



AGENDA

Meeting of the Connect Transit Board of Trustees

October 24, 2017

4:30 P.M.

Board Room

Connect Transit Operations Facility
351 Wylie Drive, Normal, IL 61761

- A. Call to Order
- B. Roll Call
- C. Years of Service Award – Lee Spiecker – 5 Years
- D. Public Comments
- E. Consent Agenda
 - 1. Approval of Minutes of Previous Meeting of September 26, 2017 and the Approval and Release of the Executive Session of August 22, 2017
 - 2. Disbursements for Month of September, 2017
 - 3. Financial Report for Month of September, 2017
 - 4. Capital and Self Insurance Reserve Fund Balances for month of September, 2017
 - 5. Monthly Statistical Report for month of September, 2017
 - 6. Federal Report for Connect Transit – Prepared by Cardinal Infrastructure
- F. Old Business
- G. New Business
 - 1. Presentation of FY 2017 Audit – CliftonLarsonAllen
 - 2. Illinois Downstate Operating Assistance Grant Agreement
 - 3. Recommendation for Eastview Church Service
 - 4. Recommendation for the Approval of a Revised Procurement Policy
- H. General Manager's Report
- I. Trustee's Comments
- J. Executive Session – cite section
- K. Adjournment



September 2017

Financial and Statistical Reports



Connect Transit Cash Disbursement Report September 2017

Name	Check Number	Date	Amount	Description
A.T.U. - C.O.P.E.	00038579	15-Sep-17	\$155.90	Payroll Deduction
Advance Auto Parts	00038624	29-Sep-17	\$578.15	Maintenance Supplies
Airgas USA, LLC	00038531	01-Sep-17	\$40.78	Welding Supplies
Airgas USA, LLC	00038559	08-Sep-17	\$127.00	Welding Supplies
Airgas USA, LLC	00038625	29-Sep-17	\$210.51	Welding Supplies
Ally Financial	00038580	15-Sep-17	\$196.08	Lease
Amalgamated Transit Union Local 752	00038581	15-Sep-17	\$6,266.80	Payroll Deduction
Amalgamated Transit Union Local 752	00038626	29-Sep-17	\$150.00	Payroll Deduction
Amazon Capital Service	00038560	08-Sep-17	\$359.55	Office Supplies & Computer Hardware
Amazon Capital Service	00038582	15-Sep-17	\$103.13	Office Supplies
Amazon Capital Service	00038627	29-Sep-17	\$54.83	Bus Parts
Ancel, Glink, Diamond, Bush, DiCianni &	00038532	01-Sep-17	\$100.00	Legal Service
AngelTrax	00038561	08-Sep-17	\$11,970.48	Safety/Training
Assurance Agency, Ltd.	00038583	15-Sep-17	\$81,609.00	Insurance
Barker Motor Co.	00038533	01-Sep-17	\$52.38	Bus Parts
Barker Motor Co.	00038628	29-Sep-17	\$119.40	Bus Parts
Blue Cross and Blue Shield of Illinois	00038534	01-Sep-17	\$99,112.76	Insurance
Brink's Incorporated	00038584	15-Sep-17	\$146.60	Consulting
Cassie Mosier	00038629	29-Sep-17	\$217.27	Travel Reimbursement
Central Illinois Trucks Inc.	00038535	01-Sep-17	\$86.39	Bus Parts
Central Illinois Trucks Inc.	00038585	15-Sep-17	\$1,034.40	Bus Parts
Central Illinois Trucks Inc.	00038630	29-Sep-17	\$3,135.74	Bus Parts
CHEMSEARCH H2O SOLUTIONS	00038536	01-Sep-17	\$665.00	Building Maintenance
ChemStation of Indiana	00038631	29-Sep-17	\$903.45	Garage Supplies
Christy Gordon	00038632	29-Sep-17	\$65.23	Uniform Reimbursement
City of Bloomington	00038562	08-Sep-17	\$454.69	Utilities
City of Bloomington	00038586	15-Sep-17	\$91.35	Utilities
Clark Baird Smith, LLP	00038587	15-Sep-17	\$162.50	Legal Service
Clear Talk	00038633	29-Sep-17	\$400.00	Radio Maintenance
CliftonLarsonAllen LLP	00038588	15-Sep-17	\$14,500.00	Audit Services
Comcast	00038537	01-Sep-17	\$254.90	Internet
Corn Belt Energy Corp.	00038538	01-Sep-17	\$4,146.88	Utilities
Corn Belt Energy Corp.	00038634	29-Sep-17	\$4,115.75	Utilities
Cummins Crosspoint	00038539	01-Sep-17	\$16.35	Bus Parts
Cummins Crosspoint	00038589	15-Sep-17	\$289.60	Bus Parts
David Eckardt	00038540	01-Sep-17	\$100.93	Uniform Reimbursement
Dish Network	00038635	29-Sep-17	\$92.02	Television Service
Don Owen Tire Service, Inc.	00038541	01-Sep-17	\$12.50	Bus Parts
Don Owen Tire Service, Inc.	00038590	15-Sep-17	\$538.60	Bus Parts
Duane Clark	00038591	15-Sep-17	\$469.22	Payroll Deduction
Eagle Automotive	00038592	15-Sep-17	\$150.81	Bus Parts
Eagle Automotive	00038636	29-Sep-17	\$758.54	Bus Parts
Evergreen FS	00038542	01-Sep-17	\$24,975.00	Fuel
Evergreen FS	00038593	15-Sep-17	\$38,795.47	Fuel
Evergreen FS	00038637	29-Sep-17	\$12,469.83	Fuel
Fastenal Company	00038543	01-Sep-17	\$154.96	Bus Parts
Fastenal Company	00038563	08-Sep-17	\$5.52	Bus Parts
Fastenal Company	00038594	15-Sep-17	\$58.38	Bus Parts
Fastenal Company	00038638	29-Sep-17	\$17.52	Bus Parts



**Connect Transit
Cash Disbursement Report
September 2017**

Name	Check Number	Date	Amount	Description
Fasteners Etc.	00038544	01-Sep-17	\$228.27	Maintenance Supplies
Fasteners Etc.	00038639	29-Sep-17	\$315.05	Maintenance Supplies
Fleet-Net Corporation	00038564	08-Sep-17	\$1,405.00	Software & Tech Support
Fleet-Net Corporation	00038595	15-Sep-17	\$1,405.00	Software & Tech Support
Frontier	00038640	29-Sep-17	\$935.46	Telephone
GFI Digital	00038596	15-Sep-17	\$51.93	Copier Lease
Gillig LLC	00038545	01-Sep-17	\$1,040.32	Bus Parts
Gillig LLC	00038565	08-Sep-17	\$815.82	Bus Parts
Gillig LLC	00038597	15-Sep-17	\$2,236.27	Bus Parts
Global Equipment Company	00038598	15-Sep-17	\$683.08	Garage Supplies
Government Finance Officers Association	00038546	01-Sep-17	\$280.00	Dues & Subscriptions
Henson Disposal	00038599	15-Sep-17	\$208.06	Garage Overhead
Heritage Machine & Welding, Inc.	00038547	01-Sep-17	\$122.71	Bus Parts
Heritage Machine & Welding, Inc.	00038641	29-Sep-17	\$91.21	Bus Parts
HOI Vending	00038600	15-Sep-17	\$25.58	Machine Rentals
ICMA- Retirement Trust	ACH	14-Sep-17	\$24,765.83	Payroll Deduction
ICMA- Retirement Trust	ACH	28-Sep-17	\$24,471.95	Payroll Deduction
Illinois Department of Revenue	00038548	01-Sep-17	\$12,156.37	Payroll Deduction
Illinois Department of Revenue	00038601	15-Sep-17	\$12,531.93	Payroll Deduction
Illinois Department of Revenue	00038642	29-Sep-17	\$12,173.23	Payroll Deduction
Illinois Labor Law Poster Service	00038602	15-Sep-17	\$79.50	Dues & Subscriptions
Illinois State Disbursement Unit	00038549	01-Sep-17	\$1,466.64	Payroll Deduction
Illinois State Disbursement Unit	00038603	15-Sep-17	\$1,466.64	Payroll Deduction
Illinois State Disbursement Unit	00038643	29-Sep-17	\$1,466.64	Payroll Deduction
Interstate Batteries of Mid-Illinois	00038644	29-Sep-17	\$1,679.60	Bus Parts
IWIN	00038645	29-Sep-17	\$204.00	Employee Physicals
Jason Garmon	00038646	29-Sep-17	\$114.00	Dues & Subscriptions
Jeff Hotlke	00038604	15-Sep-17	\$222.08	Candy for Parade
Jerry Buyno	00038566	08-Sep-17	\$65.23	Uniform Reimbursement
Joshua Noffsinger	00038567	08-Sep-17	\$130.48	Uniform Reimbursement
Ken's Oil Service, Inc	00038550	01-Sep-17	\$597.47	Oil, Antifreeze
Ken's Oil Service, Inc	00038568	08-Sep-17	\$1,266.35	Oil, Antifreeze
Ken's Oil Service, Inc	00038605	15-Sep-17	\$2,204.95	Oil, Antifreeze
Ken's Oil Service, Inc	00038647	29-Sep-17	\$527.86	Oil, Antifreeze
Kirby Risk Corporation	00038551	01-Sep-17	\$99.90	Bus Parts
Latney Brooks	00038606	15-Sep-17	\$77.16	Uniform Reimbursement
LifeCIL	00038552	01-Sep-17	\$7,197.00	Consulting
LifeCIL	00038648	29-Sep-17	\$7,197.00	Consulting
Marty Eckert	00038553	01-Sep-17	\$45.65	Uniform Reimbursement
McLean County Chamber of Commerce	00038569	08-Sep-17	\$450.00	Advertising- Promotions
Michelin North America, Inc	00038607	15-Sep-17	\$6,904.71	Tires
Miller Janitor Supply	00038570	08-Sep-17	\$288.36	Maintenance Supplies
Miller Janitor Supply	00038608	15-Sep-17	\$352.62	Maintenance Supplies
Minerva Promotions	00038571	08-Sep-17	\$92.00	Uniforms
Motion Industries, Inc.	00038554	01-Sep-17	\$72.68	Bus Parts
Mutual of Omaha	00038572	08-Sep-17	\$13,495.76	Life, AD&D, STD & LTD
Napa Auto Parts	00038649	29-Sep-17	\$999.05	Bus Parts
Neuhoff Media	00038609	15-Sep-17	\$750.00	Advertising- Media
Oklahoma Centralized Support Registry	00038555	01-Sep-17	\$23.07	Payroll Deduction
Oklahoma Centralized Support Registry	00038610	15-Sep-17	\$23.07	Payroll Deduction



**Connect Transit
Cash Disbursement Report
September 2017**

Name	Check Number	Date	Amount	Description
Oklahoma Centralized Support Registry	00038650	29-Sep-17	\$23.07	Payroll Deduction
Orkin Pest Control	00038611	15-Sep-17	\$555.25	Pest Control
Paige Williams	00038651	29-Sep-17	\$162.31	Travel Reimbursement
Patrick Kuebrich	00038652	29-Sep-17	\$143.92	Travel Reimbursement
Payroll	ACH	14-Sep-17	\$189,386.23	
Payroll	ACH	28-Sep-17	\$191,457.36	
Piercy Auto Body	00038573	08-Sep-17	\$4,110.36	Outside Repair Services
Ricoh USA, Inc	00038556	01-Sep-17	\$501.00	Copier
Ricoh USA, Inc	00038612	15-Sep-17	\$329.23	Copier
Staples	00038613	15-Sep-17	\$93.75	Office Supplies
Syncromatics Corpotaion	00038614	15-Sep-17	\$2,126.00	Antennae and Vehicle Dock
TeVoert Auto Repair	00038574	08-Sep-17	\$715.06	Bus Parts
TeVoert Auto Repair	00038615	15-Sep-17	\$1,210.38	Bus Parts
The Aftermarket Parts Company LLC	00038575	08-Sep-17	\$52.06	Bus Parts
The Aftermarket Parts Company LLC	00038616	15-Sep-17	\$805.55	Bus Parts
The Event Experience Company	00038653	29-Sep-17	\$209.00	Rental
The Pantagraph	00038654	29-Sep-17	\$228.76	Dues & Subscriptions
Thomas Larson	00038617	15-Sep-17	\$24.99	Uniforms
Thomas Larson	00038655	29-Sep-17	\$30.44	Uniforms
Truck Centers, Inc.	00038618	15-Sep-17	\$1,233.48	Bus Parts
UniFirst Corporation	00038557	01-Sep-17	\$195.45	Cleaning Uniforms & Rugs
UniFirst Corporation	00038576	08-Sep-17	\$239.55	Cleaning Uniforms & Rugs
UniFirst Corporation	00038619	15-Sep-17	\$458.23	Cleaning Uniforms & Rugs
UniFirst Corporation	00038656	29-Sep-17	\$206.65	Cleaning Uniforms & Rugs
United Parcel Service	00038620	15-Sep-17	\$5.66	Shipping
United States Treasury	ACH	06-Sep-17	\$71,490.40	Federal Tax Payment
United States Treasury	ACH	19-Sep-17	\$74,334.39	Federal Tax Payment
Verizon Wireless	00038577	08-Sep-17	\$619.84	Mobile Data Terminals for SS
Visa - Commerce Bank	00038558	01-Sep-17	44.85	Legal
Visa - Commerce Bank	00038558	01-Sep-17	100.00	Consulting
Visa - Commerce Bank	00038558	01-Sep-17	53.50	Maintenance Equipment
Visa - Commerce Bank	00038558	01-Sep-17	23.22	Advertising- Employment
Visa - Commerce Bank	00038558	01-Sep-17	0.12	Freight
Visa - Commerce Bank	00038558	01-Sep-17	197.92	Office Supplies
Visa - Commerce Bank	00038558	01-Sep-17	580.14	Computer Software
Visa - Commerce Bank	00038558	01-Sep-17	8,782.16	Travel & Meetings
Visa - Commerce Bank	00038558	01-Sep-17	188.44	Employee Recognition
Visa - Commerce Bank	00038558	01-Sep-17	(210.46)	Safety/Training
Visa - Commerce Bank	00038558	01-Sep-17	74.00	Misc. Expense
Visa - Commerce Bank	00038657	29-Sep-17	(100.00)	Consulting
Visa - Commerce Bank	00038657	29-Sep-17	1.77	Advertising- Employment
Visa - Commerce Bank	00038657	29-Sep-17	0.12	Freight
Visa - Commerce Bank	00038657	29-Sep-17	66.97	Office Supplies
Visa - Commerce Bank	00038657	29-Sep-17	279.96	Computer Software
Visa - Commerce Bank	00038657	29-Sep-17	95.00	Dues & Subscriptions
Visa - Commerce Bank	00038657	29-Sep-17	1,490.02	Travel & Meetings
Visa - Commerce Bank	00038657	29-Sep-17	178.11	Employee Recognition
Visa - Commerce Bank	00038657	29-Sep-17	125.00	Advertising- Promotions
Visa - Commerce Bank	00038657	29-Sep-17	22.00	Safety/Training



Connect Transit
Cash Disbursement Report
September 2017

Name	Check Number	Date	Amount	Description
Visa - Commerce Bank	00038657	29-Sep-17	(1,250.00)	Misc Revenue
Vision Service Plan (IL)	00038578	08-Sep-17	\$906.56	Vision Insurance
WGLT	00038621	15-Sep-17	\$450.00	Radio Advertising
William Masters, Inc	00038622	15-Sep-17	\$124.00	HVAC
Winkle Environmental Service	00038623	15-Sep-17	\$181.25	Cleaning Supplies
Winkle Environmental Service	00038658	29-Sep-17	\$181.25	Cleaning Supplies
Grand Total			<u>\$1,009,528.96</u>	

Bloomington Normal Public Transit Balance Sheet

Fiscal Year: 2018	Period 3	September - 2017	Division: 99 Board Reports	As of: 09/30/2017
Assets				
Current Assets				
Checking and Savings			\$3,789,746.32	
Accounts Receivable			\$5,784,854.25	
Inventory Asset - Fuel			\$76,811.37	
Inventory Asset - Parts			\$188,239.70	
Inventory Asset - Tires			\$0.00	
Other Current Assets			\$297,881.24	
				<hr/>
Total Current Assets			\$10,137,532.88	
Fixed Assets			\$17,320,154.01	
				<hr/>
Total Assets			\$27,457,686.89	
				<hr/> <hr/>
Liabilites & Equity				
Liabilities				
Accounts Payable			\$257,524.00	
Payroll Liabilities			\$976,349.74	
Contracts			\$0.00	
Due to Illinois Funds Account			\$2,980,249.22	
Deferred Revenue			\$131,928.46	
Deficit Funding Advance			\$0.00	
				<hr/>
Total Liabilities			\$4,346,051.42	
EQUITY				
Fixed Asset Equity			\$12,483,532.77	
Unreserved Fund Equity			\$6,750,412.62	
Underground Petroleum Storage			\$20,000.00	
				<hr/>
Total Equity			\$19,253,945.39	
Retained Earnings			\$3,857,690.08	
				<hr/>
Total Liabilities & Equity			\$27,457,686.89	
				<hr/> <hr/>

Bloomington Normal Public Transit Income Statement With Approved Budget

Fiscal Year: 2018	Period 3	Division: 98 Operating Profit/Loss		As of: 09/30/2017		
		September - 2017	Jul-2017 Thru Sep-2017 Year To Date	Year To Date	Approved Budget	
Operating Revenue						
Passenger Fares		\$60,399.97	9.57%	\$170,094.13	26.96%	\$630,850.00
ISU Contract Fare		\$44,583.33	8.33%	\$133,749.99	25.00%	\$535,000.00
Other Contract Fares		\$6,708.33	8.39%	\$20,124.99	25.16%	\$80,000.00
Advertising Revenue		\$7,260.00	2.55%	\$18,970.00	6.66%	\$285,000.00
Miscellaneous Revenue		\$1,885.99	94.30%	\$2,176.61	108.83%	\$2,000.00
Total Operating Revenue		\$120,837.62	7.88%	\$345,115.72	22.51%	\$1,532,850.00
Operating Expenses						
Operators Wages		\$459,319.37	8.37%	\$1,397,658.43	25.47%	\$5,487,225.00
Maintenance Wages		\$89,672.24	7.00%	\$261,413.30	20.40%	\$1,281,200.00
Administration Wages		\$63,268.99	6.18%	\$181,736.29	17.76%	\$1,023,100.00
Employer Payroll Tax Expense		\$46,653.21	7.36%	\$140,902.33	22.23%	\$633,853.00
Retirement Plan		\$22,882.92	5.87%	\$70,027.24	17.98%	\$389,577.00
Group Insurance		\$110,989.06	6.04%	\$321,555.98	17.49%	\$1,839,036.00
Uniform Expense		\$3,008.86	8.60%	\$7,396.46	21.14%	\$34,984.00
Professional Services		\$28,514.05	13.65%	\$60,448.99	28.93%	\$208,936.00
Outside Repair-Labor		\$824.45	0.74%	\$7,861.04	7.03%	\$111,770.00
Contract Maintenance Services		\$5,608.14	4.63%	\$9,589.98	7.92%	\$121,100.00
Custodial Services		\$2,298.81	14.83%	\$4,446.43	28.69%	\$15,500.00
Employee Recruiting/Testing/Temp Help		\$205.77	0.98%	\$1,160.80	5.53%	\$21,000.00
Fuel		\$42,731.83	3.84%	\$139,267.67	12.52%	\$1,111,995.00
Lubricants		\$1,076.35	2.55%	\$3,742.99	8.86%	\$42,251.00
Tires		\$7,152.30	7.87%	\$21,552.30	23.72%	\$90,856.00
Bus Repair Parts		\$21,896.86	11.28%	\$46,261.62	23.84%	\$194,050.00
Other Materials & Supplies		\$3,093.07	5.43%	\$8,113.05	14.23%	\$57,000.00
Shelters/Signs/Shop Tools		\$0.00	0.00%	\$310.96	4.15%	\$7,500.00
Computer and Office Supplies		\$4,360.74	3.00%	\$10,286.26	7.07%	\$145,500.00
Utilities		\$3,616.99	2.60%	\$11,265.41	8.10%	\$139,100.00
Corporate Insurance		\$18,801.03	6.78%	\$56,403.09	20.35%	\$277,100.00
Dues/Subscriptions/Fees		\$717.26	1.49%	\$23,839.42	49.66%	\$48,004.00
Printing/Marketing/Training		\$18,041.23	6.73%	\$53,199.33	19.85%	\$268,000.00
Total Operating Expenses		\$954,733.53	7.05%	\$2,838,439.37	20.95%	\$13,548,637.00
Operating Assistance						
Operating Deficit		(\$833,895.91)	6.94%	(\$2,493,323.65)	20.75%	(\$12,015,787.00)
City of Bloomington Operating Assistance		\$50,833.33	8.33%	\$152,499.99	25.00%	\$610,000.00
Town of Normal Operating Assistance		\$32,500.00	8.33%	\$97,500.00	25.00%	\$390,000.00
Illinois Downstate Operating Assistance		\$616,676.00	7.00%	\$1,831,964.00	20.80%	\$8,806,614.05
FTA 5307 Operating Assistance		\$125,295.00	5.67%	\$386,239.00	17.48%	\$2,209,172.95
Total Operating Assistance		\$825,304.33	6.87%	\$2,468,202.99	20.54%	\$12,015,787.00

Connect Transit
Local Capital and Self-Insurance Fund Balance
September 2017

<u>Local Capital</u>	<u>Commerce Bank - Cash Balance</u>	
09/01/17	Beginning Balance	\$ 1,062,326.02
09/30/17	Additions - Interest Income	\$ 126.61
09/30/17	Ending Balance	<u>\$ 1,062,452.63</u>
Total Reserve Capital Account		<u><u>\$ 1,062,452.63</u></u>

Breakdown of Local Funding in Local Capital #2 (Earmarked Funds):

	<u>FY18 Received</u>	<u>FY18 Receivable</u>
	<u>9/30/2017</u>	<u>9/30/2017</u>
Bloomington	\$ 142,262.49	
Normal	\$ 115,849.98	\$ -
Total YTD	<u>\$ 258,112.47</u>	<u>\$ -</u>

<u>Local Capital Reserve Fund Balance - Account Value</u>		
<u>9/30/2017</u>	Cash Balance	\$ 1,062,452.63
<u>9/30/2017</u>	Loans to Operating	\$ 2,980,249.22
<u>9/30/2017</u>	Reserve fund for underground storage tank (Cap. I)	\$ (40,000.00)
<u>9/30/2017</u>	Ending Balance	<u>\$ 4,002,701.85</u>

Fixed Route Cost Per Unlinked Passenger Trip



	July	August	September	October	November	December	January	February	March	April	May	June
FY18	\$5.36	\$3.71	\$3.14									
FY17	\$5.53	\$4.21	\$4.14	\$3.60	\$4.72	\$4.74	\$5.10	\$3.52	\$3.41	\$3.27	\$4.48	\$5.92

Expenses decreased \$45,000 in September 2017 from September 2016. Trips increased by 47,866 in September 2017 from September 2016.

Connect Mobility Cost Per Unlinked Passenger Trip



	July	August	September	October	November	December	January	February	March	April	May	June
FY18	\$27.17	\$27.77	\$27.27									
FY17	\$29.22	\$26.90	\$29.71	\$26.40	\$29.76	\$29.71	\$31.47	\$26.99	\$23.50	\$26.44	\$28.57	\$27.44

Expenses decreased \$13,000 in September 2017 from September 2016. Trips increased by 145 in September 2017 from September 2016. Boardings per hour increased, increasing efficiency.

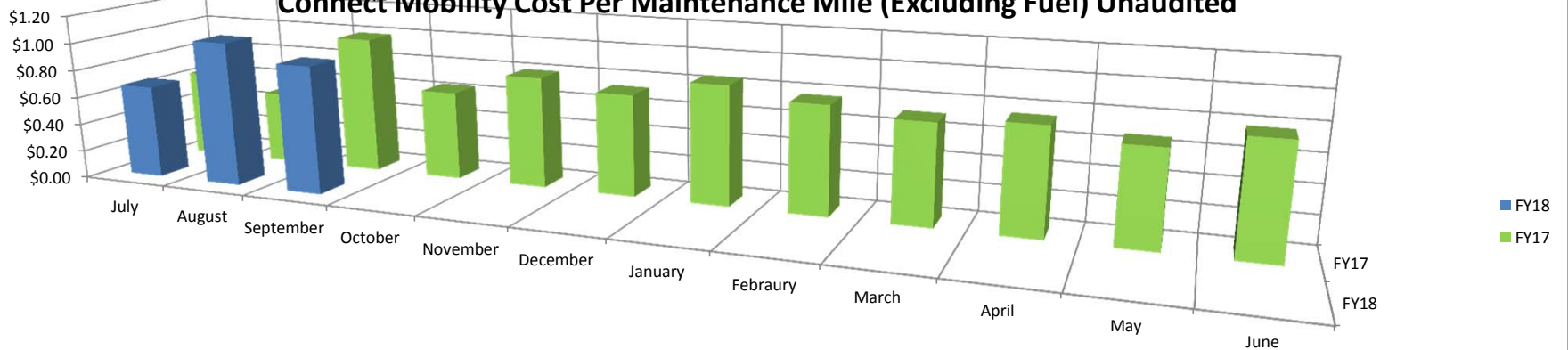
Fixed Route Cost Per Maintenance Mile (Excluding Fuel) Unaudited



	July	August	September	October	November	December	January	February	March	April	May	June
FY18	\$0.89	\$0.95	\$0.95									
FY17	\$1.04	\$1.02	\$1.23	\$1.00	\$1.43	\$1.29	\$1.59	\$1.14	\$1.12	\$1.11	\$1.06	\$1.51

Fixed Route maintenance expense decreased \$17,000 in September 2017 from September 2016. Fixed Route miles increased 12,900 in September 2017 from September 2016.

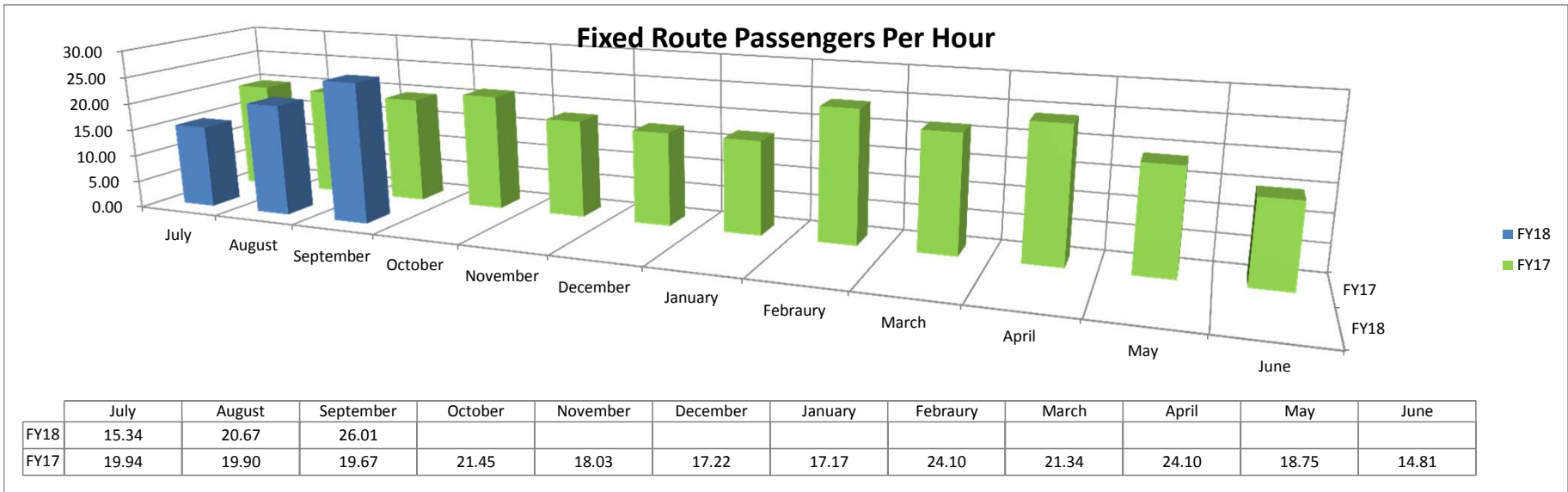
Connect Mobility Cost Per Maintenance Mile (Excluding Fuel) Unaudited



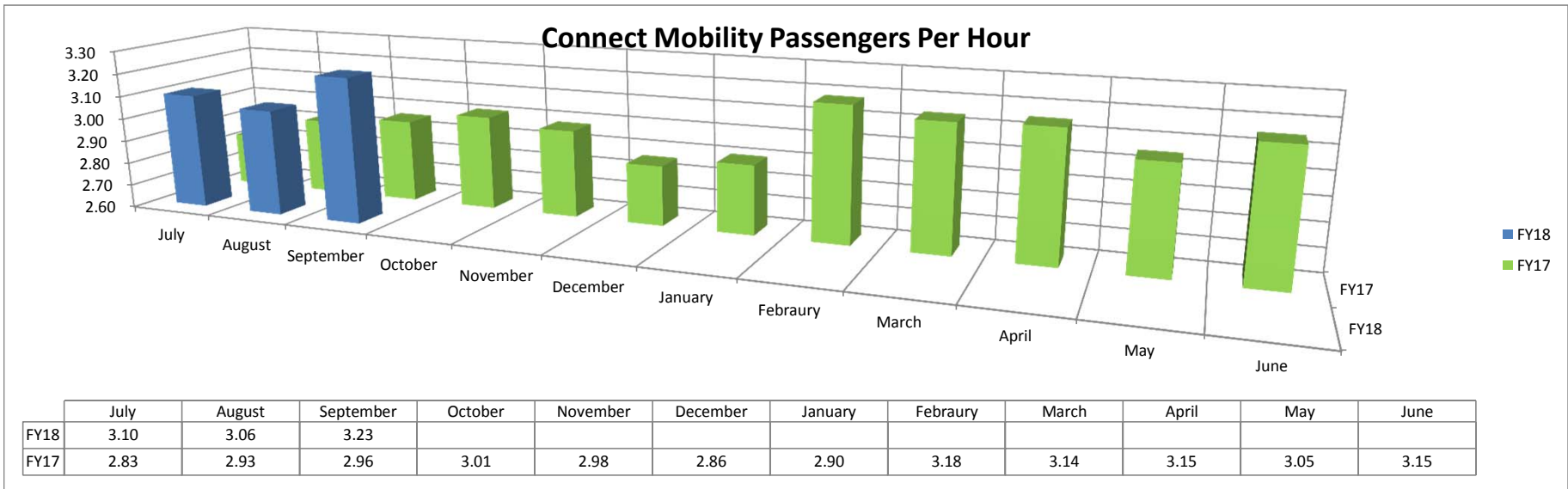
	July	August	September	October	November	December	January	February	March	April	May	June
FY18	\$0.67	\$1.04	\$0.92									
FY17	\$0.63	\$0.52	\$0.99	\$0.64	\$0.80	\$0.73	\$0.85	\$0.77	\$0.71	\$0.75	\$0.67	\$0.78

Demand Response maintenance expense decreased \$6,000 in September 2017 from September 2016. Demand Response miles decreased 3,800 in September 2017 from September 2016.

Operations Reports

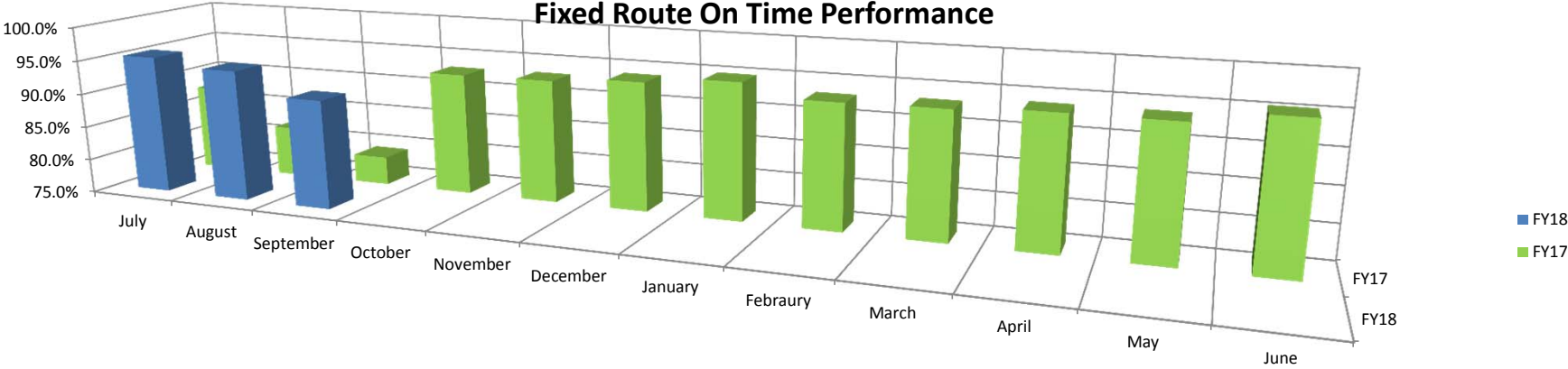


Decrease in revenue hours due to service reductions, and increase in ridership.



