

AGENDA

Transit Committee Meeting

April 10, 2025

9:00 AM

Location

San Bernardino County Transportation Authority
First Floor Lobby Board Room
1170 W. 3rd Street, San Bernardino, CA 92410

Transit Committee Membership

Chair

John Dutrey, Mayor
City of Montclair

Acquanetta Warren, Mayor
City of Fontana

Vice Chair

Joe Baca, Jr., Supervisor
County of San Bernardino

Bill Hussey, Mayor
City of Grand Terrace

Art Bishop, Mayor Pro Tem
Town of Apple Valley

Larry McCallon, Mayor Pro Tem
City of Highland

Eunice Ulloa, Mayor
City of Chino

Alan Wapner, Mayor Pro Tem
City of Ontario

Ray Marquez, Council Member
City of Chino Hills

L. Dennis Michael, Mayor
City of Rancho Cucamonga

Frank Navarro, Mayor
City of Colton

Rick Denison, Council Member
Town of Yucca Valley

**San Bernardino County Transportation Authority
San Bernardino Council of Governments**

AGENDA

Transit Committee Meeting

**April 10, 2025
9:00 AM**

Location

**SBCTA Office
First Floor Lobby Board Room
1170 W. 3rd Street, San Bernardino, CA 92410**

Items listed on the agenda are intended to give notice to members of the public of a general description of matters to be discussed or acted upon. The posting of the recommended actions does not indicate what action will be taken. The Board may take any action that it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

To obtain additional information on any items, please contact the staff person listed under each item. You are encouraged to obtain any clarifying information prior to the meeting to allow the Board to move expeditiously in its deliberations. Additional ***“Meeting Procedures”*** and agenda explanations are attached to the end of this agenda.

CALL TO ORDER

(Meeting Chaired by John Dutrey)

- i. Pledge of Allegiance
- ii. Attendance
- iii. Announcements
- iv. Agenda Notices/Modifications - Ashley Izard

Public Comment

Brief Comments from the General Public

Note: Public Comment on items listed on this agenda will be allowed only during this committee meeting. No public comment will be allowed on committee items placed on the Consent Agenda at the Board of Directors meeting. If an item has substantially changed after consideration during the committee meeting, the item will be placed on Discussion for Board and public comment will be allowed.

Possible Conflict of Interest Issues

Note agenda item contractors, subcontractors and agents which may require member abstentions due to conflict of interest and financial interests. Board Member abstentions shall be stated under this item for recordation on the appropriate item.

1. Information Relative to Possible Conflict of Interest

Pg. 10

Note agenda items and contractors/subcontractors, which may require member abstentions due to possible conflicts of interest.

This item is prepared monthly for review by Board and Committee members.

INFORMATIONAL ITEMS

Items listed are receive and file items and are expected to be routine and non-controversial. Unlike the Consent Calendar, items listed as Informational Items do not require a vote.

2. Transit and Rail Programs Contract Change Orders to On-Going Contracts

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Receive and file Change Order Report.

Presenter: Victor Lopez

This item is not scheduled for review by any other policy committee or technical advisory committee.

DISCUSSION ITEMS

Discussion - Administrative Matters

3. San Bernardino County Transportation Authority Fiscal Year 2025/2026 Budget - Transit Committee Task Review

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Review the proposed task and budgetary information to be included in the Fiscal Year 2025/2026 Budget, and provide direction as appropriate.

Presenter: Lisa Lazzar

This item is not scheduled for review by any other policy committee or technical advisory committee.

4. Transit Operators and Transportation Development Act Audits for Fiscal Year 2023/2024

Pg. 45

A. Review and receive the Transit Operators and Transportation Development Act Audit Reports for Fiscal Year 2023/2024.

B. Review and receive the City of Adelanto Transportation Development Act Audit Reports for Fiscal Year 2020/2021 and Fiscal Year 2021/2022.

C. Review and receive the Town of Apple Valley and City of Rialto Transportation Development Act Audit Reports for Fiscal Year 2022/2023.

Presenter: Lisa Lazzar

This item is not scheduled for review by any other policy committee or technical advisory committee.

Discussion - Transportation Programming and Fund Administration

5. Allocation of Transportation Development Act Funds for Fiscal Year 2025/2026

Pg. 136

That the Transit Committee recommend the Board, acting as the San Bernardino County Transportation Authority:

Adopt Resolution No. 25-060 authorizing the allocation of Local Transportation Funds and State Transit Assistance Funds for Fiscal Year 2025/2026 and the transmittal of allocation instructions to the San Bernardino County Auditor-Controller/Treasurer/Tax Collector.

Presenter: Brianna Martinez

This item is not scheduled for review by any other policy committee or technical advisory committee. SBCTA General Counsel has reviewed this item and the draft Resolution.

Discussion - Transit

6. Amendment No. 1 to Agreement No. 20-1002255 University Station Insurance

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That the Transit Committee recommend the Board, acting as the San Bernardino County Transportation Authority (SBCTA):

A. Approve Amendment No. 1 to Agreement No. 20-1002255 regarding University Station Operations and Maintenance, amongst SBCTA, the City of Redlands, and the University of Redlands, concerning roles and responsibilities for the procurement of real property insurance for core station assets and the cost for said insurance. SBCTA Real Property insurance is funded 50% with Rail Assets funds and 50% with local reimbursement funds for the costs allocated to the subject station properties.

B. Approve a budget amendment increasing Transit Operations Task No. 0314 by \$81,000, funded by Measure I Metrolink/Rail Service funds, to honor SBCTA's obligation to cover the first two years of the City of Redlands' costs for the University Station.

Presenter: Ryan Aschenbrenner

This item is not scheduled for review by any other policy committee or technical advisory committee. SBCTA General Counsel and Procurement Manager have reviewed this item and the draft amendment.

7. Funding Agreement No. 25-1003256 for the Upland Parking Structure

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That the Transit Committee recommend the Board, acting as the San Bernardino County Transportation Authority:

Approve Funding Agreement No. 25-1003256 with the City of Upland for the design and construction of a mixed used parking structure for an amount not-to-exceed \$500,000 funded by proceeds from the sale of Assessor's Parcel Numbers 1046-605-01, 02, and 03, known as the Upland Surplus Properties.

Presenter: Ryan Aschenbrenner

This item is not scheduled for review by any other policy committee or technical advisory committee. SBCTA General Counsel and Procurement Manager have reviewed this item and the draft agreement.

8. Gold Line to Montclair Project Update

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That the Transit Committee recommend the Board, acting as the San Bernardino County Transportation Authority (SBCTA):

A. Receive an update on the Gold Line to Montclair Project and provide direction as appropriate.

B. Consider reallocating \$37,199,643 of SBCTA funds to other SBCTA-funded operations and project needs and discontinuing a fund reserve for future operations.

Presenter: Victor Lopez

This item is not scheduled for review by any other policy committee or technical advisory committee.

Comments from Board Members

Brief Comments from Board Members

ADJOURNMENT

Additional Information

Attendance

Acronym List

Mission Statement

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The next Transit Committee meeting is scheduled for May 15, 2025.

Meeting Procedures and Rules of Conduct

Meeting Procedures - The Ralph M. Brown Act is the state law which guarantees the public's right to attend and participate in meetings of local legislative bodies. These rules have been adopted by the Board of Directors in accordance with the Brown Act, Government Code 54950 et seq., and shall apply at all meetings of the Board of Directors and Policy Committees.

Accessibility & Language Assistance - The meeting facility is accessible to persons with disabilities. A designated area is reserved with a microphone that is ADA accessible for public speaking. A designated section is available for wheelchairs in the west side of the boardroom gallery. If assistive listening devices, other auxiliary aids or language assistance services are needed in order to participate in the public meeting, requests should be made through the Clerk of the Board at least three (3) business days prior to the Board meeting. The Clerk can be reached by phone at (909) 884-8276 or via email at clerkoftheboard@gosbcta.com and the office is located at 1170 W. 3rd Street, 2nd Floor, San Bernardino, CA.

Service animals are permitted on SBCTA's premises. The ADA defines service animals as dogs or miniature horses that are individually trained to do work or perform tasks for people with disabilities. Under the ADA, service animals must be harnessed, leashed, or tethered, unless these devices interfere with the service animal's work, or the individual's disability prevents using these devices. In that case, the individual must maintain control of the animal through voice, signal, or other effective controls.

Accesibilidad y asistencia en otros idiomas - Las personas con discapacidad pueden acceder a la sala de reuniones. Se reserva una zona designada con un micrófono accesible que cumple con los requisitos de la ADA para hablar en público. Una sección designada está disponible para sillas de ruedas en el lado oeste de la galería de la sala de reuniones. Si se necesitan dispositivos de ayuda auditiva, otras ayudas auxiliares o servicios de asistencia en otros idiomas para participar en la reunión pública, las solicitudes deben presentarse al Secretario de la Junta al menos tres (3) días hábiles antes de la fecha de la reunión de la Junta. Puede comunicarse con el Secretario llamando al (909) 884-8276 o enviando un correo electrónico a clerkoftheboard@gosbcta.com. La oficina se encuentra en 1170 W. 3rd Street, 2nd Floor, San Bernardino, CA.

Los animales de servicio están permitidos en las instalaciones de SBCTA. La ADA define a los animales de servicio como perros o caballos miniatura que son entrenados individualmente para hacer trabajo o realizar tareas para personas con discapacidades. Según la ADA, los animales de servicio deben tener un arnés o ser atados, a menos que estos dispositivos interfieran con el trabajo del animal de servicio, o que la discapacidad de la persona impida el uso de estos dispositivos. En ese caso, la persona debe mantener el control del animal a través de su voz, señales u otros controles efectivos.

Agendas – All agendas are posted at www.gosbcta.com/board/meetings-agendas/ at least 72 hours in advance of the meeting. Staff reports related to agenda items may be reviewed online at that web address. Agendas are also posted at 1170 W. 3rd Street, 1st Floor, San Bernardino at least 72 hours in advance of the meeting.

Agenda Actions – Items listed on both the “Consent Calendar” and “Discussion” contain recommended actions. The Board of Directors will generally consider items in the order listed on the agenda. However, items may be considered in any order. New agenda items can be added and action taken as provided in the Ralph M. Brown Act Government Code Sec. 54954.2(b).

Closed Session Agenda Items – Consideration of closed session items excludes members of the public. These items include issues related to personnel, pending litigation, labor negotiations and real estate negotiations. Prior to each closed session, the President of the Board or Committee Chair (“President”) will announce the subject matter of the closed session. If reportable action is taken in closed session, the President shall report the action to the public at the conclusion of the closed session.

Public Testimony on an Item – Members of the public are afforded an opportunity to speak on any listed item, except Board agenda items that were previously considered at a Policy Committee meeting where there was an opportunity for public comment. Individuals in attendance at SBCTA who desire to speak on an item may complete and turn in a "Request to Speak" form, specifying each item an individual wishes to speak on. Individuals may also indicate their desire to speak on an agenda item when the President asks for public comment. When recognized by the President, speakers should be prepared to step forward and announce their name for the record. In the interest of facilitating the business of the Board, speakers are limited to three (3) minutes on each item. Additionally, a twelve (12) minute limitation is established for the total amount of time any one individual may address the Board at any one meeting. The President or a majority of the Board may establish a different time limit as appropriate, and parties to agenda items shall not be subject to the time limitations. Any individual who wishes to share written information with the Board may provide 35 copies to the Clerk of the Board for distribution. If providing written information for distribution to the Board, such information must be emailed to the Clerk of the Board, at clerkoftheboard@gosbcta.com, no later than 2:00 pm the day before the meeting in order to allow sufficient time to distribute the information. Written information received after the 2:00 pm deadline will not be distributed. Information provided as public testimony is not read into the record by the Clerk. Consent Calendar items can be pulled at Board member request and will be brought up individually at the specified time in the agenda. Any consent item that is pulled for discussion shall be treated as a discussion item, allowing further public comment on those items.

Public Comment –An opportunity is also provided for members of the public to speak on any subject within the Board’s jurisdiction. Matters raised under “Public Comment” will not be acted upon at that meeting. See, “Public Testimony on an Item,” above.

Disruptive or Prohibited Conduct – If any meeting of the Board is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, the President may recess the meeting or order the person, group or groups of person willfully disrupting the meeting to leave the meeting or to be removed from the meeting. Disruptive or prohibited conduct includes without limitation addressing the Board without first being recognized, not addressing the subject before the Board, repetitiously addressing the same subject, failing to relinquish the podium when requested to do so, bringing into the meeting any type of object that could be used as a weapon, including without limitation sticks affixed to signs, or otherwise preventing the Board from conducting its meeting in an orderly manner.

Your cooperation is appreciated!

**General Practices for Conducting Meetings
of
Board of Directors and Policy Committees**

Attendance.

- The President of the Board or Chair of a Policy Committee (Chair) has the option of taking attendance by Roll Call. If attendance is taken by Roll Call, the Clerk of the Board will call out by jurisdiction or supervisorial district. The Member or Alternate will respond by stating his/her name.
- A Member/Alternate who arrives after attendance is taken shall announce his/her name prior to voting on any item.
- A Member/Alternate who wishes to leave the meeting after attendance is taken but before remaining items are voted on shall announce his/her name and that he/she is leaving the meeting.

Basic Agenda Item Discussion.

- The Chair announces the agenda item number and states the subject.
- The Chair calls upon the appropriate staff member or Board Member to report on the item.
- The Chair asks members of the Board/Committee if they have any questions or comments on the item. General discussion ensues.
- The Chair calls for public comment based on “Request to Speak” forms which may be submitted.
- Following public comment, the Chair announces that public comment is closed and asks if there is any further discussion by members of the Board/Committee.
- The Chair calls for a motion from members of the Board/Committee. Upon a motion, the Chair announces the name of the member who makes the motion. Motions require a second by a member of the Board/Committee. Upon a second, the Chair announces the name of the Member who made the second, and the vote is taken.
- The “aye” votes in favor of the motion shall be made collectively. Any Member who wishes to oppose or abstain from voting on the motion shall individually and orally state the Member’s “nay” vote or abstention. Members present who do not individually and orally state their “nay” vote or abstention shall be deemed, and reported to the public, to have voted “aye” on the motion.
- Votes at teleconferenced meetings shall be by roll call, pursuant to the Brown Act, or, at any meeting, upon the demand of five official representatives present or at the discretion of the presiding officer.

The Vote as specified in the SBCTA Administrative Code and SANBAG Bylaws.

- Each Member of the Board of Directors shall have one vote. In the absence of the official representative, the Alternate shall be entitled to vote. (Note that Alternates may vote only at meetings of the Board of Directors, Metro Valley Study Session and Mountain/Desert Policy Committee.)

Amendment or Substitute Motion.

- Occasionally a Board Member offers a substitute motion before the vote on a previous motion. In instances where there is a motion and a second, the Chair shall ask the maker of the original motion if he or she would like to amend the motion to include the substitution or withdraw the motion on the floor. If the maker of the original motion does not want to amend or withdraw, the substitute motion is voted upon first, and if it fails, then the original motion is considered.
- Occasionally, a motion dies for lack of a second.

Call for the Question.

- At times, a Member of the Board/Committee may “Call for the Question.”
- Upon a “Call for the Question,” the Chair may order that the debate stop or may allow for limited further comment to provide clarity on the proceedings.
- Alternatively, and at the Chair’s discretion, the Chair may call for a vote of the Board/Committee to determine whether or not debate is stopped.
- The Chair re-states the motion before the Board/Committee and calls for the vote on the item.

The Chair.

- At all times, meetings are conducted in accordance with the Chair’s direction.
- These general practices provide guidelines for orderly conduct.
- From time to time, circumstances may require deviation from general practice (but not from the Brown Act or agency policy).
- Deviation from general practice is at the discretion of the Chair.

Courtesy and Decorum.

- These general practices provide for business of the Board/Committee to be conducted efficiently, fairly and with full participation.
- It is the responsibility of the Chair and Members to maintain common courtesy and decorum.

Adopted By SANBAG Board of Directors January 2008

Revised March 2014

Revised May 4, 2016

Revised June 7, 2023

Minute Action

AGENDA ITEM: 1

Date: April 10, 2025

Subject:

Information Relative to Possible Conflict of Interest

Recommendation:

Note agenda items and contractors/subcontractors, which may require member abstentions due to possible conflicts of interest.

Background:

In accordance with California Government Code 84308, members of the Board may not participate in any action concerning a contract where they have received a campaign contribution of more than \$500 in the prior twelve months from an entity or individual, except for the initial award of a competitively bid public works contract. This agenda contains recommendations for action relative to the following contractors:

Item No.	Contract No.	Principals & Agents	Subcontractors
6	20-1002255-01	University of Redlands Jason Doyle Roger Cellini	KAR Construction, Inc

Financial Impact:

This item has no direct impact on the budget.

Reviewed By:

This item is prepared monthly for review by Board and Committee members.

Responsible Staff:

Victor Lopez, Director of Transit & Rail Programs

Approved
Transit Committee
Date: April 10, 2025

Witnessed By:

Entity: San Bernardino County Transportation Authority

Minute Action

AGENDA ITEM: 2

Date: April 10, 2025

Subject:

Transit and Rail Programs Contract Change Orders to On-Going Contracts

Recommendation:

Receive and file Change Order Report.

Background:

The San Bernardino County Transportation Authority (SBCTA) Department of Transit and Rail Programs has two ongoing construction contracts, one procurement of major equipment contract, and one vehicle procurement contract, of which one had five Construction Change Orders (CCO) approved since the last reporting to the Transit Committee on March 13, 2025. The CCOs are listed below:

A. Contract No. 23-1002891 with Griffith Company for the West Valley Connector Project Mainline Construction:

- 1) CCO 05: Pomona Transit Center Temporary Walkway. (\$6,666.29)
- 2) CCO 18: Concrete Blanket on top of 60” Reinforced Concrete Pipe at Station. (\$3,346.02)
- 3) CCO 20: Pomona Transit Center Survey Alignment. (\$780)
- 4) CCO 21: Type 1 and Type 7 Traffic Arrows at San Antonio Avenue. (\$4,356.23)
- 5) CCO 24: Fence Relocation at 1389 E. Holt. (\$1,658.41)

B. Contract No. 23-1002922 with Metro Builders & Engineers Group, Ltd. for the Arrow Maintenance Facility (AMF) Hydrogen Fuel Upgrade Project: AMF Retrofit Construction: There are no newly executed CCOs since the last report.

C. Contract No. 23-1002961 with Proterra Builders, Inc. for the AMF Hydrogen Fuel Upgrade Project: Procurement of Major Equipment: There are no newly executed CCOs since the last report.

D. Contract No. 20-1002310 with Stadler US, Inc. for Zero Emission Multiple Unit Rail Vehicle Procurement: There are no newly executed CCOs since the last report.

Financial Impact:

This item has no financial impact on the adopted Budget for Fiscal Year 2024/2025.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee.

Responsible Staff:

Victor Lopez, Director of Transit & Rail Programs

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Approved
Transit Committee
Date: April 10, 2025
Witnessed By:

**Transit and Rail Programs Contracts
Executed Change Orders**

Number	Description	Amount
West Valley Connector Mainline Construction, Griffith Company (23-1002891)		
	Description	Amount
5	Pomona Transit Center Temporary Walkway	\$6,666.29
18	Concrete Blanket on Top of 60" RCP at Sta.	\$3,346.02
20	Pomona Transit Center Survey Alignment	\$780.00
21	Type 1 and Type 7 Traffic Arrows at San Antonino Avenue	\$4,356.23
24	Fence Relocation at 1389 E. Holt	\$1,658.41
	CCO Total	\$59,419.58
	Approved Contingency	\$11,995,991.00
	Remaining Contingency	\$11,936,571.42
ZEMU - Arrow Maintenance Facility (AMF) Construction Upgrade Project, Metro Builders & Engineers Group, Ltd. (23-1002922)		
	Description	Amount
	CCO Total	(\$13,521.45)
	Approved Contingency	\$962,657.10
	Remaining Contingency	\$976,178.55
ZEMU - Arrow Maintenance Facility (AMF) Procurement Upgrade Project, Proterra Builders, Inc. (23-1002961)		
	Description	Amount
	CCO Total	\$22,964.98
	Approved Contingency	\$56,280.21
	Remaining Contingency	\$33,315.23
ZEMU- Vehicle Procurement Stadler (20-1002310)		
	Description	Amount
	CCO Total	\$2,592,169.12
	Approved Contingency	\$3,487,482.12
	Remaining Contingency	\$895,313.00

Attachment: Contract Change Order 11195 March 2025 (11195 : Transit and Rail Programs Contract Change Orders to On-Going Contracts)

Minute Action

AGENDA ITEM: 3

Date: April 10, 2025

Subject:

San Bernardino County Transportation Authority Fiscal Year 2025/2026 Budget - Transit Committee Task Review

Recommendation:

Review the proposed task and budgetary information to be included in the Fiscal Year 2025/2026 Budget, and provide direction as appropriate.

Background:

The purpose of reviewing tasks is to gain input on the appropriateness of the type and scope of the work effort. Narrative descriptions and detailed budget information are provided. Budget amounts, fund types and narratives are preliminary, pending agency-wide revenue and expenditure compilation and review by the San Bernardino County Transportation Authority (SBCTA) policy committees.

Explanations for major variances from prior year's budget are included in the Work Elements section for each task and include the following:

- The Transit Operator Support Task varies minimally between Fiscal Year 2024/2025 and Fiscal Year 2025/2026 due to calculated cost estimates for ongoing transit operator support.
- The Transit Allocations/Pass-throughs Task budgetary changes are primarily due to a projected increase in Measure I 2010-2040, Transit Development Act, Transit and Intercity Rail Capital Program, and Zero-Emission Transit Capital Program projected disbursements.
- The General Transit Task budget varied minimally with changes primarily due to budgeting an optimal amount to accommodate SBCTA staff time and consultant staff augmentation, including sufficient budget for studies, and accommodating task orders for the needs of the department.
- The Transit Right-of-Way Management Task budgetary change is due to the continuation of services to support the maintenance of way, labor compliance, litigation services, and plan reviews.
- The Transit Operations Task budgetary changes are due to changes to SBCTA's annual operation subsidy for both the San Bernardino Line and Arrow Service to accommodate for the implementation of the Zero-Emission Multiple Unit (ZEMU), and the continuing efforts to support ongoing transit ridership programs.
- The Transit Capital Task budgetary changes are due to ongoing construction and right-of-way acquisitions for the West Valley Connector Project, the construction of the Hydrogen Fueling Infrastructure and Retrofit of Arrow Maintenance Facility for the ZEMU Project, initiating design and construction phase activities for the ONT Connector project, the facilitation of Brightline West – High Desert Stations Project, and the initiation of the Lilac to Sycamore Double Track Project design phase.

Entity: San Bernardino County Transportation Authority

Transit Committee Agenda Item

April 10, 2025

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The following tasks are presented for Committee review:

Task	Transit Program	Manager	Proposed Budget
0309	Transit Operator Support	Lopez	\$ 468,063
0310	Transit Allocations/Pass-throughs	Zureick	\$ 341,081,931
0312	General Transit	Lopez	\$ 1,763,166
0313	Transit Right of Way Management	Lopez	\$ 2,270,329
0314	Transit Operations	Lopez	\$ 57,944,514
0315	Transit Capital	Lopez	\$ 182,256,940
0383	Vanpool Program	Lopez	\$ 1,409,095

The following list of sub-tasks provides proposed budget by project:

Transit Sub-Tasks		Proposed Budget
0315	Transit Capital:	
0326	Gold Line Extension to Montclair	\$ 14,309,000
0328	Lilac to Rancho Station Double Track	\$ 5,775,000
0334	West Valley Connector Phase 1	\$ 103,997,025
0336	DMU to ZEMU Vehicle	\$ 13,572,014
0337	ONT Connector	\$ 28,669,529
0338	SCORE Rancho Cucamonga Siding Project	\$ 20,881
0339	Brightline-High Desert Stations Project	\$ 5,810,037
0379	Metrolink Capital Subsidy	\$ 9,400,000
0380	Metrolink Station Improvement Capital Projects	\$ 400,000

This agenda item provides for task level review. In May 2025, in conjunction with the Budget Workshop, staff will present anticipated levels of revenue from all sources, staffing, and program level budgets.

Financial Impact:

This item has no financial impact on the adopted Budget for Fiscal Year 2025/2026. The tasks under the purview of the Transit Committee will be part of the overall budget adoption which establishes the financial and policy direction for the next fiscal year.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee.

Responsible Staff:

Lisa Lazzar, Chief Financial Officer

Approved
Transit Committee
Date: April 10, 2025

Witnessed By:

Transit Program Budget

Description

The Transit Program represents the continuing responsibilities of SBCTA to implement and plan for future transit capital projects, support rail service through the Southern California Regional Rail Authority (SCRRA) for the operation of Metrolink and Arrow service; provide technical assistance to local jurisdictions implementing transit-oriented development; coordinate and assist local bus operators; oversee rideshare, vanpool, and multimodal activities; and manage 60 miles of agency owned railroad right of way. The program is funded by an array of funding sources, including Measure I, Transportation Development Act, Federal, State, and local funds. Many of SBCTA's Transit and Rail Program responsibilities are based on Federal and State regulations, requiring coordination with the Federal Railroad Administration (FRA), Federal Transit Administration (FTA), California State Transportation Agency (CalSTA), and the California Public Utilities Commission (CPUC).

Goals and Objectives

The Transit team continues delivering, managing, and constructing major capital projects. In doing so, the staff assists in meeting SBCTA's commitment to deliver the projects as described in the Measure I Transportation Transactions and Use Tax approved in 1989 and renewed in 2004 by the San Bernardino County voters and other efforts prioritized by the Board. The Transit Program includes the goal of reducing roadway congestion and improving air quality by providing high-quality Metrolink and Arrow rail services to the citizens of San Bernardino County, expanding bus rapid transit service with the West Valley Connector (WVC) Bus Rapid Transit (BRT) Project, development of the first zero emission passenger rail vehicle in North America, continuing project development for the ONT Connector Project, and continued coordination with Brightline West for the introduction of privately funded high-speed rail service between Las Vegas and Rancho Cucamonga. The Transit team also supports these goals by providing funding, planning support, and capital delivery support to the local transit operators in the county. Further, the Transit Department's responsibilities include the management of vanpool and rideshare activities with a focus on multimodal programs and the customer-based experience.

The Transit Program for this fiscal year includes the following:

1. Start of operations for the Zero Emission Multi-Unit (ZEMU) in San Bernardino.
2. Complete construction of ZEMU related infrastructure, which includes the maintenance facility retrofit and hydrogen fueling station improvements.
3. Continue the construction of West Valley Connector (WVC) Phase I – Mainline, and continue construction of the bus facility upgrade to accommodate battery charging.
4. Award the design-build contract for the ONT Connector Project.
5. Initiate the final design for the Metrolink Double Track Project (CP Lilac to Sycamore Ave).
6. Finalize funding and operations and maintenance agreement for the Gold Line Phase 2B to Montclair with the Los Angeles County Metropolitan Transportation Authority (LACMTA).
7. Continue close coordination with Brightline West, including grant fund administration oversight of the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) 2023 Program Year award for the high desert stations.
8. Manage SBCTA railroad right of way in an efficient and comprehensive fashion.
9. Support the transit operators with the implementation of zero-emission buses, and work with Fund Administration and Planning to identify funding and seek grants for the effort.
10. Provide technical assistance to the transit operators and their Consolidated Transportation Service Agencies within San Bernardino County.
11. Provide technical assistance to non-profits in San Bernardino County who received Federal and Measure I Funding.
12. Continue managing the Inland Empire (IE) Commuter rideshare program and implementation of commuter assistance programs, including but not limited to Park & Ride lot leases, commuter incentives, a Rail Ridership Recovery Program, and a Telework Assistance Program. Conduct an in-depth post-pandemic review of the IE Commuter rideshare program for future year adjustments and planning.
13. Work with regional rideshare agencies to maintain and enhance regional rideshare and vanpool software and database.

