11R-31 Introduce: 1-24-11

RESOLUTION NO. A-_____

WHEREAS, Art. VIII, § 4 of the Lincoln Charter grants the City Council certain examination and review powers concerning any subject upon which it may legislate or the operations of any department engaged in the administration of City affairs; and

WHEREAS, Chapter 4.66 creates the City Audit Advisory Board with the duties and powers of advising the City Council on certain matters; and

WHEREAS, pursuant to Lincoln Municipal Code § 4.66.040, the City Audit Advisory Board has certain responsibilities, including, when directed to do so by resolution of the City Council, determining whether an audit as suggested in the Council's resolution is appropriate and desirous, and to determine what the scope of such audit should be; and

WHEREAS, the City Council is interested conducting an objective and systematic examination and/or audit of evidence for the purpose of providing an independent assessment of StarTran's service delivery model and efficiency.

NOW, THEREFORE BE IT RESOLVED by the City of Lincoln, Nebraska:

1. That pursuant to Art. IV, § 8 of the Lincoln Charter, the City Council is hereby authorized to engage appropriate persons to conduct an examination and/or audit of StarTran's service delivery model and efficiency, including:

a. Determination of the characteristics and needs of the Star Tran's clients;

b. Evaluation of the system's current strengths and weaknesses in delivering transportation services to its clients;

c. Assessment of the Star Tran's efficiency in delivering client services;

d. Evaluation of other municipal transportation models and the positives and negatives associated with the adoption of those models, including financial costs and the impact on federal and state funding; and

e. Whether public-private partnerships offer the potential to provide improved client service and efficiency and the positives and negatives associated with the approach.

2. In the conduct of such examination and/or audit, the City Council shall consider the recommendations, advice, and counsel of the City Audit Advisory Board concerning the matters set forth in Lincoln Municipal Code § 4.66.040, including but not limited to, scope of any audit and/or examination, the particular function or activity of the person or entity which should be audited and/or examined, and the time span to be covered by the audit and/or examination.

3. Upon making its determinations concerning the scope of the audit and/or examination the Board is hereby authorized to transmit to the City Purchasing Agent its directions concerning the scope of the audit in writing. Upon receiving the Board's written directions the City Purchasing Agent shall follow applicable City purchasing procedures to engage a private contractor to conduct such audit and/or examination, without the necessity of further action by the City Council to authorize such engagement.

4. Upon completion of any audit and/or examination, the City Audit Advisory Board shall evaluate and report upon the final audit and/or examination report and any written responses thereto furnished by the audited or examined party, as provided in Lincoln Municipal Code § 4.66.040(b)B(d).

Introduced by:

_____

Approved as to Form & Legality:

_____
City Attorney

Approved this ___ day of _____, 2011:

_____
Mayor

11R-31

MOTION TO AMEND NO. 1

I hereby move to amend Bill No. 11R-31 in the following manner:

1. On page 1, line 1, delete "Art. VIII, § 4" and insert in lieu thereof Art. IV, § 8.

Introduced by:

Jonathan Cook

Approved as to Form & Legality:

Rod Confer

City Attorney

Requested by: Rod Confer, City Attorney

Reason for Request: To correct the reference to the Charter provision.

11R-31

MOTION TO AMEND NO. 2

I hereby move to amend Bill No. 11R-31 in the following manner:

1. On page 2, at the end of line 21, delete the comma and insert a period after "examination".

2. Delete lines 22 and 23 being, "without the necessity of further action by the City Council to authorize such engagement." and insert in lieu thereof the following language: The City Council shall approve of all funding for the audit and private contractor.

Introduced by:

_____

Approved as to Form & Legality:

_____
City Attorney

Requested by: Gene Carroll, Council Member

Reason for Request: To permit the City Council to monitor and control expenses associated with any proposed audit.

AUDIT ADVISORY BOARD PROCESS

CITY COUNCIL **1**

a. By Resolution, task Board with considering an audit of a given city office or function
b. Communicate same to Board in writing in form of a "suggestion"

▼

AUDIT ADVISORY BOARD **2**

a. Review suggestion
b. Optionally consult with department heads for information to assist in their review
c. Reject Suggestion OR Approve Suggestion

▼

1. Send rejection to Council in writing **3**
2. No further action by the Board unless further tasked by the Council

▼

Define scope of audit and send to Purchasing in writing indicating: **4**

1. Identify auditee with specificity;
2. Where applicable, identify a particular function or activity of auditee to be audited;
3. Set time period to be encompassed by audit; and
4. Identify the type of audit (financial, internal, performance, operational review or any combination thereof);
5. Indicate whether the Board suggests the audit be performed by a **Private Vendor** OR by the **State Auditor**

▼

5 Proceed to Box 11

▼

PURCHASING **6**

1. Purchasing Agent shall receive scope from Board
2. Negotiate with State Auditor

Agrees on terms w/ State Auditor

Cannot agree on terms w/ State Auditor

▼

CITY COUNCIL **7**
Approves or Rejects
If approved, it goes to the Mayor to sign.