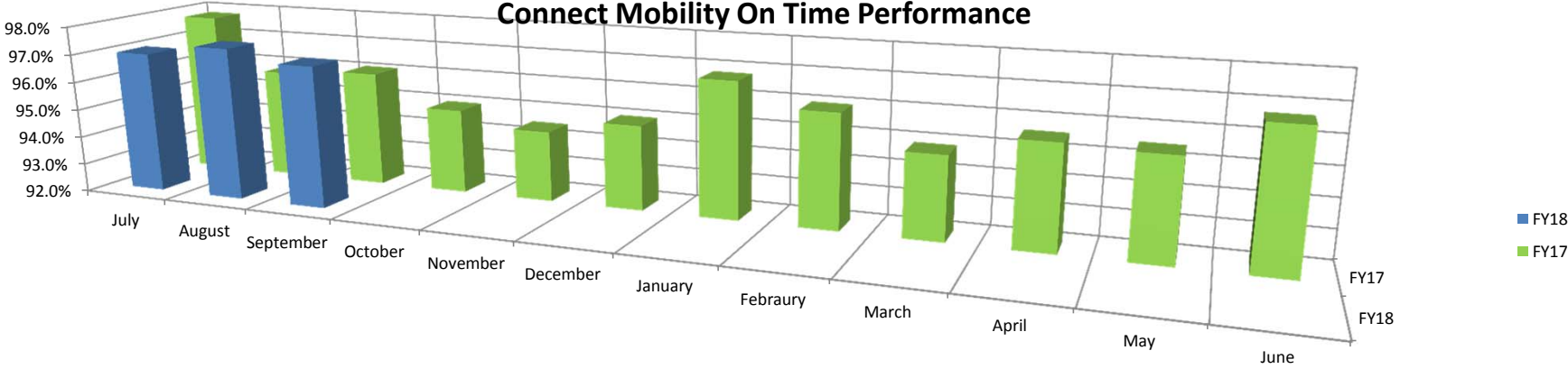
Slight increase in ridership and decrease in revenue hours.

Fixed Route On Time Performance



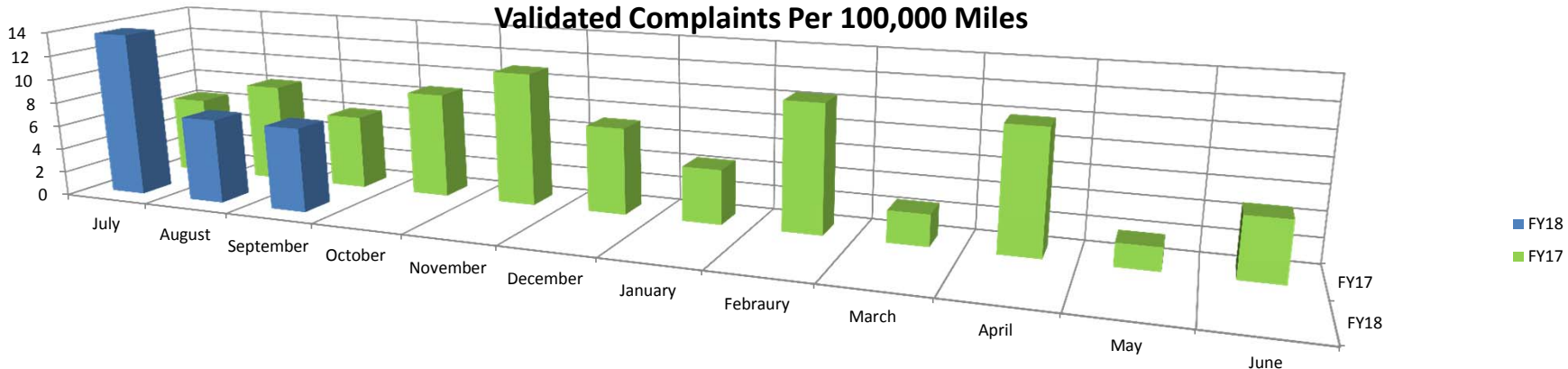
	July	August	September	October	November	December	January	February	March	April	May	June
FY18	95.4%	94.3%	91.0%									
FY17	87.8%	82.5%	79.2%	93.0%	93.1%	93.9%	94.9%	93.1%	93.3%	93.9%	93.9%	95.5%

Connect Mobility On Time Performance



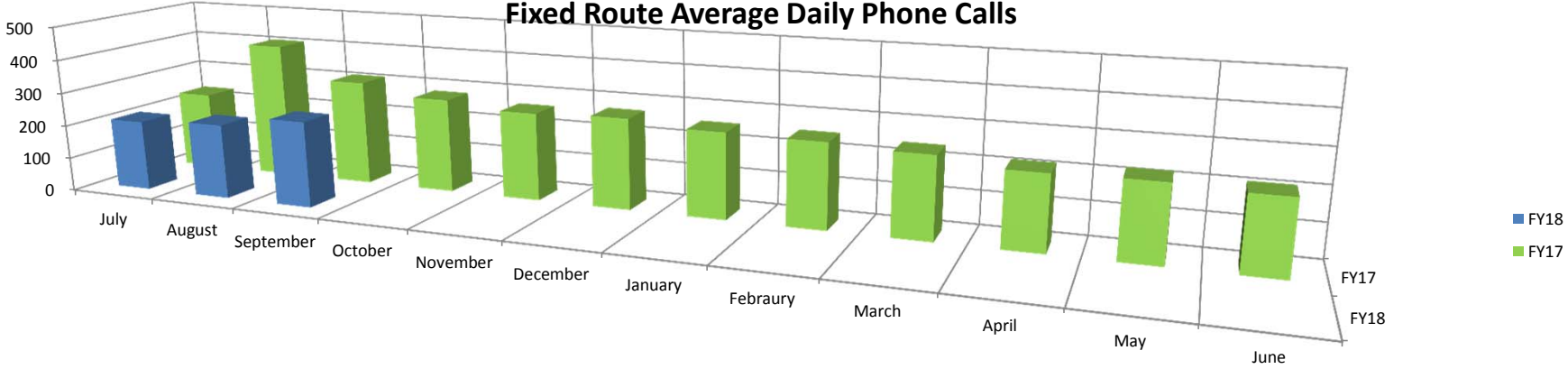
	July	August	September	October	November	December	January	February	March	April	May	June
FY18	97.0%	97.4%	97.0%									
FY17	97.8%	95.9%	96.1%	95.0%	94.5%	95.0%	96.8%	96.0%	94.9%	95.6%	95.5%	96.7%

Validated Complaints Per 100,000 Miles



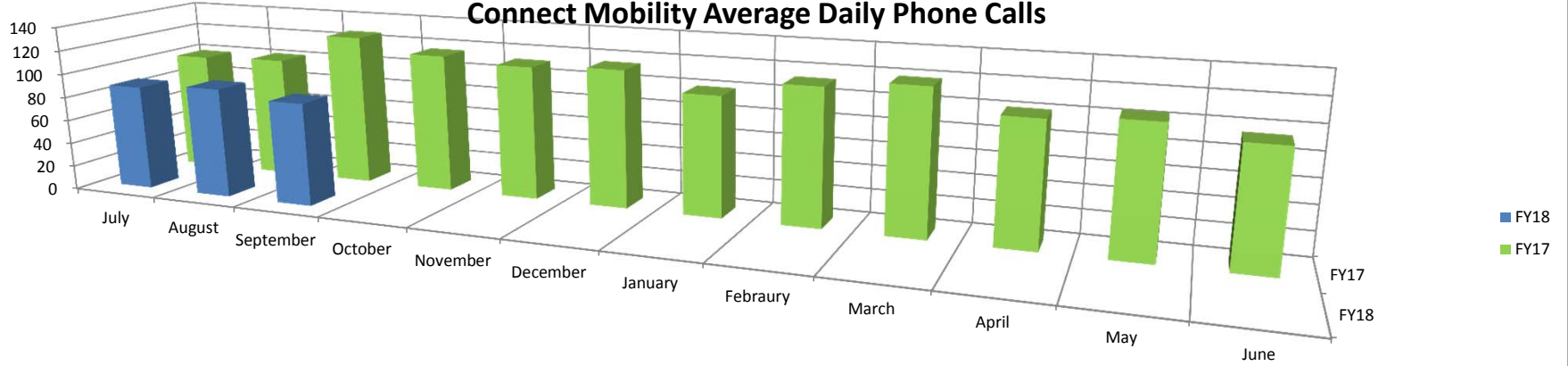
	July	August	September	October	November	December	January	February	March	April	May	June
FY18	14	7	7									
FY17	6	8	6	9	11	7	5	10	3	10	2	5

Fixed Route Average Daily Phone Calls



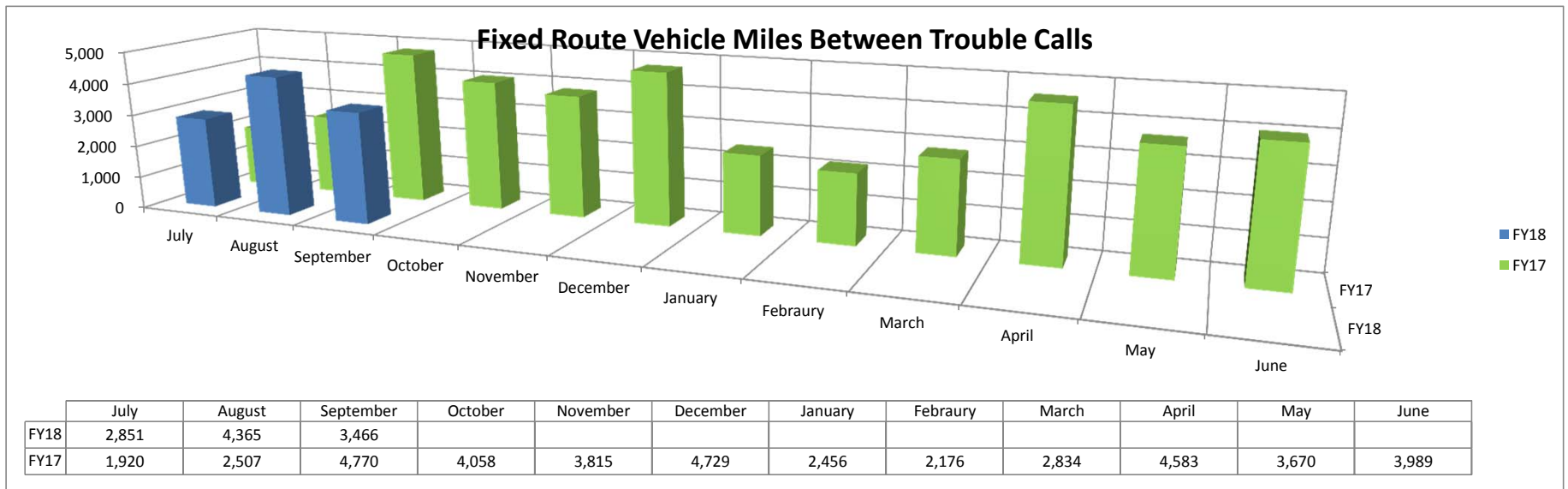
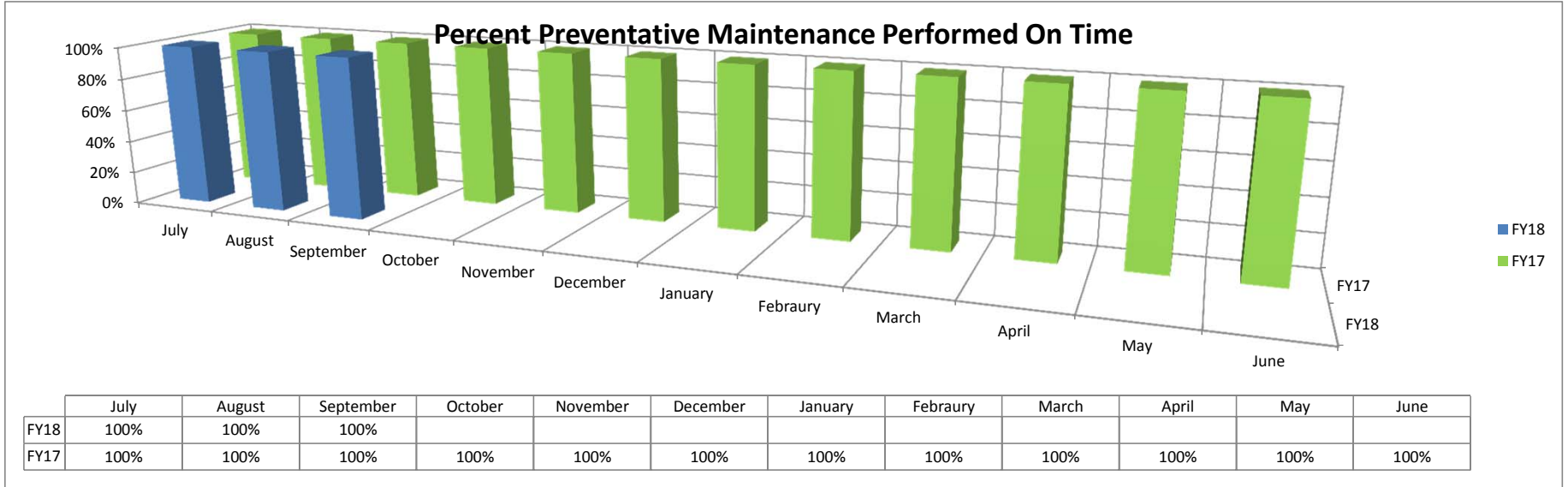
	July	August	September	October	November	December	January	February	March	April	May	June
FY18	209	222	255									
FY17	234	409	314	282	263	271	255	252	242	219	223	214

Connect Mobility Average Daily Phone Calls

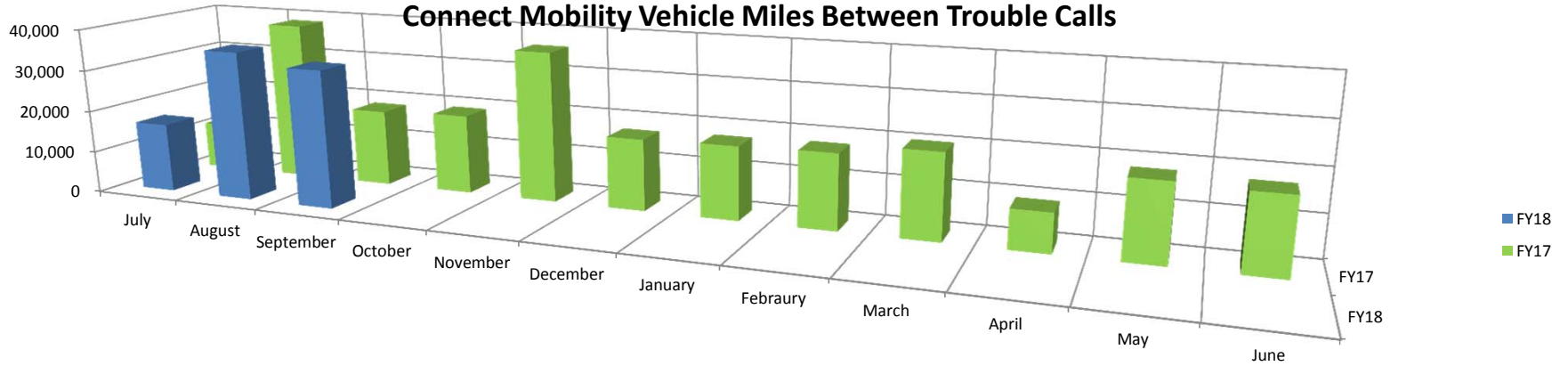


	July	August	September	October	November	December	January	February	March	April	May	June
FY18	88	92	86									
FY17	100	102	127	116	112	115	100	113	119	101	105	95

Maintenance Reports

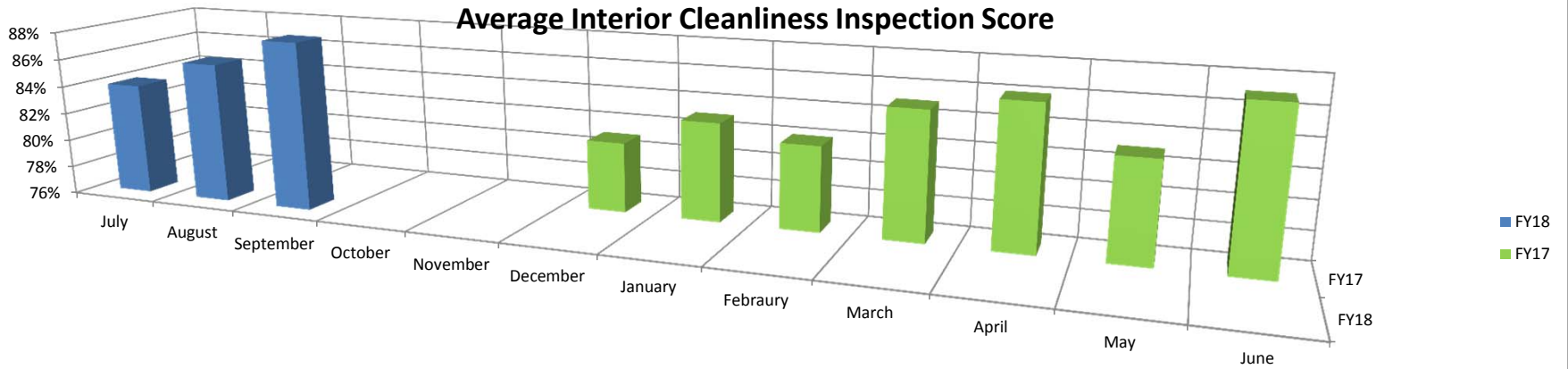


Connect Mobility Vehicle Miles Between Trouble Calls



	July	August	September	October	November	December	January	February	March	April	May	June
FY18	16,494	35,689	32,937									
FY17	11,305	38,538	18,412	19,076	36,034	17,130	17,517	17,926	20,231	9,202	18,200	17,624

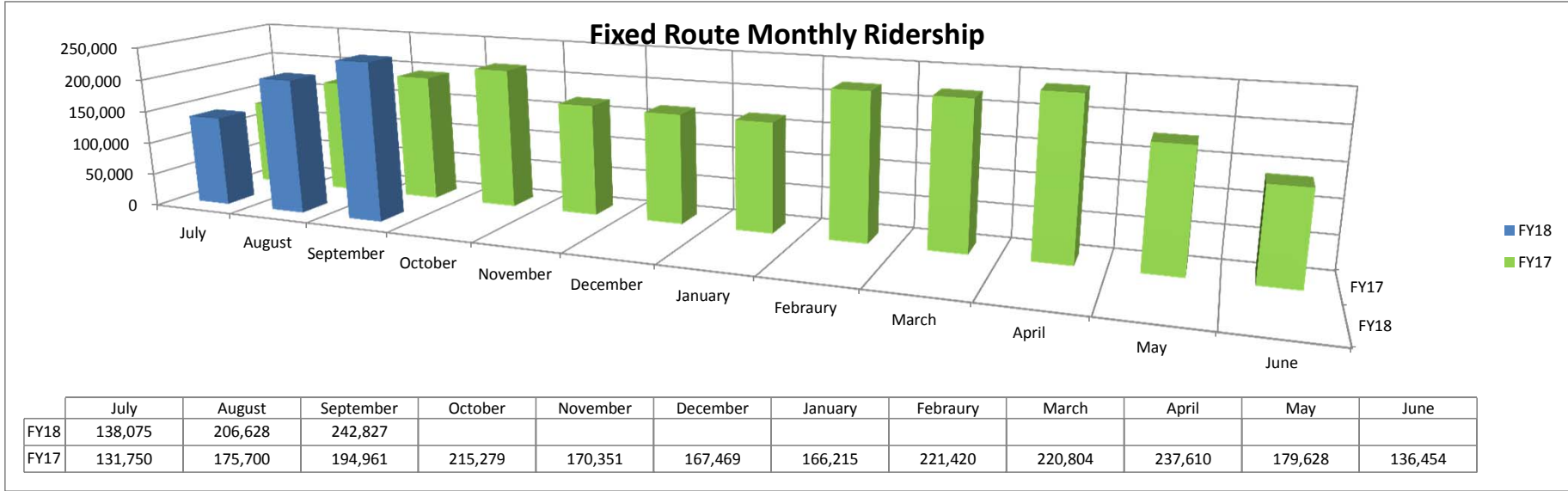
Average Interior Cleanliness Inspection Score



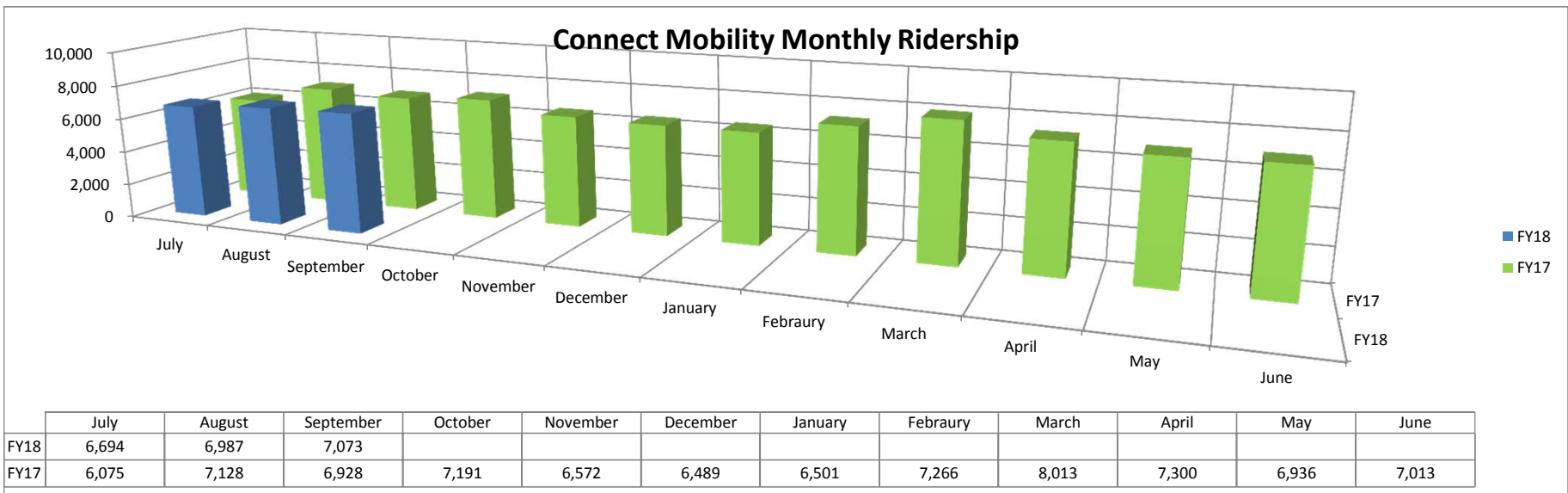
	July	August	September	October	November	December	January	February	March	April	May	June
FY18	84%	86%	88%									
FY17						81%	83%	82%	85%	86%	83%	87%

Connect changed our interior cleanliness inspection scoring in December 2016.

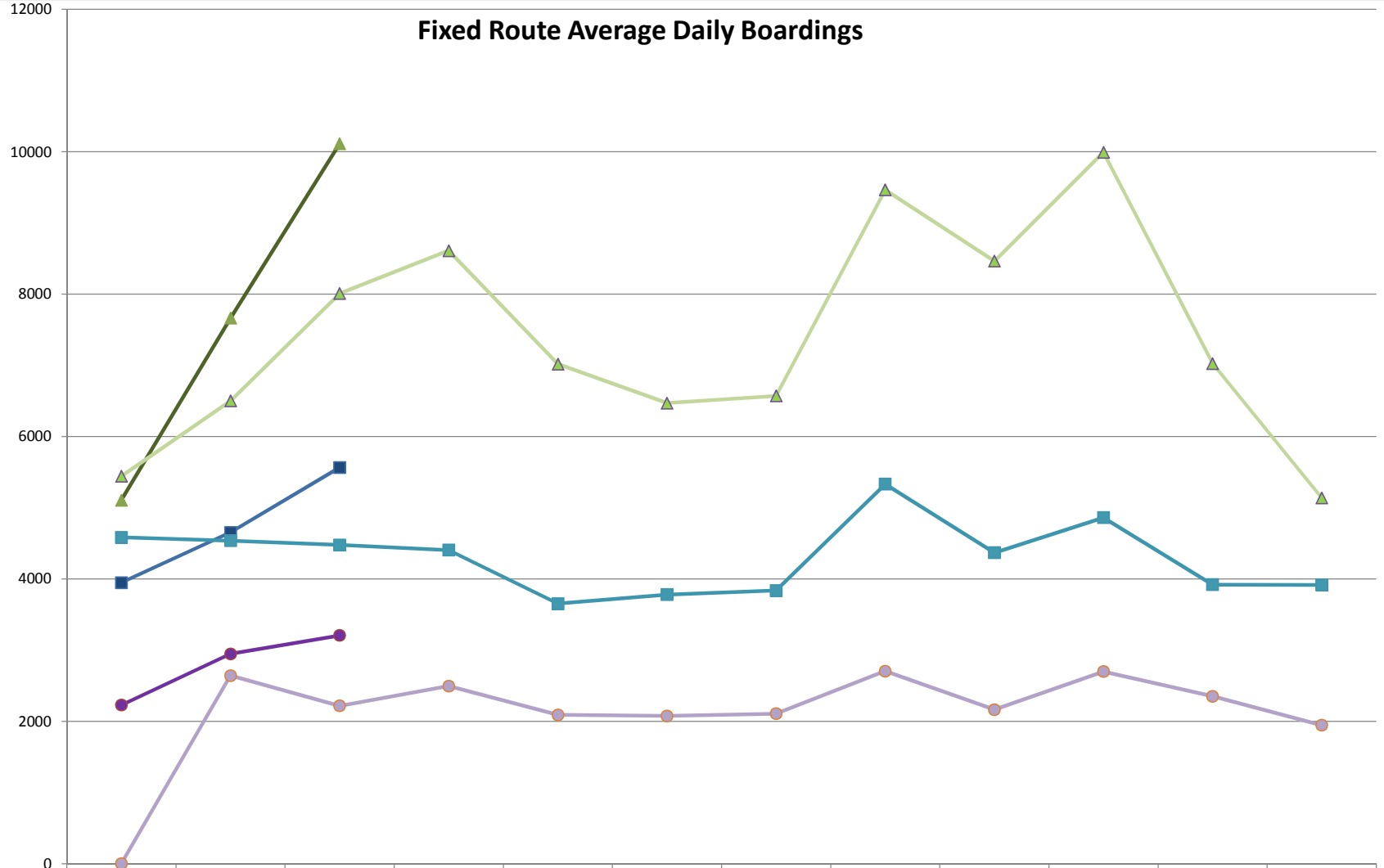
Ridership Reports



Connect had a 24.7% increase in ridership over September 2016. Over the last six months (March to August) ridership is up 6.15% and 8.5% over the last seven months (March-September). Connect Transit's national peer agencies are down 1.96 percent and regional transit agencies are down 4.47% in the last six months (March-August).

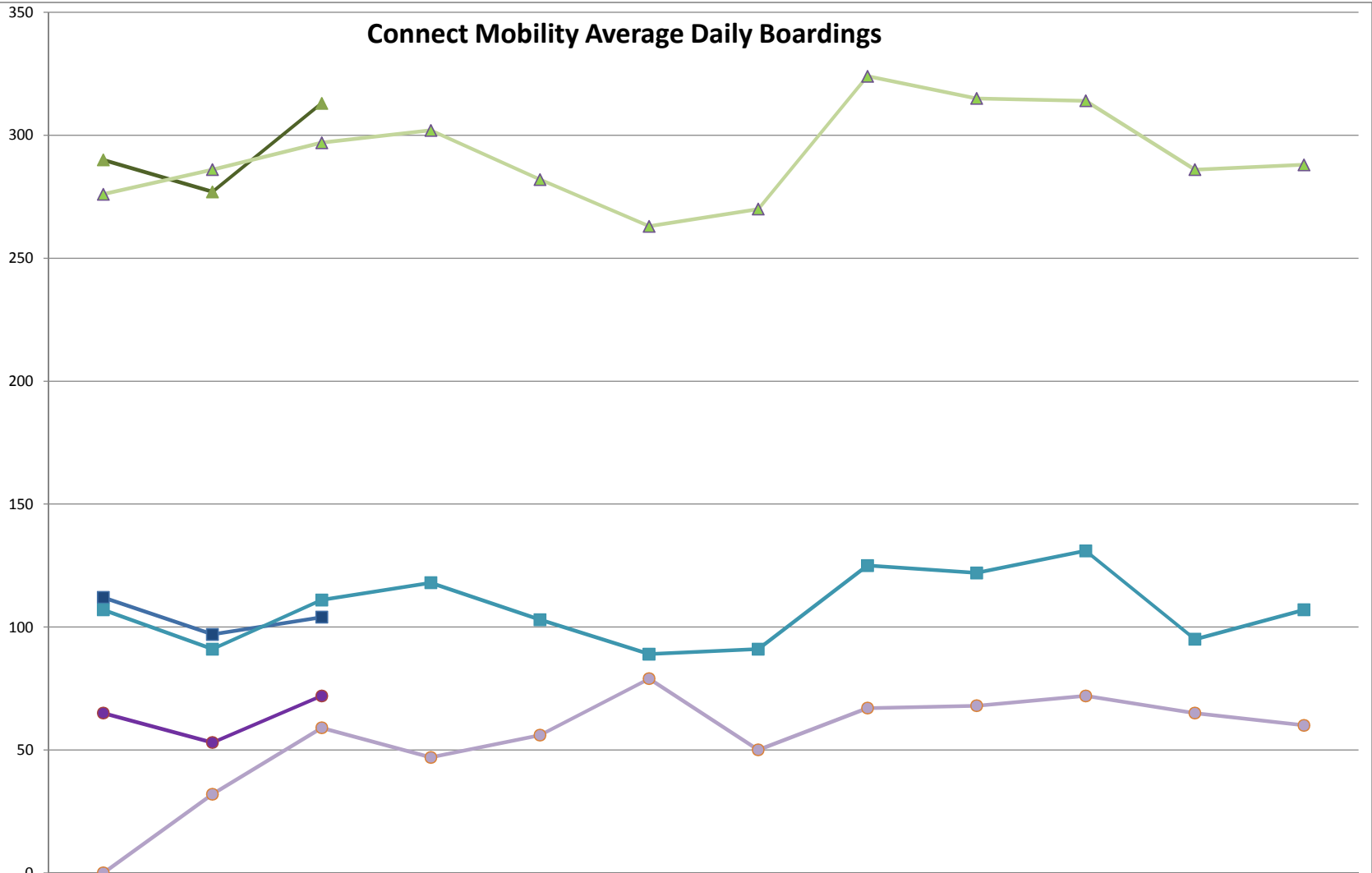


Fixed Route Average Daily Boardings



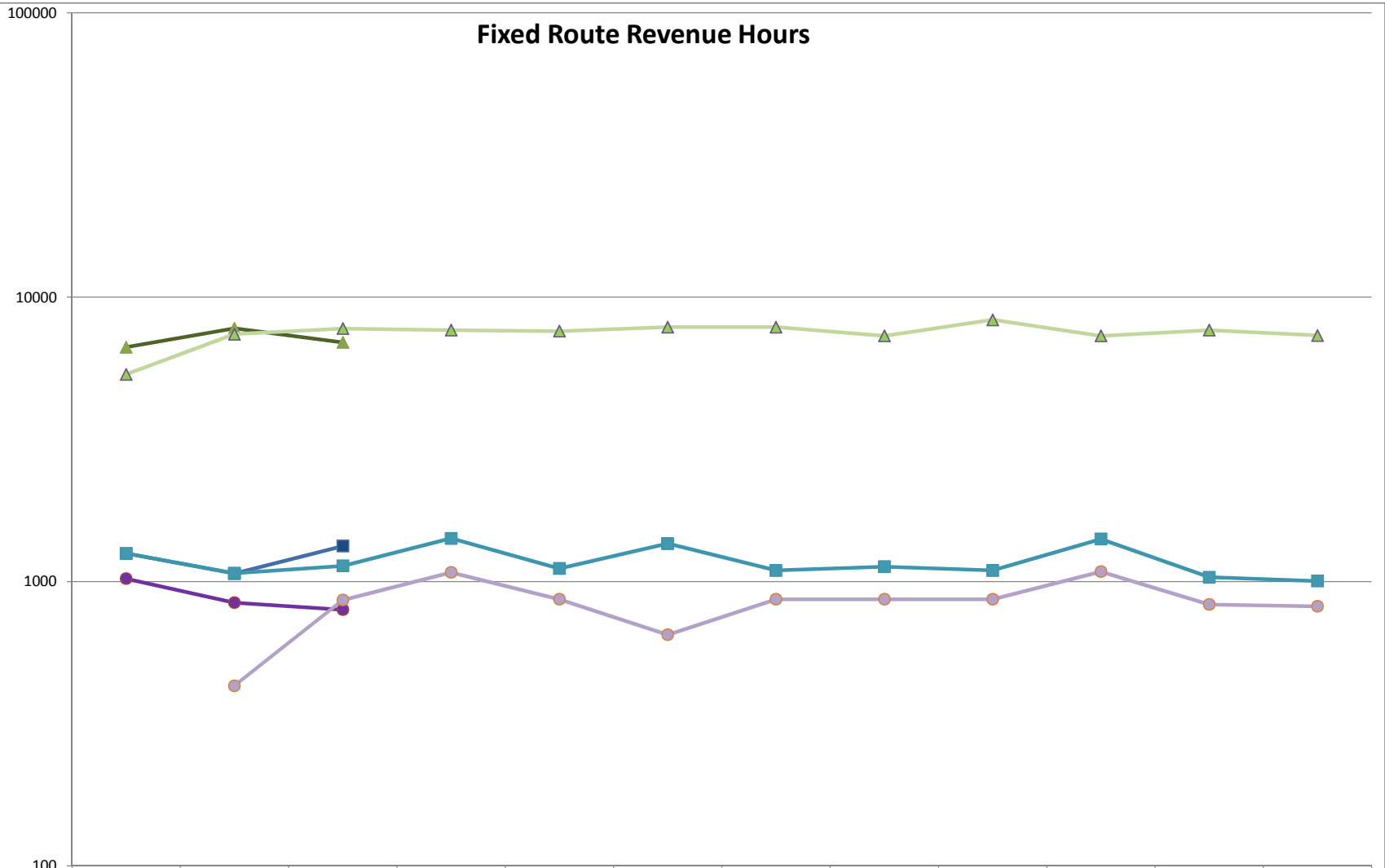
	July	August	September	October	November	December	January	February	March	April	May	June
● Sunday FY18	2228	2947	3206									
○ Sunday FY17	0	2641	2216	2494	2090	2075	2107	2704	2163	2698	2351	1945
■ Saturday FY18	3946	4653	5565									
■ Saturday FY17	4582	4536	4477	4404	3653	3779	3837	5331	4367	4860	3919	3915
▲ Weekday FY18	5105	7662	10114									
▲ Weekday FY17	5442	6500	8009	8609	7017	6470	6570	9464	8464	9991	7024	5137

