

San Joaquin County Grand Jury



SAN JOAQUIN REGIONAL TRANSIT DISTRICT 2008/2009 San Joaquin County Grand Jury Case No. 01-08A FOLLOW UP FINAL REPORT

SUMMARY

The 2008/2009 San Joaquin County Grand Jury chose to follow up on prior year Case 07-07, San Joaquin Regional Transit District (RTD). The Grand Jury wanted to determine if RTD had corrected problems of the past and were making informed decisions for the District. The RTD Board of Directors responded to the 2007/2008 Grand Jury report by disagreeing or partially disagreeing with 14 of the 20 Grand Jury findings. However, all 15 recommendations have been implemented.

BACKGROUND

The 2007/2008 Civil Grand Jury received a complaint containing several issues of concern regarding RTD. The complaint alleged there were many improper management practices and a full investigation was justified. A preliminary examination revealed there was a solid basis for the complaint.

With approximately 140 employees and 130 revenue vehicles, RTD provides public transit services in the Stockton Metropolitan area, as well as intercity, interregional and rural areas. The service area population is approximately 545,000 with a District budget of approximately \$40,000,000. Major sources of funding are fares (20%), taxpayer funding, and grants from the State of California and the Federal Government.

METHOD OF INVESTIGATION

Materials Reviewed

- Consultant contracts
- Labor consultant invoices
- Contracts involving retainers
- Labor consultant deliverables
- Disposition of the RTD police vehicle

- American Express credit card statements
- Procurement Contract Manager's contract
- Contract and payroll records for security guards
- Purchase card records for movie ticket purchases
- Contracts awarded by the General Manager/CEO as presented to the RTD Board

Interviews Conducted

RTD General Manager/CEO

FINDINGS

1. The Procurement Department, in coordination with the Accounts Receivable and Accounts Payable Departments, has implemented a process to assure that deliverables are received and correctly invoiced before payment is made.
2. Itemization of consultant deliverables continues to be inadequate.
3. When questioned about the potential improper use of RTD funds for employee gifts, RTD stated that "Personal use would be a use that does not in any way relate to the business or work of RTD, and would be for the non-business benefit of an individual, and consequently have no business purpose." However, movie tickets continue to be purchased with RTD funds as gifts for employees and to recognize birthdays.
4. A part-time labor relations consultant, being paid approximately \$6,000 per month, is still under contract for his fifth consecutive year.
5. RTD procurement staff conducted a comprehensive assessment of all current consultants and positions to analyze their continued benefit to RTD. This analysis has resulted in a reduction of consultants and RTD management staff at a cost savings of over \$400,000 for the current fiscal year.
6. Budgeting excessive amounts for expenses, such as legal services (\$960,000) and two security staff (\$200,000), may influence the entire budget process and could result in unnecessary increased fares and cuts in services.
7. A new police pursuit vehicle was purchased in 2006 and was never utilized. In 2009, the vehicle, with 20 miles on the odometer, was provided to the Stockton Unified School District in exchange for police/security services at the Downtown Transit Station.

RECOMMENDATIONS

1. The RTD Board commit to greater oversight of expenditures and become more involved in the financial workings of RTD.

RESPONSE REQUIRED

Pursuant to Section 933.05 of the California Penal Code:

The San Joaquin Regional Transit Board of Directors shall report to the Presiding Judge of the San Joaquin County Superior Court, in writing and within 90 days of publication of this report, with a response as follows:

As to each finding in the report a response indicating one of the following:

- a. The respondent agrees with the finding.
- b. The respondent disagrees with the finding, with an explanation of the reasons therefore.

As to each recommendation, a response indicating one of the following:

- a. The recommendation has been implemented, with a summary of the action taken.
- b. The recommendation has not yet been implemented, but will be with a time frame for implementation.
- c. The recommendation requires further analysis, with an explanation of the scope of analysis and a time frame not to exceed six (6) months.
- d. The recommendation will not be implemented, with an explanation therefore.