



Agenda - Final revised
Capital Metropolitan
Transportation Authority
Finance, Audit and Administration
Committee
FAA Committee

2910 East Fifth Street
Austin, TX 78702

Wednesday, August 18, 2021

10:00 AM

Videoconference Meeting

Any items marked with * have been revised.

I. Public Comment

II. Action Items

1. Approval of minutes from the May 12, 2021 Finance, Audit and Administration Committee meeting.
- *2. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract for health plan administrative services for a three-year base period and three one-year options with United Healthcare in an amount not to exceed \$15,384,283 for administration of third-party administration services and stop loss insurance for the Capital Metro self-insurance health and dental plans.
- *3. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with UNUM for basic life and AD&D insurance, long-term and short-term disability insurance; and FMLA administration paid by Capital Metro, and voluntary life , long term disability buy-up, accident, whole life and critical illness, paid by employees in an amount not to exceed \$1,752,882.
4. Approval of a resolution adopting a Board Operating Procedures Policy and amending the Capital Improvement Program Policy.
5. Approval of a resolution authorizing the President & CEO, or his designee, to extend an Interlocal Agreement (ILA) with Travis County for employee transit passes for a period of one year from October 1, 2021, to September 30, 2022.

III. Presentations

1. FY2021 Financial Report - June 2021
2. FY2022 Proposed Budget Update
3. Internal Audit Semi-Annual Follow Up on Audit Recommendations

4. Internal Audit FY2021 Audit Plan Status
5. Internal Audit Presentation - UT Intern Reports

IV. Items for Future Discussion

V. Adjournment

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email ed.easton@capmetro.org if you need more information.

Committee Members: Terry Mitchell, Chair; Wade Cooper, Leslie Pool and Becki Ross.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2021-165

Agenda Date: 8/18/2021

Approval of minutes from the May 12, 2021 Finance, Audit and Administration Committee meeting.

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS
FINANCE, AUDIT AND ADMINISTRATION COMMITTEE
2910 East Fifth Street Austin, TX 78702**

~ MINUTES ~

Wednesday, May 12, 2021

10:00 AM

Video Conference Meeting

Call to Order: 10:08 a.m.

I. Public Comment:

Zenobia Joseph, citizen, asked the board to consider the need for a public restroom at the North Lamar Transit Center during the upcoming renovation, possibly using available federal funding. She also discussed an email she recently sent to the Chair of the House Transportation Committee, Congressman Peter Defazio, with complaints about Capital Metro and Mayor Adler.

II. Action Items:

1. Approval of minutes from the February 10, 2021 Finance, Audit and Administration Committee meeting.

Motion to approve by Committee Member Pool. Cooper second. Passes 3-0 (Hill absent).

2. Approval of a resolution authorizing updates to the Code of Ethics adopted by the Board of Directors.

Chief Counsel Ashley Glotzer brought this item forward.

Ashley displayed a redline version of the proposed updates to the Capital Metro Code of Ethics. The only change being proposed is to update the revolving door policy for board and staff who leave the agency and go to work for a contractor, which prohibits them from participating in the Capital Metro contract for the life of the contract. The proposed update would change the prohibition to a period of two years, which would bring the Capital Metro policy into closer alignment with similar policies at other agencies.

Motion to recommend for the full board Action Item agenda by Board Member Pool. Cooper second. Approved 3-0 (Hill absent).

III. Presentations:

1. FY2021 Financial Audit

(This item was taken out of order, after the Public Comment portion of the meeting.)

Controller Susan Renshaw introduced Tino Robledo and Heath Jackson from RSM, Capital Metro's audit firm, who presented the results of the FY2020 financial audit.

Tino reviewed the scope of services for the firm's review and then presented the results for the financial statement audit, with the firm giving an unmodified opinion with no significant deficiencies in internal controls noted. He also gave the results of the federal and state compliance audit, with no findings reported.

Heath then walked the committee through the required auditor communications and statements, and summarized the fiscal responsibilities of both agency management and the FAA committee. No deficiencies or misstatements were found in any area. Heath also noted Capital Metro's continued recognition by the Government Finance Officers Association for excellence in financial reporting.

Board Member Pool asked if she could receive a briefing on Capital Metro's pension in the near future.

2. Financial Report March 2021

CFO Reinet Marneweck gave the presentation, covering the period through March, 2021.

Reinet started with an overview of current revenue, including sales tax receipts and fare revenues, and how they have been affected by the COVID pandemic. She then reviewed operating expenses, recent budget transfers, and budget variances by department. She walked the committee through a summary of current capital projects and how they are tracking to budget.

Chair Mitchell asked about the requirements around creating or adding to reserve funds for replacement of fixed assets. President Clarke responded with information about the mandated transit asset management plan and the funding and finance models around that.

Reinet noted that this would be her final report to the committee before she left the agency and that she was thankful for the support that committee members had given her. Later in the meeting President Clarke thanked Reinet, wished her well, and praised her leadership during her time at Capital Metro.

3. FY2022 Proposed Budget Calendar

Deputy CFO Kevin Conlan gave the presentation.

Kevin laid out an overview of the budget process and significant milestones through expected approval of the FY2022 Budget by the board in September. He thanked Finance staff for their hard work in getting to this point.

4. Internal Audit FY21 Plan Status

Vice President of Internal Audit Terry Follmer presented an overview of his department's current projects, including reports on both Positive Train Control and DBE/SBE Programs which will be presented later in the meeting. He also reviewed work being performed by students from the University of Texas Masters in Professional Accounting program, who have been working on six additional advisory audits on various topics.

5. Internal Audit Report -- Positive Train Control Expenditures

Internal Auditor Sarah Daigle gave a presentation on the recent internal audit report.

Sarah gave a brief overview of the scope and history of Capital Metro's Positive Train Control (PTC) program. During the audit of PTC expenditures, two areas of improvements were identified. Both areas are enterprise level, and not specific to the PTC program - a suggested improvement to the delegation of payment approval, and suggested changes to thresholds for approvals within the accounting system to make them more standard across departments.

6. Internal Audit Report DBE/SBE Programs

Internal Auditor Jeannette Lepe gave a presentation of the recent DBE/SBE internal controls and tracking audit.

The audit found that generally the proper program controls are in place and functioning as they should. Jeannette then reviewed four areas where the audit found that controls might be enhanced. She thanked the DBE department staff for their cooperation and assistance in the performance of the audit.

IV. Items for Future Discussion:

V. Adjournment

Adjourn: 11:23 a.m.

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email ed.easton@capmetro.org if you need more information.

Committee Members: Terry Mitchell, Chair; Wade Cooper, and Leslie Pool.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee
Agenda Date: 8/18/2021

Item #: AI-2021-123

SUBJECT:

Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract for health plan administrative services for a three-year base period and three one-year options with United Healthcare in an amount not to exceed \$15,384,283 for administration of third-party administration services and stop loss insurance for the Capital Metro self-insurance health and dental plans.

FISCAL IMPACT:

Funding for this action is available in the FY2022 Operating Budget

STRATEGIC PLAN:

Strategic Goal Alignment:

- ☐ 1. Internal/External Customer Service Excellence ☒ 2. Stakeholder Engagement
☐ 3. Financial and Environmental Sustainability ☐ 4. Staff Development ☐ 5. Agency Growth Management

Strategic Objectives:

- | | | |
|---|--|---|
| <input type="checkbox"/> 1.1 Safety & Risk | <input type="checkbox"/> 1.2 Continuous improvement | <input type="checkbox"/> 1.3 Dynamic Change |
| <input type="checkbox"/> 1.4 Culture of Innovation | <input checked="" type="checkbox"/> 2.1 Be an Employer of Choice | <input type="checkbox"/> 2.2 Organization Development |
| <input type="checkbox"/> 2.3 Organization Culture | <input type="checkbox"/> 3.1 Resource optimization | <input type="checkbox"/> 3.2 Safety Culture |
| <input type="checkbox"/> 3.3 Environmental Leadership | <input type="checkbox"/> 4.1 Educate & Call to Action | <input type="checkbox"/> 4.2 Build Partnerships |
| <input type="checkbox"/> 4.3 Value of Transit | <input type="checkbox"/> 4.4 Project Connect | |

EXPLANATION OF STRATEGIC ALIGNMENT: Providing high quality and competitive benefit services enables Capital Metro to provide benefit programs that will attract and retain the type of employees needed to meet our strategic goals.

BUSINESS CASE: The current 7-year (3 base + 4 option years) contract for Health Plan Administrative Services is set to expire on December 31, 2021. This contract is to provide Health Plan Administrative Services, which are provided by Capital Metro to our employees. This is a part of the benefit package offered to employees to remain competitive with our local public and private employers.

COMMITTEE RECOMMENDATION: This item was presented and recommended for approval by the Finance, Audit and Administration Committee on August 18, 2021.

EXECUTIVE SUMMARY: The purpose of this contract is to provide Health plan Administrative Services to Capital Metro and ATP employees. The Health Plan Administrative Services contract includes the following services to provide benefit plan coverage and/or administration for the health and dental plan for Capital Metro employees:

- Medical Plan Administration
- Medical Plan PPO Network of Providers
- Dental Plan Administration
- Flexible Spending Account Administration
- Health Savings Account Administration
- Retirement Reimbursement Account Administration
- COBRA and HIPAA Administration
- Plan Sponsor Education and Support
- Stop Loss Administration

This contract also includes stop loss insurance for claims per participant exceeding \$150,000 per year. The cost of stop loss is based on the claims history for the prior 12 months. We have estimated a 32 percent increase each year during the base period and 20 percent during the option years. We also propose a 10 percent contingency is proposed for the option years, because of the difficulty projecting those years. If the cost of stop loss in the future results in exceeding the not to exceed amount for the base and option years, board approval will be required before adding the stop loss. Each year we also evaluate the stop loss cost and estimated claims exceeding the stop loss threshold to determine whether the stop loss threshold should be revised.

DBE/SBE PARTICIPATION: The SBE goal is 5%. The prime contractor will meet the goal utilizing the following SBE subcontractor:

SBE Subcontractor	Race/Gender	Services	SBE Responsive
Sailingstone Print LLC.	Asian/ Female	Printing	5%
			5%

PROCUREMENT: On April 26, 2021, a Request for Proposals was issued and formally advertised. By the closing date of June 2, 2021, the proposal by United HealthCare Services, Inc. was received. The proposal was evaluated based on the following factors:

- (1) The offeror's methodology and completeness of responses to Exhibit H, Schedule of Services.
- (2) The offeror's demonstrated technical background, past performance, and relevant work experience on

projects of a similar size, scope, complexity, and nature.

- (3) Qualifications, experience, and capabilities of the proposed project personnel, and any subcontractors, on projects of a similar size, scope, complexity, and nature.
- (4) The methodology and quality of the work plan for the performance of the work by the offeror based on Exhibit F, Scope of Services.

The proposal from United HealthCare Services, Inc. was rated Acceptable, all factors considered. The price was determined to be fair and reasonable. The contract is a fixed price contract. The term of the contract is three base years with three option periods of one year each.

GRAND TOTAL SUMMARY: BASE + OPTION PERIODS	
Total Base - Year 1	\$1,189,335.00
Total Base - Year 2	\$1,628,678.88
Total Base - Year 3	\$2,048,261.47
SUB-TOTAL BASE PERIOD: YEARS 1 - 3	\$4,866,275.35
Total Option 1 - Year 4	\$2,575,906.31
Total Option 2 - Year 5	\$3,132,518.48
Total Option 3 - Year 6	\$3,853,398.54
SUB-TOTAL OPTION PERIODS: YEARS 4 - 6	\$9,561,824.33
Contingency on Stop Loss Premiums	\$956,182.43
GRAND TOTAL: BASE + OPTION PERIODS - YEARS 1 - 6	\$ 15,384,282.12

RESPONSIBLE DEPARTMENT: People and Culture

**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2021-123

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to improve the health, wellness and safety of our employees; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management recognize that self-insurance has proven to be a more cost effective approach to providing health and dental benefits.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or his designee, is authorized to finalize and execute a contract for a three-year base period and three one-year options for health plan administrative services with United Healthcare in an amount not to exceed \$15,384,283 for administration of third-party administration services and stop loss insurance for the Capital Metro self-insurance health and dental plans.

Date: _____

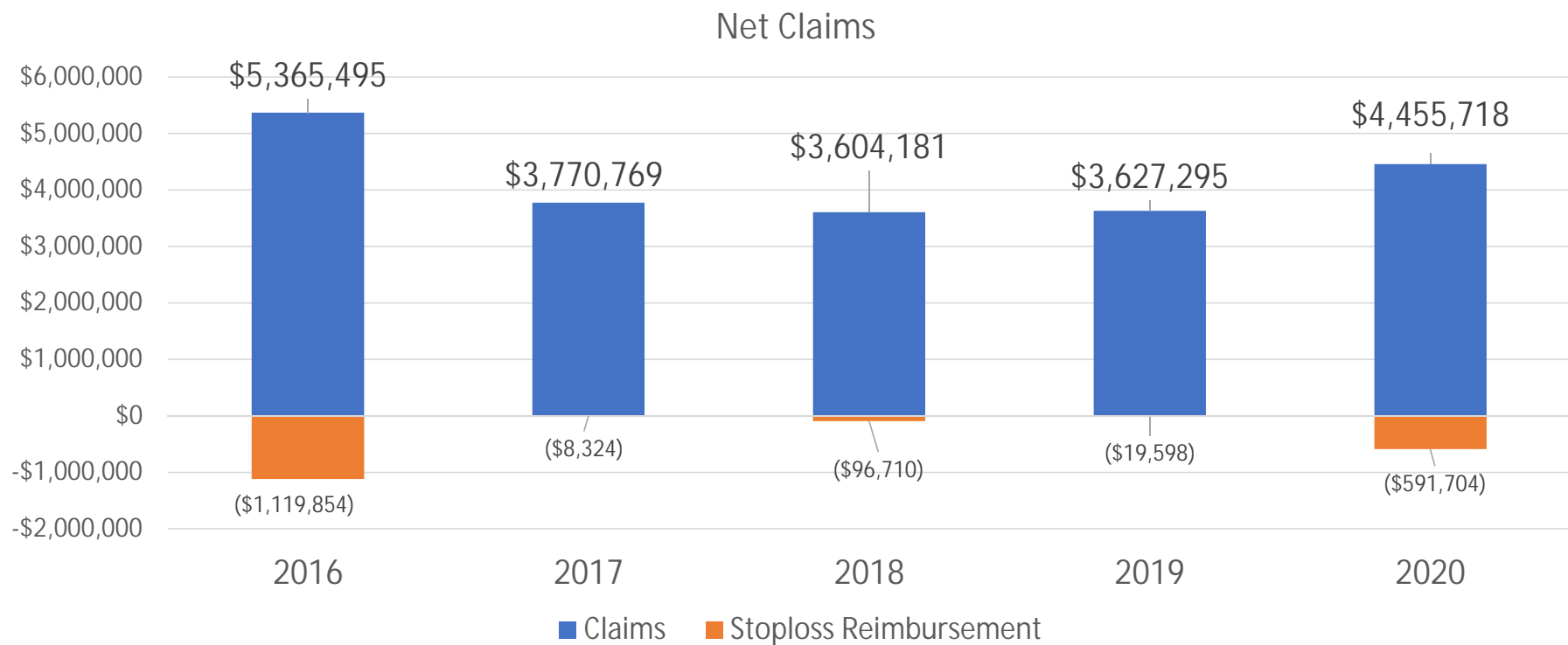
**Secretary of the Board
Eric Stratton**

Health Plan Administration Contract

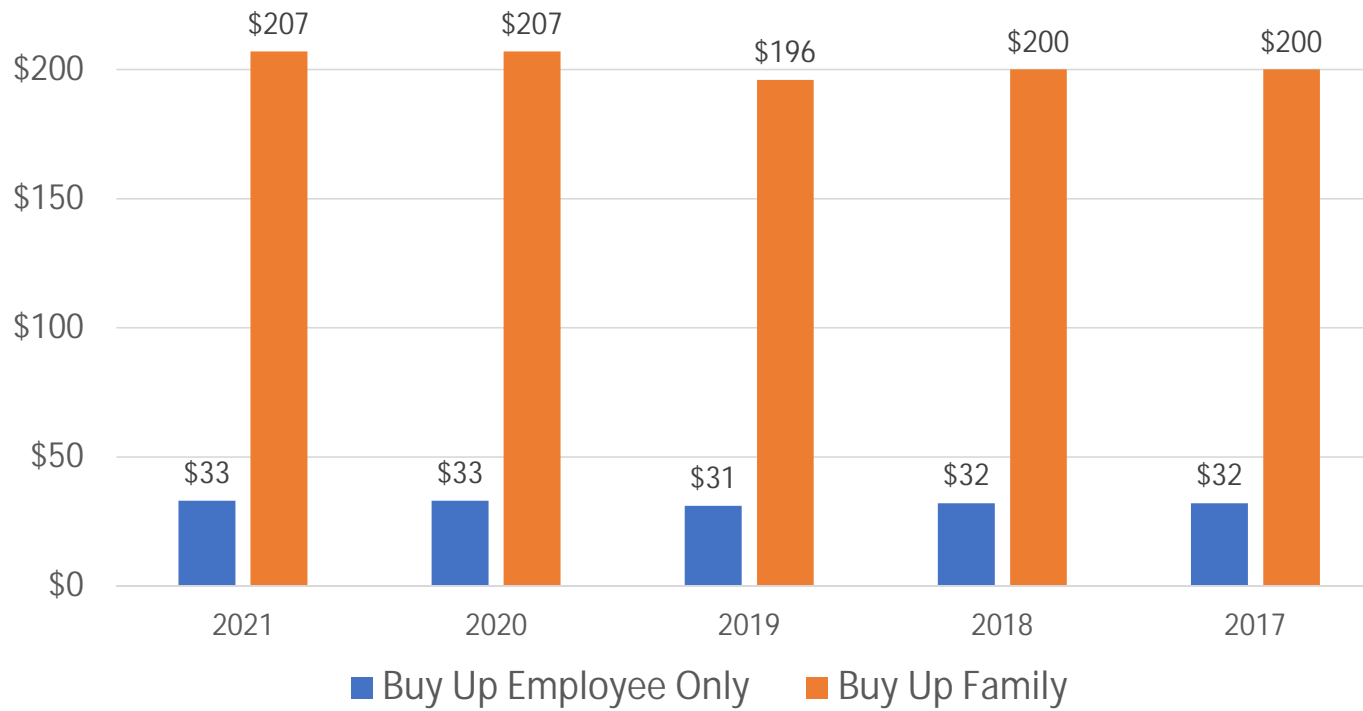
EVP Administration, Donna Simmons



Health Claims Cost History



Employee Premium History



Premiums per Pay Period (24)



United Healthcare Enhancements

- Rally Health Risk Assessment Tool
 - Rewards employees for taking control of their health
- Real Appeal
 - Evidence-based virtual weight loss program
- Treatment Cost Estimator
 - Ability to compare costs for providers and services in network
- Free Preventative Medications
 - Certain preventive medication available at no cost to participant
- Enhanced Telemedicine offerings

Action Requested

- Approval to award the health care administration and stop loss insurance to United Health Care (UHC) for 3 base years and 3 one-year options
 - Based on UHC proposal keeping administration fees low and positive experience with UHC administration and network over the last 10 years
- Total base contract: \$4,866,275
- Total with option years: \$15,384,282.12
- Commitment to 5% SBE goal for printing



METRO

THANK YOU!