Connect Mobility Average Daily Boardings



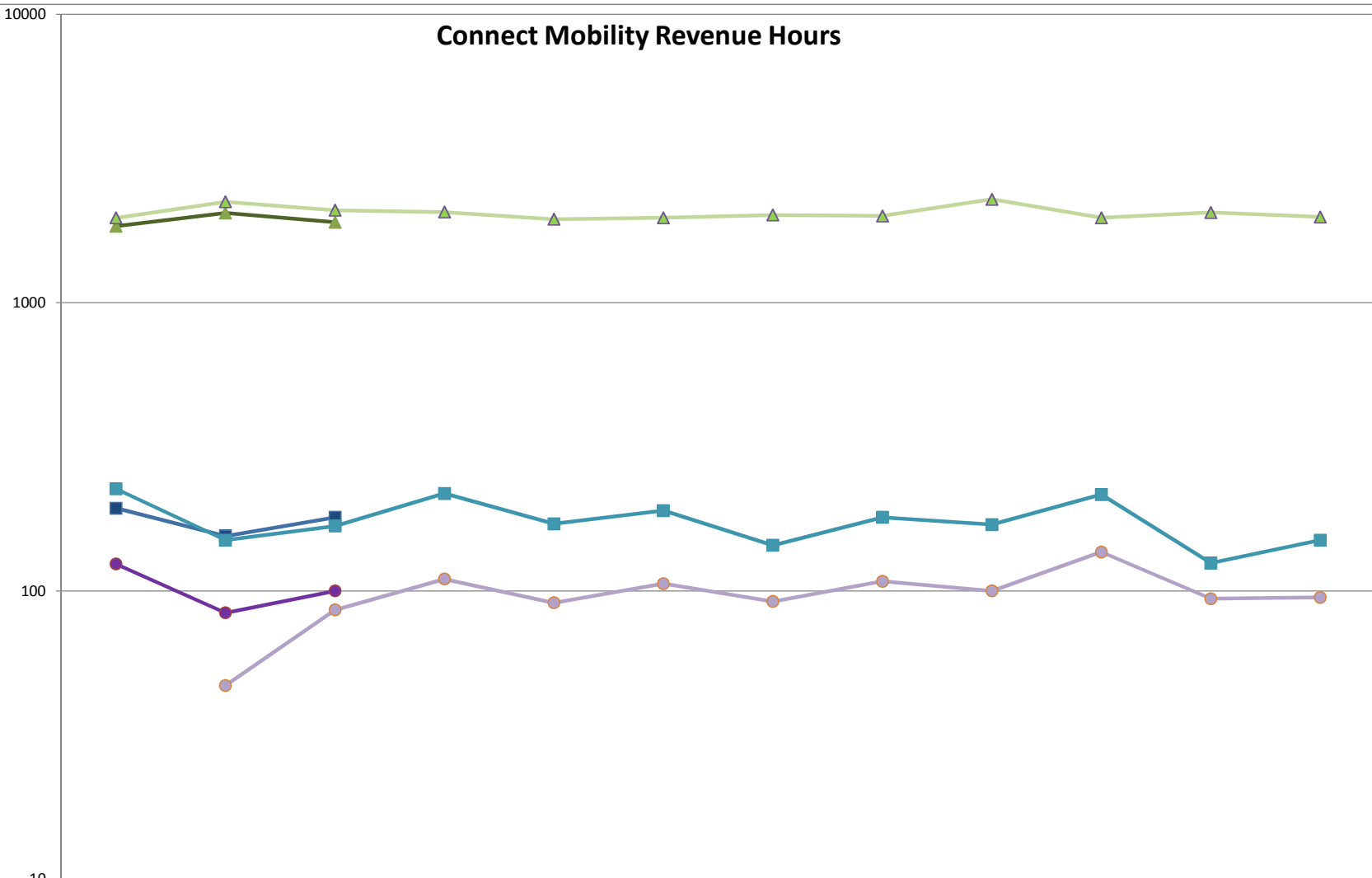
	July	August	September	October	November	December	January	February	March	April	May	June
● Sunday FY18	65	53	72									
● Sunday FY17	0	32	59	47	56	79	50	67	68	72	65	60
■ Saturday FY18	112	97	104									
■ Saturday FY17	107	91	111	118	103	89	91	125	122	131	95	107
▲ Weekday FY18	290	277	313									
▲ Weekday FY17	276	286	297	302	282	263	270	324	315	314	286	288

Fixed Route Revenue Hours



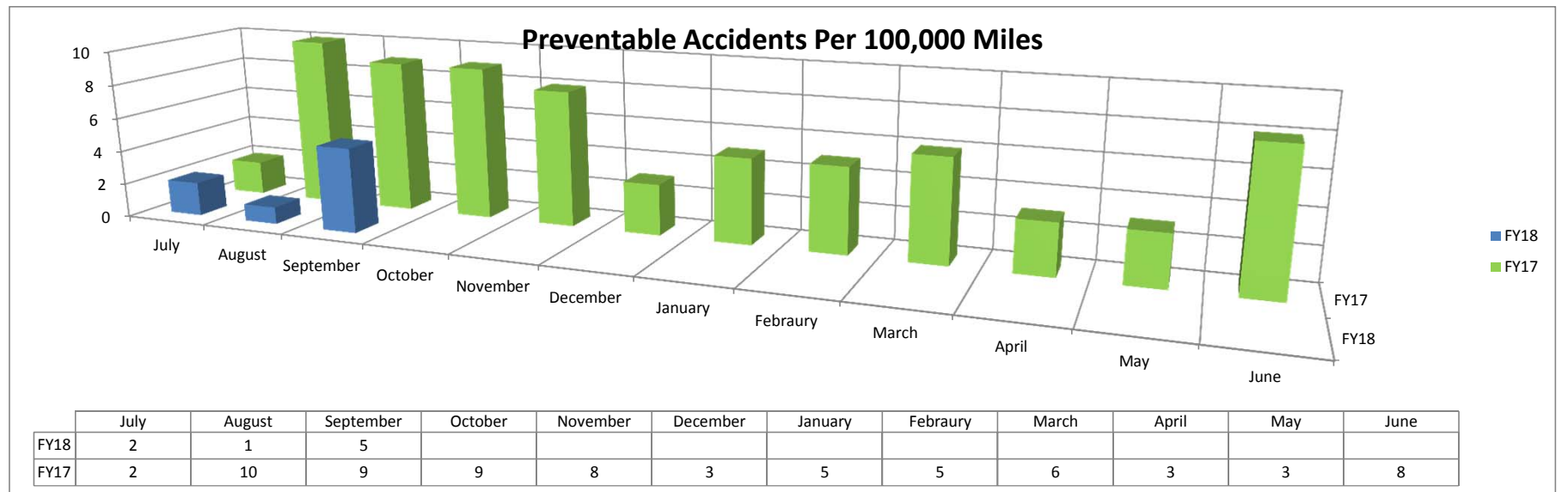
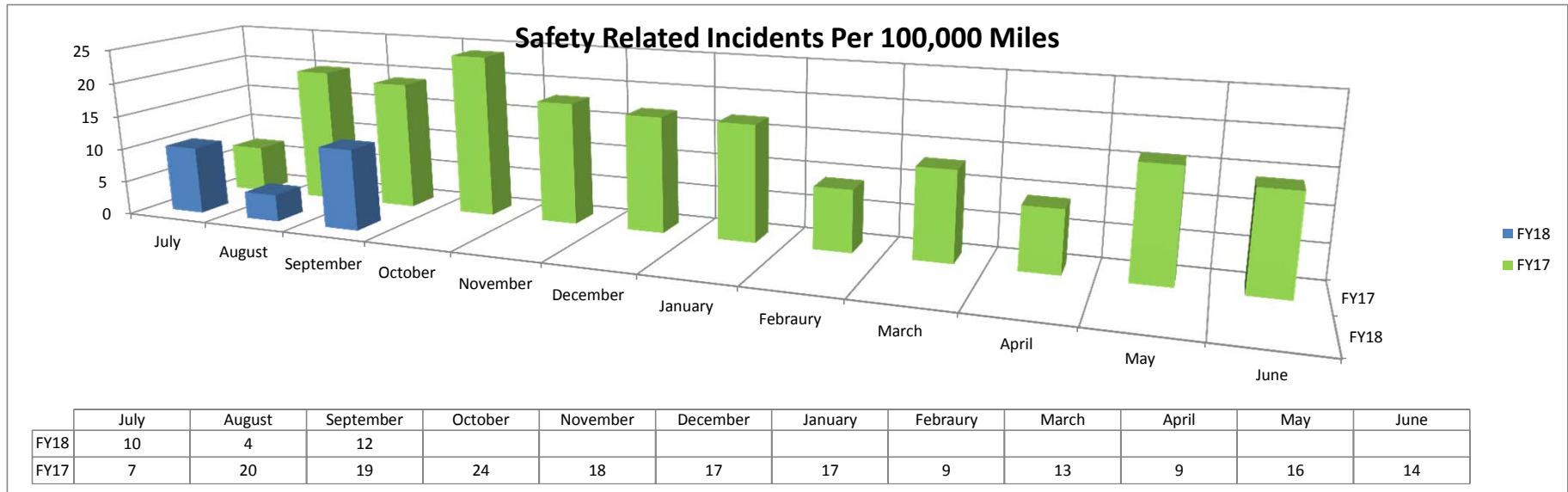
	July	August	September	October	November	December	January	February	March	April	May	June
● Sunday FY18	1023	842	796									
● Sunday FY17	0	430	860	1076	866	650	866	866	866	1083	830	818
■ Saturday FY18	1255	1066	1333									
■ Saturday FY17	1254	1069	1135	1418	1111	1359	1094	1128	1094	1410	1035	1004
▲ Weekday FY18	6665	7774	6934									
▲ Weekday FY17	5352	7407	7758	7659	7593	7842	7849	7308	8322	7308	7653	7332

Connect Mobility Revenue Hours



	July	August	September	October	November	December	January	February	March	April	May	June
● Sunday FY18	124	84	100									
● Sunday FY17	0	47	86	110	91	106	92	108	100	136.45	94	95
■ Saturday FY18	193.6	155	180									
■ Saturday FY17	226	150	168	218	171	190	144	180	170	216	125	150
▲ Weekday FY18	1841	2046	1900									
▲ Weekday FY17	1968	2238	2091	2062	1947	1969	2013	2000	2283	1969	2055	1983

Safety Reports



Premium Service Overview from September 2017.

Completed Trips	Individuals	Direct Miles	Direct Hours	Fare Collected
386	23	2,216	89	\$1,278

Federal Report for Connect Transit
Prepared by Cardinal Infrastructure
October 18, 2017

Tax Reform

The Administration published its “Unified Framework for Fixing our Broken Tax Code.” The plan calls for approximately \$5.8 trillion in tax cuts and \$3.6 trillion in base broadening. The proposal consolidates tax rates to 12%, 25%, and 35% and decreases taxes on businesses. The plan also proposes to eliminate the State and Local Tax (SALT) deduction. Senate Finance Committee Chairman Orrin Hatch (R-UT), said he was open to retention of SALT. Other provisions include: elimination of the Alternative Minimum Tax for both corporations and individuals; moving to a territorial system for overseas earnings and imposing a one-time tax on past earnings held by U.S. businesses; indexing tax brackets to a more accurate measure of inflation; limiting the amount of business interest that can be deducted by C-corporations.

House FY 18 Appropriations

On September 14th the House voted 211-198 to pass the \$1.23 trillion omnibus spending package. This package included the Transportation, Housing and Urban Development appropriations. The bill would appropriate \$621.5 billion for defense and \$511 billion for non-defense discretionary spending, including \$1.57 billion for the border wall. Senate Democrats object to its funding levels and various policy riders, and have secured the votes necessary to block it. Based on reports by the Office of Management and Budget, the bill violates spending caps and therefore, were it to become law, would trigger across-the-board spending cuts (AKA sequester).

Senate Budget

The Senate Budget Committee approved the draft Fiscal Year (FY) 2018 budget resolution on a 12-11 party-line vote, while earlier in the day the House approved its version (H Con Res 71) on a slim 219-206 vote. House Republicans have signaled that they could approve a final product that looks more like the Senate resolution, which does not contain the House’s proposed \$203 billion in 10-year mandatory spending cuts.

USDOT Regulatory Reform

On October 2nd, a Notification of Regulatory Review from the Office of the Secretary of Transportation and US DOT was published in the Federal Register. Comments are due by November 1st. US DOT is reviewing its existing regulations and other agency actions to evaluate their continued necessity and determine whether they are crafted effectively to solve current problems. As part of these reviews, US DOT invites input on existing rules and other agency actions that are candidates for repeal, replacement, suspension, or modification.

Comments should identify regulations that: eliminate jobs or inhibit job creation; are outdated, unnecessary, or ineffective; impose costs that exceed benefits; create a serious inconsistency or otherwise interfere with regulatory reform initiatives and policies; could be revised to use performance standards in lieu of design standards, or potentially burden the development or use of domestically produced energy resources.

FTA/FHWA/FRA Environmental Reform

The U.S. Department of Transportation (USDOT) is taking several actions to mitigate regulatory barriers and streamline processes. One of these actions includes a new rulemaking, “Environmental Impacts and Related Procedures,” published on behalf of the Federal Highway Administration (FHWA), Federal

Transit Administration (FTA), and Federal Railroad Administration (FRA). This rule seeks to better match FRA environmental review processes with those of FTA and FHWA and help ensure that multi-modal projects follow only one process, rather than multiple agency processes. Interested parties may provide public comments by Tuesday, November 28, 2017.

Highways and Transit Hearing

The Highways and Transit Subcommittee of the House Transportation and Infrastructure Committee held a hearing on "Building a 21st Century Infrastructure for America: Highways and Transit Stakeholders' Perspectives." In his introductory remarks, Chairman Sam Graves (R-MO) said the committee would not preempt the administration in introducing an infrastructure package, despite frustration several Democrats on the panel. Graves mentioned that a reason for the delay is the Senate's slow pace of confirming USDOT officials. On the infrastructure package, Peter Rogoff said, "If we are to truly make progress on the deferred maintenance and expansion needs of our surface transportation infrastructure, then funds provided through the initiative must not just substitute for the base level of funding authorized through the FAST Act and provided through Appropriations Acts."

Congressman Peter DeFazio (D-OR) emphasized the importance of federal funding of rural programs, and the duty of urban centers to pay for the networks that connect them. This led to a discussion on public-private partnerships, where Rogoff remarked, "there should be no legislated leg-up that prioritizes the use of P3s over any other delivery method."

Local Hire Initiative

The US DOT published a notice in Federal Register on "Geographic-Based Hiring Preferences in Administering Federal Awards; Withdrawal." The withdrawal takes effect as of its publication, October 6th. US DOT is withdrawing this notice of proposed rulemaking (NPRM) because, after review of all comments, the Department has determined that promulgating a provision to allow geographic-based hiring preferences is not practicable for the efficient and cost-effective delivery of projects. Additionally, the notice rescinds two related pilot programs: Innovative Contracting and FHWA Housing and Urban Development Livability Local Hire Initiative.

Tax-Exempt Private Activity Bonds

The Internal Revenue Service has released a NPRM, "Public Approval of Tax-Exempt Private Activity Bonds." The proposed rule would streamline the local government approval process for tax exempt bonds used by the private sector. The rule would update existing regulations to streamline the public approval process for issuing Private Activity Bonds. Comments are due on November 27, 2017.

Autonomous Vehicles

The USDOT released the National Highway Traffic Safety Administration's (NHTSA) "A Vision for Safety 2.0"; an update to the Obama Administration's Federal Automated Vehicle Policy Statement (FAVP). On the newly released guidance, Secretary Chao said it "encourages new entrants and ideas that deliver safer vehicles, making processes more nimble by creating a flexible framework to help match the pace of private sector innovation." Secretary Chao said as technology advances and new information is received, NHTSA will refine and update this guidance. In fact, USDOT and its modes are planning for version 3.0 to be released in 2018, according to Chao. The guidance document modifies some of the more controversial portions of the original FAVP, such as the voluntary safety assessment letter for manufacturers, the model state policy for AVs, and sections pertaining to pre-market approval.

Moving FIRST Act

Senator Cortez Masto (D-NV) and Senator Richard Burr (R-NC) introduced the Moving and Fostering Innovation to Revolutionize Smarter Transportation (Moving FIRST Act), a bill to promote innovation in transportation systems. This legislation will establish and build on the successes of the 2015 Strengthening Mobility and Revolutionizing Transportation (SMART) Cities Challenge administered by the U.S. Department of Transportation (USDOT) by expanding the opportunity for more communities – both urban and rural – to compete for resources that will fund efficient, creative and innovative transportation projects.

Infrastructure and Regulatory Reform Task Force

On September 28th, Secretary Chao spoke on the infrastructure initiative and regulatory reform. The Secretary said, "The [infrastructure] principles have been announced, and the details are currently being worked out. The congressional legislative calendar, however, is packed for the rest of this year. Tax reform will come first. So the infrastructure package will probably not be taken up until tax reform is considered." Chao discussed recent developments from the Regulatory Reform Task force, stating that "the Department has issued new guidance regarding the application of categorical exclusions for multi-modal projects. One DOT agency can now use the categorical exclusions of another DOT agency for multi-modal projects." Furthermore, USDOT will "change its highway reimbursement policy to allow states to buy safety equipment directly."

Public-Private Partnerships

President Trump reportedly told a bipartisan group of members of the House Ways and Means Committee that he didn't favor public-private partnerships to finance public works projects. According to members in attendance, Trump said public-private partnerships are "more trouble than they're worth." Responding to the report of these remarks, a White House official said that "they are certainly not the silver bullet for all of our nation's infrastructure problems and we will continue to consider all viable options...Just like with any new policy, there are legitimate questions about how P3s can best be incorporated into our nation's infrastructure program."

FHWA Nomination Hearing

On October 5th, the Senate Environment and Public Works Committee held a hearing on the nomination of Paul Trombino to be the FHWA Administrator. In his opening remarks, Trombino stated, "I support permit streamlining and look forward to contributing to responsible changes that reduce the time and money project sponsors must spend before a project can even begin." Several members asked questions on raising the gas tax - Trombino acknowledged that over two dozen states raised taxes on fuel to boost transportation accounts, but did not specifically endorse this at the federal level. Furthermore, on public-private partnerships, he remarked that, "Just as I would say P3s work in some states — it's a good tool — in some areas they don't work."

Highway Trust Fund

The House Transportation and Infrastructure Highways and Transit Subcommittee Chairman Sam Graves (R-MO) and Ranking Member Norton (D-D.C.) sent a letter to the House Ways and Means Committee. The letter states that, "A long-term solution to the Highway Trust Fund's (HTF) structural revenue deficit would increase infrastructure investment and economic growth in every state." They add, "Any HTF solution should entail a long-term, dedicated, user-based revenue stream that can meet the infrastructure investment supported by President Trump and Members of Congress from both parties."



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAAconnect.com

Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois

We have audited the financial statements of the Bloomington-Normal Public Transit System as of and for the year ended June 30, 2017, and have issued our report thereon dated October 17, 2017. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bloomington-Normal Public Transit System are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management (including adjustments provided by management).

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated October 17, 2017.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

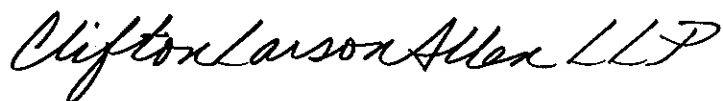
With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated October 17, 2017.

With respect to The Schedule of Computation of Federal Operating Assistance Grant, Schedule of Revenue and Expenses under Downstate Operating Assistance Grant OP-17-07-IL, and Schedule of Computation of Amount Due Illinois State University (supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated October 17, 2017.

The introductory and statistical sections accompanying the financial statements, which are the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

This communication is intended solely for the information and use of the Board of Trustees and management of Bloomington-Normal Public Transit System and is not intended to be, and should not be, used by anyone other than these specified parties.

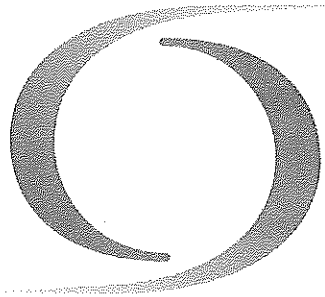


CliftonLarsonAllen LLP

Champaign, Illinois
October 17, 2017

Client: 004-00435800 - Bloomington-Normal Public Transit System
 Engagement: AUD 2017 - Bloomington-Normal Public Transit System
 Period Ending: 6/30/2017
 Trial Balance: 0900 - TB
 Workpaper: 0921.00 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 2		2100.05		
To adjust prepaid expenses out of accounts payable.				
140.100	Prepaid Insurance		99,566.00	
200.100	Accounts Payable			99,566.00
Total			<u><u>99,566.00</u></u>	<u><u>99,566.00</u></u>
Adjusting Journal Entries JE # 3		0924.00		
PY Property Adjustment				
150.500	Accumulated Depreciation		49,388.00	
150.500	Accumulated Depreciation		346,235.00	
150.100	Transportation Equipment			346,235.00
150.700	Assets Held for Sale			49,388.00
Total			<u><u>395,623.00</u></u>	<u><u>395,623.00</u></u>
Adjusting Journal Entries JE # 4		0924.00		
PBC - CY Property Adjustments				
150.100	Transportation Equipment		450.00	
150.400	Building & Improvements		12,291.00	
150.500	Accumulated Depreciation		780.00	
150.500	Accumulated Depreciation		734,286.00	
407.900	Miscellaneous Revenue - Other		3,119.00	
407.904	Insurance Reimbursement		3,119.00	
150.100	Transportation Equipment			737,415.00
150.500	Accumulated Depreciation			3,119.00
200.100	Accounts Payable			12,291.00
504.971	Freight			450.00
513.400	Depreciation Expense			780.00
Total			<u><u>754,055.00</u></u>	<u><u>754,055.00</u></u>
Adjusting Journal Entries JE # 5		0925.00		
PBC Depreciation Expense entry				
513.400	Depreciation Expense		336.00	
513.400	Depreciation Expense		16,816.00	
513.400	Depreciation Expense		1,554,496.00	
150.500	Accumulated Depreciation			336.00
150.500	Accumulated Depreciation			16,816.00
150.500	Accumulated Depreciation			1,554,496.00
Total			<u><u>1,571,648.00</u></u>	<u><u>1,571,648.00</u></u>
Adjusting Journal Entries JE # 6		1700.15		
To adjust CIP to actual				
150.600	Construction in Process		10,000.00	
150.400	Building & Improvements			10,000.00
Total			<u><u>10,000.00</u></u>	<u><u>10,000.00</u></u>
Adjusting Journal Entries JE # 7		0990/4000.10		
PBC - Year end adjustment for monthly passes				
240.107	Fast Pass - S.S. Passengers		2,205.00	
401.550	Full Fare Monthly Pass		14,244.00	
240.106	Fast Pass - FF Passengers			14,244.00
401.650	Monthly Pass - Special Service			2,205.00
Total			<u><u>16,449.00</u></u>	<u><u>16,449.00</u></u>
Adjusting Journal Entries JE # 8		0990/4000.10		
PBC - To correct estimated IDOT Monthly Revenue				
110.200	Due From FTA		4,092.00	
110.300	Due From IDOT		1,735.00	
411.101	State Support			1,735.00
413.100	Federal Operating Support			4,092.00
Total			<u><u>5,827.00</u></u>	<u><u>5,827.00</u></u>



connect
T R A N S I T

**Bloomington-Normal Public Transit System
Normal, Illinois**

**Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2017 and 2016**



Bloomington Normal Public Transit System
Normal, Illinois
Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2017 and 2016

Prepared by:
Bloomington Normal Public Transit System
Finance Department
www.connect-transit.com

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
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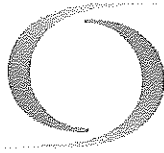
**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
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connect TRANSIT

October 17, 2017

Members of the Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois

The Comprehensive Annual Financial Report (CAFR) of the Bloomington-Normal Public Transit System (Connect Transit) for the fiscal years ending June 30, 2017 and 2016, is submitted herewith. This report provides a broad view of Connect Transit's financial activities for the 2017 and 2016 fiscal years and its financial position at June 30, 2017 and 2016. This report was prepared by Connect Transit's Finance Department. Responsibility for the accuracy of the presented data and the fairness of the presentation, including all disclosures, rest with Connect Transit. The organization and content of this report follows the standards for annual financial reporting under the Governmental Accounting Standards Board (GASB). We believe the data as presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth Connect Transit's financial position and results of operations as measured by financial activity, and that all disclosures necessary to enable the reader to gain the maximum understanding of Connect Transit's financial condition have been included contained.

Connect Transit financial statements have been audited by CliftonLarsonAllen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Connect Transit for the fiscal years ended June 30, 2017 and 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Connect Transit's financial statements for the fiscal years ended June 30, 2017 and 2016, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

As a recipient of various federal funding, Connect Transit is required under the Federal Single Audit Act, to have an annual audit, when applicable, of certain major federal grant programs performed. The audit contains information concerning whether grant activity is presented fairly in general purpose financial statements, whether internal controls are sufficient to provide reasonable assurance that the funds are managed properly, and whether material grant compliance requirements have been met. The auditor's reports relative to the Federal Single Audit Act are included in this report.

Bloomington-Normal Public Transit System
Letter of Transmittal

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis of the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A. Connect Transit's MD&A can be found immediately following the report of the independent auditors. Connect Transit's operation is accounted for under a single enterprise fund, which uses the same accrual accounting method as private enterprise. Under revenue recognition and matching principles of the accrual accounting method, revenues are recorded when earned, and expenses are recorded when incurred. Note 1 to the financial statements provides further details of Connect Transit's accounting policies.

PROFILE OF THE AGENCY

In 1972, the City of Bloomington and Town of Normal, by intergovernmental agreement, established an intergovernmental agency known as the Bloomington Normal Public Transit System after the privately owned National City bus company left the Bloomington-Normal market. The transit system operates as an independent agency governed by a board appointed by both the City of Bloomington and Town of Normal. In 2012, the transit system rebranded as Connect Transit.

Connect Transit provides fixed route, and demand response services in a 46 square mile area located in the City of Bloomington and the Town of Normal with a combined population of approximately 132,000 residents. In FY 2017, combined ridership for all modes of service totaled 2,301,007. Connect Transit is governed by a Board of Directors. Four members appointed by the City of Bloomington, three members appointed by the Town of Normal, and two Ex officio members (the City Manager for the City of Bloomington and the Town Manager for the Town of Normal). The Board appoints a General Manager to implement policies authorized by the Board and oversee Connect Transit's daily operations as well as its approximately 128 employees. Connect Transit operates up to 31 buses on 15 fixed routes. Connect Transit, under the name of Connect Mobility, provides demand – response service to all paratransit eligible riders within the American with Disabilities Act guidelines.

Connect Transit maintains a fleet of 42 buses for its 15 fixed routes. Included in this fleet are (7) 2016 New Flyer 40' buses, (5) 2015 New Flyer 40' buses, (4) 2011 Gillig 35' buses, (1) 2010 Gillig 35' bus, (2) 2008 Gillig 30' buses, (4) 2005 Gillig 30' buses, (12) 2004 Gillig 30' buses, and (7) 1998 Gillig 40' buses. Connect Mobility's paratransit fleet includes (8) 2013 Chevy Senator vans, (3) 2011 Ford vans, and (2) 2010 Ford vans.

In FY 2017, fixed route services carried 2,217,641 passengers. Connect Transit's demand response services total ridership was 83,366.

Bloomington-Normal Public Transit System
Letter of Transmittal

ECONOMIC IMPACT

The economic condition of Connect Transit is dependent on available state and federal funding. The City of Bloomington, Town of Normal, and advertising income support Connect Transit operations as well. New buses, improved routes, greater frequency, and new bus shelters will have a significant impact on making public transportation a more attractive option for our riders.

LONG-TERM FINANCIAL and CAPITAL PLANNING APPROACH

Connect Transit's management has established a system of internal controls that is designed to help assure that the assets of Connect Transit are safeguarded against loss, theft, or misuse. The system of internal controls also helps assure that the accounting system compiles reliable financial data for the preparation of Connect Transit's financial statements. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives will be met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that evaluation of the costs and benefits require estimates and judgments by management. In addition, Connect Transit maintains budgetary controls. Budgetary control is maintained by periodic review of year-to-date, actual vs. budgeted expenditures. Connect Transit's long-term planning processes are managed under a unified planning structure. This includes monitoring contracts and external agreements in a timely fashion, meeting required reporting deadlines to Connect Transit's funding sources, and establishing and enforcing best practices.

MAJOR INITIATIVES

The initiatives for FY 2017 were planned in accordance with Connect Transit's strategic goals; each initiative and/or project was carefully reviewed before implementation to ensure adherence to Connect Transit's strategic goals. Planned initiatives and capital projects for FY 2017 included:

- Acquired 7 new New Flyer buses as replacement vehicles
- Acquired 11 used New Flyer buses as replacement vehicles
- Implemented a route restructure
- Installed a propane fueling station
- Installed a farebox vault room
- Began installation of new bus shelters

Bloomington-Normal Public Transit System
Letter of Transmittal

ACKNOWLEDGEMENTS

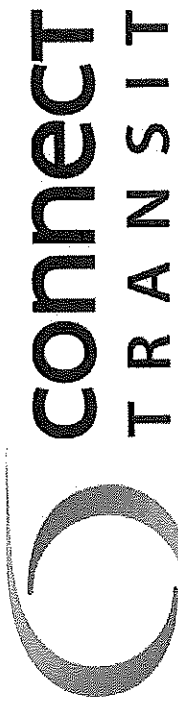
We would like to thank all members of Connect Transit who assisted and contributed to the preparation of this report, as well as members of the Connect Transit Board for their interest and continued support in the ongoing efforts of the agency. We are very excited about the role that we will play as transit initiatives move forward, and we will continue to rely on our resources and strengths to be successful.