Transit Program Budget

14. Manage and implement adjustments to the SB Loop Vanpool Subsidy Program as needed as it relates to managing occupancy requirements and other operating guidelines. Continue National Transit Database (NTD) reporting and monitoring cost versus FTA 5307 revenue generation.
15. Work with county transit operators through the Multimodal Interconnectivity Working Group to implement countywide multimodal efforts, including free fare days to rebuild ridership and promote various specialized services.
16. Conduct a hydrology study along the SBCTA railroad right of way to identify locations that may pose a risk for potential flooding, which may consequently affect rail service and neighboring communities.

Performance/Workload Indicators

	2022/2023 Actual	2023/2024 Actual	2024/2025 Revised Budget	2025/2026 Budget
Development of Zero Emission Multiple Unit	Vehicle Assembly & Testing/AMF Upgrades Design	Vehicle Testing/AMF Upgrade Construction	Fueling Infrastructure & AMF Upgrade Construction	Start of Operations
West Valley Connector	ROW Acquisition/ Final Design	ROW Acquisition/ Construction	Construction	Construction
Gold Line Extension	On-hold/ Seek Funding	On-hold/ Seek Funding	On-hold/ Seek Funding	Construction / (pending agreements)
ONT Connector	Procurement/Environmental	Procurement/Environmental	Procurement/Environmental/ Final Design	Final Design
Metrolink Double Track – Control Point (CP) Lilac to CP Rancho	On-hold/ Seek Funding (S SBCTA/ SCRRRA)	On-hold/ Seek Funding (SBCTA/ SCRRRA)	ROW Acquisition/ Final Design (SCRRRA)	Construction

Transit

Task 0309 Transit Operator Support

Purpose

Facilitate and oversee the administration and programming of transit projects through funding provided by a variety of Federal and State revenue sources and Measure I to allow delivery of transit projects on schedule and to demonstrate compliance with applicable Federal, State, and local guidelines; fiscal constraint; and air quality conformity requirements. Federal and State revenue sources include the Infrastructure Investment and Jobs Act (IIJA) programs administered by the Federal Transit Administration (FTA); State Proposition 1B Bond, Senate Bill 1 (SB1) programs, and Senate Bill 125 (SB125); Local Transportation Funds (LTF) and State Transit Assistance (STA) funds made available from State Transportation Development Act (TDA); State of Good Repair (SGR) and the Low Carbon Transit Operations Program (LCTOP). This provides assistance and oversight of San Bernardino County transit operators, including a review of their cost-effectiveness and efficiency, Federal and State funding compliance, funding allocations, service modifications, and capital improvements. These operators include Omnitrans, Victor Valley Transit Authority (VVTa), Basin Transit, Mountain Transit, and City of Needles Transit Services, as well as Omnitrans in its role as the Consolidated Transportation Services Agency (CTSA) for the San Bernardino Valley and VVTa for their role as CTSA for the High Desert.

Accomplishments

SBCTA staff has administered and programmed the funding available for transit projects based on the Board approved priorities and strategies as communicated through the 10-Year Delivery Plan and the various Short Range Transit Plans (SRTPs), program apportionments, and project-specific allocations. Through strategic fund management and timely delivery of existing committed funds, SBCTA has maximized and protected Federal and State funding revenues. In addition, SBCTA has supported transit operators with information on funding opportunities and transportation program guidelines, requirements, policies, and schedules. SBCTA serves as a liaison between transit operators and the California Department of Transportation (Caltrans), the California Transportation Commission (CTC), the California State Transportation Agency (CalSTA), and various other Federal and State agencies to assist local implementation of projects funded by Federal and State sources.

Work Elements

This is an ongoing project that includes professional development through participation in State, regional, and national transit association conferences. Participation provides for the exchange of information and policy development ideas relating to transit operations and funding.

This task also includes continued staff and consultant efforts required to maintain compliance with Federal and State funding requirements, such as reviewing procedures related to Title VI of the Civil Rights Act of 1964 (for SBCTA and transit operators) and the Americans with Disabilities Act (ADA) and conducting the annual transit needs public hearings. Additionally, SBCTA staff provides technical assistance to the transit operators for their SRTPs, grant application review and submittal, and programming of projects in the Federal Transportation Improvement Program (FTIP) and Regional Transportation Plan (RTP).

The task also includes professional services to support the continued development, evaluation, and implementation of the transit operator reporting system. Specific items of the task include:

1. Continue work on implementing and maintaining the transit operator performance system.
2. Share new industry and regulatory information with operators.
3. Review and implement SBCTA procedures, and provide technical assistance to transit operators and non-profits to ensure compliance with FTA and other local/State requirements.
4. Schedule annual Public Hearings as required by the TDA. This hearing will be conducted through the Public and Specialized Transportation Advisory and Coordination Council (PASTACC) and will gather public comment for all San Bernardino County operators.
5. Provide grant services for various competitive grant programs, and provide support to transit operators to submit applications and implement projects, if selected.

Transit

Task 0309 Transit Operator Support

6. Determine the distribution of FTA formula and Federal Highway Administration (FHWA) Congestion Mitigation and Air Quality (CMAQ) funds committed to transit projects. Provide assistance to operators in the preparation of annual Section 5311 and Section 5307 Programs of Projects and grant applications, provide concurrence with the use of FTA formula funds, and review and prioritize Section 5310 grant applications.
7. Conduct a Call for Projects for Section 5310 Enhanced Mobility of Seniors and Individuals with Disability Funds for the Victor Valley/Hesperia Urbanized Area.
8. Coordinate activities and assist in responding to inquiries from Board members, member agencies, and transit operators through the PASTACC, and other interagency forums.

Budgeted values vary minimally between Fiscal Year 2024/2025 and Fiscal Year 2025/2026 due to calculated cost estimates for ongoing transit operator support.

Product

Dissemination of information and technical assistance to operators. The evaluation, further development, implementation, and maintenance of the transit operator performance reporting system will be beneficial to the operators and SBCTA. Additionally, an objective, efficient, and timely process to program and allocate Federal, State, and local funds in cooperation with the transit operators. To maximize the use of revenue sources that support the delivery of transit projects that provide the greatest transportation benefit relative to their cost, and to ensure that all transit funds allocated to projects within San Bernardino County are used in a timely manner without risk of loss.

Contract Information

- a. Existing Contracts
 - i. 24-1003023, Transit and Specialized Transit Planning, Amount Budgeted \$200,000
 - ii. 24-1003126 Riverside County Transportation Commission System Implementation, Amount Budgeted \$15,000.

Manager

Victor Lopez, Director of Transit and Rail Projects

Transit

Task 0309 Transit Operator Support

	2022/2023	2023/2024	2024/2025	2025/2026
	Actual	Actual	Revised Budget	Budget
Expenditures				
Regular Full-Time Employees	132,940	167,396	142,860	134,031
Fringe Allocation-General	130,111	148,891	105,574	84,157
Professional Services	142,982	204,773	290,000	215,000
Dues/Memberships	15,952	19,516	23,500	22,000
Training/Registration	-	-	-	1,750
Postage	-	-	100	75
Travel Expense - Employee	-	1,437	4,000	5,000
Travel Expense-Mileage-Employee	-	250	1,000	750
Travel Expense-Other-Metrolink Tickets	-	140	300	100
Advertising	1,863	1,730	600	400
Printing - External	14	-	4,000	4,000
Contributions/Subsidies	4,395	-	-	-
Meeting Expense	-	-	500	800
Total Expenditures	428,257	544,131	572,434	468,063
Funding Sources				
Local Transportation Fund - Admin				85,188
Local Transportation Fund - Planning				382,875
Total Funding Sources				468,063

Transit

Task 0310 Transit Allocations/Pass-throughs

Purpose

To serve as a depository for State Transportation Development Act (TDA) funds, Measure I 2010-2040 Senior and Disabled Program Funds, Senate Bill 1 (SB1) State of Good Repair (SGR) Funds, Senate Bill (SB) 125 Transit and Intercity Rail Capital Program (TIRCP) and Zero-Emission Transit Capital Program (ZETCP) Formula Funds, and other grant funds that are required to pass through SBCTA prior to disbursement to transit operators and other local agencies implementing transit-related or TDA pedestrian and bicycle projects within their jurisdiction.

Accomplishments

SBCTA is responsible for the disbursement of funding from the TDA, the Measure I 2010-2040 Senior and Disabled Program, SGR Funds, SB125 Funds, and other State transit grant programs. SBCTA staff disburses these funds based on the program apportionments and project-specific allocations. The Measure I Senior and Disabled Program Funds provided to the transit operators offer financial support to offset costs associated with paratransit service made available to those that meet the qualifications under the Americans with Disabilities Act (ADA). These funds are also used to provide subsidized fares to seniors. Additionally, other fund sources, such as SGR and SB125 Funds, are included in this task when State processes require those funds to flow through SBCTA to the implementing agency or when SBCTA provides additional contributions to locally implemented transit projects.

Assembly Bill (AB) 102 and SB 125 amended the State Budget Act of 2023 to appropriate funds from the General Fund to the TIRCP over the next two fiscal years, as well as the Greenhouse Gas Reduction Fund and Public Transportation Account over the next four fiscal years to establish the ZETCP. Further, AB 173 (Chapter 53, Statutes of 2024), SB 108 (Chapter 35, Statutes of 2024), and SB 109 (Chapter 36, Statutes of 2024) amended the Budget of Act of 2024 to make adjustments to the timing of the availability of funds for both the TIRCP and the ZETCP, extending the timing of availability to three and four fiscal years, respectively. Funds from these two formula programs will be disbursed to the transit operators through Task 0310 as appropriate.

Work Elements

1. Disburse Local Transportation Funds (LTF) to transit operators and local agencies for public transportation and projects that are provided for use by pedestrians and bicycles in accordance with the TDA Statutes and the California Code of Regulations (CCR).
2. Disburse State Transit Assistance (STA) Funds to transit operators for capital projects and eligible operating costs in accordance with the TDA Statutes and the CCR.
3. Disburse Measure I Senior and Disabled Program Funds based on annual allocations approved by the Board. Allocation of Senior and Disabled Transit Funds occurs monthly as a direct pass-through to transit operators.
4. Disburse SGR Funds as they are received from the State to transit operators based on allocations approved by the Board.
5. Disburse SB 125 Funds as they are received from the State, or in accordance with funding agreements, to transit operators based on allocations approved by the Board.
6. Disburse other program funds that must pass through the SBCTA budget for disbursement to the transit operators and local agencies implementing transit-related projects within their jurisdiction.

Budgetary changes are primarily due to a projected increase in Measure I 2010-2040, TDA, TIRCP, and ZETCP projected disbursements.

Product

Funds for transit operators and other local agencies implementing transit-related or TDA-funded projects within their jurisdiction.

Transit

Task 0310 Transit Allocations/Pass-throughs

Contract Information

- a. Existing Contracts
 - i. 16-1001458, Funding Operation of a Consolidated Transportation Services Agency (CTSA) to Provide for the Coordination of Transit Services for Seniors and Persons with Disabilities, Amount Budgeted \$4,111,550.
 - ii. SB1 SGR Pass-through Agreements with Transit Operators, Amount Budgeted \$5,500,000.
 - iii. SB125 TIRCP Pass-through Agreements with Transit Operators, Amount Budgeted \$142,290,780.
 - iv. SB125 ZETCP Pass-through Agreements with Transit Operators, Amount Budgeted \$11,273,022.

Manager

Andrea Zureick, Director of Fund Administration

	2022/2023	2023/2024	2024/2025	2025/2026
Expenditures	Actual	Actual	Revised Budget	Budget
Contributions/Subsidies	21,060,091	22,469,393	32,982,313	193,681,261
Pass-through Payments	104,635,354	90,176,842	140,513,660	147,400,670
Total Expenditures	<u>125,695,445</u>	<u>112,646,235</u>	<u>173,495,973</u>	<u>341,081,931</u>

Funding Sources

Transit and Intercity Rail Capital Program-SB125	142,290,780
Zero Emission Transit Capital Program-SB125	11,273,022
Local Transportation Fund - Pass-through	122,940,000
State Transit Assist Fund - Pass-through	24,460,670
State of Good Repair (SGR)	5,500,000
MSI Valley Fund-Senior and Disabled	32,712,359
MSI Victor Valley Fund-Senior and Disabled	1,368,200
MSI North Desert Fund-Senior and Disabled	223,200
MSI Colorado River Fund-Senior and Disabled	18,900
MSI Morongo Basin Fund-Senior and Disabled	136,700
MSI Mountain Fund-Senior and Disabled	158,100
Total Funding Sources	<u>341,081,931</u>

Transit

Task 0312 General Transit

Purpose

Represent San Bernardino County's transit interests at the State, Regional, and National levels, including staff time associated with working with Brightline West and SBCTA's role as a member agency of the Southern California Regional Rail Authority (SCRRA). In addition, facilitate and assist with regional studies and plans associated with transit.

Accomplishments

Since 1992, Metrolink has provided Southern California drivers with a safe and convenient alternative to driving. As drivers choose Metrolink, traffic is relieved and air quality is improved. SCRRA is a joint powers authority made up of an 11-member board representing the transportation commissions of Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties. Metrolink trains operate on seven routes across a six-county 546 route-mile network, which includes a portion of northern San Diego County. SBCTA shares operating and capital expenses with the Los Angeles County Metropolitan Transportation Authority (LACMTA), the Riverside County Transportation Commission (RCTC), and the Orange County Transportation Authority (OCTA) for the three Metrolink routes that serve San Bernardino County. These three lines typically carry up to 42 percent of the total Metrolink passengers. Traditionally, the San Bernardino Line (SBL) alone carries approximately 25 percent of total Metrolink passengers. As a result of the Coronavirus Disease (COVID-19) pandemic, ridership in Fiscal Year 2024/2025 continued to be significantly lower; however, the SBL has shown strong signs of recovery, with the SBL maintaining the highest ridership of all Metrolink lines. In efforts to provide greater flexibility for rider trends post-pandemic, SCRRA launched a new optimized schedule on October 21, 2024, often referred to as Metrolink Reimagined, which offers more midday travel options and greater connections between lines at Los Angeles Union Station. Additionally, with equity being an important focal point in communities, SBCTA led an effort to provide free fares beginning on February 4, 2022, in celebration of Transit Equity Day and in recognition of Rosa Parks' birthday. Due to the positive response from the community and increase in ridership, the SBCTA Board approved funding in subsequent years, and free fares were again implemented across all bus and rail operators in San Bernardino County. As part of SBCTA's role as an SCRRA member agency, staff remains engaged in the Member Agency Advisory Committee (MAAC). Staff has also continued to work closely with Brightline West to support the development of their privately funded high-speed rail connection between Las Vegas and Rancho Cucamonga.

Work Elements

1. Represent the interest of the county on the SCRRA MAAC, advise SBCTA Board representatives sitting on the SCRRA Board of Directors, and attend SCRRA Board and policy committee meetings.
2. Attend the various training and conference events related to the Federal Transit Administration, the Federal Railroad Administration, the American Public Transportation Association, Rail~Volution, the California Transit Association, and other transit-related educational opportunities as appropriate.
3. Provide transit-related legislative advocacy in Sacramento and Washington, D.C.
4. Provide staff support to the SBCTA Transit Committee.
5. As needed studies for enhanced transit service and innovations that would lower operations and maintenance costs using existing infrastructure.
6. Continue coordination with Brightline West as they move towards the start of construction.
7. As needed coordination with the California High-Speed Rail Authority Project.
8. Other miscellaneous general transit items including project and program controls.

Budgetary change is due to budgeting an optimal amount to accommodate SBCTA staff time and consultant staff augmentation, including sufficient budget for studies, and accommodating task orders for the needs of the department.

Transit

Task 0312 General Transit

Product

State, Regional, and National representation on transit-related items, staff time, reports, and recommendations in support of San Bernardino County's interest as a member of the SCRRA Board of Directors, representation and participation with respect to Brightline West, miscellaneous studies, and analyses pertaining to transit issues of a regional nature, and high-level tasks associated with management of the overall program such as project controls.

Contract Information

- a. Existing Contracts
 - i. 22-1002744, CTO 2, On-Call Transit and Rail Services, Amount Budgeted \$41,855.06.
 - ii. 23-1002904, CTO 3, Professional Services for Transit Staff Augmentation, Amount Budgeted \$600,000.

Manager

Victor Lopez, Director of Transit and Rail Programs

	2022/2023	2023/2024	2024/2025	2025/2026
	Actual	Actual	Revised Budget	Budget
Expenditures				
Regular Full-Time Employees	434,161	572,033	546,256	538,860
Fringe Allocation-General	424,921	508,796	403,684	338,350
Professional Services	-	233,973	350,000	41,856
Program Management Fees	24,906	44,960	307,778	480,000
Program Management Fees OFS	63,012	94,063	312,860	320,000
Legal Fees	-	9,609	-	-
Dues/Memberships	8,240	7,073	7,500	7,500
Training/Registration	2,890	9,753	12,000	10,000
Postage	-	-	500	500
Travel Expense - Employee	19,207	6,211	20,000	20,000
Travel Expense-Mileage-Employee	27	329	2,000	2,000
Travel Expense-Other-Metrolink Tickets	145	168	1,000	1,000
Printing - External	-	-	500	2,000
Record/Equipment Storage	-	-	1,000	-
Office Expense	54	-	100	100
Meeting Expense	478	-	1,000	1,000
Total Expenditures	978,041	1,486,967	1,966,178	1,763,166

Funding Sources

MSI Admin	27,313
Local Transportation Fund - Planning	872,990
Local Transportation Fund - Rail	800,000
State Transit Assistance Fund - Rail	41,856
Zero Emission Transit Capital Program-SB125	9,932
Local Projects Fund	-
Indirect Cost Fund	11,075
Total Funding Sources	1,763,166

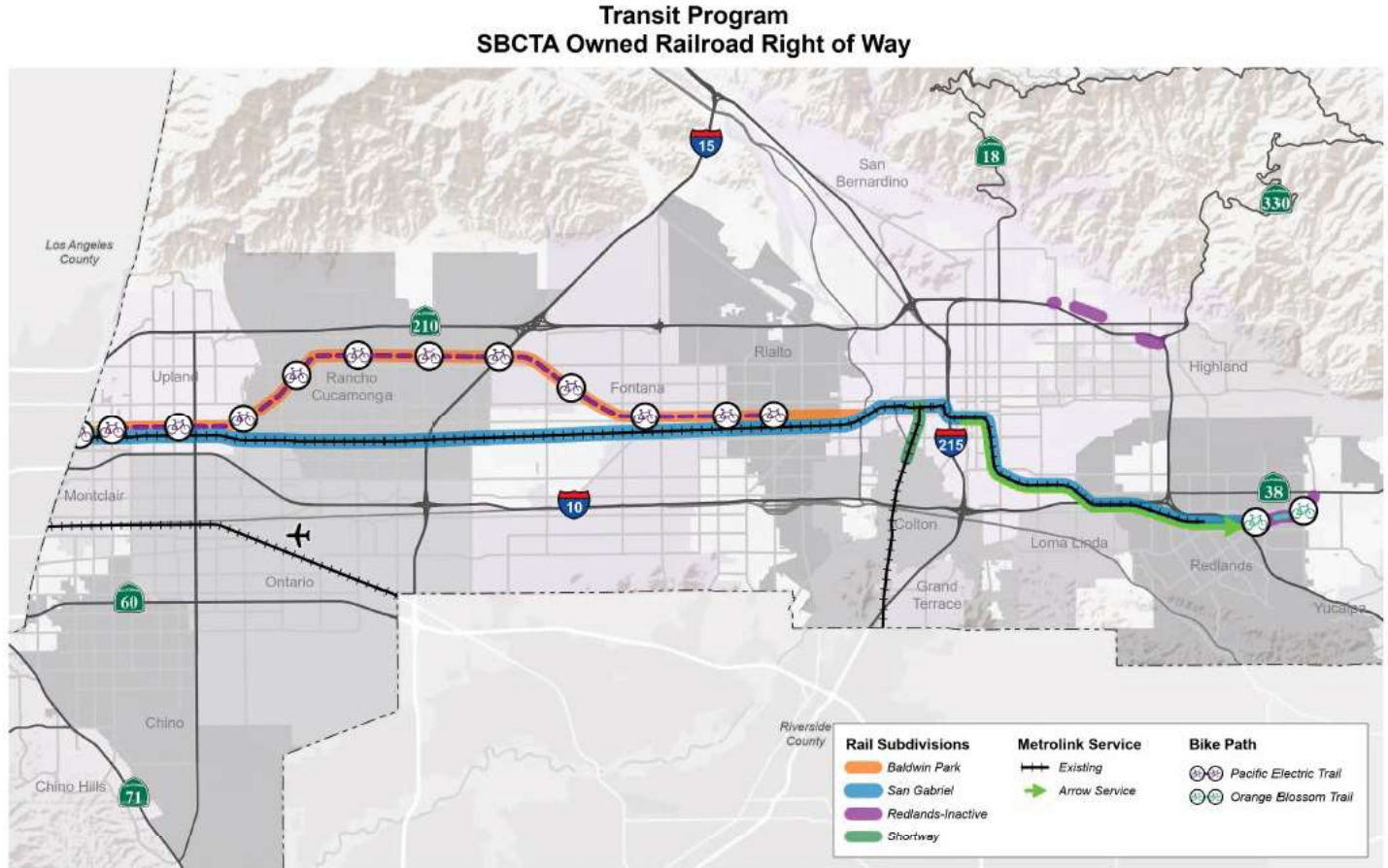
Attachment: Transit Committee Task Narratives [Revision 1] (11218 : SBCTA Fiscal Year 2025/2026 Budget Task Review - Transit)

Transit

Task 0313 Transit Right of Way Management

Purpose

Manage and maintain approximately 60 miles of SBCTA-owned railroad right of way in a safe, efficient, and effective manner.



Accomplishments

SBCTA's oversight of the rail right of way has proven to be useful in several key areas. A reduction in notices for weed abatement across several jurisdictions continues, graffiti abatement under a regular maintenance schedule has reduced the number of reported citations, and an ongoing review of existing license agreements has resulted in the termination of agreements for facilities that have been abandoned. Processing of payments for grants of use upon SBCTA property is currently supported by the Right of Way Manager and Right of Way Specialist positions, which have provided a more robust succession planning with respect to the management of SBCTA railroad right of way.

Work Elements

1. Process new Rights of Use Agreements.
2. Implement an online application tool for new Rights of Use Agreements.
3. Graffiti removal and weed abatement.
4. Records management.
5. Implement Master Agreements with utility agencies where possible.
6. Dispose of surplus property.

Budgetary change is due to the continuation of services to support the maintenance of way, labor compliance, litigation services, and plan reviews.

Transit

Task 0313 Transit Right of Way Management

Product

Proactively manage the railroad right of way by performing maintenance activities, processing new and amended railroad right of way Rights of Use Agreements in a timely fashion, and updating outdated Rights of Use Agreements. Determining the process for SBCTA to deploy an online application and business processes for new and amended grants of use and implementing such processes in partnership with the Finance and Procurement Departments, as well as recommending disposal of surplus property where applicable, and periodic updates to fee schedule based upon price indices or cost analysis studies. Specific railroad right of way maintenance activities include weed abatement, graffiti abatement, trash removal, monitoring and removal of encampments, property sign replacements, and fence repairs. In addition, this task includes legal services for rail right of way related activities, such as title research or utility company actions.

Contract Information

- a. Existing Contracts
 - i. 18-1001924, CTO 10, On-Call Environmental Site Assessment Services, Amount Budgeted \$20,000.
 - ii. 19-1002009, CTO 9, On-Call Appraisal and Title Services, Amount Budgeted \$20,000.
 - iii. 21-1002621, Rancho Cucamonga Transaction Legal Services, Amount Budgeted \$61,687.50.
 - iv. 22-1002745, Charge Point, Amount Budgeted \$1,100.
 - v. 23-1002832, On-call Labor Compliance Support Services, Amount Budgeted \$15,000.
 - vi. 23-1002832, CTO 9, Labor Compliance Support of Maintenance of Way Contracts, Amount Budgeted \$135.
 - vii. 23-1002894, Disposition and Development – Rancho Cucamonga Station Agreement, Amount Budgeted \$50,000.
 - viii. 23-1002920, Maintenance of Way Support, Amount Budgeted \$155,000.
 - ix. 24-1003109, On-Call Rail Legal Services, Amount Budgeted \$100,000.
- b. New Contracts
 - i. RFP/CTO, Professional Services – System Wide Real Property Appraisal, Amount Budgeted \$100,000, Total Contract Amount \$100,000.
 - ii. RFP/CTO, Professional Services – New Labor Compliance Services, Amount Budgeted \$1,500, Total Contract Amount, \$1,500.

Manager

Victor Lopez, Director of Transit and Rail Programs

Transit

Task 0313 Transit Right of Way Management

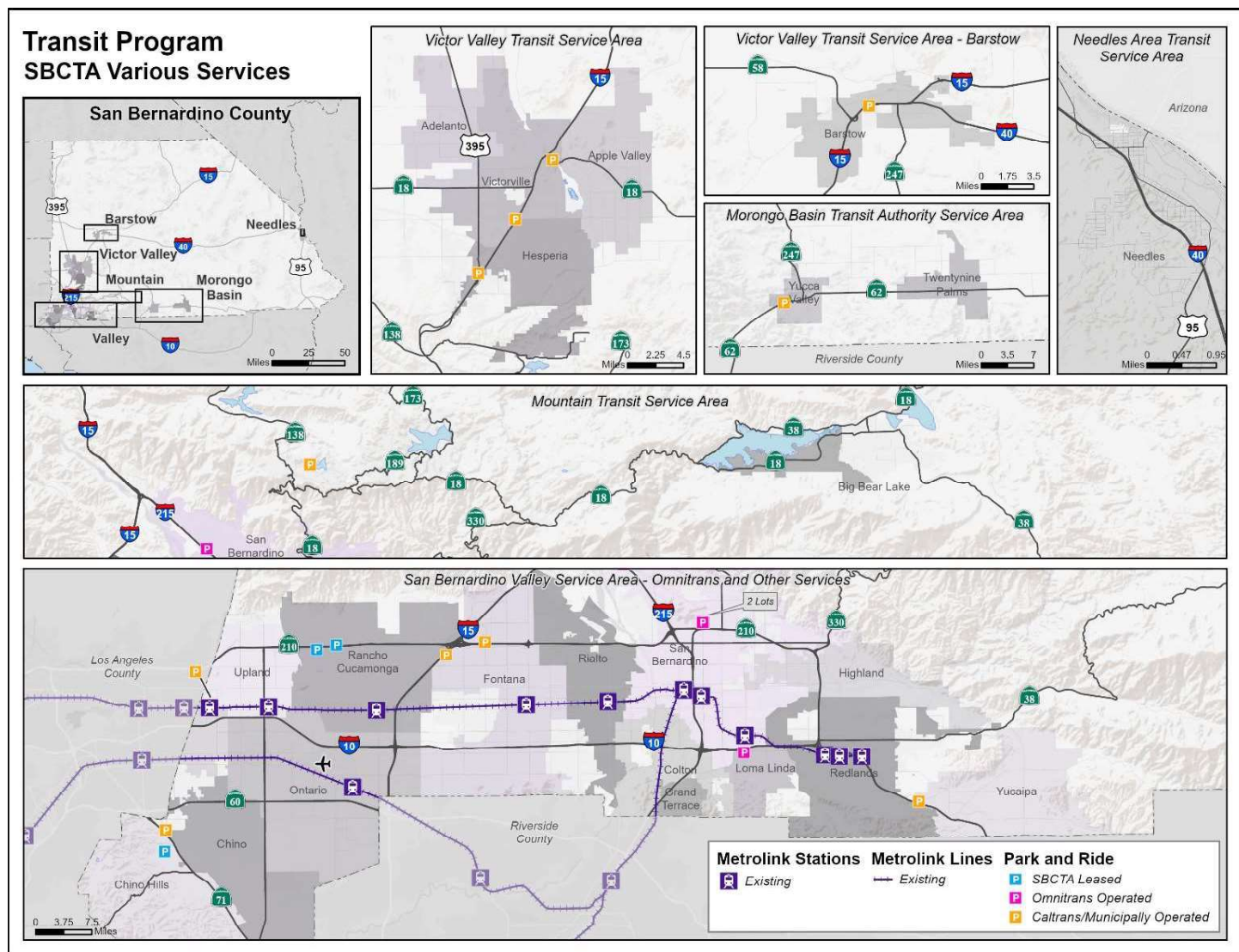
	2022/2023	2023/2024	2024/2025	2025/2026
	Actual	Actual	Revised Budget	Budget
Expenditures				
Regular Full-Time Employees	149,833	154,705	188,610	190,371
Fringe Allocation-General	146,644	137,603	139,382	119,535
Professional Services	7,678	37,923	526,300	456,435
Consulting Services	-	-	300	300
Legal Fees	153,370	86,991	403,380	301,688
Rail Maintenance of Way	767,393	1,082,982	1,073,000	1,155,000
Right of Way Capital	-	-	50,000	15,000
Training/Registration	4,475	3,606	7,500	7,500
Postage	15	-	500	500
Travel Expense - Employee	-	715	1,000	1,000
Travel Expense-Mileage-Employee	68	-	500	500
Advertising	160	-	1,000	1,000
Meeting Expense	-	-	500	500
Office Equip/Software-Inventorial	-	-	16,200	21,000
Total Expenditures	<u>1,229,635</u>	<u>1,504,525</u>	<u>2,408,172</u>	<u>2,270,329</u>
Funding Sources				
Local Transportation Fund - Planning				317,204
Local Transportation Fund - Rail				1,906,688
Rail Assets				20,635
EV Charging Stations Fund				22,100
Indirect Cost Fund				<u>3,702</u>
Total Funding Sources				<u>2,270,329</u>

Transit

Task 0314 Transit Operations

Purpose

Provide people with mobility options and access to employment, community resources, medical care, and recreational opportunities across the San Bernardino Valley by offering reliable and safe transit service within and between San Bernardino, Los Angeles, Orange, and Riverside Counties. In addition, it reduces air pollution, traffic congestion, vehicle miles traveled, and energy consumption.



