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DEPUT

August 19, 2008

Honorable George Abdallah
Presiding Judge
San Joaquin County Superior Court
Courthouse
222 East Weber Avenue, Room 303
Stockton, CA 95202

Re: 2007/08 Grand Jury
Final Report—Case No. 07-07
San Joaquin Regional Transit District

Dear Judge Abdallah:

On behalf of the San Joaquin Regional Transit District (herein referred to as "RTD"), I would like to take this opportunity to respond to the above-referenced Final Report, regarding the investigation into a number of issues that were called to the attention of the 2007/08 Grand Jury.

In accordance with California Penal Code, section 933.05, RTD does hereby respond to the Findings and Recommendations set forth in the above-referenced Final Report, as follows:

RESPONSES TO FINDINGS

Finding No. 1: A security guard, hired as a contract employee by SJRTD, was paid in excess of the specific terms of his contract. SJRTD's payroll records show that a security guard, hired as a fixed term employee worked a twelve hour day, seven days per week; taking off only two days in the year 2007. The guard worked from January 2007 to July 2007 without a contract at an average monthly compensation of \$7,260. The guard was paid for hours worked beyond the provisions of his contract (exceeding 12 hours per day) and received fuel for his private vehicle at public expense also not provided in his contract. The guard later began using an SJRTD vehicle to make his "rounds" in violation of his contract, which specified that he must furnish his own transportation.

RTD partially agrees with this finding. The preparation of the security officer's contract was delayed an unacceptable length of time.

It was delayed, in part, because staff was not certain if the security officer should be classified as a fixed-term employee or as an independent contractor.

During the time of delay, the security officer was at first provided an RTD vehicle to do his security rounds. Subsequently, he was asked to use his own vehicle to conduct his security rounds, but he was provided fuel for his vehicle by RTD. The security officer's contract was most recently revised in February 2008. The contract now clearly defines the officer's access to a marked RTD vehicle for use as he conducts his security rounds of RTD facilities and stations during his graveyard shift.

In response to the statement that the security officer "was paid for hours worked beyond the provision of his contract," RTD reviewed the security officer's payroll records. The security officer exceeded his allowable hours three times in 2007, in April 2007 (see Attachment No. 1) and never in 2008.

A second security officer was hired after the position was advertised publicly through normal RTD procedures (see Attachment No. 2, being the job posting for this position). At that time, the first security officer's shifts were limited to no more than 5 shifts each week.

Finding No. 2: The American Express (AMEX) Credit Cards, held exclusively by the General Manager/CEO and her Administrative Assistant, were often used in violation of procedures outlined in the SJRTD Procurement Manual. Personal gifts for employees and personal meals are frequently purchased. Gasoline for SJRTD vehicles had been purchased at local retail gas stations for greater than \$3.00 per gallon, even though SJRTD Facility gas was readily available at \$2.12 per gallon. A cash rebate of approx \$243 from AMEX is unaccounted for. Late fees and finance charges in excess of \$300 have been charged on the AMEX account.

RTD disagrees with the finding that the American Express/Costco cards "were often used in violation of procedures outlined in the SJRTD Procurement Manual." In addition, RTD disagrees with the statements that the American Express/Costco cards were used for personal meals and personal gifts.

The American Express/Costco cards for the General Manager and her assistant were acquired in July 2006, and were used to purchase office materials and supplies for the new Downtown Transit Center. From July 2006 through May 2008 (22 months), the General Manager/CEO has made a total of 10 transactions, 3 of which were for fuel for her company vehicle. The Administrative Assistant makes the majority of the transactions to purchase materials and supplies for RTD facilities and employees.

The "personal gifts for employees," questioned by the Grand Jury, included travel mugs for a Downtown Transit Center grand opening event. Management had two objectives when it supplied these mugs to employees at the new Downtown Transit Center: (1) it wanted to reduce costs and encourage environmental sensitivity by reducing the use of Styrofoam and paper cups, and (2) it also wanted to protect the carpets in the new

facility from coffee stains, thus reducing the need (and the cost) to have the carpets cleaned.

The "personal meals" questioned by the Grand Jury included meat trays sent to employees' families in times of bereavement. They also include food for meetings held at the RTD facility.

RTD agrees that gasoline for RTD non-revenue vehicles has been purchased at local retail gas stations. This occurs for several reasons. There is only one fuel island at RTD, and that fuel island is used to service all of RTD's fleet of buses. At certain times of the day, fueling RTD's non-revenue vehicles at that fuel island would disrupt the required bus fueling process. In addition, sometimes it is not cost-effective to drive to RTD's facility to obtain fuel. RTD staff has been asked to be more careful in planning the fueling process to minimize the purchase of fuel at retail locations in the future. It is important to note that while RTD is able to purchase diesel fuel for buses at a significant savings, RTD purchases a relatively small amount of unleaded fuel for its support vehicles and receives little, if any, discount on that unleaded fuel. This means that the purchase of fuel at Costco or any other local retail gas station does not have any real financial impact on RTD's budget.

No cash rebate was received by RTD. The \$243 rebate mentioned by the Grand Jury could only be used for merchandise at Costco, and RTD's Assistant General Manager/CFO Gloria Salazar accounted for it in a written response sent to the Grand Jury in May 2008.

RTD agrees that the incurring of late fees and finance charges is unacceptable and therefore will take all necessary steps to avoid them in the future.

Finding No. 3: Purchase cards (P-Cards) were often used to purchase meals and other food items, in local restaurants, sandwich shops, grocery stores and coffee houses, in violation of published procedures. "Restaurant expenses are allowable charges for the P-card while traveling." Examples include: over \$11,000.00 in food purchases made in 2007, a \$1,038.00 dinner at Mallards restaurant, and an \$800.00 charge made at Starbucks Coffee shop. Meetings were regularly held in local restaurants during the lunch and dinner hours and charged to the P-card.

RTD disagrees with the finding that the P-cards were used in "violation of published procedures."

According to RTD's Procurement Credit Card Procedures, P-cards may be used for restaurant expenses while traveling, and there is no prohibition (and thus no violation) against using them for meals and food items at other times. In fact, "Restaurant, supermarket, and catering charges" are listed under Acceptable Procurement Card Use Examples." (See Attachment No. 3, being RTD Purchasing Credit Card Procedures, page 11)

By way of explanation, the "over \$11,000 in food purchases made in 2007" included food for business meetings, training sessions, employee events, the United Way

campaign, out of town meetings, lunches during off-site arbitration meetings, lunches with Board members, and most frequently for labor-management meetings. These meetings occurred at the end of the operators' and mechanics' shifts and lasted for several hours. During these meetings, representatives from the Union and Management worked together to create a new and improved workplace environment at RTD. RTD believes that the important work done during these meetings helped with the introduction of new equipment and hybrid technology, and paved the way to improved labor relations, reduced absenteeism, enhanced transit security, and improved operations and customer service for RTD passengers.

The \$1038 Mallard's Restaurant charge was for an employee dinner for approximately 40 employees, held to thank those employees who worked tirelessly to produce the required documents for RTD's successful Federal Transit Administration Triennial Review and Procurement Systems Review Audits. These audits came one after another and ended with very successful results and scores for both.

RTD management wanted to commend the participating employees not only for their efforts during the reviews, but also for maintaining high standards in the daily performance in their individual areas of responsibility that led to the successful review of tasks audited. Most of these employees are salaried and consequently did not receive overtime payment for the extra hours worked during the audits.

The \$800 Starbucks charge was for the purchase of gift cards that are given to employees throughout the year as recognition for exceptional performance.

RTD management believes that these types of acknowledgements given to employees are small investments (the amount listed in this section represents 3/100th of 1% of RTD's operating budget in 2008) and benefits for their hard work that provide the organization a greater return. In light of the current state budget situation and the Grand Jury's report, RTD management will be reevaluating and limiting the purchase of business meals and other food items.