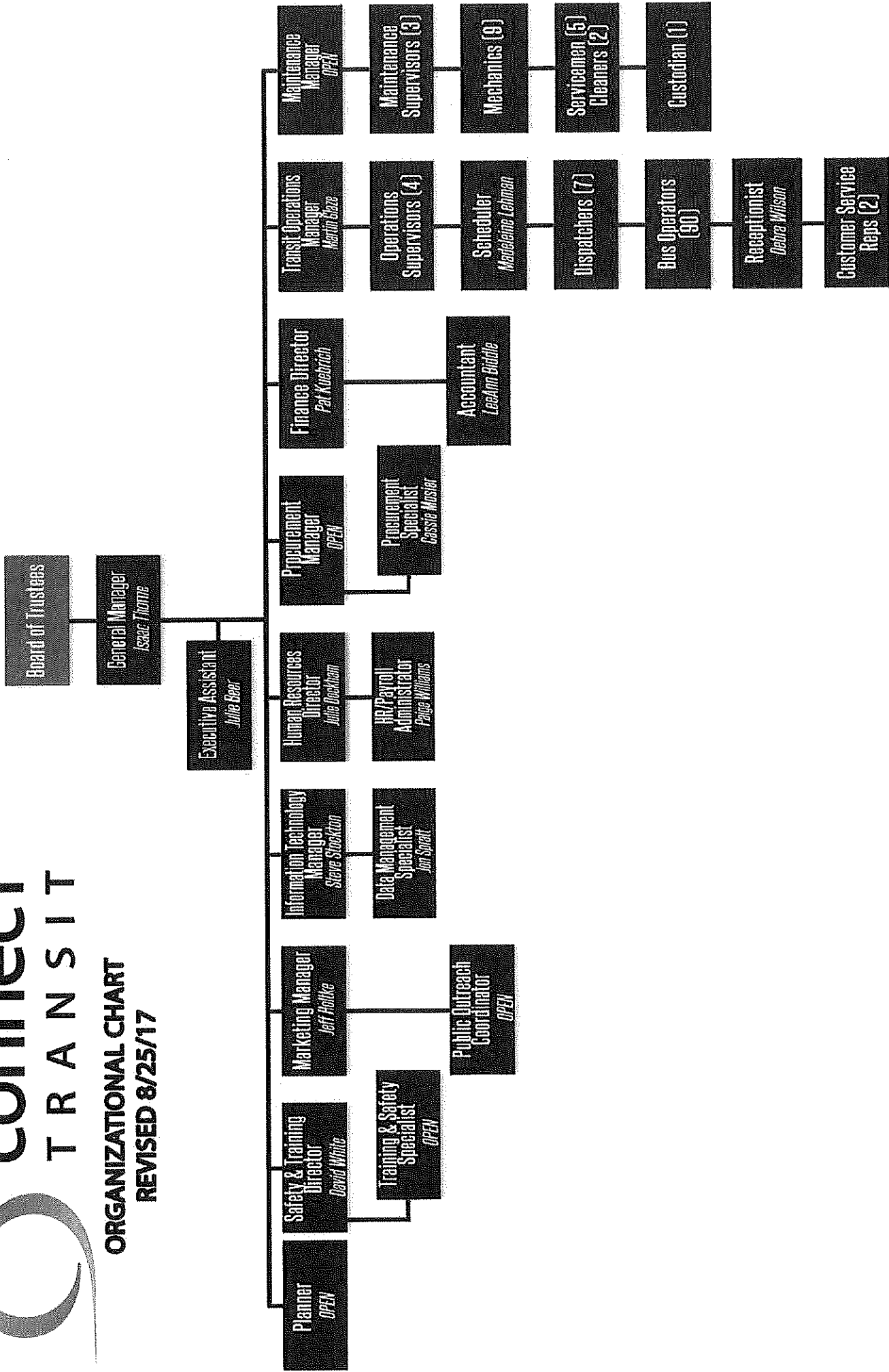
Isaac Thorne
General Manager



Patrick Kuebrich
Finance Director



ORGANIZATIONAL CHART
REVISED 8/25/17



Bloomington-Normal Public Transit System
Board of Trustees
For the Years Ended June 30, 2017 and 2016

<u>Name</u>	<u>Position</u>	<u>Appointed By</u>
Mike McCurdy	Chairman	City of Bloomington
Ryan Whitehouse	Vice Chairman	Town of Normal
Lauren Lacy	Secretary	City of Bloomington
John Thomas	Trustee	Town of Normal
Judy Buchanan	Trustee	City of Bloomington
John Bowman	Trustee	City of Bloomington
Jennifer McDade	Trustee	Town of Normal
Mark Peterson	Ex Officio	Town of Normal
David Hales	Ex Officio	City of Bloomington



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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Bloomington-Normal Public Transit System, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
Bloomington-Normal Public Transit System

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bloomington-Normal Public Transit System as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bloomington-Normal Public Transit System's basic financial statements. The introductory section, Schedule of Computation of Federal Operating Assistance Grant, Schedule of Computation of Amount Due Illinois State University, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Revenue and Expenses Under Downstate Operating Assistance Grant OP-17-07-IL is presented for purposes of additional analysis, as required by the Illinois Department of Transportation and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

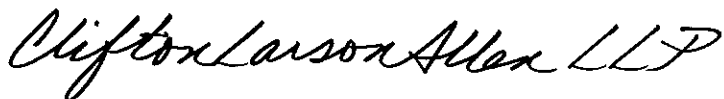
Board of Trustees
Bloomington-Normal Public Transit System

The Schedule of Computation of Federal Operating Assistance Grant, Schedule of Revenue and Expenses under Downstate Operating Assistance Grant OP-17-07-IL, Schedule of Computation of Amount Due Illinois State University, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2017, on our consideration of the Bloomington-Normal Public Transit System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Bloomington-Normal Public Transit System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bloomington-Normal Public Transit System's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Champaign, Illinois
October 17, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) is an introduction to the basic financial statements and supplementary information of the Bloomington-Normal Public Transit System. The MD&A should be read in conjunction with the basic financial statements, notes to financial statements, supplementary information, and the statistical section. The MD&A provides management's perspective on the performance of the System in the current year and its financial condition at year-end.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to General Manager, Bloomington-Normal Public Transit System, 351 Wylie Drive, Normal, Illinois 61761.

Financial Highlights – Fiscal Year 2017

- State operating assistance increased in fiscal year 2017 to \$7,681,950 from \$7,064,354 in fiscal year 2016.
- Federal operating assistance decreased in fiscal year 2017 to \$1,739,100 from \$2,131,109 in fiscal year 2016.
- The assets of the System exceeded its liabilities at the close of the most recent fiscal year by \$22,878,645 (net position).
- The System operated in fiscal year 2017 without incurring long-term debt.

Financial Highlights – Fiscal Year 2016

- State operating assistance increased in fiscal year 2016 to \$7,064,354 from \$6,721,529 in fiscal year 2015.
- Federal operating assistance increased in fiscal year 2016 to \$2,131,109 from \$2,025,608 in fiscal year 2015.
- The assets of the System exceeded its liabilities at the close of the most recent fiscal year by \$20,727,882 (net position).
- The System operated in fiscal year 2016 without incurring long-term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

The basic financial statements are the statements of net position, statements of revenues, expenses, and changes in net position, and the statements of cash flows. These financial statements were prepared using the full accrual accounting method used by businesses in the private sector.

The statements of net position present the financial position of the System on a full accrual historical cost basis. The statements of net position provide information on all the assets and liabilities of the System, with the difference between the two being the System's net position. Increases or decreases in net position are one indicator of whether the System's financial position is improving or deteriorating.

The statements of revenues, expenses, and changes in net position provide the performance of the System over its fiscal year, which is the twelve-month period ended June 30. These statements present the detail of how the net position presented on the statements of net position changed over the fiscal years. All activities that increase or decrease net position are reflected on these statements when they occur rather than when the related cash flow occurs.

The cash flow statements present the increase or decrease in cash and cash equivalents during the fiscal years resulting from the operating, financing, and investing activities of the System. These statements simply present the increases and decreases in cash and cash equivalents without regard to related revenues/receivables and expenses/liabilities.

The notes to financial statements provide further information on the items reported in the basic financial statements. This information is essential for the reader of this report to acquire a full understanding of the amounts in the financial statements and other commitments and events not reflected in the financial statements. The supplementary information also provides further detail on operating expenses, the state-operating grant of the System, the System's federal grants, and amounts owed to organizations with which the System has transportation contracts.

The System as a Whole

The System's net position increased from the prior year – increasing from \$20.73 million to \$22.88 million. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the System.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 1
Net Position

	2017	2016	2015
Current and Other Assets	\$ 7,006,293	\$ 7,565,134	\$ 7,688,746
Capital Assets	17,277,960	14,665,222	12,014,623
Total Assets	<u>24,284,253</u>	<u>22,230,356</u>	<u>19,703,369</u>
Current and Other Liabilities	926,663	1,090,096	992,236
Noncurrent Liabilities	478,945	412,378	293,369
Total Liabilities	<u>1,405,608</u>	<u>1,502,474</u>	<u>1,285,605</u>
Net Position:			
Net Investment in Capital Assets	16,819,419	14,665,222	12,014,623
Unrestricted	6,059,226	6,062,660	6,403,141
Total Net Position	<u>\$ 22,878,645</u>	<u>\$ 20,727,882</u>	<u>\$ 18,417,764</u>

Fiscal Year 2017 – The System’s net position increased by 10.4 percent (\$22.88 million compared to \$20.73 million) during fiscal year 2017.

Capital assets increased by \$2,612,738 during fiscal year 2017 due to the addition of new buses. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements, decreased by \$3,434 (\$6.059 million compared to \$6.063 million). This decrease in unrestricted net position is due to an increase in capital projects from local contributions from the City of Bloomington and Town of Normal.

Fiscal Year 2016 - The System’s net position increased by 12.5 percent (\$20.73 million compared to \$18.42 million) during fiscal year 2016. Capital assets increased by \$2,650,599 due to the addition of new buses.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements, decreased by \$.34 million (\$6.06 million compared to \$6.40 million). This decrease in unrestricted net position is due to the decrease in the fund balance of the Local Capital #2 fund. This fund is accumulating local contributions from the City of Bloomington and Town of Normal to fund the local share of current and future capital projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Changes in Net Position

	2017	2016	2015
Operating Revenues:			
Revenues from Transportation Services	\$ 1,251,585	\$ 1,413,686	\$ 1,433,468
Other Operating Revenues	121,139	151,208	119,683
Total Operating Revenues	1,372,724	1,564,894	1,553,151
Operating Expenses:			
Transportation Services	13,413,346	11,992,189	11,480,131
Operating Loss	(12,040,622)	(10,427,295)	(9,926,980)
Non-Operating Revenues:			
Operating Grants	9,421,050	9,195,463	8,747,137
Local Subsidies	2,165,624	1,205,110	986,934
Interest Income	2,057	4,157	5,023
Total Non-Operating Revenues	11,588,731	10,404,730	9,739,094
Income/Loss Before			
Other Revenues	(451,891)	(22,565)	(187,886)
Other Revenues:			
Capital Grants	2,602,654	2,332,683	96,867
Change in Net Position	2,150,763	2,310,118	(91,019)
Net Position, Beginning of Year	20,727,882	18,417,764	18,508,783
Net Position, End of Year	\$ 22,878,645	\$ 20,727,882	\$ 18,417,764

Fiscal Year 2017 – The System's operating revenues decreased by \$192,170 or 12.3 percent in 2017 (\$1,372,724) compared to 2016 (\$1,564,894). Operating expenses increased 11.9 percent (\$1,421,157).

Factors that led to the changes included:

- Decrease in passenger fares
- Stopped leasing the Oakland Avenue property
- Increased salaries and wages expense due to the addition of Sunday service and route restructure
- Increased employee health insurance due to increase in employees and insurance rates
- Increased payroll taxes and retirement plan due to increase in employees

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year 2016 – The System's operating revenues increased by \$11,743 or 0.76 percent in 2016 (\$1,564,894) compared to 2015 (\$1,553,151). Operating expenses increased 4.5 percent (\$512,058).

Factors that led to the increases included:

- Increase in advertising revenue
- Increased salaries and wages expense due to the addition of new positions
- Increased professional fees due to an increase in consulting fees
- Increased bus repair and maintenance expense

Capital Asset Administration

At the end of fiscal year 2017, the System had \$17.2 million invested in a broad range of capital assets (see Table 3 below). This amount represents a net increase (including additions and deductions) of \$2,612,738 or 17.8% percent more than last year, due mainly to the addition of new revenue vehicles.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	2017	2016	2015
Land and Improvements	\$ 1,220,018	\$ 1,220,018	\$ 1,283,618
Construction in Process	73,962	320,783	135,994
Facilities	9,178,021	8,819,832	8,931,759
Revenue Vehicles	15,714,503	12,954,145	10,061,730
Held for Sale	425,536	425,536	-
Other Equipment	1,752,022	1,174,438	1,052,013
Less: Accumulated Depreciation	(11,086,102)	(10,249,530)	(9,450,491)
Totals	\$ 17,277,960	\$ 14,665,222	\$ 12,014,623

This year's major additions included:

Construction in Process	\$ 73,962
Building Improvement	358,189
Revenue Vehicles	3,507,773
Other Equipment	577,584
	\$ 4,517,508

Fiscal Year 2016 Major Additions Include:

Construction in Process	\$ 320,783
Building Improvement	297,467
Revenue Vehicles	3,238,649
Other Equipment	124,355
	\$ 3,981,254

The System's fiscal year 2018 capital budget calls for \$5.36 million for capital expenditures. Some of the more significant fiscal year 2018 capital projects include:

Revenue Vehicle Purchases	\$ 5,109,460
A/E for Transfer Center	250,000
	\$ 5,359,460

More detailed information about the System's capital assets is presented in Note 4 to the financial statements.

Economic Factors and Next Year's Budget

- For fiscal year 2018, operating assistance from IDOT will again be 65 percent of allowable operating expenses. Because the State of Illinois has passed a budget, there should not be a delay in IDOT making quarterly payments.
- The General Operating Fund budget contains a total of \$13,548,637 for operating expenses in fiscal year 2018.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016**

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,057,094	\$ 5,809,217
Receivables	2,499,541	1,333,971
Inventory	229,375	229,981
Prepaid Expenses	220,283	191,965
Total Current Assets	7,006,293	7,565,134
PROPERTY AND EQUIPMENT		
Land, Assets Held for Sale, and Construction in Process, not Being Depreciated	1,719,516	1,966,337
Other Property and Equipment, Net of Depreciation	15,558,444	12,698,885
Total Property and Equipment	17,277,960	14,665,222
Total Assets	\$ 24,284,253	\$ 22,230,356
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable, including \$33,005 and \$-0- retainage payable	\$ 265,593	\$ 472,377
Accrued Expenses	258,901	226,930
Unearned Revenue	102,169	90,789
Compensated Absences	300,000	300,000
Total Current Liabilities	926,663	1,090,096
NONCURRENT LIABILITIES		
Compensated Absences, Net of Current Portion	478,945	412,378
Total Liabilities	1,405,608	1,502,474
NET POSITION		
Net Investment in Capital Assets	16,819,419	14,665,222
Unrestricted	6,059,226	6,062,660
Total Net Position	22,878,645	20,727,882
Total Liabilities and Net Position	\$ 24,284,253	\$ 22,230,356

See accompanying Notes to Basic Financial Statements.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
Passenger Fares	\$ 718,845	\$ 893,936
Contract Fares	532,740	519,750
Miscellaneous Income	121,139	151,208
Total Operating Revenues	1,372,724	1,564,894
OPERATING EXPENSES		
Salaries and Wages	7,260,197	6,397,683
Depreciation	1,570,868	1,194,661
Fuel and Lubricants	699,424	861,354
Bus Repair and Maintenance	609,181	681,126
Group Insurance	1,198,596	708,477
Insurance	454,432	473,071
Payroll Taxes	536,482	471,485
Retirement Plan	260,335	229,349
Professional Fees	212,904	314,365
Supplies	150,810	163,364
Utilities and Telephone	117,286	104,102
Other Operating Expenses	342,831	393,152
Total Operating Expenses	13,413,346	11,992,189
OPERATING LOSS	(12,040,622)	(10,427,295)
NONOPERATING REVENUES		
State of Illinois Operating Assistance Grant	7,681,950	7,064,354
Federal Operating Assistance Grant	1,739,100	2,131,109
Local Subsidies	2,165,624	1,205,110
Interest Income	2,057	4,157
Total Nonoperating Revenues	11,588,731	10,404,730
LOSS BEFORE OTHER REVENUES	(451,891)	(22,565)
OTHER REVENUES		
Federal Capital Grants	2,602,654	2,332,683
CHANGE IN NET POSITION	2,150,763	2,310,118
Net Position – Beginning of Year	20,727,882	18,417,764
NET POSITION – END OF YEAR	\$ 22,878,645	\$ 20,727,882

See accompanying Notes to Basic Financial Statements.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 1,385,742	\$ 1,664,329
Payments to Vendors	(4,816,777)	(4,451,142)
Payments to Employees	(7,161,659)	(6,273,092)
Net Cash Used by Operating Activities	(10,592,694)	(9,059,905)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
State Operating Assistance Grant Proceeds Received	6,086,320	6,848,564
Federal Operating Assistance Grant Proceeds Received	2,167,522	1,741,880
Net Cash Provided by Noncapital and Related Financing Activities	8,253,842	8,590,444
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal Capital Grant Proceeds Received	2,602,654	2,332,683
Local Subsidies Received	2,165,624	1,205,110
Purchases of Property and Equipment	(4,183,606)	(3,845,260)
Net Cash Provided (Used) by Capital and Related Financing Activities	584,672	(307,467)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	2,057	4,157
DECREASE IN CASH AND CASH EQUIVALENTS	(1,752,123)	(772,771)
Cash and Cash Equivalents – Beginning of Year	5,809,217	6,581,988
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 4,057,094	\$ 5,809,217

See accompanying Notes to Basic Financial Statements.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (12,040,622)	\$ (10,427,295)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	1,570,868	1,194,661
Effects of Changes in Operating Assets and Liabilities:		
Receivables	1,638	105,671
Inventory	606	42,154
Prepaid Expenses	(28,318)	(191,965)
Accounts Payable, Accrued Expenses and Compensated Absences	(108,246)	223,105
Unearned Revenue	11,380	(6,236)
	\$ (10,592,694)	\$ (9,059,905)
Net Cash Used by Operating Activities		

See accompanying Notes to Basic Financial Statements.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Bloomington-Normal Public Transit System (the System) was formed as an agency of the City of Bloomington (Bloomington) and the Town of Normal (Normal) in 1972. The purpose of the System is to provide transportation services within the City of Bloomington and the Town of Normal. The System is governed by a Board of Trustees appointed by the city and town councils of Bloomington and Normal, respectively. The System operates as an enterprise fund, which accounts for operation in a manner similar to private business enterprises – where the intent of the governing body (the Board of Trustees) is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. Funding is provided primarily by annual grants from the Federal Transit Administration (FTA) (28% of 2017 revenues and 31% of 2016 revenues), the Illinois Department of Transportation (IDOT) (49% of 2017 revenues and 49% of 2016 revenues), and subsidies from Bloomington and Normal (14% of 2017 revenues and 8% of 2016 revenues).

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The financial reporting entity consists of (a) the primary government, the System, which has a separately appointed governing body, is legally separate and fiscally independent of other state and local governments, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The System is an independent special purpose government in that it has the authority to determine its budget, set rates or levy taxes, and issue bonded debt without approval by another government.

There are no component units of the System nor is the System dependent on any other entity.

The financial statements of the System are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

For the purposes of preparing the statement of cash flows, cash equivalents include demand deposits and funds held in money market accounts.

Receivables are reported at the estimated net realized amounts from third-party payers and others for services rendered. Receivables are stated at the amount management expects to collect or the outstanding balance. The allowance for doubtful receivables was \$-0- at June 30, 2017 and 2016.

Prepaid expenses, such as for insurance, are expensed over the term in which the services were received.

Inventories are stated at cost. Inventory consists of the value of on hand bus tokens, outstanding bus tokens, and replacement parts for bus repair.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purchased capital assets are valued at actual or estimated historical cost, while donated capital assets are valued at their acquisition value at the time of donation. Assets are capitalized if they are valued at more than \$10,000 and have a useful life of more than one year. Depreciation is calculated on all capital assets other than land, works of art, and assets that appreciate in value using the straight-line method and the following useful lives:

Vehicles	3 – 12 Years
Furniture and Equipment	3 – 15 Years
Buildings and Improvements	10 – 50 Years

It is the System's policy to allow employees to accumulate unused compensated absences. The System calculates the liability for unused sick leave included in compensated absences using the vesting method. The cost of these benefits is recorded on the financial statements in the fiscal year earned by the employees.

The System reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. No deferred outflows of resources are reported in these financial statements.

The System's statements of net position report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The System will not recognize the related revenue until a future event occurs. No deferred inflows of resources are reported in these financial statements.

Operating revenues include all revenues from the provision of a service by the System. These services consist of the provision of public transportation. All other revenues are considered nonoperating or other revenues.

Operating grant revenue is recognized as it is earned. Capital grant revenue is recorded as capital grant expenditures are incurred. Receivables result principally from amounts due from FTA and IDOT.

The System's policy is to apply restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available.

A budget is adopted annually by the Board of Trustees, as required by ordinances enacted by Bloomington and Normal.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 2 DEPOSITS AND INVESTMENTS

State statutes authorize the System to invest in: direct obligations of federally insured banks and savings and loan associations; insured obligations of Illinois credit unions; securities issued or guaranteed by the U.S. Government; money market mutual funds investing only in U.S. Government based securities; commercial paper of U.S. corporations with assets over \$500 million; short-term obligations of the Federal National Mortgage Association; repurchase agreements; and the investment pools managed by the State Treasurer of Illinois.

The System currently deposits all funds in Commerce Bank.

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. At June 30, 2017 and 2016, the System's \$4,211,836 and \$5,822,161 bank balance, respectively, was fully insured or collateralized.

Interest Rate and Credit Risk

The System's investment policy addresses interest rate risk by (a) structuring investment maturities to meet operating cash needs and (b) investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools with average maturities consistent with the policy. The System's investment policy addresses credit risk by (a) limiting the types of investments allowed, (b) prequalifying financial institutions, brokers, and advisors, and (c) diversifying its portfolio.

NOTE 3 RECEIVABLES

Receivables were as follows at June 30:

	2017	2016
Federal Operating Assistance Grant	\$ 328,012	\$ 756,434
State of Illinois Operating Assistance Grant	2,030,188	434,558
Other	141,341	142,979
Totals	<u>\$ 2,499,541</u>	<u>\$ 1,333,971</u>

Operating Assistance Grants

The final estimated operating grant amounts from FTA and IDOT are subject to review and approval of the eligible expenses by IDOT. The receivable amounts above are based on eligible expenses as calculated by management and management is not aware of any potential changes to the eligible expenses as of the date of the auditors' report.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 4 PROPERTY AND EQUIPMENT, NET

The changes in property and equipment for fiscal year 2017 were as follows:

	June 30, 2016	Additions	Disposals	June 30, 2017
Used in Operations				
Not Being Depreciated:				
Land	\$ 1,220,018	\$ -	\$ -	\$ 1,220,018
Construction in Process	320,783	73,962	(320,783)	73,962
Total Capital Assets, not Being Depreciated	<u>1,540,801</u>	<u>73,962</u>	<u>(320,783)</u>	<u>1,293,980</u>
Being Depreciated:				
Buildings and Improvements	8,819,832	358,189	-	9,178,021
Vehicles	12,954,145	3,507,773	(747,415)	15,714,503
Furniture and Equipment	1,174,438	577,584	-	1,752,022
Total Capital Assets, Being Depreciated	<u>22,948,415</u>	<u>4,443,546</u>	<u>(747,415)</u>	<u>26,644,546</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(1,269,785)	(233,977)	-	(1,503,762)
Vehicles	(7,898,109)	(954,119)	734,296	(8,117,932)
Furniture and Equipment	(1,081,636)	(382,772)	-	(1,464,408)
Total Accumulated Depreciation	<u>(10,249,530)</u>	<u>(1,570,868)</u>	<u>734,296</u>	<u>(11,086,102)</u>
Total Capital Assets Used in Operations	14,239,686	2,946,640	(333,902)	16,852,424
Held for Sale				
Land	63,600	-	-	63,600
Buildings and Improvements	361,604	-	-	361,604
Furniture and Equipment	332	-	-	332
Total Capital Assets Held for Sale	<u>425,536</u>	<u>-</u>	<u>-</u>	<u>425,536</u>
Total Capital Assets	<u>\$ 14,665,222</u>	<u>\$ 2,946,640</u>	<u>\$ (333,902)</u>	<u>\$ 17,277,960</u>

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 4 PROPERTY AND EQUIPMENT, NET (CONTINUED)

The changes in property and equipment for fiscal year 2016 were as follows:

	June 30, 2015	Additions	Disposals	Transfers	June 30, 2016
Used in Operations					
Not Being Depreciated:					
Land	\$ 1,283,618	\$ -	\$ -	\$ (63,600)	\$ 1,220,018
Construction in Process	135,994	320,783	(135,994)	-	320,783
Total Capital Assets, not Being Depreciated	1,419,612	320,783	(135,994)	(63,600)	1,540,801
Being Depreciated:					
Buildings and Improvements	8,931,759	297,467	-	(409,394)	8,819,832
Vehicles	10,061,730	3,238,649	(346,234)	-	12,954,145
Furniture and Equipment	1,052,013	124,355	-	(1,930)	1,174,438
Total Capital Assets, Being Depreciated	20,045,502	3,660,471	(346,234)	(411,324)	22,948,415
Less: Accumulated Depreciation					
Buildings and Improvements	(1,388,214)	(277,193)	346,234	49,388	(1,269,785)
Vehicles	(7,218,794)	(679,315)	-	-	(7,898,109)
Furniture and Equipment	(843,483)	(238,153)	-	-	(1,081,636)
Total Accumulated Depreciation	(9,450,491)	(1,194,661)	346,234	49,388	(10,249,530)
Total Capital Assets Used in Operations	12,014,623	2,786,593	(135,994)	(425,536)	14,239,686
Held for Sale					
Land	-	-	-	63,600	63,600
Buildings and Improvements	-	-	-	361,604	361,604
Furniture and Equipment	-	-	-	332	332
Total Capital Assets Held for Sale	-	-	-	425,536	425,536
Total Capital Assets	<u>\$ 12,014,623</u>	<u>\$ 2,786,593</u>	<u>\$ (135,994)</u>	<u>\$ -</u>	<u>\$ 14,665,222</u>

Depreciation for transit operations for the years ended June 30, 2017 and 2016 was \$1,570,868 and \$1,194,661, respectively.

During fiscal year 2011, the System adopted a plan to dispose of the land, building, and office furniture located at 104 East Oakland Avenue in Bloomington, Illinois. The assets were considered held for sale as the System closed the building upon the completion of construction of new facilities. The property and equipment held for sale was deemed not to be impaired and was carried at net book value at the time of closure. During fiscal year 2015, the System began leasing this property so it was no longer considered assets held for sale during that fiscal year, per accounting standards. However, in fiscal year 2016, the lease was terminated and the property and equipment were deemed held for sale again.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 5 NONCURRENT LIABILITIES

The following is a summary of changes in noncurrent liabilities for the years ended June 30:

	June 30, 2016	Issued	Retired	June 30, 2017	Due Within One Year
Accrued Compensated Absences	\$ 712,378	\$ 749,760	\$ (683,193)	\$ 778,945	\$ 300,000
	June 30, 2015	Issued	Retired	June 30, 2016	Due Within One Year
Accrued Compensated Absences	\$ 593,369	\$ 744,316	\$ (625,307)	\$ 712,378	\$ 300,000

NOTE 6 DEFERRED COMPENSATION PLAN

The System offers its employees a deferred compensation plan (Plan) in accordance with Internal Revenue Code Section 457, administered by the ICMA Retirement Corporation. Each participant has an individual account with ICMA into which all contributions flow. The participants are offered various investment options through the Plan and are allowed to invest funds in their account at their own discretion among the options. The System may amend, modify, or terminate the Plan provided it transmits such an amendment at least 30 days prior to the effective date of the amendment. The Plan is available to all employees who have completed twelve months of service. Deferred compensation is not available to employees until termination, death, or unusual emergency. A participant may contribute the lesser of \$7,500 adjusted annually for inflation or 33.33% of their includible compensation. The System contributes 5% of the participants' includible compensation in each year less an amount equal to the annual premium necessary to fund the primary death benefit for each employee (active employees only). Contributions to the Plan for the year ended June 30, 2017 totaled \$605,489, which consisted of \$345,154 contributed by the employees and \$260,335 contributed by the System. Contributions to the Plan for the year ended June 30, 2016 totaled \$551,837, which consisted of \$322,488 contributed by the employees and \$229,349 contributed by the System.

The assets of the Plan are held in a trust for the exclusive benefit of the Plan participants. Since the System does not hold the assets in a trustee capacity, nor does it have fiduciary accountability for the Plan assets, the Plan assets are not included in the financial statements.

The System provides no other post-employment benefits.

NOTE 7 INSURANCE COVERAGE

The System is exposed to various risks related to torts, theft or damage of capital assets, error or omissions and natural disasters for which the System carries insurance. There was no significant reduction in insurance coverage from the prior year. The System self-insures for physical damage to vehicles not covered by another party's insurance. There have been no settlement amounts that have exceeded insurance coverage in the past three years.

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 8 RELATED PARTY TRANSACTIONS

As described in Note 1, the System receives annual subsidies from the City of Bloomington and Town of Normal to provide for the operational expense and purchase of capital assets not funded by federal and state capital grants and for the Wheels to Work Program at the local YWCA. For the year ended June 30, 2017, payments received from the City of Bloomington and Town of Normal totaled \$1,179,050 and \$986,574, respectively. For the year ended June 30, 2016, payments received from the City of Bloomington and Town of Normal totaled \$676,717 and \$528,393, respectively.

NOTE 9 COMMITMENTS AND CONTINGENCIES

In April 2013 the System entered into a commitment to lease tires for its revenue vehicles. The contract was through March 2016 and then a new contract was signed in April 2016 that goes through March 2019 and covers the three major tire sizes utilized by the System. The lease amount is variable and is based upon the number of miles driven with fixed amounts based on tire tread wear measurements. The approximate per fiscal year cost related to this contract is estimated at \$100,000. The actual expense for fiscal years 2017 and 2016 was \$92,884 and \$92,447, respectively.

The System has entered into several contracts totaling \$7,411,916 during the fiscal year or subsequent to year-end. The amount paid or accrued related to these contracts during the fiscal year was \$1,273,754. The remaining balance on these contracts is \$6,138,162 at June 30, 2017. These contracts were for ADA paratransit eligibility services, automatic ticketing system, tire lease, construction of propane stations, purchases of buses, oils, lubricants, fuel, and lease of electronic cars.

SUPPLEMENTARY INFORMATION

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF COMPUTATION OF FEDERAL OPERATING ASSISTANCE GRANT
YEAR ENDED JUNE 30, 2017**

Operating Expenses, Excluding Depreciation	\$ 11,842,481
Less: Ineligible Expenses:	
APTA and IPTA Dues	(3,730)
Miscellaneous Revenue	(7,911)
YWCA Passthrough	(12,000)
Advertising Expenses	(87,039)
Illinois Capital Grant	(454)
Total Eligible Operating Expenses	<u>11,731,347</u>
Less: Offsets to Total Eligible Operating Expenses:	
Passenger Fares	(1,251,585)
Interest Income	(2,057)
City of Bloomington and Town of Normal Support	(1,000,000)
Miscellaneous Income	(113,228)
Federal Project Cost, Net	<u>9,364,477</u>
Federal Participation Rate Limit	0.5
Federal Participation Limit	<u>\$ 4,682,239</u>
Actual Federal Participation:	
Federal Project Cost, Net	\$ 9,364,477
State Operating Assistance	(7,681,950)
State Operating Assistance Applied to Costs Ineligible for Federal Operating Assistance	<u>56,573</u>
Calculated Federal Operating Assistance	<u>1,739,100</u>
Maximum Federal Operating Assistance	1,739,100
Actual Federal Operating Assistance – Lessor of Calculated and Maximum Federal Operating Assistance	1,739,100
Payments Received from FTA as of June 30, 2017	<u>1,411,088</u>
Due from FTA as of June 30, 2017	<u>\$ 328,012</u>

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF REVENUE AND EXPENSES UNDER DOWNSTATE
OPERATING ASSISTANCE GRANT OP-17-07-IL
YEAR ENDED JUNE 30, 2017**

OPERATING REVENUES AND INCOME		
401	Passenger Fares for Transit Services	\$ 631,745
402	Special Transit Fares	619,840
406	Auxiliary Revenue	113,228
407	Nontransportation Revenue	2,057
409	Bloomington and Normal Operating Support Revenue Recorded in Fiscal Year 2017	<u>1,000,000</u>
	Total Operating Revenue and Income	2,366,870
OPERATING EXPENSES		
501	Labor	7,260,197
502	Fringe Benefits	1,689,334
503	Professional Services	305,296
504	Materials and Supplies Consumed	1,386,056
505	Utilities	118,767
506	Casualty and Liability	232,195
507	Taxes	574,290
509	Miscellaneous Expense	251,425
512	Leases, Rentals, and Purchase-Lease Payments	<u>24,921</u>
	Total Operating Expenses	11,842,481
	Less: Ineligible Expenses:	
	Miscellaneous Revenue	7,911
	APTA and IPTA Dues, YWCA Passthrough	15,730
	IL Capital Grant	454
	Total Ineligible Expenses	<u>24,095</u>
	Total Eligible Operating Expenses	<u>\$ 11,818,386</u>
	Total Eligible Operating Expenses	\$ 11,818,386
	Total Operating Revenue and Income	<u>2,366,870</u>
	Deficit	(9,451,516)
	65% of Eligible Expense	7,681,951
	Maximum Contract Amount	8,624,900
	Eligible Downstate Operating Assistance (Deficit, 65% of Eligible Expense, or Maximum Contract Amount, Whichever is Less)	7,681,951
	FY17 Downstate Operating Assistance Received (Through June 30, 2017)	5,806,170
	FY17 Downstate Operating Assistance Received (Subsequent to June 30, 2017)	<u>1,581,430</u>
	FY17 Downstate Operating Assistance Under Paid	<u><u>\$ 294,351</u></u>

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF COMPUTATION OF AMOUNT DUE
ILLINOIS STATE UNIVERSITY
YEAR ENDED JUNE 30, 2017**

Universal Access Service Agreement	\$ 532,740
Balance Due from (to) ISU as of July 1, 2016	-
Service Payments Received from ISU During Fiscal Year 2017	<u>(532,740)</u>
Balance Due from (to) ISU as of June 30, 2017	<u><u>\$ -</u></u>

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM

STATISTICAL SECTION

The following section of Bloomington-Normal Public Transit System's comprehensive annual financial report provides detailed statistical information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the system's overall health.