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee
Agenda Date: 8/18/2021

Item #: AI-2021-124

SUBJECT:

Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with UNUM for basic life and AD&D insurance, long-term and short-term disability insurance; and FMLA administration paid by Capital Metro, and voluntary life, long term disability buy-up, accident, whole life and critical illness, paid by employees in an amount not to exceed \$1,752,882.

FISCAL IMPACT:

Funding for this action is available in the FY2022 Operating Budget

STRATEGIC PLAN:

Strategic Goal Alignment:

- ☒ 1. Internal/External Customer Service Excellence ☒ 2. Stakeholder Engagement
☐ 3. Financial and Environmental Sustainability ☐ 4. Staff Development ☐ 5. Agency Growth Management

Strategic Objectives:

- | | | |
|---|--|---|
| <input type="checkbox"/> 1.1 Safety & Risk | <input type="checkbox"/> 1.2 Continuous improvement | <input type="checkbox"/> 1.3 Dynamic Change |
| <input type="checkbox"/> 1.4 Culture of Innovation | <input checked="" type="checkbox"/> 2.1 Be an Employer of Choice | <input type="checkbox"/> 2.2 Organization Development |
| <input type="checkbox"/> 2.3 Organization Culture | <input type="checkbox"/> 3.1 Resource optimization | <input type="checkbox"/> 3.2 Safety Culture |
| <input type="checkbox"/> 3.3 Environmental Leadership | <input type="checkbox"/> 4.1 Educate & Call to Action | <input type="checkbox"/> 4.2 Build Partnerships |
| <input type="checkbox"/> 4.3 Value of Transit | <input type="checkbox"/> 4.4 Project Connect | |

EXPLANATION OF STRATEGIC ALIGNMENT: Employee Life and Disability benefits are offered as a part of the total benefit package for Capital Metropolitan Transportation Authority and ATP employees. The Total Compensation Philosophy is to maintain benefits and compensation at the 50th percentile in relation to the external marketplace. This allows Capital Metro and ATP the ability to hire and retain employees reassuring their satisfaction with benefits provided as part of their total compensation.

BUSINESS CASE: This contract is to provide basic life, accidental death and dismemberment, long-term and short-term disability insurance (including FMLA administration services), and other Voluntary benefits (employee paid), which are provided by Capital Metro to our employees. This also allows for employees to

purchase additional life and long-term disability buy-up insurance and other voluntary benefits such as Whole Life, Accident and Critical Care. This is a part of the benefit package offered to employees to remain competitive with other local public and private employers.

COMMITTEE RECOMMENDATION: This item was presented and recommended for approval by the Finance, Audit and Administration Committee on August 18, 2021.

EXECUTIVE SUMMARY: The current contract and all option years for Life, AD&D, disability insurance and FMLA Administration for Capital Metro employees expires on December 31, 2021. The proposed insurance contract will provide the following benefits:

- Basic Life and AD&D insurance equal to the employee's annual base salary (\$40,000 minimum)
- Short term disability insurance with a 14-day waiting period with a benefit payment of 60% of weekly earnings up to \$1,000 a week.
- Long term disability insurance with a 90 day waiting period with a benefit payment of 50% of monthly earnings up to \$5,000 a month.

Other voluntary benefits including employee, spouse and child life insurance and long term disability buy-up insurance are offered to employees and paid through payroll deductions. As an added service to the contract, FMLA administration is included as part of a total Absence Management Program.

DBE/SBE PARTICIPATION: No SBE goal is assigned to this solicitation due to low availability of certified SBE firms in relevant work areas (NAICS Codes): Direct Life Insurance Carriers (524113), Liability Insurance Carriers, Direct (524126), Other Insurance Related Activities (524298), and Insurance Agencies & Brokerage (524210). However, we will work with the selected vendor towards small business participation..

PROCUREMENT: On June 7, 2021, a Request for Proposals was issued and formally advertised. By the closing date of July 7, 2021, three proposals were received. The proposals were evaluated based on the following factors:

- (1) The qualifications, capabilities, experience, and past performance of the firm and the project team members on projects of a similar size, scope, complexity, and nature
- (2) The offeror's demonstrated understanding of the project undertaking, the requirements of the Technical Specifications and Work Plan, including the offeror's proposed plan and the technical approach and the demonstrated execution of the requirements detailed in the Scope of Services, Exhibit F, as well as Exhibit H and any relevant attachments to this solicitation.
- (3) Ability of the offeror to provide a single-contact person for products requested in Scope of Services, Exhibit F.

The proposal from Unum Life Insurance Company of America was rated Acceptable, all factors considered. The other two proposals were rated Marginal. The price from Unum Life Insurance Company of America was determined to be fair and reasonable based on adequate competition. The contract is a fixed price contract. The term of the contract is three base years from the Notice to Proceed.

GRAND TOTAL SUMMARY: THREE BASE YEARS	
TOTAL BASE - YEAR 1: Section 7	\$ 483,471
TOTAL BASE - YEAR 2: Section 8	\$ 516,624
TOTAL BASE - YEAR 3: Section 9	\$ 552,787
GRAND TOTAL BASE PERIOD: YEARS 1-3	\$ 1,552,882
Contingency for Headcount Growth and	\$200,000
GRAND TOTAL BASE PERIOD: YEARS 1-3	\$1,752,882

RESPONSIBLE DEPARTMENT: People and Culture

**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2021-124

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to continue providing life, accidental death and dismemberment insurance, disability benefits, FMLA administration and other voluntary benefits to employees.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or his designee, is authorized to finalize and execute a contract with UNUM for basic life and AD&D insurance, long-term and short-term disability insurance; and FMLA administration paid by Capital Metro, and voluntary life , long term disability buy up, accident, whole life and critical illness, paid by employees in an amount not to exceed \$1,752,882.

Date: _____

**Secretary of the Board
Eric Stratton**



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee
Agenda Date: 8/18/2021

Item #: AI-2021-133

SUBJECT:

Approval of a resolution adopting a Board Operating Procedures Policy and amending the Capital Improvement Program Policy.

FISCAL IMPACT:

This action has no fiscal impact.

STRATEGIC PLAN:

Strategic Goal Alignment:

- ☒ 1. Internal/External Customer Service Excellence ☒ 2. Stakeholder Engagement
☒ 3. Financial and Environmental Sustainability ☐ 4. Staff Development ☒ 5. Agency Growth Management

Strategic Objectives:

- | | | |
|---|--|--|
| <input type="checkbox"/> 1.1 Safety & Risk | <input checked="" type="checkbox"/> 1.2 Continuous improvement | <input type="checkbox"/> 1.3 Dynamic Change |
| <input type="checkbox"/> 1.4 Culture of Innovation | <input type="checkbox"/> 2.1 Be an Employer of Choice | <input checked="" type="checkbox"/> 2.2 Organization Development |
| <input type="checkbox"/> 2.3 Organization Culture | <input checked="" type="checkbox"/> 3.1 Resource optimization | <input type="checkbox"/> 3.2 Safety Culture |
| <input type="checkbox"/> 3.3 Environmental Leadership | <input type="checkbox"/> 4.1 Educate & Call to Action | <input checked="" type="checkbox"/> 4.2 Build Partnerships |
| <input type="checkbox"/> 4.3 Value of Transit | <input type="checkbox"/> 4.4 Project Connect | |

EXPLANATION OF STRATEGIC ALIGNMENT: The policies adopted by the Board of Directors provide strategic direction to the President & CEO and Capital Metro regarding policy matters within the purview of the Board.

BUSINESS CASE: Periodic review and updates to policies adopted by the Board of Directors are prudent to ensure that the policies meet the ongoing needs of Capital Metro.

COMMITTEE RECOMMENDATION: This item was presented and recommended for approval at the Finance, Audit and Administration and Operations, Planning and Safety Committees on August 18, 2021.

EXECUTIVE SUMMARY: Section 8.6 of the Bylaws of the Capital Metro Board of Directors (the “Board”) requires the continuous review and update of all policies adopted by the Board over a five-year period,

beginning in 2018. The following actions are recommended for Board-adopted policies at this time: (1) To govern the administration and operation of the Board, including conflicts of interest, public comment and involvement and Board travel policies, Staff recommends the Board adopt a Board Operating Procedures Policy. The Board Operating Procedures Policy consolidates the following Board policies: Board Personal Financial Statement Policy (Resolution No. AI-2019-1078); Public Comment Policy and Procedures (Resolution No. AI-2019-1078); Community Involvement Policy (Resolution No. AI-2019-1078); Board Travel Policy (Resolution No. CMTA-2013-65); Board Attendance Stipend Policy (Resolution No. CMTA-2010-70); and Board Mileage Reimbursement Policy (Resolution No. CMTA-2011-10). Among other minor changes, staff updated the Public Comment Policy and Procedures to allow for virtual public comment using Capital Metro's videoconference system and to establish a single comment period at the beginning of the open meeting. (2) Staff recommends approval of updates to the Capital Improvement Program Policy (Resolution No. CMTA-2011-25). Transportation Code § 451.132 requires the Board to adopt a five-year plan for capital improvement projects that supports Capital Metro's strategic goals and satisfies other requirements set forth in the statute. This policy lays out what needs to be included in the capital improvement plan and is intended to guide funding decisions during the capital budget review process and the subsequent reporting of progress on individual projects. Staff recommends approval of updates to the Capital Improvement Program Policy to, amongst other things, align with recommendations of the Enterprise Project Portfolio Management Committee.

DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.

RESPONSIBLE DEPARTMENT: Legal Department

**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2021-133

WHEREAS, it is prudent to periodically review and update policies adopted by the Board of Directors in order to ensure they continue to meet the needs of Capital Metro;

WHEREAS, the Board of Directors adopted Bylaws in 2017 that required policies adopted by the Board of Directors to be reviewed every five (5) years; and

WHEREAS, the following policies have been identified for review in August 2021: Board Travel Policy (Resolution No. CMTA-2013-65); Board Attendance Stipend Policy (Resolution No. CMTA-2010-70); Board Mileage Reimbursement Policy (Resolution No. CMTA-2011-10); and Capital Improvement Program Policy (Resolution No. CMTA-2011-25).

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors adopts the Board Operating Procedures Policy which consolidates the following Board policies: Board Personal Financial Statement Policy (Resolution No. AI-2019-1078); Public Comment Policy and Procedures (Resolution No. AI-2019-1078); Community Involvement Policy (Resolution No. AI-2019-1078); Board Travel Policy (Resolution No. CMTA-2013-65); Board Attendance Stipend Policy (Resolution No. CMTA-2010-70); and Board Mileage Reimbursement Policy (Resolution No. CMTA-2011-10), with the changes recommended by staff.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Board of Directors approves the changes to the Capital Improvement Plan Policy, formerly the Capital Improvement Program Policy (Resolution No. CMTA-2011-25).

Date: _____

**Secretary of the Board
Eric Stratton**

CAPITAL METRO BOARD OF DIRECTORS
BOARD OPERATING PROCEDURES POLICY

The Capital Metropolitan Transportation Authority (“Capital Metro”) Board of Directors (the “Board”) does hereby establish this Board Operating Procedures Policy (this “Policy”) to govern the administration and operation of the Board and Board meetings. This Policy does not supersede and is subject to any federal or Texas law or administrative rule, including the Texas Open Meetings Act.

I. BOARD PERSONAL FINANCIAL STATEMENT POLICY

Capital Metro desires to ensure that Board members comply with all state laws and best practices related to conflicts of interest as Board members. A Statement of Financial Interest and Affiliation is required of all Board members to assist in complying with these state laws. All Board members shall complete a Statement of Financial Interest and Affiliation no later than January 31st of each year for the prior year that shall be kept on file with Capital Metro and made available to the public upon request.

II. PUBLIC COMMENT POLICY AND PROCEDURES

It is the policy of the Board to value input from the public on matters of Capital Metro’s public business. Interested parties representing various points of view are allowed time to present their views in an orderly manner in accordance with this policy, while permitting the Board to conduct its meetings in an efficient and effective manner. This policy applies to Board meetings and Board committee meetings and is subject in all respects to the Texas Open Meetings Act requirements as applicable and in effect at any time.

Public comment shall be subject to the following procedures:

- (1) Speakers may elect to comment in person by physical attendance at the Board meeting, or remotely via Capital Metro’s videoconferencing system.
- (2) Members of the public may sign up to speak on any action item or topic prior to the Board meeting by (i) completing a Public Comment form available outside the Board meeting room prior to the meeting, or (ii) contacting Capital Metro via the email address or telephone number listed in the Public Comment section of the Capital Metro website at least twenty-four (24) hours in advance of the Board meeting to request access to testify via Capital Metro’s remote videoconferencing system.
- (3) Public comment on general topics and action items will be received as the first item on the meeting agenda.
- (4) Each speaker will receive a total of three (3) minutes to address the Board. Speakers with general comments and comments on one or more action items will receive a total of five (5) minutes to address the Board. Non-English speakers requiring a translator will receive double the applicable time to address the Board.
- (5) If more than one member of the public from a particular group is present and requests to comment, the Chair may ask that the group select one representative of the group to present the group’s view. In such a case, the group’s representative will be allowed five (5) minutes to speak.

IN ITS SOLE DISCRETION THE BOARD RESERVES THE RIGHT TO WAIVE THE PROCEDURES CONTAINED IN THIS SECTION II WHEN NECESSARY TO CONDUCT

BOARD MEETINGS EFFICIENTLY AND EFFECTIVELY. CAPITAL METRO RESERVES THE RIGHT TO REMOVE PERSONS WHO CAUSE A DISTURBANCE AT AN OPEN MEETING OR TAKE OTHER ACTIONS TO PROMOTE AN ORDERLY MEETING.

III. COMMUNITY INVOLVEMENT POLICY

The Board believes that effective community involvement improves the quality of decision-making processes and builds trust in Capital Metro. This policy ensures that Capital Metro integrates, in a meaningful way, the knowledge and opinions of its many stakeholders into its decision-making processes.

- (1) *Community Involvement Program.* Capital Metro will maintain a comprehensive community involvement program that includes plans for receiving public comment for major decision-making processes including, but not limited to, policy development, strategic planning, budgeting, capital projects planning, fare adjustments, and transit service changes. Capital Metro's Community Involvement Program will include:
 - a. Methods to provide the public with access to accurate, understandable, and timely information to facilitate effective involvement in the decision-making process.
 - b. Methods to ensure a diverse range of stakeholders are engaged in the process.
 - c. Methods of providing the community with a sound understanding of the pertinent issues and options Capital Metro is considering.
 - d. Methods to ensure information and activities are accessible to stakeholders with disabilities and/or limited English proficiency.
 - e. Methods to ensure that the public has an opportunity to comment on Board matters before a vote on the matters occur.
- (2) *Board Consent Agenda.* The Board shall not utilize a consent agenda nor expedite consideration of Board matters at Board meetings unless it is for routine, noncontroversial matters. "Routine, noncontroversial matters" for placement on the Board Consent Agenda include, but are not limited to, the following items:
 - a. Contracts and agreement for the normal operation of a business, such as business services or furniture purchases, regardless of the dollar value.
 - b. All other contracts with a value less than \$5 million.