Finding No. 4: Purchase cards were used to purchase items for resale to employees at discounted prices in violation of prescribed (P-Card) use. Regal gift certificates (movie tickets) in increments of \$1,758.00 per purchase, totaling \$8,790.00, were made in 2007. They were purchased to use as gifts for employees for good work and as birthday presents, or they could be purchased by the employees at a discount.

RTD disagrees with the finding that these purchases were in "violation of prescribed (P-card) use."

Employees receive a card from the General Manager, which includes two movie tickets, for their birthday. RTD management believes this is an appropriate price to pay to recognize the hard work, dedication, and productivity of RTD employees. It is meant as a small annual acknowledgement of the part each employee plays in the overall success of RTD.

Because RTD purchases these movie tickets in bulk at a discount, it offers employees the option to purchase them from RTD at the same discount. Tickets made available for resale are sold at cost and therefore do not result in a loss for RTD.

Finding No. 5: Final negotiations between SJRTD and the design builder firm for the Downtown Transit Center, involved a contract consultant who had a contractual relationship with both parties. This created an appearance of "conflict of interest" that may have affected SJRTD's standing during the negotiation. A consultant, who was compensated by both SJRTD and the design builder firm of the Downtown Transit Center, played an integral role in negotiating the final disputed construction settlement agreement between both principals. This is a potential conflict of interest as described in Chapter II section 2.2 of the SJRTD Procurement Manual.

RTD agrees with the finding that the use of this consultant "created an appearance of a conflict of interest," but RTD believes that all parties complied with their "duty to disclose" and that the use of this consultant did not negatively affect RTD's standing in the negotiations. RTD will reevaluate its use of consultants in these areas in the future.

Finding No. 6: A labor relation consultant was hired to resolve management/union problems at SJRTD. This consultant has continued to be employed after four years even though the labor problem was resolved. The specific requirements of that contract are not being followed or enforced. The consultant has not furnished, nor has SJRTD supplied, "Deliverables" as defined in the contract, as requested by this Grand Jury.

RTD disagrees with this finding.

RTD management is extremely pleased to agree that the "labor problem was resolved," which was the primary deliverable of this contract. This result did not happen overnight. In fact, it did not happen until December 2007. At that time, RTD reduced the consultant's work hours and compensation by half.

During the first three-plus years, the consultant conducted numerous training sessions, negotiations meetings, and labor/management task team meetings. Over the next few months, the consultant will facilitate some meetings to help ensure a strong and lasting partnership between the RTD and ATU leadership teams. As a result of skills learned and developed with the assistance of this consultant, and in light of RTD's current budget situation, RTD's Human Resources staff will assume the labor/management team duties and perform the role of facilitator.

Finding No. 7: A consultant was hired to provide training to management employees. It appears this consultant has completed the scope of his initial contract and is currently repeating training assignments completed in the first four years on the job. Such employment results in unnecessary expense to SJRTD, and ultimately, to tax payers. The consultant has not furnished, nor has SJRTD supplied, "Deliverables," as defined in the contract. "Strategy Papers," as required in the contract were not furnished to the Grand Jury as requested. Documents delivered by SJRTD turned out to be

extracts from trade publications and letters of recommendation for the consultant. His current compensation is approximately \$9,000.00 per month, plus certain expenses.

RTD disagrees with this finding.

RTD has used this consultant over the last several years to provide a variety of services, including:

- Provide coaching to individual managers
- Conduct worker's compensation interactive accommodation interviews
- Recruit and interview candidates for employment
- Design and guide classification and compensation surveys
- Facilitate RTD strategic planning process and updates
- Design and facilitate management planning meetings
- Draft and consult on Human Resource policies and procedures
- Consult on difficult and complex administrative employee issues
- Draft policies, processes, and position papers
- Design organizational processes such as project management and tracking
- Design training and management development materials and programs
- Advise on organizational design issues

This consultant has provided exceptional and valuable service to RTD since 2002, and during that time his monthly reimbursements have varied based on the tasks he has been assigned. For well over half of this time period, the consultant did not receive any monthly compensation. During the time of the Grand Jury's investigation, this consultant's compensation did average approximately \$9,000 per month, because he was working on specific projects, including serving as a transitional Director of Human Resources. It is important to note that this consultant does not receive reimbursements for food or travel costs, although he lives out of town. RTD pays for a hotel room, at a government rate, when this consultant is required to stay in Stockton. In light of RTD's current budget situation, this consultant's scope of services and compensation have been reduced.

This consultant has provided exceptional and valuable service to RTD, and his monthly reimbursements have varied based on the tasks he has been assigned. In light of RTD's current budget situation, this consultant's scope of services and compensation will be reduced.

In reference to the documents and deliverables mentioned by the Grand Jury, these comments appear to be related to the consultant mentioned in Finding No. 6. Some of the deliverables required by this consultant's contract contained sensitive personnel-related information. RTD provided activity logs and reports to the Grand Jury. In addition, RTD provided RTD Board reports and newsletter articles, along with excerpts from trade publications and reference letters from other transit agencies. These were provided to assure the Grand Jury that this consultant was well qualified for the work he was doing and that the RTD Board and employees were well informed about his assignments and accomplishments at RTD.

Finding No. 8: The "Events Coordinator" continued to provide services and was compensated after the 2006 employment contract had expired. A new contract was signed March 13, 2008 and made retroactive to July 1, 2007. Prior payments made in 2007 were charged to the 2006 contract on the invoices. No verification of completed "Deliverables," as defined in the contract, were furnished to this Grand Jury as requested. After a review of several other employment contracts, it was determined that most contractors did not produce the "Deliverables" specified in their contracts. No evaluation system has been established at SJRTD to determine if all contractors are producing a satisfactory result for the agency. Additionally, there is no system in place to determine if and when the contractor has finished the assigned tasks.

RTD partially agrees with this finding. The preparation of the event coordinator's replacement contract was delayed an unacceptable length of time. RTD believes this contractor completed the deliverables of her contract (see Attachment No. 4, for a copy of the Scope of Services and an example of the report of hours and services performed). In addition, her direct supervisor, the Marketing and Communications Manager, required, reviewed, and compared against her contract, her invoiced list of activities before paying her monthly invoices.

RTD has hired a new Procurement Contracts Manager who is doing an outstanding job ensuring that new contracts are processed more expeditiously. In addition, the new Procurement Contracts Manager is looking into methods to improve RTD's practices in this area. There is always room for improvement.

RTD's contractors and consultants provide valuable services for RTD. As with many large organizations, RTD hires outside consultants to perform work that falls outside the RTD's day-to-day operations. By using consultants to perform specialized work, RTD can make the best use of its resources by leaving RTD employees free to perform their regular work. It makes economic sense to use contractors who have the applicable education, training, and proven expertise in a given field such as labor negotiations or procurement and contracts to ensure that RTD gets the best results possible. In some cases, it is prudent for RTD to use an independent contractor to ensure that RTD is in compliance with current regulations.

Finding No. 9: Several employees, consultants, and contractors were hired without the benefit of a competitive hiring process. In some cases, there appears to be the specter of "nepotism". As an example, one consultant managed to have his daughter, and daughter-in-law hired and paid by SJRTD for special projects or activities. In another example, a second security guard was hired to share the workload of the first security guard. He was hired without competitive process, and he is related to the first security guard. These practices, while perhaps not outside the authority of the General Manager, have a tendency to create dissension among the current employees who seek career advancement within SJRTD, and who are not allowed an opportunity to fairly compete for positions within the District. These practices may also contribute to labor unrest.

RTD agrees with the finding that, "several employees, consultants, and contractors were hired without the benefit of a competitive hiring practice." Generally, consultants and contractors are not hired by the use of a typical, "competitive hiring" process.