Contents	Page
Financial Trends	31-32
These schedules contain trend information to help the reader understand how the System's financial performance and well-being have changed over time.	
Revenue Capacity	33-34
These schedules contain information to help the reader assess the System's most significant revenue source.	
Demographic and Economic Information	35-36
These schedules offer demographic and economic indicators to help the reader understand the environment within which the System's financial activities take place.	
Operating Information	37-41
These schedules contain service and infrastructure data to help the reader understand how the information in the System's financial report relates to the services it provides and the activities it performs.	

Bloomington-Normal Public Transit System
 Net Position by Component, Last Ten Fiscal Years
 Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Position										
Net investment in capital assets	16,819,419	14,665,222	12,014,623	12,391,162	13,485,312	13,365,024	12,800,910	11,016,204	4,548,275	4,322,031
Unrestricted	6,099,226	6,062,660	6,403,141	6,117,621	5,067,358	4,348,134	5,553,098	6,432,886	6,959,367	6,745,549
Total Net Position	<u>22,878,645</u>	<u>20,727,882</u>	<u>18,417,764</u>	<u>18,508,783</u>	<u>18,552,670</u>	<u>17,713,158</u>	<u>18,354,008</u>	<u>17,449,090</u>	<u>11,507,642</u>	<u>11,068,580</u>

Notes:

- 1) Data source - Audited Financial Statements

Bloomington-Normal Public Transit System
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues										
Passenger and Contract Fares	\$ 1,251,585	\$ 1,413,686	\$ 1,433,468	\$ 1,371,605	\$ 1,356,584	\$ 1,186,308	\$ 1,034,840	\$ 975,866	\$ 973,470	\$ 983,281
Other Operating Revenue	121,139	151,208	119,683	16,257	16,411	21,524	12,034	17,906	3,769	3,581
Total Operating Revenues	<u>1,372,724</u>	<u>1,564,894</u>	<u>1,553,151</u>	<u>1,387,862</u>	<u>1,372,995</u>	<u>1,207,832</u>	<u>1,046,874</u>	<u>993,772</u>	<u>977,239</u>	<u>986,862</u>
Operating Expenses										
Salaries and Wages	7,260,197	6,397,683	6,170,601	5,695,108	5,016,369	5,012,670	4,660,768	4,004,861	3,717,602	3,473,942
Fuel and Lubricants	699,424	861,354	1,126,709	1,154,578	1,217,346	1,125,364	1,010,569	785,621	746,998	938,192
Bus Repair and Maintenance	609,181	681,126	572,623	596,531	808,975	378,001	531,994	414,012	367,360	274,471
Group Insurance	1,198,596	708,477	717,808	643,651	536,483	472,227	398,651	393,068	344,505	304,257
Insurance	454,432	473,071	411,638	457,147	484,561	445,380	405,671	310,584	273,285	258,923
Payroll Taxes	536,482	471,485	452,265	419,941	387,083	375,219	359,984	308,569	284,347	265,696
Retirement Plan	260,335	229,349	211,207	195,183	185,759	188,335	153,953	160,322	130,307	127,835
Professional Fees	212,904	314,365	108,573	83,241	163,027	53,577	121,338	139,578	47,089	-
Supplies	150,810	163,364	92,560	146,152	148,762	-	-	-	-	-
Utilities and Telephone	117,286	104,102	128,635	127,004	115,000	105,660	106,561	45,342	41,719	43,712
Other Operating Expenses	342,831	393,152	366,041	320,478	224,294	216,559	413,304	289,610	205,650	211,136
Depreciation	1,570,868	1,194,661	1,121,471	1,327,202	1,348,075	1,079,311	803,769	637,378	619,601	642,605
Total Operating Expenses	<u>13,413,346</u>	<u>11,992,189</u>	<u>11,480,131</u>	<u>11,166,216</u>	<u>10,635,734</u>	<u>9,452,303</u>	<u>8,966,562</u>	<u>7,488,945</u>	<u>6,778,463</u>	<u>6,540,769</u>
Operating Loss	<u>(12,040,622)</u>	<u>(10,427,295)</u>	<u>(9,926,980)</u>	<u>(9,778,354)</u>	<u>(9,262,739)</u>	<u>(8,244,471)</u>	<u>(7,919,688)</u>	<u>(6,495,173)</u>	<u>(5,801,224)</u>	<u>(5,553,907)</u>
Non-Operating Revenues										
State Operating Grants	7,681,950	7,064,354	6,721,529	6,378,435	6,029,509	5,437,594	5,158,043	4,372,037	3,976,276	3,745,005
Federal Operating Grants	1,739,100	2,131,109	2,025,608	2,024,376	1,868,335	1,107,464	1,742,042	1,362,514	1,161,256	1,127,166
Local Subsidies	2,165,624	1,205,110	986,934	928,820	901,946	866,025	821,130	863,010	865,197	827,632
Interest Income	2,057	4,157	5,023	4,133	3,026	2,622	6,167	6,777	64,750	233,605
Capital Grants	2,602,654	2,332,683	96,867	398,703	1,299,435	189,916	1,097,224	5,871,131	82,227	583,495
Other	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Revenues	<u>14,191,385</u>	<u>12,737,413</u>	<u>9,835,961</u>	<u>9,734,467</u>	<u>10,102,251</u>	<u>7,603,621</u>	<u>8,824,606</u>	<u>12,475,469</u>	<u>6,149,706</u>	<u>6,516,903</u>
Prior Period Adjustment	-	-	-	-	-	-	-	-	117,140	-
Changes in Net Position	\$ 2,150,763	\$ 2,310,118	\$ (91,019)	\$ (43,887)	\$ 839,512	\$ (640,850)	\$ 904,918	\$ 5,980,296	\$ 348,482	\$ 962,996

Notes:

1) Data source - Audited Financial Statements

Bloomington-Normal Public Transit System
Revenue By Source, Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Federal and State Grants	Local Subsidies	Passenger and Contract Fares	Interest Income	Other		Total
					Operating Revenue	Revenue	
2017	\$ 12,023,704	\$ 2,165,624	\$ 1,251,585	\$ 2,057	\$ 121,139	\$ 15,564,109	
2016	11,528,146	1,205,110	1,413,686	4,157	151,208	14,302,307	
2015	8,843,704	986,934	1,433,468	5,023	119,683	11,388,812	
2014	8,801,514	928,820	1,371,605	4,133	16,257	11,122,329	
2013	9,197,279	901,946	1,356,584	3,026	16,411	11,475,246	
2012	6,734,974	866,025	1,186,308	2,622	21,524	8,811,453	
2011	7,997,309	821,130	1,034,840	6,167	12,034	9,871,480	
2010	11,605,682	863,010	975,866	6,777	17,906	13,469,241	
2009	5,219,759	865,197	973,470	64,750	3,769	7,126,945	
2008	5,455,666	827,632	983,281	233,605	3,581	7,503,765	

Notes:

- 1) Data source - Audited Financial Statements

Bloomington-Normal Public Transit System
 Revenue Payers
 Current Year and Nine Years Ago
 Unaudited

	2017			2008		
	Total Revenue	Rank	Percentage of Total Revenue	Total Revenue	Rank	Percentage of Total Revenue
Illinois Department of Transportation	\$ 7,681,950	1	49.4%	\$ 3,745,005	1	49.8%
Federal Transit Administration	<u>4,341,754</u>	2	<u>27.9%</u>	<u>1,710,661</u>	2	<u>22.7%</u>
	\$ 12,023,704		77.3%	\$ 5,455,666		72.5%

Notes:

- 1) Data source - Audited Financial Statements

Bloomington-Normal Public Transit System
 Demographic and Economic Statistics
 Last Ten Fiscal Years
 Unaudited

Year	Population (1)	Per Capita Personal Income (2)	Personal Income (thousands)	Unemployment Rate (1)
2017	132,269	\$ 44,397	\$ 5,872,346,793	5.1%
2016	133,324	43,064	5,741,464,736	4.9%
2015	133,324	43,479	5,796,794,196	5.5%
2014	131,570	42,508	5,592,777,560	7.3%
2013	129,843	41,664	5,409,778,752	6.9%
2012	129,107	39,160	5,055,830,120	7.2%
2011	126,983	38,552	4,895,448,616	7.7%
2010	125,082	39,010	4,879,448,820	7.1%
2009	124,132	36,913	4,582,084,516	5.0%
2008	125,494	35,679	4,477,500,426	4.0%

Notes:

- 1) Data source - Bloomington-Normal Economic Development Council Demographic Profile
- 2) US Commerce Department - Bureau of Economic Analysis.

Bloomington-Normal Public Transit System
Principal Employers in the City of Bloomington and Town of Normal
Current Year and Nine Years Ago
Unaudited

Employer	2017			2008		
	Employees	Rank	Percentage of Total City and Town Employment	Employees	Rank	Percentage of Total City and Town Employment
State Farm Insurance	14,532	1	16.2%	15,297	1	16.7%
Illinois State University	3,300	2	3.7%	3,152	2	3.4%
Country Insurance and Financial Services	1,939	3	2.2%	2,204	3	2.4%
Unit 5 School District	1,669	4	1.9%	1,754	4	1.9%
Advocate BroMenn Medical Center	1,271	5	1.4%	1,537	6	1.7%
OSF - St. Joseph Medical Center	894	6	1.0%	997	8	1.1%
Heartland Bank & Trust	763	7	0.9%			0.0%
Afni, Inc.	760	8	0.8%	1,012	7	1.1%
McLean County	713	9	0.8%	870	9	1.0%
City of Bloomington	691	10	0.8%	645	10	0.7%
Mitsubishi Motor Manufacturing				1,725	5	1.9%
Total Principal Employees	26,532		29.6%	29,193		31.9%
Total Bloomington-Normal Labor Force	89,681			91,382		

Notes:

1) Data source - Bloomington-Normal Economic Development Council Demographic Profile

Bloomington-Normal Public Transit System
Full-Time Equivalent Employees by Function, Last Ten Fiscal Years
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Transit Operations	98.0	89.0	81.0	82.0	82.0	97.4	92.6	58.3	57.0	62.7
Maintenance	19.0	17.0	16.0	15.0	12.1	16.2	16.9	10.9	10.8	10.8
Administration	11.0	18.0	13.0	13.0	11.0	8.5	5.8	4.4	4.0	4.0
Total	128.0	124.0	110.0	110.0	105.1	122.1	115.3	73.6	81.8	77.5

Notes:

- 1) 2017 data source - Bloomington-Normal Public Transit System
- 2) 2016 and years prior - National Transit Database data

Bloomington-Normal Public Transit System
Selected Operating Information, Last Ten Fiscal Years
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Unlinked Passenger Trips										
A. Fixed Route	2,217,641	2,427,565	2,654,677	2,521,963	2,009,241	2,033,698	1,807,676	1,227,183	1,609,081	1,704,594
B. Demand Response	83,366	75,477	74,134	65,382	58,035	50,249	41,558	34,191	34,111	27,563
Total	<u>2,301,007</u>	<u>2,503,042</u>	<u>2,728,811</u>	<u>2,587,345</u>	<u>2,067,276</u>	<u>2,083,947</u>	<u>1,849,234</u>	<u>1,261,374</u>	<u>1,643,192</u>	<u>1,732,157</u>
Passenger Miles										
A. Fixed Route	6,737,597	7,354,690	7,436,845	7,767,646	6,228,647	6,304,134	5,595,838	3,424,263	4,424,809	4,642,550
B. Demand Response	486,869	428,145	398,609	372,205	342,753	250,107	250,102	198,414	192,727	155,758
Total	<u>7,224,466</u>	<u>7,782,835</u>	<u>7,835,454</u>	<u>8,139,851</u>	<u>6,571,400</u>	<u>6,554,241</u>	<u>5,845,940</u>	<u>3,622,677</u>	<u>4,617,536</u>	<u>4,798,308</u>
Total Actual Miles										
A. Fixed Route	1,430,661	1,334,158	1,310,106	1,312,781	1,347,599	1,363,483	1,325,020	1,401,989	1,329,670	1,113,264
B. Demand Response	419,883	408,808	385,865	353,422	291,905	319,696	299,418	219,119	201,854	156,726
Total	<u>1,850,544</u>	<u>1,742,966</u>	<u>1,695,971</u>	<u>1,666,203</u>	<u>1,639,504</u>	<u>1,683,179</u>	<u>1,624,438</u>	<u>1,621,108</u>	<u>1,531,524</u>	<u>1,269,990</u>
Total Actual Hours										
A. Fixed Route	119,722	94,575	93,933	93,148	93,566	93,478	93,238	96,336	89,837	83,927
B. Demand Response	31,475	30,643	30,266	28,953	21,795	21,470	21,462	17,556	15,731	12,463
Total	<u>151,197</u>	<u>125,218</u>	<u>124,199</u>	<u>122,101</u>	<u>115,361</u>	<u>114,948</u>	<u>114,700</u>	<u>113,892</u>	<u>105,568</u>	<u>96,390</u>

Notes:
1) 2017 data source - Bloomington-Normal Public Transit System
2) 2016 and years prior - National Transit Database data

Bloomington-Normal Public Transit System
Selected Operating Information (continued), Last Ten Fiscal Years
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vehicle Revenue Miles										
A. Fixed Route	1,306,494	1,287,354	1,266,037	1,266,588	1,303,831	1,319,705	1,282,627	1,371,209	1,302,772	1,083,044
B. Demand Response	965,953	352,242	341,637	292,029	252,160	272,245	249,544	188,256	175,544	131,837
Total	1,672,447	1,639,596	1,607,674	1,558,617	1,555,991	1,591,950	1,532,171	1,559,465	1,478,316	1,214,881
Vehicle Revenue Hours										
A. Fixed Route	113,351	92,315	91,253	90,579	90,913	91,302	90,826	92,860	87,403	82,107
B. Demand Response	27,753	26,479	26,078	24,591	19,486	19,834	19,230	16,737	14,914	11,646
Total	141,104	118,794	117,331	115,170	110,399	111,136	110,056	109,597	102,317	93,753
Total Operating Expenses										
A. Fixed Route	9,252,731	8,197,286	7,891,011	7,691,160	7,548,159	6,753,206	6,448,625	5,619,022	5,254,894	5,056,085
B. Demand Response	2,589,747	2,588,244	2,467,647	2,129,852	1,739,500	1,522,250	1,213,754	1,121,624	913,788	823,257
Total	11,842,478	10,785,530	10,358,658	9,821,012	9,287,659	8,275,456	7,662,379	6,740,646	6,168,682	5,879,342
Fare Revenue										
A. Fixed Route	1,127,929	1,280,909	1,303,049	1,252,642	1,248,514	1,079,540	944,518	922,362	911,634	920,628
B. Demand Response	123,656	132,776	130,418	118,962	108,070	106,768	90,314	56,504	61,838	62,653
Total	1,251,585	1,413,685	1,433,467	1,371,604	1,356,584	1,186,308	1,034,832	978,866	973,472	983,281

Notes:
1) 2017 data source - Bloomington-Normal Public Transit System
2) 2016 and years prior - National Transit Database data

Bloomington-Normal Public Transit System
Selected Operating Information (continued), Last Ten Fiscal Years
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Cost per Passenger Mile										
A. Fixed Route	1.37	1.11	1.06	0.99	1.21	1.07	1.15	1.64	1.19	1.09
B. Demand Response	5.32	6.05	6.19	5.72	5.08	6.09	4.85	5.65	4.74	5.29
Cost per Total Actual Mile										
A. Fixed Route	6.47	6.14	6.02	5.86	5.60	4.95	4.87	4.01	3.95	4.54
B. Demand Response	6.17	6.33	6.40	6.03	5.96	4.76	4.05	5.12	4.53	5.25
Cost per Unlinked Passenger Trip										
A. Fixed Route	4.17	3.38	2.97	3.05	3.76	3.32	3.57	4.58	3.27	2.97
B. Demand Response	31.06	34.29	33.29	32.58	29.97	30.29	29.21	32.80	26.79	29.87
Cost per Total Actual Hour										
A. Fixed Route	77.29	86.67	84.01	82.57	80.67	72.24	69.16	58.33	58.49	60.24
B. Demand Response	82.28	84.46	81.53	79.56	79.81	70.90	56.55	63.89	58.09	66.06
Fare Revenue per Passenger Trip										
A. Fixed Route	0.51	0.53	0.49	0.50	0.62	0.50	0.50	0.80	0.60	0.50
B. Demand Response	1.48	1.76	1.76	1.82	1.86	2.10	2.20	1.60	1.80	2.30

Notes:

- 1) 2017 data source - Bloomington-Normal Public Transit System
- 2) 2016 and years prior - National Transit Database data

Bloomington-Normal Public Transit System
 Selected Operating Information (continued), Last Ten Fiscal Years
 Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Full-Time Equivalent Employees										
A. Fixed Route	100.35	96.31	88.14	88.10	84.30	97.10	93.60	60.70	67.50	63.30
B. Demand Response	27.65	27.69	21.86	21.50	20.80	25.00	21.70	12.90	14.30	14.20
Total	128.00	124.00	110.00	110.00	105.10	122.10	115.30	73.60	81.80	77.50
Capital Assets - Revenue Vehicles										
A. Fixed Route	42.00	40.00	35.00	35.00	29.00	29.00	32.00	32.00	31.00	31.00
B. Demand Response	13.00	16.00	21.00	21.00	21.00	13.00	13.00	8.00	6.00	6.00
Total	55.00	56.00	56.00	56.00	50.00	42.00	45.00	40.00	37.00	37.00

Notes:

- 1) 2017 data source - Bloomington-Normal Public Transit System
- 2) 2016 and years prior - National Transit Database data

SINGLE AUDIT SECTION



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bloomington-Normal Public Transit System (the System), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated October 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

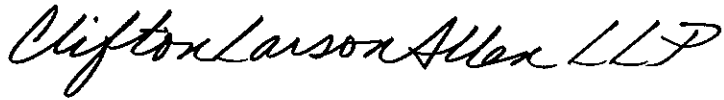
Board of Trustees
Bloomington-Normal Public Transit System

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Champaign, Illinois
October 17, 2017



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Bloomington-Normal Public Transit System
Normal, Illinois

Report on Compliance for Each Major Federal Program

We have audited the Bloomington-Normal Public Transit System's (the System) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the System's major federal programs for the year ended June 30, 2017. The System's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the System's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the System's compliance.

Opinion on Each Major Federal Program

In our opinion, the System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllenLLP

Champaign, Illinois
October 17, 2017

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant Number	Total Awards Expended	Passed Through to Subrecipients
U.S. Department of Transportation – Federal Transit Administration Direct: Urbanized Area Formula Grants, Section 5307				
Used for Operations	20.507	* IL-2016-022-00	\$ 1,562,198	\$ -
	20.507	* IL-90-X716-00	605,324	-
Used for Capital Additions	20.507	* IL-90-X640-01	103,629	-
	20.507	* IL-90-X716-00	689,620	-
	20.507	* IL-90-X674-02	24,405	-
New Starts, Small Starts, and Core Capacity Used for Capital Additions	20.500	* IL-04-0087	<u>1,785,000</u>	-
Total Federal Transit Cluster			<u>\$ 4,770,176</u>	<u>\$ -</u>

* Denotes a Major Program

Notes to Schedule of Expenditures of Federal Awards:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Bloomington-Normal Transit System's programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the System, it is not intended to and does not present the financial position, changes in net position, or cash flows of the System.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The System has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Nonmonetary Assistance

The System did not receive any federal awards in the form of noncash assistance for insurance in effect during the year, loans, or loan guarantees during the fiscal year ended June 30, 2017.

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
20.507/20.500	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? x yes _____ no

**BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

NONE

BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Section III – Federal Award Findings and Questioned Costs

NONE

ITEM G2

**RECOMMENDATION FOR ILLINOIS DOWNSTATE
OPERATING ASSISTANCE GRANT AGREEMENT**

WILL BE RELEASED VIA ADDENDUM



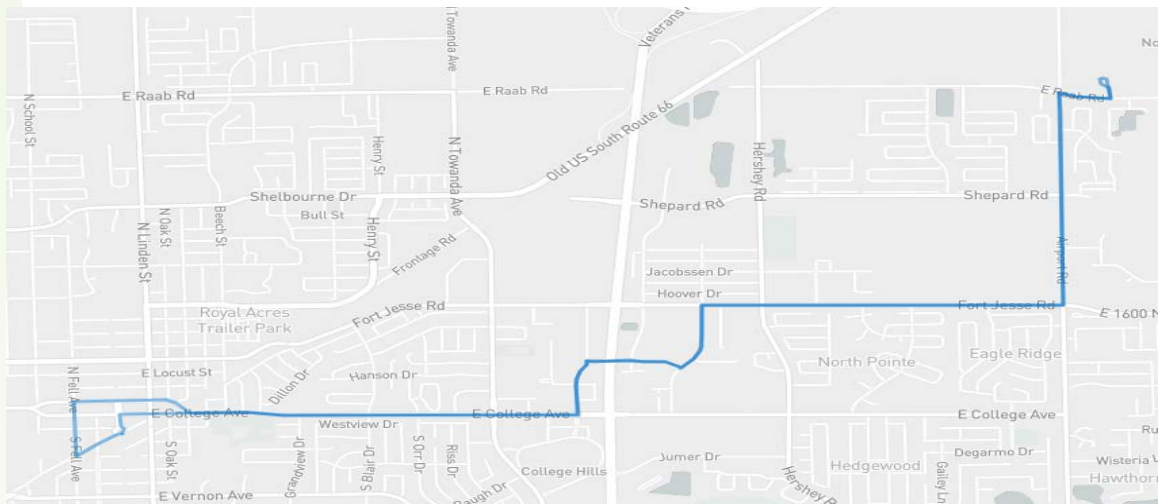
MEMO

Date: October 24, 2017
To: Board of Trustees
From: Isaac Thorne, General Manager
Subject: Recommendation Eastview Christian Church Bus Service

RECOMMENDATION: That the General Manager be authorized to pursue contract with Eastview Christian Church (ECC) for bus service.

BACKGROUND: Connect Transit was contacted by ECC to provide bus service to the church for community access to the food pantry, and Sunday church services. Staff has had several meetings with ECC to discuss the bus service and observed the traffic flow entering and exiting the parking lot during Sunday services.

DISCUSSION: The ECC bus service will be operated on Thursday from 9am to 3pm and Sunday from 9:30am to 1pm. Connect Transit has followed the Federal Transit Administration regulation for charter service. No fare will be charged to passengers on the ECC bus route. The route will start at Uptown Station and travel to ECC, the preliminary bus route below is subject to change.





ECC is paying for this service on a pilot basis for 26 weeks. If ECC does not renew the service agreement after 26 weeks, the ECC bus service will be eliminated. ECC has estimated ridership to be 50-75 riders on Thursdays and 100-150 riders on Sundays.

FINANCIAL IMPACT: Connect Transit will charge ECC \$100.00 per service hour to operate this service over the next 26 weeks. The route will require 9.67 weekly service hours and total contract cost will be \$25,142.00.



MEMO

Date: October 24, 2017
To: Board of Trustees
From: Isaac Thorne, General Manager
Subject: Recommendation for Revised Procurement Policy

RECOMMENDATION: That the revised Procurement Policy be approved.

BACKGROUND: In 2011, the Board of Trustees approved the Connect Transit Procurement Policy. It has been periodically updated to reflect changes in regulation and business practices.

DISCUSSION: These changes reflected in the revised Procurement policy are due to staffing and Federal Transit Administration regulation changes. CliftonLarsonAllen also reviewed the procurement policy under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and provided recommendations and changes.

The major changes are as follows:

- Section 5.3 Micro-Purchases - Federal Transit Administration (FTA) increased the dollar amount of a micro-purchase from \$3,000 to \$3,500
- Illinois Department of Transportation (IDOT) increased the dollar threshold for capital funding from \$10,000 to \$20,000 for small purchases. This will require Connect Transit to conduct formal procurement procedures on purchases over \$20,000 when using IDOT capital funding
- Section 10.12 Buy America Provisions – FTA has increased the dollar threshold from \$100,000 to \$150,000 and will be gradually increasing the percentage of domestic content over the next few years
- Added Appendix F and G

The purchasing authority will continue to be centralized in the Procurement Department.

CONNECT TRANSIT

PROCUREMENT POLICY AND PROCEDURES

Effective November 1, 2011

Connect Transit
Revision 1:
4/24/2012
Revision 2:
6/30/2015
Revision 3:
10/1/17

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1.0 PURPOSE AND INTRODUCTION

Introduction

This Procurement Manual is a guide for those persons involved with the procurement of equipment, services, and supplies for Connect Transit. The document briefly describes the procedures to be followed throughout the acquisition process, from the policies that govern the personnel and documentation involved in the purchase, to the final acceptance of the products.

Objective

The purpose of this Bloomington-Normal Public Transit System (hereinafter “Connect Transit”) Procurement Manual is to define the basic policies and procedures for the procurement of, accounting for, and disposal of Connect Transit materials, equipment, buses, other vehicles, and facilities; and the procurement and administration of professional services and other services required by Connect Transit. The Procurement Manual specifies policy and procedure for all Connect Transit individuals involved in the procurement process.

Connect Transit policies and procedures are established in order to:

1. maximize the value received for Connect Transit’s expenditure of public funds,
2. protect assets purchased with public funds and ensure their application in Connect Transit interest,
3. provide a timely, efficient, and cost-effective flow of resources necessary to support Connect Transit’s provision of service, and
4. protect the integrity of Connect Transit’s procurement process and protect the reputations of Connect Transit, its officers, and its employees.

1.1 General Procurement Standards

Establish written procedures for the procurement of goods. These procedures are to ensure that such materials and services obtained in an effective manner. The procedures must describe how services or supplies are to be obtained.

1.2 Competition

It is the policy of the Connect Transit that all procurement transactions be conducted in a manner intended to maximize full and open competition. Connect Transit will only make awards to responsive and responsible offerors. A responsive offer is one that complies with all material requirements of the solicitation. A responsible offeror is one possessing the technical, physical, financial and ethical capacity to successfully perform a specific contract.

In implementing this standard, procurement staff members are expected to be aggressive in identifying potential vendors for each procurement. If appropriate, each procurement expected to cost above the small purchase threshold shall be advertised in local, and, as appropriate, regional, national and trade publications, and known vendors will be directly informed of the project and encouraged to respond to the solicitation. In addition, each competitive procurement above the small purchase threshold shall be posted on the Connect Transit website. The advertisement and notice shall provide the solicitation number and title, the date of any pre-bid or pre proposal conference, and the date and time for receipt of responses to the solicitation.

Advertisements and notices shall be issued at the beginning of the solicitation period or as soon thereafter as practicable (e.g. to accommodate the advertising schedules of publications). For procurements below the small purchase threshold, formal advertising is not required, but may be used if appropriate.

1.3 Standards of Conduct

Connect Transit shall maintain a written code of conduct governing the performance of employees, officers, agents related to the solicitation, award and administration of contracts, conforming to applicable laws and regulations, including but not limited to FTA Circular 4220.1F and Illinois 30 ILCS 500 Procurement Code, as they may be amended from time to time.

1.4 Economic Purchasing

Proposed procurements will be reviewed to avoid unnecessary, duplicative, or repetitive purchases to the greatest extent feasible and consistent with good procurement practices. Consideration should be given to consolidating or breaking out procurements to obtain more economic pricing. Where appropriate, analysis will be made of lease versus purchase alternatives or any other appropriate methodology to determine the most economical approach.

1.5 Specifications

All solicitations shall incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such descriptions shall not, in competitive procurements, contain features that unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be acquired. Whenever practical, requirements will be described in terms of functions to be performed or level of performance required, including the range of acceptable characteristics or minimum acceptable standards. Detailed product specifications should be avoided, if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equal” description may be used as a means to define the performance; however, when this method is used, the specification must set forth the salient characteristics that the product must meet, and vendors will be allowed to offer “equal” products meeting the salient characteristics. Specifications for bid solicitations, whether by small purchase or formal procurement, shall be sufficiently detailed to ensure that bidders may submit pricing on an “apples to apples” basis. Specifications or scopes of services for negotiated procurements may be more general and accommodate the possibility of alternative solutions or products.

1.6 Contract Administration

Connect Transit will maintain a contract administration system designed to ensure conformance by all parties with the terms, conditions, and specifications of their contracts or purchase orders.

1.7 Records

Connect Transit shall maintain records detailing the history of procurement in a manner consistent with the size, complexity and cost of the contract.

At a minimum, these records shall include:

- (a) The rationale for the method of the procurement
- (b) Selection of the contract type
- (c) Reasons for contractor selection or rejection
- (d) The basis for the contract price
- (e) Independent Cost Estimate (when required)

1.8 Contract Period

The period of contract performance for rolling stock and replacement parts shall not exceed five years, inclusive of options, as defined in FTA C 4220.1F. The length of all other contracts shall be based upon sound business judgment, including consideration of issues such as the nature of the item being purchased, the need to afford the

contractor a reasonable opportunity to recapture any start-up costs, the need to afford competing vendors the opportunity to do business with Connect Transit, and the relative benefit to Connect Transit of a longer or shorter contract term.

1.9 Use of Existing Contracts

1.9.1 Federal and State Contracts

Connect Transit may consider and pursue, in the interest of economy and efficiency, the use of Federal, State and local intergovernmental agreements for procurements, agreements for the use of common goods and services, or the use of federal or state excess and surplus property, when it is in the interest of Connect Transit to do so and complies with Federal Transit Administration and Illinois Department of Transportation requirements and guidelines.

1.9.2 Exercising Options in Other Agency Contracts

The term “piggybacking” is often used to describe one transit agency’s use of another transit agency’s existing contract when the awarding agency’s contract did not originally envision its use by the piggybacking agency. A number of FTA requirements must be met before such a contract may be used. FTA requires that the existing contract contain an assignability clause and all required FTA contract clauses and certifications; these clauses cannot be added by Connect Transit as part of its use of the existing contract. All quantities acquired by assigned contract rights must be within the original contract quantities (including options) and acquired within the term of the existing contract. Connect Transit must determine that the agency with the contract complied with all FTA requirements relating to competition and performance of a cost or price analysis. Connect Transit must also perform its own cost or price analysis to determine that the prices it will pay are fair and reasonable. Connect Transit Procurement Specialist will obtain all appropriate documentation from the original awarding agency are retained in the procurement file for that acquisition. Piggybacking should not be confused with a joint acquisition, where Connect Transit is a named party in the original solicitation.

1.9.3 Types of Options

Generally there are three types of options which may be included in a solicitation:

- (a) Options for additional quantities may be utilized when Connect Transit anticipates that quantities of the same goods or services beyond those specified may be required within the time period of the contract, conditioned upon unsecured funding or potential future events. The additional quantities should be clearly specified and, to the extent reasonably feasible, the time frame

identified. Cost factors such as escalation or quantity discounts should be considered in evaluating the price reasonableness of such options.

(b) Options for additional time periods are often used in annual service contracts, where Connect Transit desires the ability to continue with a contract beyond the base term of the contract, conditioned upon satisfactory performance by the contractor. The total of the option periods should not exceed a reasonable period for the services required, and options cannot be used to perpetuate a contract with one contractor to the detriment of reasonable competition. Factors such as escalation and the economic value of prior experience should be considered in evaluating the price reasonableness of such options.