Accomplishments

The Metrolink San Bernardino Line service, operated by the Southern California Regional Rail Authority (SCRRA), continues to slowly recover ridership and currently is the highest ridership line in the Metrolink system. Although Metrolink ridership is still below pre-pandemic levels, the service is vital to San Bernardino County commuters and has recovered approximately 62 percent system-wide as of November 2024. On October 21, 2024, SCRRA launched a new optimized schedule, often referred to as Metrolink Reimagined, which offers more midday travel options and greater connections between lines at Los Angeles Union Station. The San Bernardino Line's on-time performance has been significantly impacted since the launch of the new schedule, falling below 50 percent during the first full month of the operations. Upcoming schedule adjustments are expected to correct the deficient performance and will be monitored through Fiscal Year 2025/2026.

Transit

Task 0314 Transit Operations

The Student Adventure Pass Program, which currently offers students free rides throughout the Metrolink system and accounts for more than one-third of the riders, may be restructured in Fiscal Year 2025/2026. The Mobility-4-All program also remains active, with a 50 percent fare discount for low-income riders.

While SCRRA continues to offer 5-Day and 10-Day flex passes, along with traditional one-way, round-trip, 7-Day and \$10 weekend passes, a planned fare restructure is anticipated during Fiscal Year 2026 with plans to reduce the number of fare types and to provide more flexibility for systemwide travel with a flat rate day travel pass. These initiatives are part of Metrolink's Recovery Plan Framework, which was born from its Accessibility and Affordability Study approved by its Board in 2020.

SCRRA currently operates the Arrow Service and continues to focus on exploring cleaner locomotive technology and is coordinating a Multiple Unit (MU) Implementation Study with SBCTA and Los Angeles County Metropolitan Transportation Authority (LACMTA) to evaluate opportunities to utilize MUs between Redlands and Los Angeles. The draft report was completed in January 2025 and the final report is estimated to be completed before June 2025. This effort is inspired by ongoing efforts to address climate change concerns and recommendations made in Metrolink's Climate Vulnerability Assessment Study, which includes the analysis of climate-related impacts through the end of this century and provides adaptation strategies to improve infrastructure resiliency and mitigate risks. Dedicated security provided through the San Bernardino County Sheriff's Department will continue on Arrow and within the right of way, with anticipated expansion to Metrolink and the right of way before June 2025, which will provide dedicated coverage to all of Metrolink and Arrow lines within San Bernardino County.

SBCTA's Rideshare, Park and Ride Lot, and Multimodal Interconnectivity programs reduce traffic congestion, increase mobility, and improve air quality in San Bernardino County by reducing single occupancy vehicle trips. SBCTA has continued the implementation of IE Commuter (IECommuter.org, 1-866-RIDESHARE), a bi-county rideshare program with the Riverside County Transportation Commission (RCTC). IE Commuter provides employer services, including South Coast Air Quality Management District (SCAQMD) Rule 2202 Average Vehicle Ridership surveying and rideshare plan development support, employee ride-matching, marketing, commuter incentives, and commuter assistance. SBCTA is the lead contracting entity for rideshare software that regional rideshare agencies such as LACMTA, Orange County Transportation Authority (OCTA), RCTC, and Ventura County Transportation Commission (VCTC) utilize. This regional contract approach helped facilitate the consolidation of rideshare databases to provide a more efficient and robust ride-matching system for commuters throughout the region. The transition also reduced the overall cost of the software and opened up opportunities for regional cost-shared enhancements. SBCTA also continues to participate in regional rideshare activities with these agencies, which includes a monthly *On the Go* rideshare newsletter for commuters and a bi-monthly newsletter for employers. During Fiscal Year 2023/2024, the IE Commuter program partnered and provided rideshare resources to 116 employers totaling 1,116 worksites, and assisted 31 employers with SCAQMD Rule 2202 surveying, which resulted in 2.5 million vehicle trip reductions and 136 million pounds of greenhouse gas emissions reduced. Incentive programs and strategic marketing continue to be restructured as needed to garner old and new rideshare participants post-pandemic. This includes the \$5/Day rideshare gift card incentive, monthly rideshare spotlight, monthly telework spotlight, and rideshare week incentives. In response to the increase in teleworking, the IE Commuter program offers a Telework Employer Assistance program, resources, and incentive opportunities for teleworkers. These programs support SBCTA's Senate Bill (SB) 743 efforts. In Fiscal Year 2024/2025, the Metrolink Rail Ridership Recovery Program, offering free rail passes to residents of the county, was launched to encourage new riders to try the train and to re-engage riders from pre-pandemic. This program is being implemented in conjunction with RCTC along with the development of a transit trainer program to assist new riders unfamiliar with how the transit system works. SBCTA continues to lease three Park and Ride lots, adding to the region's total network of 18 lots, which includes Park and Ride lots owned and maintained or leased by the California Department of Transportation (Caltrans), cities, Omnitrans, San Bernardino County and SBCTA. Looking ahead, an in-depth program review and report of the IE Commuter program is planned to help understand how IE Commuter compares in program offerings and performance to other similar rideshare and Transportation Demand Management programs. The program review will also help strategize the program moving forward and appropriately scope the program for future procurements.

Transit

Task 0314 Transit Operations

SBCTA continues to actively host ongoing Multimodal Interconnectivity Working Group meetings with the county's transit operators, which include SCRRA, Basin Transit, Mountain Transit, City of Needles Transit, Omnitrans, and Victor Valley Transit Authority. The working group's goal is to integrate SBCTA's transit, rail, rideshare, vanpool, and planning programs alongside the transit operators to collaborate on countywide transit efforts with a customer-facing approach and, where feasible, pursue multimodal connections. In Fiscal Year 2024/2025, the working group continued county-wide marketing efforts and offered free fare days to encourage and regain riders lost from the pandemic. One of the initiatives during the year included a Ride Happy! transit etiquette campaign that focused on communicating to riders and non-riders that public transit in the county is safe, and to remind riders about the do's and don'ts when riding transit. The informative regional transit network campaign, with an emphasis on where riders can go using transit, continued to be a major focus throughout the year. The initial focus was on connections through the San Bernardino Transit Center and will now shift to connections at the Montclair Transit Center and Cucamonga Station. In addition to expanding the network map, separate iterations for the Morongo Basin and City of Needles will be developed. Currently in development is a countywide brochure focusing on senior transit programs and resources, with information on available Consolidated Transportation Service Agency programs. This piece will help organizations and agencies provide transit information to the older adult population throughout the county and will be followed by marketing efforts highlighting free or low-cost programs available. These efforts among others, focus on equity, regional connectivity, trip planning, and county-wide free fare days on both rail and bus. Awareness campaigns may relate to transit safety, transit connectivity, and how to ride. Free fare days may occur on Transit Equity Day on February 4th, Earth Day on April 22nd, Rural Transit Day on July 16th, Car Free Day on September 21st, Clean Air Day on October 4th, Local Election Day on November 4th, or any day that is tied to a county-wide marketing campaign. In addition to these efforts, the working group continues to focus on initiatives and pilot projects related to first/last mile connections, special shuttle opportunities, travel training and transit ambassador programs, multi-agency integration of mobile fare apps, microtransit, and considerations for implementing fare capping policies county-wide in support of transit equity. Lastly, to further increase interconnectivity between the transit operators, SBCTA will be installing new bus stops on the north and south sides of Third Street in front of the San Bernardino Santa Fe Depot. The new stops will include the construction of bus bays to accommodate two buses on either side of the street and the installation of premium bus shelters, lighting, and real-time signage. This project will improve the ease for Omnitrans and VVTA customers to transfer between various forms of transit available at the Santa Fe Depot. The new bus stop is scheduled to be completed during this budget cycle Fiscal Year 2025/2026.

Work Elements

1. Provide SBCTA's share of SCRRA's Metrolink and Arrow service annual operating subsidy.
2. Ridership Recovery; Tracking Actual versus Budget.
3. Rail Station Technical Advisory Committee (RSTAC).
4. IE Commuter rideshare program.
5. SBCTA Park and Ride lease program.
6. San Bernardino Santa Fe Depot Bus Stop Improvements.
7. Multimodal Interconnectivity Working Group and Initiatives.
 - a. Free Fare Days.
 - b. Countywide marketing campaigns and promotion of special services and county-wide services.
 - c. New initiatives related to transit awareness and safety on public transit.
 - d. Transit Travel Training for San Bernardino County residents.
 - e. Short-term park and ride and shuttle projects.

Budgetary changes are due to changes to SBCTA's annual operation subsidy for both the Arrow Service and San Bernardino Line to accommodate for the implementation of the Zero-Emission Multiple Unit (ZEMU), and the continuing efforts to support ongoing transit ridership programs.

Transit

Task 0314 Transit Operations

Product

Process disbursement of operating and maintenance funds to SCRRA for the Metrolink and Arrow Service in a timely manner and monitor their ongoing operating needs. It should be noted that since SCRRA's budget process, which includes operating, new capital, and rehabilitation, parallels SBCTA's budget process, the SCRRA subsidies identified initially in the SBCTA budget are an estimate. The SCRRA budget and corresponding SBCTA subsidies are presented by a separate action to the SBCTA Board for approval in June. Typically, this action includes a budget amendment. Continue the success of the RSTAC, which provides a venue for local jurisdictions, operators, law enforcement, and SBCTA to share information and develop best management practices related to the security of the rail system in the San Bernardino Valley. Reduce traffic congestion, increase mobility, and improve air quality in San Bernardino County by reducing single occupancy vehicle trips. Improve regional connectivity, customer experience, and transit awareness through county-wide multimodal coordination.

Contract Information

- a. Existing Contracts
 - i. 19-1002203, Rideshare Program Software, Amount Budgeted \$757,825.
 - ii. 20-1002310, Vehicle Spare Parts and Operations, Amount Budgeted \$1,615,917
 - iii. 22-1002742, Park and Ride Lot Lease, Amount Budgeted \$14,400.
 - iv. 22-1002743, Park and Ride Lot Lease, Amount Budgeted \$8,532.
 - v. 23-1002904 CTO 08, Construction Support Services, Amount Budgeted \$12,200.
 - vi. 23-1002929, IE Commuter/Metrolink Recovery Program, Amount Budgeted \$330,000. 24-1003023, Transit and Specialized Transit Planning, Amount Budgeted \$235,000.
 - vii. 24-1003126, Rideshare, Vanpool, and Multi-Modal Program Implementation, Amount Budgeted \$2,407,695. 25-1003197, Park and Ride Lot Lease, Amount Budgeted \$10,000.
 - viii. 25-1003222, SB Rail Ridership Recovery Program, \$600,000.
- b. New Contracts
 - i. Park and Ride Lot Leases, Amount Budgeted \$100,000, Total Estimated Contract(s) Amount \$100,000.
 - ii. RFP/IFB, Bus Stop Improvement – San Bernardino Santa Fe Depot, Amount Budgeted \$400,000, Total Estimated Contract Amount \$400,000.

Local Funding Source Detail

- i. Riverside County Transportation Commission - \$145,771.
- ii. Los Angeles County Metropolitan Transportation Authority - \$266,843.
- iii. Orange County Transportation Authority - \$131,947.
- iv. Ventura County Transportation Commission - \$40,037.

Manager

Victor Lopez, Director of Transit and Rail Programs

Transit

Task 0314 Transit Operations

	2022/2023	2023/2024	2024/2025	2025/2026
Expenditures	Actual	Actual	Revised Budget	Budget
Regular Full-Time Employees	48,400	46,706	98,249	136,565
Fringe Allocation-General	47,370	41,543	72,606	85,748
Professional Services	2,647,926	2,334,388	5,649,061	4,520,652
Consulting Services	84	324	188	-
Utilities	209	-	-	-
Maintenance-Motor Vehicles	2,332,473	103,708	350,000	-
Construction Capital	-	-	-	400,000
Utilities Capital	3,393	3,762	-	-
Property Insurance	-	-	-	125,300
Dues/Memberships	52,409	18,182	51,820	25,000
Training/Registration	288	338	2,600	6,400
Postage	44	230	1,100	1,100
Travel Expense - Employee	229	6	4,475	6,500
Travel Expense-Mileage-Employee	537	128	1,125	1,000
Travel Expense-Other-Metrolink Tickets	-	40	687	750
Advertising	800	6,301	-	-
Public Information Activities	-	10,095	-	-
Printing - External	178	-	26,000	26,000
Printing - Internal	-	-	100	100
Contributions/Subsidies	24,950,434	29,968,036	53,733,057	48,292,782
Office Expense	194	-	200	250
Meeting Expense	-	-	475	450
Motor Vehicles	-	-	-	4,315,917
Total Expenditures	30,084,969	32,533,788	59,991,743	57,944,514
Funding Sources				
Local Transportation Fund - Admin				12,500
Local Transportation Fund - Planning				92,425
Local Transportation Fund - Rail				32,545,391
State Transit Assistance Fund - Rail				649,303
Congestion Mitigation and Air Quality				2,167,695
Low Carbon Transit Operations Program				930,000
MSI Valley Fund-Metrolink/Rail Service				19,758,608
MSI Valley Fund-Traffic Mgmt Sys				797,979
MSI Victor Valley Fund-Traffic Mgmt Sys				273,083
Local Projects Fund				584,598
Federal Transit Administration 5339 Bus and Bus Facilities F				132,932
Total Funding Sources				57,944,514

Attachment: Transit Committee Task Narratives [Revision 1] (11218 : SBC TA Fiscal Year 2025/2026 Budget Task Review - Transit)

Transit

Task 0315 Transit Capital

Purpose

Implement and provide funding for capital improvements and projects that develop and maintain high-quality transit options, increase mobility, provide for safe operations, and expand service.

Accomplishments

The availability of funding for transit and rail capital projects has translated into significant transit enhancements for our region, allowing for the build out of a more comprehensive transit network.

Substantial progress was made on the right of way acquisitions for the West Valley Connector (WVC) Bus Rapid Transit Project, and construction continues on the mainline and maintenance facility. The Zero Emission Multiple Unit (ZEMU) arrived in the United States in August 2023 and was showcased at the American Public Transportation Association Expo in Orlando, Florida, in October 2023. Vehicle testing at the Transportation Technology Center in Pueblo, Colorado, was completed. Testing on the Arrow corridor is scheduled to be completed in the summer of 2025. The hydrogen fuel station and the Arrow Maintenance Facility (AMF) retrofit activities are ongoing and are scheduled to be completed in the fall of 2025. Work on the environmental clearance for the Ontario International Airport (ONT) Connector project continued. Additionally, the procurement process continued, and the Operating System Provider and two Design Build teams were shortlisted, with the procurement phase scheduled to be completed in the summer of 2025.

On an annual basis, as a member agency of the Southern California Regional Rail Authority (SCRRA), SBCTA provides funding for capital related expenditures, including rehabilitation and new capital. In recent years, SBCTA's capital subsidy has funded positive train control and other safety efforts, cleaner locomotives, studies on alternative fuel technology, rolling stock, ticket vending machine replacements, and track and signal infrastructure improvements. It should be noted that since SCRRA's budget process parallels SBCTA's, the SCRRA capital subsidy identified initially in the SBCTA budget is an estimate. The SCRRA budget and corresponding SBCTA subsidies are presented by separate action to the SBCTA Board for approval in June. Typically, this action includes a budget amendment. Costs associated with the annual capital and rehabilitation to SCRRA are captured under this Task. This is not a specific capital project, but an ongoing subsidy. Federal funds allocated to SCRRA as part of their capital subsidy are administered by SCRRA and do not flow through the SBCTA budget.

The majority of funding for capital projects is comprised of formula funds consisting of Valley Measure I Metrolink/Rail Program funds, Valley Measure I Express Bus & Bus Rapid Transit Program funds, Federal Transit Administration (FTA) funds, and Transportation Development Act (TDA) funds. In addition, SBCTA aggressively pursues grant funding to augment the available formula funds.

Budgetary changes are due to ongoing construction and right of way acquisitions for the West Valley Connector Project, the construction of the Hydrogen Fueling Infrastructure and Retrofit of Arrow Maintenance Facility for the ZEMU Project, initiating design and construction phase activities for the ONT Connector Project, the facilitation of funding for the Brightline – High Desert Stations Project, and the initiation of the Lilac to Sycamore Double Track design phase.

Contract Information – Transit Program

Contracts for the specific sub-tasks are included in the sub-task narratives. Contracts and/or staff time that are utilized on all sub-tasks within the Program are identified here. Currently, there are no contracts assigned at the task level.

Local Funding Source Detail

The local funding source detail is specific to the individual sub-tasks and is included in the sub-tasks narratives.

Manager

Victor Lopez, Director of Transit and Rail Programs

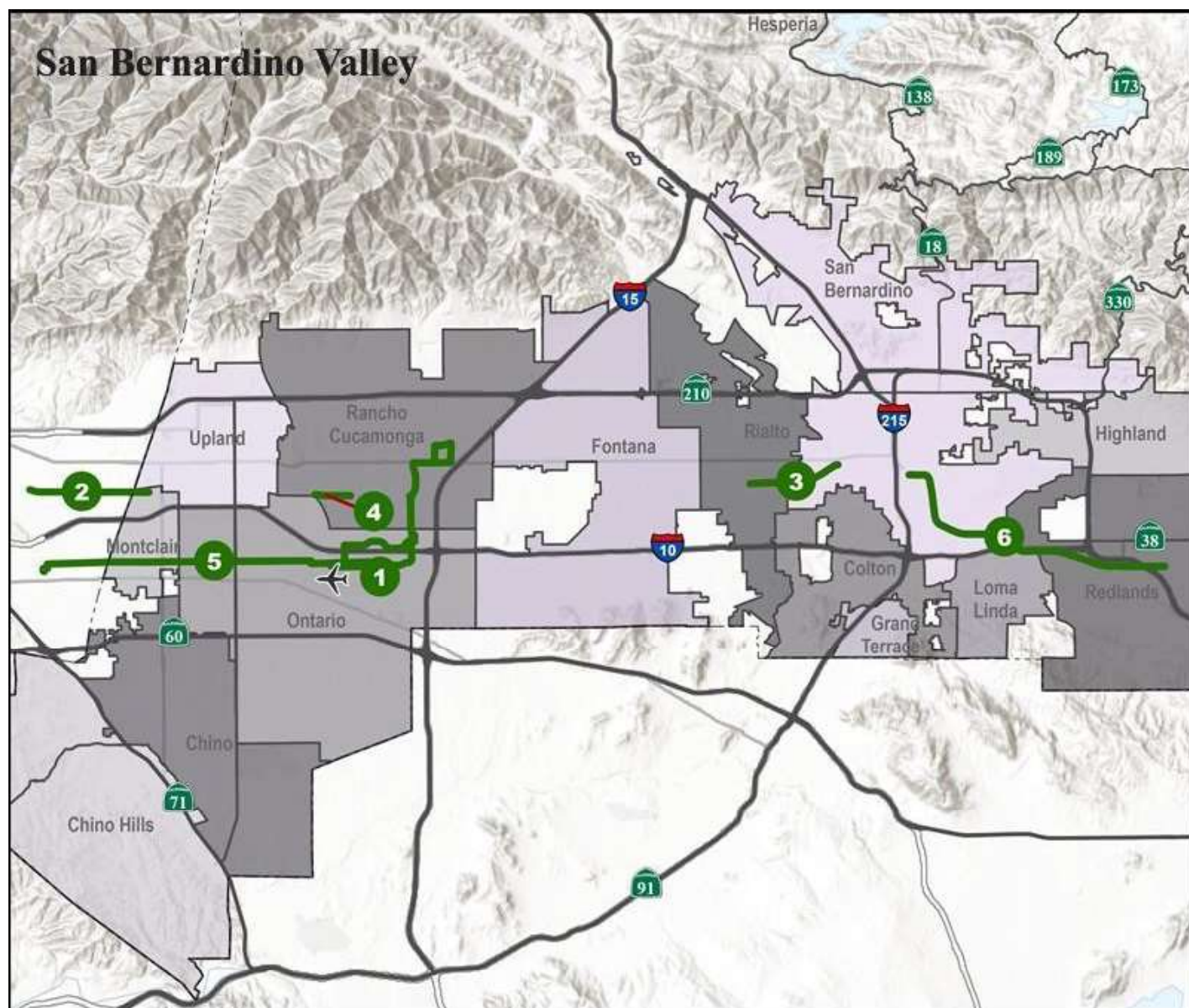
Transit

Task 0315 Transit Capital

	2022/2023	2023/2024	2024/2025	2025/2026
	Actual	Actual	Revised Budget	Budget
Expenditures				
Regular Full-Time Employees	200,094	185,721	199,759	210,108
Fringe Allocation-General	195,836	165,190	147,622	131,927
Professional Services	5,123,772	13,998,328	49,806,750	25,384,902
Consulting Services	3,200,913	1,976,983	2,694,112	-
Program Management Fees	335,435	(277,200)	2,972	442,475
Program Management Fees OFS	3,252,918	1,759,795	2,297,035	1,808,819
Legal Fees	4,327,707	4,313,368	5,272,953	2,704,818
Utilities	25,174	(331)	-	-
Maintenance-Motor Vehicles	33,746	-	-	583,334
Rail Maintenance of Way	52,585	-	-	-
Construction Capital	7,912,277	10,984,906	93,246,020	116,942,149
Utilities Capital	(108,888)	369,175	2,183,500	1,936,000
Right of Way Capital	22,464,584	15,019,054	22,481,711	12,579,709
Dues/Memberships	-	834	3,000	-
Postage	179	4,108	-	-
Travel Expense - Employee	3,411	7,384	15,000	-
Travel Expense-Mileage-Employee	-	51	-	-
Travel Expense-Other-Metrolink Tickets	-	12	-	-
Advertising	483	-	-	-
Public Information Activities	75,392	75,584	210,000	30,000
Contributions/Subsidies	163,740	6,081,576	3,000,000	10,300,000
Meeting Expense	173	231	-	-
Buildings and Structures	-	-	8,348,067	3,417,991
Motor Vehicles	12,403,582	782,343	4,450,000	3,769,708
Utility Relocation Costs	-	-	-	2,015,000
Total Expenditures	59,663,114	55,447,111	194,358,501	182,256,940
Funding Sources				
Local Transportation Fund - Planning				53,454
Local Transportation Fund - Rail				19,834,592
State Transit Assistance Fund - Rail				27,393,137
State of Good Repair – SBCTA				1,402,325
Rail Assets				560,000
Federal Transit Administration 5307				659,692
Federal Transit Administration 5307-CMAQ				7,444,120
Federal Transit Administration 5309				29,822,551
Federal Railway Administration				5,810,037
Transit and Intercity Rail Capital Progr				28,147,410
Affordable Housing & Sustainable Communities Program				4,752,014
Solutions for Congested Corridors Program-SB1				31,825,069
Transit and Intercity Rail Capital Program-SB125				1,369,301
SCAQMD/Mobile Source Review Committee				1,163,400
MSI Valley Fund-Metrolink/Rail Service				4,900,000
MSI Valley Fund-Express Bus/Rapid Trans				14,295,592
Local Projects Fund				2,824,246
Total Funding Sources				182,256,940

Attachment: Transit Committee Task Narratives [Revision 1] (11218 : SBCTA Fiscal Year 2025/2026 Budget Task Review - Transit)

Transit Program Valley Subarea



Master Schedule

Fiscal Year[illegible]

Transit Program Valley Subarea

[illegible]

1 Project **ONT Connector (0337)**

Description

Innovative subterranean direct connection between the Cucamonga Metrolink Station and Ontario International Airport (ONT). The project includes the construction of a four-mile sub-surface bi-directional tunnel system using autonomous rubber tire zero-emission vehicles that will serve as an on-demand direct connection to ONT from the Cucamonga Station along the Metrolink San Bernardino Line. Construction will primarily use public right of way involving coordination with partner agencies, including the cities of Rancho Cucamonga and Ontario, the Ontario International Airport Authority (OIAA), California Department of Transportation (Caltrans), Metropolitan Water District, and Union Pacific Railroad. It includes a surface station at the Cucamonga Metrolink Station and two surface stations at ONT. Current Phase: Procurement/Environmental.

Total Estimated Cost	Costs to Date	Proposed Budget	Future Costs
\$695,850,000	\$17,500,913	\$28,669,529	\$649,679,558

Contract Information

- a. Existing Contracts
 - i. 20-1002339, DBE Consulting Services, Amount Budgeted \$10,000.
 - ii. 21-1002452, Program Management/Construction Management, Amount Budgeted \$10,605,454.
 - iii. 23-1002995, CTO 23, Public Outreach Services and Graphic Design Support, Amount Budgeted \$30,000.
 - iv. 24-1003152, Legal Services for Procurement, Amount Budgeted \$450,000.
 - v. 25-1003198, UPRR Design Reviews, Amount Budgeted \$1,500,000
 - vi. 25-1003199, Utility Relocations, Amount Budgeted \$1,500,000.

**Transit Program
Valley Subarea**

- b. New Contracts
- i. RFP, Design-Build Capital Construction Contract, Amount Budgeted \$39,562,900, Total Estimated Contract Amount \$400,000,000.
 - ii. MOU, Right of Way Acquisitions, Amount Budgeted \$1,171,286 Total Estimated Contract Amount \$1,171,286.

2 Project Gold Line Extension to Montclair (0326)

Description

The Foothill Gold Line - Phase 2B, from the City of Azusa to the City of Montclair, will extend the Metro Gold Line, 12.3 miles and add six stations, including a final stop at the Montclair Transcenter. Approximately 3,600 feet of the 12.3 mile project falls within San Bernardino County. The portion within San Bernardino County is identified as one of the projects in the San Bernardino County Measure I 2010-2040 Expenditure Plan. As project implementation responsibilities reside with the Metro Gold Line Foothill Extension Construction Authority (GLA), SBCTA's role is to provide coordination, oversight, and funding for the portion in San Bernardino County. Construction on the portion from Glendora to Pomona started in July 2020 and was substantially completed in January 2025. In November 2024, GLA and Metro approved a funding agreement to provide \$798 million to complete the Los Angeles County portion of the Pomona to Montclair segment. In May 2024, the SBCTA Board approved \$80 million in total funding for the extension to Montclair. Bids for the Pomona to Montclair extension are scheduled to come in early 2025, and a construction contract award is scheduled for summer 2025. Current Phase: Design-Build.