▼

See the following page for process if agreement cannot be reached with the State Auditor **8**

If agreement cannot be reached with the State Auditor:

Report to the Board and Selection Committee that an agreement could not be reached **9**

▼

SELECTION COMMITTEE **10**

The Selection Committee shall:

1. Review scope
2. Determine if audit should be
   - A. Abandoned; or
   - B. Forwarded to the Purchasing Agent with directions that he either do an RFP or negotiate with a private vendor per §4.66.120(b); or
   - C. Forwarded to Purchasing Agent with directions that he reopen negotiations with State

▼

PURCHASING **11**

Proceed per §4.66.120(b)

If anticipated cost of audit is:

UNDER $30,000 OVER $30,000

▼

If anticipated cost of the audit is under $30,000, the Purchasing Agent shall secure and record three (3) informal quotes and negotiate a contract with the responder who best serves the City's needs. Send negotiated contract to City Council for action. **12**

▼

CITY COUNCIL **14**

Approves or Rejects

If approved, it goes to the Mayor to sign.

If the anticipated cost of the audit is over $30,000, the Purchasing Agent shall: **13**

1. Send out RFP and a sample contract
2. Receive RFP responses
3. Forward valid responses to the Selection Committee

▼

Proceed to Box 15

SELECTION COMMITTEE

1. Evaluate proposals including optional interviews
2. Negotiate with responders to determine the proposal that best serves the City's interests.
3. Agree on contract terms with responder of choice

OR

4. Reject all proposals

▼

Forward contract, approved by Law, Purchasing, and signed by Contractor, to City Council for Action

▼

CITY COUNCIL
Approves or Rejects
If approved, it goes to the Mayor to sign.

▼

Process Ends

CONTRACT AUDITOR

a. Perform audit
b. Create a final audit report
c. Simultaneously transmit final report to Board, Auditee, Mayor, and City Council

BOARD

a. Respond to Final Audit Report within 60 days
b. Board report should include:
(1) The Board's findings, based on the final audit report and the response of the auditee as to whether:
(i) Activities and programs are being conducted and funds expended in compliance with applicable laws;
(ii) Revenues are being properly collected, deposited and accounted for;
(iii) Resources are adequately safeguarded, controlled and used in an effective and efficient manner; and/or
(iv)There are adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls which have been established by management;
(2) A copy of the final audit report and auditee's response thereto;
(3) A separate listing, if any, of irregularities or failures to comply with legal or administrative policies; and
(4) The Board's recommendations.

AUDITEE

a. Respond to Final Audit Report within 30 days
b. Forward Auditee's Response to Board:
(a) Whether the auditee agrees or disagrees with the final audit report;
(b) Reasons for any disagreement with the final audit report;
(c) Recommendations or plans for implementing solutions to issues identified in the final audit report as requiring attention;
(d) A reasonable time table for the completion of such activities;
(e) A reasonable estimate of the costs associated with completion of such activities.

CITY OF LINCOLN, NEBRASKA
STARTRAN BALANCE SHEET
FIVE YEAR HISTORY

		(Unaudited) 2010	2009	2008	2007	2006
ASSETS						
Cash and Cash Equivalents	$	520,928	622,893	400,226	393,734	379,010
Investments		1,300,256	1,413,080	1,103,490	1,320,951	1,697,763
Receivables, (Net of Allowance for Uncollectibles)						
Accounts		12,880	20,256	26,945	12,072	14,944
Accrued Interest		5,934	6,344	6,000	10,424	11,612
Due from Other Funds		91,571	117,677	98,126	104,247	182,621
Due from Other Governments		26,815	35,724	69,133	116,271	36,019
Inventories		436,058	441,516	529,157	480,205	622,559
Total Assets		2,394,442	2,657,490	2,233,077	2,437,904	2,944,528
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable		101,369	86,868	158,739	279,471	201,755
Accrued Liabilities		184,364	170,987	155,716	154,952	130,791
Due to Other Funds		12,143	1,991	11,049	2,045	5,659
Unearned Revenue		45,869	66,411	71,377	64,636	98,628
Deferred Revenue		10	263	4,250	-	-
Total Liabilities		343,755	326,520	401,131	501,104	436,833
Fund Balances (Deficits):						
Reserved for:						
Inventories		436,058	441,516	529,157	480,205	622,559
Unreserved:						
Designated for Subsequent Years' Expenditures		76,116	59,564	41,329	20,008	75,000
Designated for Encumbrances		1,538,513	42,166	4,401	1,008,000	698
Undesignated		-	1,787,724	1,257,059	428,587	1,809,438
Total Fund Balances (Deficits)		2,050,687	2,330,970	1,831,946	1,936,800	2,507,695
Total Liabilities and Fund Balances (Deficits)	$	2,394,442	2,657,490	2,233,077	2,437,904	2,944,528

