

**ADDENDUM A**

**Financial Services RFP Pre-Bid Meeting  
June 15, 2016**

Ron Skotz welcomed everyone to the meeting.

The Administrative office is part of Operation. Operations and Facility up the road, 170 employees, majority vehicle operators. All administrative done from this location. Gathering information will be from the staff here.

Page 2; RFP dates. Anything past July is subject to change. July 15<sup>th</sup> is the due date.

Page 3; Table of Contents

Page 4; overview, paragraph 1, surpass 12.1 Million. Contract awarded for 3 years, with two additional 1 year, subject to change. Contract starts September 1<sup>st</sup>.

Page 6, Proposal due date July 15, no later than 4:00pm. August 5<sup>th</sup> awarded announcement date.

Page 8; Communications submissions and questions, written questions must be submitted by 6/29.

Anything after this date will be disregarded and not part of questions answered.

Page 9; 1.13 proposal preparation, proposal enclosed in a sealed envelope, name and address of offer, RTA 022016 clearly marked on the outside.

1.14; due date, July 15<sup>th</sup>.

1.15; disadvantaged DBE, goal is 10%, contract award subject to review by Maryland Transportation Administration.

Page 10; 1.16, minority business enterprise – RTA supports the Howard County goal of DBO 10%, not a requirement.

Page 11; 1.17, price quoted shall include all items and tools necessary to fully complete work.

1.8, Proposal rejection, be sure to read.

1.9 Multiple and/or proposals

Page 12; 1.23 confidential information, this is very important. If you send in confidential or proprietary documents, be sure to mark so we do not share them with competitors on this bid. We are called Transit Management of Central Maryland Corporation, Incorporated name. Trade as Regional Transit Agency of Central Maryland

Page 13; Attachment F; failure to acknowledge receipt may cause proposal to be non-responsive

1.28, attachment C; not required to be submitted with proposal, encouraged to complete and submit.

Page 14; 1.31, note telephone calls for inquiries only, no official technical communications. Have everything in writing, everyone deserves to know what is being said.

Page 14; 1.32, no joint ventures

Page 15; 1.33, living wage requirement contract, \$14.60 minimum you can pay

**Section 2**

Page 16; 2.01, Scope of Contract, 3 years, with 2 1 year options.

2.02 Incorporation of RFP and proposal, will have separate contract, both will go into contract.

Page 16; Contractors responsibilities, please be aware of

Page 17; work products is property of RTA

Page 19; 2.10, no requirements, important when building buses.

Page 23; modifications to contract, changes, change order procedures; just be aware of.

### Section 3

Page 26, copies of technical proposal, must submit original and 4 copies of the proposal in separate sealed envelopes. Look at technical proposal first, then pricing financial proposal.

3.02, Needs Dunns#, to verify you can do business.

Page 27; 3.03, original and 4 copies of the financial proposal; attachment E

Page 28; evaluation process, technical criteria maximum score 600 points, section 4.03 Financial maximum 400 points. Best value, rather than low bid contract.

Page 29; awards determination, 2 parts to evaluation. Financial 40% of total score and 60% for technical total score.

Page 31; Federal monies, have to abide by FTA requirements, relevant to submit lobbying, contract over \$100,000 expected. Anything over \$100,000 kicks in lobby clause, page 33-34 has form to be signed and submitted.

Page 47; State of work, begin pre award on or about September 16<sup>th</sup>. Meeting with Suzanne, Ron and GM.

Page 48; 6.01, First type of audit, tax preparations. We started July 1<sup>st</sup>, 2014, will have to do 2 cycles, 2 fiscal periods. Estimate level 250 – 275 billable hours. We have a budgeted number, realize will be over due to 2 years fiscal cycles. RTA receives money from Howard County, through grant we are required to do an A133, two separate filings. Estimated billable hours 150 to 175 hours.

Page 49; 6.04, 3 deliverables target

### Meeting turned over to Suzanne

1. Our own separate Corp, but sub Corp of First Transit, does not roll over into First Transit, less than \$700,000, we do not own buses. We put the buses on the streets. Majority owned by Howard County. Balance sheet cash, A/R related to ticket sales, sales tax on our fuel. Inventory of our Maintenance \$200,000 - \$250,000. Take inventory at 6.30, Fuel dip stick inventory. Have some fixed assets, depreciated.
2. 2016 Income, 2.1 Million budget ticket and advertising sales, 12.1 Million is our subsidy, received money from Howard County, Prince Georges County, Anne Arundel County and City of Laurel, triggers A133 audit.
3. Largest expenses, Staff and related costs, 8.9 Million, staff of 160 to 165 employees, 63% of our expenses. Union and non-union employees, various pay rates, bi weekly and semimonthly payroll.
4. Fuel, next largest expense 2.1 Million, support 5 nonprofit, \$330,000, vehicle insurance, \$840,000, purchased through First Transit.
5. 8510 leased, 8800 owned by Howard County and its Partners (not all of them), we do not own. 125 checks per month, 2 401K plans have been audited, will receive 3 3 ring binders in preparation for audit. She will have a mirror image to have record of and history of what she gave them.