(c) Options for additional or alternative types of goods or services may be used where Connect Transit wishes items beyond its estimated capacity to fund the contract (such as a higher quality of product) or where a future set of services may be needed depending upon the results of the initial contract scope (such as in preliminary feasibility or design contracts).

In developing options for a solicitation, the Procurement Specialist and the technical participants must consider the benefits and drawbacks of a new solicitation for the optional items, the impact on competition, and the feasibility of obtaining reasonably accurate pricing.

1.10 Protests

In general, protests will only be accepted from prospective bidders or offerors whose direct economic interest would be affected by the award of a contractor or refusal to award a contract. The General Manager will consider all such protests, whether submitted before or after the award of a contract.

1.10.1 Policy

Connect Transit policy requires that all prospective contractors be accorded fair and equal consideration in the solicitation and award of contracts. To that end, any interested party shall have the right to protest alleged inequities in the procurement process and to have its issues heard, evaluated and resolved administratively.

“Interested party” is defined as an actual or prospective offeror whose direct economic interest would be affected by the award of a contract or by failure to award a contract.

1.10.2 Submittal Procedures

An interested party wishing to protest a matter involving a proposed procurement or contract award shall file a written submission with the Procurement Specialist by

certified mail or other delivery method by which receipt can be verified. Electronic submission of protests will not be accepted.

The protest shall include, at a minimum:

- (a) The name and address of the protesting party and its relationship to the procurement sufficient to establish that the protest is being filed by an interested party;
- (b) Identity of the contact person for the protestor, including name, title, address, telephone, fax and email addresses. If the contact point is a third party representing the protestor, the same information must be provided, plus a statement defining the relationship between the protestor and the third party.
- (c) Identification of the procurement;
- (d) A description of the nature of the protest, referencing the portion(s) of the solicitation involved;
- (e) Identification of the provision(s) of any law, regulation, or other governance upon which the protest is based;
- (f) A complete discussion of the basis for the protest, including all supporting facts, documents or data; and
- (g) A statement of the specific relief requested.
- (h) A notarized affirmation by the protestor (if an individual) or by an owner or officer of the protestor (if not an individual) as to the truth and accuracy of the statements made in the protest submittal.

The protestor is solely responsible for the completeness and validity of the information provided. Any documents relevant to the protest should be attached to the written submission. Documents which are readily available on the Internet may be referenced to an appropriate link.

Protests shall be submitted in accordance with the requirements of this chapter and any directions included in the solicitation, and shall be addressed to the Procurement Specialist. Connect Transit may decide a protest solely upon the written submission. The protest submission should therefore include all materials necessary to support the protestor's position. Additional or supplemental materials may only be submitted at the request of, or with the permission of, the Procurement Specialist. If the procurement uses federal funds, an informal notice of receipt of a protest must be given to the

appropriate regional office of the Federal Transit Administration (FTA). The form of notice may be specified by the regional office.

1.10.3 Protests of the Solicitation Process

A protest related to the technical scope or specification, terms, conditions, or form of a solicitation must be received no later than ten (10) working days prior to the date established for opening of bids or receipt of proposals; if the protest addresses an amendment to the solicitation, it must be received no later than ten (10) working days prior to the date established for opening bids or receipt of proposals or five (5) working days after the date of issuance of the amendment, whichever is later; in no event, however, may a protest of this nature be submitted after bids or proposals are received. The protest must conform in all respects to the requirements set forth in Section 1.10.2 above. Upon receipt of such a protest, the Procurement Specialist shall notify all prospective procurement offerors and other known interested parties of the receipt and nature of the protest, and shall post a notice of the protest on the Connect Transit's web page. Unless the Procurement Specialist determines that delay will be prejudicial to the interest of the Connect Transit or that the protest patently lacks substantial merit, the solicitation process will be extended pending resolution of the protest will be considered and either denied or sustained, in part or in whole, by the Procurement Specialist in writing. A written decision specifying the grounds for sustaining all or part of or denying the protest will be transmitted to the protestor prior to the receipt of bids or proposals in a manner that provides verification of receipt. A notice of the decision shall be provided to all parties given notice of the protest, and posted to the Connect Transit's procurement web page. Should the protest be upheld in whole or in substantial part, the contracting officer may either (1) amend the solicitation to correct the document or process accordingly; or (2) cancel the solicitation in its entirety. If the solicitation is amended, the time for receipt of bids or proposals shall be equitably extended to permit all participants to revise their bids or proposals to reflect the decision. If the protest is denied, the solicitation shall proceed as if the protest had not been filed, unless the protester pursues its protest with the Federal Transit Administration (FTA) as defined below, or otherwise appeals the decision of the Procurement Specialist, as defined below. Protests received by the Connect Transit after the time periods specified above shall be considered untimely and may be denied on that basis unless the Procurement Specialist concludes that the issue(s) raised by the protest involves substantial prejudice to the integrity of the procurement process.

1.10.4 Protests of the Evaluation Process

All bidders/proposers will be notified of the recommended award, upon a determination by Connect Transit staff of a recommendation to be made to the Board of Trustees, as appropriate. This notice will be transmitted to each proposer at the address contained in its proposal form, and shall be posted on the procurement page of the Connect Transit website. Transmittal may be by electronic means or by hard copy. Any proposer whose proposal is valid at the time of the staff determination may protest the recommended award on one or more of the following grounds:

- (a) That the recommended award does not meet the requirements of the solicitation;
- (b) That the bid or proposal recommended for acceptance does not meet the criteria of the solicitation for award;
- (c) That the evaluation process conducted by the Connect Transit is improper, illegal, or the decision to recommend award is arbitrary and capricious. The protest must be received by the Connect Transit at the address specified in the solicitation, no later than five (5) working days after the date such notification is publicly posted or sent to the bidder or proposer, whichever is earlier. A written decision stating the grounds for allowing or denying the protest will be transmitted to the protestor and the proposer recommended for award in a manner that provides verification of receipt. Such decision shall be final, except as provided in § 1.10.5 below or by applicable law or regulation. . Upon receipt of a protest of this type, the Procurement Specialist shall notify all offerors and any other known interested parties of the receipt and nature of the protest and request an extension of the validity period of their offers, if appropriate. Unless the General Manager determines that delay will be prejudicial to the interest of Connect Transit or that the protest lacks substantial merit, award will be withheld pending disposition of the protest. Should one or more offerors refuse a requested extension of the validity of an offer, the Procurement Specialist may reject such proposal unless it is determined that the protest can reasonably be resolved and the award process continued without need for such extension. Delay in an award shall be considered prejudicial to Connect Transit if:
 - (d) The equipment, supplies or services are urgently required; or
 - (f) Failure to make a prompt award will economically or operationally damage Connect Transit. Should the protest be upheld in whole or in substantial part, the Procurement Specialist may either (1) revise the evaluation process to correct the matter protested; or (2) cancel the solicitation in its entirety. In the event that the Connect Transit proceeds with an award for one of the reasons stated

above, and the protest is subsequently upheld, the Procurement Specialist shall determine whether the performance of the contract will reasonably permit its termination in order to correct the protested matter. Such termination shall be for the convenience of the Connect Transit.

1.10.5 Evaluation of Protests

A protest decision should ordinarily be written and published within ten (10) working days of receipt of the protest. The Procurement Specialist may extend the response period if additional time is required to gather and evaluate information necessary for the decision or for other good cause.

Upon receipt of a protest, the Procurement Specialist shall notify parties involved in the procurement as identified above, and such Connect Transit personnel or others as may be appropriate or necessary to determine the validity of the protest. A notice of the receipt of a protest should be sent to the FTA regional office, per FTA Circular 4220.1F, Chapter VII, Sec. 1.a(2). Copies of the protest submittal, or portions thereof, may be provided to the notified parties as appropriate. The Procurement Specialist may request additional written information from the protestor or other parties, as necessary to determine the validity of the protest. A formal or informal hearing may be held. If a formal hearing is held, testimony shall be given under oath and a transcript or electronic recording of the proceeding shall be made; the transcript or recording shall be provided to the protestor and made part of the protest record. The Procurement Specialist shall redact from any submission under the protest process information which has been identified as proprietary, and which, in his/her judgment, is protected from disclosure under the Illinois Freedom of Information Act.

1.10.6 Protests Filed with FTA

A protestor may file a protest with FTA only after exhausting all administrative remedies provided by the Connect Transit, on the basis described in FTA Circular 4220.1F, Chapter VII, Sec. 1.b. FTA's review of protests will generally be limited to allegations that (1) the Connect Transit does not have or fails to follow its protest procedures; (2) the Connect Transit failed to review a complaint or protest; or (3) the issue involves violations of Federal law or regulation. The FTA is not obligated to review any protest. Protests addressing the Connect Transit's DBE program may be submitted to the U.S. Department of Transportation, Office of Small and Disadvantaged Business Utilization, in accordance with 49 CFR Part 26 and guidance issued there under.

2.0 POLICIES

2.1 Ethics

2.1.1 Relationships

In all procurement matters relating to Connect Transit, no Connect Transit employee, officer, board member, legal counsel or other agent, including any member of an evaluation committee for a Connect Transit project, or any member of his/her immediate family, or his/her partner, or any organization employing or about to employ any of the above, shall participate in the selection, award, administration, or performance of a Connect Transit contract if a conflict of interest, real or apparent, would exist. Such a conflict would exist when an employee, officer, or agent of Connect Transit or any member of his/her immediate family, or his/her partner, or an organization employing or about to employ any of the above, has a material financial or other interest in a firm selected for award of a contract. Any interest as owner or stockholder of one percent (1%) or less in such a firm shall not be deemed to be a material financial interest, but serving as Director, officer, consultant, or employee of such an organization would be deemed a material interest.

2.1.2 Gifts and Gratuities

It is Connect Transit's policy that no employee, officer, or agent of Connect Transit shall solicit or accept, directly or indirectly, any gift or gratuity, favor, entertainment, transportation, lodging, loan or any other thing of value from a contractor, potential contractor, or subcontractor which is of such a character as to manifest a substantial and improper influence upon him/her with respect to assigned duties, or that would give the appearance of such an influence. Unsolicited gifts of any monetary value shall not be deemed to manifest a substantial and improper influence.

2.1.3 Violations

Violation of Connect Transit's ethics policy by any employee shall subject the individual to disciplinary action up to and including discharge as determined by the General Manager of Connect Transit. Violation of this policy by either the General Manager or any other employee of Connect Transit shall subject the individual to disciplinary action or sanction as determined by Connect Transit Board of Trustees. Violation of this policy by contractors or their agents may be considered a breach of contract and shall subject such contractor or agent to action up to and including cancellation of contract and suspension and debarment from contracting with Connect Transit. Violation of this policy by bidders or potential contractors may be considered to make such bidder or offeror ineligible to bid or render a bid or proposal non-responsive.

2.2 Organizational Conflict of Interest

It shall be Connect Transit's policy in soliciting and contracting for goods and services to prevent any real or apparent organizational conflict of interest which would arise when the nature of work to be performed under the proposed contract would result in an unfair competitive advantage to the contractor in the award of future work. No Connect Transit employee will be allowed to bid on any potential contract to avoid the potential for bias in the process. It shall not be a bid or proposal requirement that a prospective vendor or contractor have prior contracts with Connect Transit.

An organizational conflict of interest occurs when any of the following circumstances arise:

- (a) Lack of impartiality or impaired objectivity. When the contractor is unable, or potentially unable to provide impartial and objective assistance or advice to the grantee due to other activities, relationships, contracts, or circumstances.
- (b) Unequal access to information. The contractor has unfair competitive advantage through obtaining access to nonpublic information during the performance of an earlier contract.
- (c) Biased ground rules. During the conduct on an earlier procurement, the contractor has established the ground rules for a future procurement developing specifications, evaluation factors, or similar documents.

Department Head(s) at Connect Transit are required to analyze potential organizational conflicts at the "requisition" stage and certify on the requisition form that potential organizational conflicts have been analyzed, and document the findings on the Fair and Reasonable Price Form. These forms will be approved by the authorized purchasing personnel.

2.3 Centralized Purchasing Authority

- 2.3.1 The authority and responsibility for the procurement and disposal of all material, equipment, vehicles, property and services for Connect Transit rests with the General Manager and Procurement Specialist. Occasionally, certain authority or responsibility may be delegated to other departments for a limited period of purpose and always subject to the Procurement Specialist's review.

- 2.3.2 All purchases of goods and services shall be initiated by a user department through use of a purchase requisition, except where noted herein.
- 2.3.3 User departments are responsible for early involvement of the purchasing process in planning for procurements in order that full and open competition is maximized. This early notification and involvement will range from 90 to 120 days before contract initiation for annual bids for routine materials procurements, to one year or more for major capital purchases.
- 2.3.4 User departments are responsible for providing, in a manner as thorough and complete as possible, Scope of Work or technical specifications for their requirements for the Procurement Specialist. The Procurement Specialist shall assist user departments to define their requirements when requested.
- 2.3.5 User departments may consult with vendors concerning details of their products; however, only the Procurement Specialist should discuss prices, quantities, or other bidding, proposal, or contractual matters with vendors.
- 2.3.6 All correspondence with a supplier regarding a matter of its contract with Connect Transit, whether relating to the scope of work, specifications, quality of work, delivery, payment, etc., shall be by or through the Procurement Specialist.
- 2.3.7 The Procurement Specialist shall be responsible for the conduct of all negotiations with bidders, prospective contractors, or contractors with assistance from the General Manager and legal counsel.
- 2.3.8 The Procurement Specialist has full authority to question the quantity, kind, and quality of material or services requisitioned. In order to avoid the purchase of unnecessary or duplicative items or items of questionable value, Connect Transit may consider consolidating or break out procurements to obtain economical purchases.
- 2.3.9 The Procurement Specialist may consider and pursue, in the interest of economy and efficiency, the use of Federal, State and Local intergovernmental agreements for procurements, agreements for the use of common goods and services, or the use of federal or state excess and surplus property, when it is in the interest of Connect Transit to do so and complies with Federal Transit Administration (the "FTA")/Illinois Department of Transportation (the "IDOT") requirements and guidelines.

- 2.3.10 It is the Procurement Specialist’s responsibility to ensure that awards are made only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. To that end, it will consider such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources in determining whether a potential contractor is responsible. It is the responsibility of the Procurement Department to perform all checks verifying the contractor is a responsible contractor (SAM.gov).
- 2.3.11 It is the Procurement Specialist’s responsibility to maintain records sufficient to detail the significant history of procurement, including, but not limited to: rationale for method of procurement, selection of contract type, selection or rejection of contractors, basis for contract price, contract amendments or change orders, and contract close-out.
- 2.3.12 The Procurement Specialist shall be responsible for the settlement of all contractual and administrative issues arising out of procurements, including source evaluation, protests, disputes and claims. In dealing with protests, the Procurement Specialist shall follow Connect Transit’s written protest procedure (see Section 1.10).
- 2.3.13 Connect Transit shall conduct procurements in a manner that prohibits statutorily or administratively imposed in-state or geographical preferences in evaluation of bids or proposals, except where federal statutes expressly mandate geographic preference.

2.4 Approval Levels for Purchases

The following list represents Connect Transit’s required approval levels for procurement requisitions. Approvals must be obtained before committing Connect Transit funds. The purchasing authority listed below shall be further limited by the approved and adopted Connect Transit fiscal year budget. Any purchase which is not included in the approved and adopted Connect Transit fiscal year budget shall be approved by the Board of Trustees.

<u>Amount</u>	<u>Approval Required</u>
Up to \$3,500	Any one of the following: Procurement Specialist, and General Manager
Up to \$7,500.00	Any one of the following: Procurement Specialist & General Manager

Up to \$50,000.00 General Manager

Over \$50,000.00 Board of Trustees

2.4.1 Emergency Purchases

An emergency is defined as a real and present threat to Connect Transit property, employee welfare, or the provision of transit service that cannot be reasonably alleviated without the purchase in question. In all cases, the Procurement Specialist will be involved.

During normal business hours, the requirement will be addressed to the appropriate approval level and the Procurement Specialist, who will coordinate necessary pricing and may issue a purchase order.

After normal business hours, the Department Head present will determine whether the matter may be resolved during the next business day. If not, an attempt will be made to secure price quotations from two or more reputable sources, and a purchase made. A requisition will be prepared the next business day and fully documented as to the nature of the emergency, and approval signatures will be obtained.

2.5 Disadvantaged Business Enterprises

2.5.1 Program

1. Federal Transit Administration law requires that a certain percentage of the goods and services (exclusive of rolling stock) purchased with federal funds by grant recipients must be dedicated to Disadvantaged Business Enterprises (DBEs). A DBE firm is a small business that is at least 51% owned and controlled by one or more socially and economically disadvantaged individuals. A “socially and economically disadvantaged individual” is defined by the federal government as the following: African Americans, Hispanics, Native Americans, Asian-Pacific and Subcontinent Asian Americans, and women are presumed to be socially and economically disadvantaged. Other individuals can also qualify as socially and economically disadvantaged on a case-by-case basis. Connect Transit must take all necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used, when possible.

2.5.2 Policy

It is the policy of Connect Transit to actively encourage and assist DBEs to participate competitively in Connect Transit procurement actions. The Procurement Specialist is Connect Transit’s DBE Liaison Officer. The DBE Liaison Officer is appointed by the

General Manager and reports directly to the General Manager on all matters pertaining to the DBE program. The DBE Liaison Officer is responsible for DBE program coordination and enforcement and works closely with the other Connect Transit Departments in day-to-day implementation of the program.

The DBE goals are established triennially based on projected expenditures for construction, professional services, materials and supplies, and equipment, and anticipated opportunities to use DBE vendors to fulfill those requirements.

The Procurement Specialist, working as the DBELO, shall take affirmative steps to establish maximum participation of DBE vendors in accordance with regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 26.

2.5.3 Award Procedures

All Bids, Proposals, and quotes should be reviewed to ensure that minimum acceptable specifications for those goods and/or services are met. When making purchases, Connect Transit employees who are responsible for purchase decisions should consult the Illinois Uniform Certification Process list of DBE approved vendors. If such a vendor is identified, the potential contractor should be notified that Connect Transit is considering an expenditure that the DBE firm may be in a position to satisfy. Connect Transit employees should employ all reasonable means of identifying DBE vendors. If no DBE vendor can be found, the Procurement Specialist should document the steps taken on the purchase requisition form.

2.6 Audits/Inventory of Assets

2.6.1 Real Property Acquisition and Management

Connect Transit shall follow the requirements for acquisition and management of real property specified in Federal Transit Administration Circular 5010.1E, Management of Real Property, Equipment and Supplies. Concurrent with its biennial equipment certification, Connect Transit will review all real property acquired with FTA assistance and certify to FTA what property continues to be needed for project purposes. If excess real property exists, an excess real property utilization plan or plan for disposal shall be prepared and submitted.

2.6.2 Equipment Management Standards

Connect Transit shall follow the requirements for management of equipment purchased with federal funds specified in FTA Circular 5010.1E, Management of Real Property,

Equipment and Supplies. At least once every year, Connect Transit will conduct a physical inventory and account for all equipment and other capital assets. The property record maintained for each item shall include:

- (a) description,
- (b) identification number,
- (c) procurement source, (grant number and percent of federal participation)
- (d) purchase date,
- (e) purchase cost,
- (f) use and condition
- (g) location,
- (h) date of disposal, if disposed, and
- (i) sale price or method used for determining fair market value
- (j) documentation regarding who holds title to the equipment

In connection with the physical inventory of assets, a Certification will be prepared regarding the existence, current use, and continued need for FTA/IDOT funded equipment. For those items identified as surplus, the Finance Director assisted by the Procurement Specialist will be responsible for developing a plan for disposal for approval by the General Manager.

2.6.3 Parts and Supplies Inventory

Connect Transit will conduct an annual inventory of parts and supplies (or other method such as cycle counting) to reconcile items in stock versus record of those on hand. The Finance Director shall prepare a variance report identifying discrepancies and their value.

2.7 Disposition of Surplus Equipment and Supplies/Scrap

2.7.1 Identification of Surplus/Obsolete Materials, Supplies, Equipment and Scrap –

The identification of surplus equipment, material, or scrap shall be the responsibility of each department head. Equipment shall be surplus to Connect Transit when it becomes obsolete to Connect Transit because it has been replaced by newer equipment or because the equipment no longer supports Connect Transit's mission. Equipment shall be scrapped only when it is non-functional and non-repairable, and has little or no value.

Parts are surplus when the part is no longer applicable to Connect Transit's fleet or when stock on hand exceeds the maximum established by the usage history of the item for a period of over one (1) year. Stock levels and order levels will be reviewed for all stock items at least once annually by the Maintenance Manager.

All items identified as surplus or obsolete with a value under \$5,000 must be sold at fair and reasonable prices. All reasonable offers made will be reviewed and approved by Connect Transit General Manager.

2.7.2 Disposition Before End of Service Life

Any disposition of rolling stock before the end of its service life requires prior FTA/IDOT approval. FTA/IDOT is reimbursed its share of the proceeds from disposition. If revenue rolling stock is being removed from service before the end of its useful life, the return to FTA/IDOT is the greater of the FTA/IDOT share of the unamortized value of the remaining service life per unit, based on straight line depreciation of the original purchase price, or the Federal share of the sales price (even though the unamortized value is \$5,000 or less).

2.7.3 Retain and Use Elsewhere

When original or replacement equipment is no longer needed for the original project or program, it may be used by Connect Transit for other projects or programs. FTA/IDOT prior approval of this alternative is required. FTA/IDOT retains its interest if the fair market value of the project property is over \$5,000.

2.7.4 Value Over \$5,000

After the service life of equipment is reached, equipment with a current market value exceeding \$5,000.00 per unit, may be retained or sold, with reimbursement to FTA/IDOT of an amount calculated by multiplying the total aggregate fair market value at the time of disposition, or the net sales proceeds, by the percentage of FTA/IDOT's participation in the original grant. Connect Transit's transmittal letter should state whether the equipment will be retained or sold.

2.7.5 Less than \$5,000 value

Equipment with a unit market value of \$5,000.00 or less, or supplies with a total aggregate market value of \$5,000.00 or less, may be retained, sold or otherwise disposed of with no obligation to reimburse FTA/IDOT, providing useful service life requirements have been met. Records of this action must be retained.

2.7.6 Like-Kind Trade-In or Offset Exchange

With prior FTA approval, Connect Transit may elect to use the trade-in value or the sales proceeds to offset the cost of a replacement bus, applying 100 percent of the net proceeds to acquisition of the replacement vehicle/s. (See 49 *CFR*, Part 18.32; and *Federal Register* pp. 39328/39329, dated August 28, 1992). Remaining cost differences, if more than the proceeds, are to be met by Connect Transit. Excess proceeds, if any, are returned to FTA minus a deduction for pro rata local share.

2.7.7 Transfer to Public Agency for Non-Transit Use

With prior FTA approval, Connect Transit may follow procedures for publication in the *Federal Register* to transfer property (including land or equipment) to a public agency with no repayment to FTA. These procedures are available from Connect Transit's regional FTA office. [49 *U.S.C.* 5334(g) (1)]

2.7.8 Sell and Use Proceeds for Other Capital Projects

With prior FTA approval, Connect Transit may sell equipment or supplies and use the proceeds to reduce the gross project cost of other FTA eligible capital transit projects. [49 *U.S.C.*, 5334(g) (4)] Connect Transit will record the receipt of the proceeds in its accounting system, showing that the funds are restricted for use in a subsequent capital project, and reduce the liability as the proceeds are applied to one or more FTA approved capital projects. Connect Transit will show on subsequent grant applications that the gross project cost has been reduced with the proceeds from the earlier transaction.

2.7.9 Unused Supplies

Disposition of unused supplies before the end of the industry standard life expectancy is determined in total aggregate fair market value and if found to exceed \$5,000, Connect Transit (or a sub recipient) shall compensate FTA for its share; or transfer the sales proceeds to reduce gross project cost of other capital project/s. [49 *U.S.C.* 5334(g) (4)].

2.7.10 Disposal of Scrap

Materials, parts, or equipment identified as scrap and having recovery value shall be sold to the highest of three scrap dealers willing to make quotations. The disposition of scrap must be approved by the General Manager prior to disposition. All sales shall be by cashier's check or cash, unless otherwise approved by the General Manager.

3.0 RESPONSIBILITIES

3.1 General

The authority to award contracts exceeding \$50,000 rests with Connect Transit's Board of Trustees. This authority is delegated, in part, to the Connect Transit General Manager who has further delegated responsibilities to subordinates to carry out daily operations.

The Connect Transit procurement function is the responsibility of the Procurement Specialist. The Procurement Specialist is in charge of daily operations and serves as Connect Transit's Contracting Officer. The Procurement Specialist works closely with all department heads. By centralizing authority for purchasing, Connect Transit assures close control of the procurement process and consistent application of Connect Transit policies. The responsibilities of persons involved in the procurement process are described in the following paragraphs.

3.2 Connect Transit Board of Trustees

- (a) Sole contracting authority for purchases exceeding \$50,000 spanning total life of contract.
- (b) Establishes agency operating budget and capital plan and budget based on recommendations of General Manager and staff.
- (c) Approves all purchases over \$50,000.00 resulting from advertised bids, based on Management's recommendation.
- (d) Authorizes disposal of capital items, with an aggregate fair market value of more than \$7,500.00.
- (e) Sets annual DBE goals based upon recommendation of Connect Transit General Manager and staff.
- (e) Approves Procurement Policy.

3.3 General Manager

- (a) Approves all purchases up to \$50,000 and reviews all purchases subject to approval by the Board prior to submittal to the Board.
- (b) May sign any contract with a total cost up to \$50,000 on behalf of Connect Transit. May sign any contract exceeding \$50,000 upon Board approval.

- (c) Approves disposal of surplus materials, supplies, and equipment, with an aggregate fair market value of less than \$5,000.00.
- (d) Appoints Procurement Specialist, who is responsible for purchasing function.
- (e) Approves any changes to internal purchasing procedures and assures compliance with Connect Transit purchasing policies.

3.4 Maintenance Manager

- (a) Oversees operation of Parts Department, its compliance with Connect Transit purchasing policies in cooperation with Procurement Specialist. The below items are the responsibilities of the Maintenance Superintendent:
 - (b) Reviews software generated inventory reorder report and indicates items and quantities to be ordered to maintain stock, then forwards purchase requisition to Procurement Specialist for review.
 - (c) Initiates requisitions for stock or non-stock items to cover planned maintenance campaigns, seasonal purchases, or emergency/bus-down repairs.
 - (d) Processes materials receipts and forwards receiving report to Procurement Specialist to initiate payment; coordinates with Procurement Specialist on open purchase orders and unidentified receipts.
 - (e) Responsible for ensuring that all parts are classified and stocks all new parts and supplies, makes regular physical stock checks, coordinates inventory purchased for other departments, coordinates annual parts inventory.
 - (f) Reviews inventory requirements (minimum and maximum shelf requirements for each item) and adjust as required to assure maximum availability consistent with minimum stock level.
 - (g) Reviews inventory and identifies excess and slow-moving items for disposal, making disposal recommendations; responsible for physical identification, collection and security of surplus and scrap until sale or disposal.

3.5 Finance Director

Authorizes payments to vendors upon Procurement Specialist and the Department Heads verification of receipt.

3.6 Disadvantaged Business Enterprise Liaison Officer (Procurement Specialist)

Assures that 49 *CFR* Part 26 and other federal, state and local regulations are adhered to by Connect Transit. Please refer to the Connect Transit DBE Policy for further duties and responsibilities.

1.1 ACQUISITION PLANNING

4.1 General

Connect Transit recognizes that advance procurement planning is a significant factor in providing and enabling full and open competition. Such planning for large or complex procurements will involve the efforts of all personnel responsible for a procurement to coordinate in planning the funding, technical specifications/scope of work, solicitation of award, contract administration, and other matters far enough in advance to assure adequate time to solicit maximum participation by prospective vendors in meeting the requirement. Generally, planning for large or complex non-inventory procurements will begin with the annual budgeting and capital planning process. However, very complex procurements may require advance procurement planning to begin before the annual budget cycle in order to properly identify a project scope and budget.

4.2 Departmental Responsibilities

Department heads initiating the purchase requisition form are responsible for providing the Procurement Specialist with technical specifications and any necessary drawings for equipment or materials contracts, or a Scope of Work and suggested evaluation criteria for the procurement. Technical specifications or the Scope of Work will set forth the minimum essential characteristics or standards and will not include any features unduly restricting competition. "Brand name or equal" specifications will only be used when it is impractical to provide a clear and accurate technical description of the product, and will to the extent possible describe the relevant functional characteristics of the items to be purchased.

In addition to a purchase requisition, department heads are responsible to furnish the following information to the Procurement Specialist (if appropriate to the purchase):

(a) Product/service description,

- (b) Desired delivery schedule,
- (c) Technical evaluation criteria in order of merit,
- (d) Special terms and conditions for contract,
- (e) Progress reporting requirements, and
- (f) List of potential vendors (contact name, address and phone number) if Procurement Specialist list is incomplete.
- (g) Fair and Reasonable determination on the Purchase Order

Early coordination regarding departmental requirements with the Procurement Specialist will enable any required assistance to be given in developing the above information in a timely manner. The Procurement Specialist subsequently requires time to develop, advertise, and issue a solicitation, and the proper amount of time must also be given to evaluation and award, including Board approval, before the requirement is needed.

Finally, FTA Circular 4220.1F requires that an independent cost estimate for all purchases of materials, equipment or services be provided before soliciting quotations, bids, or proposals. Department heads initiating projects are responsible for providing an independent cost estimate to the Procurement Specialist for the contract file prior to solicitation.

4.3 Planning Major Procurements

In order to provide for a smooth flow of major procurement work, the Procurement Specialist and Finance Director will annually convene one or more meetings of department heads to involve them in the annual budget approval process for the purpose of advance procurement planning for the coming year. The expected result of such meeting(s) will be agreement as to responsibilities for and the general timing of procurement effort for major projects in order that consistency of procurement activity is achieved and timely solicitations are made.

4.4 Planning Routine Procurements

Periodically, but no less often than every six months, the Procurement Specialist will issue to department heads an advance schedule of contract expirations and requirements for re-bid for the coming twelve month period. This schedule will list the contract and its expiration date, person responsible for specifications/scope of work and due date. Planning routine procurements in such a manner enables the Procurement Specialist maximum opportunity to properly schedule non-routine procurement activity.

5.0 METHODS OF PROCUREMENT – BELOW FORMAL BIDDING THRESHOLD

5.1 General

The Procurement Specialist will work with department heads to determine the most appropriate method of procurement for their requirements. Purchases will be made by the following methods:

- (a) Petty cash purchases,
- (b) Micro-purchases,
- (c) Small purchase procedures,
- (d) Emergency purchases,
- (e) Check request/direct pay items,
- (f) Invitation for Bids (hereinafter the “IFB”),
- (g) Request for Proposals (hereinafter the “RFP”), or
- (h) Non-competitive procurements

A significant portion of Connect Transit purchasing activity involves purchases of materials or services under the threshold for formal advertising and bidding, generally termed small purchases. Small purchase procedures are covered in this section.

Completion of a Purchase Requisition is required and the necessary approvals secured prior to the commitment of Connect Transit funds. The only exceptions to this rule are:

- (a) Petty cash purchases within limits,
- (b) Emergency purchases coordinated through the Procurement Specialist, and
- (c) Direct pay items under existing contracts or with proper prior approvals or authority for expenditure.

5.2 Petty Cash Purchases/Check Request

The purchase of small-dollar value non-inventory items, \$25.00 or less may be

accomplished using the petty cash account. The petty cash account is intended to satisfy immediate small-dollar needs. All petty cash expenditures must be approved by authorized individual and supported by appropriately detailed receipts. Please refer to the Petty Cash Procedures for further information.

- a) Periodic vendor payments established vendor contracts or leases
- b) Utility, telephone bills, and insurance
- c) Licenses and permits
- d) Organizational membership due, conferences, and registration fees, travel advances, and employee reimbursement (may be subject to prior approval)
- e) Subscription to trade journals, periodicals, and newspapers
- f) Postage
- g) Investigative expenses (background investigations)
- h) Settlement of claims and litigation
- i) Minor office supplies

For some of these payments, Connect Transit will receive a bill or invoice, for others, Connect Transit may bear the responsibility for meeting a scheduled payment. These payments shall be made by the Finance Department pursuant to approval by the appropriate Department Head.