RTD disagrees that there is any practice of nepotism. In reference to the consultants and contractors mentioned specifically above, the first consultant is under contract as "(Consultant) and Associates." This is common practice in the consulting environment, and it is not unusual for those "Associates" to be relatives. The consultant's daughter competently performed very specifically defined and needed tasks as RTD's Event Coordinator. The consultant's daughter-in-law is a licensed landscape architect who prepared essential design documents for RTD facilities that resulted in RTD saving a very significant amount of money—many times the cost of her services.

In light of RTD's current budget situation, there is no funding for this consultant's daughter and daughter-in-law in the FY 2009 Budget.

In reference to the second contractor (the security officer hired to share the workload of the first), that position was posted and recruited through RTD's Personnel Agency—Toconis (see Attachment No. 2), thus receiving the benefit of "a competitive hiring process."

Finding No. 10: Numerous consultants were hired, some with questionable qualifications for the contracted position, without an overall plan for project execution and management. Furthermore, some of the consultants' duties overlap some of the responsibilities of fixed-term employees. For example, two Procurement Specialists, contracts S-2004-020 (dated 6/4/2004) and S-2004-002 (dated 1/27/2004) respectively, contained essentially the same task requirements. However, two individuals were simultaneously employed to do identical assignments.

Also, an Information Technology specialist was converted from independent contractor status in contract S-2005-022 (dated 6/20/2005) to SJRTD fixed-term employee status in contract E-2005-09 (dated 12/01/2005); then converted back to independent contractor status in contract S-2007-016 (dated 8/15/2007). This individual completed the required duties while receiving dual compensation from 12/1/2006 through 3/24/2007.

RTD disagrees with this finding. RTD believes that the consultants it hired had the requisite skills to perform the work for which they were hired.

In response to the concern about the two "identical" procurement specialists' assignments, the two procurement specialists were not hired to, and they did not, perform "identical assignments." Much the same as an agency might hire multiple accountants with the same job description to perform differing functions within the accounting department, so also were these two procurement specialists hired at separate times to perform separate, specific functions. One procurement specialist was tasked with, among other things, managing the bid process related to the legislatively required transit operations procurement and later with managing the procurement process for the Downtown Transit Center. The other procurement specialist, recognized as an industry expert in this area, was hired to provide assessment of RTD's procurement processes and training of RTD's procurement department staff. At this point, there is no longer a need for outside procurement specialist consulting contracts, and any open, related contracts will be terminated immediately.

In response to the concern about the Information Technology specialist, this consultant was hired to fill in during the recruitment of a new IT Manager. When RTD could not fill the position, this consultant was hired as a fixed-term employee, serving as an Interim IT Manager. When RTD hired an IT Manager, the contractor returned to his status as an independent contractor to work on several large, important projects. RTD first learned of this contractor because his company hosts the RTD website. As the General Manager/CEO pointed out to the Grand Jury, this contractor did not receive dual compensation. He received his annual fee for hosting the website (see Attachment No. 5), while he also received his hourly pay for the hours he worked during the time period identified by the Grand Jury.

Finding No. 11: An automobile was purchased with Federal grant money with the intention of using it as a police patrol vehicle. The necessity and the proper authority were not sufficiently explored before the purchase was made. Prior to SJRTD's purchase of the vehicle, SJRTD was already under a service contract with the Stockton Police Department, which included the use of a city police vehicle. The automobile purchased by SJRTD in 2006 was done without Stockton Police Department (SPD) approval as to ownership, operating rules, or responsibility for the vehicle. The vehicle was stored at the SPD corporation yard awaiting installation of special police equipment. The SPD refused to install all necessary police equipment as it was owned by SJRTD and could not be legally used as a police vehicle. The car has never been put into service. This is a misuse of public funds since the original cost cannot be recovered at this late date.

RTD agrees with the part of the finding that states the terms of this purchase and subsequent use by RTD's police officers were not "sufficiently explored." RTD does not agree that this was a "misuse of public funds." RTD is confident that it will be able to sell the police vehicle and recover most, if not all of its costs.

When RTD entered into the contract with the City of Stockton for assignment of two police officers, the City proposed charging RTD \$1,000 per month for the use of a police vehicle for those officers. RTD realized it would be less expensive to purchase an RTD police vehicle than to pay the requested monthly lease from the City. RTD's General Manager and the Police Lieutenant at the time negotiated a short and long-term solution. The City would allow the RTD assigned police officers to use a City vehicle short-term at no monthly charge, if RTD moved forward with the purchase of a vehicle for the RTD police officer's long-term use.

Although RTD and the City had discussed the matter of the police vehicle at the inception of the contract, the matter was not "sufficiently explored." RTD and the City had looked to the partnership between Sacramento RT and the City and the County of Sacramento as an example. At that location, Sacramento RT does purchase and supply vehicles to the police officers assigned to RT.

RTD purchased the vehicle, as agreed, and sent it to the City for the installation of the required police equipment. The first part of the installation was completed, but a question arose when it was time to install the police computer, as to ownership and maintenance of the police computer in the car. When RTD and PD representatives met

to discuss the matter, they realized that they also needed to resolve vehicle liability issues as well, since the police officers assigned to RTD also respond to many non-RTD calls for assistance. The situation, however, was not resolved in a timely manner. RTD asked for and received the vehicle back from the City, which indicated it might be interested in purchasing the vehicle from RTD. RTD contacted its funding agency, the Federal Transit Administration, to request authority to sell the vehicle to the City or another police agency. RTD recently sent letters of interest to several agencies and has received at least one statement of interest to purchase this vehicle.

Finding No. 12: The General Manager/CEO of SJRTD has failed to provide a summary of the contracts executed under her authority to the board of directors, as required by the SJRTD Procurement Manual. SJRTD Procurement Manual section 1.3 provides that, "A report summarizing contracts awarded within the General Manager's authority shall be presented to the Board of Directors on a periodic basis, no less than quarterly." Failure to provide this timely report deprives the Board of Directors of the data needed to exercise their responsibility to oversee the operation of SJRTD.

RTD agrees with this finding and took corrective action immediately. RTD provided a quarterly report summarizing all contracts to the Board at its July meeting.

Finding No. 13: The General Manager/CEO has exceeded her authority to award and execute contracts on multiple occasions. The Board of Directors set her spending authority at \$150,000. The Chairperson of the Board must sign contracts exceeding that amount. Examples of this misuse of authority may be found in contracts S-2004-031 (dated 10/20/2004) and S-2005-015 (dated 5/9/2005) both in the amount of \$200,000. Section 1.3 of the SJRTD Procurement Manual states that "The Board of Directors shall approve the award of contracts and leases for equipment, supplies, materials, services or construction when the amount to be paid by the District exceeds \$150,000. The chairperson of the Board of Directors shall sign contracts and leases that require approval by the Board." These contracts do not bear the signature of the Chairperson of the Board of Directors.

RTD agrees with the finding that the contracts identified did not bear the signature of the Chairperson of the Board, but RTD disagrees with the statements, "The General Manager/CEO has exceeded her authority to award and execute contracts" and that the examples provided demonstrate a "misuse of authority."

All contracts over \$150,000 were and have been approved and awarded by resolutions of RTD's Board of Directors as required by the Procurement Manual. Those resolutions authorized the General Manager/CEO to finalize and execute those contracts (resolutions with respect to the two contracts mentioned in this Finding and examples of other resolutions are set forth in Attachment No. 6). These same documents were provided to the Grand Jury during the course of this investigation.

RTD will ensure that future contracts are in complete compliance with the provisions of the RTD Procurement Manual.