Items that should not be considered for placement on the Board Consent Agenda include, but are not limited to, the following items:

 - a. Substantive changes to Board adopted policies.
 - b. Actions requiring a public hearing such as fare and service changes.
- (3) *Annual Community Involvement Workplan and Quarterly Updates.* Capital Metro staff will annually provide the Board with a workplan memorandum outlining major opportunities for the public to provide comments on significant Board matters and a quarterly memorandum updating the Board on current outreach activities. Significant board matters for which Capital Metro will always seek community input include, but are not limited to, the approval of the annual budget, service changes, and fare changes.
- (4) *Community Input.* Capital Metro will seek community input that reflects all points of view and will carefully consider this input when making decisions.

- (5) *Decision-Making Processes.* Capital Metro will work to ensure that decision-making processes are open and accessible to all interested parties, including but not limited to:
- a. Those with limited financial and technical resources.
 - b. Persons with limited English proficiency.
 - c. Persons with disabilities.
 - d. Those with limited past experience participating in transportation decision-making.

THE BOARD OF DIRECTORS RESERVES THE RIGHT TO WAIVE THIS POLICY AND THESE PROCEDURES WHEN NECESSARY TO CONDUCT BOARD MEETINGS EFFICIENTLY AND EFFECTIVELY. THIS POLICY SHALL BE POSTED ON CAPITAL METRO'S WEBSITE.

IV. BOARD TRAVEL POLICIES

Capital Metro Board members may be required to travel for business reasons associated with Capital Metro. Board members are encouraged to attend transit-related conferences and pursue other educational opportunities for the betterment of Capital Metro. The purpose of these Board Travel Policies is to assure that authorized travel by Board members is conducted in a responsible manner and that all travel is done in the most efficient and cost-effective manner possible.

Board members shall follow all applicable business travel policies and procedures of Capital Metro, in addition to the terms of these policies to ensure that authorized travel is conducted in a responsible manner and that established procedures are followed consistently.

A. *Allocation of Board Travel Funds.* The Board shall establish an amount in each adopted annual budget for business travel and conference expenses by members of the Board for the upcoming fiscal year. Each Board member shall be allocated in the budget an equal amount for Capital Metro business travel, with an additional sum allocated to be dispersed at the discretion of the Chair for additional travel beyond an individual member's allocation. Travel funds shall further be subject to the following:

- (1) This amount shall include registration fees and all allowable reimbursable expenses such as air travel, lodging, per diem and other reasonable travel expenses. Payment for hotel or other lodging expenses within fifty (50) miles of the Board member's personal residence shall not be an allowable reimbursable expense.
- (2) Travel arrangements will not be made unless the Board member has funds available or has received approval from the Chair for the use of funds from the Chair's discretionary allocation.
- (3) Each Board member shall annually work with staff and submit to the Chair a list of anticipated travel for the upcoming fiscal year by September 15th based on the proposed budgeted amount allocated to each Board member for Board member travel. To assist with meeting planning and budgeting, the submission must include dates, location, and estimated costs for each planned trip.
- (4) Capital Metro shall not pay for Board members to travel when it would coincide with a regularly scheduled monthly meeting of the full Board unless it is deemed necessary for business reasons by the Chair or their designee.

- (5) Board members are expected to work with the Board Relations Manager to make their travel arrangements prior to travel in accordance with Capital Metro travel policies.

B. *Mileage Reimbursement.* Board members may receive personal mileage reimbursement at the IRS standard mileage reimbursement rate when traveling for the following Capital Metro business meetings or events:

- (1) Travel to and from meetings of the Board;
- (2) Travel to and from committee meetings on which the Board member serves;
- (3) Capital Metro events where board member attendance is requested.


Mileage reimbursement to Board members for local travel within the service area in furtherance of Capital Metro business shall NOT be deducted from the Board member's allocated travel fund.

C. *No Attendance Stipend.* Board members will not receive a stipend for attending Capital Metro business meetings.

D. *Exceptions to Board Travel Policies.* The Chair may consider and approve exceptions to this policy on a case-by-case basis when a need arises as the budget allows.

V. AMENDMENTS, SUPPLEMENTS, SUSPENSIONS

Subject to the terms of the Capital Metro Bylaws and applicable law, this Policy may, by an affirmative vote of two-thirds of the Board members in attendance at a meeting, be temporarily suspended to facilitate consideration of Board action in the event of emergencies or other special circumstances, or otherwise supplemented or amended.

	<p>Capital Improvement Plan Policy</p> <p>Board of Directors</p>	<p>Issued: March 28, 2011 Revised: August 30, 2021</p> <p>Approved by: Board of Directors</p>
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Capital Improvement Plan Policy

1. Scope and Definition

The Capital Improvement Plan (CIP) policy is intended to guide funding decisions during the Capital Budget review process and the subsequent reporting of progress on individual projects.

Capital Assets are significant pieces of property such as buses, rail cars, facilities and equipment, with a value of \$5,000 or more and a useful life exceeding one year. Due to the size of these expenditures and the length of time required to complete them, Capital Metro's capital planning process will cover a five-year period and will be re-evaluated annually.

The CIP is a schedule of capital improvement projects that Capital Metro plans to undertake during the upcoming five-year period and includes project descriptions, estimated costs, sources of funding and other information that is consistent with sound capital project management or that may be required by the Capital Metro Board of Directors (the "Board").

The Capital Budget covers the first year of the CIP and includes projects for which funds have been authorized for expenditure by the Board for the fiscal year. Ongoing capital projects will be re-evaluated annually prior to the inclusion in that year's Capital Budget.

2. Capital Investment Goals

The goals of the Capital Improvement Program include:

- Prioritizing the capital projects to be undertaken by Capital Metro consistent with the Strategic Plan and the goals and objectives therein.
- Providing a method for public review and input on capital decisions.
- Providing a framework for the management, monitoring and reporting on the progress of capital projects.
- Ensuring the fiscal integrity of the CIP as it relates to Capital Metro's overall budget.
- Ensuring transparency in the implementation of the CIP.

3. Prioritization of Projects

For all capital projects, performance metrics to objectively evaluate the success of the project are identified through scope, schedule and budget. A methodology to measure and validate anticipated project benefits will be defined, e.g., how project benefits will be measured and what data will be used to perform the comparison. These performance metrics will be directly linked to this policy. The measurements should be reviewed and approved (i.e., documented via workflow) by the appropriate executive sponsor prior to submission to the Finance Department.

The President & CEO or designee shall have the authority to adjust the level of required analysis in the development of the Capital Budget based upon the project's legal or regulatory requirements, complexity, or whether the project is a routine maintenance project (e.g., supported by a facilities or fleet plan, IT strategic plan) versus an expansion or non-routine project. However, this flexibility does not reduce or remove project approval and reporting requirements.

Capital Metro will invest in capital projects that have the greatest potential to produce positive results for our customers, local communities and the region consistent with sound management of financial resources. In this regard, it is the Board's intention that capital projects relate to one or more of the following criteria and be in alignment with Capital Metro's Strategic Plan to be given priority for approval:

- **Cost Reduction**—Instituting improvements that can produce quantifiable operating efficiencies and make better use of resources or implementing projects which minimize additional operating expenses.
- **Customer Experience**—Providing innovations that improve the transit environment and customer experience, service reliability to minimize disruptions and delays, and managing system capacity to align with existing or future service demand and optimizing use of the fleet and public facilities.
- **Regulatory**—Ensuring compliance with Federal and State mandates such as the Americans with Disabilities Act.
- **Ridership**—Maintaining current riders and attracting new customers.
- **Safety**—Ensuring the physical well-being of Capital Metro's customers, employees and the general public and enhancing Capital Metro's ability to respond to safety or security incidents.
- **State of Good Repair**—Maintaining the Authority's current "core business" through investments in projects which are necessary to operate the existing infrastructure or add an additional dimension/mode to existing systems and including adherence to maintenance and replacement cycles.

Projects will be rated and ranked based on the above criteria and cost to produce the best value return on investment.

Capital projects which address multiple priority areas should have a greater likelihood of approval. The CIP will align with, and support, the regional metropolitan planning organization's long-range transportation plan where appropriate.

Capital Metro will develop a consistent system by which capital projects are approved, beginning with the Strategic Plan and the prioritization of Capital Metro's goals and objectives.

In addition, the following factors will be considered in making capital investment decisions:

- a. The asset must have a value of at least \$5,000 or more and have a useful life exceeding one year.
- b. If financed by debt, the useful life should exceed the term of the bond.
- c. The availability of grant resources against which local funds can be leveraged will enhance the likelihood of approval.
- d. The age and condition of the capital asset:
 - Assets that are older and in poor condition should generally rank higher on the rehabilitation or replacement list; and
 - Specific vehicle rehabilitation or replacement programs should be established for revenue and non-revenue vehicles.
- e. Cost-benefit relationships. Benefits may be measured in terms of avoided cost or the ability to recover the capital investment within a given period of time. Also, important to the cost-benefit relationship are on-going operating costs, including staffing requirements and replacement cycle.
- f. Engineering considerations. Projects should be evaluated in the scheduling/order of projects. The interdependencies between projects are an important consideration in the scheduling of construction projects. For example, major rehabilitation to a bridge on a rail line might coincide with a track rehabilitation to achieve economies and avoid duplication of effort.

4. Financing the CIP

Capital Metro will attempt to budget for capital improvements on a pay-as-you-go basis using current revenues and available fund balances.

Capital Metro will seek federal, state and municipal grant funds, whenever available, to support the CIP.

The Board, under the provisions of Texas Transportation Code, Chapter 451, Subchapter H, may issue bonded debt at any time and for any amounts it considers necessary or appropriate for the acquisition, construction, repair, equipping, improvement or extension of its transit authority system subject to the following statutory limitations:

- a. The Board, by resolution, may authorize the issuance of bonds payable solely from revenue.
- b. Bonds which are to be paid in whole or part from taxes may not be issued except when authorized by the voters in an election held for the purpose of considering the issuance of debt.
- c. Capital Metro may not issue bonds secured by ad valorem tax revenue.
- d. For the purposes of issuing debt, the Board may encumber one or more transit authority systems to purchase, construct, extend, or repair one or more other transit authority systems.

- e. The Board may, by order or resolution, issue bonds that are secured by revenue or taxes of Capital Metro without an election held for the purpose of approving this debt if the debt has a term of not more than 12 months and is payable only from revenue or taxes received on or after the date of the debt's issuance and before the end of the fiscal year following the fiscal year in which the bonds are issued.
- f. Capital Metro may not issue short-term debt under Chapter 451, Subchapter H, or bonds secured by the revenue of Capital Metro to finance any portion of the purchase, acquisition, construction, operation or maintenance of a fixed rail transit system unless the system is approved at a referendum as set out in state law (See, Transportation Code, Sec. 451.071).

Bond proceeds will be invested until they are needed in a manner consistent with the requirements of Capital Metro's Investment Policy.

5. The Capital Improvement Plan (CIP)

Annually, Capital Metro will prepare a rolling five-year CIP. The first year's CIP spending constitutes the annual Capital Budget. The CIP and Capital Budget will be approved by the Board as part of the regular budget process and following a public hearing as required by state law and Board policy.

The CIP will align with and be driven by Capital Metro's Strategic Plan. It should also align with, and support, the regional metropolitan planning organization's long-range transportation plan where appropriate.

The CIP should include, at a minimum, the following elements:

- Prioritization of capital projects anticipated over a five-year period;
- Description of planned capital projects, including project category and scope;
- Financing of capital projects, including implications for ongoing operational costs;
- Sources of funding for projects including local and federal funds; and
- Policies for capital planning, estimating costs, tracking spending, managing risk, approving capital projects and reporting on projects.

The CIP should include sufficient detail for the Board and the general public to understand the projects that will be undertaken and how they fit into the overall strategic vision of Capital Metro.

The Capital Budget should clearly account for amounts budgeted for each of Capital Metro's departments, including sources of funding. All capital costs listed in the CIP and Capital Budget will be shown in current dollars and will be updated annually when submitted for inclusion in the CIP.

Prior to undertaking a capital project, all ongoing operational and maintenance costs shall be identified and included as part of the overall CIP.

6. Capital Project Monitoring

Any change in project costs from the previously approved CIP must be justified in writing and include a new project summary along with the reasons for the change in the project cost. Staff should regularly report budget variances to the Board.

Staff will provide the Board with quarterly status reports on actual operations and capital expenditures in comparison with the amounts budgeted and the planned schedule for carrying out the project. These reports should include updates on all key capital projects, including general information on the percentage of CIP projects within original budget and the percentage of CIP projects completed on original schedule.

For individual projects, the following should be reported: work completed compared to budget spent, status of project budget, project completion and any contract management concerns. To assist with reporting on capital projects, Capital Metro will track capital projects using a consistent method, including, at a minimum, tracking the baseline budget, contract awards, contract changes and expenditures to date.

Each project will be evaluated against the original investment criteria at least annually. When determining whether the project accomplished its intended goals, the performance measurement methodology outlined in the original project analysis should be used.

No budget transfer will be made from the Capital Budget to the operating budget without the approval of the President/CEO.


Capital project funds will be re-evaluated annually until the project is completed. Following completion of a capital project, remaining surplus capital funds will lapse and may be reallocated as follows:

- a. Funding derived from Capital Metro's own-source revenues will revert to reserve and may subsequently be allocated for any capital or operating purpose as approved by the Board.
- b. Remaining federal grant authority will be used for other projects authorized under federal law and regulations consistent with the approved CIP.
- c. Funding derived from bond proceeds may be reallocated for other capital projects consistent with the terms of the relevant bond issue and the CIP.

References

Financial Policies

Investment Policy

	<p>Capital Improvement Plan Policy</p> <p>Board of Directors</p>	<p>Issued: March 28, 2011 Revised: August 30, 2021</p> <p>Approved by: Board of Directors</p>
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- e. The Board may, by order or resolution, issue bonds that are secured by revenue or taxes of Capital Metro without an election held for the purpose of approving this debt if the debt has a term of not more than 12 months and is payable only from revenue or taxes received on or after the date of the debt's issuance and before the end of the fiscal year following the fiscal year in which the bonds are issued.
- f. Capital Metro may not issue short-term debt under Chapter 451, Subchapter H, or bonds secured by the revenue of Capital Metro to finance any portion of the purchase, acquisition, construction, operation or maintenance of a fixed rail transit system unless the system is approved at a referendum as set out in state law (See, Transportation Code, Sec. 451.071).

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Capital project funds will be re-evaluated annually until the project is completed. Following completion of a capital project, remaining surplus capital funds will lapse and may be reallocated as follows:

- a. Funding derived from Capital Metro's own-source revenues will revert to reserve and may subsequently be allocated for any capital or operating purpose as approved by the Board.
- b. Remaining federal grant authority will be used for other projects authorized under federal law and regulations consistent with the approved CIP.
- c. Funding derived from bond proceeds may be reallocated for other capital projects consistent with the terms of the relevant bond issue and the CIP.

References

Financial Policies

Investment Policy



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee
Agenda Date: 8/18/2021

Item #: AI-2021-155

SUBJECT:

Approval of a resolution authorizing the President & CEO, or his designee, to extend an Interlocal Agreement (ILA) with Travis County for employee transit passes for a period of one year from October 1, 2021, to September 30, 2022.

FISCAL IMPACT:

This action reimburses Capital Metro for expenses incurred.

STRATEGIC PLAN:

Strategic Goal Alignment:

- | | | |
|---|--|--|
| <input type="checkbox"/> 1. Internal/External Customer Service Excellence | <input type="checkbox"/> 2. Stakeholder Engagement | |
| <input checked="" type="checkbox"/> 3. Financial and Environmental Sustainability | <input type="checkbox"/> 4. Staff Development | <input type="checkbox"/> 5. Agency Growth Management |

Strategic Objectives:

- | | | |
|--|---|---|
| <input type="checkbox"/> 1.1 Safety & Risk | <input type="checkbox"/> 1.2 Continuous improvement | <input type="checkbox"/> 1.3 Dynamic Change |
| <input type="checkbox"/> 1.4 Culture of Innovation | <input type="checkbox"/> 2.1 Be an Employer of Choice | <input type="checkbox"/> 2.2 Organization Development |
| <input type="checkbox"/> 2.3 Organization Culture | <input type="checkbox"/> 3.1 Resource optimization | <input type="checkbox"/> 3.2 Safety Culture |
| <input type="checkbox"/> 3.3 Environmental Leadership | <input type="checkbox"/> 4.1 Educate & Call to Action | <input type="checkbox"/> 4.2 Build Partnerships |
| <input checked="" type="checkbox"/> 4.3 Value of Transit | <input type="checkbox"/> 4.4 Project Connect | |

EXPLANATION OF STRATEGIC ALIGNMENT: Extension of the ILA with Travis County will maintain a strong partnership that supports Capital Metro's mission and vision. The ILA extension has the potential to increase ridership on Capital Metro services and increase revenue.

