope of Services*, and agrees to the terms and conditions thereof.
3. Its bid has been thoroughly checked for errors and omissions and the costs, prices, hours, rates, and any other constituents of this Price Proposal are a complete and correct statement of its price for performing all project work required by the contract documents.
4. Its bid is genuine, not sham or collusive, nor made in the interest of any person not herein named; that it has not in any illegal manner sought to secure for itself any advantage over any other bidder.
5. Its bid, including this Price Proposal, is valid for 90 days following the bid due date and time.



Authorized Official Signature

**Roger A. Martinez**

Authorized Official Name

**Vasquez & Company LLP**

Business Name of Bidder

3/10/2021

Date of Signature

**Partner**

Authorized Official Title

## Lobbying Certification

### SANTA BARBARA METROPOLITAN TRANSIT DISTRICT Request for Proposals for Financial Audit Services **LOBBYING CERTIFICATION**

The undersigned certifies to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for making lobbying contacts to an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form--LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions [as amended by "Government wide Guidance for New Restrictions on Lobbying," 61 Fed. Reg. 1413 (1/19/96). Note: Language in paragraph (2) herein has been modified in accordance with Section 10 of the Lobbying Disclosure Act of 1995 (P.L. 104-65, to be codified at 2 U.S.C. 1601, *et seq.*)]

(3) The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31, U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The Contractor certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Contractor understands and agrees that the provisions of 31 U.S.C. A 3801, *et seq.*, apply to this certification and disclosure, if any.



Authorized Official Signature

**Roger A. Martinez**

Authorized Official Name

**Vasquez & Company LLP**

Business Name of Vendor

3/10/2021

Date of Signature

**Partner**

Authorized Official Title

(Signer must match authorized official shown on Bidder Information form)



## Noncollusion Declaration/Compensation Certification

### SANTA BARBARA METROPOLITAN TRANSIT DISTRICT Request for Proposals for Financial Audit Services **NONCOLLUSION DECLARATION**

The undersigned declares:

I am the Partner of Vasquez & Company LLP,  
(title) (business name of bidder)

the party making the included bid.

The bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The bid is genuine and not collusive or sham. The bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid. The bidder has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or to refrain from bidding. The bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the bid price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder. All statements contained in the bid are true. The bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof, to effectuate a collusive or sham bid, and has not paid, and will not pay, any person or entity for such purpose.

Any person executing this declaration on behalf of a bidder that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the bidder.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 3/10/2021, at Glendale, CA.  
(date) (city) (state)



Authorized Official Signature

Roger A. Martinez

Authorized Official Name (printed)

### **COMPENSATION CERTIFICATION**

I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.



Authorized Official Signature

Roger A. Martinez

Authorized Official Name

3/10/2021

Date of Signature

Partner

Authorized Official Title

February 4, 2021





<b>BOARD OF DIRECTORS REPORT</b>
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**MEETING DATE:** APRIL 20, 2021

**AGENDA ITEM: #8**

**DEPARTMENT:** RISK

**TYPE:** ACTION ITEM

**PREPARED BY:** RAFAEL CORTEZ

\_\_\_\_\_  
*Signature*

**REVIEWED BY:** GENERAL MANAGER

\_\_\_\_\_  
*Signature*

**SUBJECT:** COMMERCIAL PROPERTY INSURANCE RENEWAL

**RECOMMENDATION:**

Staff recommends binding coverage of Commercial Property Insurance with Nationwide Insurance Company effective May 24, 2021 through May 24, 2022 at a Blanket Building coverage of \$12,263,754, Blanket Business Personal Property coverage of \$2,432,237, Business Income coverage of \$859,560, for an annual premium of \$17,588.00.

**DISCUSSION:**

The District's property insurance policy is currently written by Travelers Insurance Company and renews on annual basis. Staff is recommending a change to Nationwide Insurance based on a reduction of premium and enhanced coverage limits. Nationwide Insurance Company has an AM Best rating of A+XV (Superior). In today's hard property market we are pleased to present a reduction from the expiring premium amount. Bob Fatch at Brown and Brown has also recommended that coverage be changed to Nationwide Insurance Company. The commercial property insurance policy covers all MTD locations as follows:

- 550 Olive Street - six buildings
- 5353 Overpass Road - four buildings
- 5775 Carpinteria Ave - charging station
- 1020 Chapala St - Transit Center

**BUDGET/FINANCIAL:**

	2021-2022 Renewal	2020-2021 Expiring	2019-2020 Prior Year	2018-2019 Prior Year
Blanket Building and Blanket Business Personal Property	\$17,588	\$18,277	\$13,164	\$13,047