5.3 Micro-Purchases

Connect Transit may acquire property and services that do not exceed \$3,500 without obtaining competitive quotes but shall provide for competition whenever practicable. Such purchases are exempt from Buy America requirements. There should be equitable distribution among qualified suppliers (in the local area) and no splitting of procurements to avoid competition. The Davis-Bacon Act (40 U.S.C. §3141 et seq.) applies to construction contracts greater than \$2,000. The minimum documentation required is the determination that the price is fair and reasonable and how that determination was derived. The determination of price reasonableness will be recorded on preprinted forms on the receipt or purchase order. The documentation shall employ terminology similar to the following: "The price(s) paid for items hereunder are determined to be fair and reasonable, based on the following:

- (a) Adequate competition (three or more quotes received and award made to lowest)
- (b) Current price lists or off-the-shelf pricing
- (c) Catalog price
- (d) Prices found reasonable on recent previous purchases
- (e) Advertisements

- (f) Similar items in a related industry
- (g) Independent price estimate (attach documentation)
- (h) Other (cite basis)

5.4 Small Purchase Procedures

Connect Transit defines small purchases as those relatively simple and informal methods for securing supplies, services, or property that cost more than \$3,500 but does not exceed \$50,000 in the aggregate. The small purchase threshold for Connect Transit is \$50,000 and below FTA regulation (set at \$150,000). If small purchase procedures are used, price or rate quotations shall be solicited from an adequate number of qualified sources. The number of sources will depend upon the availability of qualified sources, but the objective should ordinarily be to obtain quotes from at least three vendors. Quotes should be written, in either electronic or hard copy form. Generally, the contract will be in the form of a purchase order, although the nature of the procurement (e.g. for services) may require additional terms and conditions.

5.4.1 Connect Transit Competition Guidelines

The full and open competition guidelines expressed below apply only to purchases that are greater than \$50,000 annual threshold requiring formal advertising, solicitation and bid. However, such purchases are not automatically excluded from consideration for formal bidding without advertising if cost-savings or other factors make bidding advisable. The Procurement Specialist and staff will periodically examine proposed expenditures for lines or classes of standard commercial items of material exceeding \$7,500.00 annually, based on 12-month usage history, to determine if cost savings may be realized through a formal bid process.

For all types of purchases less than the statutory threshold for formal bids, competition guidelines will be relieved when the purchase is known to be “sole source” or when there are less than three potential sources available or willing to quote. In such cases, FTA-required procedures for sole-source acquisitions and documentation (see Section 8 Non-Competitive Negotiation) will be followed and all efforts to identify and solicit competitive quotations from an adequate number of vendors will be documented.

Bus parts with a unit cost of less than \$250.00 per unit may be priced by vendor quotation or bid (no less often than) once per year to create a primary vendor for the period.

5.4.2 Check Request/Petty Cash/Direct Pay Items

Certain expenses are incurred without the issuance of a purchase requisition supporting each payment. Such expenses are typically the following types:

- (a) periodic vendor payments under established vendor contracts or leases
- (b) utility and telephone bills
- (c) licenses and permits
- (d) organizational membership dues, conferences and registration fees, travel advances, and employee reimbursement (may be subject to prior approval)
- (e) subscriptions to trade journals, periodicals, newspapers
- (f) postage
- (g) investigative expenses (background investigations)
- (h) settlement of claims and litigation
- (i) minor office supplies

For some of these payments, Connect Transit will receive a bill or invoice and for others, Connect Transit may bear the responsibility for meeting a scheduled payment. These payments shall be made by the Finance Director pursuant to approval by the appropriate Department head.

6.0 METHODS OF PROCUREMENT – ABOVE FORMAL BIDDING THRESHOLD

6.1 General

When Connect Transit requirements for a line or class of materials to be purchased annually exceeds \$50,000 or rental/lease payments shall exceed \$50,000 annually, or a simple service contract shall be over \$50,000, formally advertised competitive bidding is required. Sealed bids are publicly solicited and a fixed-price (lump sum or unit price) contract is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price.

When Connect Transit is procuring with Illinois Department of Transportation Capital funds all procurements above \$20,000 must be formally procured with bidding procedures.

In addition to the above required formally advertised IFB solicitations, Connect Transit may determine in certain circumstances that issuing an IFB with or without formal advertising for a purchase requirement under the annual threshold would be appropriate in order to secure a favorable price or other benefit to Connect Transit.

6.2 Conditions Determining When Formal Advertising is Appropriate

The following conditions should be present for an IFB to be considered:

- (a) A complete, adequate and realistic specification or purchase description is available;
- (b) Two or more responsible bidders are willing and able to compete effectively for the business;
- (c) The procurement lends itself to a firm fixed-price contract and the selection of the successful bidder can be made principally on the basis of price; and
- (d) No discussion with bidders is needed.

If this procurement method is used, the following requirements apply:

- (a) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time to prepare bids prior to the date set for public opening the bids (usually the due date shall not be less than 30 days from the issue date of the IFB);
- (b) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services sought in order for the bidder to properly respond;
- (c) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
- (d) A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. When specified in bidding documents, factors such as discounts, transportation costs, and life cycle costs shall be considered in determining which bid is lowest;

Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

- (e) Any or all bids may be rejected if there is a sound documented business reason.

- (f) Immediately after the receipt and opening of bids, the Contracting Officer shall examine all bids timely received to determine if they are responsive. Responsiveness is determined at the time of bid opening, and cannot involve any material or information received thereafter. A responsive bid is one that is timely received and which complies with all requirements of the solicitation; it must represent a clear and unequivocal offer to provide the good or services specified at a stated price or prices. Exceptions to the specification or contractual terms, or ambiguous or conditional pricing shall render a bid non-responsive. However, if the terms of the solicitation permit, the Contracting Officer may waive minor informalities, defined as matters not affecting the price, schedule, or quality of the bid.
- (g) The Contracting Officer, in consultation with other departments involved in the procurement, shall then determine if the lowest responsive bid was submitted by a responsible bidder. This evaluation considers whether the bidder has in all aspects the ability to successfully perform the contract, including the necessary technical and financial resources; the prior experience and integrity; and capability of providing the specified insurance, bonding, and DBE participation. Price reasonableness is also evaluated in the process. If this evaluation raises concerns regarding the bidder's capability in any of these areas, the bidder should be given a reasonable opportunity to show why it should not be found non-responsive. In the event a bidder is determined non-responsive, it shall be so notified, and the responsibility of the next-lowest responsive bidder evaluated.

The sealed bid method is the preferred method for procuring any type of construction project, if the conditions in the feasibility paragraphs above apply.

6.3 Public Advertising

Invitations for Bid for purchases over \$50,000, in aggregate or annually, will be publicly advertised in accordance with Section 5.203 of the Federal Acquisition Regulations (FAR) which specifies that publication will be made at least thirty (30) days before the date that bids will be received. At a minimum, publication will occur on Connect Transit website and or locally in the general newspaper of largest circulation in the Bloomington-Normal area. As appropriate to the purchase, publication may also be placed in the Local Record, construction or equipment trade journals, transit trade journals, appropriate web sites, etc. to foster competition. In addition to the public notice, bids are to be solicited directly from potential bidders. Any such direct solicitations shall include minority and woman-owned businesses, where practical.

The Procurement Specialist will also maintain Bidders lists for routine types of purchases containing current and prospective vendors. Names of vendors may be added at their request or by department heads and the General Manager.

6.4 Solicitation: Preparation of IFB

An "IFB" is the complete assembly of related documents, either attached or incorporated by reference, and furnished to prospective bidders. It must describe the requirements accurately and completely. The requirements set forth in the IFB may include special qualifications required of potential contractors, life cycle costing, value analysis, and any other criteria such as testing, quality, workmanship, delivery and suitability for a particular purpose which may help in determining acceptability. Unnecessarily restrictive specifications or terms and conditions that unduly limit competition must be avoided. Some situations considered to be restrictive of competition included, but are not limited to:

- (a) Unreasonable requirements placed on firms in order for them to qualify to do business;
- (b) Unnecessary experience or excessive bonding requirements;
- (c) Noncompetitive pricing practices between firms or between affiliated companies;
- (d) Noncompetitive awards to any person or firm on retainer contracts;
- (e) Organizational conflicts of interest. An organizational conflict of interest means that because of other activities, relationships, or contracts, a contractor is unable, or potentially unable, to render impartial assistance or advice to Connect Transit; a contractor's objectivity in performing the contract work is or might be otherwise impaired; or a contractor has an unfair competitive advantage;
- (f) The specification of only a "brand name" product without listing its salient characteristics and not allowing "an equal" product to be offered; and
- (g) Any arbitrary action in the procurement process.

IFB's should contain the following information if applicable to the purchase:

- (a) IFB (sequence) number;
- (b) name and address of Connect Transit;
- (c) date of issue;
- (d) date, hour and place of bid opening;
- (e) requirement for bidder to provide its name and complete address, including street, city, county, state, and ZIP code;

- (f) a statement that bidders should include in the bid the address to which payment should be mailed, if that address is different from that of the bidder;
- (g) description of material, equipment, or services to be furnished under each item, in sufficient detail to promote competition;
- (h) provide packaging, packing, preservation, and marking requirements, if any;
- (i) include inspection, acceptance, quality assurance, and reliability requirements, if any;
- (j) specify the requirements for time, place, and method of delivery or other performance;
- (k) permission, if appropriate, to submit bids of alternate material or design (in addition to bid called for);
- (l) statement that “Bids must set forth full, accurate, and complete information as required by the IFB”;
- (m) bid guarantee, performance and payment bond requirements;
- (n) a minimum bid acceptance period required of the bidder;
- (o) any special technical specifications
- (p) any special provisions relating to progress payments, patents, liquidated damages, etc;
- (q) any contract provisions required by federal, state, or local law,
- (r) all factors to be considered in evaluation of bids, such as shipping costs, taxes and surcharges, etc., and how they will be considered,
- (s) how to obtain copies of documents incorporated by reference,
- (t) instructions regarding how late bids will be handled.

6.5 Solicitation Guidelines

6.5.1 Specifications

Specifications and purchase descriptions will provide accurate descriptions of the technical requirements for the material, equipment or service and will include the procedure for determining whether the requirement has been met. When possible, Connect Transit will state performance specifications defining the expected performance standards the end product is expected to achieve.

6.5.2 Bidding Time

Adequate time will be given between the issuing of bids and the time set for receipt of bids to permit perspective contractors to prepare bids. Generally, no less than 30 days

will be allowed for standard commercial items and when purchasing other than standard commercial items, or purchasing services. Complex procurements for certain items of equipment or construction will require significantly longer bidding time.

6.5.3 Distribution of IFB's

IFB's over \$50,000 (\$20,000, if using IDOT Capital funds) will be publicly advertised in accordance with Section 6.3. In addition to the public notice, they may be mailed to known prospective vendors. Records of IFB's and bids will be maintained for a reasonable period in order that they may be consulted in preparing a source list for similar IFB's.

6.5.4 Amendment of IFB

Any change or correction necessary in bid quantities, specifications, delivery schedules, opening date, etc., which is required after issuing IFB's but before bid opening, will be made by issuing an amendment. Any new information given to one prospective bidder will be furnished to all others in the form of an amendment. Consideration will be given to the period of time remaining to opening and the period will be extended in such amendment, if necessary. Notice of amendment will be furnished to each person furnished an IFB.

6.5.5 Responsiveness of Bids

A bid must comply in all material respects with the IFB, including the method and timeliness of submission. In order to ensure objective performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Telegraphic or facsimile bids will not be considered under the competitive sealed bid procedure, unless specifically permitted in the IFB. Bidders are expected to use the Connect Transit bid form, and in failing to do so may be considered non-responsive. Should a bidder submit a bid on its own bid form or a letter, it may only be considered if the bidder specifically states it accepts all terms and conditions of the IFB, and if the award would result in a binding contract not varying from the IFB.

6.5.6 Modification/Withdrawal of Bids

Bids may be modified or withdrawn by written, telegraphic, or facsimile notice or in person if submitted to and received by the Procurement Specialist not later than twenty-four (24) hours before the time set for bid opening. Telegraphic or facsimile modifications or withdrawals will be sealed in an envelope by a Connect Transit official

and noted for opening with the bid package. Information will not be disclosed prior to opening.

6.5.7 Time and Place of Bid Submission

The IFB, and public advertisement if advertised, will set forth the time, date, and place for opening of bids. A bidder will not be required to (but may) submit a bid before the time specified for receipt of bids. Bid specifications will set forth the manner in which sealed bids are to be marked and identified as sealed bids. When received by Connect Transit's Procurement Specialist, sealed bids will be date stamped "Received," and the time of receipt noted.

Bids will be publicly opened and read aloud at the time and place designated in the notice. To be considered responsive, bids must be submitted not later than the exact time specified. Late bids will only be accepted if proven to be late due to Connect Transit's mishandling after receipt at its offices.

6.6 Two-Step Sealed Bidding

Two-step sealed bidding is a procurement method involving the submittal of unpriced technical proposals in the first step, and a sealed bid submittal in the second step. Two-step competitive sealed bidding is used when it is impractical to initially prepare a definitive purchase description to support an award based on prices. This method is especially useful in acquisitions requiring technical proposals, particularly those for complex items. In such instances a Request for Proposal is issued requesting the submission of unpriced technical proposals, to be followed by an IFB for a price, limited to those bidders whose offers have been qualified under the criteria set forth in the first solicitation. There is no negotiation in the two-step competitive bid process; however, Connect Transit at its option may request information from bidders to clarify material contained in their technical proposals.

6.6.1 Conditions for Use

Unless other factors require the use of sealed bidding, two-step sealed bidding may be used in preference to negotiation when all of the following conditions are present:

- (1) Available specifications or purchase descriptions are not definite or complete or may be too restrictive without technical evaluation, and any necessary discussion, of the technical aspects of the requirement to ensure mutual understanding between each bidder and Connect Transit;

- (2) Definite criteria exist for evaluating technical proposals;
- (3) More than one technically qualified source is expected to be available;
- (4) Sufficient time will be available for use of the two-step method;
- (5) A firm-fixed-price contract or a fixed-price contract with economic price adjustment will be used.
- (6) None of the following precludes the use of two-step sealed bidding:
- (7) Multi-year contracting
- (8) Connect Transit-owned facilities or special tooling be made available to the successful bidder
- (9) A total small business set-aside
- (10)The use of the price evaluation adjustment for small disadvantaged business concerns
- (11)The use of a set-aside or price evaluation preference for small business concerns
- (12)A first or subsequent production quantity is being acquired under a performance specification

6.6.2 Procedures for Two-Step Sealed Bidding

Two-step sealed bidding is a procurement method involving the submittal of unpriced technical proposals in the first step, and a sealed bid submittal in the second step.

6.6.3 The Two-Step process is appropriate when all of the following conditions exist:

- (a) Available specifications or purchase descriptions are not definite or complete or may be too restrictive without technical evaluation and any necessary discussion of the technical aspects of the requirement to ensure mutual understanding between each source and Connect Transit.
- (b) Definite criteria exist for evaluating technical proposals.

(c) More than one technically qualified source is expected to be available, and more than one technical solution is considered possible.

(d) Sufficient time will be available for use of the two-step method.

(c) A firm-fixed-price contract or a fixed-price contract with economic price adjustment will be used.

6.6.4 Step One

The first step requires offerors to submit technical proposals for evaluation, generally under the procedures for competitively negotiated procurements. Proposals are evaluated for technical merit including, if appropriate, discussions with offerors and requests for revised proposals. The objective of the process is to negotiate one or more technical solutions acceptable to Connect Transit. As part of this process, the Contracting Officer will conduct a responsibility review of each proposer and resolve any concerns in this area. At the end of this step, the providers of acceptable technical solutions will have been identified, and the proposed solutions negotiated to provide a definition of each which meets the requirements for a sealed-bid specification, although in this case, the specification for each will be different, reflecting the proposer's technical approach.

6.6.5 Step Two

Each offeror whose technical proposal as negotiated has been found acceptable is invited to submit a sealed bid to provide the goods or services defined in its negotiated technical proposal. Award is based upon the lowest responsive price from a responsible offeror.

6.7 Competitive Negotiations (Sealed Proposals)

The competitive negotiation procurement process is conducted through a formal Request for Proposals (RFP). This method of procurement is generally used when conditions are not appropriate for the use of sealed bids. This method may be used for acquisition of supplies or services only if the Contracting Officer determines in advance that competitive sealed bidding is not practicable and documents the file accordingly. Architect/engineering and related services are procured through a variation of the RFP process, as described below.

6.7.1 Competitive Negotiation Method

The competitive negotiation method of procurement is appropriate when the Contracting Officer determines that the following conditions exist:

- (a) A complete, adequate, and realistic specification or purchase description is not available.
- (b) Two or more responsible offerors are willing and able to compete effectively for the award.
- (c) The selection of the successful offeror requires consideration of factors other than price.
- (d) Discussions with offerors are anticipated to be needed.

6.7.2 Each RFP will be sent out by the Procurement Specialist. Pre-qualified vendors will be notified and the RFP will be posted on the Connect Transit website. It will include a description of the factors other than price by which proposals will be evaluated. Evaluation factors and sub factors will be listed in order of their relative importance. For RFPs other than small purchases, technical and pricing proposals shall be submitted in separate volumes.

6.7.3 The Director of Procurement, in consultation with the General Manager, will appoint persons who have knowledge of the procurement's subject matter/technology to participate in the Technical Evaluation Panel (TEP). To the extent feasible, the panel members shall represent different departments within Connect Transit, and shall not directly report to the same individual. The presence of individuals and their direct supervisor on the same panel is to be avoided. Each panel member shall be required to disclose any potential conflict of interest, and may be excluded by the Director of Procurement on that basis. The evaluation process shall be confidential, and each participant shall not share information about the Proposals to individuals outside of the TEP. Technical personnel may be from other public agencies or contractors if necessary, providing there is no conflict of interest. The Procurement Specialist will chair the TEP. The evaluation process is flexible, depending upon the complexity of the procurement, the number and quality of proposals, and the dollar values involved.

6.7.4 The TEP will review the technical evaluation factors and their relative importance as included in the RFP. In the event of any concerns, the RFP may be amended accordingly. DBE participation will not be assigned a weight as an evaluation factor, but will be

considered as separate factor along with the weighted technical factors for award of the contract. Scoring shall include a description of the strengths and weaknesses of each proposal identified for each factor.

The TEP shall review the scoring, and prepare an initial report of the technical strengths, weaknesses, performance risks (if any) and ambiguities in the proposals, and identify any questions or clarifications desired from the proposers.

The TEP will, in consultation with the Procurement Specialist, identify those proposers whose technical scores in combination with the proposed price gives them a reasonable chance of obtaining the award, eliminating those firms whose proposals are either technically deficient or unreasonably priced; these firms shall be notified by the Procurement Specialist that they are no longer under consideration. Any firm so rejected cannot be further considered for award. The number of remaining firms can vary depending upon the competitiveness of the proposals; while a group of three to five proposals is considered ideal, care should be taken not to eliminate any proposal otherwise qualified for the sake of an arbitrary number.

- 6.7.5 The remaining firms are considered to be in the “competitive range.” The TEP shall determine the need and methods of further exploring the quality and pricing on the proposals. The intent of this process is to ensure that each firm’s proposal is revised to conform, to the greatest extent possible, to the needs of the Connect Transit in the solicitation. These methods may include written questions and answers, and discussions either by telephone or in person. Site visits may also be conducted if appropriate. Questions and discussions need not be identical for each proposer, but should be geared to address the perceived weaknesses of each. In this process, however, care must be taken to avoid giving one proposer information from another proposal, which might give the proposer a competitive advantage.
- 6.7.6 At the end of the evaluation process, the TEP will re-score the proposals, using the same evaluation criteria and scoring. Based upon the results of the scoring, the panel may (1) eliminate some of the remaining proposals and conduct further discussions with the rest; (2) determine that all firms are still in the competitive range but that additional discussions are necessary; or (3) determine that further discussions will not significantly affect the outcome of this procurement.
- 6.7.7 When the TEP reaches a determination that further discussions are not likely to significantly affect the outcome of the procurement, the Procurement Specialist shall

request each remaining proposer to submit a Best and Final Offer (BAFO), incorporating all revisions developed during the evaluation process. BAFOs may involve a complete resubmittal of both the technical and pricing proposals, suitably revised, or resubmittal of certain sections. When the intent is to incorporate the BAFO into the final contract, a complete resubmittal should be required. BAFOs must be submitted on an equal basis, giving each proposer the same amount of time to prepare, and with a common date and time for receipt. Failure to submit a BAFO by the time identified shall render a proposal non-responsive, unless it is the only BAFO submitted.

6.7.8 Following receipt of BAFOs, the TEP shall conduct a final scoring and determine the firm to be recommended for award, ensuring that the BAFO is in all respects acceptable. In rare instances, the TEP may ask the Procurement Specialist to request revisions to the BAFO. The TEP will prepare a final evaluation report that (1) describes the technical strengths, weaknesses, and risks (if any) of the proposals in accordance with the technical evaluation criteria; (2) evaluates the proposals' estimated costs for reasonableness (for cost type contracts); or prices offered (for fixed price contracts), and (3) recommends the "best value" offer – that proposal which offers the best combination of technical merit/performance and pricing.

6.7.9 The Procurement Specialist shall prepare a summary of the solicitation process, including a record of the negotiation process. This document, together with a copy of all proposals and related documentation is to be kept in the official contract file.

6.7.10 Architect/Engineer Contracts

FTA Circular 4220.1F incorporates requirements of 40 U.S.C. § 541, known as the "Brooks Act" when contracting for architect/engineer (the "A&E") services. Other types of services considered A&E services include program management, construction management, feasibility studies, preliminary engineering, design, surveying, mapping, and services which require performance by a registered or licensed architect or engineer. The Brooks Act requires that:

- (a) An offeror's qualifications are evaluated;
- (b) Price is excluded as an evaluation factor;
- (c) Negotiations be conducted with only the most qualified offeror; and

- (d) Failing agreement on price, negotiations with the next most qualified offeror are conducted until a contract award can be made to the most qualified offeror whose price is fair and reasonable to Connect Transit.

This “qualifications based procurement method” can only be used for the procurement of A&E services. This method of procurement cannot be used to obtain other types of services even though a firm that provides A&E services is also a potential source to perform other types of services.

6.8 Non-competitive Procurement

Non-competitive (Sole Source) procurements are accomplished through solicitation and acceptance of a proposal from only one source. A contract amendment or change order that is not within the scope of the original contract is considered a sole source procurement that must comply with this subparagraph. Guidance as to what is “within the scope” of a contract may be found in the FTA Best Practices Procurement Manual, Section 9.2.1- Contract Scope And Cardinal Changes. “Tag-ons” are defined by FTA as additions to the scope of work or deliverable items that were not included in the original contract competition, and which must be treated as sole source additions to the contract. Tag-ons are not to be treated as changes within the scope of the contract.

Procurement by non-competitive proposals may be used when only one source is practicably available and the award of a contract is infeasible under competitive small purchase procedures, sealed bids, or proposals and at least one of the following circumstances applies:

- (a) The item is only available from a single source;
- (b) The public exigency or emergency for the requirement will not permit a delay resulting from competitive negotiations;
- (c) FTA authorizes noncompetitive negotiations;
- (d) After solicitation of a number of sources, competition is determined inadequate;
or

The item is an associated capital maintenance item as defined in 49 U.S.C. § 5307(a) (1) that is procured directly from the original manufacturer or supplier of the item to be

replaced. Connect Transit must first certify in writing to FTA: (i) that such manufacturer or supplier is the only source for such item; and (ii) that the price of such item is no higher than the price paid for such item by like customers.

After solicitation of a number of sources, competition is determined inadequate and an evaluation of the specifications determines they are not unduly restrictive of competition; or

The item is an associated capital maintenance item as defined in 49 U.S.C. §5307(a) (1) that is procured directly from the original manufacturer or supplier of the item to be replaced, and no other sole source justification applies. Connect Transit must first certify to the FTA in writing that the manufacturer or supplier of the capital maintenance item is the only source for the item and that the price is no higher than the price paid by like customers.

Receipt of a single responsive and responsible bid or proposal is not, by itself, conclusive evidence that competition was inadequate; the Procurement Specialist must determine if there was a perception of competition which would affect the bid or proposal. Under these circumstances, award is not considered a sole source. The Contracting Officer, however, must investigate the reason why no other bids or proposals were received; verify that the specification was not unduly restrictive and that the solicitation cannot be modified in a manner that would result in greater competition; and document the file accordingly.

A cost analysis is required for each sole source acquisition.

The contract file must include a sole source determination by the Procurement Specialist explaining the reasons for the award on a non-competitive basis. This determination must include a full description of the circumstances, including documentation of efforts to obtain competition, where appropriate.

7.0 Receipt and Evaluation of Bids and Proposals

7.1 Sealed Bids

Sealed bids must be received prior to the exact time specified in the IFB. Late bids are not acceptable, and should be returned to the bidder unopened. Prior to the time set for receipt of bids, the Procurement Specialist should check the front desk to ensure that no bids have been delivered there, and should be at the place designated for receipt of bids, (usually the building lobby) not less than five minutes prior to the

deadline. The envelope of each bid received should be stamped with the date and time of receipt, to verify timeliness. Bids shall be publicly opened, and the bid prices read. Each bid should be recorded in writing, including the name of the bidder and the bid price. Bids are public documents and bidders have the right to examine the bids of other parties after the bid opening. This should be done in a controlled environment, and not in the place of bid opening.

7.2 Competitive Proposals

Proposals must be received prior to the exact time specified in the RFP, and the Procurement Specialist should follow the same procedure as for sealed bids prior to the deadline for receipt. However, proposals are not publicly opened. A list of proposals shall be made, including the name of the proposer and the number of copies received.

7.3 Responsiveness Review

Both bids and proposals are subject to requirements of responsiveness. This review is conducted by the Procurement Specialist. Usually the requirement of responsiveness for a bid is more complex than for a proposal. This is because a bid is “locked in” at the time of receipt, and proposals are subject to discussions and negotiations. As a result, many items required with a sealed bid need not be submitted with a proposal. Responsiveness looks at the submittal as of the time it was received, and an offeror cannot later correct a deficiency. Any defect in an area of responsiveness requires the rejection of the bid or proposal. As a result, the Procurement Specialist should ensure that only items essential to the award be specified as matters of responsibility. The submittal of product samples, for example, is usually better treated as a matter of responsibility. The most usual matters of responsiveness include timeliness of receipt, proper signatures for a commitment by the offeror to provide the items solicited, required DBE submittals, and, where required, bid binds. Proper completion of the pricing form is a matter of responsiveness for sealed bids; any exception to the terms and conditions of an IFB renders a bid non-responsive.

7.4 Responsible Review

The following factors will be considered in determining responsiveness of a bid or proposal:

- (a) ability and capacity of bidder to provide the materials;
- (b) integrity, character, and reputation of the bidder;

- (c) competency and experience of the bidder;
- (e) record of the bidder's past performance;
- (f) and the financial and technical resources of the bidder.

8.0 Contract Cost and Price Analysis

8.1 Requirement

A cost or price analysis must be performed for every procurement action, including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation. FTA's "Pricing Guide for Grantees" provides guidance in performing the appropriate degree of cost or price analysis.

8.2 Independent Cost Estimate

Any cost or price analysis must be based on an independent cost estimate, which should be developed before a solicitation is issued, but in no event after the receipt of bids or proposals. For contract modifications, the independent estimate must be prepared without knowledge of the contractor's proposed pricing.

8.3 Cost Analysis

A cost analysis must be performed when the offeror is required to submit the elements (i.e., labor hours, overhead, materials, etc.) of the estimated cost. A cost analysis is not required when the pricing reflects a catalog or market price of a commercial product sold in substantial quantities to the general public or is based on prices set by law or regulation.

8.3.1 A cost analysis will be necessary when adequate price competition is lacking, including sole source procurements (including contract modifications and change orders), unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or on the basis of prices set by law or regulation. Where change orders involve items for which unit prices are included in the contract, a cost analysis is not required.

8.3.2 Profit is to be negotiated as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment,

the amount of subcontracting, and industry profit rates in the surrounding geographical area for similar work.

8.3.3 Costs or prices based on estimated costs for contracts will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles contained in Part 31 of the Federal Acquisition Regulations.

8.4 Price Analysis

A price analysis looks at the price as a whole without examination of its various components. Several techniques may be used in performing a price analysis:

- (a) Comparing prices to those obtained for previous procurements
- (b) Comparing prices to those obtained by other agencies for like items
- (c) Comparing the range of prices received for the procurement involved; a price more than 10% higher or lower than the other prices received may raise questions as to whether the bidder interpreted the bid requirements differently than did the other bidders/proposers, and may render the bid price unreasonable.
- (d) Requiring each bidder/proposer to certify that the prices offered are no higher than those charged other customers for items of similar quality and quantity.

8.4.1 Adequate price competition may be determined to exist when the perception of competition exists, even if only one bid or proposal is received; conversely, the receipt of multiple bids or proposals with widely differing prices may not constitute adequate price competition.

9.0 CONSTRUCTION CONTRACTS

9.1 General

Under federal laws and regulations, certain special solicitation and contract requirements apply to construction contracts which are not necessarily applicable to non-construction contracts. These special requirements include mandatory requirements for bid bonds, performance bonds, and payment bonds for construction contracts over \$150,000.00 (see Section 6.8 Bonding Requirements), minimum insurance requirements, liquidated damages provisions in contracts, Anti-Kickback provisions and labor provisions applicable to all construction contracts under the Davis-Bacon Act.

Construction contract solicitation and administration requirements will not be covered in detail in this Manual. Solicitations and contracts for construction or “public work” activity will require careful review by legal counsel to assure completeness.

9.2 Federal Labor Requirements

9.2.1 Davis-Bacon Act

Connect Transit is subject to the requirements of the Davis-Bacon Act, under which the advertised specifications for every Connect Transit contract over \$2,000.00 for construction, alteration and/or repair, including painting and decorating of public buildings or public works which requires or involves the employment of laborers and/or mechanics must contain a provision stating the minimum wages to be paid them based on determinations by the Secretary of Labor of local prevailing wage rates for comparable work. The rates must be posted at the site, and the wages must be paid in full no less often than weekly.

A copy of the determination of the Secretary of Labor must be included in each solicitation and the award of any contract must be conditioned upon the contractor accepting the terms of it. As a FTA grantee, Connect Transit must report all reported or suspected violations to the FTA.

9.2.2 Copeland Anti-Kickback Act

Connect Transit is subject to the requirements of the Copeland Anti-Kickback Act (40 U.S.C. § 276c) as supplemented by Department of Labor regulations (29 CFR Part 3) applicable to all contracts or subcontracts for construction or repair. This Act provides that each contractor or subcontractor shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he/she is otherwise entitled. Connect Transit is required to report any suspected or reported violations to the FTA.

9.2 Contract Work Hours and Safety Standards Act

All contracts issued for construction in excess of \$100,000.00 by Connect Transit or its subcontractors which involves the employment of mechanics or laborers, shall include a provision for compliance with Sections 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 – 333) as supplemented by Department of Labor regulations (29 CFR part 5). Under Section 102 of the Act, each contractor will be required to compute the wages of every mechanic and laborer on the basis of a standard workweek of forty (40) hours. Work in excess of the standard work week is

permissible provided that the worker is compensated at a rate of not less than 1-1/2 times the basic rate of pay for all hours worked in excess of 40 hours in the work week.

Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his/her health and safety, as determined under construction, safety and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or to contracts for transportation or transmission of intelligence.

10.0 CONTRACT ADMINISTRATION

10.1 Procurement Specialist's Post-Award Responsibilities

The Procurement Specialist's post-award contract administration responsibilities include the following responsibilities:

10.1.1 Monitoring for Contract Compliance

The Procurement Specialist is responsible for monitoring contract compliance. If relying on the Department Head (or Project Manager) for contract compliance monitoring, the Procurement Specialist must assure that the Department Head (or Project Manager) gives timely notice of contract compliance problems

10.1.2 Enforcing Contract Provisions

It is the Procurement Specialist's responsibility to enforce the contract as written or amended. If not enforced, a loss of time or product quality may be incurred.

10.1.3 Issuing Timely Performance and Payment Approvals

The Procurement Specialist is the person with authority to approve contract performance so that progress payments or other authorized expenditures of funds to the contractor are made. If relying on the Department Head (or Project Manager), the Procurement Specialist will develop a process to ensure proper documentation has been reviewed and approved so that payment approvals can be made. Timely approvals enable the work to proceed on a timely basis.

10.1.4 Modifying the Contract as Necessary

As the contract work proceeds, modifications or changes may become necessary. After technical considerations are resolved (by Department Head/Project Manager), it is the

Procurement Specialist who has authority to initiate contract changes on behalf of Connect Transit.

10.1.5 Closing Out the Contract

When the contract performance is completed, it is the Procurement Specialist's responsibility to close-out the contract.

10.2 Project Management

The General Manager shall appoint personnel to serve as the Project Manager for every project in excess of \$15,000.00 (this excludes purchase of standard items of material exceeding \$15,000.00 per year). It is the Project Manager's responsibility to follow the contractor through the work process, providing technical direction to the contractor regarding the Scope of Work (which defines specific tasks, milestones and review procedures for the specific project). The Project Manager will respond to correspondence on technical matters from the contractor, either orally (then following-up with a written memo to the contract file) or in writing, and shall furnish the Procurement Specialist with a copy of or memorandum reflecting all correspondence with the contractor. The Project Manager shall review the progress of all the work on a periodic basis and initiate any required reviews by Connect Transit staff.