BUSINESS CASE: The ILA has helped establish a strong partnership with Travis County that supports Capital Metro's strategic objectives. The proposed ILA extension will maintain this relationship. The ILA has been well utilized by Travis County employees, and the proposed extension has the potential to increase the usage of our services by Travis County employees.

COMMITTEE RECOMMENDATION: This item was presented and recommended for approval by the Finance,

Audit and Administration Committee on August 18, 2021.

EXECUTIVE SUMMARY: As part of Capital Metro's desire to build strong community partnerships that further Capital Metro's mission and vision and as part of Capital Metro's and Travis County's continued joint effort to promote sustainability through transportation alternatives, this agreement is an extension of an Interlocal Agreement (ILA) with Travis County for employee transit passes for a period of one year from October 1, 2021, to September 30, 2022. This extension is the third of three, one-year, optional extensions allowed under the ILA.

DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.

RESPONSIBLE DEPARTMENT: Finance

**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2021-155

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to build strong community partnerships that further Capital Metro's mission and vision; and WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management recognize the need to build ridership and increase market share of alternate transit use.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or his designee, is authorized to execute an extension of an Interlocal Agreement (ILA) with Travis County for employee transit passes for a period of one year from October 1, 2021, to September 30, 2022.

Date: _____

**Secretary of the Board
Eric Stratton**

**AMENDMENT NO. 5 TO THE INTERLOCAL AGREEMENT
BETWEEN
TRAVIS COUNTY AND
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
FOR EMPLOYEE TRANSIT SERVICES**

This Amendment No. 3 to the Interlocal Agreement for Employee Transit Services ("Amendment") is entered into by and between Travis County, Texas ("Travis County"), a political subdivision of the State of Texas, and Capital Metropolitan Transportation Authority ("Capital Metro"), a transportation authority and political subdivision organized under Chapter 451 of the Texas Transportation Code. Capital Metro and Travis County are referred to in this Amendment collectively referred the "Parties" and individually as a "Party".

I. Recitals

1. The Parties entered into that certain Interlocal Agreement for Employee Transit Services dated effective September 26, 2018 under which Capital Metro provides transit services to employees of Travis County (the "Interlocal Agreement").
2. Article III.1 of the Interlocal Agreement provides the term of the Interlocal Agreement (the "Term") will initially remain in effect until September 30, 2019 and may be extended for up to three additional 12-month optional renewals.
3. The Parties desire to extend the Term for another twelve-month (12-month) renewal period, from October 1, 2021 to September 30, 2022.

In consideration of mutual covenants and agreements contained herein, the Parties agree to amend the Interlocal Agreement as evidenced by the signatures of their respective authorized representatives.

II. Agreement

1. Article III.1 of the Interlocal Agreement provides that all optional renewals and extensions are subject to the review and approval of the Capital Metro Board of Directors and the Travis County Commissioners Court. Pursuant to Article III.1 of the Interlocal Agreement, the Parties hereby agree to renew the Interlocal Agreement for an additional 12-month period from October 1, 2021 through September 30, 2022.
2. Capitalized items used in this Amendment and not otherwise defined have the meanings assigned to them in the interlocal Agreement.
3. Multiple Counterparts. This Amendment may be executed by the Parties in one or more counterparts, each of which shall be considered one and the same Amendment. Signatures transmitted electronically by e-mail in a "PDF" format, by DocuSign or similar e-signature service shall have the same force and effect as original signatures in this Amendment.

[Signatures on following page]

**Capital Metropolitan
Transportation Authority**

By: _____

Reinet Marneweck
Chief Financial Officer

Date: _____

Approved as to form:

By: _____

CMTA Legal

Travis County, Texas

By: _____

Andy Brown
Travis County Judge

Date: _____

**INTERLOCAL AGREEMENT
BETWEEN
TRAVIS COUNTY AND
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
FOR EMPLOYEE TRANSIT SERVICES**

This Interlocal Agreement ("Agreement") is entered into by and between Travis County, Texas ("Travis County"), a political subdivision of the State of Texas, and Capital Metropolitan Transportation Authority ("Capital Metro"), a transportation authority and political subdivision organized under Chapter 451 of the Texas Transportation Code. Capital Metro and Travis County are referred to in this Agreement collectively referred the "Parties" and individually as a "Party".

I. Recitals

1. The Parties recognize the importance of a regional mobility system and desire to encourage employees of Travis County to access public transportation.
2. This Agreement is effective upon execution by both Parties and is effective until the funding for this Agreement is depleted or is otherwise terminated in accordance with this Agreement.
3. This Agreement is authorized and governed by the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code.
4. The Parties now desire to enter into a mutually beneficially agreement that meets the transportation mobility needs of both Parties.

In consideration of mutual covenants and agreements contained herein, the Parties agree to the terms and conditions below as evidenced by the signatures of their respective authorized representatives.

II. Scope

1. **Transit Services.** The purpose of this Agreement is to provide access to Capital Metro's paratransit services ("MetroAccess Services"), bus, and rail services (collectively, "Services") to Travis County employees who possess a valid and current Travis County employee photo identification and are eligible to use the Services ("Eligible County Employees").
2. **MetroAccess.** Capital Metro will provide paratransit services to Eligible County Employees who have been certified for MetroAccess Service via Capital Metro's certification process. MetroAccess-certified Eligible County Employees must follow Capital Metro's certification and reservations processes in order to make use of Capital Metro's paratransit services. Travis County will provide Capital Metro a list of MetroAccess-certified Eligible County Employees at least ten (10) business days before the beginning of a new service month. Capital Metro will then issue Travis County a MetroAccess monthly pass for each of these Eligible County Employees at least five (5) business days before the beginning of that new service month. Travis County will be responsible for distribution of these monthly passes to its MetroAccess-certified Eligible County Employees. Each MetroAccess-certified Eligible County Employee must display a valid MetroAccess monthly pass to the MetroAccess operator prior to boarding a MetroAccess vehicle. In this Agreement, "service month" means a calendar month during which a MetroAccess-certified Eligible County Employee desires to receive paratransit services from Capital Metro.

3. **Bus and Rail Services.** Capital Metro agrees to provide bus and rail services to any Eligible County Employee, at no charge to the Eligible County Employee, provided each such employee presents a valid Capital Metro pass and Travis County Employee photo identification upon boarding the Capital Metro vehicle.
4. **Coordination.** Capital Metro and Travis County understand the need for coordination and prior approval of the respective governing bodies regarding services, activities, and initiatives; including services, activities and initiatives that involve additional funds. The Parties agree to work together in good faith to coordinate any approvals necessary to obtain services, activities and initiatives that further the goals of this Agreement.
 - (a) Capital Metro and Travis County staff will outline the various roles and responsibilities needed to promote and increase Travis County employee ridership.
 - (b) Travis County will promote transit use to its employees with the assistance of the Capital Metro Communications and Marketing staff. The number of passes Travis County will require will be determined no later than six (6) weeks before the desired delivery date. Capital Metro will deliver the annual transit passes to the Travis County Human Resources Management Department. Travis County will be responsible for distributing the passes to Eligible County Employees.
5. **Holidays.** The following holidays are observed by Capital Metro and may alter the level of services:

Holiday	Date Observed
New Year's Day	January 1
Martin Luther King, Jr.'s Birthday	Third Monday in January
President's Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Veteran's Day	November 11
Thanksgiving Day	Fourth Thursday in November
Friday after Thanksgiving	Friday after Thanksgiving
Christmas Eve	December 24
Christmas Day	December 25

6. **Monitoring and Reporting.**

- (a) **Ridership Reports.** Capital Metro will provide ridership reports to Travis County by day 10 of each month. Ridership reports will include the number of unique Travis County employee riders, the number of rides taken for each level/tier of service/per day and for the total month, the total dollar amount per level/tier of service, and the total dollar amount due.
- (b) **MetroAccess (Paratransit) Reconciliation.** From the listing of MetroAccess monthly passes issued to Travis County for its MetroAccess-certified employees, Capital Metro will monitor, compile, and analyze Eligible County Employees' use of MetroAccess services and provide a monthly ridership report to Travis County. Capital Metro and Travis County will review the ridership services and eligibility for MetroAccess Services each month to reconcile the services. Capital Metro will submit invoices to Travis County for these services based upon the reconciliation.

- (c) **Bus and Rail Reconciliation.** Capital Metro will use the magnetic cards at the bus and rail fare boxes to monitor, compile and analyze bus and rail ridership data. Capital Metro and Travis County will review ridership services and employees' eligibility each month to reconcile the services. Capital Metro will submit invoices to Travis County for these services based upon the reconciliation.

III. Term and Termination

1. **Term.** The initial term of this Agreement shall commence on October 1, 2018 and end on September 30, 2019 (the "Initial Term"). After the Initial Term, this Agreement may be renewed for three (3) additional 12-month optional renewals. All optional renewals and extensions are subject to the review and approval of the Capital Metro Board of Directors and the Travis County Commissioners Court. Any changes to the price per ride or payment terms will be negotiated in good faith between the Parties at least ninety (90) calendar days prior to the expiration of the then-current term.
2. **Termination.** Either Party may exercise the right to terminate this Agreement, in whole or part, without cause, upon sixty (60) calendar days prior written notice. Upon receipt of the termination notice Capital Metro will cease all work on the 60th day ("Early Termination") following the date of the termination notice. Travis County will pay Capital Metro for all Services performed and obligations incurred prior to the Early Termination.

IV. Compensation and Payment

1. **Contract Amount.** For the Initial Term and each renewal term (unless the Parties have negotiated different prices or payment terms for that renewal term), Travis County will pay to Capital Metro an amount not to exceed **\$87,000** for that term for Eligible County Employees' use of the Services, at the rates and costs set forth in Table 1 and Paragraphs 1.1 and 1.2 below. Capital Metro will invoice Travis County on a monthly basis for the Services.
 - 1.1 During the term of this Agreement, Travis County will pay Capital Metro for bus and rail services on a per ride basis, at the rates set forth in Table 1 or the then-current, per-ride rates for each class of service. Travis County will pay Capital Metro for MetroAccess Services for MetroAccess-certified Eligible County Employees at the monthly rate set forth in Table 1.

Table 1. Prices for services from October 1, 2018 through September 30, 2019 and for each renewal term unless the Parties negotiate different prices or payment terms for that renewal term.

Service	Promotional Fare Price
Local	\$0.88 per ride
Commuter	\$2.45 per ride
MetroAccess (Paratransit)	\$46.50 month

- 1.2 Travis County will pay for the production costs of the transit passes. In addition, if the production costs of the transit passes increase during the term of this Agreement, Travis County agrees to reimburse Capital Metro for the actual additional production costs charged to Capital Metro.

2. **Invoices.** Based upon reconciled ridership services and employee eligibility, Capital Metro will submit an itemized invoice and ridership data reports to Travis County on a monthly basis. Invoices and ridership data may be mailed or sent electronically to:

Syndia Crosbie
Travis County Transportation and Natural Resources Department
P.O. Box 1748
Austin, Texas 78767
Syndia.Crosbie@traviscountytexas.gov

3. **Prompt Pay.** Travis County will pay all invoices on a monthly basis in accordance with Texas Prompt Payment Act, Chapter 2251, and Texas Government Code.
4. **Non-appropriations.** This Agreement is dependent upon the availability of Travis County funding. Travis County's payment obligations are payable only from funds appropriated and available for the Agreement. Travis County will provide Capital Metro written notice if it fails to appropriate the funds to pay the amounts due under this Agreement. Travis County will also notify Capital Metro as soon as practicable if there is a reduction of the appropriated funds necessary for Travis County to perform under this Agreement, or there are insufficient funds available for Travis County to pay its obligations under this Agreement.

V. General Terms and Conditions

1. Right to Audit.

1.1 Travis County agrees to allow authorized Capital Metro representatives access to all records related to this Agreement. In addition, Travis County agrees to only distribute transit passes and MetroAccess tickets to Eligible County Employees. Travis County will take adequate measures to prevent the transference of passes and tickets to individuals who are not Eligible County Employees.

1.2 Capital Metro agrees to allow authorized representatives of Travis County or other authorized representatives of Travis County, access to, and the right to audit, examine, or reproduce, any Capital Metro records related to the performance of this Agreement. Capital Metro agrees to refund to Travis County any overpayments disclosed by a Travis County audit.

2. **Taxpayer Identification.** Capital Metro shall provide Travis County with an Internal Revenue Form W-9, Request for Taxpayer Identification Number and Certification, that is completed in compliance with the Internal Code and its rules and regulations before any funds are payable.
3. **"Business Day."** In this Agreement, "business day" means any weekday that is not a holiday designated by the Travis County Commissioners Court.
4. **Entire Agreement.** This Agreement contains the complete and entire Agreement between the Parties respecting the matters addressed herein, and supersedes all prior negotiations, agreements, representations, and understanding, if any, between the Parties regarding Capital Metro's provision of transit services to Eligible County Employees. This Agreement may not be modified, discharged, or changed in any respect whatsoever except by written instrument duly executed by an authorized representative of the Parties. No official, representative, agent, or employee of Travis County, Texas has any authority to modify this Agreement, except pursuant to such express authority as may be granted by the

Commissioners Court of Travis County, Texas. The recitals set forth above and the attached exhibits are incorporated herein.

5. **Texas Public Information Act.** It will be the responsibility of each Party to comply with the provisions of Chapter 552, Texas Government Code, (Texas Public Information Act) and the Attorney General Opinions issued under that statute. Neither Party is authorized to receive requests or take any other action under the Texas Public Information Act on behalf of the other Party. Responses to requests for confidential information shall be handled in accordance with the provisions of the Texas Public Information Act. The provisions of this paragraph survive the termination or expiration of this Agreement.
6. **Fiscal Records.** The Parties will maintain and retain supporting fiscal documents adequate to ensure that claims for Agreement funds are in accordance with applicable state of Texas requirements. These supporting fiscal documents will be maintained and retained for a period of three (3) years from the later of: (a) termination of this Agreement, (b) submission of the final invoices, or (c) until resolution of all billing questions.
7. **Applicable Law.** This Agreement will be governed by and construed in accordance with the laws and constitution of the State of Texas.
8. **Venue.** Venue for any action arising under this Agreement will be in Travis County, Texas.
9. **Successors and Assigns.** This Agreement may not be assigned, in whole or in part, by either Party without the prior written consent of the other party. Any attempt to assign this Agreement, without the consent of the non-assigning Party, will be void. This Agreement will be binding upon and inure to the benefit of the Parties and their successors and assigns (if any).
10. **Independent Contractor.** This Agreement will not be construed as creating an employer-employee relationship, a partnership, or a joint venture between the Parties.
11. **Disputes.** The Parties will make every possible attempt to resolve, in an amicable manner, all disputes between the parties concerning the interpretation of this Agreement. Travis County will submit written notice of any claim of breach of contract under this Agreement to the Capital Metro Board of Directors, who will examine Travis County's claim and any counterclaim and negotiate with Travis County in an effort to resolve the claim. In the event this negotiation is unsuccessful, then the parties will take the dispute to mediation.
12. **INDEMNIFICATION. THE PARTIES AGREE THAT EACH GOVERNMENTAL ENTITY IS RESPONSIBLE FOR ITS OWN PROPORTIONATE SHARE OF ANY LIABILITY FOR THE NEGLIGENT ACTS OR OMISSIONS OF ITS EMPLOYEES, AGENTS, CONTRACTORS, OR SUBCONTRACTORS ARISING OUT OF, CONNECTED WITH, OR AS A CONSEQUENCE OF ITS PERFORMANCE UNDER THIS AGREEMENT. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES (INCLUDING BUT NOT LIMITED TO LOSS OF BUSINESS, REVENUE, PROFITS, OR OTHER ECONOMIC ADVANTAGE), HOWEVER IT ARISES, WHETHER IN AN ACTION OF CONTRACT, NEGLIGENCE, TORT, OR OTHER ACTION, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY THEREOF.**
13. **Force Majeure.** Except as otherwise provided, neither Party is liable to the other for any delay in, or failure of performance, of a requirement contained in this Agreement caused by force majeure. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed, provided the non-performing party exercises all reasonable due diligence to perform. Force majeure is defined

as acts of God, war, strike, fires, explosions, or other causes that are beyond the control of either Party and that by exercise or due foresight, such Party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each Party must inform the other in writing with proof of receipt within three (3) business days of the existence of such force majeure.

14. Severance. Should any one or more provisions of this Agreement be deemed invalid, illegal, or unenforceable for any reason, such invalidity, illegality or unenforceability shall not affect any other provision held to be void, voidable, or for any reason whatsoever of no force and effect, such provision will be construed as severable from the remainder of this Agreement and will not affect the validity of all other provisions of this Agreement, which will remain of full force and effect.