Finding No. 14: A purchase card transaction made by the General Manager/CEO and the Maintenance Director in June 2007 appears to have been done with the

intent to circumvent the informal bid process. Two purchase-card transactions in the amount of \$1,784.34 were made on the same date in June 2007 by the General Manager/CEO and Maintenance Director for the same product from the same dealer. Section 4.4 of the SJRTD Procurement Manual describes an "Informal Bidding" process for expenditures exceeding \$2,500. The section also declares that, "The District shall not arbitrarily split contracts or procurements so as to avoid the formal competitive bidding process." Since the total of the two purchases exceeded \$3,500.00, this appears to be a violation of SJRTD procedure.

RTD partially agrees with this finding and will take corrective action.

The General Manager and the Director of Maintenance both purchased similar but different items on the same day from the same dealer. This was not a split, but two separate purchases with two separate amounts and two separate delivery dates.

Finding No. 15: SJRTD is not consistent in the use of "retainer agreements" for consultants. The line between salaried employees and those on retainer have been blurred. Some consultants are consistently paid for undocumented services against a retainer and are also paid for partially documented services at an hourly rate. Records reveal that these consultants always receive the maximum allowable payments, whether or not they provide the required "Deliverables" specified in their contract. For some individuals, payments for "retainer" services are akin to payments typically made to a "salaried" employee.

RTD disagree with this finding, as RTD believes that its use of retainer-type contracts has been appropriate and reasonable. In response to the Grand Jury's concerns and as part of an overall assessment of RTD contracts, RTD will reevaluate the provisions and requirements of its retainer-type contracts.

Finding No. 16: SJRTD has not effectively used their marketing department to generate advertising revenue on their bus fleet. SJRTD has adequate staffing in their marketing department, yet bus advertising seems to be minimal. Advertising can be an excellent source of revenue. Other transit districts produce significant revenues from advertising and additional revenue would reduce SJRTD's dependence on taxpayer funds.

RTD agrees with the finding that advertising is an excellent source of revenue and that it should generate more revenues through advertising on its bus fleet.

RTD previously used the services of an advertising agency to manage the advertisements on its bus fleet. After examining the practices of other transit agencies, RTD terminated its relationship with its advertising agency and brought this responsibility in house. RTD in-house employees have already secured additional advertisements and have confidence that they will increase bus advertisements and therefore revenues for RTD.

Finding No. 17: Contracts requested from SJRTD by the Grand Jury were not delivered upon our initial requests, and it became necessary for the Grand Jury to petition the Court to issue a subpoena.

RTD disagrees with this finding.

The request for copies of the P-card records was made to RTD's Assistant General Manager/CFO. Those records were copied without a Subpoena, at a cost to RTD in excess of \$10,000.

The original request from the Grand Jury for documents related to consultants was an email sent to the secretary of the General Manager. In response thereto, the General Manager sent a letter advising the Grand Jury that all requests for documents should be directed to her as the Secretary to the Board of Directors, and that the email request was not specific and asked for more detail on the documents being requested (see Attachment No. 7). The next communication from the Grand Jury with respect to this matter was the receipt of a Subpoena Duces Tecum, which copied the same language with respect to the requested documents, with no clarification as requested. RTD responded to the Subpoena and delivered what documents it believed had been requested.

A second Subpoena was served on RTD, requesting documents related to "**all** 'consultants,' including but not limited to Bob Brownstein, Thomas Webb, Jim Mills, Tom Hock, Chet Shusterove and Jean Gregory, employed by San Joaquin Regional Transit District (hereinafter 'RTD') from January 2002 to the present. . . The term 'consultant' refers to those individuals and/or businesses hired by RTD to perform specific service for a limited period of time, including those designated as 'independent contractors' or 'contracts for services.'" This Subpoena was served on RTD on Friday, February 15, 2008, at approximately 2:30 P.M., and called for the production and delivery of the requested documents by Friday, February 22, 2008, at 8:30 A.M. (this gave RTD 3 business days—Monday being a holiday—to gather and copy records from a 6+ year period, many of which were in storage). All of these records were eventually copied and delivered to the Grand Jury.

In addition, RTD believes that there were requests made of other individuals for copies of RTD records, without said request being formally made to RTD, and therefore RTD has no knowledge what documents had been requested, of whom, and whether or not the records were supplied.

At no time did RTD ever refuse or fail to deliver copies of requested documents that were in its possession. RTD acknowledges that it could not meet the time deadlines placed upon it by the Grand Jury and in some cases the records requested either did not exist or could not be located.

Finding No. 18: The design of the Downtown Transit Center Construction Project was revised by Change Order after the contract had been awarded to the lowest bidder. The result of the change reduced the cost of the contract price by \$2,481,474. The contract should have been returned to all original bidders to allow for continued participation in the formal bidding process, possibly saving the public additional dollars.

RTD disagrees with this finding.

RTD agrees that the contract was "awarded to the lowest bidder." The selected

contractor for the DTC was the lowest bidder by far. RTD believes that reopening the bidding process was not in the best interest of RTD, the public, and most especially the passengers who transfer between buses at this location.

RTD passengers were making these transfers between buses on the corners of unsightly and unsafe streets that were well known for criminal activity against and around those passengers. RTD was so concerned about providing a safe transfer point for its passengers that it asked the selected contractor to start working on the passenger boarding platform areas even before the building design was complete. The passenger boarding area was opened to the public nine months before the Downtown Transit Center was completed. At this time, over 6000 passengers a day transfer between buses at this location.

Re-opening the bidding process would have delayed the project by at least six months to a year. In addition, material costs (especially steel and concrete) were escalating so rapidly at that time that RTD believes that any further delays would have increased, rather than decreased, the cost of this project.

Finding No. 19: The General Manager/CEO did not follow SJRTD established procedures for "change orders" during construction of the Downtown Transit Center. To avoid litigation, it became necessary for SJRTD to enter into a negotiated global settlement agreement with the building contractor.

RTD partially agrees with this finding.

RTD believes that it followed all appropriate procedures with respect to processing and executing of change orders. Existing RTD procedures with respect to change orders require the approval of all or some of the following, to-wit: the Project Manager, the Procurement Department, RTD Legal Counsel and Finance, before the General Manager/CEO executes the change order on behalf of RTD. When the change order is fully executed, signed copies are distributed to the appropriate parties.

RTD agrees that it did enter into negotiations with the Contractor to avoid litigation. When the project was completed, there was a disagreement between RTD and the Contractor regarding how much, if any, was owed by RTD to the Contractor as the balance of the construction costs. RTD and the Contractor initially entered into mediation to resolve this matter. When that did not lead to an agreement, the parties entered into settlement negotiations, which eventually led to a settlement agreement.

Finding No. 20: Thirteen hotel rooms in the cities of Stockton and Lodi were rented to use as meeting rooms at an expense of over \$5,000. in 2007. The Downtown Transit Center has several large and well-appointed conference rooms capable of accommodating meeting room requirements.

RTD agrees with the finding that these off-site rooms were rented during 2007.

Of the 13, on 11 of the occasions, RTD rented meeting rooms to conduct union-related arbitrations. RTD has always used off-site facilities for these arbitrations. It is

important to note that the Union reimburses RTD for half of these costs.

On two occasions in 2007, RTD rented off-site meeting locations in order to conduct management planning meetings.

With the recent advent of labor/management cooperation, the number of arbitrations has been reduced significantly, along with the need for meeting rooms to conduct these meetings.

In light of RTD's current budget situation, RTD will review its use of off-site meeting rooms in the future.

REPONSES TO RECOMMENDATIONS

Recommendation No. 1: Management develop a policy of examining all contracts for compliance before paying invoices to avoid unnecessary expenditures and assure quality of work.

This recommendation has been implemented. The Procurement Department (restructured and co-managed since Spring 2007), in coordination with the Accounts Receivable and the Accounts Payable Departments, has implemented a process to assure that the appropriate parties approve all invoices before the check in payment thereof is written and mailed.