CITY OF LINCOLN, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
STARTRAN
FIVE YEAR HISTORY

	(Unaudited) 2010	2009	2008	2007	2006
Revenues:					
Intergovernmental	5,126,598	2,407,526	2,707,540	6,662,128	1,785,433
Permits and Fees	1,374,687	1,433,399	1,376,319	1,401,249	1,363,715
Reimbursement for Services	105,920	100,836	151,623	123,168	105,514
Investment Earnings	8,374	61,949	58,244	86,299	44,407
Donations	-	-	-	-	15,000
Miscellaneous	45,739	25,295	34,097	27,646	21,973
Total Revenues	6,661,318	4,029,005	4,327,823	8,300,490	3,336,042
Expenditures -- Current:					
General Government	-	-	-	-	
Public Safety	-	-	-	-	-
Streets and Highways	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Economic Opportunity	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Mass Transit	11,872,611	9,415,651	10,545,246	14,731,219	8,761,749
Total Expenditures	11,872,611	9,415,651	10,545,246	14,731,219	8,761,749
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,211,293)	(5,386,646)	(6,217,423)	(6,430,729)	(5,425,707)
Other Financing Sources (Uses):					
Transfers In	4,961,422	5,894,587	6,121,566	5,842,979	5,684,590
Transfers Out	(35,287)	(10,297)	(18,682)	-	
Sale of Capital Assets	4,875	1,380	9,685	16,855	373
Total Other Financing Sources (Uses)	4,931,010	5,885,670	6,112,569	5,859,834	5,684,963
Net Change In Fund Balances	(280,283)	499,024	(104,854)	(570,895)	259,256
Fund Balances (Deficits) - Beginning	2,330,970	1,831,946	1,936,800	2,507,695	2,248,439
Fund Balances (Deficits) - Ending	$ 2,050,687	2,330,970	1,831,946	1,936,800	2,507,695

interoffice
MEMORANDUM

To: Don Herz - Finance
From: Larry Worth - StarTran
Date: February 4, 2011
Subject: Status of TDP Recommendations
cc: Greg MacLean, Brian Praeuner, Scott Tharnish

Per your request, the following is a status of the recommendations included in the Transit Development Plan, as approved by the StarTran Advisory Board (6/21/07) and the Lincoln City Council (10/8/07...

- **Final Plan, Route Network (p. 249-276)** – Implemented, summer, 2008 with some minor revisions. Routes/schedules have continued to be adjusted as necessary. The new North and South Neighborhood routes (p. 266-270) were deleted by the City Council in August, 2010 through the budget process.

- **Future Year Recommendations (p.277-284)** – Such recommendations would be expected to be implemented within both short (within 5 years) and longer (6 or more years) periods, as funding is available. "Service expansions" were implemented to the industrial area where Verizon is located, and booster service to Schoo Middle School was implemented in 2010.

- **Fare Recommendations (p. 284-286)** – Fare revisions were approved/implemented in October, 2008.

- **Finance and Capital Plan (p. 286-287)** – StarTran 1 and 6-year Capital Improvement Programs, which address capital purchases, are approved annually as part of the budget process. Federal funding has been significantly supplemented by the "American Recovery and Reinvestment Act (ARRA), 2009", which allocated approximately $3.9 million for purchase of capital equipment. This funding has/is being utilized to purchase replacement buses and HandiVans, bike racks, new downtown shelters, and other smaller purchases.

- **Additional Funding Sources (p. 287-289)** – No additional funding sources noted in the TDP have been pursued. While not a "public/private partnership", StarTran and UNL continue to cooperatively operate the #24, Holdrege route (effectively operating between the Main and East UNL campuses), with UNL students, faculty, and staff utilizing StarTran at a discounted fare. UNL pays the City a proportionate cost of this service/program.

- **Capital Plan** – See above.

- **Organizational Alternatives (p. 293-306)** – In 2010, the potential of pursuing changes in state legislation to enable StarTran to operate as an authority was considered. Such was not continued at that time.