Total Estimated Cost*	Costs to Date	Proposed Budget	Future Costs
\$80,000,000	\$1,926,955	\$14,309,000	\$63,764,045

*SBCTA has \$80 million identified funding for the portion of the project in San Bernardino County; \$39 million non-federal formula funds and \$41 million TIRCP grant funds.

Contract Information

- a. New Contracts
- i. RFP/CTO, Project Management Services, Amount Budgeted \$309,000, Total Estimated Contract Amount, \$683,129.

3 Project Control Point Lilac to Control Point Rancho Station Double Track (0328)

Description

This project includes the construction of a double track section on the Metrolink San Bernardino Line between Control Point (CP) Lilac and CP Rancho, a three mile segment spanning the cities of Rialto and San Bernardino, which includes 10 at-grade crossings considered for quiet zone improvements, improvements to the railroad signaling and communications systems to accommodate Positive Train Control (PTC), the addition of a second platform at the Rialto Metrolink Station, and a pedestrian underpass. While not funded as part of the initial wave of the Metrolink Southern California Optimized Rail Expansion Plan (SCORE) Program, Metrolink has identified a substantial portion of this segment as a possible future phase, from CP Lilac, through the Rialto Station, to Sycamore Avenue. Preliminary Engineering and Environmental Clearance have been completed and the project is fully funded. The costs shown below are for the shorter project segment. Current Phase: Final Design.

Total Estimated Cost*	Costs to Date	Proposed Budget	Future Costs
\$84,254,756	\$2,229,187	\$5,775,000	\$76,250,569

*Total cost of the longer double track section is \$108 million.

**Transit Program
Valley Subarea**

Contract Information

- b. New Contracts
 - ii. Cooperative Agreement, Delivery of the Double Track Project, Amount Budgeted \$5,775,000 Total Estimated Contract Amount \$75,109,635.

④ Project SCORE Rancho Cucamonga Siding Project (0338)

Description

Right of way support for the Rancho Cucamonga Siding Project element of the Southern California Optimized Rail Expansion (SCORE) program, which proposes to enable 30-minute bi-directional service on the highest ridership segments of Southern California's busiest regional rail corridors: the Orange County, Ventura County, and San Bernardino Lines. The Rancho Cucamonga Siding Project extends an existing siding track by approximately 4,600 feet. In addition, the project includes a new No. 24 power turnout, pedestrian safety improvements at two at-grade crossings, new track panels at the grade crossings (Hellman Ave. and Archibald Ave.), extension of three drainage culverts, and railroad signal modifications to accommodate the siding extension. Right of way support includes reviewing acquisition packet templates, approving Just Compensation, and pursuing condemnation process as necessary for the Rancho Cucamonga Siding Project. Acquisitions for the project have been completed and the proposed budget is for potential legal support services related to the project acquisitions during the construction phase. Current Phase: Construction Phase.

Total Estimated Cost*	Costs to Date	Proposed Budget	Future Costs
\$200,000	\$35,800	\$20,881	\$143,319

*Total estimated cost for SBCTA's support only. The total estimated project cost is \$27,000,000.

Contract Information

- a. Existing Contracts
 - i. 22-1002749, Legal Services Supporting Right of Way Acquisitions, Amount Budgeted \$20,000.

Local Funding Source Detail

- i. Southern California Regional Rail Authority - \$20,881.

⑤ Project West Valley Connector Phase 1 (0334)

Description

The West Valley Connector (WVC) Project is a 19 mile long bus rapid transit (BRT) project that proposes limited stops, providing speed and quality improvements to the public transit system within the corridor. The WVC will serve the cities of Pomona, Montclair, Ontario, and Rancho Cucamonga; interconnect with two Metrolink stations; provide service to the Ontario International Airport; and link to the Ontario Mills shopping/entertainment complex, Ontario Convention Center, and Victoria Gardens as well as other mixed-use development in Rancho Cucamonga planned as part of the HART District. In addition, the proposed project includes the purchase of 18 battery electric buses and improvements to the Omnitrans maintenance facility needed to operate and maintain the battery electric buses. Current Phase: Construction.

Total Estimated Cost	Costs to Date	Proposed Budget	Future Costs
\$320,334,695	\$128,267,265	\$103,997,025	\$88,070,405

**Transit Program
Valley Subarea**

Contract Information

- a. Existing Contracts
- i. 18-1001788, Omnitrans Cooperative Agreement, Amount Budgeted \$13,511,166.
 - ii. 18-1001870, Environmental and Design Services, Amount Budgeted \$1,058,338.
 - iii. 19-1002002, CTO No. 2, Legal Right of Way Services, Amount Budgeted \$1,620,000.
 - iv. 19-1002007, CTO No. 3, Right of Way Services, Amount Budgeted \$77,656..
 - v. 19-1002008, CTO No. 3, Right of Way Services, Amount Budgeted \$69,853.
 - vi. 19-1002009, CTO No. 3, Right of Way Services, Amount Budgeted \$472,743..
 - vii. 18-1001924, CTO No. 3, Right of Way Services, Amount Budgeted \$97,884..
 - viii. 21-1002532, Administrative Contract, Right of Way Capital Acquisition, Amount Budgeted \$11,158,423.
 - ix. 21-1002662, Construction Management, Amount Budgeted \$3,546,460.
 - x. 22-1002744, CTO 9, West Valley Connector Project Management Consultant, Amount Budgeted \$1,620,000.
 - xi. 22-1002778, West Valley Connector Artist Honorarium Agreement, Amount Budgeted \$456,500.
 - xii. 22-1002812, Dry Utilities Agreement, Amount Budgeted \$1,936,000.
 - xiii. 23-1002891, Mainline Capital Construction, Amount Budgeted \$66,887,807.
 - xiv. 23-1002904, CTO 6, West Valley Connector Quality Manager, Amount Budgeted \$327,333.
 - xv. 23-1002995, Public Outreach and Event Management Services and Graphic Design Support, Amount Budgeted \$66,004.
 - xvi. 24-1003047, Dry Utilities Agreement, Amount Budgeted \$250,000.
- b. New Contracts
- i. RFP, Legal Services and Activities, Amount Budgeted \$212,918, Total Estimated Contract Amount \$212,918.

Local Funding Source Detail

- i. Omnitrans - \$2,629,744

6 Project DMU to ZEMU - Diesel Multiple Unit to Zero Emission Multiple Unit Vehicle Conversion (0336)

Description

The Zero Emission Multiple Unit Vehicle (ZEMU) project includes the design and procurement of the first self-contained zero-emission passenger rail vehicle in North America. The design and operating parameters are based on the Diesel Multiple Unit (DMU) vehicles procured for the Arrow Service. The chosen alternative propulsion system is a hybrid battery-hydrogen fuel cell. SBCTA was awarded a \$45.7 million Transit and Intercity Rail Capital Program (TIRCP) grant to lead the effort and \$1.6 million from the Mobile Source Review Committee for the hydrogen fueling infrastructure. The current estimate for the base project is \$63.3 million, which includes the vehicle, modifications to the Arrow Maintenance Facility, major equipment purchase, and hydrogen fueling infrastructure. The TIRCP grant requires the conversion of the DMU fleet used for the Arrow Service to ZEMUs at some point in the future, once the technology is proven in the pilot vehicle. An early estimate for conversion of the Arrow Service DMUs is approximately \$17 million per vehicle, but this is subject to change. Current Phase: Facility Upgrade Design, Fueling Infrastructure Construction, and Vehicle Testing.

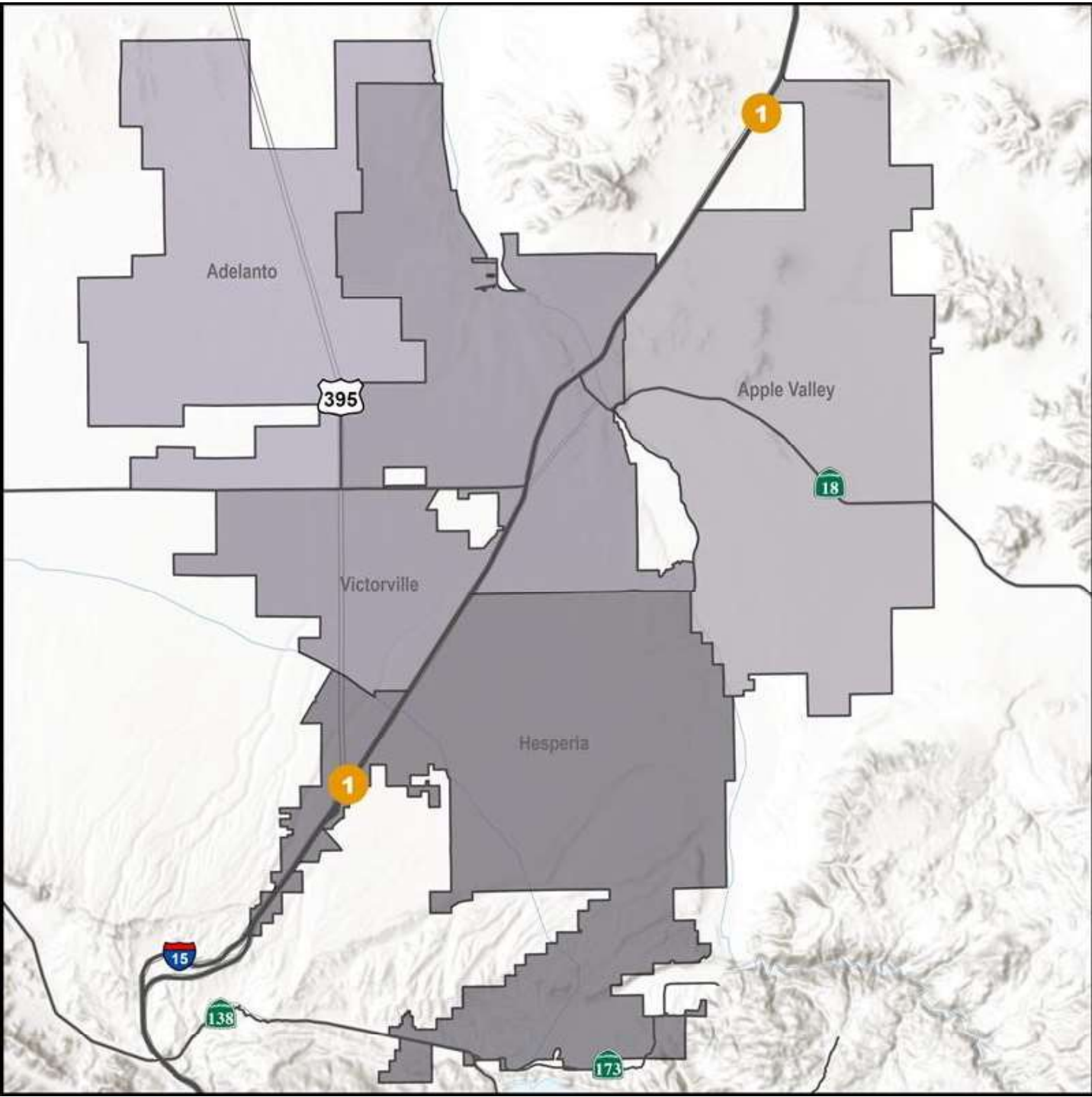
Total Estimated Cost	Costs to Date	Proposed Budget	Future Costs
\$63,852,826	\$37,848,871	\$13,572,014	\$12,431,941

**Transit Program
Valley Subarea**

Contract Information

- a. Existing Contracts
 - i. 20-1002310, Procurement of ZEMU Rail Vehicle, Amount Budgeted \$1,393,246.
 - ii. 21-1002658, Construction Management, Arrow Maintenance Facility Hydrogen Fuel Upgrade Amount Budgeted \$933,773.
 - iii. 22-1002666, Hydrogen Safety Panel, Amount Budgeted \$23,420.
 - iv. 22-1002687, SCRRRA ZEMU Support, Amount Budgeted \$1,603,840.
 - v. 22-1002750, Professional Legal Support, Amount Budgeted \$1,900.
 - vi. 23-1002904, CTO No. 07, Project Management Consulting Services, Amount Budgeted \$631,292.
 - vii. 23-1002922, Retrofit of Arrow Maintenance Facility, Amount Budgeted \$3,460,954.
 - viii. 23-1002961, Major Equipment Purchase, Amount Budgeted \$30,956.
 - ix. 24-1003026, Temporary Fueling, Amount Budgeted \$583,334
- b. New Contracts
 - i. IFB, Hydrogen Fueling Station Construction, Amount Budgeted \$4,851,000, Total Estimated Contract Amount \$6,930,000.

Transit Program High Desert Subarea



Master Schedule

Fiscal Year

Project/Phases	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
① <u>Brightline High Desert Stations Project</u>										
	PA&ED									
		PS&E	PS&E	PS&E						
		ROW	ROW	ROW						
					Cons	Cons	Cons			
								Landscape		
								Closeout		

Attachment: Transit Committee Task Narratives [Revision 1] (11218 : SBCTA Fiscal Year 2025/2026 Budget Task Review - Transit)

**Transit Program
High Desert Subarea**

1 Project Brightline-High Desert Stations Project (0339)

Description

The Brightline West High-Speed Intercity Passenger Rail System – High Desert Stations Project is for the design and construction of the Hesperia Station and Victor Valley Station along the Brightline West privately owned and operated high-speed rail corridor extending from Las Vegas, Nevada, to Rancho Cucamonga, California. The project lead is Brightline West and it includes the design and construction of the two stations in the high desert region of San Bernardino County as well as grant administration and oversight responsibilities for a \$25,000,000 award under the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) 2023 Grant Program. Current Phase: Construction.

Total Estimated Cost*	Costs to Date	Proposed Budget	Future Costs
\$25,000,000	\$0	\$ 5,810,037	\$19,189,963

***Total estimated cost for SBCTA's support only. The total estimated project cost is \$66,082,500.**

Contract Information

- a. New Contracts
- xvii. MOU, Subrecipient Agreement with Brightline, Amount Budgeted \$5,804,750, Total Estimated Contract \$25,000,000.

Local Funding Source Detail

- ii. Federal Railroad Administration - \$5,810,037

Transit

Task 0383 Vanpool Program

Purpose

Operate and maintain a countywide Vanpool Subsidy Program to provide an alternative mode of transportation for commuters in San Bernardino County that reduces roadway congestion and air pollution in our region.

Accomplishments

In 2015, based on the success of other regional vanpool programs in the area, SBCTA studied opportunities to initiate a countywide Vanpool Program that would serve all our communities and provide an opportunity to work with neighboring vanpool programs to reduce roadway congestion. The Board approved implementing the program using Congestion Mitigation and Air Quality (CMAQ) funds. The CMAQ funds flow through the Federal Transit Administration (FTA) and Omnitrans to SBCTA as a sub-recipient. SBCTA's Vanpool Program, branded as SB Loop, launched on September 1, 2018. As part of the program, SBCTA reports vanpool utilization data to the National Transit Database (NTD). This in turn generates additional FTA 5307 funds for San Bernardino County which have increased over the last several years. The largest increase was during Fiscal Year 2023/2024, an amount of \$1,328,678 for NTD reporting during Fiscal Year 2021/2022. In total, over \$3 million has been generated since the program's inception.

SB Loop provided up to a \$600 subsidy per month towards the cost of a vanpool, or \$700 for zero-emission vehicles, for vanpools traveling into SBCTA's service area during Fiscal Year 2023/2024. This includes the Valley, Mountains, Morongo Basin, and Colorado River Subareas of the county. The Victor Valley Transit Authority (VVTa) operates a separate vanpool program in their service area. Vanpools qualify for the SB Loop subsidy by having 50 percent occupancy in a minimum seven-passenger vehicle at start-up, maintaining 50 percent occupancy month to month, as well as commuting a minimum of 8-12 days per month with 30 miles roundtrip daily. Ridership recovery programs continue to be monitored, in addition to low-income and disadvantaged community programs, for effectiveness in increasing ridership and new vanpools, administrative time to manage, as well as impacts to return of FTA 5307 funds. At the end of Fiscal Year 2023/2024, there were 78 vanpools approved to participate in the program.

SBCTA works through the Riverside County Transportation Commission and the IE Commuter program to provide program staffing and marketing and a software company for the online application reporting system and database that supports the program. SB Loop and the proprietary software customized for the program provide a sense of ease to participants looking to join or start a stress-free commute. The vanpool vehicles are provided currently through a single vendor, Commute with Enterprise, via monthly agreements directly with vanpool participants. Staff continues to offer the use of non-federal funds for zero-emission vehicles if selected by vanpool groups.

Work Elements

1. Implement marketing and media campaigns to increase vanpool participation to reduce single occupancy vehicle trips.
2. Work with employers and coordinate with SBCTA's IE Commuter rideshare program to identify potential vanpool formation and participation.
3. Analyze and monitor equity and occupancy-based subsidy benefits.
4. Restructure and, as needed, adjust the vanpool subsidy amount, including program guidelines as a result of economic factors.
5. Maintain and enhance, as needed, an accurate database through the online software system for reporting vanpool program data into the NTD and for the FTA's review and evaluation.
6. Continue to work with consultants for the administration of the Vanpool Subsidy Program.
7. Work with Omnitrans through a Memorandum of Understanding for the pass-through of FTA 5307 funds derived from the vanpool program.
8. Coordinate with neighboring vanpool programs on regional vanpool ride matching solutions and marketing campaigns to increase the reduction of single occupancy vehicles.

Transit

Task 0383 Vanpool Program

Product

Incentivize the use of vanpools as an alternative mode of transportation that reduces traffic congestion, improves air quality, and increases the amount of FTA 5307 funds being returned to SBCTA by increasing the number of vanpools participating in SB Loop.

Contract Information

- a. Existing Contracts
 - i. 17-1001683, Online System Developer, Amount Budgeted \$46,000.
 - ii. 23-1002958, Vanpool Vehicle Provider, Amount Budgeted \$984,000.
 - iii. 24-1003126, Rideshare, Vanpool, and Multi-Modal Program Implementation, Amount Budgeted \$235,000.

Manager

Victor Lopez, Director of Transit and Rail Programs

	2022/2023	2023/2024	2024/2025	2025/2026
Expenditures	Actual	Actual	Revised Budget	Budget
Regular Full-Time Employees	15,599	17,076	26,788	31,525
Fringe Allocation-General	15,267	15,188	19,796	19,795
Professional Services	467,602	669,167	1,284,000	1,305,000
Consulting Services	5,875	-	-	-
Dues/Memberships	15,870	18,251	40,000	40,000
Training/Registration	288	338	2,000	4,400
Postage	-	-	100	100
Travel Expense - Employee	-	-	2,125	5,375
Travel Expense-Mileage-Employee	-	-	300	300
Travel Expense-Other-Metrolink Tickets	-	-	250	250
Advertising	209	-	150	150
Printing - Internal	-	-	100	100
Office Expense	-	-	100	100
Meeting Expense	-	-	2,000	2,000
Total Expenditures	520,709	720,018	1,377,709	1,409,095

Funding Sources

Federal Transit Administration 5307-CMAQ	1,206,000
MSI Valley Fund-Traffic Mgmt Sys	203,095
Total Funding Sources	1,409,095

Minute Action

AGENDA ITEM: 4

Date: April 10, 2025

Subject:

Transit Operators and Transportation Development Act Audits for Fiscal Year 2023/2024

Recommendation:

A. Review and receive the Transit Operators and Transportation Development Act Audit Reports for Fiscal Year 2023/2024.

B. Review and receive the City of Adelanto Transportation Development Act Audit Reports for Fiscal Year 2020/2021 and Fiscal Year 2021/2022.

C. Review and receive the Town of Apple Valley and City of Rialto Transportation Development Act Audit Reports for Fiscal Year 2022/2023.

Background:

Each year San Bernardino County Transportation Authority (SBCTA) provides for audits of all local jurisdictions (agencies) receiving Transportation Development Act (TDA) funds, which are dedicated to supporting local transit service and investments, pedestrian and bicycle facilities, and local street improvement projects. These audit reports will be provided as a separate attachment.

A financial examination is completed by an independent audit firm for activities during the previous fiscal year, including internal control systems of checks and balances. The examination must encompass both project expenditures and projects for which funds were allocated and expended. A listing of all the TDA projects comparing actual revenues and expenses to budgeted revenues and expenses must be included with any interest earned. In addition, the report must state if the local match for each project is met and the claimants complied with the TDA, the Uniform System of Accounts for Public Transit Operators, and/or the updated National Transit Database Reporting Manuals when applicable. The report shall also contain an examination of expenditures, a statement of revenue and expenses, and a balance sheet for each TDA fund.

SBCTA contracted with Crowe, LLP and Vasquez & Company, LLP, to conduct Compliance Audits of the TDA funds for Fiscal Year 2023/2024 through Fiscal Year 2025/2026 with two-one year options to extend through Fiscal Year 2027/2028.

These auditors verified compliance with California Public Utilities Code 66343, California Code of Regulations Sections 6664, 6666, and/or 6667, Proposition 1B, California Transit Security Grant Program, Federal Single Audit Act, and SBCTA Compliance Audit Guide. These auditors also verified that the agencies met the local match requirements for each project or the fare ratios for transit operators.

There are prior reports included that were not issued when the prior year's reports were presented at the Transit Committee in March 2024. The prior reports include the audits for the City of Adelanto (Attachment A) for Fiscal Years 2020/2021 and 2021/2022, the Town of Apple Valley for Fiscal Year 2022/2023, and the City of Rialto for Fiscal Year 2022/2023 (Attachment B).

City of Adelanto (City) Fiscal Year 2020/2021:

- Management is responsible for ensuring financial activity is recorded accurately and on a timely basis. Bank account reconciliations should be performed monthly and reviewed and approved in a timely manner. It is recommended that management review the timing of its reconciliations.

Corrective Action: The City concurs with the finding. The City has hired a team of accounting consultants in order to assist with monthly closing and other accounting services.

Management Letter comments:

- During the audit, it was noted that the TDA financials required multiple adjustments for the current and prior years. Additionally, the Fiscal Year 2019/2020 statements did not agree with the Annual Comprehensive Financial Report (ACFR). It is recommended that the City implement procedures to always reconcile the TDA statements to the ACFR prior to the issuance of the final reports.
- During the audit, it was noted that management does not perform the following crucial activities: 1) Assess the risk that the City's financial statements might be materially misstated due to fraud and there are no controls in place to prevent and detect such occurrences, 2) Communicate to employees the importance of ethical behavior and appropriate business practices, and 3) Comply with laws, regulations, and provisions of contracts, grant agreements, and City policies. It is recommended that the City complete a risk assessment and fraud prevention policy, ethical behavior and business practices policy, and compliance with Laws and Regulations procedures.

City of Adelanto (City) Fiscal Year 2021/2022:

- Management is responsible for ensuring financial activity is recorded accurately and on a timely basis. Bank account reconciliations should be performed monthly and reviewed and approved in a timely manner. Management review over invoicing and expenditures should be in place to ensure accurate financial data consistent with generally accepted accounting principles (GAAP). Evidence of proper segregation of controls over revenues, expenditures, journal entries, and timely preparation and review of bank reconciliations was not present. It is recommended that management establish a thorough system of internal controls, which are formally documented and implemented through policies and procedures. In addition, it is recommended that management ensure manager approvals be implemented.

Corrective Action: The City concurs with the finding. As of May 2024, the City has fired an outside Certified Public Accountant (CPA) firm in order to assist with the reconciliation of financial records, assist with compliance standards, and assist in the implementation of internal controls to help prevent and detect future errors.

- Funds allocated and received by claimants must be expended in conformance with the applicable statutes, rules, and regulations applicable to Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of SBCTA. Quarterly interfund transfers were posted from the TDA fund, but there was no review process over these entries. Furthermore, the entries lacked appropriate substantiation to qualify as allowable expenditures under TDA guidelines. It is recommended that management review and strengthen their internal controls for expenditures to ensure that only allowable costs are allocated to the TDA fund.

Corrective Action: The City concurs with the finding. As of May 2024, the City has fired an outside CPA firm in order to assist with the reconciliation of financial records, assist with compliance standards, and assist in the implementation of internal controls to help prevent and detect future errors.

Town of Apple Valley (Town) Fiscal Year 2022/2023:

- Management is responsible for ensuring financial activity is recorded accurately and on a timely basis. Bank account reconciliations should be performed monthly and reviewed and approved in a timely manner. The Town did not perform a timely bank reconciliation or interest allocation due to significant staffing losses just prior to the commencement of the Fiscal Year 2022/2023 closing process. Additionally, the Town endured a forced bank transition during Quarter 3/Quarter 4 of Fiscal Year 2022/2023, as Union Bank merged with US Bank, and the Town was working diligently to sort out any residual issues resulting from this merger. It is recommended that the Town review the timing of its reconciliation procedures.

Corrective Action: In addition to staff turnovers, the Town's bank (Union Bank) merged with US Bank in May 2023, that merger created a significant delay in performing and completing bank reconciliation, particularly during May and June of 2023. With hiring efforts currently going in Finance, bank reconciliations will be completed in a timely manner.

The audits for Fiscal Year 2023/2024 resulted in the following findings:

Mountain Area Regional Transit Authority (MARTA) Single Audit Findings

- 2 Code of Federal Regulation (CFR) Part 200 requires nonfederal entities to establish and maintain effective internal control over federal awards to provide reasonable assurance that organizations who manage the federal award. MARTA does not have comprehensive written policies and procedures concerning the following key compliance areas, which are required by the Uniform Guidance: Equipment and Real Property Management, Cash Management and Procurement, Suspension, and Debarment. MARTA should develop and implement formal written policies and procedures for the specific areas. Personnel responsible for these areas should receive adequate training and apply the policies effectively. Regular reviews should be conducted to update the policies and procedures as needed.

Corrective Action: MARTA will review and update these policies and/or create new policies to make sure that they are compliant with the Uniform Guidance. The updated or newly created policies will be brought to the October 2025 Board of Directors (Board) meeting for Board review or approval.

- Non-federal entities other than states, including those operating federal programs as subrecipients of states, must follow specific procurement standards set out in 2 CFR Part 200, which includes documenting the procurement methods used for vendor selection. These procedures are designed to ensure fair competition, cost-effectiveness, and federal requirements. During our audit, MARTA was:
 - Unable to provide purchase order documentation or contracts for eight samples that are above \$500.
 - Unable to provide supporting documentation for two items sampled to demonstrate that the required price or rate quotations for those purchases or contracts with contract amounts above \$10,000 were obtained from an adequate

number of qualified sources and maintained the documentation to support its conclusion.

- Unable to provide supporting documentation to demonstrate that the process of verifying if vendors are not suspended or debarred was performed on two vendors tested. The expenditure paid to these vendors ranged from \$109,000 to \$647,000 in 2024.

MARTA should strengthen its internal controls over procurement by ensuring that all procurement activities, particularly significant expenditures, are properly documented. This includes retaining evidence that procurement methods required by the Uniform Guidance were followed, such as bids, contracts, or justifications for sole-source vendors. MARTA should also conduct training for staff involved in procurement to ensure awareness and adherence to the policies. Regular internal audits may be implemented to verify compliance with procurement procedures.

Corrective Action: MARTA is in the process of updating their Procurement Policy. MARTA will ensure that updated policies and procedures will be implemented to address compliance and documentation requirements for small and micro-purchases, sole-source, and informal processes.

- Except where otherwise authorized by statute, cost must meet the following general criteria in order to be allowable under federal awards: 1. Be necessary and reasonable; 2. Conform to any limitations or exclusions; 3. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity; 4. Be accorded consistent treatment; 5. Be determined in accordance with GAAP; 6. Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period; 7. Be adequately documented. During the audit of payroll expenses charged to the program, it was noted that four samples have Personnel Action Forms (PAF) without the signature of the General Manager. Per current policies and procedures, for pay rate changes, a PAF should be created by the Human Resources (HR) Manager and signed by the General Manager. Additionally, MARTA was unable to provide PAF for four samples. MARTA should strengthen its internal controls over the payroll process. MARTA should ensure that PAF and timecards are adequately documented and filed.

Corrective Action: The HR Manager will review the procedures for processing PAF, communicate more effectively to close the loop on the paperwork process, and confirm authorized signatures. The HR Manager will review all files for completed PAF forms and practice better diligence going forward in maintaining all documentation in personnel files.