15. Headings. The headings contained in this Agreement are for reference purposes only and do not in any way affect the meaning or interpretation of this Agreement.

16. Notices. Any notice required or permitted to be delivered under this Agreement will be deemed delivered when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to Travis County or Capital Metro, at the addresses set forth below. Notice given in any other manner will be deemed effective only if and when received by the Party to be notified. Either Party may change its address for notice by written notice to the other Party.

16.1 Designation of Key Personnel for Notice

Travis County: Adele Noel
Travis County
Transportation and Natural Resources Department
P.O. Box 1748
Austin, Texas 78767

David Escamilla (or his successor)
Travis County Attorney
P.O. Box 1748
Austin, Texas 78767

AND TO: Bonnie S. Floyd, MBA, CPPO, CPPB (or her successor)
Travis County Purchasing Agent
P.O. Box 1748
Austin, Texas 78767

Capital Metro: Kerri L. Butcher, Chief Counsel
Capital Metropolitan Authority
2910 E. 5th Street
Austin, Texas 78702

17. **Government Entities.** The Parties to this Agreement are governmental entities within the State of Texas, and nothing in this Agreement waives or relinquishes the right of the Parties to claim any exemptions, privileges and immunities as may be provided by law.
18. **Certifications.** The Undersigned Parties do hereby certify that: (a) the services specified above are necessary and essential and are properly within the statutory functions and programs of the affected governmental entities; (b) the proposed arrangements serve the interest of efficient and economical administration of Capital Metro and Travis County; (c) the services contracted for are not required by Section 21 of Article 16 of the Constitution of Texas to be supplied under Agreement given to the lowest responsible bidder nor is this Agreement prohibited by Texas Government Code, Section 771.003(b); and (d) this Agreement neither requires nor permits either Party to exceed its duties and responsibilities or the limitations of its appropriated funds.

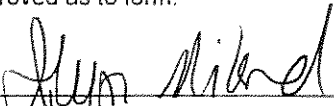
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their undersigned, duly authorized representatives to be effective as of the date of the last Party to sign.

**Capital Metropolitan
Transportation Authority**

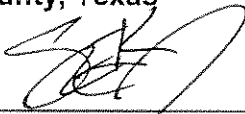
By: 
Randy Clarke
President/CEO

Date: 9/11/18

Approved as to form:

By: 
CMTA Legal

Travis County, Texas

By: 
Sarah Eckhardt
Travis County Judge

Date: SEP 26 2018

Approved as to form:

By: 
Assistant Travis County Attorney



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee
Agenda Date: 8/18/2021

Item #: AI-2021-127

FY2021 Financial Report - June 2021

Financial Report – Fiscal Year 2021

Year to Date June 30, 2021

1



METRO

Major Highlights

Revenue

- Sales tax remittances received YTD June 2021 are 9.7% higher than YTD June 2020 and 17.3% higher than YTD budget
- Capital contributions and grants are below budget due to timing of processing eligible paid expenses

Operating Expenses

- \$186.3 million expended to date, or 67% of full year budget
- Purchased transportation is below budget due to lower Bus and Rail hours compared to budget

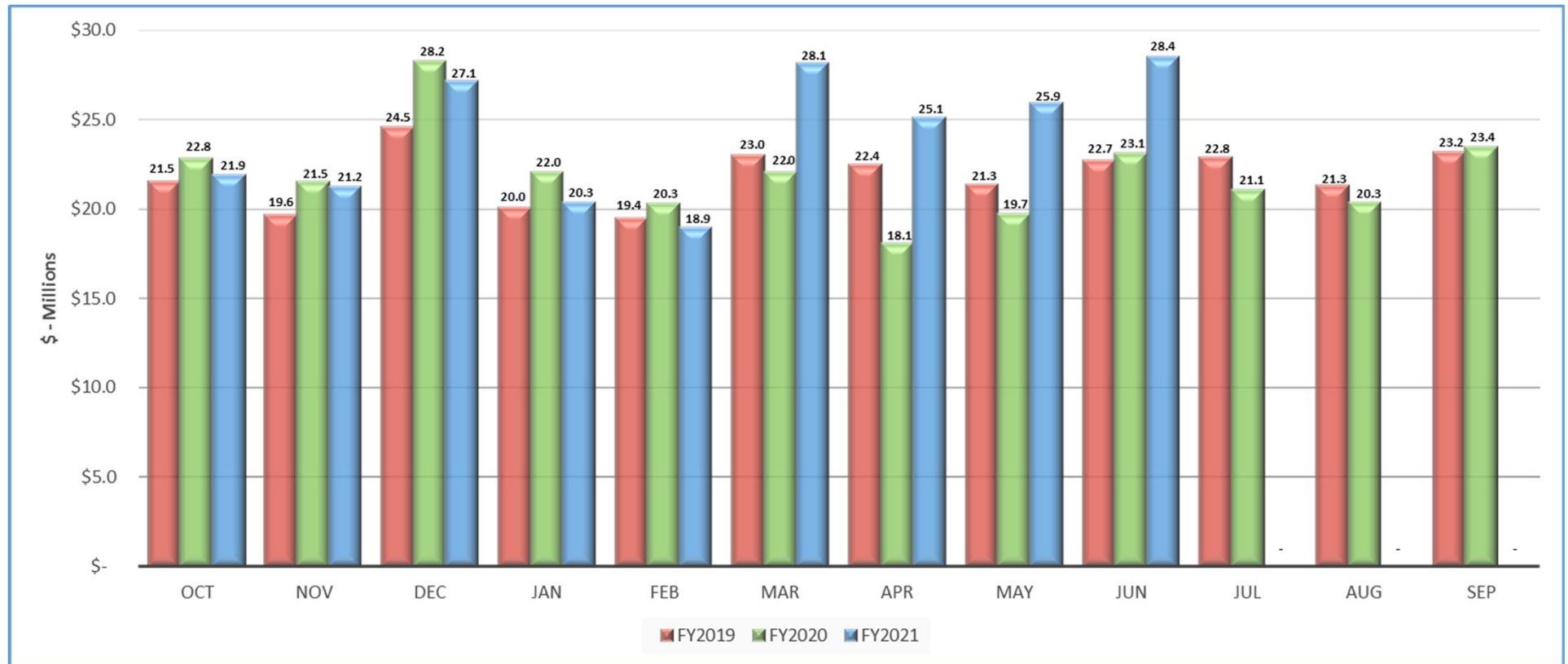
Capital Projects

- FY2021 capital project budget of \$106.4 million
- \$37.1 million expended to date, or 34.8% of full year budget
 - Downtown Station, Positive Train Control, Electric Bus Yard Paving and Infrastructure, Project Connect Orange Line, Blue Line and PMOR, Paratransit Vehicle Replacements, Onboard Validators and Vehicle Camera Systems
- \$37.1 million outstanding commitments have been issued, or 34.9% of full year budget
 - MLS Rail Station, State of Good Repair for Bridges and Tracks, Positive Train Control and Customer Payment Systems

Revenue

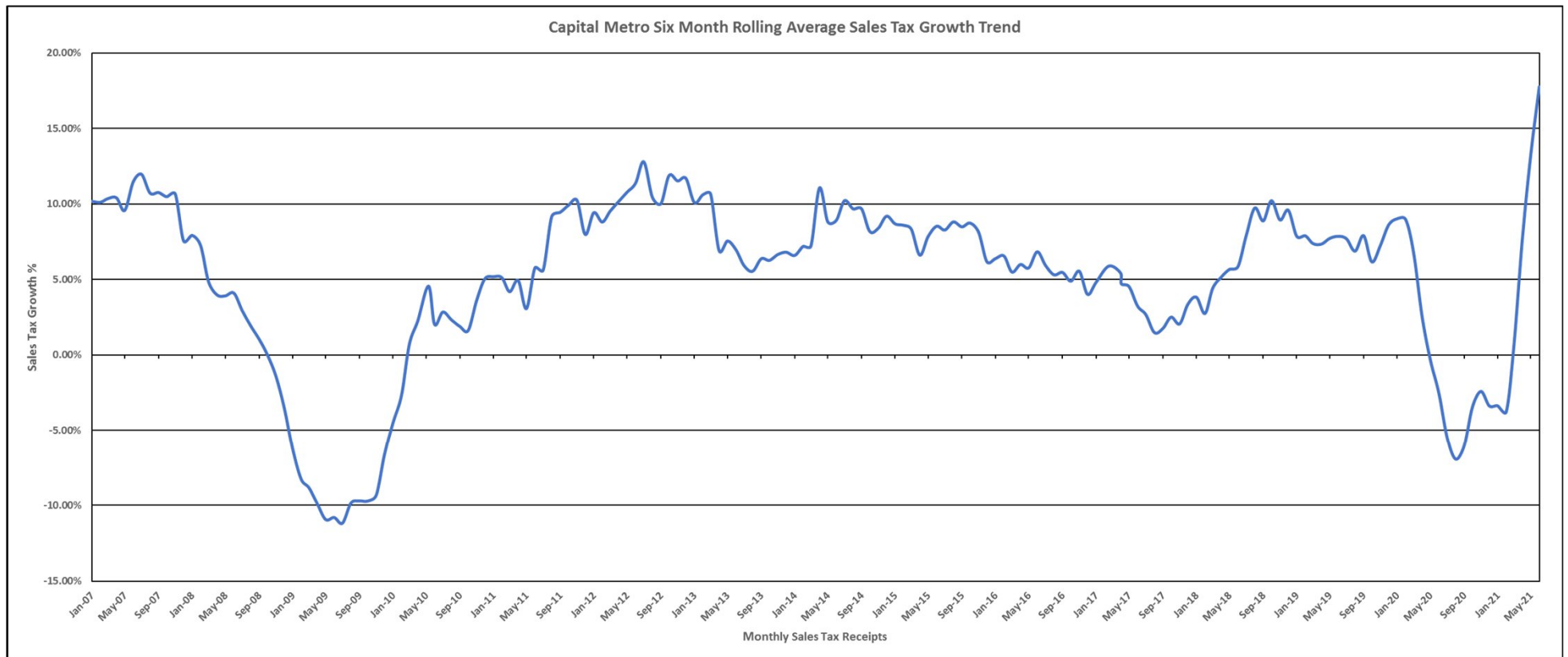
\$' Million Category	FY20 June YTD Actual	FY21 June YTD Actual	FY21 Full Year Budget	% of Budget	Comments
Sales Tax	\$194.4	\$205.5	\$251.7	81.7%	May and June sales tax receipts accrued
Passenger Fares	11.9	8.7	15.0	58.1%	Ridership 31% below budgeted projections through June 2021
Freight Railroad Revenue	5.2	4.5	5.6	80.4%	Additional right of way license agreement contracts
Other Revenue	6.9	4.8	5.6	86.2%	Interest income and purchased transportation revenue slightly over budget
Operating Contributions and Grants	78.7	34.4	43.2	79.8%	
Capital Contributions and Grants	10.4	-	10.8	0.0%	Timing of processing eligible paid expenses
Total	\$307.6	\$258.0	\$331.8	77.7%	

Actual Sales Tax Receipts



Total	\$261.8M	\$262.5M	\$217.0M
YOY % Growth	7.5%	0.3%	9.7%

Sales Tax Rolling Average Trend



Operating Expense

\$' Million Category	FY20 June YTD Actual	FY21 June YTD Actual	FY21 Full Year Budget	% of Budget	Comments
Salaries and Benefits	\$33.0	\$34.6	\$49.6	69.8%	Timing of administration pension expense
Professional Services	26.3	19.6	29.9	65.7%	Timing of consultation and software maintenance expense
Materials and Supplies	0.8	1.0	2.1	49.2%	Timing of Marketing and Operations Oversight supplies expense
Fuel and Fluids	9.5	8.1	12.2	66.0%	Volume variance savings through June 2021
Utilities	2.2	2.4	3.4	72.6%	
Insurance	0.3	0.4	0.9	41.6%	Timing of insurance premium payments
Purchased Transportation	122.8	116.2	168.7	68.9%	Lower Bus and Rail hours compared to budget
Lease/Rentals	2.0	2.4	3.3	72.7%	
Other Expenses	2.1	1.6	8.3	19.8%	Timing of dues, subscriptions, seminar and bank charge expense
Total	\$199.0	\$186.3	\$278.2	67.0%	

Budget Transfers

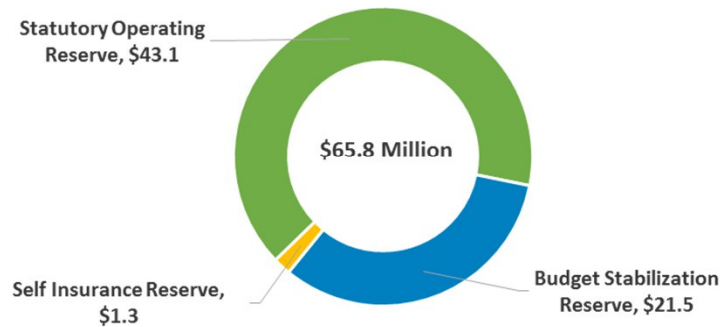
Consistent with Capital Metro's Financial Policies, there were six budget transfers that cumulatively exceeded \$150,000 to report to the board for the 3rd quarter of FY2021.

April-21				
Transfer #1				
From:	510-5090702-220	Contingency Reserve	(1,245,000)	Transferring funds from operating contingency for a comprehensive workforce planning analysis.
To:	510-5030303-340	Consultation Fees	1,245,000	
April-21				
Transfer #2				
From:	ITS2015	EPPM Required Optimization	(290,000)	Reallocating funds between Information Technology capital projects.
To:	ITS1502	Mobile Applications	(100,000)	
	ITS2013	APC Real Time	(65,000)	
	FIN2103	Capital Project Multiyear Rollover and Misc	(57,500)	
	ITS2107	Timepoint TV Implementation	35,000	
	ITS2106	Digital Asset Management	97,500	
	ITS2001	Onboard Digital Displays	380,000	
April-21				
Transfer #3				
From:	FIN2101	Capital Project Contingency	(951,000)	Transferring funds from capital contingency for replacement of camera systems on buses and paratransit vans.
To:	BPS1602	Vehicle Camera Systems	951,000	
May-21				
Transfer #4				
From:	510-5030309-220	Contingency Reserve	(264,017)	Transferring funds from operating contingency and ATP for the facility master plan for both entities.
To:	510-5030309-999	Other Professional Fees (ATP)	(264,017)	
	510-5030309-540	Other Professional Fees	528,034	
May-21				
Transfer #5				
From:	510-5030303-119	Consultation Fees	(250,000)	Reversing entry to move funds back to operating contingency for a DBE and SBE Disparity Study that partially rolled to FY2022.
To:	510-5090702-220	Contingency Reserve	250,000	
May-21				
Transfer #6				
From:	FIN2101	Capital Project Contingency	(425,000)	Transferring funds from capital contingency to support Information Technology capital projects.
To:	ITS2018	Transit Planning Streets Module	38,000	
	ITS2013	APC Real Time	166,000	
	ITS1601	ePaper DMS for BRT & Rail Plus IDIQ	221,000	

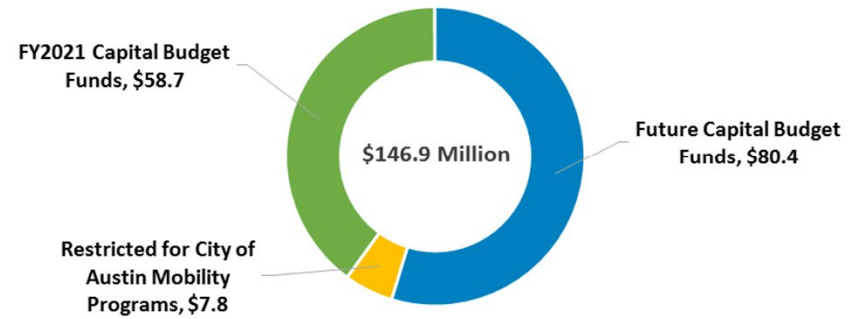


Reserve, Allocated & Restricted Funds

Reserve Funds



Allocated & Restricted Funds



Notes:

- Additional funding was allocated to the statutory operating and budget stabilization reserves based on the board approved funding formula. The statutory operating reserve equals 2 months of audited FY2020 operating expenses. Contributions to the budget stabilization reserve began in February 2016 with \$7 million reserved in FY2016 and \$3 million in FY2017. An additional contribution was made in FY2018 to fully fund the budget stabilization reserve. The capital expansion fund was established in FY2018 with \$9.6 million, \$30.4 million in FY2019 and \$10 million in both FY2020 and FY2021 as Capital Metro looks forward to future needs in the region. The \$60 million capital expansion fund balance was transferred to the Austin Transit Partnership in June 2021 for implementation of the Project Connect System Plan.
- Funds for capital investment are required to help address extensive capital needs. The capital budget for FY2021 is \$106.4 million, with \$47.7 million funded by FY2021 income and \$58.7 million from reserves. These capital improvements are needed to maintain the state of good repair of the community's transit infrastructure and to be in compliance with Federal regulations. The City of Austin Mobility Fund was reduced by \$6 million in FY2019 to assist with Project Connect preliminary engineering and environmental analysis and by \$2.8 million from City projects in FY2020.