Recommendation No. 2: The American Express card purchases be subject to greater scrutiny in accordance with "San Joaquin RTD Purchasing Credit Card Procedure." Pay invoices in a timely manner to avoid the addition of interest and late charges. Enforce the policy regarding the purchase of food and gifts to protect taxpayer funds.

This recommendation has been implemented. All American Express card purchases will be reviewed in accordance with the "San Joaquin RTD Purchasing Credit Card Procedure" before payment.

In July 2008, RTD implemented an automatic bill notification/pay system for card payments to avoid the payment of unnecessary interest and/or late payment charges.

Recommendation No. 3: Comply with regulations outlined in Chapter II Standards of Conduct Section 2.2 "Conflict of Interest," whenever a perceived conflict of interest exists.

This recommendation has been implemented. RTD staff is required to comply with the requirements of RTD's Procurement Manual with respect to conflicts of interest.

Recommendation No. 4: Make an immediate assessment of all current consultants to determine if their services still benefit SJRTD.

This recommendation has been implemented. RTD Procurement staff is conducting a comprehensive assessment of all current consultants to analyze their continued benefit to RTD. Such assessment will be on-going.

Recommendation No. 5: Terminate the contract of contractors and consultants when the assignments have been completed by a contractor or consultant.

This recommendation will be implemented. When the services and/or products of contracts with contractors and/or consultants have been completed, RTD Procurement staff will process a close-out of the contract and the services in accordance with established checklists.

Recommendation No. 6: Require verification of the "Deliverables" of all contractors and consultants prior to the payment of invoices.

This recommendation has been implemented. As stated in response to Recommendation No. 1, above, Procurement staff has implemented a process to assure that deliverables have been met before invoices are paid.

Recommendation No. 7: Make and enforce a clear definition for the provisions of "retainer" payments to assure that contracted "Deliverables" are indeed produced and that they provide desired results. Clearly define hourly performance so as not to conflict with the retainer provisions. Examine all contract "Deliverables" for compliance before invoices are paid to avoid unnecessary expenditures and assure quality of work.

This recommendation has been implemented. RTD Procurement staff is conducting a review and assessment of all current retainer contracts to confirm that the requirements of the contracts for the services under the retainer provisions of the contract are being received. Such an assessment will be on-going.

Recommendation No. 8: Establish a written policy to periodically evaluate the achievement of contractors in relation to their assigned task.

This recommendation has been implemented. Procurement staff has developed a procedure for this purpose. A project evaluation statement has been developed, which the Project Manager will be required to complete and return to Procurement staff for inclusion in the project file. This procedure will be incorporated into RTD's Procurement Manual when it is next revised.

Recommendation No. 9: Set a termination date of all new contracts, to be closely monitored by the General Manager/CEO.

This recommendation has been implemented. All contracts contain a termination date. Procurement staff maintains a list of all pending contracts with their expiration date.

Recent Procurement Training classes require the Project Manager to track his/her contracts and Purchase Orders. In the next few months, a contract management database will be implemented to produce information about projects in real time.

Recommendation No. 10: Management utilize "Best Practices" in hiring employees that fairly advertise job openings, so that current employees may experience advancement opportunities when available within SJRTD.

This recommendation has been implemented. RTD is committed to providing career advancement for its employees. There are many examples of employees who have advanced within the agency, some from entry level to management positions. Three current examples include the Managers of Finance, Service Development, and Marketing. RTD Human Resources staff has been working to improve the overall recruitment process at RTD to maximize the opportunity for finding and employing the most qualified individuals for available positions.

Recommendation No. 11: The Board of Directors and the General Manager establish a periodic review of the ongoing and future tasks of consultants with a goal of coordinating efforts and determining which tasks are better suited for permanent employees.

This recommendation has not as yet been implemented, but will be within the next three months. RTD will establish a procedure for periodically reviewing the need for consultants and contractors on a quarterly basis to determine if any such tasks would be better suited for permanent employees.

Recommendation No. 12: The marketing department of SJRTD aggressively pursue opportunities for advertising from merchants and businesses.

This recommendation has been implemented. RTD recently concluded that it was to RTD's benefit to bring its advertising program in-house. RTD recently hired a marketing representative to oversee and be responsible for implementing advertising opportunities, and thus increase the potential revenues, to RTD.

Recommendation No. 13: Conduct formal training for all Board Members to become familiar with all policies and procedures described in the SJRTD manuals.

This recommendation has not as yet been implemented, but will be within the next three months. The RTD Board will schedule quarterly meetings, in addition to their regular meetings, that will be used for special presentations and training sessions. During these quarterly meetings, RTD staff will also present additional background information on RTD departments and activities.

Recommendation No. 14: Enforce sanctions relating to the misuse and abuse of SJRTD funds. (e.g. gasoline purchases, credit card expenses, hotel accommodations, entertainment and food purchases).

This recommendation has been implemented. RTD believes that its existing P-Card Procedures are adequate for addressing the issue; however, in addition to the training session provided when an individual is authorized to use an RTD credit card, RTD has initiated review sessions for those individuals. The first review session was held on July 25, 2008. In addition, managers received additional instruction about the appropriate use, and the consequences for misuse, of P-cards during their regularly scheduled managers' meeting on July 7, 2008.

Recommendation No. 15: Adhere to written policy and procedures with regard to "change orders" to insure taxpayer funds are not wasted.

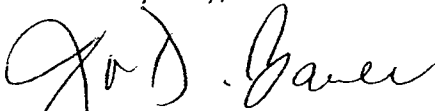
This recommendation has been implemented. Existing procedures with respect to change orders require the approval of all or some of the following, to-wit: the Project Manager, the Procurement Department, Legal, and Finance, before the General Manager/CEO executes the change order on behalf of RTD.

RTD is pleased to provide these responses to the Findings and Recommendations contained in the above-referenced Report. We have taken this Report, and the comments contained therein, very seriously. These responses have been thoroughly considered in preparing this Response.

Thank you for giving us this opportunity to comment on the Final Report as it relates to the San Joaquin Regional Transit District.

Should you have any additional questions regarding RTD's Responses, please feel free to advise me.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Joni Bauer".

Joni Bauer
Chair of the Board

LIST OF ATTACHMENTS

Attachment No.	Reference to Attachment	Description of Attachment
1	Finding No. 1	Invoice for Chet Shusterove, April 22 – May 5, 2007
2	Finding No. 1 Finding No. 9	Job Posting for 2 nd security officer
3	Finding No. 3	RTD Purchasing Credit Card Procedures, page 11
4	Finding No. 8	Documents regarding Event Coordinator's performance of her services
5	Finding No. 10	Invoice and check register with respect to IT person
6	Finding No. 13	Resolutions re General Manager's authority to sign contracts
7	Finding No. 17	Copy of letter to Grand Jury's first request for documents

SAN JOAQUIN REGIONAL TRANSIT DISTRICT

421 East Weber Avenue – 2nd Floor

P. O. Box 201010

Stockton, CA 95201

Telephone: (209) 948-0645

2007/08 Grand Jury Final Report—Case No. 07-07

ATTACHMENTS TO RESPONSE TO FINAL REPORT

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ATTACHMENT NO. 1

INVOICE

CHET SHUSTEROVE

SECURITY HOURS WORKED

Social Security # 546-76-3400

3600 Little Chief Ct.

Antelope, CA > 95843

Home # (916) 344-3674

Cell Phone # (916) 955-6283

Start Date: 4/22/2007

End Date: 5/5/2007

Number of days worked: 14

BILL TO:

San Juanquin RTD

Stockton, CA

CHET 4/22/07

PO # P1021169

V00752

DATES	HOURS WORKED	Amount
4/22/2007	8pm to 8am	12hrs
4/23/2007	7pm to 8am	13hrs
4/24/2007	7pm to 9am	14hrs
4/25/2007	7pm to 9am	14hrs
4/26/2007	8pm to 8am	12hrs
4/27/2007	OFF	0hrs
4/28/2007	7am to 7pm	12hrs
4/29/2007	5:30am to 5:30pm	12hrs
4/30/2007	8pm to 8am	12hrs
5/1/2007	8pm to 8am	12hrs
5/2/2007	8pm to 8am	12hrs
5/3/2007	8pm to 8am	12hrs
5/4/2007	8pm to 7am	11hrs
5/5/2007	8pm to 7am	11hrs
TOTAL HOURS		159HRS
X \$20.00 PER HOUR		\$3,180.00
TOTAL		\$3,180.00

MAY 11 2007

Comments / Notes

CHET'S SECURITY SERVICES

SHUSTEROVE

Per Bobby Kuchin

5/1/07

Company Slogan or Thank You for you interest note here.