The contractor may be required to document the amount of time and money spent on work on a periodic basis as specified by the contract. It is the Project Manager's responsibility to review the contractors' documentation and invoices in relation to the milestones, work expended, and budget, and to advise the Procurement Specialist whether the contractor is in compliance with the contract.

10.3 Contract Amendments and Change Orders

Change orders are amendments to a contract and may be required to adjust a contract quantity or performance period due to unanticipated conditions. Change orders are considered non-competitive procurements and are subject to the same requirements as noted in Section 8. The Procurement Specialist shall determine whether the proposed change order contains a change in scope, which may be grounds for bidding the extra work. All change orders are subject to the General Manager's review and approval. If a change order, or the cumulative effect of all change orders, is to increase the original contract amount by over ten percent (10%) of the original contract amount approved by the Board, the General Manager shall submit it to Connect Transit Board for prior approval before the change is made. Change orders are subject to the availability of funds.

A cost analysis must be performed and filed in the contract file in connection with any change order, unless price reasonableness can be established based on catalog or market price of a commercial product or on the basis of prices set by law or regulation.

10.4 Contract Requirements

Contracts established by Connect Transit should set forth each party's responsibilities and rights clearly and completely in order to minimize the potential for conflict, and should set forth the directions for resolutions of disputes, if any. Contracts should include the following elements, as appropriate to the specific purchase.

(a) Statement of Work/Scope of Work

- (1) Contract Objectives
- (2) Contract Scope
- (3) Specifications/Purchase Descriptions
- (4) Progress Report Requirements (consultant/professional services contracts and any contract containing progress payment provisions)

(b) Delivery Schedule

(c) Contract Period

(f) Pricing Schedule (should include description of each line item, quantity, unit of measure, unit price and total price for each item)

(e) Payment Schedule (including special terms such as progress payments and authorities to withhold payments)

(f) Inspection Provisions and Acceptance Criteria

(g) FOB Point and Delivery Instructions

(h) Other Requirements (if appropriate):

- (1) identification of key personnel and facilities
- (2) extent of subcontracting and consulting
- (3) provision for changes by Connect Transit within general scope of the contract
- (4) provision for termination for default by Connect Transit for its convenience and, where appropriate, suspension of the contractor's work under the contract

- (5) provisions for resolution of protests (required in solicitation), contract claims and disputes
- (6) sanctions or remedies, such as liquidated damages or performance bonds, for contract's non-performance
- (7) notice of any FTA or other federal requirements applicable to the contract.

10.5 Assignment of Contract Rights

Connect Transit shall limit its procurements to the amount of property and services required to meet its reasonably expected needs without adding excess capacity simply for the purpose of assigning contract rights to others at a later date. Connect Transit shall be able to justify the quantities it procures. Connect Transit shall maintain written statements of its anticipated material requirements.

If Connect Transit awards an indefinite-delivery-indefinite-quantity (IDIQ) contract for supplies or services, the solicitation and also the contract award shall include both a minimum and maximum quantity that represent Connect Transit's reasonably foreseeable needs.

Connect Transit may find that it has inadvertently acquired contract rights in excess of its needs. Connect Transit may assign these contract rights to other eligible public transit systems provided that the original contract includes assignability provision or contains other appropriate assignment provisions. This process is called "piggybacking."

10.5.1 Acquisition Through Assigned Contract Rights

Although FTA does not encourage the practice, Connect Transit may find it useful to acquire contract rights through assignment by another recipient. Connect Transit shall first determine that the contract price remains fair and reasonable, and the contract provisions comply with all Federal requirements. Connect Transit does not need to perform a second price analysis if a price analysis was performed for the original contract. Connect Transit shall be responsible for ensuring the contractor's compliance with FTA's Buy America requirements and execution of all the required pre-award and post-delivery Buy America review certifications. Before proceeding with the assignment, however, Connect Transit shall review the original contract to be sure that the quantities the assigning recipient acquired, coupled with the quantities the acquiring recipient seeks, do not exceed the amounts available under the assigning recipient's contract.

10.5.2 Alternatives to Assign Contract Rights

Assignments limit Connect Transit’s choices to specify property and services acquired to meet another recipient’s particular needs, and may be less suited to Connect Transit’s needs. Connect Transit may use the following options:

Joint Procurements

Whenever feasible, Connect Transit will consider combining or “pooling their procurements to obtain better pricing. Joint procurements represent the combined buying power of more than one purchaser at the time when prices are established. A joint procurement offers the advantage of permitting Connect Transit to acquire property and services more closely responsive to Connect Transit material requirements than would be available through assignments of existing contract rights. A joint procurement contract shall include total minimum and maximum quantities.

Intergovernmental Procurements

Federal, State, and local governmental resources may provide attractive procurement opportunities.

10.6 Impermissible Actions

Connect Transit may not use Federal assistance to finance:

Improper Contract Expansion

A contract has been improperly expanded when it includes a larger scope, greater quantities, or options beyond the recipient’s reasonably anticipated needs. A contract has also been improperly expanded when excess capacity has been added primarily to permit assignment of those contract rights to another entity. The Common Grant Rules require the recipient to have procurement procedures that preclude the recipient from acquiring property or services it does not need.

Cardinal Changes

A significant change in contract work (property or services) that causes a major deviation from the original purpose of the work or the intended method of achievement, or causes a revision of contract work so extensive, significant, or cumulative that, in effect, the contractor is required to perform very different work from that described in the original contract, is a cardinal change. A change within the

scope of the contract (sometimes referred to as an “in-scope” change) is not a cardinal change.

Changes in Quantity.

Connect may make a change in quantity in contract work to account for the realities of the marketplace and to make minor adjustments contemplated fairly and reasonably by the parties when they entered into the contract. (See U.S. Supreme Court decision in *Freund v. United States*, 260 U.S. 60 (1922)).

Tests

Among other things, customary marketing practices can influence the determination of which changes will be “cardinal.” Other tests involve the nature and extent of the work to be performed, the amount of effort involved, whether the change was originally contemplated at the time the original contract was entered into, or the cumulative impact on the contract’s quantity, quality, costs, and delivery terms.

Rolling Stock

In the case of rolling stock, a major change in quantity or a substitution of major end items not contemplated when competition for the original award took place would generally be a cardinal change. An example of a cardinal change would be a change from a high-floor to a low-floor vehicle. Changing an engine might result in a cardinal change depending on the circumstances surrounding the project and whether a compatible replacement could be obtained through competition. Connect Transit may make changes to seating, fabrics, and colors, exterior paint schemes, signage, and floor covering and other similar changes.

10.7 Federal Procurement Standards

The broader standards applied in Federal contracting practice reflected in Federal court decisions, Federal Boards of Contract Appeals decisions, and Comptroller General decisions provide guidance in determining whether a change would be treated as a cardinal change. Pursuant to FTA direction, Connect Transit shall consider the collective wisdom within these decisions in determining the nature of third party contract changes along the broad spectrum between permissible changes and impermissible cardinal changes. For further information and clarification, Connect Transit will consult FTA’s *Best Practices Procurement Manual* and “Frequently Asked Questions” at the FTA Web site: <https://www.transit.dot.gov/funding/procurement/third-party-procurement/third-party-procurement-faqs>

10.7 Special Contract Requirements

10.7.1 Liquidated Damages Provisions

Connect Transit shall determine whether or not the use of a liquidated damage provision is appropriate for each specific procurement. The assessment for damages shall be at a specific rate per day for each day of overrun in contract time; and the rate must be specified in the third party contract. Connect Transit will not include such provisions in contracts unless:

- (a) the time of delivery is of such importance that Connect Transit can reasonably expect to suffer damage if the delivery is delinquent,
- (b) Connect Transit determines the delivery schedule is reasonable at the time of contract award, and
- (c) damages would be difficult or impossible to establish.

If the Procurement Specialist determines that a liquidated damages provision is necessary in a contract, he/she shall document the derivation of the rate of assessment and assure it is reasonable, proper, and not arbitrary. Any liquidated damages recovered shall be credited to the project account involved unless the FTA permits otherwise.

10.7.2 Progress Payment Provisions

The following standards relate to Connect Transit's use of progress payment provisions:

- (a) Progress payments may be appropriate if:
 - (1) the contractor will not be able to bill the first delivery of products, or other performance milestones, for a substantial time after work must begin, and
 - (2) the contractor will make expenditures for contract performance during the period prior to delivery having significant impact on its working capital.
- (b) Progress payments may be appropriate for small or DBE businesses if the contractor demonstrates actual financial need or unavailability of private financing.

(c) When progress payments are used, Connect Transit will obtain title to property (i.e., materials, work in progress, and finished goods) for which progress payments are made. Such title must be free of all encumbrances, or Connect Transit will secure a priority lien pursuant to Article 9 of the Uniform Commercial Code and applicable state law and local ordinances. Alternative security for progress payments by irrevocable letter of credit or equivalent means to protect Connect Transit's interests in the progress payments may be used in lieu of obtaining title.

10.8 Insurance Provisions

The Procurement Specialist should determine when insurance is required and include in any solicitation and contract document a clause informing contractors of the minimum coverage requirements required by federal or State statutes. When FTA grant funds are used, the minimum requirements shall be as follows:

Contractor's Insurance

The contractor shall, at all times during the term of this contract and extended terms thereof, provide and maintain the following types of insurance protecting the interests of Connect Transit and the Connect Transit Board of Trustees, hereafter referred to as Connect Transit, et al for the remainder of this section, and the Contractor with limits of liability not less than those specified below.

(1) Worker's Compensation Insurance**

Providing Statutory Benefits under the Worker's Compensation Act of the State of Illinois and/or any other state or federal law or laws applicable to the Contractor's employees performing work under this contract.

(2) Employers Liability Insurance**

With limits of liability not less than \$500,000.00 for each accident, \$500,000.00 for each employee for disease and \$500,000.00 policy limit for disease.

****This insurance must be endorsed with a Waiver of Subrogation Endorsement, waiving the carrier's right of recovery under subrogation or otherwise from Connect Transit et. al.**

(3) Commercial General Liability

Coverage shall carry at least limits of \$500,000.00 for each occurrence of bodily injury and property damage with a general aggregate of \$1,000,000.00 and a products and completed operations aggregate of \$1,000,000.00.

There shall not be any policy exclusions or limitations for contractual liability covering the Contractor's obligations herein; personal injury/advertising liability; explosion, collapse and underground property damage hazards; medical payments; fire damage; legal liability; broad form property damage; liability for independent contractors.

(4) Comprehensive Automobile Liability Insurance

Covering all owned, hired and non-owned vehicles used in connection with the work performed under this contract with limits of liability not less than \$1,000,000.00 combined single limit.

(5) Builder's Risk Insurance

Against all risks of direct physical loss shall be obtained by the Contractor in an amount of insurance equal at all times to the replacement cost value of all materials on site, in transit, installed, at temporary locations elsewhere, and labor performed. The policy is to be insured jointly in the names of the Contractor and Connect Transit et. al.

(6) Umbrella Liability

Covering General Liability, Automobile Liability and Employer's Liability with limits of not less than \$2,000,000.00.

(7) Certificates of Insurance

Before commencing with this contract, the Contractor shall mail Certificates of Insurance satisfactory to Connect Transit et. al (or, as and when Connect Transit et. al may direct, copies of the actual insurance policies) at the following address:

Connect Transit
351 Wylie Drive
Normal, Illinois 61761
ATTN: Procurement Specialist

Certificates from each insurance company evidencing that insurance required by paragraph a, sections 1-5 above are in force, stating policy numbers, dates of expiration,

and limits of liability thereunder. All copies of policies and Certificates of Insurance submitted to Connect Transit et. al shall be in form and content acceptable to Connect Transit et. al.

(8) Approval of Forms and Companies

All insurance described in this contract shall be written by an insurance company or companies satisfactory to Connect Transit et. al and licensed to do business in Illinois and shall be in form and content satisfactory to Connect Transit et. al. No party subject to the provisions of this contract shall violate or knowingly permit to be violated any of the provisions of the policies of insurance described herein. Except as may otherwise specifically be provided herein to the contrary, all policies of insurance which are in any way related to the work required by this contract shall be endorsed waiving the issuing insurance company's rights of recovery against Connect Transit et. al whether by way of subrogation or otherwise. All insurance should be provided by insurance companies with a current Best's Rating of A- or better.

(9) Additional Insured Endorsement

The policy or policies providing Commercial General Liability, Automobile Liability, Employer's Liability and Umbrella Liability coverage and as required above shall be endorsed to name the Connect Transit et. Additional Insured with respect to operations performed by or on behalf of the Contractor in performance of this contract. The policy shall be endorsed so that the Contractor's insurance is primary to all programs of insurance and self-insurance carried by Connect Transit et. al.

(10) Notice of Cancellation or Material Change

Policies and/or certificates shall specifically provide thirty (30) day written notice of cancellation, non-renewal, or material change to be sent to Connect Transit et. al. In the event of cancellation of any policy and/or certificate for nonpayment of premium, Connect Transit et. al reserves the right, but is not obligated to pay this premium, and to deduct this cost from final payment to the Contractor for services rendered.

(11) Subcontractors

If any part of the work is sublet, the Contractor shall require any and all subcontractors performing work under this contract to carry insurance of the types and with limits of liability as the Contractor shall deem appropriate and

adequate. In the event a subcontractor is unable to furnish adequate insurance required under the contract, the Contractor shall endorse the subcontractor as an Additional Insured. The Contractor shall obtain and furnish Connect Transit et. al certificates of insurance evidencing the subcontractor's insurance coverage.

(12) Multiple Policies

The limits of liability as required above may be provided by a single policy of insurance or a combination of primary, excess or umbrella liability policies. In no event shall the total limit of liability for any one occurrence or accident be less than the amounts shown above.

(13) Deductibles

Companies issuing the insurance policies and the Contractor shall have no recourse against Connect Transit et. al for payment of any premiums or assessments for any deductibles, as all such premiums and deductibles are the sole responsibility and risk of the Contractor.

(14) OSHA and Other Regulations

The Contractor shall be responsible for compliance with all safety rules and regulations of the Federal Occupational Safety and Health Act of 1990 and those of all applicable state and local laws or regulations during the conduct of and the Contractor's performance of this contract. The Contractor shall indemnify Connect Transit et. al for all fines, penalties and corrective measures that result from the acts of commission or omission of the Contractor, its subcontractors, if any, agents, employees and assignees and their failure to comply with such safety rules and regulations.

The Procurement Specialist, as contract administrator, shall assure a current certificate is on file at all times during performance of the contract.

10.9 Prohibited or Restricted Contract Types

The Common Grant Rule provides more guidance to the Connect Transit, on prohibited or restricted contract types. The following contract types are restricted or prohibited:

10.9.1 Cost Plus a Percentage of Cost – Prohibited

Pursuant to the Common Grant Rules, Connect Transit shall not use cost plus a percentage of cost plus a percentage of construction cost methods of contracting.

10.9.2 Time and Materials – Restricted

Pursuant to the Common Grant Rules, Connect Transit shall be permitted to use the time and material contracts only if the following conditions are met:

- a. Permitted to Use, The Connect Transit has determined that no other contract type is suitable; and Connect Transit is able to assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls and;

Firm Ceiling Price

If the contract specifies a ceiling price that the contractor may not exceed except at its own risk.

10.10 Revenue Contracts

Revenue contracts are those third party contracts whose primary purpose is to either generate revenues in connection with a transit related activity, or to create business opportunities utilizing an FTA-funded asset. FTA requires these contracts to be awarded utilizing competitive selection procedures and principles. In accordance with FTA Circular 4220.1 F section 7(n) as amended, the extent of and type of competition required is within the discretionary judgment of the General Manager. Revenue contracts may have a period of performance beyond 5 years if Connect Transit believes it is in Connect Transit's best interest.

10.11 Contract Termination Provisions

All contracts over \$15,000.00 shall contain provisions for termination for cause and for convenience by Connect Transit including the manner by which it will be effected and the basis for settlement. For all contracts in excess of the small purchase threshold, there shall be administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, including sanctions and penalties as may be appropriate.

The performance of work under a contract containing such provisions may be terminated in part or in whole when Connect Transit's Procurement Specialist, in consultation with the General Manager and Legal Counsel, determines that such termination is in the best interests of Connect Transit. Contracts may be terminated for convenience (i.e., a reduced need or otherwise in the best interests of Connect Transit)

or for default (i.e., the contractor has failed to perform under the contract requirements). Contractors will not be granted the right of termination.

When the decision to terminate is made, a “Notice of Termination” shall be sent by the General Manager to the contractor by Certified Mail, with a return receipt requested. The Notice of Termination shall specify the reason for termination, the extent to which the performance of work is terminated (i.e., in whole or in part), and the day upon which such termination becomes effective. Settlement of claims shall be made as soon as possible after the issuance of a Notice of Termination/Default to protect the interests of and minimize the liability of Connect Transit. When settlement cannot be made, Connect Transit shall reserve the right to issue a determination of the amount due consistent with the termination clause and applicable cost principles, subject to appeal under the disputes provisions of the contract.

Connect Transit will consider a no-cost settlement instead of issuing a termination notice when it is known the contractor will accept one, Connect Transit’s property was not furnished, and there are no outstanding payments, debts due Connect, or other contractor obligations to Connect Transit.

10.12 Buy America Provisions

Procurements involving the purchase of iron, steel and manufactured goods will be subject to the “Buy America” requirements in 49 *CFR* Part 661.

All Connect Transit procurements in excess of \$150,000.00 are subject to the Buy America regulation, which requires that all steel and manufactured products (and cement in construction) have 100% U.S. content and be manufactured in the United States. When procuring rolling stock, recipients must ensure that the cost of the components and subcomponents produced in the United States meets the following threshold requirements: (i) for fiscal years 2016 and 2017, more than 60 percent of the cost of all components of the rolling stock; (ii) for fiscal years 2018 and 2019, more than 65 percent of the cost of all components of the rolling stock; and (iii) for fiscal year 2020 and each fiscal year thereafter, more than 70 percent of the cost of all components of the rolling stock. In purchasing buses, Connect Transit is required (49 *CFR* Part 663) to conduct a pre-award and post-delivery audit of the manufacturer’s Buy America certification. 49 *CFR* § 661.13(b) requires that Connect Transit include in the solicitation requirement, as a condition of responsiveness, that the bidder or offeror submit with the bid a completed Buy America certificate in accordance with 49 *CFR* § 661.6 or § 661.12, as applicable. There are three implications of this requirement:

- (1) If the certifications are not completed and submitted with the bid, that bid is non-responsive and cannot be considered. Connect Transit cannot go back and ask, in a competitively sealed bidding procurement, for the bidder to complete the certification and submit it after bids are received.
- (2) However, the bidder certifies with its bids (whether or not it will be bound by the applicable requirement), it is bound by that certification and cannot change it after bid opening.
- (3) If the bidder or offeror certified it will comply with all the applicable Buy America requirements, it will not be eligible later for a waiver of those requirements.

Buy America Certification forms will be included with each IFB or RFP solicitation and will be required to be executed and submitted with a bid or proposal. Purchases made using small purchase procedures are most often made under a purchase order, in order to set up the account payable. Connect Transit's purchase order states conditions of purchase, including Buy America requirements. It is a condition of Connect Transit's purchase order that when accepting the order, the vendor certifies that Buy America requirements are met. In those few instances where a purchase order is not used, the Procurement Specialist will furnish a certification form to the vendor for execution. Once a certification is received from a vendor for a particular item, it is not necessary to require receipt of a certification for each subsequent purchase provided there is a certification on file for that item.

If a waiver for the Buy America requirements is sought, the following is the process to be followed:

Applications for waivers are processed in accordance with the provisions of 49 *CFR* §661.9. The waiver must be obtained "in a timely manner" through Connect Transit. Connect Transit's request for waiver must be made in writing, and should include all facts and justification to support the waiver, and be submitted to the FTA Administrator through the appropriate FTA Regional Office. The Administrator (or Regional Administrator, in cases where authority has been delegated) will issue a written determination setting forth the reasons for granting or denying the exception request.

10.13 Federal Provisions and Required Contract Clauses

When federal operating or capital funds are used in a purchase, certain solicitation provisions and required contract clauses must be incorporated in Connect Transit's solicitation and award. These requirements are stated in Connect Transit's FTA Master Agreement, FTA Circulars, and in the various regulations themselves. Some provisions and clauses apply only over certain contract dollar thresholds, and some apply separately to construction and non-construction contracts. A separate contract administrator's manual includes these provisions and required clauses.

When including "boilerplate" provisions and contract clauses in an IFB or RFP, the Procurement Specialist will separately reference in bid instructions those provisions and/or clauses which are not applicable to the procurement, and will cross out and initial those inapplicable sections of the "boilerplate" document which is included in the solicitation

**APPENDIX A
SOLICITATION FILE CHECKLIST**

Solicitation No.	
Title	
Issue Date	
SOLICITATION DOCUMENTATION	NOTES
Legal Notices	
Posting to Website	
Solicitation	
Independent Cost Estimate	
Vendor List	
Pre-Proposal and Pre-Bid Meeting Documentation	
Amendments and Clarifications	
Record of Approved Equal Status Requests	
Bid Opening Record	
Request for Best and Final Offers	
All Bids and Proposals received (on time)	
OFFER EVALUATION DOCUMENTATION	
Responsiveness	Responsiveness cont'd
Completed and Signed Solicitation/Award	Buy America certification, as applicable
Completed pricing schedule	Bid Bond, as applicable
Acknowledge of Amendments, as applicable	Certificate of Insurance and Insurance Verification
Representations and Certifications complete	Vendor Profiles
DBE Forms	Excluded Parties List verification DBE Participation Goal Verification
Technical Evaluation Panel Reports	Record of Proposer interviews, questions and answers
Record of Past Performances and Verification	Documentation of Reason for Selection or Rejection of an Offer
Record of Financial Capacity	Notice of Solicitation Cancellation, if applicable
Cost or Price analysis	Award Recommendation

**APPENDIX B
CONTRACT FILE CHECKLIST**

CONTRACT NO.	CONTRACTOR
AWARD DATE	EXPIRATION DATE
CONTRACT DOCUMENTATION	NOTES
Procurement summary, for base contract award, modifications, and contract extensions	
Executed contract	
Notice to Award	
Notice to Proceed	
Executed Contract Modifications (change orders)	
Documentation of Executed Contract Modifications,	
Documentation of the Requirement	
Sole source justification	
Record of Negotiations	
Independent Cost Estimate	
Cost or Price Analysis	
Record of approval at appropriate level	
Record of Funding	
Interested Parties Correspondence	
Internal correspondence, substantiating contract actions or deemed appropriate	
Copy of Bonds, as applicable	
Copy of current Certificate of Insurance	
Completed Contract Closeout Checklist	
Accepted Offer	

APPENDIX C

METHODS OF PROCUREMENT – QUICK REFERENCE

Method	Micro Purchases	Small Purchase (supplies, equipment, services)	Sealed Bids (construction. Supplies, equipment, non-professional services)	Competitive Proposals (supplies, equipment, services)	Non-Competitive (Single or Sole Source)
Threshold	Up to \$3500	More than \$3,500 up to \$50,000(\$20,000, if using IDOT Capital funds)	More than \$50,000 (\$20,000, if using IDOT Capital funds) If higher than \$50,000 requires Board approval	More than \$50,000 (\$20,000, if using IDOT Capital funds) If higher than \$50,000 requires Board approval	More than \$50,000 (\$20,000, if using IDOT Capital funds) If higher than \$50,000 requires Board approval
Planning	None, unless construction over \$2,000	Purchase Requisition, Technical Specification or Scope of Work, cost estimate, DBE Goal	Purchase Requisition, specification, vendor list, independent cost estimate, DBE Goal, Insurance requirements, schedule	Purchase Requisition, specification, vendor list, independent cost estimate, DBE Goal, Insurance requirements, schedule	Documented justification, Purchase Requisition, Specification or Scope of Work, independent cost estimate, Insurance requirements
Obtain Quotes / Bids / Proposals	At least ONE Quote in writing OR fair and reasonable retail items	Scope of Work Reasonable number of Written Quotes (a minimum of three quotes, more if the market permits)	IFB, Specification Publicly Advertised, Adequate number of known suppliers,	RFP, Scope of Work, Performance or Functional Specification, Advertise,	Only One Reasonably Available Supplier/Contractor, Written Proposal, Acknowledgement and Acceptance of FTA

		Established Evaluation Criteria, Factors, and Relative Importance	Formal Sealed Bid, Open Bids Publicly	Adequate number of qualified sources, Written Proposal Discussions Expected, BAFO	clauses, Completion of Representations and Certifications
Award Purchase Order/ Contract	Single Quote No Competition	Requires Competition Awarded to "Best Value" (usually low Bid)	Firm Fixed Price Awarded to Lowest Responsive and Responsible Bidder. Any and all bids may be rejected	Requires Competition Usually awarded to Best Value (best combination of meeting technical needs and price)	Written Justification, Available only from one known source

**APPENDIX C (CONTINUED)
METHODS OF PROCUREMENT – QUICK REFERENCE**

Method	Micro Purchases	Small Purchase (supplies, equipment, services)	Sealed Bids (construction, supplies, equipment, non-professional services)	Competitive Proposals (supplies, equipment, services)	Non-Competitive (Single or Sole Source)
Determination of Fair and Reasonable Price	Description of how price is fair and reasonable	Price Analysis	Low Bid	Price Analysis, if adequate competition exists, otherwise Cost Analysis	Cost Analysis Required, unless basis is catalog or market price of commercial product

				Required	
Bonding Requirements	Not Required	Not Required	Required for construction Contracts over \$150,000	Usually not required	Required for construction Contracts over \$150,000
Davis-Bacon Wage Rates	Construction contracts over \$2,000	Construction Contracts	Construction Contracts	Construction Contracts	Construction contracts over \$2,000
Buy America Certification	Exempt	Exempt	Required if over \$150,000	Required if over \$150,000	Required if over \$150,000
Excluded Parties List Verification	Not Required	Required if \$25,000 or higher	Required	Required	Required if \$25,000 or higher
Documentation of Rationale / Basis for Award	e.g. "Purchased at off the shelf pricing"	Historical Data or written summary (Findings of Fact)	Written Summary	Written Summary (Findings of Fact and Record of Negotiations)	Written Summary (Findings of Fact and Record of Negotiations)

APPENDIX D
PROVISIONS, CERTIFICATIONS, REPORTS, FORMS, AND OTHER-MATRICES
APPLICABILITY OF THIRD PARTY CONTRACT PROVISIONS

(Excluding micro-purchases, except Davis-Bacon requirements apply to contracts exceeding \$2,000)

TYPE OF PROCUREMENT					
PROVISION	Professional Services / A&E	Operations / Management	Rolling Stock Purchase	Construction	Materials & Supplies
No Federal Government Obligation to Third Parties (by Use of a disclaimer)	All	All	All	All	All
False Statements or Claims Civil and Criminal Fraud	All	All	All	All	All
Access to Third Party Contract Records	All	All	All	All	All
Changes to Federal Requirements	All	All	All	All	All
Termination	>\$10,000 if 49 CFR Part 18 Applies	>\$10,000 if 49 CFR Part 18 Applies	>\$10,000 if 49 CFR Part 18 Applies	>\$10,000 if 49 CFR Part 18 Applies	>\$10,000 if 49 CFR Part 18 Applies
Civil Rights (Title VI, EEO, ADA)	>\$10,000	>\$10,000	>\$10,000	>\$10,000	>\$10,000
Disadvantaged Business Enterprises (DBEs)	All	All	All	All	All
Incorporation of FTA Terms	All	All	All	All	All
Debarment and Suspension	>\$25,000	>\$25,000	>\$25,000	>\$25,000	>\$25,000
Buy America			>\$150,000	>\$150,000	>\$150,000
Resolution of Disputes, Breaches, or Other Litigation	>\$150,000	>\$150,000	>\$150,000	>\$150,000	>\$150,000
Lobbying	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Clean Air	>\$150,000	>\$150,000	>\$150,000	>\$150,000	>\$150,000
Clean Water	>\$150,000	>\$150,000	>\$150,000	>\$150,000	>\$150,000

APPENDIX D (CONTINUED)
PROVISIONS, CERTIFICATIONS, REPORTS, FORMS, AND OTHER-MATRICES

APPLICABILITY OF THIRD PARTY CONTRACT PROVISIONS

(Excluding micro-purchases, except Davis-Bacon requirements apply to contracts exceeding \$2,000)

TYPE OF PROCUREMENT					
PROVISION	Professional Services / A&E	Operations / Management	Rolling Stock Purchase	Construction	Materials & Supplies
Cargo Preference			For property transported by ocean vessel	For property transported by ocean vessel	For property transported by ocean vessel
Fly America	For foreign air transport or travel	For foreign air transport or travel	For foreign air transport or travel	For foreign air transport or travel	For foreign air transport or travel
Davis-Bacon Act				>\$2,000	
Contract Work Hours and Safety Standards Act		>\$100,000 (except Transportation services)	>\$100,000	>\$100,000 (including ferry vessels)	
Copeland Anti-Kickback Act Section 1 Section 2				All exceeding \$2,000 (including ferry vessels)	
Bonding				\$150,000	
Seismic Safety	A&E for New Buildings & Additions				
Transit Employee Protective Arrangements		Transit Operations			
Charter Service Operations		All			
School Bus Operations		All			
Drug Use and Testing		Transit Operations			
Alcohol Misuse and Testing		Transit Operations			
Patent Rights	Research & Development				

APPENDIX D (CONTINUED)
PROVISIONS, CERTIFICATIONS, REPORTS, FORMS, AND OTHER-MATRICES

APPLICABILITY OF THIRD PARTY CONTRACT PROVISIONS

(Excluding micro-purchases, except Davis-Bacon requirements apply to contracts exceeding \$2,000)

TYPE OF PROCUREMENT					
PROVISION	Professional Services / A&E	Operations / Management	Rolling Stock Purchase	Construction	Materials & Supplies
Rights in Data and Copyright Requirements	Research & Development				
Energy Conservation	All	All	All	All	All
Recycled Products		Contracts for items designated by EPA, when procuring \$10,000 or more per year		Contracts for items designated by EPA, when procuring \$10,000 or more per year	Contracts for items designated by EPA, when procuring \$10,000 or more per year
Conformance with ITS National Architecture	ITS Projects	ITS Projects	ITS Projects	ITS Projects	ITS Projects
ADA Access	A&E	All	All	All	All
Notification of Federal Participation for States	Limited to States	Limited to States	Limited to States	Limited to States	Limited to States

APPENDIX E

FAIR AND REASONABLE PRICE FORM

I hereby determine the price to be fair and reasonable based on at least one of the following:

_____ Found reasonable on recent purchase

_____ Obtained from current price list

_____ Obtained from current catalog

_____ Commercial market sales price form advertisements

_____ Similar item in related industry

_____ Personal knowledge of item procured

_____ Regulate rate (utility)

_____ Other _____

*Include all relevant documentation in determining price is fair and reasonable

Purchaser Signature _____

Date _____

Authorized Signature _____

Date _____

Appendix F - Small Purchase Checklist

Small Purchases: above \$3,500 and below \$50,000(\$20,000 IDOT Funds)

- All purchases of goods and services shall be initiated by a user department through use of a Purchase Requisition.
- Small Purchases are relatively simple and informal methods for securing supplies, services, or property that cost more than \$3,500. The purchases must not exceed \$50,000 (\$20,000 IDOT Funds).
- Connect Transit Procurement Policy requires three (3) or more quotes.
- Construction Projects over \$2,000 must go through Procurement. Davis-Bacon Act applies.

Checklist

- Determine and document the need
- Obtain at least three (3) quotes
- Complete Purchase Requisition Form
- Attached quotes to the Purchase Requisition Form
- Obtain proper approval based on the dollar amount of the purchase
(Purchase Requisition must have two (2) signatures, The Requestor and an Approver)
- Submit signed and approved Purchase Requisition with quotes to Procurement
- Once all approvals have been secured, the PO will be issued
- Requestor will receive a copy of the PO

The following represent Connect Transit's required approval levels of procurement requisitions.

<u>Amount</u>	<u>Approval Required</u>
Up to \$7,500	PS, GM
Over \$7,500	GM
Up to \$50,000	GM

**Appendix G – Purchase Requisition Form
Purchases over \$3,500 and below \$50,000 (\$20,000, using IDOT Funds)**



Selected Vendor:

Name:

Address:

Phone:

Vendor Quotes:

Vendor Name #1:

Vendor Name #2:

Vendor Name #3:

Need/Justification:

Date	Requested By

QTY	Part Number	Description	Unit Price	Total

Approved By **Account Number** **Authorized By:** **Date:**