*The Per Occurrence deductible amount is \$25,000.*



<b>BOARD OF DIRECTORS STAFF REPORT</b>
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**MEETING DATE:** APRIL 20, 2021

**AGENDA ITEM: #9**

**DEPARTMENT:** PLANNING

**TYPE:** ACTION ITEM

**PREPARED BY:** HILLARY BLACKERBY

\_\_\_\_\_  
*Signature*

**REVIEWED BY:** GENERAL MANAGER

\_\_\_\_\_  
*Signature*

**SUBJECT:** DRAFT SERVICE PLAN FOR FISCAL YEAR 2021-22

**RECOMMENDATION:**

Staff requests that the Board of Directors receive a presentation and provide feedback regarding the proposed service changes for August 2021.

**DISCUSSION:**

Traditionally in March or April, Planning staff would present a proposed service plan to go into effect in mid-August that outlined any changes proposed to routing, scheduling, and service levels. Due to the uncertainty caused by the COVID-19 pandemic, there are fewer concrete answers and recommendations this early in the year. Staff is constantly analyzing ridership, capacity limits, bus operator availability, fleet availability, and K-12, SBCC and UCSB plans to return students to campus. All of these variables remain in flux, as MTD lacks the ability to control some of them. Staff is constructing several possible scenarios for different service levels for August to anticipate these changes and variables.

**Service restored so far in 2021**

Throughout the COVID-19 pandemic, MTD Planning staff has been in communication with Santa Barbara Unified School District (SBUSD) staff regarding the possible partial or full return to in-person instruction. With the waves of COVID cases in the late summer of 2020 and the winter of 20/21, plans to restart in-person instruction were made and then set aside. Finally, on March 18, 2021, SBUSD brought secondary students back to campus in a cohort model, with Cohort A attending on Mondays and Thursdays, and Cohort B attending on Tuesdays and Fridays. Wednesdays were maintained as remote learning for those two cohorts. MTD restarted 17 booster routes on March 18<sup>th</sup>, and has continued that service since. Because of MTD's on-board capacity restrictions, provisions have been made for boosting the boosters, so that no riders are left behind. On April 19<sup>th</sup>, SBUSD plans to bring back all students to campus, on all weekdays except Wednesdays through the end of the school year.

## BOARD OF DIRECTORS REPORT

### Proposed 2021 changes

The following restorations, continued suspensions, or terminations in service are proposed for August 16, 2021.

Partial or Full Restoration	Continued Suspension	Termination
Line 15x (SBCC/UCSB Express)	Line 10 (Cathedral Oaks)	Line 30 (Downtown Shuttle)
Line 16 (SBCC Shuttle)	Line 36 (Seaside Shuttle)	Line 31 (Waterfront Shuttle)
Line 27 (Isla Vista Shuttle)	Line 37 (Crosstown Shuttle)	
Line 28 (UCSB Shuttle)	Line 90 (East Goleta Amtrak)	
	Line 91 (West Goleta/UCSB Amtrak)	
	Line 92 (Santa Barbara Amtrak)	

The recommendations for partial or full restoration of Lines 15x, 16, 27 and 28 are dependent on two factors: to what extent will SBCC and UCSB campuses have students attending classes on campus in the Fall semester/quarter, and how much service can MTD's workforce and fleet sustainably provide?

Staff recommends the continued suspension of Lines 10, 36, and 37. Line 10 (Cathedral Oaks) is MTD's least productive line and when it runs, it has only 12 one-way trips a day, in the AM and PM peak. In pre-pandemic times, Line 10 functionally served as an additional booster service in the Cathedral Oaks corridor. To address this loss, MTD has added additional service and capacity on the booster Line 2730 which has stops near La Colina Junior High, Goleta Valley Junior High, and Dos Pueblos High School. This seems to have been sufficient for the school population thus far.

Line 36 (Seaside Shuttle) is a circulator route that serves Carpinteria's neighborhoods and Downtown. The Line 20 (Carpinteria) service has been maintained at its full and robust service levels throughout the pandemic. Should more operator resources come available, restoration of this service will be considered later in the year.

Line 37 (Crosstown Shuttle) serves Santa Barbara's East and Westside neighborhoods and Downtown. Due to the robust and regular service on Lines 1 (West SB) and 2 (East SB), it is staff's recommendation to maintain this suspension for the time being. Should more operator resources come available, restoration of this service will be considered later in the year.

Discussion of Lines 90, 91, and 92 can be found later in this report.