ATTACHMENT NO. 2

TOCONIS PERSONNEL SERVICES, INC.

IS NOW RECRUITING FOR

SECURITY OFFICER

SALARY

\$20.00 per hour

FINAL FILING DATE

5:00 PM Friday February 22, 2008

THE POSITION – NORTHERN SAN JOAQUIN VALLEY

TOCONIS is recruiting for a Part Time/Flexible Hours Security Officer TRN-08-019. Under general direction, the Security Officer provides a visual security presence and patrols the grounds, and other areas of the facilities and installations in order to provide protection from harm to persons gathered therein; guards against theft, vandalism, and illegal unauthorized entry; does other related work as required.

FEATURES

The Northern San Joaquin Valley is a dynamic region, with strong agricultural roots that have established it as a growing economic force. New residents move to the Northern San Joaquin Valley to take advantage of availability of quality and affordable homes. Area schools are an important draw as well. Families have many choices for education among the Valley area's 17 school districts. Our Client Firm treats their customers, community, and each other with respect, integrity, and loyalty. They promote a positive work environment by supporting each other through effective communication, teamwork, and appreciation for their diverse abilities and contributions.

EXPERIENCE AND EDUCATION

- Graduate from high school, vocational high school, or possession of an approved high school equivalent certificate
- Prior demonstrated experience as a security guard
- Bilingual in Spanish is a plus, but not required
- Training may be required.

ESSENTIAL DUTIES AND RESPONSIBILITIES

The following statements are intended to describe the general nature and level of work performed by people assigned to this classification. They are not intended to be an exhaustive list of all responsibilities, duties, and skills required of personnel so classified.

1. Security Officer visually inspects windows, doors, locks, and other fixtures to make sure they have not been tampered with in order to prevent theft, unlawful entry. Inspects assigned areas for those conditions that may contribute to fire (e.g., discarded burning cigarettes) Observes odors in buildings or on grounds to detect sources of smoke, and gas seepage.
2. Patrols by car and on foot grounds adjacent to public building in order detect hazards such as fire, theft, or vandalism. Sits or stands at a post and maintain orderly flow of individuals upon entering and leaving.
3. Gives verbal warnings to individuals of regulations such as those pertaining to disorderly conduct, loitering, smoking, or entry without proper passes in order to assure the enforcement of rules intended to protect the building and its occupants.
4. Records observations and conditions in building or in an assigned area, reporting any unusual occurrences, property damage or mishaps to visitors, and documenting rule violations in order to provide a permanent record of incidents for police or other investigatory individuals.
5. Reports orally to supervisor (or other individual) on the security rounds and checks. Reports to supervisor or other appropriate individual, using a walkie-talkie or telephone, any unusual conditions or malfunctioning of equipment or takes temporary measures to correct the malfunctions in order to prevent further damage to property. Escort's unruly person from the premises.
6. Ability to read, write, speak, understand, and communicate in English sufficiently to perform duties of this position.

APPLICATION PROCESS

A completed **TOCONIS** application and resume must be received by **TOCONIS PERSONNEL SERVICES, INC.** Attn: Recruitment Office, 2505 M Street, Merced, CA 95340 FACSIMILIES AND POSTMARKS ARE NOT ACCEPTABLE

Request an application package by calling the TOCONIS JOB LINE at (209) 726-1936 or email your request on our Web site TOCONIS.COM. RESUMES CANNOT BE ACCEPTED WITHOUT A TOCONIS APPLICATION

THE SELECTION PROCEDURE

All applications will be reviewed and those applicants with the best job-related qualifications will be invited to participate in the interview process.

EOE M/F/D TOCONIS is an equal opportunity employer. TOCONIS does not discriminate on the basis of disability.

Individuals with disabilities, who require accommodation in the application or interviewing process, may be required to provide the Recruiting Office, **no later than the filing date**, with documentation regarding the need for accommodation.

The provisions of this bulletin do not constitute a contract expressed or implied and any provisions contained in this bulletin may be modified or revoked without notice.

ATTACHMENT NO. 3

PURCHASING CREDIT CARD PROCEDURES

ACCEPTABLE PURCHASING CARD USE EXAMPLES

- Emergency maintenance parts as determined by Assistant General Manager.
- Facilities building supplies, materials, and tools
- Computer accessories mouse pads, extension cables, glare screens
- Restaurant, catering, and supermarket purchases-i.e. Board Meeting Attendees, Outside Agency Interview-Board Attendees, HR and Marketing for public events.
- Capital Expenditures for items/services directly related to current projects purchased only by the Project Manager or the Project Manager's designee
- Items as listed on page 4 of Purchasing SOP GM-SOP-97-009,
- Travel Transportation, Rental Car, and Hotel Reservations in accordance with RTD Travel Procedures
- Computer software/hardware-Only the MIS Department

UNACCEPTABLE PURCHASING CARD USE EXAMPLES

- Any Vendor product or service normally inappropriate for use of RTD's funding
- Any item exceeding the Cardholder's authorized limit
- Any item for personal use
- Any written agreement for services-i.e. Month-to-month pest control. Training for RTD employees by outside entities (except as authorized by the HR Administrator).

ATTACHMENT NO. 4

EXHIBIT "A"

DESCRIPTION OF SERVICES, COMPENSATION AND TERM Contract No. S-2006-005

In accordance with the terms of that certain CONTRACT FOR SERVICES, being Contract No. S-2006-005, dated July 1, 2006, by and between the San Joaquin Regional Transit District (RTD) and **Pennino & Associates** (Contractor) to which this is attached, the services of the Contractor, and the compensation therefore and the time for performing said services, shall consist of the following:

Article I – Scope of Services:

- 1.1 PLANNING INTERNAL AND EXTERNAL EVENTS: The Contractor shall assist RTD in planning internal and external events.
 - 1.1.1 The Contractor's associate, **Summer Pennino**, shall perform these services. If the Contractor assigns a different associate, it must be approved in advance by RTD.
 - 1.1.2 Such services shall include, but not be limited to the following:
 - a. Coordinate events as assigned;
 - b. Solicit sponsors;
 - c. Promote partnerships with public agencies and private enterprises;
 - d. Assist in marketing outreach activities and studies;
 - e. Assist with recruiting employer-based coach operators for RTD's commuter services; and,
 - f. Handle assigned projects.
 - 1.1.3 **The Contractor shall complete and deliver to RTD the following Deliverables for planning internal and external events:**
 - a. **A Monthly Report of hours worked, project goals, and progress;**
 - b. **A comprehensive list of (internal and external) events including community activities;**
 - c. **A comprehensive "contact list" of potential partners/sponsors;**
 - d. **An event and project binder, maintained at RTD's Marketing Office, of project guidelines for all events [this shall include tasks, deadlines, responsible parties and other pertinent information (RTD will provide a template)].**
 - 1.1.4 The Contractor, for the above-mentioned services, shall be required to spend at least two hundred and twenty-one (221) hours per quarter to perform the services required by this Contract. At least half of those hours shall be on-site at RTD's Offices, unless otherwise agreed by RTD and the Contractor. The Contractor shall devote at least 844 hours to the services required by this Contract.