Statement of Revenue, Expenses and Change in Net Position

\$' Million	FY20 June YTD Actual	FY21 June YTD Actual	FY21 Full Year Budget	% of Budget
<i>Operating Revenue</i>				
Passenger Fares	\$11.9	\$8.7	\$15.0	58.1%
Freight Railroad Revenue	5.2	4.5	5.6	80.4%
Other Revenue	4.0	4.0	4.6	87.0%
Total	21.1	17.2	25.2	68.3%
<i>Operating Expenses</i>				
Salaries and Benefits	33.0	34.6	49.6	69.8%
Professional Services	26.3	19.6	29.9	65.7%
Fuel and Fluids	9.5	8.1	12.2	66.0%
Utilities	2.2	2.4	3.4	72.6%
Purchased Transportation	122.8	116.2	168.7	68.9%
Other Expenses	3.2	3.0	11.2	26.9%
Lease/Rental	2.0	2.4	3.3	72.7%
Depreciation & Amortization	32.3	30.3	51.0	59.5%
Total	231.3	216.6	329.2	65.8%
<i>Operating Income/Loss</i>	<i>(210.1)</i>	<i>(199.4)</i>	<i>(304.0)</i>	<i>65.6%</i>
<i>Non-Operating Revenue/(Expenses)</i>				
Sales Tax	194.4	205.5	251.7	81.7%
Investment Income	3.0	.9	1.0	91.5%
Operating Contributions and Grants	78.7	34.4	43.2	79.8%
Capital Contributions and Grants	10.4	-	10.8	0.0%
Mobility Interlocal Agreements	(3.3)	(68.7)	(6.0)	1153.2%
Other	(.1)	(.1)	(.0)	0.0%
<i>Non-Operating Income/(Loss)</i>	<i>283.2</i>	<i>172.1</i>	<i>300.7</i>	<i>57.2%</i>
Change in Net Position	\$73.0	\$(27.3)	\$(3.3)	825.4%

Budget Variances by Department

\$'000 Department	FY20 YTD Actual	FY21 YTD Actual	FY21 YTD Revised Budget	YTD % of Revised Budget	YTD Budget vs. Actual	FY21 Budget Full Year	Comments
100 - Non-Allocated Benefits	\$8,663	\$9,102	\$11,278	80.7%	\$2,176	\$15,030	Timing of admin pension expense
102 - Wellness Center	189	188	209	90.0%	21	279	
103 - Child Care Center	729	754	775	97.3%	21	1,038	
105 - Business Center	243	245	271	90.5%	26	361	
110 - Executive Staff	495	533	589	90.4%	56	734	Timing of seminars, dues and subscriptions and small travel savings due to pandemic
118 - Government Relations	431	470	493	95.4%	22	641	
119 - Diversity and Compliance	150	403	585	68.9%	182	649	Timing of consultation fees for Title VI policy update
120 - Board Of Directors	108	109	147	74.5%	37	197	Savings for board member conferences and travel due to the pandemic
125 - Internal Audit	277	389	426	91.5%	36	521	Savings on the Quadrennial Performance Audit
130 - Performance Management and Imagination	582	466	496	93.9%	30	774	
141 - Public Safety and Emergency Management	3,270	3,307	4,443	74.4%	1,136	5,873	Labor savings for APD staffing shortages and timing/savings of other professional fees and security services
150 - Legal	663	685	798	85.9%	112	1,059	Timing of general legal services expense
220 - Finance	2,709	2,765	3,138	88.1%	373	5,399	Timing of consultation fees and Transit Empowerment Fund expense
230 - Information Technology	7,800	8,779	10,913	80.5%	2,133	13,399	Timing and project delay in services expense
250 - Procurement	1,182	1,220	1,397	87.3%	178	1,827	Temporary help savings
275 - Rideshare	2,585	1,009	2,800	36.0%	1,792	3,776	Purchased transportation savings due to fewer vanpools operating than budgeted
320 - Planning	1,897	1,848	2,762	66.9%	915	3,583	Savings from vacancies and O&D survey. Timing of consulting fees for MetroBike, rail operating model and quick response
330 - Marketing and Communications	2,398	2,223	3,179	69.9%	956	4,133	Timing of temporary help, branding, transit is safe, literature distribution and fare collection campaigns
331 - Community Engagement	700	549	1,113	49.3%	564	1,432	Timing of annual community survey, special events, MetroArt, Try Transit and Smart Trips
332 - Customer Care	765	742	826	89.8%	84	1,098	
340 - People and Culture	1,730	2,003	3,186	62.9%	1,183	3,770	Timing of consultation fees
420 - Risk Management And Safety	1,689	1,322	2,378	55.6%	1,055	2,815	Timing and lower than anticipated insurance premiums
457 - Public Facilities	3,306	3,820	4,194	91.1%	375	5,661	Timing of utilities, professional and maintenance services
530 - Capital Projects	1,425	1,268	1,505	84.2%	237	1,996	Vacancy savings and timing of services expense
540 - Real Estate And Property Mgt.	1,799	2,187	3,180	68.8%	994	3,855	Timing of services expense
542 - Freight Rail Management	1,138	1,139	1,584	72.0%	444	2,012	Savings from projects moved to FY22: road crossing analysis, timber bridge analysis and out of service repairs
544 - Commuter Rail Operations	13,644	13,016	16,484	79.0%	3,468	21,673	Purchased transportation and fuel savings from 31.4% fewer hours through May and savings from bridge analysis
550 - Real Estate and Facility Planning	1,899	2,030	2,259	89.9%	229	3,087	
600 - Operations and Maintenance Oversight	97,933	95,319	100,075	95.2%	4,756	132,717	Purchased transportation and fuel savings from 9% fewer hours than budget through April and supply expense savings
615 - Innovative Mobility	2,483	3,005	3,778	79.5%	773	5,042	Timing of MetroBikeShare and Pickup purchased transportation expense
620 - Demand Response Oversight	22,770	22,379	22,064	101.4%	(315)	29,756	Additional diesel expense to correct in July 2021
640 - Paratransit Reservation & Control	1,568	1,517	1,598	94.9%	81	2,119	
650 - Paratransit Eligibility	643	744	783	95.0%	39	1,028	
920 - Project Connect	11,121	771	836	92.2%	65	836	Project Connect moved to ATP budget in January 2021
Total	198,984	186,306	210,542	88.5%	24,234	278,170	

Capital Projects Summary

\$'000 Project Category	Expended	Outstanding Commitments	Budget	Expended & Committed as % of Budget	Comments
Commuter Rail	\$10,292	\$5,144	\$14,116	109.4%	Positive Train Control, Track Undercutting and State of Good Repair for Rail Grade Crossings
Vehicles	3,914	792	3,317	141.9%	20 Paratransit Vehicles and Vehicle Camera Systems
Information Technology	4,710	3,870	13,680	62.7%	Customer Payment Systems, Onboard Validators and Enterprise Asset Management System
Facilities	11,912	2,316	25,405	56.0%	Downtown Station, North Ops Paving and Infrastructure and Bus Stop Enhancements
Freight Railroad	11	27	4,045	0.9%	
Property and Asset Mgmt	251	-	722	34.8%	Vehicle Lifts for Thompson Lane Facility
Contingency	-	-	7,000	0.0%	
Project Connect	5,428	24,747	36,481	82.7%	Orange Line, Blue Line, PMOR, MetroRapid Lines and MLS Rail Station
Security	537	239	1,622	47.9%	Video System Integration Software
Total	\$37,055	\$37,136	\$106,388	69.7%	

Outstanding commitments are for purchase orders that have been issued.



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THANK YOU!



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2021-129

Agenda Date: 8/18/2021

FY2022 Proposed Budget Update

FY2022 Budget Update

Presented on August 18, 2021

1




METRO

FY2022 Budget Development Calendar

- Feb 4 Operating and Capital Budget kick-off meeting with departments
- Apr 16 Capital and Operating Budget requests received from departments
- May 12 Board Committees review proposed budget calendar
- Jun 2 Initial review with Access Advisory Committee
- Jun 9 Initial review with Customer Satisfaction Advisory Committee
- Jun 28 Board of Directors initial review and discussion
- Jul 19 Budget proposal presented to Board of Directors

FY2022 Budget Development Calendar

PUBLIC OUTREACH / FEEDBACK PROCESS

- Aug 4 Presentation to Access Advisory Committee
- Aug 11 Presentation to Customer Satisfaction Advisory Committee
-  Aug 18 Update Board Committees
- Aug 23-27 Public and virtual outreach
- Aug 24 Proposed budget document is published online
- Aug 24 Notice of public hearing on proposed budget and capital improvement plan
- Sep 15 Update Board Committees
- Sep 15 Public hearing on proposed budget and capital improvement plan at noon
- Sep 27 Board of Directors considers budget proposal for adoption

Operating Revenue and Expense Updates

- Sales Tax – June 2021 receipt
 - FY2021 Forecast increase of \$6.3 million
 - FY2022 Budget increase of \$6.6 million
- FY2022 RideShare revenue adjustment decrease - \$1.4 million
 - Revenue correction for estimated FY2022 vanpools in service
- FY2021 administration pension plan expense decrease - \$1.1 million
 - Actuary report received in July 2021

5-Year Capital Improvement Plan Update

- Addition of Capital Metro Project Connect contracted projects
 - Orange Line - \$26.2 million in FY2022
 - Blue Line - \$24.6 million in FY2022
 - MetroRapid Lines - \$166.6 million in FY2022 – FY2024
 - MetroRapid charging infrastructure - \$26.0 million in FY2022 – FY2026
 - MetroRapid and MetroExpress Park & Rides - \$30.5 million in FY2022 – FY2024
 - Green Line Phase 2 Manor Capital Reserve - \$800 thousand
 - Addition of offsetting ATP contribution and estimated Small Starts funding
- Shift of funding from FY2021 to FY2022 - \$6.6 million
 - Various delays due to timing of project work
- Red Line Improvements - \$15.0 million added in FY2022 – FY2023
 - Added funding for McKalla MLS Station after 30% design completion

Proposed 5-Year Capital Plan

\$' Million Project Category	FY2022	FY2023	FY2024	FY2025	FY2026	Total
Bus and Paratransit	\$41.4	\$65.4	\$15.9	\$3.8	\$91.3	\$217.9
Commuter Rail	43.1	24.4	3.0	2.8	3.3	76.5
Facilities	27.5	23.2	14.6	7.4	10.3	83.1
Freight Railroad	4.0	1.5	.0	.0	.0	5.7
Information Technology	26.3	17.3	12.1	12.3	8.0	75.9
Other	6.9	2.5	2.5	2.4	2.0	16.3
Project Connect	138.0	107.8	52.0	.3	.7	298.9
Property and Asset Mgmt	16.5	12.4	.9	1.1	1.0	31.8
Total Capital Projects	\$303.8	\$254.5	\$101.0	\$30.2	\$116.5	\$806.1
Funding						
Local Funding	146.5	138.6	44.4	27.4	107.7	464.6
Grants/Contributions	157.4	115.9	56.6	2.8	8.8	341.5
Total Capital Projects	\$303.8	\$254.5	\$101.0	\$30.2	\$116.5	\$806.1
Project Type						
Enhancement	244.6	179.1	70.0	10.2	27.8	531.7
State of Good Repair	59.2	75.4	31.0	20.0	88.8	274.3
Total Capital Projects	\$303.8	\$254.5	\$101.0	\$30.2	\$116.5	\$806.1

Next Steps

- Publish draft budget document online
- Public outreach and webinars
- Public hearing on the proposed budget
- Budget updates to Board Committees
- Final Board approval scheduled for September 27
- Board update on Long-Range Financial Plan



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THANK YOU!



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2021-139

Agenda Date: 8/18/2021

Internal Audit Semi-Annual Follow Up on Audit Recommendations



METRO

SEMI-ANNUAL FOLLOW-UP ON AUDIT RECOMMENDATIONS MAY 2021 (21-06)

Terry Follmer, VP of Internal Audit

Distribution List:

Capital Metro Board of Directors
Randy Clarke, President and CEO
Kerri Butcher, EVP, Chief of Staff
Donna Simmons, EVP, Administration & EEO Officer
Catherine Walker, EVP, CFO & Risk Officer
Dottie Watkins, Chief Customer Officer/Chief Operating Officer
Sharmila Mukherjee, EVP, Planning & Developments
Brian Carter, EVP, Chief Experience & Engagement Officer (CXO)
Gardner Tabon, EVP, Chief Safety Officer
David Dech, VP, Rail Operations
Ken Cartwright, VP, Facilities Management & Capital Constructions
Jane Schroter, VP, Chief Information Officer
Chad Ballentine, VP, Demand Response & Innovative Mobility
Tangee Mobley, VP, Bus Operations & Maintenance
Jeff Hiott, VP, Imagination, Research, and Industry Benchmarking
Ashley Glotzer, General Counselor
Muhammad Abdullah, Senior Director/Chief of Procurement & Compliance Officer
Susan Renshaw, Controller
Kevin Conlan, Deputy CFO
Muriel Friday, Director of Rail Operations
Rafael Villarreal Jr., Director of Contract Oversight
Andrew Murphy, Director, Vehicle Maintenance
Darryl Jamail, Director of Security & Emergency Management
Charlie Jackson, Director of Transit Tech Systems
Diponker Mukherjee, Program Manager, Compliance Gov. Affairs/Ofc. Diversity

Executive Summary

As part of our annual Audit Plan approved by the Capital Metro Board, we conducted the semi-annual status review of all open audit recommendations as of May 31, 2021. The follow-up included 8 audit reports with a total of 27 recommendations. The audit objective and conclusion on the implementation of the corrective action plans follows.

Audit Objective & Scope

The objective of the audit was to determine whether Management has successfully implemented action plans in response to the recommendations provided in internal audit reports. In order to monitor the disposition of audit recommendations, the Internal Audit Department conducts two follow-up audits (semi-annual) per fiscal year (May and November). This report reflects the status as of May 31, 2021, for the outstanding Corrective Action Plans (CAP's) resulting from internal audit projects.

Conclusion on Corrective Action Plans

We followed up on 27 recommendations from 8 different audit reports and have concluded that only 16 recommendations remain open, and Management has action plans to implement the items listed as "In Process of Being Implemented." Table 1 listed below provides a summary breakdown of audit reports with open recommendations for May 31, 2021.

Table 1: Summary Status of Open Recommendations							
Project #	Report Date	Report Name	Total # of Audit Recommendations	Implemented as Recommended	In Process of Being Implemented	Rejected/Management Has Accepted the Risk	% Action Plan Implemented
19-05	4/5/2019	Genfare Cash and Ticket Controls	5	4	1	0	80%
19-09	10/31/2019	Sox Controls Audit - Miscellaneous Revenue	6	6	0	0	100%
20-03	3/9/2020	OrbCAD Incident/Accident Process Review	3	0	3	0	0%
20-05	8/3/2020	Fuel Management & Controls Audit	4	0	4	0	0%
20-06	6/8/2020	OrbCAD Service Delays Process Review	2	0	2	0	0%
21-01	4/2/2021	PTC Expenditures Audit	2	0	2	0	0%
21-03	4/2/2021	DBE/SBE Program	4	0	4	0	0%
21-05	12/23/2020	Petty Cash Controls	1	1	0	0	100%
TOTAL:			27	11	16	0	41%

In our opinion, Management has made reasonable progress in implementing the recommendations and open Corrective Action Plans. Additional details related to all open recommendations can be found in Appendix A.

This audit was conducted by the following staff members in the Capital Metro Internal Audit Department:

Jeannette Lepe, Internal Auditor II (Project Lead)
Sarah Daigle, Internal Auditor II
Terry Follmer, VP of Internal Audit

We want to thank Management for their support and good progress in implementing the open corrective action plans.

APPENDIX A – DETAILS OF OPEN AUDIT RECOMMENDATIONS

Prior Recommendations and Audit Results

As required by the Institute of Internal Auditors' International Professional Practices Framework, we have reviewed all open audit recommendations. Based on our review of audits, we identified 16 open recommendations. Listed below are the open recommendations, along with the name of the audit report, report date, original recommendation, and Management's updated target completion date and comments.

19-05 GENFARE CASH AND TICKET CONTROLS AUDIT (4/5/2019 Report Issued with 5 Recommendations)

RECOMMENDATION 2 – (Compare Genfare Ticket Sales to Cash)

The Controller and Manager of Revenue should consider the following:

- a) Developing written standard operating procedures (SOP) covering the reconciliation and variance analysis related to farebox tickets and cash.
- b) The SOP should state the cadence as to how often the review is performed as well as establish tolerance levels to identify outliers.
- c) Ticket to cash variances outside tolerance levels are researched with action plans to remediate as applicable.