### On-time performance

Upon staff analysis of current on-time performance, there are no clear needs for schedule changes to improve on-time performance. After several years of schedule overhauls on several MTD routes, the on-time performance of all routes is consistently above 80%, and is often above 90%. While the pandemic reduced traffic congestion for a time, these trends were clear before the pandemic and have remained constant as traffic has returned. There may be minor trip level adjustments recommended on certain routes, as Planning staff is very closely monitoring and analyzing any remaining late or early patterns.

### **Line 36 routing change assessment**

While Line 36 (Seaside Shuttle) is currently suspended, if and when it returns, staff is recommending a change in routing. With the current route, Line 36 acts as a circulator route and travels along Ogan Road between Casitas Pass and Camino Trillado. There has been interest in the neighborhood in changing the route alignment in this section of the neighborhood as Ogan Road has received increased traffic volumes as vehicles try to avoid Highway 101 during construction. In early 2020, Planning and Operations staff assessed routing via either Shemara Street or El Carro Lane. If the alignment should shift to Shemara, there is a possible location for a stop on Shemara at Haida St.

Outreach for this possible change was planned for 2020, but the pandemic and the suspension of Line 36 has delayed it until now. Staff recommends seeking public input on this routing now to prepare for the future.

### **Future services**

While MTD generally tries to only make service changes once a year in August, the current conditions will likely necessitate a mid-year change where certain lines and/or service levels may be restored or adjusted.

Peak hour Pacific Surfliner trains have been suspended throughout the pandemic as well, meaning that MTD's first/last mile service (Lines 90, 91 and 92) has not been necessary. Staff understands that both peak hour trains will likely not return until early 2022.

Additionally, MTD had planned to start a new service, Line 19x (Carpinteria/SBCC Express) in 2020, but the pandemic also paused that launch. This service is funded by Highway 101 HOV project mitigation funds, and will provide peak hour service from Carpinteria to Santa Barbara's Eastside and the SBCC campus in the morning, and back in the evening. Staff recommends starting this service back up when SBCC's campus is more fully opened so that the route can find success.

MTD's planned on-demand microtransit pilot is also on hold as the procurement of the appropriate vehicles for the service is underway after significant delays. As vehicles become available and bus operator availability improves, microtransit service will be scheduled to begin.

### **Community feedback**

Due to pandemic restrictions, community outreach meetings will be held virtually this year. Staff is scheduling two virtual webinar meetings for April and May with one being held midday on a weekday and one on a weekday evening. Spanish interpretation is possible via the Zoom platform and will be provided. The meetings will be livestreamed to MTD's Facebook page, and a recording will be posted on MTD's YouTube channel after the meeting. The same service change presentation will also be given at a regular meeting of the Isla Vista Community Services District board.

To accompany the meetings, staff is again planning to distribute a bilingual survey that explains the proposed changes and seeks input from the public.

To: MTD Board of Directors  
From: Jerry Estrada, General Manager  
Date: April 20, 2021  
Subject: General Manager's Report

### **Operations, Fleet and Facilities**

The Operations and Human Resources Department staff coordinated in scheduling, and completing the second Moderna vaccine dose to all of MTD's employees that received the first dose. The process was similar to the first effort, and, again went very, very smooth. All of those that received their second dose were grateful, and relieved.

Congratulations to Manny Castanon, Safety and Training Administrator. Manny has successfully completed all, and especially the most important final step, of certifying Santa Barbara MTD in the Employer Testing Program (ETP). He received the final sign off, at the federal level in this very lengthy and difficult process. Certification in this program allows our agency (and specifically Manny) to test (as a DMV Examiner) class B drive tests.

The driver barrier project is almost complete. All but three 30' buses, three 60' buses and the BYD fleet are complete. Staff is working diligently to get the remaining buses completed ASAP.

Subsequent to the topographic and underground surveys conducted by Southern California Edison's (SCE) surveying consultants, SCE's design consultant, Black and Veatch, completed the preliminary design for the SCE Heavy-Duty Charging project at Terminal 1.

California Energy Commission (CEC) staff released the Notice of Proposed Awards for the Blueprints for Medium- and Heavy-Duty Zero-Emission Vehicle Infrastructure (GFO-20-601) grant funding opportunity and MTD's application was one of the projects selected for the maximum award of \$200,000. The proposed awards are contingent upon approval at a CEC business meeting and execution of a grant agreement, which will all take place in the coming months.

Staff took delivery of the four remaining Chevrolet Bolts from a purchase order previously issued to Winner Chevrolet. The four new Bolts brings MTD's total count to 14.

Staff submitted a proposal to the Federal Transit Administration (FTA) Low or No Emission (Low-No) Program. The Low-No Program provides funding for the purchase of zero- and low-emission transit buses, charging equipment, and infrastructure. MTD's application included a request for funding for three 35' battery-electric buses and three heavy-duty chargers.