1502 Keagle Way
Lodi, CA 95242

Date	Invoice #
3/23/2008	176

08 MAR 25 AM 11:54

Bill To

San Joaquin Regional Transit District
Accounts Payable - 2nd Floor
P.O. Box 201010
Stockton, CA 95201

Due Date
4/23/2008

Item	Description	Qty	Rate	Amount
San Joaquin RTD Ret...	Consultant Services - Summer Pennino, Event Planning - S-2007-033		3,150.00	3,150.00
Reimbursement Item	PO 103980 Material for State of the City Posters		110.51	110.51
<div>OK to pay Relly 5/19/08</div> <div>2008 MAR 27 AM 11:44</div>				

March Retainer

Total \$3,260.51

Phone #	Fax #	E-mail
209-327-3787	209-368-2181	ppennino@sbcglobal.net

RTD - State of the city
Posters

STAPLES

that was easy.

Low prices. Every item. Every day.

2415 West Kettleman Lane

LODI, CA 95242

(209) 367-6850

SALE

618281 12 005 67469

0726 02/27/08 05:58

\$5,000 SHOPPING SPREE AT STAPLES!

ENTER TO WIN!

We care about what you think!

Take a short survey and be entered
into a monthly drawing. Just log on to

www.staples-survey.com

or call 1-800-890-7305

Your survey code: 0101 7199 8986 5225

— ***Tome nuestra encuesta en español en
la página del Internet o por teléfono.

Consiga las reglas en la tienda.***

See store for rules.

Survey code expires 03/05/2008.

QTY SKU

OUR PRICE

REWARDS NUMBER 2335956450

2 QVSZCOLORPHOTO 18X

678876 44.990ea 89.98

2 MAGAZINE LITERATUR

079916015590 6.290ea 12.58

SUBTOTAL 102.56

Standard Tax 7.75% 7.95

TOTAL \$110.51

Visa

Card No.: XXXXXXXXXXXX5678

Auth No.: 2335956450

TOTAL ITEMS 4

Summer Pennino
December 30, 2007 - Present

<u>Date</u>	<u>Hours</u>	<u>Event</u>
<u>1st Quarter</u>		
12/31/07	6	Christmas Decoration Clean Up, End of the Year Marketing Wrap Up
1/2/08	8	EADARA Awards, Take Your Daughters and Sons to Work (TYDASTW), Interregional
1/3/08	7	Events Budget, FY09 Event List
1/4/08	2	Interregional
1/6/08	2	Events binder organization
1/7/08	8.5	Interregional, Rexpo Chamber Event, Events Budget
1/8/08	2	United Way, Wellness Center, Rexpo Event
1/9/08	8	Rexpo Event, Marketing Event List, EADARA 08, EOM Gifts, United Way Wrap Up
1/10/08	7.5	United Way, Marketing Events List, Window Coverings, EOM Gifts
1/11/08	4	COG Pictures, Marketing Budget, Window Coverings
1/14/08	4	United Way, Marketings tasks and event list/budget
1/15/08	7.5	EOM Gifts, Wellness Center Frames, Contact list, Window Coverings
1/16/08	7	TYDASTW, Window Coverings, Marketing Budget and Events
1/17/08	6	Interregional, Rexpo Chamber Event, Events Budget, Promotional Items
1/18/08	1.5	Rexpo Event
1/22/08	7	Rexpo, Interregional
1/23/08	9.5	Safeway Transit Fair, Interregional, Rexpo
1/24/08	7.5	Rexpo, Community for the Blind event, Wellness Center, Marketing Events
1/28/08	8	Marketing Events, Wellness Center
1/29/08	7	Wellness Center, EOM Gifts, Take Your Child to Work Day
1/30/08	9	EOM Gifts, Take Your Child to Work Day, Contact List, Interregional
1/31/08	7	Marketing Event meeting with Gloria, Interregional, Marketing Tasks, MTP Event Plan
2/11/08	5	EOM Gifts, Promotional Items, Events
2/12/08	4.5	Citadel Payment, Take Your Child to Work Day, Promotional Items
2/13/08	7.5	State of the City, Diversity Event, Take Your Child to Work Day
2/14/08	7	Diversity Event, EOM stuff, State of the City
2/19/08	1	Wellness Center, Diversity Event
2/20/08	9	Employee Meeting, EOM Gifts, State of the City, Wellness Center
2/21/08	3	Window Coverings, State of the City
2/22/08	8	NTI Video shoot, Window Coverings, State of the City, Diversity Event
2/25/08	8	Marketing Events, Windows, Wellness Center, State of the City
2/26/08	6	Heritage Day, State of the City
2/27/08	8.5	State of the City, Marketing Events, Take Your Child to Work
2/28/08	4	State of the City
3/4/08	5.5	FY09 Budget, Marketing Events, Wellness Center
3/5/08	8.5	Outreach events, Take Your Child to Work
3/6/08	3	Take Your Child to Work
3/7/08	8	Wellness Center Frames, Heritage Day, Marketing Events, Take Your Child to Work
3/10/08	8	Take Your Child to Work, Heritage Day, Wellness Center
3/11/08	1	One Voice
3/12/08	8.5	Take Your Child to Work, One Voice
3/13/08	8	Interregional, Take Your Child to Work, Wellness Center
3/17/08	9	One Voice, Contact List Update, Take Your Child to Work
3/18/08	4	Interregional, Marketing Events
3/19/08	4.5	Cage Clean Out, One Voice invites
3/20/08	8.5	Metro Window Coverings, Take Your Child to Work, Interregional
3/21/08	7.5	Interregional, Take Your Child to Work, One Voice
3/24/08		
3/25/08		
3/26/08		
3/27/08		

Summer Pennino
December 30, 2007 - Present

	291.5	24-26 hours per week (13 weeks per quarter) = 312-338 hours per quarter
		312 + 16 (from 2007)= 328 Hours total for first Quarter

ATTACHMENT NO. 5

V00417

ComsecNet Contract
 1320 N. Commerce Street
 Stockton, CA 95202-1013
 Ph: 209-463-2809
 Fax: 209-948-0481
 Email: support@comsec.net

INVOICE

118G13

06 DEC -8 AM 11:32

SMART-Stockton MTD Finance Dept.
 1533 E. Lindsay Street
 Stockton, CA 95205

Deliver To:
 1533 E. Lindsay Street
 Stockton, CA 95205

V0417

P101789

Date: 12/01/2006
 Payment Terms: Net 30 Days
 Reference: Payment Due By 01/01/2007

Number: 118G13

Account Number: 20120

Product Code	Rate/Quan.	Product Description / Comment	Unit Price	T	Extended Price
INET/T1ANU	1.00	T1 Internet - 1 Year Contract	11,880.00	N	11,880.00
INET/DISC	1.00	1 Year Contract Discount	-990.00	N	-990.00

POSTED
 04/16/07

Don S
 4/12/07

Paid Amount: 0.00

Total: 10,890.00
 0.000% Sales Tax: 0.00
 Grand Total: 10,890.00
 Balance Due: 10,890.00

Total Account Balance: 10,890.00

Current: 10,890.00

31-60 0.00

61-90: 0.00

Over 90: 0.00

SAN JOAQUIN RTD

Check Register

Checks Issued between: 6/1/2006 - 4/30/2007

Check	Payee ID	Payee Name	Check Date	Cancel Date	ST Invoice	Inv Date	Inv Amt	Check Amount
AP 00102313	V00417	COMSECNET	4/16/2007	4/23/2007	CX 118G13	12/1/2006	10,890.00	10,890.00
Machine Checks:								10,890.00
Total for Check Stock ID -								10,890.00

Machine Written:	10,890.00
Report Grand Total:	\$10,890.00

ATTACHMENT NO. 6

RESOLUTION NO. 4839
DATED: OCTOBER 19, 2004

APPROVING THE AWARD OF SOLE SOURCE BASED
CONTRACT TO KENT KINGMAN

WHEREAS, management/labor relations is an element of the San Joaquin Regional Transit District's (RTD) operational improvement studies; and

WHEREAS, RTD is in the midst of improving its labor relations and operational performance; and

WHEREAS, Kent Kingman has shown a unique ability to assess current labor/management issues and offer proposed strategies; and

WHEREAS, RTD will transition into an era of improved labor performance; and

WHEREAS, Mr. Kingman's experience in facilitating this effort based on his knowledge or labor relations.