OPEN ACTION PLANS: (*Susan Renshaw – Controller*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** 09/30/21
Management has drafted an analysis and formalized the process with cadence, tolerance levels, and escalation guidelines.

20-03 ORBCAD INCIDENT/ACCIDENT PROCESS REVIEW (03/09/2020 Report Issued with 3 Recommendations)

RECOMMENDATION 1 – (Disconnected Systems & No Comprehensive Database)

The Director of Contract Oversight, IT Director of Transit Technology Systems and the Director of Risk Management will consider the following improvements:

- a) Establishing a single comprehensive database for all incident/accident data.
- b) Require MV to enter all data into the chosen single comprehensive database.
- c) Automate the flow of data from OrbCAD into the required Excel templates (e.g., Operator Report, Supervisor Report, etc.) that are saved to Sharepoint, thus requiring the Supervisor to only record new data and not have to rekey all data that is already captured in OrbCAD.

OPEN ACTION PLANS: (*Rafael Villareal, Director of Contract Oversight*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date and Comments:** N/A – This

action plan is not due until 9/30/21.

RECOMMENDATION 2 – (Improve QA Oversight, Analysis, and Monitoring)

The Director of Contract Oversight, IT Director of Transit Technology Systems, and the Director of Risk Management should consider and evaluate the following process improvements:

- b) Ensure monitoring controls are established related to the accuracy and timeliness of data provided by MV. If possible, implement automated controls related to QA oversight, performance metrics, and any PDC's (Performance Deficiency Credits).
- d) Develop controls to ensure that data recorded in OrbCAD matches the data captured in the RiskMaster system. If events are reclassified from incident to accident or vice versa, ensure that both systems are updated with final classification between Incident or Accident.

OPEN ACTION PLANS: (*Rafael Villareal, Director of Contract Oversight*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date and Comments:** 11/01/2021
Management is in the process of developing additional analysis and controls.

RECOMMENDATION 3 – (Automate Reporting Out of Systems)

The Director of Contract Oversight, IT Director Transit Technology Systems and the Director of Risk Management, should consider and evaluate the following improvements:

- a) Request the IT Departments Report Writing Team to develop required pre-printed reports (e.g., monthly reports as well as daily Operator/Supervisor Reports, etc.) out of OrbCAD and/or RiskMaster based upon which system is designated the system of record with all comprehensive data.
- b) Review for additional monitoring needs (i.e., Capital Metro and MV) and develop additional reports as necessary to improve MV oversight and improve efficiencies.
- c) Ensure that the original Incident # automatically assigned by the OrbCAD system is properly captured in other reports and systems for appropriate tracking purposes

OPEN ACTION PLANS: (*Rafael Villareal, Director of Contract Oversight*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date and Comments:** N/A – This action plan is not due until 9/30/21.

20-05 FUEL MANAGEMENT & CONTROLS AUDIT (8/03/2020 Report Issued with 4 Recommendations)

RECOMMENDATION 1 – (Update Fueling Procedures & Improve Gasboy Controls)

The Chief Customer Officer/Chief Operating Officer, VP of Bus Operations & Maintenance, Director of Vehicle Maintenance, Director of Security & Emergency Management, and VP of Demand Response and Innovative Mobility should complete the following:

- a) Assign a single member of management with direct responsibility over the entire Capital Metro fuel system and program.
- b) Update the Fueling Procedures to reflect current practices and expectations for all users.

- c) Each department and respective service provider should determine which positions have a need to dispense fuel and formalize this into a written document. Additionally, review the Vehicle ID's and 434 Fueler ID's with access to pump fuel and eliminate any that are unnecessary.
- d) Request that the service providers send list of terminations to Gasboy administrators on at least a monthly basis to ensure they are removed from the system in a timely manner.
- f) Establish monitoring controls for dispensing fuel at 817 Paratransit location since there is no Gasboy system.

OPEN ACTION PLANS: (*Tangee Mobley – VP, Bus Operations & Maintenance*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** 12/31/21
Management has taken steps to improve Gasboy controls, such as repairing a broken security camera and establishing a monthly review process for security vehicles. However, management is in the process of working with a third-party company, HNTB, to rewrite the Fueling Procedures, identifying terminated employees who need to be removed from Gasboy access, and adding other Gasboy controls.

RECOMMENDATION 2 – (Improve Data Analytics & Investigate Unusual Variances):

The VP of Bus Operations & Maintenance and Director of Vehicle Maintenance should complete the following:

- a) CMTA monitoring should include data analytics to identify unusual trends and outliers that might indicate theft or improper fueling on an annual basis and send results to each department for further investigation.
- b) Evaluate configuration of Gasboy system to prevent the following: wrong fuel (diesel or unleaded) for Vehicle ID; blank fueler ID; blank Vehicle ID; and vehicles with unusual odometer/hubodometer mileage.

OPEN ACTION PLANS: (*Tangee Mobley – VP, Bus Operations & Maintenance*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** 12/31/2021
Management has implemented a Gasboy system control to limit gallons pumped based on vehicle/fluid type, however, is still in the process of installing a new Infor system (asset management system) which has various tracking and analytic mechanisms and developing other Gasboy system controls.

RECOMMENDATION 3 – (Special Equipment Code For Fueling Not Monitored):

The VP of Bus Operations & Maintenance, Director of Vehicle Maintenance, and VP of Demand Response and Innovative Mobility should complete the following:

- c) Location 509 data analytics and unusual usage of fuel should be shared with Paratransit for possible investigation.

OPEN ACTION PLANS: (*Tangee Mobley – VP, Bus Operations & Maintenance*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** 12/31/21
Management has taken steps to increase monitoring of the special equipment codes such

as assigning responsibility to one employee, monitoring monthly special code usage, and sending data to each respective department head. However, management is in the process of upgrading the 509-location fueling equipment/system and identifying ways to perform data analytics at this location.

RECOMMENDATION 4 – (Improve Controls for Overrides)

The VP of Bus Operations & Maintenance and Director of Vehicle Maintenance should complete the following:

- c) Change the override codes on a yearly basis and delete the override code for test equipment since it was only used twice.
- d) Ensure the service providers properly train staff on when/how overrides are used (e.g. make 3 attempts before overriding, only supervisors can complete overrides, etc.)

OPEN ACTION PLANS: (*Tangee Mobley – VP, Bus Operations & Maintenance*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** 12/31/21
Management has taken steps to increase monitoring of the special equipment codes such as assigning responsibility to one employee, monitoring monthly special code usage, and sending data to each respective department head. However, management is in the process of upgrading the 509-location fueling equipment/system and identifying ways to perform data analytics at this location.

20-06 ORBCAD SERVICE DELAYS PROCESS REVIEW (6/8/2020 Report Issued with 2 Recommendations)

RECOMMENDATION 1 – (OTP Target Measurements Differ from MV Contract)

The Director of Contract Oversight, Manager of Service Analysis, and IT Director of Transit Technology Systems will consider the following improvements:

- b) Evaluate and consider whether Swiftly should be used as the OTP contract monitoring tool to measure OTP performance.

OPEN ACTION PLANS: (*Rafael Villarreal – Director of Contract Oversight*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** 11/1/2021
Management is collaborating with Planning Data Analyst to evaluate the opportunity to use Swiftly to report OTP.

RECOMMENDATION 2 – (Service Delay Records & Monitoring)

The Director of Contract Oversight, Manager of Service Analysis, and IT Director of Transit Technology Systems will consider the following improvements:

- b) An OrbCAD report should be created to capture all incidents that are not coded by Dispatchers within 15 minutes of the occurrence, in accordance with the modified contract language per item a above.
- c) An OrbCAD report should be created to capture all incidents that are never recorded by Dispatchers with an explanation of the incident, in accordance with the modified contract language per item a above.

- e) Using the new OrbCAD reports in recommendations b & c above, analyze results to help minimize service delays, and understand Dispatcher training and staffing needs.

OPEN ACTION PLANS: (*Rafael Villarreal – Director of Contract Oversight*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** 11/1/2021.
Management is working with OMO Data Analysts to develop OrbCAD reports to ensure compliance.

21-01 PTC Expenditures Audit (Issued 04/02/2021 Report Issued with 2 Recommendations)

RECOMMENDATION 1 – (Update Policy & Procedures for Workflow Approval Exceptions)

The Controller, together with the AX Administrator in the IT Department, should consider:

- a) Identify opportunities to improve segregation of duty controls in AX so invoices must be approved by separate personnel in accordance with AP Policy (FIN-106) at various levels (e.g. PM, Manager; Director, Chief/EVP). Alternatively, if AX cannot be configured to remediate this delegation weakness, then a compensating control should be put in place. For example, a monthly or quarterly list of invoices approved with limited segregation of duties should be reviewed by the Controller/departments to ensure oversight and transparency on these workflow exceptions.
- b) When segregation of duties is not possible in the system (e.g. vacation, sick, etc.) but appropriate approval is granted through a separate means (e.g. email approval), this documentation should be saved to AX. If a separate and duly authorized means of approval cannot be obtained within that department hierarchy, the Controller should be consulted for either the Controller's approval or one of their designees.
- c) c) Update AP policy (#FIN-106) to define acceptable ways to document appropriate approval to strengthen segregation of duties (e.g. email approval attached to transaction in AX.)

OPEN ACTION PLANS: (*Susan Renshaw, Controller, Finance*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** N/A – This action plan is not due until 12/31/21.

RECOMMENDATION 2 – (Update AX Approvals & Workflow)

The Controller, together with the AX Administrator in the IT Department, should complete the following:

- a) In AX workflow, review by department (see Appendix D) and ensure it aligns with Cap Metro's AP policy (#FIN-106).
- b) In AX workflow, ensure a first level Project Manager level approval is required for all active projects at CapMetro as identified by the EPPM system (project management software).
- c) Remove any old departments or employee numbers listed in the AX system.

- d) In AX workflow, ensure every department has identified a Chief level approval and review the Manager and Director level approvals to ensure this appropriately reduces the risk of unauthorized payments.
- e) In AX workflow, review dollar thresholds in the configuration and make any necessary adjustments.

OPEN ACTION PLANS: *(Susan Renshaw, Controller, Finance)* Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** N/A – This action plan is not due until 12/31/21.

21-03 DBE/SBE Program Controls & Analysis Audit (Issued 04/08/2021 Report Issued with 4 Recommendations)

RECOMMENDATION 1 – (B2Gnow System – Data Completeness and Accuracy)

The OOD's Compliance Manager should implement the following improvements:

- a) Identify mandatory fields (e.g., contact info, contract type, etc.) in the B2Gnow system and configure the system to require mandatory fields to be populated; otherwise, an error code will be provided. Alternatively, if this cannot be automated in B2Gnow, then perform periodic manual checks (e.g., quarterly) to ensure all mandatory fields are being completed for vendors.
- b) Require prime contractors and subcontractors to periodically validate the completeness and accuracy of their data in the B2Gnow, which is relevant to their company and contract.

OPEN ACTION PLANS: *(Diponker Mukherjee – Program Manager, Compliance Gov Affair/Ofc. Diversity)* Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** N/A – This action plan is not due until 9/30/21.

RECOMMENDATION 2 – (Accuracy of Contractual Required Forms)

The Director of Diversity, Equity, and Inclusions and the OOD's Compliance Manager will consider the following improvement.

- a) During the Post Solicitation, the OOD Department should work with the bidder to ensure contractual forms are accurately completed.
- b) Periodically (e.g., semi-annually), complete a review of the contracts in B2Gnow to ensure all documents are accurately completed and match the data in B2Gnow.

OPEN ACTION Plans: *(Diponker Mukherjee – Program Manager, Compliance Gov Affair/Ofc. Diversity)* Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** 9/30/21
Management is in the process of defining Standard Operating Procedures, including reviewing the Contractual Required Forms.

RECOMMENDATION 3 – (Develop SOPs and Improve Oversight)

The Director of Diversity, Equity, and Inclusion and the Compliance Manager will consider the

following improvement:

- a) Develop Standard Operating Procedures defining the processes to ensure DBE compliance.
- b) Define the reporting requirements to be completed monthly and biannual.
- c) Identify and develop the B2Gnow compliance reports and define the processes and actions to be taken.

OPEN ACTION Plans: (Diponker Mukherjee – Program Manager, Compliance Gov Affair/Ofc. Diversity) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** N/A – This action plan is not due until 9/30/21.

RECOMMENDATION 4 – (No Reconciliation is performed of the Systems)

The Director of Diversity, Equity, and Inclusion and the OOD's Program Manager will consider the following improvements:

- a) Define the process of the AX to B2Gnow system reconciliation (i.e., which contracts have DBE/SBE participation; and all prime payments are imported to B2Gnow) and included it in the standard operating procedures.
- b) Periodically (e.g., quarterly or semi-annually), perform a complete reconciliation of the systems to ensure the payments are accurately imported in B2Gnow.

OPEN ACTION Plans: (Diponker Mukherjee – Program Manager, Compliance Gov Affair/Ofc. Diversity) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** N/A – This action plan is not due until 9/30/21.



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2021-140

Agenda Date: 8/18/2021

Internal Audit FY2021 Audit Plan Status

FY21 INTERNAL AUDIT PLAN
Department Scorecard

Projects	Status & % Complete	Additional Details
FAA COMMITTEE & INTERNAL AUDIT CHARTER COMPLIANCE		
1 Finance, Audit & Administration (FAA) Committee Meetings: 10/14; 11/9; 12/7; 2/10; 3/17; 4/14; 5/12; 6/16; 8/18; 9/15	Ongoing	
2 Semi-annual Implementation Status Report - November 2020	Completed	February
3 Semi-annual Implementation Status Report - May 2021	Completed	August
4 FY2021 Risk Assessment & development of FY22 Audit Plan	In-Process	
FY21 Audit Assurance & Advisory Projects		
1 Quadrennial Performance Audit (Requisition #306188) - RFP, Selection Process and Quadrennial Audit Report - Contract awarded to Weaver for \$180,610	Completed	January
2 QAR (Quality Assurance Review) of Internal Audit practices - Started Self-Assessment. The external assessments have been postponed by GAO/ALGA due to COVID-19.	Postponed to FY22	
3 Payroll Process - SOX Like Key Financial Control Testing	Completed	July
4 Project Connect - System Controls & Processes (e-Builder)		
5 PTC (Positive Train Control) - Expenditures & Drawings	Completed	May
6 DBE Program	Completed	May
7 Petty Cash - Policy Compliance	Completed	February
8 Transit Store - SOX Like Key Control Testing	In-Process	
9 Saltillo Development Project	In-Process	
10 FTA Triennial Review	Postponed to FY22	
11 Annual Cybersecurity Review (AT&T vulnerability assessment)	In-Process	
12 Rail Systems Security (Railcomm, PTC, Signaling, etc.)	Postponed due to Procurement	
13 NIST Cybersecurity Framework (Facilitated Self Assessment)	In-Process	
CONTINGENT AUDIT PROJECTS - FY21		
1 ITS2403: Governance Risk and Compliance Software - (ServiceNow; Galvanize) TXDOT implementing Galvanize	In-Process	
2 Downtown Station - Contract Closeout		
3 Project Connect - Marketing & Planning Expenditures		
4 Infor Asset Mgt System - Post Go-Live Review		
5 Discounted Pass Program (Advisory)	Completed	UT Interns-August
6 Facilities Maintenance - Contract Monitoring & Compliance		
7 Paratransit & Demand Response Operations (Advisory)	Completed	UT Interns-August
8 Board Policies/Goals - Monitoring & Reporting (e.g. OTP; Fare Recovery; DBE; Title 6 Equity Analysis; etc.)		

NEW PROJECTS ADDED TO FY21 AUDIT PLAN by Terry Follmer		
1 New Electric Bus Fleet – In-Processing Procedures (Advisory)	Completed	UT Interns-August
2 Security Incidents – Process Flowcharting & Analysis (Advisory)	Completed	UT Interns-August
3 Security Incidents – Data Analytics (Advisory)	Completed	UT Interns-August
4 Marketing/Communication - Process Flowcharting & Forecasting (Advisory)	Completed	UT Interns-August
5 Quadrennial Recommendation - implement a Contract Performance Management System (ITS2205)	In-Process	
6 APTA - volunteered to help update APTA's Recommended Practices on Cybersecurity Considerations for Public Transit together with the TSA	Completed	
7 RFP No. 306897 – Enterprise Resource Planning (ERP) System - Technical Advisor to Selection Committee	In-Process	
8		
9		



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2021-141

Agenda Date: 8/18/2021

Internal Audit Presentation - UT Intern Reports

Capital Metro Internal Audit

UT Internal Audit Projects – Spring 2021

CAP METRO – UT Audit Intern Program

- CapMetro joined UT Audit Intern Program in the 2018 Fall semester.
- UT's #1 ranked Masters of Professional Accounting Audit class requires an audit internship.
- Course Syllabus Objective: "introduce students to the current scope of internal auditing that extends far beyond the traditional external audit attestation of financial statements."
- Teams of three students are assigned to each project.
- The audit project objectives and deliverables are identified and set at the beginning of the project in the planning stage.
- The projects require a combination of auditing skills together with business consulting and advisory skills.
- UT Audit Interns work under the guidance of the VP of Audit and staff.