Ron continued;

Page 50; Attachment A, general terms and conditions

Attachment B, bid proposal affidavit, mandatory to submit

Attachment C; not mandatory, suggest submitted with technical proposal

Page 75; Attachment D, DBE issue

Page 76; note if you don't meet goal of 10%, report that you don't have and request a waiver

Page 78; Mob; worksheet on page 78, request that you keep technical and financial separate, state % of DB participation.



Attachment F; very critical, sending addendum to correct 012016 should be 02016, will mail out with minutes and sign in sheet.

Attachment G, page 90, living wage, stated earlier, page 14-16 \$14.60 per hour minimum

Page 94; listed bidder checklist, components that have to be included in the submission.

Reminder that proposal as well as any addendums any information, will be posted on our website (www.transitrtta.com). Will be their responsibility to check for most current information. Anything that goes out will go to everyone, just in case missed disclaimer, their responsibility to check website.

### **Questions and Answers**

Q1. Gentleman on end, down from me; 3 Binders, when can they expect to be sent out?

A1. Suzanne answered this will be after the audit starts.

Q2. Auditing 2015 inventory, obviously cannot observe the inventory what evidence do they have to audit 2015 inventory?

A2. Suzanne answered we have inventory sheets to support that number on balance sheet.

Q3. Schedule of Federal expenditures 12.1 Million, how many programs are there?

A3. Ron, 8 separate grant allocations, keep records to bill MTA as well, will have all the programs and grants to see how everything is expended.

Q4. Do we have estimate for fiscal year?

A4. Ron, differs, break into 3 different departments, Funding Partners, Howard County largest and more complex, Prince Georges Connect a Ride system. Grant from Howard Co, reported separate to MTA, Anne Arundel County has Fixed Route component and complimentary ADA, Prince Georges County same way, Howard County has Federal 5311 funds, large urban Fixed route, ADA program, demand response non ADA, Paratransit.

Q5. Single audit, for 2015 which obviously the deadline passed?

A5. Ron, yes. A frustration to get to the point we are at. **It has been determined by our client, Howard County, Maryland that an A-133 Audit will not be required since they conduct one. A change to the Scope of Work will be found in a separate Addendum.**

Q6. 2 comments; page 17, 2.04 work products ownership. Clarification that their work papers are owned by them.

A6. Ron, their prepared audit and tax returns, worksheets are their internal documents. **We are looking at final product.**

Q7. Indemnification; on independence 99% sure that the way indemnification paragraph written goes against their professional ethics regarding independence, To be indemnified if not anything they did based on their findings, not negligent in their work. Needs to read negligent performance, if they do

something that causes everything to blow up. If we are sued because of their findings, they cannot sign this paragraph. Will submit in written question.

A7. Ron said this would be recommended since others may have the same question. Further comment/inquiry was never received by June 29, 2016.

Q8. Taxes – are they expected to prepare tax returns, don't see it mentioned, sort of on page 49. Does not say what tax returns they are preparing.

A8. Ron said should be in there as the completion of audit and tax return. Further comment is that it has been determined that the Transit Management of Central Maryland Corporation "TMCM" is to have its taxes done by its parent company First Transit. It must be noted that in the event a tax return (s) are necessary TMCM is classified as a 1120 – C Corp.

Q9. Would it only be form 990, what type of entity are you C Corp, S Corp, LLC?

A9. Suzanne replied that we will get back to them. The answer is as stated in Q8, TMCM is classified as a C Corp and the tax filing form required would be the Form 1120.

Q10. Page 48 601, these are not for profit financial statements, would expect to see balance sheet, P&L, not statement of expenses for profit entity.

A10. Ron will make sure question is answered. Further answer is that the following would be that the expected documents would be: 1). Balance Sheet, 2). Statement of Cash Flows, 3). Profit & Loss Statement, 4). Note to Financial Statements.

Q11. Clarify DBE and MBE, attach H first DBE performance 10%, is it for each or total?