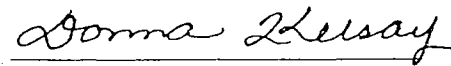
THEREFORE NOW LET IT BE RESOLVED AND ORDERED by the Board of Directors of the San Joaquin Regional Transit District that:

- 1) That the General Manager/CEO is authorized to ratify expenses in the amount of \$17,052.34.

That the General Manager/CEO is authorized to negotiate and execute a sole source based contract with Kent Kingman for a value not to exceed \$200,000 over a two-year period.

Donna Kelsay, the duly appointed, qualified, and acting Secretary of the San Joaquin Regional Transit District, does hereby certify that the foregoing is a true and exact copy of the Resolution passed and adopted at a regular meeting of the Board of Directors of said District held on October 19, 2004.

DATED: October 19, 2004


DONNA KELSAY, SECRETARY

RESOLUTION NO. 4862
DATED: MARCH 22, 2005

APPROVING THE TERMINATION OF SOLE SOURCE BASED
CONTRACT TO KENT KINGMAN

WHEREAS, on October 19, 2004 the Board of Directors authorized the General Manager/CEO to negotiate and execute a sole source based contract with Kent Kingman for a value not to exceed \$200,000 over a two-year period; and

WHEREAS, management communicated its dissatisfaction with the contract and supporting documentation in January 2005; and

WHEREAS, the General Manager requested an updated review of the status of the negotiations and procurement in February 2005; and

WHEREAS, said review revealed an unacceptable level of staff work and documentation to substantiate said contract award; and


WHEREAS, the General Manager determined that the contract and supporting documentation represents an unacceptable risk to the District.

THEREFORE NOW LET IT BE RESOLVED AND ORDERED by the Board of Directors of the San Joaquin Regional Transit District that:

1. The General Manager is authorized to terminate the existing contract with Kent Kingman.
2. The General Manager is authorized to negotiate and execute a replacement contract.

Donna Kelsay, the duly appointed, qualified, and acting Secretary of the San Joaquin Regional Transit District, does hereby certify that the foregoing is a true and exact copy of the Resolution passed and adopted at a regular meeting of the Board of Directors of said District held on March 22, 2005.

DATED: March 22, 2005


DONNA KELSAY, SECRETARY

RESOLUTION NO. 5057
DATED: APRIL 15, 2008

RESOLUTION ACCEPTING AND AWARDING A CONTRACT
TO J.H. SIMPSON COMPANY, FOR THE CONSTRUCTION OF
AN HVAC SYSTEM AT RTD'S COUNTY FACILITY

WHEREAS, RTD published a notice inviting bids for the construction of an HVAC System for its County Facility and,

WHEREAS, RTD Procurement – Contracts received four (4) bids on April 4, 2008, for the construction of an HVAC System at RTD's County Facility; and,

WHEREAS, J.H. Simpson Company, submitted the lowest responsive bid for the construction of an HVAC System at RTD's County Facility for a price of \$479,669.00; and,


WHEREAS, RTD staff recommends accepting and awarding a contract to J.H. Simpson Company; and

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the San Joaquin Regional Transit District, as follows:

- 1) That a contract in the amount of \$479,669.00 be awarded for the construction of an HVAC System at RTD's County Facility,
- 2) That the General Manager/CEO be, and hereby is, authorized and directed to execute a contract with J.H. Simpson Company in accordance with RTD Procurement Policies and Procedures.

Donna Kelsay, the duly appointed, qualified, and acting Secretary of the San Joaquin Regional Transit District, does hereby certify that the foregoing is a true and exact copy of the Resolution passed and adopted at a regular meeting of the Board of Directors of said District held on April 15, 2008

DATED: April 15, 2008


DONNA KELSAY, SECRETARY

RESOLUTION NO. 4980
DATED: JANUARY 16, 2007

RESOLUTION APPROVING AND AUTHORIZING
EXECUTION OF LEASE FOR THE COMMERCIAL
SPACE AT THE DOWNTOWN TRANSIT CENTER

WHEREAS, RTD has developed the Downtown Transit Center (DTC) for its buses and administrative offices; and,

WHEREAS, a portion of said building containing approximately two thousand one hundred twenty-two (2,122) square feet, and commonly known as 447 East Weber Avenue, Stockton, California, is available to be leased for a commercial retail establishment; and,

WHEREAS, RTD has negotiated a lease of said commercial retail space with Gleason's Ice Cream and Café; and

WHEREAS, the said lease is for ten (10) years with one (1) five-year option at an initial monthly rental of \$3,188.00; and,

WHEREAS, RTD staff believes that it is in the best interests of RTD and to those individuals using the DTC for transferring between RTD's buses, to enter into a lease with Gleason's Ice Cream and Café; and,

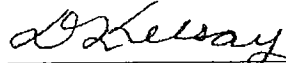
WHEREAS, RTD staff recommends accepting the lease to Gleason's Ice Cream and Café.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the San Joaquin Regional Transit District, as follows:

- 3) That the proposed lease with Gleason's Ice Cream and Café is hereby approved and accepted.
- 4) That the General Manager/CEO be, and she hereby is, authorized and directed to finalize and execute a lease agreement with Gleason's Ice Cream and Café.

Donna Kelsay, the duly appointed, qualified, and acting Secretary of the San Joaquin Regional Transit District, does hereby certify that the foregoing is a true and exact copy of the Resolution passed and adopted at a regular meeting of the Board of Directors of said District held on January 16, 2007

DATED: January 16, 2007


DONNA KELSAY, SECRETARY

ATTACHMENT NO. 7



P.O. Box 201010 | Stockton, California | 95201

209.948.5566 | 209.948.8516 [fax] | www.sanjoaquinRTD.com

January 16, 2008

Grand Jury
County of San Joaquin
Courthouse
222 East Weber Avenue, Room 303
Stockton, CA 95202

Attention: Trisa Martinez
Judicial Secretary/Grand Jury Staff Secretary

Re: San Joaquin Regional Transit District – Request for Information

Dear Trisa:

My assistant, Phyllis Garcia, forwarded to me your request for copies of "all consultants contracts, with last six performance reports."

As the Secretary to the Board of Directors and General Manager/CEO for the San Joaquin Regional Transit District (RTD), all requests for public records should be directed to me as the person in charge of maintaining them.

In reviewing your request for copies of "all" contracts with consultants, I would appreciate clarification with respect to the extent of your request. After getting your request, I started listing the consultants that RTD does business with. At last count it was over 30, and I am sure that there are more. These include consultants for RTD's Retirement Plan, for Workers' Comp, for general liability claims, for IT-related services, for architectural and engineering services, for procurement services, for employee-related services, and for legal services, just to mention a few.

Do you truly mean all consultants contracts? Or is there an identifiable group of consultants that you are interested in?

After I receive from you clarification with respect to your request, I will proceed to pull those contracts and will advise you when they can be made available to you.

I am looking forward to hearing from you regarding this matter.

Sincerely

Donna Kelsay
General Manager/CEO