UT Audit Projects Offered – Spring 2021

Nine Projects to choose from as follows:

1. Facilities Maintenance (Contract Monitoring & Compliance) – process review and flowcharting
2. Discounted Pass Program – flowchart controls and benchmark against Texas transit agencies
3. Paratransit Operations – assess MTM Transit contract and monthly billing process
4. Security Incidents – Process Flowcharting & Analysis – process review and flowcharting
5. Security Incidents – Data Analytics – analyze data from key systems (e.g. OrbCAD)
6. Business Continuity (COOP Plan) – develop process mapping and flowcharting of COOP
7. Electric Bus Fleet – In Processing Procedures – CapMetro recently placed in service 12 electric buses
8. Vehicle Toll Charges – Develop Automated Controls – evaluate and controls over toll charges
9. Marketing/Communication Dept – evaluate budget & forecasting process

UT Audit Projects Chosen – Spring 2021

Six Projects Chosen:

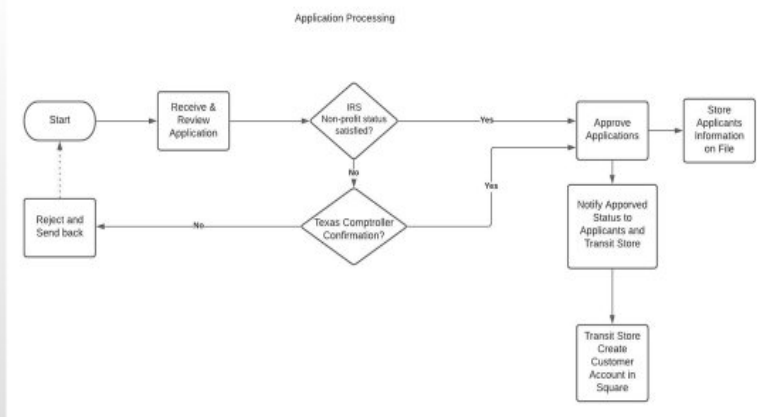
1. Discounted Pass Program – flowchart controls and benchmark against Texas transit agencies
2. Paratransit Operations – assess MTM Transit contract and monthly billing process
3. Security Incidents – Process Flowcharting & Analysis – process review and flowcharting
4. Security Incidents – Data Analytics – Analyze data from key systems (e.g. OrbCAD)
5. Electric Bus Fleet – In Processing Procedures – CapMetro recently placed in service 12 electric buses
6. Marketing/Communication Dept – evaluate budget & forecasting process

UT Audit Intern Projects – Deliverables

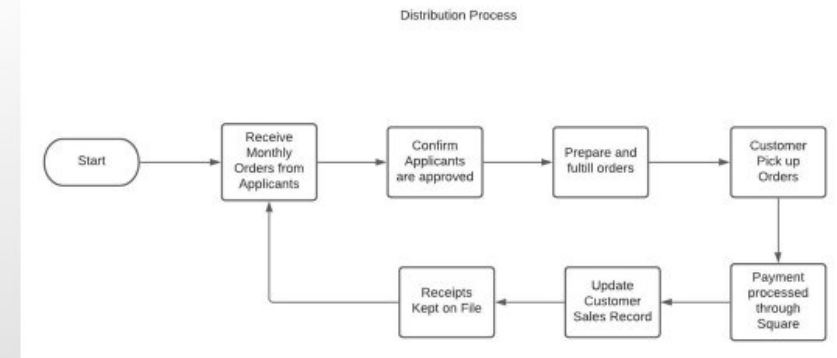
	Process Review	Flowcharting	Contract Review	Benchmarking	Data Analytics	Powerpoint Presentation with Recommendations
Discounted Pass Program	XX	XX	XX	XX	XX	XX
Paratransit Operations	XX	XX	XX	XX	XX	XX
Security Incidents - Process Flowcharting	XX	XX				XX
Security Incidents - Data Analytics	XX				XX	XX
Electric Bus Fleet - In Processing Procedures	XX		XX	XX		XX
Marketing/Communication - Forecasting Expenses	XX	XX			XX	XX

Discounted Pass Program – sample of deliverables

Application Process Flowchart



Ticket Sales Process Flowchart



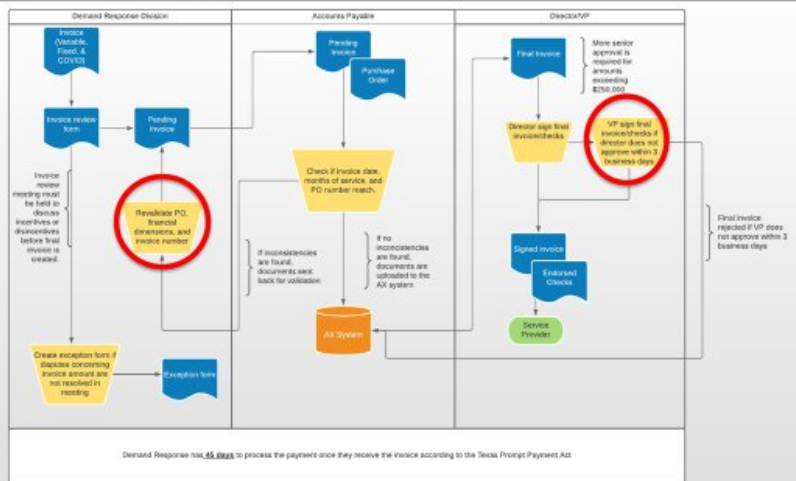
Discounted Pass Program – sample of deliverables

Benchmarking Results

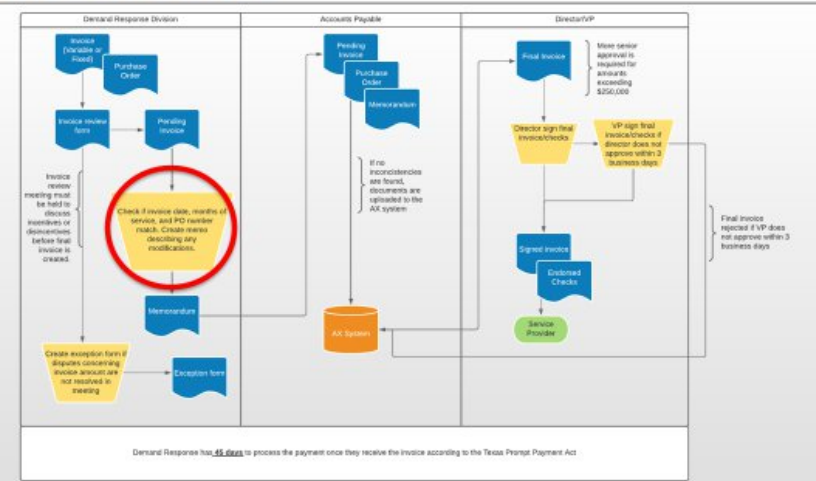
Questions Required on Application	CapMetro	VIA	DART	METRO
1 Form requires name, address and phone #	Yes	Yes	Yes	N/A
2 Organization Status (i.e. Non-Profit; Not For Profit; Government)	Yes	Yes	No	N/A
3 Federal Tax ID/IRS confirmation	Yes	Yes	Yes	
4 Describe purpose of organization	Yes	Yes	No	
5 verify for past services/transactions with transit agency	Yes	No	No	N/A
6 Ask if client or agency covers the cost	Yes	No	No	N/A
7 Requires agencies to describe how client eligibility is verified	Yes	Yes	No	N/A
8 Describe process of passes distribution	Yes	No	No	N/A
9 Describe recordkeeping process for pass distributed	Yes	Yes	No	N/A
10 Acknowledgement that organization can't charge more than what it paid transit agency	Yes	No	No	N/A
11 Acknowledgement that organization can be removed from program anytime if found they don't meet criteria	Yes	No	No	N/A
12 Include a copy of your Organization's Bylaws, Charter or Annual Report.	No	Yes	No	N/A
13 Describe specific services offered to clients	No	Yes	No	N/A
14 total number of clients served by organization and percenatge served by transit program	No	Yes	No	N/A
15 How transit program assists organization's mission	No	Yes	No	N/A
16 Transit agency provides a document to participating organizations to record clients receiving passes and type of passes received.	No	Yes	No	N/A

On Demand (Paratransit) – sample deliverables

Flowchart Before



Flowchart After



On Demand (Paratransit) – sample deliverables

Appendix – Rail CDRL

<div style="text-align: center;">  FEDERAL PUBLIC RELATIONS CAPITAL RETROPOLITAN TRANSPORTATION AUTHORITY </div>		
Exhibit (Release 2) CONTRACT DATA REQUIREMENTS LIST		
Revision	Contract Data Requirements List	Days From RFP
4.3	FPR List	03/16/22
4.32	Personal Control Plan for Accidents and Incident Reports	120/16/22
4.36	Safety Consequences Policy and Procedures Manual	120/16/22
4.37	Contractor Safety Compliance	03/16/22
4.38.1.1	05 FPR 217 Plan (Railroad Operating Rules)	03/16/22
4.38.1.2	05 FPR 219 Plan (Manual of Control and Stop Limit)	03/16/22
4.38.1.3	05 FPR 225 Plan (Railroad Access Reporting)	03/16/22
4.38.1.4	05 FPR 238 Plan (Emergency Preparedness)	03/16/22
4.38.1.5	05 FPR 243 Plan (Qualification/Certification)	03/16/22
4.38.1.6	Client Call Reporting Evaluation Procedure	03/16/22
4.38.1.7	Environmental Incident Response Policy	03/16/22
4.38.1.8	Remedial Worker Safety Program	03/16/22
4.38.1.9	System Safety Program Plan	03/16/22
4.38.1.10	Incident Risk Reduction Plan	03/16/22
4.38.1.11	Public Safety Plan	03/16/22
4.38.1.13	Emergency Response Plan	03/16/22
5.6.1	Contractor System Security Compliance Plan	03/16/22
5.6.2	Security Issue and Incident Report	120/16/22
5.3.10	List of Disasters	03/16/22
6.4.1	Organization Chart (Personnel)	03/16/22
8.15.4	Staffing Plan	03/16/22
9.5.1	Recommended List of Practices	03/16/22
9.5.2.2	Hiring Process	03/16/22

Recommendations for Best Practices

- Increase CDRL requirements, benchmark with Rail

Contract Data Requirements List	Report Type	Frequency	Category
PPE List		60	(Recommendation)
Internal Audit Plan	Once	With proposal	(Recommendation)
GM Vacancy Plan	Once	With proposal	(Recommendation)
Internal Control Plan for Accident and Incident Reporting		120	(Recommendation)
Audited Financial Statements	Annually	With proposal	(Recommendation)
Trash Removal Plan		90	(Recommendation)
Other Equipment Maintenance Plan		60	(Recommendation)
Workmanship Standards	Annually	120	(Recommendation)
Hiring Process		30	

- More detailed contract information
 - Frequency of reports
 - Who, specifically, to report to

Electric Bus: In-Processing Procedures

Proterra and New Flyer Contracts (Exhibits E/F)

Review of contracts identified the following:

- The Proterra Contract did not specify the delivery of procedures manuals. However, manuals were delivered.
- The employee training, in general, was not mentioned in either contract.
- The Pre-Delivery Inspection is not mentioned in either contract.

Item	Description	Location	Not Present
Training			X
Procedure Manuals	Authority has proprietary rights to the technical data including the procedure manuals once the buses are delivered as well as patented materials, equipment, devices or processes	Pg. 11; Item 25	
Bus Delivery	Made to 2910 E 5th Street Austin, TX 78702	Pg. 3; Item 7	
	Delivery type: F.O.B. Destination	Pg. 3; Item 7	
	Buses must be in compliance with the provided specifications upon delivery	Pg. 3; Item 7	
	Place of delivery is subject to change at the discretion of the Authority	Pg. 6; Item 13	
Liquidating Damages/Disincentives	If the unit price is an estimate and the actual price of the unit varies by more than 20% above or below the estimated quantity, an equitable adjustment shall be made to the contract by either party.	Pg. 7; Item 15	



METRO OPERATIONS

Procedure and Responsibilities for In-Processing Buses

SCOPE: This document is intended to guide CMTA and Service Providers Vehicle Maintenance through the in-processing of the new vehicles.

Step / Task	Responsibility	Status
1 Notify [Equipment Engineer] that new vehicles are arriving and send copies of all maintenance manuals requesting a PMI and PMR cycle be created and activated in Spear	MS&P, PM	
2 Collect the fleet information from the Vendor, fill in the "Vehicle Load Sheet", and send to the MP	MS&P, PM	
3 Load static data into Spear: notify IT/Trapeze about the new series (Service Now ticket), create vehicle series, create assets (vehicles and components), load vehicle static data, enter the initial mileage.	MP	
4 Notify EADS (IT Dept) via Service Now ticket about the new series are arriving and they need to be added to the CrtCAD catalog (unit number, destination sign type, wheelchair active high/low).	Coordinator of Mobile Technology	
5 Configure and load the fuel information	MP	
7 Arrange for delivery of vehicle(s)	MS&P, PM	
8 Escort delivery of vehicle into the yard	Service Provider	
9 Verify the VIN matches the Vehicle ID number	Service Provider	
10 Inspect the vehicle, look for handling and delivery damage, such as: Body scratches Window cracks Antennas Tire damage Clean interior and exterior	Service Provider	
11 Check for removable items, such as: Handheld Fire Extinguisher (tag and break away tie) Fire Suppression System Pin (and break away tie) Hazard Triangles Box (and break away tie) Blue Loop Straps (for WiC securement)	Service Provider	
12 Check that Fuel Level is over 1/4 full	Service Provider	
13 NOTE: Make a note of any missing items, low fuel or damage ON THE DELIVERY RECEIPT before signing	Service Provider	
14 Sign and photocopy Original Delivery Documents and then return original to delivery driver	Service Provider	
15 Escort delivery driver off the yard.	Service Provider	
16 Collect Keys: DVR key Radio Box Key	Service Provider	
17 Perform Acceptance Inspection and take requisite photos.	Service Provider	
18 Scan copy of all documents to SP Extranet (SharePoint) in the format designated by MS&P PM	Service Provider	

Key Differences between Electric and Diesel Bus

- Maintenance**
 - Maintenance staff must understand how to work on all-electric propulsion systems and high voltage.
- Training**
 - Maintenance staff (servicing high-voltage systems)
 - Office Staff (tracking and monitoring bus routes)
 - Bus Operators (learning how to drive fully-electric bus)
- Operations**
 - Charging process
 - Depot charging (4-6 hours for full charge)
 - Overhead Charging – quick charge
- Bus Performance Implications**
 - Weather conditions
 - Operator driving habits



Electric Bus- In Processing Procedures

Interviews Conducted

- 4 Transportation Agencies
 - Embark (Oklahoma City, OK)
 - Dennis Fry, Facility & Fleet Manager
 - VIA (San Antonio, TX) / Checklist Obtained
 - Ed Bennett, Director of Fleet Maintenance
 - Trinity Metro (Fort Worth, TX) / Checklist Obtained
 - Bill Lambert, Director of Maintenance
 - Port Arthur Transit (Port Arthur, TX)
 - Ivan Mitchell, Transit Manager
- MV Transportation Staff
 - Joel Odem, Quality Assurance/Training Manager
 - Phillip O'Neal, MV Electronics Manager



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VIA Battery Electric Bus Commissioning

Bus Number :
 Manufacture:
 VIN Number:
 In Service Mileage:

Commissioning Start Date:
 Commissioning Completion:
 License Plate Number:
 RO Number

High Voltage Charging Validation:
 Perform 10 fast charging cycles at Sunset Transit Center
 Perform 3 depot charging sessions from each charging port
 Manuf. Validation Complete
 Perform BEB "B" Inspection

Electrification Sign Off:

Interior:
 Inspect door operation
 Probe farebox and program correct vehicle number
 Install interior decals
 Program Sign with current program
 Install "Pucks"
 Place copy of registration in operators compartment
 Install Transfer Cutter

Exterior:
 Wrap Installation
 Install License Plates
 Record Low Voltage battery serial numbers:
 #1 #2
 Body Shop to install Exterior graphics
Tire shop:
 Record Tire Serial numbers:
 LF: RF:
 LRO: RRO:
 LRI: RRI:
 Ensure proper tire inflation

Radio:
 Ensure CCTV commissioning
 Complete INIT system Commissioning Sheet

Road Test Validation:
 Perform 15 Service stops
 **Cycle Ramp and doors at service stop
 Perform Brake Deceleration Test

Sign Off Date

Recommendations for CapMetro

- Create the In-processing Checklist for electric bus (leverage VIA's Electric Bus Checklist)
- Ensure training is defined in the contract for appropriate staff, including operators, mechanics, and technicians.
- Obtain the Pre-Delivery Inspection (PDI) from the vendor.
- Ensure a diagnostic check is performed to ensure issues are identified including performing a battery test.
- Complete road test of the bus.

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Questions?





METRO

THANK YOU!