Needles Area Transit (NAT) Fund

- Internal controls over the closing and financial reporting process should be in place to ensure the Transit Fund has the ability to initiate, record, process, and report accurate financial data consistent with GAAP. Unearned revenue was not reconciled or adjusted from the previous year financial statements. An audit adjustment was identified as a result of the audit and posted by management for Fiscal Year 2023/2024. It is recommend that management monitor the unearned revenue balance in total and for each sub-fund annually when the books are being closed for the fiscal year.

Corrective Action: NAT has been calculating unearned revenue based on instructions from prior auditors. The schedule they had provided included items that should not have

been in the calculations. We do agree with the current auditors that our calculation was incorrect. We will make the changes to the worksheet that the auditors have advised so the calculation is correct in the future and completed before the audit begins.

Morongo Basin Transit Authority (Basin)

- Management is responsible for the preparation of the basic financial statements and all accompanying information. This requires management to perform a year-end closing process to accumulate, reconcile, and summarize information for inclusion in the annual financial statements. During the preparation of the financial statements, it was noted that the beginning Net Position as of July 1, 2023, had been misstated. Specifically, an asset for \$332,360 was improperly recognized and over-depreciated by \$240,693 in the prior year. It is recommended that Basin implement review and reconciliation procedures to prevent similar future errors. Additionally, staff should attend training courses to expand their knowledge of the restated areas.

Corrective Action: Basin acknowledges the errors identified and has taken steps to correct the financial statements. Basin will also implement an enhanced review and reconciliation procedure to ensure accurate recognition and measurement of assets and depreciation, and staff will be trained in GAAP requirements.

City of Victorville (City)

- Management is responsible for ensuring financial activity is recorded accurately and on a timely basis. Bank account reconciliations should be performed monthly and reviewed and approved in a timely manner. During procedures over cash and investments, we noted the City's bank reconciliation for June 2024 was not completed until October 2024. It is recommended that the City review the timing of its reconciliation procedures.

Corrective Action: The City is working towards streamlining the bank reconciliation process by implementing new methods of reconciling the different funding sources and cross-training Finance Technicians and Accountants on the accounting process. With additional help and with streamlining reports and process, the City believes it will achieve a timely bank reconciliation.

- The City is required to adhere to GAAP, which mandate the accurate classification and recording of transactions in the correct funds. The City's internal control environment over financial reporting did not allow for the proper reconciliation of the fund balance. In previous fiscal years, the City recorded \$494,391 of TDA Article 3 expenditures to the TDA Article 8 activity. As a result, the City's beginning fund balance as of July 1, 2022, for the Article 3 and Article 8 activity was materially misstated by \$494,391. An audit adjustment to increase Article 3 fund balance and decrease Article 8 the beginning of year fund balance July 1, 2022 was proposed by Crowe, LLP and posted by management. The City should implement stronger internal controls over the monitoring and review of previous entries to ensure that expenditures are posted to the appropriate fund.

Corrective Action: The City of Victorville has engaged an internal auditor to evaluate the effectiveness of its internal control systems. The City acknowledges the observation and will implement enhanced reconciliation procedures for the general ledger accounts. These reconciliations will be performed at least semi-annually, with any discrepancies promptly identified and addressed in a timely manner to ensure the accuracy and integrity of financial reporting.

City of Yucaipa (City)

- Special Revenue funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered available when received within 120 days of the end of the fiscal period. During testing, it was identified that the Fiscal Year 2022/2023 financial statements were misstated. Revenues were understated and unavailable revenues were overstated by \$50,502. This revenue was inappropriately included in Fiscal Year 2023/2024 revenues. It is recommended that the City enhance the revenue recognition review process for completeness within the City's period of availability.

Corrective Action: The City concurs with the finding and will enhance administrative procedures to review the timing of the collection of revenues to ensure proper recognition.

The audits for the City of Adelanto for Fiscal Year 2022/2023 and Fiscal Year 2023/2024, and for the Town of Apple Valley for Fiscal Year 2023/2024 are in process but are not yet complete.

Each agency may have a different number of audit reports depending on the type of funding the agency is receiving.

Financial Impact:

This item has no financial impact on the adopted Budget for Fiscal Year 2024/2025.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee.

Responsible Staff:

Lisa Lazzar, Chief Financial Officer

Approved
Transit Committee
Date: April 10, 2025

Witnessed By:

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Fiscal Years Ended June 30, 2021 and 2020

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Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 3 Fund ("TDA Fund") of the City of Adelanto, California ("City"), as of and for the year ended June 30, 2021, and the related notes to the 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 auditor's 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Fund of the City, as of June 30, 2021, and the change in financial position of the TDA Fund of the City for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the TDA Fund of the City and do not purport to, and do not present fairly, the financial position of the City as of June 30, 2021, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Prior Year Comparative Information

The financial statements of the City as of June 30, 2020, were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in their report dated January 31, 2022.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Management has omitted the management's discussion and analysis for the TDA Fund that accounting principles generally accepted in the United States of America requires to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Board of Directors
 San Bernardino County Transportation Authority
 San Bernardino, California

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the TDA Fund of the City. The Schedule of Allocations Received and Expended, by Project Year, listed as supplemental data in the table of contents, is presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Allocations Received and Expended, by Project Year is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements for the TDA Fund of the City. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Allocations Received and Expended, by Project Year is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2024 on our consideration of the City's internal control over financial reporting for the TDA Fund and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control over financial reporting and compliance.



Lake Forest, California
 June 11, 2024

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 8, Section 99400(a) Public Utilities Code

Comparative Balance Sheets

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and investments (Note 3)	\$ 1,393,917	\$ 1,389,230
Accounts receivable (Note 4)	449,930	449,930
Interest receivable	<u>795</u>	<u>-</u>
Total assets	<u>\$ 1,844,642</u>	<u>\$ 1,839,160</u>
<u>Deferred inflows of resources, and fund balance</u>		
Deferred inflows of resources		
Unearned revenue	<u>449,930</u>	<u>449,930</u>
Fund balance - restricted		
Restricted	<u>1,394,712</u>	<u>1,389,230</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,844,642</u>	<u>\$ 1,839,160</u>

See accompanying notes to financial statements

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 8, Section 99400(a) Public Utilities Code

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance

Fiscal Years Ended June 30, 2021 and 2020

	2021	2020
Revenues:		
Interest income	\$ 5,844	\$ 29,080
Total revenues	5,844	29,080
Expenditures:		
TDA expenditures	362	304
Total expenditures	362	304
Excess (deficiency) of revenues over (under) expenditures	5,482	28,776
Other financing sources (uses):		
Transfers out to the City of Adelanto (Note 5)	-	(20,000)
Total other financing sources (uses)	-	(20,000)
Net change in fund balance	5,482	8,776
Fund balance at beginning of year	1,389,230	1,380,454
Fund balance at end of year	\$ 1,394,712	\$ 1,389,230

See accompanying notes to financial statements

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 8, Section 99400(a) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

(1) **General Information**

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act Article 8, Section 99400(a) Fund (TDA Fund) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Adelanto, California (City), as of June 30, 2021 and 2020, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Article 8a

San Bernardino County Transportation Authority (SBCTA) receives and passes through Article 8a funding to the local claimants for the purposes of local streets and roads in accordance with Section 99400 of the California Public Utilities Code, which may include those purposes necessary and convenient to the development, construction, and maintenance of the city or county's streets and highways network, which further includes planning and contributions to the transportation planning process, acquisition of real property, construction of facilities and buildings. The fund may also be used for passenger rail service operations and capital improvements.

Article 8a subdivision C further allows payments to counties, cities, and transit districts for their administrative and planning cost with respect to transportation services. A claimant may also receive payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services.

Payment of Article 8a to any entity that provides public transportation services under contract with the local county, city, or transit district for any group with special transportation assistance needs must be determined by SBCTA.

(2) **Summary of Significant Accounting Policies**

The accounting policies of the TDA Article 8a Fund of the City conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies:

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

(2) **Summary of Significant Accounting Policies (Continued)**

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City accounts for the activity of the Article 8a funds in its TDA Fund which is a Special Revenue Fund. Special Revenue Funds are used to account for and report on a particular source of revenue.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 90 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred.

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 8a possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 8a are recognized in the period when all eligibility requirements have been met.

Deferred Inflows of Resources

Deferred inflows of resources-unavailable revenues represent revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available. Deferred inflows of resources in the financial statements represent amounts due from other governments at year-end, and not collected with a timeframe to finance current year expenditures.

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

(2) **Summary of Significant Accounting Policies (Continued)**

Fund Balance

The components of the fund balances of governmental funds reflect the component classifications described below.

- Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed Fund Balance – includes amounts that can be used only for the specific purposes determined by a formal action of the City.
- Assigned Fund Balance – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- Unassigned Fund Balance – includes any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When restricted and unrestricted resources are available for expenditure for the same purpose, the City expends restricted resources before unrestricted resources. Within unrestricted resources, the fund balance is depleted in the order of committed, assigned, and unassigned.

Use of Estimates

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 amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

(3) **Cash and Investments**

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Fund's cash and investments as of June 30, 2021 and 2020 was \$1,393,917 and \$1,389,230, respectively.

The TDA Fund's cash is deposited in the City's internal investment pool which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Fund are those of the City and are included in the City's basic financial statements.

See the City's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk, and concentration risk.

(4) **Accounts Receivable**

Accounts receivable of \$449,930 in both years 2021 and 2020 represent the TDA revenues which had not been received from SBCTA as of June 30, 2021 and 2020.

(5) **Transfers out to the City of Adelanto**

The City incurs street maintenance employee payroll costs in the City's General Fund. The TDA Article 8 Fund transfers amounts to the General Fund to fund its allocated portion of the payroll costs. The allocated charges were \$0 and \$20,000 as of June 30, 2021 and 2020, respectively.

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2021 and 2020

(6) Restrictions

Funds received pursuant to the California Public Utilities Code §99400(a) (TDA Article 8a) may only be used for facilities provided for exclusive use by bicycle and pedestrian facilities or bicycle safety education programs.

(7) Contingencies

See the City's basic financial statements for disclosures related to contingencies including those relating to various legal actions, administrative proceedings, or claims in the ordinary course of operations.

(8) Budgetary Data

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current fiscal year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

Required Supplemental Information

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual

Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Interest income	\$ -	\$ -	\$ 5,844	\$ 5,844
Total revenues	-	-	5,844	5,844
Expenditures:				
TDA expenditures	650,000	650,000	362	649,638
Total expenditures	650,000	650,000	362	649,638
Excess (deficiency) of revenues over (under) expenditures	\$ (650,000)	\$ (650,000)	5,482	\$ 655,482
Fund balance at beginning of year			1,389,230	
Fund balance at end of year			\$ 1,394,712	

Attachment: City of Adelanto Prior Reports (11169 : Transit Operators and TDA Audits for Fiscal Year 2023/2024)

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual

Fiscal Year Ended June 30, 2020

	Budget			Variance From Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
TDA Allocation	\$ 449,930	\$ 449,930	\$ -	\$ (449,930)
Interest income	-	-	29,080	29,080
Total revenues	449,930	449,930	29,080	(420,850)
Expenditures:				
TDA expenditures	1,600,000	-	304	(304)
Total expenditures	1,600,000	-	304	(304)
Excess (deficiency) of revenues over (under) expenditures	(1,150,070)	449,930	28,776	(421,154)
Other financing sources (uses):				
Transfers out	-	(20,000)	(20,000)	-
Total other financing sources (uses)	-	(20,000)	(20,000)	-
Net change in fund balance	<u>\$ (1,150,070)</u>	<u>\$ 429,930</u>	8,776	<u>\$ (421,154)</u>
Fund balance at beginning of year			1,380,454	
Fund balance at end of year			<u>\$ 1,389,230</u>	

Attachment: City of Adelanto Prior Reports (11169 : Transit Operators and TDA Audits for Fiscal Year 2023/2024)

Supplemental Information

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Schedule of Allocations Received and Expended, by Project Year

Fiscal Year Ended June 30, 2021

<u>Article</u>	<u>Project/Use</u>	<u>Year</u> <u>Allocated</u>	<u>Allocation</u> <u>Amount</u>	<u>Unspent</u> <u>Allocation at</u> <u>6/30/2020</u>	<u>Expenditures</u>	<u>Unspent</u> <u>Allocation at</u> <u>6/30/2021</u>
Article 8	Streets & Road Maintenance	2015 - 16	\$ 635,989	\$ 370,212	\$ 362	\$ 369,850
Article 8	Streets & Road Maintenance	2016 - 17	528,228	508,228	-	508,228
Article 8	Streets & Road Maintenance	2017 - 18	470,946	470,946	-	470,946
Article 8	Streets & Road Maintenance	2018 - 19	449,930	449,930	-	449,930
			<u>\$ 2,085,093</u>	<u>\$ 1,799,316</u>	<u>\$ 362</u>	<u>\$ 1,798,954</u>

Attachment: City of Adelanto Prior Reports (11169 : Transit Operators and TDA Audits for Fiscal Year 2023/2024)



Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

**INDEPENDENT AUDITOR'S 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**

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 Transportation Development Act Local Transportation Fund pursuant to Article 8, Section 99400(a) ("TDA Fund") of the City of Adelanto, California ("City"), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2024. Our report included an emphasis of matter stating that the financial statements of the TDA Funds do not purport to, and do not, present fairly the financial position of the City as of June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's TDA Fund 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal

Board of Directors
 San Bernardino County Transportation Authority
 San Bernardino, California

control, described in the accompanying schedule of findings and responses as item **2021-01** to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. 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*, including §6666 of Part 21 of the California Code of Regulations.

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 results 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.



Lake Forest, California
 June 11, 2024

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Schedule of Findings and Responses

Fiscal Year Ended June 30, 2021

**2021-01 Bank Account Reconciliation
Material Weakness*****Criteria:***

Management is responsible for ensuring financial activity is recorded accurately and on a timely basis. Bank account reconciliations should be performed monthly and reviewed and approved in a timely manner.

Condition:

During procedures over cash and investments, we noted the City's bank account reconciliation for June 2021 was not prepared until October 2023.

Cause:

The City did not perform a timely bank account reconciliation due to the City's lack of monthly closing procedures.

Effect:

The FY 2021 audit was delayed.

Recommendation:

We recommend that the City review the timing of its reconciliation procedures.

View of Responsible Officials:

The City agrees with the finding. The City has hired a team of accounting consultants in order to assist with monthly closing and other accounting services.

CITY OF ADELANTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Summary Schedule of Prior Audit Findings

Fiscal Year Ended June 30, 2021

The status of the prior year findings for fiscal year ended June 30, 2020, are below.

<u>Finding No.</u>	<u>Description</u>	<u>Status</u>
2020-001	Financial Closing and Reporting Controls	Implemented
2020-002	Stale Checks	Implemented
2020-003	Timeliness of Bank Account Reconciliation	Not Implemented, refer to Finding 2021-01

Attachment: City of Adelanto Prior Reports (11169 : Transit Operators and TDA Audits for Fiscal Year 2023/2024)



June 11, 2024

Mr. Jessie Flores
City of Adelanto
11600 Air Expressway
Adelanto, CA 92301

We have audited the financial statements of the Transportation Development Act ("TDA"), Article 8, Section 99400(a) Fund and Measure I Fund (collectively "Program Funds"), of the City of Adelanto ("City"), as of and for the year ended June 30, 2021, and have issued our report thereon dated June 11, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, as well as certain information related to the planned scope and timing of our audit. Professional standards also require we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City Program Funds are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City 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 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 significant estimates affecting the financial statements.

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.

Corrected and 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 has corrected all such misstatements. In addition, none of the misstatements detected as

Mr. Jessie Flores
City of Sample City
Adelanto

a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 11, 2024.

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 Program Fund's financial statements or a determination of the type of auditor's 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.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to budgetary comparison information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Schedule of Allocations Received and Expended, by Project Year, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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, 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.

Mr. Jessie Flores
City of Sample City
Adelanto

We were not engaged to report on the *Program Status: Comparison of 5 Year Plan Project Budget to Current Year Expenditures and Maintenance of Effort: Comparison of Base Level Amount to Annual Expenditures*, which accompany the financial statements but are not RSI. Such information has not been subjected to the audit procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

We identified the following matters involving accounting principles, internal control, and compliance with Federal Acquisition Regulation that came to the auditor's attention.

Deficiency 1: During the course of the audit, we noted that the TDA and MSI financials required multiple adjustments for the current and prior years. Additionally, the TDA and MSI final report for FY 2020 did not agree with the TDA and MSI amounts reported on the Annual Comprehensive Financial Report ("ACFR") for FY 2020.

Recommendation: The City should implement procedures to always reconcile the TDA and MSI financial statements and the ACFR prior to issuance of the final reports to ensure they agree.

Deficiency 2: During the course of the audit, we were made aware that the City management does not perform the following crucial activities:

1. Assess the risk that the City's financial statements might be materially misstated due to fraud, and there are no controls in place to prevent and detect such occurrences.
2. Communicate to employees the importance of ethical behavior and appropriate business practices.
3. Comply with laws, regulations, and provisions of contracts, grant agreements, and City policies.

Recommendation:

To address these deficiencies, we recommend the City take the following actions:

1. **Risk Assessment and Fraud Prevention:** Strengthen and implement procedures to assess the risk that could cause the financial statements to be materially misstated. This should include instituting robust controls to prevent and detect fraud. Regular risk assessments and updates to controls should be conducted to adapt to new and evolving risks.
2. **Ethical Behavior and Business Practices:** Establish a formal process to communicate to employees the importance of ethical behavior and appropriate business practices. This could include regular training sessions, a code of conduct, and the implementation of a fraud hotline where employees can report unethical behavior anonymously.
3. **Compliance with Laws and Regulations:** Ensure that all staff are educated on the laws, regulations, and provisions of contracts, grant agreements, and City policies applicable to their roles. Additionally, implement controls to ensure compliance with all applicable laws, regulations, and contractual provisions. Regular audits and compliance checks should be conducted to identify and address any areas of non-compliance promptly.

By taking these steps, the City can enhance the integrity and reliability of its financial reporting, foster a culture of ethical behavior, and ensure compliance with all relevant legal and contractual obligations.

Mr. Jessie Flores
City of Sample City
Adelanto

Restriction on Use

This information is intended solely for the use of those charged with governance and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Best regards,

Conrad LLP

Lake Forest, CA
June 11, 2024

CITY OF ADELANTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2022 and 2021

CITY OF ADELANTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
FINANCIAL STATEMENTS
June 30, 2022 and 2021

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CROWE LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act (TDA) Article 8 Fund (TDA Fund) of the City of Adelanto, California (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the TDA Fund of the City, as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the TDA Fund of the City for the year ended June 30, 2021, were audited by other auditors, who expressed an unmodified opinion on those statements on June 11, 2024.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

(Continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the “additional information”), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the additional information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024 on our consideration of the City’s internal control over financial reporting of the TDA Fund 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 results of that testing, and not to provide an opinion on the effectiveness of the City’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 City’s internal control over financial reporting and compliance, as it relates to the TDA Fund.



Crowe LLP

Los Angeles, California
November 20, 2024

CITY OF ADELANTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2022 and 2021

	Article 8	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and investments	\$ 1,971,564	\$ 1,393,917
Accounts receivable	-	449,930
Interest receivable	<u>1,828</u>	<u>795</u>
 Total assets	 <u>\$ 1,973,392</u>	 <u>\$ 1,844,642</u>
 DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Deferred inflows of resources		
Unearned revenue	\$ -	\$ 449,930
 Fund balance - restricted		
Restricted for transportation	<u>1,973,392</u>	<u>1,394,712</u>
 Total deferred inflows of resources and fund balance	 <u>\$ 1,973,392</u>	 <u>\$ 1,844,642</u>

See notes to financial statements.

CITY OF ADELANTO, CALIFORNIA
 TRANSPORTATION DEVELOPMENT ACT FUND
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 Years Ended June 30, 2022 and 2021

	Article 8	
	<u>2022</u>	<u>2021</u>
Revenues, net		
TDA allocation	\$ 590,134	\$ -
Investment income (loss)	<u>(11,122)</u>	<u>5,844</u>
Total revenues, net	579,012	5,844
 Expenditures		
Administrative cost	<u>332</u>	<u>362</u>
Total expenditures	<u>332</u>	<u>362</u>
 Net change in fund balance	578,680	5,482
 Fund balance at beginning of year	<u>1,394,712</u>	<u>1,389,230</u>
 Fund balance at end of year	<u><u>\$ 1,973,392</u></u>	<u><u>\$ 1,394,712</u></u>

(Continued)

CITY OF ADELANTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021

NOTE 1 – GENERAL INFORMATION

Reporting Entity: The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act Article 8, Section 99400(a) Fund (TDA Fund) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Adelanto, California (City), as of June 30, 2022 and 2021, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Article 8: San Bernardino County Transportation Authority (SBCTA) receives and passes through Article 8 funding to the local claimants for the purposes of local streets and roads in accordance with Section 99400 of the California Public Utilities Code, which may include those purposes necessary and convenient to the development, construction, and maintenance of the city or county's streets and highways network, which further includes planning and contributions to the transportation planning process, acquisition of real property, construction of facilities and buildings. The fund may also be used for passenger rail service operations and capital improvements.

Article 8, subdivision C further allows payments to counties, cities, and transit districts for their administrative and planning cost with respect to transportation services. A claimant may also receive payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services.

Payment of Article 8 to any entity that provides public transportation services under contract with the local county, city, or transit district for any group with special transportation assistance needs must be determined by SBCTA.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City accounts for the activity of the Article 8 Fund in its TDA Fund which is a special revenue fund. Special revenue funds are used to account for and report on a particular source of revenue.

Measurement Focus and Basis of Accounting: The special revenue funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred.

(Continued)

CITY OF ADELANTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 8 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 8 are recognized in the period when all eligibility requirements have been met.

Deferred Inflows of Resources: Deferred inflows of resources-unavailable revenues represent revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available. Deferred inflows of resources in the financial statements represent amounts due from other governments at year-end, and not collected with a timeframe to finance current year expenditures.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

Use of Estimates: 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 amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Fund's cash and investments as of June 30, 2022 and 2021 was \$1,971,564 and \$1,393,917, respectively.

The TDA Fund's cash is deposited in the City's internal investment pool which is reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Fund's deposits and withdrawals in the City's investment pool are made on the basis of \$1 and not fair value. Accordingly, the TDA Fund's investment in the City's investment pool is measured with inputs that are uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Fund are those of the City and are included in the City's basic financial statements.

See the City's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk, and concentration risk.

(Continued)

CITY OF ADELANTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2022 and 2021

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable of \$449,930 represent the TDA revenues which had not been received from SBCTA as of June 30, 2021. There were no accounts receivable as of June 30, 2022.

NOTE 5 – RESTRICTIONS

Funds received pursuant to the California Public Utilities Code §99400(a) (TDA Article 8) may only be used for facilities provided for exclusive use by bicycle and pedestrian facilities or bicycle safety education programs.

NOTE 6 – BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current fiscal year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ADELANTO, CALIFORNIA
 TRANSPORTATION DEVELOPMENT ACT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – TDA ARTICLE 8 FUND
 Year ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		
Revenues, net				
TDA allocation	\$ 449,930	\$ 449,930	\$ 590,134	\$ 140,204
Investment loss	-	-	(11,122)	(11,122)
Total revenues, net	449,930	449,930	579,012	129,082
Expenditures				
Cost of capital infrastructure - streets & roads	650,000	650,000	-	650,000
Administrative cost	-	-	332	(332)
Total expenditures	650,000	650,000	332	649,668
Excess (deficiency) of revenues over (under) expenditures	(200,070)	(200,070)	578,680	778,750
Other financing uses				
Transfers to other City funds	(20,000)	(20,000)	-	20,000
Total other financing uses	(20,000)	(20,000)	-	20,000
Net change in fund balance	(220,070)	(220,070)	578,680	798,750
Fund balance at beginning of year	1,394,712	1,394,712	1,394,712	-
Fund balance at end of year	<u>\$ 1,174,642</u>	<u>\$ 1,174,642</u>	<u>\$ 1,973,392</u>	<u>\$ 798,750</u>

Attachment: City of Adelanto Prior Reports (11169 : Transit Operators and TDA Audits for Fiscal Year 2023/2024)

(Continued)

CITY OF ADELANTO, CALIFORNIA
 TRANSPORTATION DEVELOPMENT ACT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – TDA ARTICLE 8 FUND
 Year ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		
Revenues, net				
Investment income	\$ -	\$ -	\$ 5,844	\$ 5,844
Total revenues, net	-	-	5,844	5,844
Expenditures				
TDA expenditures	650,000	650,000	362	649,638
Total expenditures	650,000	650,000	362	649,638
Excess (deficiency) of revenues over (under) expenditures	(650,000)	(650,000)	5,482	655,482
Fund balance at beginning of year	1,389,230	1,389,230	1,389,230	-
Fund balance at end of year	<u>\$ 739,230</u>	<u>\$ 739,230</u>	<u>\$ 1,394,712</u>	<u>\$ 655,482</u>

See note to required supplementary information.

CITY OF ADELANTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Years ended June 30, 2022 and 2021

NOTE 1 - BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

ADDITIONAL INFORMATION

CITY OF ADELANTO, CALIFORNIA
 TRANSPORTATION DEVELOPMENT ACT FUND ACTIVITY
 SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
 Year ended June 30, 2022

<u>Article</u>	<u>Project/Use</u>	<u>Year Allocated</u>	<u>Allocation Amount</u>	<u>Unspent Allocations at June 30, 2021</u>	<u>Expenditures</u>	<u>Unspent Allocations at June 30, 2022</u>
Article 8	Streets & Road Maintenance	2015 - 16	\$ 635,989	\$ 369,850	\$ 332	\$ 369,518
Article 8	Streets & Road Maintenance	2016 - 17	528,228	508,228	-	508,228
Article 8	Streets & Road Maintenance	2017 - 18	470,946	470,946	-	470,946
Article 8	Streets & Road Maintenance	2018 - 19	449,930	449,930	-	449,930
Article 8	Streets & Road Maintenance	2021 - 22	140,204	-	-	140,204
			<u>\$ 2,225,297</u>	<u>\$ 1,798,954</u>	<u>\$ 332</u>	<u>\$ 1,938,826</u>



CROWE LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S 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

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

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 Transportation Development Act (TDA) Article 8 Fund (TDA Fund) of the City of Adelanto, California (City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA), noncompliance with which could have a direct and material effect on the financial statements. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA. This instance of noncompliance is described as item 2022-002 in the accompanying schedule of findings and responses.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 results of that testing, and not to provide an opinion on the effectiveness of the City'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.



Crowe LLP

Los Angeles, California
November 20, 2024

CITY OF ADELANTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2022

FINANCIAL STATEMENT FINDINGS

2022-001 – Financial Reporting (Material Weakness)

Criteria: Management is responsible for ensuring financial activity is recorded accurately and on a timely basis. Bank account reconciliations should be performed monthly and reviewed and approved in a timely manner. Management review over invoicing and expenditures should be in place to ensure the City has the ability to initiate, record, process, and report accurate financial data consistent with generally accepted accounting principles. If said functions are not segregated, additional monitoring review controls should be established to address and mitigate such risks.

Condition: Evidence of proper segregation of controls over revenue, expenditures, journal entries, and timely preparation and review of bank reconciliations were not present.

Questioned Costs: \$20,000

Cause: Due to the inadequate staffing within the finance department, management did not have an established and documented internal control to ensure proper management review over these processes.

Context: During our testing of operating effectiveness of controls over expenditures and walkthrough of internal controls, we noted a lack of review of interfund transfers, deposits, and journal entries.

Effect: Expenditures totaling \$20,000 were incorrectly charged to the Article 8 TDA Fund. The expenses were transfers to other City funds but lacked any substantiation (such as a cost allocation plan, for example) to substantiate the nature and allowability of such amounts.

Recommendation: We recommend that management establish a thorough system of internal controls, which are formally documented and implemented through policies and standard operating procedures. We recommend that management ensures manager approvals in place over all processes are formally documented in order to mitigate the risk of materially misstating the financial statements.