The Fleet Renewal Campaign project kick-off meeting with Complete Coach Works (CCW) took place on March 30. The project consists of an overhaul of a large portion of MTD's existing fleet to maintain reliability and service availability of the buses. It will also usher in a fresh new look, with new paint and graphics identical to that of the latest Gillig buses purchased in 2019. Aside from cosmetic changes, the work will include major mechanical upgrades on select buses as well as passenger and driver comfort improvements on the majority of buses addressed. Currently, CCW is preparing their production lines to receive MTD buses and staff is working with Cummins

Corporation to spec the new engines and exhaust aftertreatment systems that will be installed on seven of MTD's 2011 40' Gillig buses during the project.

## **Administration**

Planning and Marketing Manager Hillary Blackerby serves on the California Transit Association State Legislative Committee and was recently appointed to serve on a subgroup of the committee. This subgroup will be reviewing and preparing recommended comments on the State of California's recently released draft Climate Action Plan on Transportation Infrastructure (CAPTI). The plan details how the state recommends investing billions of discretionary transportation dollars annually to aggressively combat and adapt to climate change while supporting public health, safety and equity. CAPTI builds on executive orders signed by Governor Gavin Newsom in 2019 and 2020 targeted at reducing greenhouse gas (GHG) emissions in transportation, which account for more than 40 percent of all emissions, to reach the state's ambitious climate goals.

Staff prepared and submitted the LCTOP allocation request spreadsheet and supporting documents to Caltrans for review and comments. The request is for funding to implement electrification upgrades to Terminal I in preparation for new electric buses. Staff has replied to the first round of comments. There may be additional comments as the request moves through the system towards approval.

Staff continues to work with FTA's consultant for the upcoming Triennial Review. The Review will be held virtually during the first week of May. Staff prepared and submitted the calendar year 2020 Drug and Alcohol testing Management Information System (MIS) data to the FTA, as required. Staff submitted the March monthly COVID-19 report. This was the first month of this new monthly report required by FTA. The data requested is information on service impacts, the number of employees by function, and the number of cases of COVID-19. Staff also submitted the March monthly safety and security report to FTA, and will submit the monthly ridership report as soon as the data is available.

Staff prepared and submitted two applications to the Montecito Community Foundation (MCF) for funding for bus benches along the Route 14 through Montecito. The MCF approved the applications, and will fund three new bus benches. This is a continuation of a partnership with the MCF that began in 2016.

General Manager Estrada and staff met with SBCAG and the other Santa Barbara County transit operators to discuss methods of allocating discretionary transit funds that flow through SBCAG. Specifically, the discussion included the cap-and-trade Low Carbon Transit Operations Program and the SB1 State of Good Repair program. Various options were discussed, but a consensus was not yet achieved and the discussions are continuing.

The solicitation for selecting a consultant to update the District's Short Range Transit Plan (S RTP) is nearing completion. The evaluation process is nearly complete and a recommendation for contract award will be brought to the Board in May.

The District has made use of a cooperative purchasing agreement for discounted cellular services from Verizon Wireless for nearly a decade. With that contract recently expiring, MTD had the option of continuing on with a newly negotiated contract from NASPO, the agency that established the original cooperative agreement, or switching to the State of California's Cal-NET agreement with Verizon. MTD opted to use the latter due to lower costs. While applicable to staff cell phones, more importantly is the nearly 25% savings on cellular data costs related to the provision of intelligent transportation systems on the District's fleet, including real time of arrival information for our passengers.

The District continues to draw down federal Cares Act funding as pandemic related expenses and revenue shortfalls are incurred. For the first half of the fiscal year, \$2.6 million has been received to cover the operating cost shortfall; the reimbursement for third quarter will occur upon closure of the March books. With the driver barrier installation on the diesel fleet nearly complete, most of the \$665,000 capital cost for the project has been reimbursed from Cares Act funding as well. Such funding will also serve as capital funding for the driver barriers soon to be installed on the BYD battery-electric fleet of buses.

The "interim year" OPEB actuarial valuation report for the current fiscal year was recently finalized. The main purpose of the report is to update the estimate of the District's liability for future retiree health benefits. Of particular significance in this year's report is \$465,000 increase in the liability mainly caused by the steep decline in interest rates over the past year. The results in using a lower discount rate to determine the present value of the liability as well as reducing the anticipated earnings from the trust funds set aside to pay future retiree health benefits. Increasing the liability will result in recording a corresponding expense in this year's financial statements. Note that this is an accounting entry with no effect on the District's cash flows. Also, expected higher interest rates in the future would have the opposite effect, lowering the OPEB liability and expense.