A11. Ron replied state on there Howard County and the way they pay us. MTA puts emphasis on DBE, Howard County views DBE as an EBO, 10% total, is DBE goal. Further answer is that the total is 10%, not 20%. It must be emphasized that the MTA does not recognize an MBE firm in determining the 10% goal.

Q12. On page 5, above bolded note, RTA seeks proposal to furnish vehicle locator system, typo?

A12. Ron replied, yes, we will delete that.

Q13. Preparation of financial statements, will we prepare the actual financial statements as well as the expeditors of Federal.

A13. No, they will get general ledger, Quick books, and financial statements in Quick books.

Q14. Do we have schedule that breaks out Federal, for how many programs? For scope of hours devoted to single audit. Not by County, by CFPA#. Ron, total number of hours, 1 CMDA, 5311, need total. One program \$345,000 only Federal money. Told we won't need a single audit.



A14. Suzanne said will meet with Ron and get back to with Grant numbers. **Further answer is that it has been determined that an A-133 will not be necessary.**

Q15. Don't need CFDA over \$500,000. 1 Million Grant only expending \$250,000 per year don't need.

A15. Suzanne said will bet back to them. Ron replied Howard County takes care of, we had to put in program 5311, nothing is a Grant in nature that says 5311. Suzanne replied it trickles down to us. We are a contractor for Howard County Government, Howard County Government managing partner, does Grant reporting. **Further answer that an A-133 will not be required.**

Q16. If we are simply contractor, and not a sub recipient, no single audit required for contractor.

A16. Suzanne will get clarification, understands that Howard County is requiring the A133 audit. **Further answer is that an A-133 will not be required.**

Q17. Suggestion to the TMCM is that Howard County may need something from us, as a sub recipient, get their clarification.

A17. Not applicable.

Q18. A133 like audit, compliance testing at a sub recipient level,

A18. Suzanne will get clarification from MTA. They reviewed this document, they are expecting it. **Further answer is that Howard County has determined that the TMCM is not required to have an A-133 conducted**

Q19. 3 years, year 1 doubled with two audits?

A19. Ron replied the 1<sup>st</sup> year is 2 fiscal cycles, 2 more after that. 5 year contract with 6 Fiscal cycles.

Q20. Can we change to say year 1 is FY 2015 and 2016? Year two 2017?

A20. Ron replied yes, we will send out modified with Addendum sheet.

Q21. Due dates for completion and delivery of all work products?

A21. Ron replied that the first year is going to be difficult and challenging.

Q22. County owns buses, but we provide maintenance. What is our expense to utilize buses, just drive and maintain?

A22. Ron replied, yes.

Meeting adjourned 11:10am

- Balance Sheet at year end less than \$700,000
  - Cash
  - Account Receivable Ticket Sales and Para Transit Trips
  - Accounts Receivable – Maryland Fuel Tax Rebate
  - Inventory of Maintenance Parts and Fuel
    - A physical inventory is taken at June 30 of both parts and fuel
    - Director of Finance participates and observes inventory count
    - Listing provided for work papers
  - Fixed Assets comprised of IT equipment, furniture and fixtures, service vehicles and depreciation account for less than \$500,000
  - Buses are owned by the Counties
  - Accounts Payable
  - Accrued payroll and expenses
- Income Statement Notes
  - FY 16 Budget
    - \$2.1 million Fare box Recovery, Ticket Sales and Advertising
    - \$12.1 million if funding from Partners
    - Partners are Howard County, Anne Arundel County, Prince George's County and City of Laurel
    - \$14.2 million in expenses and depreciation
  - Largest Expenses
    - Staffing and related costs \$8.9 million or 63% of total costs
    - Average number of employees 160-165
    - RTA's payroll service is Payroll Network
    - Both Union and Non-Union employees
    - Bi-Weekly and Semi-monthly payroll cycles
    - Fuel expense is 2.1 million
    - Support five non-profits –transportation needs \$330,000
    - Vehicle Insurance - \$840,000
- Other Notes of Interest
  - Two locations:
    - Administrative Offices – 8510 Corridor Road Ste. 110 Savage MD 20763
      - Leased
    - Operations – 8800 Corridor Road Annapolis Junction, MD 20701
      - Owned by Howard County
  - Average 125 checks a month
  - Two 401K plans –audited and 5500 completed by plan administrator
  - Use QuickBooks
- Receive three binders from RTA to complete the audit
  - Binder 1 – permanent file information
  - Binder 2 – Minutes from all monthly Partners Meeting
  - Binder 3 – Trial balance with support for all balance sheet account and major expenses

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