Views of responsible officials and planned corrective actions: The City concurs with the finding. As of May 2024, the City has hired an outside CPA firm in order to assist with the reconciliation of financial records, assist with compliance standards, and to assist in the implementation of internal controls to help prevent and detect future errors.

CITY OF ADELANTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2022

COMPLIANCE FINDINGS

2022-002 – Unallowable Transactions (Noncompliance and Material Weakness)

Criteria: Funds allocated to and received by TDA claimants must be expended in conformance with the applicable statutes, rules, and regulations applicable to Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA).

Condition: Quarterly interfund transfers were posted from the TDA Fund, but there was no review process over these entries. Furthermore, the entries lacked appropriate substantiation to qualify as allowable expenditures under the TDA guidelines.

Questioned Costs: \$20,000

Cause: Due to the inadequate staffing within the finance department, management did not have an established and documented internal control to ensure proper management review over these processes.

Context: During our testing of operating effectiveness of controls over expenditures, we noted that proper segregation of controls was not present. The preparer posted quarterly interfund transfers from the TDA Fund, but there was no review process over these entries. Per discussions with management, it was determined that proper approval was not present for this process.

Effect: Expenditures totaling \$20,000 were incorrectly charged to the Article 8 TDA Fund. The expenses were transfers to other City funds but lacked any substantiation (such as a cost allocation plan, for example) to substantiate the nature and allowability of such amounts.

Recommendation: We recommend that management review and strengthen their implementation of their internal controls in place for expenditures to ensure that only allowable costs are allocated to the TDA Fund.

Views of responsible officials and planned corrective actions: The City concurs with the finding. As of May 2024, the City has hired an outside CPA firm in order to assist with the reconciliation of financial records, assist with compliance standards, and to assist in the implementation of internal controls to help prevent and detect future errors.

CITY OF ADELANTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2022

2021-001 – Bank Account Reconciliation (Material Weakness)

The City's bank account reconciliation for June 2021 was not prepared until October 2023. The City did not perform a timely bank account reconciliation due to the City's lack of monthly closing procedures and the June 30, 2021 audit was delayed.

Status: Repeat finding reported in 2022 as part of financial statement finding 2022-01.

ATTACHMENT B**TOWN OF APPLE VALLEY, CALIFORNIA**

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

TOWN OF APPLE VALLEY, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Fiscal Years Ended June 30, 2023 and 2022

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Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 8, Section 99400(a) Fund ("TDA Fund") of the Town of Apple Valley, California ("Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Fund of the Town, as of June 30, 2023, and the respective changes in financial position of the TDA Fund of the Town for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the TDA Fund of the Town and do not purport to, and do not present fairly, the financial position of the Town as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 TDA Fund of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Prior Year Comparative Information

The financial statements of the Town as of June 30, 2022, were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in their report dated February 17, 2023.

Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Management is responsible for the other information included in the annual report. The other information comprises the *Schedule of Allocations Received and Expended by Project Year* but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2024 on our consideration of the Town's internal control over financial reporting for the TDA Fund and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control over financial reporting and compliance.



Lake Forest, California
May 2, 2024

TOWN OF APPLE VALLEY, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Comparative Balance Sheets

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and investments (Note 3)	\$ 1,331,462	\$ 897,966
Total assets	\$ 1,331,462	\$ 897,966
<u>Liabilities and fund balance</u>		
Accounts Payable	\$ 23,078	\$ 784
Fund balance - restricted	1,308,384	897,182
Total liabilities and fund balance	\$ 1,331,462	\$ 897,966

See accompanying notes to financial statements

TOWN OF APPLE VALLEY, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance

Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Revenues:		
TDA Article 8a funds	\$ 432,256	\$ 30,535
Other revenues	-	29,863
Interest revenues	10,232	2,664
Total revenues	442,488	63,062
Expenditures:		
Construction, maintenance, and engineering	31,286	16,771
Total expenditures	31,286	16,771
Net change in fund balance	411,202	46,291
Fund balance at beginning of year	897,182	850,891
Fund balance at end of year	\$ 1,308,384	\$ 897,182

See accompanying notes to financial statements

TOWN OF APPLE VALLEY, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 8, Section 99400(a) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(1) **General Information**

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act Article 8, Section 99400(a) Funds (TDA Funds). Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the Town of Apple Valley, California (Town), as of June 30, 2023 and 2022, and changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Article 8a

San Bernardino County Transportation Authority (SBCTA) receives and passes through Article 8 funding to the local claimants for the purposes of local streets and roads in accordance with Section 99400 of the California Public Utilities Code, which may include those purposes necessary and convenient to the development, construction, and maintenance of the city, town, or county's streets and highway networks, which further includes planning and contributions to the transportation planning process, acquisition of real property, construction of facilities and buildings. The fund may also be used for passenger rail service operations and capital improvements.

Article 8 subdivision C further allows payments to counties, cities, towns, and transit districts for their administrative and planning cost with respect to transportation services. A claimant may also receive payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services.

Payment of Article 8 to any entity that provides public transportation services under contract with the local county, city, town, or transit district for any group with special transportation assistance needs must be determined by SBCTA.

(2) **Summary of Significant Accounting Policies**

The accounting policies of the TDA Article 8a Fund of the Town conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies:

Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves, and equity segregated for the purpose of carrying out specific

TOWN OF APPLE VALLEY, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(2) **Summary of Significant Accounting Policies (Continued)**

activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The Town accounts for the activity of the Article 8a funds in its TDA Fund which is a Special Revenue Fund. Special Revenue Funds are used to account for and report on a particular source of revenue.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred.

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the Town. For the Town, funds received under TDA Article 8a possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 8a are recognized in the period when all eligibility requirements have been met.

Deferred Inflows of Resources

Deferred inflows of resources-unavailable revenues represent revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available. Deferred inflows of resources in the financial statements represent amounts due from other governments at year-end, and not collected with a timeframe to finance current year expenditures.

TOWN OF APPLE VALLEY, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(2) **Summary of Significant Accounting Policies (Continued)**

Fund Balance

The components of the fund balances of governmental funds reflect the component classifications described below.

- Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed Fund Balance – includes amounts that can be used only for the specific purposes determined by a formal action of the Town.
- Assigned Fund Balance – includes amounts that are intended to be used by the Town for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- Unassigned Fund Balance – includes any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When restricted and unrestricted resources are available for expenditure for the same purpose, the Town expends restricted resources before unrestricted resources. Within unrestricted resources, the fund balance is depleted in the order of committed, assigned, and unassigned.

Use of Estimates

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 amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF APPLE VALLEY, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(3) **Cash and Investments**

The Town has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Fund's cash and investments as of June 30, 2023 and 2022 was \$1,331,462 and \$897,966, respectively.

The TDA Fund's cash is deposited in the Town's internal investment pool which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Fund are those of the Town and are included in the Town's basic financial statements.

See the Town's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk, and concentration risk.

(4) **Restrictions**

Funds received pursuant to the California Public Utilities Code §99400(a) (TDA Article 8a) may only be used for facilities provided for exclusive use by bicycle and pedestrian facilities or bicycle safety education programs.

(5) **Contingencies**

See the Town's basic financial statements for disclosures related to contingencies including those relating to various legal actions, administrative proceedings, or claims in the ordinary course of operations.

(6) **Budgetary Data**

The Town adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current fiscal year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

Required Supplemental Information

TOWN OF APPLE VALLEY, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Year Ended June 30, 2023

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA Article 8a funds	\$ 70,000	\$ 70,000	\$ 432,256	\$ 362,256
Interest revenues	<u>9,000</u>	<u>9,000</u>	<u>10,232</u>	<u>1,232</u>
Total revenues	<u>79,000</u>	<u>79,000</u>	<u>442,488</u>	<u>363,488</u>
Expenditures:				
Construction, maintenance, and engineering	<u>132,000</u>	<u>654,500</u>	<u>31,286</u>	<u>623,214</u>
Total expenditures	<u>132,000</u>	<u>654,500</u>	<u>31,286</u>	<u>623,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (53,000)</u>	<u>\$ (575,500)</u>	411,202	<u>\$ 986,702</u>
Fund balance at beginning of year			<u>897,182</u>	
Fund balance at end of year			<u>\$ 1,308,384</u>	

TOWN OF APPLE VALLEY, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 8, Section 99400(a) Public Utilities Code

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Fiscal Year Ended June 30, 2022

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA Article 8a funds	\$ 430,965	\$ 430,965	\$ 30,535	\$ (400,430)
Other revenues	-	-	29,863	29,863
Interest revenues	9,000	9,000	2,664	(6,336)
Total revenues	439,965	439,965	63,062	(376,903)
Expenditures:				
TDA expenditures	436,000	436,000	16,771	419,229
Total expenditures	436,000	436,000	16,771	419,229
Excess (deficiency) of revenues over (under) expenditures	\$ 3,965	\$ 3,965	46,291	\$ 42,326
Fund balance at beginning of year			850,891	
Fund balance at end of year			\$ 897,182	

Supplemental Information

CITY OF VICTORVILLE, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Schedule of Allocations Received and Expended, by Project Year

Fiscal Year Ended June 30, 2023

<u>Article</u>	<u>Project/Use</u>	<u>Year</u> <u>Allocated</u>	<u>Allocation</u> <u>Amount</u>	<u>Unspent</u> <u>Allocation at</u> <u>6/30/2022</u>	<u>Expenditures</u>	<u>Unspent</u> <u>Allocation at</u> <u>6/30/2023</u>
Article 8	Streets & Road Maintenance	2018-19	\$ 662,418	\$ 575,614	\$ 31,286	\$ 544,328
Article 8	Streets & Road Maintenance	2019-20	79,095	79,095	-	79,095
Article 8	Streets & Road Maintenance	2020-21	69,312	69,312	-	69,312
Article 8	Streets & Road Maintenance	2021-22	30,535	30,535	-	30,535
Article 8	Streets & Road Maintenance	2022-23	432,256	-	-	432,256
	Total current year article 8 allocations		\$ 1,273,616	\$ 754,556	\$ 31,286	\$ 1,155,526



Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

**INDEPENDENT AUDITOR'S 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**

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 Transportation Development Act Local Transportation Fund pursuant to Article 8, Section 99400(a) ("TDA Fund") of the Town of Apple Valley, California ("Town"), as of and for the year ended June 30, 2023 and the related notes to the financial statements, and have issued our report thereon dated May 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item **2023-01** that we consider to be material weaknesses.

Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the Town are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. 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*, including §6666 of Part 21 of the California Code of Regulations.

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 results 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.



Lake Forest, California
May 2, 2024

TOWN OF APPLE VALLEY, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Schedule of Findings and Responses

Fiscal Year Ended June 30, 2023

2023-01 Bank Reconciliations Material Weakness

Criteria:

Management is responsible for ensuring financial activity is recorded accurately and on a timely basis. Bank reconciliations should be performed monthly and reviewed and approved in a timely manner.

Condition:

During procedures over cash and investments, we noted the Town's bank reconciliation for June 2023 was not prepared until April 2024. Further, the interest allocation to funds was not performed until April 2024.

Cause:

The Town did not perform a timely bank reconciliation or interest allocation due to significant staffing losses just prior to the commencement of the FY 2023 closing process. Additionally, the Town endured a forced bank transition during Q3/Q4 of FY 2022-23, as Union Bank merged with US Bank, and the Town was working diligently to sort out any residual issues resulting from this merger.

Effect:

The audit was delayed.

Recommendation:

We recommend that the Town review the timing of its reconciliation procedures.

View of Responsible Officials:

In addition to staff turnovers, the Town's bank (Union Bank) merged with US Bank in May 2023, that merger created significant delay in performing and completing bank reconciliation, particularly during May and June of 2023. With hiring efforts currently going in Finance, bank reconciliations will be completed in a timely manner.

TOWN OF APPLE VALLEY, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 8, Section 99400(a) Public Utilities Code

Summary Schedule of Prior Audit Findings

Fiscal Year Ended June 30, 2023

The status of the prior year findings for fiscal year 2021/22 are below.

Finding No.	Description	Status
2022-001	Timeliness of Bank Account Reconciliation	Not Implemented, Refer to 2023-01

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3, Section 99234 Public Utilities Code

Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3, Section 99234 Public Utilities Code

Fiscal Years Ended June 30, 2023 and 2022

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Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of the Transportation Development Act ("TDA") Article 3 Fund ("TDA Fund") of the City of Rialto, California ("City"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Fund of the City, as of June 30, 2023 and 2022, and the respective changes in financial position of the TDA Fund of the City for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the TDA Fund of the City and do not purport to, and do not present fairly, the financial position of the City as of June 30, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 TDA Fund of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Prior Year Comparative Information

The financial statements of the City as of June 30, 2022, were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in their report dated March 17, 2023.

Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *Schedule of Allocations Received and Expended, by Project Year* is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 *Schedule of Allocations Received and Expended, by Project Year* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2024 on our consideration of the City's internal control over financial reporting for the TDA Fund and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control over financial reporting and compliance.



Lake Forest, California
March 6, 2024

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 3, Section 99234 Public Utilities Code

Comparative Balance Sheets

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and investments (Note 3)	\$ 20,960	\$ -
Accounts receivable (Note 4)	<u>-</u>	<u>387,021</u>
Total assets	<u>\$ 20,960</u>	<u>\$ 387,021</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>		
Due to the City of Rialto (Note 5)	<u>\$ -</u>	<u>\$ 205,192</u>
Deferred inflows of resources		
Unavailable revenue	<u>-</u>	<u>387,021</u>
Fund (deficit) balance (Note 6)		
Restricted	20,960	-
Unassigned	<u>-</u>	<u>(205,192)</u>
Total liabilities and fund balance	<u>\$ 20,960</u>	<u>\$ 387,021</u>

See accompanying notes to financial statements

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund Article 3, Section 99234 Public Utilities Code

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance

Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Revenues:		
TDA Article 3 funds	\$ 226,000	\$ -
Investment Income	212	-
Total revenues	<u>226,212</u>	<u>-</u>
Expenditures:		
Construction, maintenance, and engineering	<u>-</u>	<u>226,000</u>
Total expenditures	<u>-</u>	<u>226,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>226,212</u>	<u>(226,000)</u>
Other financing sources (uses):		
Transfers out - Administrative expenses	<u>(60)</u>	<u>(64)</u>
Total other financing sources (uses)	<u>(60)</u>	<u>(64)</u>
Net change in fund balance	226,152	(226,064)
Fund (deficit) balance at beginning of year	<u>(205,192)</u>	<u>20,872</u>
Fund (deficit) balance at end of year	<u>\$ 20,960</u>	<u>\$ (205,192)</u>

See accompanying notes to financial statements

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3, Section 99234 Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(1) **General Information**

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 3 Fund only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Rialto, California (City), as of June 30, 2023 and 2022, and changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Article 3

The City has entered into a Cooperative Agreement (TDA 3 Agreement) with San Bernardino County Transportation Authority (SBCTA) to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code (Code). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. In accordance with the agreement, the City is required to provide matching funds equal to 10% of the project costs. The City satisfied the 10% match in the fiscal year by utilizing City funding for 10% of the total project costs incurred.

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3. Section 99234 Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(2) **Summary of Significant Accounting Policies**

The accounting policies of the TDA Article 3 Fund of the City conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies:

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City accounts for the activity of the Article 3 funds in its TDA Fund which is a Special Revenue Fund. Special Revenue Funds are used to account for and report on a particular source of revenue.

Measurement Focus and Basis of Accounting

Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 90 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred.

Revenue Recognition

Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 3 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 are recognized in the period when all eligibility requirements have been met.

Deferred Inflows of Resources

Deferred inflows of resources-unavailable revenues represent revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available. Deferred inflows of resources in the financial statements represent amounts due from other governments at year-end, and not collected with a timeframe to finance current year expenditures.

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3. Section 99234 Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(2) **Summary of Significant Accounting Policies (Continued)**

Fund Balance

The components of the fund balances of governmental funds reflect the component classifications described below.

- *Nonspendable Fund Balance* – includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purposes determined by a formal action of the City.
- *Assigned Fund Balance* – includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned Fund Balance* – includes any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When restricted and unrestricted resources are available for expenditure for the same purpose, the City expends restricted resources before unrestricted resources. Within unrestricted resources, the fund balance is depleted in the order of committed, assigned, and unassigned.

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3, Section 99234 Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(2) Summary of Significant Accounting Policies (Continued)

Use of Estimates

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 amounts and disclosures. Accordingly, actual results could differ from those estimates.

(3) Cash and Investments

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Fund's cash and investments as of June 30, 2023 and 2022 was \$20,960 and \$0, respectively.

The TDA Fund's cash is deposited in the City's internal investment pool which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Fund are those of the City and are included in the City's basic financial statements.

See the City's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk, and concentration risk.

(4) Accounts Receivable

Accounts receivable of \$0 and \$387,021 represent the TDA revenues which had not been received from SBCTA as of June 30, 2023 and 2022, respectively.

(5) Due to the City of Rialto

Due to the City of Rialto of \$0 and \$205,192 represents the amounts paid by the City on behalf of the TDA Fund for expenditures incurred for which reimbursements had not yet been received as of June 30, 2023 and June 30, 2022, respectively.

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3. Section 99234 Public Utilities Code

Notes to Financial Statements

Fiscal Years Ended June 30, 2023 and 2022

(6) Fund Balance

The TDA Fund reported a fund balance of \$20,960 as of June 30, 2023, and a deficit fund balance of \$205,192 as of June 30, 2022. Article 3 revenues may be spent on projects, and then reimbursed after completion. As such, the timing difference between the expenditures and receipt of Article 3 revenues in fiscal year 2022 created a deficit fund balance. The obligation of the negative unassigned fund balance was paid by the fiscal year 2023 Article 3 revenues from SBTCA.

(7) Restrictions

Funds received pursuant to the California Public Utilities Code §99234 (TDA Article 3) may only be used for facilities provided for exclusive use by bicycle and pedestrian facilities or bicycle safety education programs.

(8) Contingencies

See the City's basic financial statements for disclosures related to contingencies including those relating to various legal actions, administrative proceedings, or claims in the ordinary course of operations.

(9) Budgetary Data

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

Required Supplemental Information

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3, Section 99234 Public Utilities CodeSchedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual

Fiscal Year Ended June 30, 2023

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA Article 3 funds	\$ 265,460	\$ 1,433,948	\$ 226,000	\$ (1,207,948)
Investment Income	200	200	212	12
Total revenues	265,660	1,434,148	226,212	(1,207,936)
Expenditures:				
Construction, maintenance, and engineering	-	1,182,950	-	1,182,950
Total expenditures	-	1,182,950	-	1,182,950
Excess (deficiency) of revenues over (under) expenditures	265,660	251,198	226,212	(24,986)
Other financing sources (uses):				
Transfers out - Administrative expenses	(60)	(60)	(60)	-
Total other financing sources (uses)	(60)	(60)	(60)	-
Net change in fund balance	\$ 265,600	\$ 251,138	226,152	\$ (24,986)
Fund (deficit) balance at beginning of year			(205,192)	
Fund balance at end of year			\$ 20,960	

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3, Section 99234 Public Utilities CodeSchedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual

Fiscal Year Ended June 30, 2022

	Budget		Actual	Variance From Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
TDA Article 3 funds	\$ -	\$ 1,168,518	\$ -	\$ (1,168,518)
Total revenues	-	1,168,518	-	(1,168,518)
Expenditures:				
Construction, maintenance, and engineering	-	1,408,949	226,000	1,182,949
Total expenditures	-	1,408,949	226,000	1,182,949
Excess (deficiency) of revenues over (under) expenditures	-	(240,431)	(226,000)	14,431
Other financing sources (uses):				
Transfers out - Administrative expenses	(64)	(64)	(64)	-
Total other financing sources (uses)	(64)	(64)	(64)	-
Net change in fund balance	\$ (64)	\$ (240,495)	(226,064)	\$ 14,431
Fund balance at beginning of year			20,872	
Fund (deficit) balance at end of year			\$ (205,192)	

Supplemental Information

CITY OF RIALTO, CALIFORNIA

Transportation Development Act Local Transportation Fund
Article 3, Section 99234 Public Utilities Code

Schedule of Allocations Received and Expended, by Project Year

Fiscal Year Ended June 30, 2023

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocation at 06/30/2022	Expenditure	Unspent Allocation at 06/30/2023
Article 3	Easton Sidewalk Improvements	2019	\$ 226,000	\$ -	\$ -	\$ -
Article 3	Merrill Safe Routes to School	2021	639,405	639,405	-	639,405
Article 3	Sycamore Safe Routes to School	2021	457,616	457,616	-	457,616
Totals			<u>\$ 1,323,021</u>	<u>\$ 1,097,021</u>	<u>\$ -</u>	<u>\$ 1,097,021</u>

Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

**INDEPENDENT AUDITOR'S 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**

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 Transportation Development Act Local Transportation Fund pursuant to Article 3 ("TDA Fund") of the City of Rialto, California ("City"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, and have issued our report thereon dated March 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including §6666 of Part 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. 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*, including §6666 of Part 21 of the California Code of Regulations.

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 results 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.



Lake Forest, California
March 6, 2024

Minute Action

AGENDA ITEM: 5

Date: April 10, 2025

Subject:

Allocation of Transportation Development Act Funds for Fiscal Year 2025/2026

Recommendation:

That the Transit Committee recommend the Board, acting as the San Bernardino County Transportation Authority:

Adopt Resolution No. 25-060 authorizing the allocation of Local Transportation Funds and State Transit Assistance Funds for Fiscal Year 2025/2026 and the transmittal of allocation instructions to the San Bernardino County Auditor-Controller/Treasurer/Tax Collector.

Background:

Section 99214 of the California Public Utilities Code designates San Bernardino County Transportation Authority (SBCTA) as the agency responsible for administering Transportation Development Act (TDA) funds. This responsibility includes the approval of the Local Transportation Fund (LTF) and State Transit Assistance (STA) apportionments, issuance of LTF and STA allocation instructions to the San Bernardino County Auditor-Controller/Treasurer/Tax Collector (ATC), and authorization of LTF and STA payments in accordance with the claim amounts filed by the claimants.

Title 21, Sections 6659 and 6753 of the California Code of Regulations require that the governing body adopt a resolution authorizing the issuance of LTF and STA allocation instructions. Resolution No. 25-060 fulfills this requirement. The issuance of LTF and STA allocation instructions will allocate funding for TDA administration, transportation planning and programming functions, and operating and capital assistance for the SBCTA Transit Program and other eligible TDA claimants, consistent with apportionments and allocations adopted by the SBCTA Board of Directors (Board).

Throughout the year, staff receives claims from eligible TDA claimants and verifies the claim amounts against various documents. Some of the documents used as the basis for approving the statutory claims of TDA funding include the most recently approved transit operator Short Range Transit Plans, the SBCTA 10-Year Delivery Plan, and the SBCTA Fiscal Year (FY) Budget.

Following approval of a transit claim, staff issues allocation instructions to the ATC authorizing the use of the funds by the claimant for specific purposes. Then, throughout the year, staff requests disbursements of funds from the ATC in accordance with disbursement requests submitted by the claimants.

In March 2025, the Board approved the FY 2025/2026 LTF and STA apportionments. The apportionments have been incorporated into the SBCTA Proposed FY 2025/2026 Budget. Allocations to individual transit operators will be presented to the Board for approval in June 2025.

Transit Committee Agenda Item

April 10, 2025

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Financial Impact:

This item has no financial impact on the adopted Budget for Fiscal Year 2024/2025.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee. SBCTA General Counsel has reviewed this item and the draft Resolution.

Responsible Staff:

Brianna Martinez, Management Analyst III

Approved
Transit Committee
Date: April 10, 2025

Witnessed By:

RESOLUTION NO. 25-060

RESOLUTION OF THE SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY AUTHORIZING THE ALLOCATION OF LOCAL TRANSPORTATION FUNDS AND STATE TRANSIT ASSISTANCE FUNDS FOR FISCAL YEAR 2025/2026

WHEREAS, the San Bernardino County Transportation Authority (SBCTA) is the designated transportation planning agency for the administration of the Transportation Development Act funds within San Bernardino County; and

WHEREAS, the Southern California Association of Governments Executive Committee has adopted a Regional Transportation Plan directed toward the achievement of a coordinated and balanced transportation system; and

WHEREAS, the SBCTA Board of Directors (Board) adopts Short Range Transit Plans for each of the San Bernardino County transit operators; and

WHEREAS, the Board has adopted the SBCTA 10-Year Delivery Plan and annual SBCTA budgets documenting anticipated expenditures for SBCTA's transit programs; and

WHEREAS, claims may be submitted under the Transportation Development Act for allocations from the Local Transportation Fund and State Transit Assistance Fund consistent with the adopted plans, apportionments, and allocations; and

WHEREAS, the Short Range Transit Plans, the SBCTA 10-Year Delivery Plan, and the annual SBCTA budgets include planned expenditures of transportation funds, including Local Transportation Funds and State Transit Assistance Funds; and

WHEREAS, the award of Transportation Development Act Article 3 funds for bicycle and pedestrian facilities and transit stop access improvement projects, pursuant to Public Utilities Code Section 99233.3, is typically approved in a separate Board action following a biennial call for projects and project evaluation process; and

WHEREAS, SBCTA has incorporated the amount to be allocated to each of the transit operators and SBCTA into its Fiscal Year 2025/2026 Budget.

NOW THEREFORE BE IT RESOLVED, by the San Bernardino County Transportation Authority:

Section 1. That the allocation of Local Transportation Funds and State Transit Assistance Funds for Fiscal Year 2025/2026 is hereby approved subject to those claims conforming to adopted apportionments and all other requirements of the Transportation Development Act, including but not limited to the following determinations:

1. The claimant's proposed expenditures are in conformity with the Regional Transportation Plan, the claimant's Short Range Transit Plan, SBCTA's 10-Year Delivery Plan, and SBCTA's annual budget, as applicable, and as amended through subsequent Board action.

2. The level of passenger fares and charges is sufficient to enable the operator or transit service claimant to meet the applicable fare revenue to operating expense (operating ratio) requirements as required by the Transportation Development Act.
3. The claimant is making full use of federal funds available pursuant to the Infrastructure Investment and Jobs Act.
4. The sum of the claimant's allocations from the State Transit Assistance Fund and Local Transportation Fund does not exceed the amount the claimant is eligible to receive during the fiscal year.
5. Priority consideration has been given to claims to offset reductions in federal operating assistance and the unanticipated increase in the cost of fuel, to enhance existing public transportation services, and to meet high priority regional, countywide, or area-wide public transportation needs.
6. The claimant has made reasonable efforts to implement the productivity improvements recommended pursuant to Public Utilities Code Section 99244, including the specific reference to the improvements recommended and the efforts made by the claimant to implement them.
7. The claimant submits a certification issued by the Department of California Highway Patrol within the last 13 months verifying that the claimant is in compliance with Section 1808.1 of the Vehicle Code (Drivers Pull Notice Program), as required by Public Utilities Code Section 99251.
8. The claimant is in compliance with the qualifying criteria pursuant to Public Utilities Code Section 99314.6 (use of State Transit Assistance Fund for operating purposes).
9. The transportation services contracted for under Public Utilities Code Section 99400(c) are responding to a transportation need not otherwise being met within the community or jurisdiction of the claimant and that, where appropriate, the services are coordinated with the existing transportation service.

Section 2. That such approval does not include allocations for local streets and roads unless the provisions of Sections 99401.5 and 99401.6 of the Public Utilities Code have been met; and

Section 3. That the Executive Director or his designee is authorized to transmit allocation instructions to the San Bernardino County Auditor/Controller, having first determined that the required allocation meets all requirements of this Resolution and the Transportation Development Act.

Section 4. The foregoing recitals are true and correct.

Section 5. This resolution is effective upon its approval.

-----SIGNATURES ON FOLLOWING PAGE-----

PASSED AND ADOPTED at a meeting of the San Bernardino County Transportation Authority held on May 7, 2025.

Ray Marquez, President
San Bernardino County Transportation Authority

ATTEST:

Marleana Roman, Clerk of the Board
San Bernardino County Transportation Authority

DRAFT

Minute Action

AGENDA ITEM: 6

Date: April 10, 2025

Subject:

Amendment No. 1 to Agreement No. 20-1002255 University Station Insurance

Recommendation:

That the Transit Committee recommend the Board, acting as the San Bernardino County Transportation Authority (SBCTA):

A. Approve Amendment No. 1 to Agreement No. 20-1002255 regarding University Station Operations and Maintenance, amongst SBCTA, the City of Redlands, and the University of Redlands, concerning roles and responsibilities for the procurement of real property insurance for core station assets and the cost for said insurance. SBCTA Real Property insurance is funded 50% with Rail Assets funds and 50% with local reimbursement funds for the costs allocated to the subject station properties.

B. Approve a budget amendment increasing Transit Operations Task No. 0314 by \$81,000, funded by Measure I Metrolink/Rail Service funds, to honor SBCTA's obligation to cover the first two years of the City of Redlands' costs for the University Station.

Background:

On July 6, 2022, the San Bernardino County Transportation Authority (SBCTA) Board of Directors approved station cooperative agreements for multiple cities in a county-wide move to reflect that SBCTA will obtain property insurance for core station assets, defined to include platforms, canopies, and pedestrian crossing structures at the stations, and that the station hosts will reimburse SBCTA for 50% of SBCTA's premium cost. Previously, the station hosts were solely responsible for providing insurance coverage for the station assets; however, a review of the coverages across the system found the city-provided coverages to be widely varied. Consequently, SBCTA elected to step in to provide uniform coverage countywide. Station hosts remain responsible for providing insurance for non-core station assets, such as parking lots or structures and lease spaces managed and maintained by the respective cities.

The three-party station cooperative agreement for University Station, by and amongst SBCTA, the City of Redlands, and the University of Redlands, was one of the first station agreements associated with the Redlands Passenger Rail Project (RPRP) to be negotiated, and predated the countywide effort to move to the new real property insurance language. The remainder of the RPRP station cooperative agreements incorporated the updated insurance language at their onset. This Amendment No. 1 to Agreement No. 20-1002255 brings the University Station agreement in conformance with the other stations.

SBCTA's commercial property insurance premium is prorated to each station, or directly to SBCTA, in proportion to the insured value of the core station assets insured at the station, or additional real property assets that SBCTA insures. The station hosts are responsible for 50% of the insurance premium attributed to their respective station, due the following fiscal year to allow the cities to budget based upon SBCTA's actual costs. The funds collected from the cities will offset half of the insurance premium incurred by SBCTA, proportionally, with the other 50% being paid with Rail Assets funds.

Entity: San Bernardino County Transportation Authority

Transit Committee Agenda Item

April 10, 2025

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This Amendment No. 1 was presented to and approved by the City of Redlands' City Council on January 21, 2025.

Consistent with other station agreements, under Cooperative Agreement No. 20-1002255 SBCTA is responsible for the cost of providing security and maintenance for the first two years of service at University Station. Recommendation B increases the Transit Operations task budget by \$81,000 to cover this cost. The increase is necessary because the City of Redlands' actual cost at University Station exceeded the original estimates upon which the Fiscal Year 2024/2025 Budget amounts were based.

Financial Impact:

A budget amendment is required as described in Recommendation B and described in the background of this item. Commercial Property Insurance is included in the adopted Budget for Fiscal Year 2024/2025 and funded with a combination of Rail Assets funds and Local Projects Fund in Program 01, General Government.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee. SBCTA General Counsel and Procurement Manager have reviewed this item and the draft amendment.

Responsible Staff:

Ryan Aschenbrenner, Right of Way Manager

Approved
Transit Committee
Date: April 10, 2025

Witnessed By:

San Bernardino County Transportation Authority

Contract Summary Sheet

6.a

General Contract Information

Contract No: 22-1002798 Amendment No.: 1

Contract Class: Receivable Department: Transit

Customer ID: REDL CI Customer Name: City of Redlands

Description: Three Party Cooperative Agreement for the Operation and Maintenance of University Station

List Any Accounts Payable Related Contract Nos.: 20-1002255

Dollar Amount							
Original Contract		\$	2,485.29	Original Contingency		\$	-
Prior Amendments		\$	-	Prior Amendments		\$	-
Prior Contingency Released		\$	-	Prior Contingency Released (-)		\$	-
Current Amendment		\$	-	Current Amendment		\$	-
Total/Revised Contract Value		\$	2,485.29	Total Contingency Value		\$	-
		Total Dollar Authority (Contract Value and Contingency)				\$	2,485.29

Contract Authorization

Board of Directors Date: 05/07/2025 Committee Item #

Contract Management (Internal Purposes Only)

Local Funding Agreement Annual Payments

Accounts Receivable

Total Contract Funding: \$ 2,485.29 Funding Agreement No: 20-1002255

Beginning POP Date: 10/24/2024 Ending POP Date: 12/31/2039 Final Billing Date: 12/31/2039

Expiration Date: 12/31/2039 Fund Admin: Yes

Parent Contract 20-1002255 PM Description University Station - City of Redlands Insurance Payments

Z-Related Contracts Z22-1002798

Sub-							Sub-						
Fund	Prog	Task	Task	Revenue	Total Contract Funding:		Fund	Prog	Task	Task	Revenue	Total Contract Funding:	
GL: 6010	01	0430	0429	42418010	2,485.29		GL:					-	
GL:					-		GL:					-	
GL:					-		GL:					-	
GL:					-		GL:					-	
GL:					-		GL:					-	
GL:					-		GL:					-	
GL:					-		GL:					-	
GL:					-		GL:					-	
GL:					-		GL:					-	

Ryan Aschenbrenner

Project Manager (Print Name)

Victor Lopez

Task Manager (Print Name)

Additional Notes: SBCTA invoices City annually for 50% of the cost of insurance for the station platforms one Fiscal Year in arrears. (\$2,485.29 is the City's 50% share of the FY 2025 insurance premium, due in FY 2026, apportioned from 10/24/2024)

Attachment: CSS - 22-1002798_01 (Receivable) [Revision 2] (11131 : Amendment No. 1 to Agreement No. 20-1002255 University Station

Contract No:	<u>20-1002255</u>	Amendment No.:	<u>1</u>
Contract Class:	<u>Payable</u>	Department:	<u>Transit</u>
Vendor No.:	<u>01776</u>	Vendor Name:	<u>City of Redlands</u>
Description:	Three Party Cooperative Agreement for the Operation and Maintenance of University Station		

Dollar Amount							
Original Contract		\$	-	Original Contingency		\$	-
Prior Amendments		\$	-	Prior Amendments		\$	-
Prior Contingency Released		\$	-	Prior Contingency Released (-)		\$	-
Current Amendment		\$	422,571.27	Current Amendment		\$	-
Total/Revised Contract Value		\$	422,571.27	Total Contingency Value		\$	-
	Total Dollar Authority (Contract Value and Contingency)					\$	422,571.27

Board of Directors	Date:	05/07/2025	Committee	Item #
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Other Contracts		Sole Source?	N/A	Board Approved Budget Adjustment
Local	Funding Agreement			Annual Payments

Estimated Start Date:		<u>10/24/2022</u>		Expiration Date:		<u>12/31/2039</u>		Revised Expiration Date:		<u></u>	
NHS: N/A		QMP/QAP:		N/A		Prevailing Wage:		N/A			

[illegible]

Victor Lopez

Task Manager (Print Name)

Additional Notes: SBCTA is responsible for the first two years of maintenance and security costs for services provided by the City of Redlands at University Station platforms and parking lot (10/24/2022 through 10/23/2024). SBCTA is responsible for a pro rata share of Detention Basin maintenance costs for the life of the contract.

**AMENDMENT NO. 1 TO AGREEMENT NO. 20-1002255 BETWEEN THE
SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY AND THE CITY OF
REDLANDS AND THE UNIVERSITY OF REDLANDS FOR THE OPERATING AND
MAINTENANCE OF UNIVERSITY STATION**

This Amendment No. 1 to Agreement No. 20-1002255 regarding University Station is hereby made, entered into and effective on the date the last Party signs it, by and between the San Bernardino County Transportation Authority (“SBCTA”), the City of Redlands (“CITY”), and the University of Redlands (“U of R”), all of which are collectively referred to as the “Parties,” and individually as “Party.”

WHEREAS, SBCTA, CITY, and U of R are parties to the University Station Operations and Maintenance Agreement, SBCTA Contract No. 20-1002255, dated February 8, 2022 (“AGREEMENT”), which defines the Parties’ roles and responsibility for the maintenance and security for University Station; and

WHEREAS, the Parties desire to amend the AGREEMENT to further define the roles and responsibilities of the Parties with respect to how real property insurance for University Station will be obtained and paid for.

NOW, THEREFORE, the Parties hereby mutually agree as follows:

1. The recitals above are true and correct and are hereby incorporated herein by this reference.
2. Except as specifically amended by this Amendment No. 1, all other provisions of the AGREEMENT shall remain in full force and effect.
3. **Section V, subsection 5.1, paragraph b** is DELETED in its entirety and REPLACED as follows:
 - b. CITY shall be 100% responsible for all costs required to operate and maintain the Commuter Rail Station platform areas, including, but not limited to the cost of liability insurance, maintenance of the Standard Platforms, signage, security, perimeter landscaping, and lighting, excluding any Commuter Rail Station Betterments to be maintained pursuant to Section 6.1, Maintenance of the Commuter Rail Station Betterments.
4. **Section XVI** is ADDED to read as follows:

XVI.
Insurance

- 16.1 SBCTA shall obtain real property insurance for the Standard Platforms, the cost of which shall be shared equally between SBCTA and CITY. For example, if the insurance premium attributed to insuring the Standard Platforms at the Commuter Rail Station was determined to be \$1,000 one year, then CITY shall reimburse SBCTA \$500 for that year’s cost of real property insurance for the Standard Platforms.

- 16.2 U of R shall be responsible for securing and maintaining property insurance or self-insurance which covers the Commuter Rail Station Betterments, with coverage types and limits consistent with U of R insurance of similar assets. Pursuant to Section 6.1(a), U of R shall be responsible for 100% of the cost of insurance required under this Section 16.2. U of R shall add SBCTA as an Additional Insured on all property insurance covering said property.
- 16.3 CITY shall be responsible for securing and maintaining property insurance or self-insurance which covers Non-Operating Property which is not otherwise insured by SBCTA pursuant to Section 16.1 or by U of R pursuant to Section 16.2, with coverage types and limits consistent with CITY insurance of similar assets. CITY shall be responsible for 100% of the cost of insurance required under this Section. CITY shall add SBCTA as an Additional Insured on all property insurance covering said property.

IN WITNESS WHEREOF, the authorized parties have signed below;

CITY:

CITY OF REDLANDS, a municipal corporation

By: _____
Mario Saucedo, Mayor

ATTEST:

Jeanne Donaldson, City Clerk

SBCTA:

SAN BERNARDINO COUNTY
TRANSPORTATION AUTHORITY

By: _____
Ray Marquez, Board President

Approved as to Form

Julianna K. Tillquist, General Counsel

U of R:

UNIVERSITY OF REDLANDS, a California non-profit corporation

By: _____
Grace Crickette, Vice President Finance
and Administration/CFO and Treasurer

Minute Action

AGENDA ITEM: 7

Date: April 10, 2025

Subject:

Funding Agreement No. 25-1003256 for the Upland Parking Structure

Recommendation:

That the Transit Committee recommend the Board, acting as the San Bernardino County Transportation Authority:

Approve Funding Agreement No. 25-1003256 with the City of Upland for the design and construction of a mixed used parking structure for an amount not-to-exceed \$500,000 funded by proceeds from the sale of Assessor's Parcel Numbers 1046-605-01, 02, and 03, known as the Upland Surplus Properties.

Background:

On November 6, 2024, the San Bernardino County Transportation Authority (SBCTA) Board of Directors (Board) approved the allocation of \$500,000 to the City of Upland from the sales proceeds of the Upland Surplus Properties, Assessor's Parcel Numbers (APN) 1046-605-01, 02, & 03, along the north side of Stowell Street, to defray the City's estimated cost to prepare construction documents for a mixed used parking structure located at the southeast corner of 1st Avenue and C Street.

Funding Agreement No. 25-1003256 has been prepared pursuant to Board action taken on November 6, 2024, and establishes terms and conditions upon which SBCTA provides funding to the City of Upland, including:

- SBCTA to provide funding on an actual costs reimbursement basis in response to invoices provided by the City with adequate supporting documentation to establish cost eligibility.
- Requires City to complete construction of the parking structure on or before December 31, 2034, or return to SBCTA funds provided to the City under Agreement No. 25-1003256.
- Upon completion, the parties will incorporate the Metrolink reserved parking spaces into the Upland Station agreement.
- Prohibits disposition of the parking structure and defines each party's share of proceeds derived from a compelled disposition.

The City of Upland is analyzing the project under the California Environmental Quality Act and does not anticipate being prepared to invoice SBCTA until early Fiscal Year 2025/2026. The \$500,000 is not budgeted in the current fiscal year but has been included in the upcoming Proposed Fiscal Year 2025/2026 Budget.

Financial Impact:

This item has no financial impact on the adopted Budget for Fiscal Year (FY) 2024/2025. The Upland Parking Structure Funding is included in the proposed Budget for FY 2025/2026 and funded with Rail Asset funds in Program 30, Transit, Task 0315, Transit Capital.

Entity: San Bernardino County Transportation Authority

Transit Committee Agenda Item

April 10, 2025

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Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee. SBCTA General Counsel and Procurement Manager have reviewed this item and the draft agreement.

Responsible Staff:

Ryan Aschenbrenner, Right of Way Manager

Approved
Transit Committee
Date: April 10, 2025

Witnessed By:

San Bernardino County Transportation Authority

Contract No:	<u>25-1003256</u>	Amendment No.:	<u> </u>
Contract Class:	<u>Payable</u>	Department:	<u>Transit</u>
Vendor No.:	<u>02268</u>	Vendor Name:	<u>City of Upland</u>
Description:	Upland Mixed Use Parking Structure Funding Agreement		

Dollar Amount							
Original Contract		\$	500,000.00	Original Contingency		\$	-
Prior Amendments		\$	-	Prior Amendments		\$	-
Prior Contingency Released		\$	-	Prior Contingency Released (-)		\$	-
Current Amendment		\$	-	Current Amendment		\$	-
Total/Revised Contract Value		\$	500,000.00	Total Contingency Value		\$	-
	Total Dollar Authority (Contract Value and Contingency)					\$	500,000.00

Board of Directors	Date: 05/07/2025	Committee	Item #
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Other Contracts		Sole Source?	N/A	Board Approved Budget Adjustment
Local	Funding Agreement			N/A

Estimated Start Date: 05/07/2025 Expiration Date: 12/31/2035 Revised Expiration Date:

NHS: N/A QMP/QAP: N/A Prevailing Wage: N/A

[illegible]

Ryan Aschenbrenner

Project Manager (Print Name)

Victor Lopez
Task Manager (Print Name)

Additional Notes:

PROJECT FUNDING AGREEMENT NO. 25-1003256

FOR

MIXED-USE PARKING STRUCTURE PROJECT

(CITY OF UPLAND)

THIS FUNDING AGREEMENT (“AGREEMENT”), by and between the San Bernardino County Transportation Authority, a statutorily-created public agency (Public Utilities Code §§ 130800 et seq.) (“AUTHORITY”), 1170 W 3rd St 2nd floor, San Bernardino, CA 92410, and the City of Upland, a municipal corporation (“CITY”), 460 N Euclid Ave, Upland, CA 91786. AUTHORITY and CITY are hereafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

- A. WHEREAS, AUTHORITY and CITY desire to enter into this AGREEMENT to define their respective roles and responsibilities related to the development of plans, specifications and estimate (“PS&E”) for a mixed-use parking structure, located at the southeast corner of North 1st Avenue and East C Street in Upland, CA, (the “PROJECT”), as described in Exhibit A; and
- B. WHEREAS, on November 6, 2024, AUTHORITY’s Board of Directors (the “Board”) approved programming of \$500,000 in funds generated from the sale of the properties located at 201-299 East Stowell Street, Assessor’s Parcel Number (APN) 1046-605-01, and 120 South Euclid Avenue, APN 1046-605-02 and APN 1046-605-03, known as the Upland Surplus Properties, for additional parking to be constructed on CITY-owned land in the vicinity of the Upland Metrolink Station (“STATION”); and
- C. WHEREAS, on November 6, 2024, the Board authorized the Executive Director of AUTHORITY to negotiate and submit for Board approval a funding agreement with the City of Upland, with the minimum terms and conditions outlined in Exhibit B; and
- D. WHEREAS, the Parties intend that a certain number of the PROJECT’s estimated 409 parking spaces, to be determined subsequently by the Parties, shall be dedicated and reserved exclusively for Metrolink rail service patrons and added to the existing 227 reserved Metrolink parking spaces on the STATION’s non-operating property, as provided in the Upland Station Cooperative Agreement between AUTHORITY and CITY, dated March 8, 1993, as amended, known also as Contract No. 93-051.

NOW, THEREFORE, the Parties agree to the following:

SECTION I

AUTHORITY AGREES:

1. To reimburse CITY for the actual cost of the PS&E up to a maximum of \$500,000. Such amount may be increased, including funds for additional costs of the PROJECT, only by a written amendment to this AGREEMENT approved by the Board. AUTHORITY shall

have no further responsibility to provide any funding for PROJECT exceeding this amount absent such an amendment to this AGREEMENT. Notwithstanding any provisions in this AGREEMENT to the contrary, CITY may apply to AUTHORITY for, and AUTHORITY may in its discretion approve, separate and additional funds for construction and completion of the PROJECT from AUTHORITY's Upland Surplus Land proceeds.

2. To reimburse CITY within forty-five (45) days after CITY submits an electronic copy of a signed invoice, in a form satisfactory to AUTHORITY, covering those actual allowable PROJECT-related expenditures for PS&E incurred by CITY, up to the maximum amount identified in Section I, Paragraph 1 of this AGREEMENT. Invoices may be submitted to AUTHORITY as frequently as once a month.
3. AUTHORITY reserves the right to audit CITY's documents, books and records related to the PROJECT, in accordance with Section II, Paragraphs 11 and 14, of this AGREEMENT.
4. When conducting an audit of the costs claimed under the provisions of this AGREEMENT, SBCTA will rely to the maximum extent possible on any prior audit of CITY related to the PROJECT performed pursuant to the provisions of State and Federal laws. In the absence of such an audit, work of other auditors will be relied upon to the extent that work is reasonably acceptable to AUTHORITY when planning and conducting additional audits.
5. To assign a PROJECT liaison for the purpose of attending PROJECT Development Team ("PDT") meetings.

SECTION II

CITY AGREES:

1. To proceed with the PROJECT, including PS&E, in a timely manner.
2. To design and construct, or cause to be designed and constructed, the PROJECT.
3. To certify that all goods and services associated with the PROJECT have been procured in a manner consistent with all Local, State, and Federal laws which may be applicable to the PROJECT.
4. To be responsible for expending reimbursable funds on eligible PROJECT expenses in an amount not to exceed \$500,000 unless an amendment to this AGREEMENT increasing PROJECT costs is approved by the Board. Reimbursement by AUTHORITY shall be in accordance with Section I, Paragraph 2. Expenses relative to time spent on the PROJECT by CITY staff are not eligible PROJECT reimbursable expenses.
5. To secure all necessary State and Federal authorizations that are required before releasing an invitation for bids for construction of the PROJECT.
6. To abide by all applicable AUTHORITY, CITY, State and Federal laws, regulations, policies and procedures pertaining to the PROJECT.
7. To prepare and submit to AUTHORITY an electronic copy of signed invoices, in a format reasonably satisfactory to AUTHORITY, for reimbursement of eligible PROJECT expenses. Invoices may be submitted to AUTHORITY as frequently as once per month.

8. To certify that the PROJECT will be completed and remain in operation for its useful life, as reasonably estimated by the Parties in accordance with Generally Accepted Accounting Principles, but in no case less than a period of 35 years.
9. To not dispose of, or otherwise deprive Metrolink rail service patrons of, the reserved parking spaces without prior written approval of AUTHORITY. The Board must approve any sale or surplus of real property impacting the Metrolink rail service patron reserved parking spaces; said approval shall be conditioned upon AUTHORITY receiving a proportional share of the then-fair market value of the PROJECT based upon AUTHORITY's total financial contribution to the PROJECT and CITY's estimated total PROJECT cost of \$22 million, or other such final total PROJECT cost to be memorialized in an amendment to this AGREEMENT at a later date.
10. To reimburse AUTHORITY, without interest, the full amount of any and all payments made to CITY for the PROJECT if PROJECT is not completed before the end of the tenth calendar year following the initial allocation. For example, if AUTHORITY makes an initial allocation in the 2025 calendar year, then CITY must reimburse AUTHORITY if construction of the PROJECT is not completed on or before December 31, 2035.
11. To maintain all source documents, books and records connected with its performance under this AGREEMENT for a minimum of five (5) years from the date of submittal of the Final Report of Expenditures to AUTHORITY or until audit resolution is reasonably diligently and expeditiously achieved, whichever is later, and to make all such supporting information available for inspection and audit by representatives of AUTHORITY during normal business hours at CITY Hall. Copies will be made and furnished by CITY upon written request by AUTHORITY.
12. To establish and maintain an accounting system conforming to Generally Accepted Accounting Principles (GAAP) to support CITY's requests for reimbursement, payment vouchers, or invoices which segregate and accumulate costs of PROJECT elements and produce monthly reports which clearly identify reimbursable costs, matching fund costs, indirect cost allocation, and other allowable expenditures by CITY.
13. To prepare a Final Report of Expenditures, including a final invoice reporting the actual eligible PROJECT costs expended for those activities described in the work activities, and to submit that Final Report of Expenditures and final invoice no later than one hundred twenty (120) days following the completion of those expenditures funded under this AGREEMENT. The Final Report of Expenditures shall be submitted to AUTHORITY and must state that these PROJECT funds were used in conformance with this AGREEMENT and for those PROJECT-specific work activities described.
14. To cooperate with AUTHORITY in conducting a PROJECT-specific audit and to provide detailed PROJECT information, or access to PROJECT records, books, and documents, to AUTHORITY and its authorized representatives or agents upon the request of AUTHORITY at any time up to December 31 of the calendar year following the completion of the PROJECT. The audit must confirm that all funds expended on the PROJECT were used in conformance with this AGREEMENT. CITY shall maintain all records related to this AGREEMENT in an organized way in the original format, electronic or hard copy, conducive to provisional review and audit.

15. To reimburse to AUTHORITY the amounts of any costs that are reasonably determined by subsequent audit to be unallowable within one hundred twenty (120) days of CITY's receipt of notice of audit findings, which time shall include an opportunity for CITY to respond to and/or resolve the findings. Should the findings not be otherwise reasonably resolved and CITY fail to reimburse moneys due AUTHORITY within one hundred twenty (120) days of said notice, or within such other period as may be agreed upon by both Parties, AUTHORITY reserves the right to withhold future payments due CITY from any source under AUTHORITY's control.
16. To include AUTHORITY in PDT meetings if and when such meetings are held and in related communications on PROJECT progress, to provide at least quarterly schedule updates to AUTHORITY, and to consult with AUTHORITY on critical issues relative to the PROJECT.
17. To include in all contracts between CITY and contractors and consultants for the construction or design of the PROJECT the requirement that AUTHORITY be named as an indemnitee and an additional insured under general liability insurance policies maintained by the contractor and or consultants for the PROJECT.

SECTION III

IT IS MUTUALLY AGREED:

1. To abide by all applicable Federal, State and Local laws and regulations pertaining to the PROJECT.
2. The final PROJECT cost may ultimately exceed current estimates of PROJECT cost. Any additional eligible costs resulting from unforeseen conditions shall be borne by CITY unless prior authorization has been approved by the Board pursuant to Section III, Paragraph 3 of this AGREEMENT.
3. AUTHORITY shall not be responsible for PROJECT costs in excess of the amounts identified in Section I, Paragraph 1, absent a written amendment to this AGREEMENT that is approved and signed by both Parties.
4. Eligible PROJECT reimbursements shall include only those costs incurred by CITY for PROJECT-specific work activities that are described in this AGREEMENT and shall not include escalation or interest.
5. Neither AUTHORITY nor any officer or employee thereof is responsible for any injury, damage or liability occurring or arising by reason of anything done or omitted to be done by CITY under or in connection with any work, authority or jurisdiction delegated to CITY under this AGREEMENT. It is understood and agreed that, pursuant to Government Code Section 895.4, CITY shall fully defend, indemnify and save harmless AUTHORITY, its officers and employees from all claims, suits or actions of every name, kind and description brought for or on account of injury (as defined by Government Code Section 810.8) occurring by reason of anything done or omitted to be done by CITY under or in connection with any work, authority or jurisdiction delegated to CITY under this AGREEMENT.
6. Neither CITY nor any officer or employee thereof is responsible for any injury, damage or liability occurring or arising by reason of anything done or omitted to be done by

AUTHORITY under or in connection with any work, authority or jurisdiction delegated to AUTHORITY under this AGREEMENT. It is understood and agreed that, pursuant to Government Code Section 895.4, AUTHORITY shall fully defend, indemnify and save harmless CITY, its officers and employees from all claims, suits or actions of every name, kind and description brought for or on account of injury (as defined by Government Code Section 810.8) occurring by reason of anything done or omitted to be done by AUTHORITY under or in connection with any work, authority or jurisdiction delegated to AUTHORITY under this AGREEMENT.

7. In the event CITY and/or AUTHORITY is found to be comparatively at fault for any claim, action, loss or damage which results from their respective obligations under this AGREEMENT, CITY and/or SBCTA shall indemnify the other to the extent of its comparative fault.
8. This AGREEMENT will be considered terminated upon reimbursement of all eligible costs by AUTHORITY or December 31, 2035, whichever is sooner, provided that the provisions of Paragraphs 10, 11, 12, 13, 14, and 15 of Section II, and Paragraphs 5, 6 and 7 of Section III, shall survive the termination of this AGREEMENT. The AGREEMENT may also be terminated by AUTHORITY, in its sole discretion, in the event the PROJECT has not been initiated by CITY within twelve (12) months of the later date that this AGREEMENT is executed by both Parties.
9. AUTHORITY may terminate this Agreement if CITY fails to perform according to the terms of this AGREEMENT and if this failure jeopardizes the delivery of the PROJECT according to the terms herein.
10. The Recitals to this AGREEMENT are true and correct and are incorporated into this AGREEMENT.
11. Exhibit A "Description of Project and Milestones" and Exhibit B "Summary of Estimated Costs" are attached to and incorporated into this AGREEMENT.
12. The AGREEMENT may be signed in counterparts, each of which shall constitute an original, but all of which together will constitute one and the same instrument. The signature page of this AGREEMENT or any amendments may be executed by way of a manual or authorized digital signature. Delivery of an executed counterpart of a signature page to this AGREEMENT or an amendment by electronic transmission scanned pages shall be deemed effective as a delivery of a manually or digitally executed counterpart to this AGREEMENT or any amendment.
13. This AGREEMENT is effective on the later date that it is executed by both Parties.

-----SIGNATURES ARE ON THE FOLLOWING PAGE-----

IN WITNESS WHEREOF, the Parties have executed this AGREEMENT by their authorized signatories below.

**SAN BERNARDINO COUNTY
TRANSPORTATION AUTHORITY**

CITY OF UPLAND

By: _____
Ray Marquez, President
Board of Directors

Date: _____

By: _____
Bill Velto
Mayor

Date: _____

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
Julianna K. Tillquist
SBCTA General Counsel

Date: _____

By: _____
Stephen P. Deitsch
City Attorney

Date: _____

Attachment: 25-1003256 (11117 : Funding Agreement No. 25-1003256 for the Upland Parking Structure)

EXHIBIT A

UPLAND MIXED-USE PARKING STRUCTURE PROJECT Description of Project and Milestones

PROJECT DESCRIPTION:

The project consists of a 5-level structure providing approximately 400 parking stalls in 150,000 square feet. The ground floor will include retail space along the two street frontages, totaling approximately 9,900 square feet of area. This structure will be of concrete cast-in-place (CIP) construction with post-tensioned slabs and beams, and reinforced concrete columns. The lateral force resisting system will be a combination of special reinforced concrete moment frames and shear walls. Foundations will be shallow spread/strip footings. The exterior design will take inspiration from the local packing house using a combination of brick veneer and corrugated metal panels.

SCHEDULE/MILESTONES:

The remaining design phases for the parking structure includes the following:

Design Development (60% Design Document) 10 weeks

Prepare and provide 60% design drawings and outline specifications for client review.

Construction Documents (90% Design Documents) 12 weeks

Prepare and provide 90% Construction Document drawings, specifications, and calculations for permit submittal.

Plan Check (100% Design Documents) 8-12 weeks

Provide plan check response support including one resubmittal and response to plan check comments.

Prepare and deliver a 100% permitted set of drawings, specifications, and calculations ready for construction.

EXHIBIT B**UPLAND MIXED-USE PARKING STRUCTURE PROJECT****Revised Summary of Estimated Costs**

	DESIGN DEVELOPMENT (60% DESIGN)	CONSTRUCTION DOCUMENTS (90% DESIGN)/ PLAN CHECK	REIMBURSABLE EST.	TOTAL
ARCH/PARKING	\$ 80,000	\$ 140,000	\$ 5,000	\$225,000
STRUCTURAL	\$ 60,000	\$ 135,000		\$195,000
CIVIL	\$ 43,000	\$ 77,000		\$120,000
LANDSCAPE	\$ 17,260	\$ 41,580		\$ 58,840
MEP	\$ 30,000	\$ 37,500		\$ 67,500
COST ESTIMATING	\$ 14,025	\$ 15,895		\$ 29,920
TOTAL	\$ 244,285	\$ 446,975	\$ 5,000	\$696,260

* Notwithstanding the amounts identified above, reimbursement under this agreement is capped at \$500,000.

Minute Action

AGENDA ITEM: 8

Date: April 10, 2025

Subject:

Gold Line to Montclair Project Update

Recommendation:

That the Transit Committee recommend the Board, acting as the San Bernardino County Transportation Authority (SBCTA):

- A. Receive an update on the Gold Line to Montclair Project and provide direction as appropriate.
- B. Consider reallocating \$37,199,643 of SBCTA funds to other SBCTA-funded operations and project needs and discontinuing a fund reserve for future operations.

Background:

The Metro Foothill Gold Line Phase 2B project includes 12.3 miles of light-rail track construction between the Cities of Azusa and Montclair, primarily in Los Angeles County, except for 0.65 miles of construction in San Bernardino County, which contains the planned eastern terminus at the Montclair Transit Center, as shown in Attachment A. The overall Phase 2B project is divided into two sections: Phase 2B1 extends from Glendora to Pomona, and Phase 2B2 (Project) extends from Pomona to Montclair.

On May 1, 2024, the San Bernardino County Transportation Authority (SBCTA) Board of Directors (Board) received a Project update and approved increasing the total allocation to \$39 million, of which about \$1.9 million has been expended to date and which, when combined with the \$41 million of 2018 Transit and Intercity Rail Capital Program (TIRCP) funds awarded towards the San Bernardino County portion of the Project, provided a total of \$80 million available for the Project as an interim funding step until the design-build contract and other costs were further defined. The Board also directed staff to negotiate a reimbursement agreement with the Los Angeles County Metropolitan Transportation Authority (LACMTA) to memorialize the additional funds allocated by the SBCTA Board for the Project. The complete staff report is included as Attachment B.

The Metro Gold Line Foothill Extension Construction Authority (Construction Authority) asserted that having the reimbursement agreement in place and included as part of the Request for Proposals (RFP) packet was critical to reducing the unnecessary risk of money being added by the bidders to their bid price due to the perceived uncertainty. In October 2024, the LACMTA Board approved an amendment with the Construction Authority allocating \$798 million in TIRCP formula funding authorized by Senate Bill 125, which included the \$41 million TIRCP funds for costs in San Bernardino County, and reference to the additional \$39 million allocated by the SBCTA Board in May 2024.

The Construction Authority issued a request for qualifications for the design-build contractor in March 2024 and shortlisted one contractor in July 2024 to submit a response to the Authority's RFP. The Construction Authority expected to receive a firm, fixed-price proposal from its design-build contractor in early 2025, and bids were received in late February 2025.

Entity: San Bernardino County Transportation Authority

The Construction Authority then worked with the design-build contractor to refine the contract documents to reduce costs and risk for the design-builder. However, the best and final offer was received in late March 2025 and remained hundreds of millions of dollars above the Construction Authority's independent cost estimates and available funding. The bid for the San Bernardino County portion was approximately \$170.6 million, which is \$90.6 million more than the \$80 million anticipated by SBCTA in May 2024.

On March 26, 2025, the Construction Authority Board directed staff to cancel the ongoing design-build procurement and pursue a new plan to deliver the project using the Construction Manager at Risk (CMAR) delivery method. It should be noted that the statute governing the CMAR delivery method, Assembly Bill 1932 (Daly), allows a public entity, with the approval of its governing board, to utilize CMAR for projects on property the county owns or leases. The proposed Project lies largely on property owned by either LACMTA or SBCTA, neither being counties. The Construction Authority staff anticipates providing more details on the new plan, including a timeline for expediting project delivery with a new RFP for design to be released in June 2025.

Over the last several years, the Metro Foothill Gold Line extension to Montclair has experienced cost increases, schedule delays, and has gone through different procurement approaches. In November 2018, the Construction Authority previously shortlisted four teams, all of which had cost proposals substantially over the budget established in June 2017. Based on the two lowest-cost proposals received, the Construction Authority had estimated an additional \$570 million was needed to construct the segment to Montclair and recommended a phased approach by advancing the project to Pomona while additional funding was secured for the segment from Pomona to Montclair. However, in November 2022, the Construction Authority informed LACMTA that the estimated cost of the segment between Pomona and Montclair was now estimated at \$878 million, with \$798 million attributable to costs in Los Angeles County and \$80 million to costs in San Bernardino County. Now that the Construction Authority has canceled the ongoing procurement and is going to pursue another procurement approach, staff remains concerned that the overall schedule will continue to be extended and the overall price of the project will continue to go up. In February 2025, the Board approved an update to the 10-Year Delivery Plan, which noted that the projected revenue through 2040 for the San Bernardino Valley Metrolink/Rail Service Program, which includes the funding for the capital and operations and maintenance for the extension to Montclair, is already 93% committed and only \$33 million remains for future projects and/or operating cost, which is over the bids already received for the extension to Montclair.

Furthermore, as noted in previous updates to the SBCTA Board, staff remain concerned with duplication of transit services in the same corridor where they are publicly subsidized at significantly different levels, as is the case with the introduction of Gold Line service in the Metrolink corridor. The SBCTA Board recently approved moving forward with the Lilac to Sycamore project, and along with other double track projects that are included as part of the Metrolink Southern California Optimized Rail Expansion (SCORE) Program, will introduce 30-minute bi-directional service along the San Bernardino Line prior to the now revised 2031 revenue service date for the Gold Line segment from Pomona to Montclair. However, in late January 2025, the Southern California Regional Rail Authority, which operates the Metrolink service, implemented a revised schedule as part of their long-term evolution to a regional rail

Transit Committee Agenda Item

April 10, 2025

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model that already increases the level of service to approximately 30-minute bi-directional service between Los Angeles Union Station and Montclair. The cost to operate the Gold Line 0.65-mile segment within San Bernardino County has also recently increased from approximately \$2 million per year to approximately \$5 million per year. However, per the approved 10-Year Delivery Plan, we are currently reserving \$13.7 million for the initial three years of operations and a total of \$37.7 million through 2040, which would increase to \$63 million with the current estimates. The actual cost to operate is likely to continue to increase due to inflation, future capital cost, state of good repair needs, and other expenses, which will further impact the already limited funding to operate existing transit services in San Bernardino County.

Based on the overall schedule and procurement history of the Construction Authority to extend the Gold Line service to Montclair, recent and upcoming improvements to Metrolink service along the same corridor, and the limited operations funds, the prior funding allocated to the Project and any reserves for future operations should be considered for reallocation to other existing SBCTA Board priorities and programs.

Financial Impact:

This item has no financial impact on the adopted Budget for Fiscal Year 2024/2025.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee.

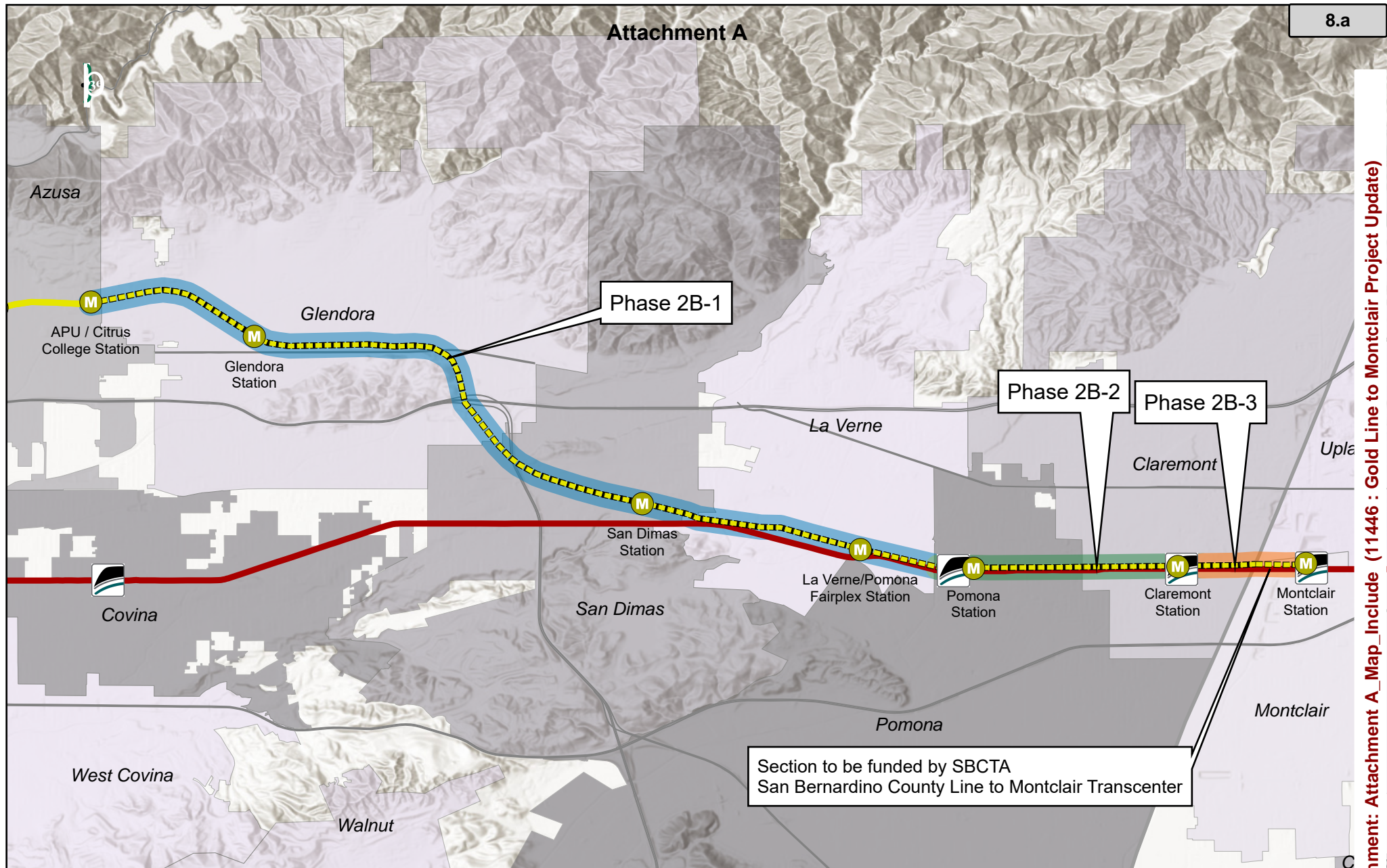
Responsible Staff:

Victor Lopez, Director of Transit & Rail Programs

Approved
Transit Committee
Date: April 10, 2025

Witnessed By:

San Bernardino County Transportation Authority



Attachment: Attachment A_Map_Include (11446 : Gold Line to Montclair Project Update)



Metrolink Stations



San Bernardino Metrolink Line



Metro A Line Stations



Metro A Line (Existing)



Metro A Line (Proposed Extension)

Foothill Extension - Proposed Alignment Anticipated Construction Timelines



Phase 2B-1 Glendora to Pomona North Metrolink Station – Construction Underway 2 19 to 2 2



Phase 2B-2 Pomona North Metrolink Station to Los Angeles/San Bernardino County Line – Construction Planned 2 2 to 2



Phase 2B-3 Los Angeles/San Bernardino County Line – Construction Planned 2 2 to 2 31



Minute Action

AGENDA ITEM: 16

Date: May 1, 2024

Subject:

Gold Line to Montclair Project Update and Funding Allocation

Recommendation:

That the Board, acting as the San Bernardino County Transportation Authority (SBCTA):

A. Increase the total allocated funding to the Gold Line to Montclair Project from \$3,000,000 to \$39,000,000, to be funded with Local Transportation Funds, Low Carbon Transit Operations Program funds, and Measure I Valley Metrolink/Rail Service Program funds, which when combined with the \$41,000,000 of 2018 Transit and Intercity Rail Capital Program funds awarded towards the San Bernardino County portion of the Gold Line to Montclair Project provides a total of \$80 million available to the Project as an interim funding step until the design-build contract and other costs are further defined.

B. Direct staff to negotiate a reimbursement agreement with Los Angeles County Metropolitan Transportation Authority (LACMTA) to fund San Bernardino County's share of the remaining Gold Line to Montclair Project as described in Recommendation A.

C. Consider reallocation of the additional \$36,000,000 of SBCTA formula funds identified in Recommendation A to other SBCTA funded operations and project needs should the design-build contract bid amount exceed the available funding needed to build the Gold Line to the San Bernardino/Los Angeles county line, and should the LACMTA not allocate the additional funding needed by April 1, 2025.

Background:

The Metro Foothill Gold Line Phase 2B Project (Project) includes 12.3 miles of light-rail track construction between Azusa and Montclair, primarily in Los Angeles County, except for 0.6 miles of construction in San Bernardino County, which contains the planned eastern terminus at the Montclair Transit Center, as shown in Attachment A. Through state legislation, the Foothill Gold Line Construction Authority (Construction Authority) was formed for the purposes of overseeing all design and construction contracts for completion of the Los Angeles to Pasadena Metro Gold Line as well as any future extension eastward to Claremont. In 2012, Assembly Bill (AB) 1600 was passed that extended the terminus further east to Montclair in San Bernardino County. In accordance with the 2012 legislation, the Los Angeles County Metropolitan Transportation Authority (LACMTA) shall assume responsibility for operating all completed phases of the Project, including the portion in San Bernardino County contingent upon the approval of the San Bernardino County Transportation Authority (SBCTA) Board of Directors, demonstrated via execution of an operations and maintenance agreement with LACMTA. AB 1600 also required the Construction Authority to enter into a construction agreement with SBCTA prior to commencing construction of the portion of the Project in San Bernardino County. AB 1600 does not state who is responsible for securing construction funding aside from stating that, "Nothing in this section shall be construed to require the LACMTA to allocate funds to the project beyond funds that have been allocated as of January 1, 2012."

Entity: San Bernardino County Transportation Authority

However, LACMTA has moved forward with adding funding to the Project. On June 22, 2017, the LACMTA Board of Directors approved a Life of Project Budget for their portion of the Project in the amount of \$1.41 billion and authorized execution of a Project Funding Agreement with the Construction Authority, including provisions to apply for \$249 million in State Transit and Intercity Rail Capital Program (TIRCP) funds as a LACMTA priority. In December 2018, LACMTA led the effort to submit a TIRCP grant for the remaining funding needed in Los Angeles County, \$249 million, as well as the remaining funding needed in San Bernardino County, which was \$41 million. The TIRCP grant application was successful with the award of \$290 million, and the Construction Authority initiated the design-build procurement process to enter into a contract for design and construction of the Project. As reported to their Board on November 13, 2018, they shortlisted four teams, all of which had cost proposals substantially over the budget established in June 2017. Based on the two lowest cost proposals received, the Construction Authority estimated an additional \$570 million was needed to construct the Project to Montclair, and recommended a phased approach to delivering the Project while additional funding was secured. The Construction Authority initiated the main design-build contract to build the funded 9.1-mile Glendora to Pomona project segment in October 2019 and substantial completion to Pomona is scheduled for January 2025.

Elected officials and staff from SBCTA, LACMTA, and the Construction Authority met on January 29, 2024, to discuss advancing the remaining segment of the Project. The Construction Authority continues to seek the funding needed to complete the 3.2-mile Pomona to Montclair segment, which as of late 2022, was estimated to cost \$798 million and is now estimated to cost \$896 million based on a Notice to Proceed with construction being issued in spring 2025 and construction being completed within 63 months.

The following agreements are needed to further advance the effort:

1. LACMTA/Construction Authority Reimbursement Agreement – LACMTA reimburses the Construction Authority for all costs.
2. SBCTA/LACMTA Reimbursement Agreement – SBCTA reimburses LACMTA for the work to be done in San Bernardino County instead of the Construction Authority entering into two separate reimbursement agreements.
3. SBCTA/Construction Authority Construction Agreement.
4. SBCTA/LACMTA operations and maintenance agreement.

While work on the SBCTA/LACMTA Reimbursement Agreement has been initiated, staff is seeking concurrence from the SBCTA Board of Directors on proceeding with the approach of reimbursing LACMTA, who will then reimburse the Construction Authority, for costs in San Bernardino County, ahead of presenting the final negotiated agreement for approval in September 2024.

In December 2023, LACMTA submitted a Senate Bill (SB) 125 funding request to the State for \$798 million, to be available over the next three years, to support construction of the Project to the Los Angeles/San Bernardino County line. Prior to the now known State budget deficit, SB 125 amended the Budget Act of 2023 with one-time money to appropriate \$4 billion of General Fund to the TIRCP over the next two fiscal years as well as \$910 million of Greenhouse Gas Reduction Fund dollars and \$190 million of Public Transportation Account funding over the next four fiscal years. The intent of SB 125 is to provide one-time multiyear bridge funding for San Bernardino County Transportation Authority

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transit operators to address operational costs until long-term transit sustainability solutions are identified, assist transit operators in preventing service cuts and increasing ridership, prioritize the availability of transit for riders who are transit dependent, and prioritize transit agencies representing a significant percentage of the region's ridership. It is unknown how the State budget deficit will affect the availability of the SB 125 funds starting next fiscal year.

The Construction Authority's position is that SBCTA is responsible for funding the remaining portion of the Project cost in San Bernardino County, but has taken the position that they are not legally obligated to provide SBCTA with a detailed cost estimate to validate the cost of the work in San Bernardino County. The Construction Authority provided a high level annual rate of expenditure, showing a revised total cost of \$98 million, which is included as Attachment B. Typically, SBCTA staff validates the cost of a project before requesting the Board allocate funding to it. In this case, staff also wants to ensure SBCTA is not to provide funding to cover the cost of work outside of San Bernardino County and that all planned expenditures are eligible expenses. The Construction Authority is requesting that the reimbursement agreement between SBCTA and LACMTA be in place before the design-build Request for Proposals (RFP) is issued in September 2024.

In lieu of providing adequate backup for the \$98 million cost, the Construction Authority is requesting that SBCTA enter the Project reimbursement agreement with LACMTA for only \$77 million consisting of the remaining \$36 million local funds identified in the 2021 Ten-Year Delivery Plan and the \$41 million TIRCP funds, and per the Construction Authority, "...knowing that the reimbursement agreement can be amended once the design-build contract has been signed and the Construction Authority shares the final pricing from the winning bidder." The Construction Authority asserts that having the reimbursement agreement in place and included as part of the RFP packet is critical to reducing the unnecessary risk of money being added by the bidders to their bid prices due to perceived uncertainty, and even if not fully funded, the agreement being in place and included in the RFP would show the contracting community the necessary commitment they are looking for from SBCTA to keep the price down for work in San Bernardino County.

The Construction Authority's approach would be that once the design-build contract is signed, SBCTA and LACMTA can amend the funding amount in the reimbursement agreement if the SBCTA Board of Directors is comfortable with the cost increase. By that time, they will have a fixed and final price for the project in San Bernardino County, which can be shared with the SBCTA Board of Directors. To provide time for amendment, the portion of the project in San Bernardino County will be included as a Contract Option in the RFP, thereby giving SBCTA a few months to determine if there are sufficient funds available to increase the Project allocation, subject to SBCTA Board of Directors approval, without raising the design-build contract price or impacting the schedule. In addition to the design-build contract, there are right-of-way acquisitions identified, including working with California Department of Transportation who owns land at the Montclair Transcenter, LACMTA support services costs that have not been identified, as well as inspection services that are necessary.

SBCTA and LACMTA staff have begun work on the SBCTA/LACMTA operations and maintenance agreement. It is important that the operations and maintenance agreement be finalized at the same time as the reimbursement agreement to ensure all financial and operational

San Bernardino County Transportation Authority

Attachment: Attachment B_May 2024 BOD Staff Report_Include (11446 : Gold Line to Montclair Project Update)

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commitments are known ahead of breaking ground in San Bernardino County. Currently the cost for LACMTA to operate 0.6 miles of light rail service between the San Bernardino/Los Angeles County line and the Montclair Transcenter is approximately \$2.2 million annual dollars based on five minute peak service. For a ten-year period, this equates to over \$22 million dollars, not including inflation. Actual future costs can be expected to also change and may include inflation, certain capital costs, State of Good Repair, or other costs.

The operations and maintenance agreement will need to address how SBCTA's share of fare revenue is determined. It is important to note that SBCTA will not have a say in what the Metro Gold Line (now known as the A Line) fares are. Should LACMTA decide to go through the Federal Transit Administration process to permanently adjust fares, SBCTA will not have approval rights over the fare adjustment even though it will directly affect the SBCTA operating subsidy amount. Further, SBCTA will be required to fund State of Good Repair/preventative maintenance for the infrastructure in San Bernardino County. Unlike Metrolink where SBCTA has Board appointed representation, SBCTA will not have a seat at the table when ongoing operational and maintenance decisions are made that will have a financial impact on SBCTA. While SBCTA will ultimately have to approve the subsidy as part of the SBCTA Budget, it will be important that the operations agreement provides authority to SBCTA to reduce the level of service in San Bernardino County should costs become unsustainable, and operations funding is not available. Lastly, SBCTA staff is particularly concerned with the potential for unhoused riders using the Metro system for shelter to be cleared off the trains in Montclair when vehicles are going out of service. Both Long Beach and Azusa have had challenges with this in their communities. Staff recommends that a provision be included in the operations and maintenance agreement that precludes trains from going out of service at the Montclair Transcenter. In other words, all trains coming to the Montclair Transcenter will have a westbound revenue move to ensure people from outside San Bernardino County are not forced to exit the train in an unfamiliar community when train service ends sometime between 1:00 AM and 2:00 AM.

Financial Impact:

This item has no financial impact on the adopted Budget for Fiscal Year 2023/2024.

Reviewed By:

This item was reviewed and unanimously recommended for approval by the Transit Committee on April 11, 2024.

Responsible Staff:

Victor Lopez, Director of Transit & Rail Programs

Approved
Board of Directors
Date: May 1, 2024

Witnessed By:

San Bernardino County Transportation Authority

Attachment: Attachment B_May 2024 BOD Staff Report_Include (11446 : Gold Line to Montclair Project Update)

Additional Information

TRANSIT COMMITTEE ATTENDANCE RECORD – 2025

Name	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Art Bishop Town of Apple Valley		X	X									
Eunice Ulloa City of Chino												
Ray Marquez City of Chino Hills		X	X									
Frank Navarro City of Colton		X										
Aquanetta Warren City of Fontana		X										
Bill Hussey City of Grand Terrace		X										
Larry McCallon City of Highland		X	X									
John Dutrey City of Montclair		X	X									
Alan Wapner City of Ontario			X									
L. Dennis Michael City of Rancho Cucamonga		X										
Rick Denison Town of Yucca Valley		X	X									
Joe Baca, Jr. Board of Supervisors		X	X									

Communication: Attendance (Additional Information)

X = Member attended meeting Empty box = Member did not attend meeting
 Crossed out box = Not a member at the time Shaded box=The Transit Committee did not meet

TC-ATT25

This list provides information on acronyms commonly used by transportation planning professionals. This information is provided in an effort to assist Board Members and partners as they participate in deliberations at Board meetings. While a complete list of all acronyms which may arise at any given time is not possible, this list attempts to provide the most commonly-used terms. Staff makes every effort to minimize use of acronyms to ensure good communication and understanding of complex transportation processes.

AB	Assembly Bill
ACE	Alameda Corridor East
ACT	Association for Commuter Transportation
ADA	Americans with Disabilities Act
ADT	Average Daily Traffic
APTA	American Public Transportation Association
AQMP	Air Quality Management Plan
ARRA	American Recovery and Reinvestment Act
ATMIS	Advanced Transportation Management Information Systems
BAT	Barstow Area Transit
CALACT	California Association for Coordination Transportation
CALCOG	California Association of Councils of Governments
CALSAFE	California Committee for Service Authorities for Freeway Emergencies
CARB	California Air Resources Board
CEQA	California Environmental Quality Act
CMAQ	Congestion Mitigation and Air Quality
CMIA	Corridor Mobility Improvement Account
CMP	Congestion Management Program
CNG	Compressed Natural Gas
COG	Council of Governments
CPUC	California Public Utilities Commission
CSAC	California State Association of Counties
CTA	California Transit Association
CTC	California Transportation Commission
CTC	County Transportation Commission
CTP	Comprehensive Transportation Plan
DBE	Disadvantaged Business Enterprise
DEMO	Federal Demonstration Funds
DOT	Department of Transportation
EA	Environmental Assessment
E&D	Elderly and Disabled
E&H	Elderly and Handicapped
EIR	Environmental Impact Report (California)
EIS	Environmental Impact Statement (Federal)
EPA	Environmental Protection Agency
FHWA	Federal Highway Administration
FSP	Freeway Service Patrol
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
FTIP	Federal Transportation Improvement Program
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
HOV	High-Occupancy Vehicle
ICTC	Interstate Clean Transportation Corridor
IEEP	Inland Empire Economic Partnership
ISTEA	Intermodal Surface Transportation Efficiency Act of 1991
IIP/ITIP	Interregional Transportation Improvement Program
ITS	Intelligent Transportation Systems
IVDA	Inland Valley Development Agency
JARC	Job Access Reverse Commute
LACMTA	Los Angeles County Metropolitan Transportation Authority
LNG	Liquefied Natural Gas
LTF	Local Transportation Funds

Acronym List

MAGLEV	Magnetic Levitation
MARTA	Mountain Area Regional Transportation Authority
MBTA	Morongo Basin Transit Authority
MDAB	Mojave Desert Air Basin
MDAQMD	Mojave Desert Air Quality Management District
MOU	Memorandum of Understanding
MPO	Metropolitan Planning Organization
MSRC	Mobile Source Air Pollution Reduction Review Committee
NAT	Needles Area Transit
NEPA	National Environmental Policy Act
OA	Obligation Authority
OCTA	Orange County Transportation Authority
PA&ED	Project Approval and Environmental Document
PASTACC	Public and Specialized Transportation Advisory and Coordinating Council
PDT	Project Development Team
PNRS	Projects of National and Regional Significance
PPM	Planning, Programming and Monitoring Funds
PSE	Plans, Specifications and Estimates
PSR	Project Study Report
PTA	Public Transportation Account
PTC	Positive Train Control
PTMISEA	Public Transportation Modernization, Improvement and Service Enhancement Account
RCTC	Riverside County Transportation Commission
RDA	Redevelopment Agency
RFP	Request for Proposal
RIP	Regional Improvement Program
RSTIS	Regionally Significant Transportation Investment Study
RTIP	Regional Transportation Improvement Program
RTP	Regional Transportation Plan
RTPA	Regional Transportation Planning Agencies
SB	Senate Bill
SAFE	Service Authority for Freeway Emergencies
SAFETEA-LU	Safe Accountable Flexible Efficient Transportation Equity Act – A Legacy for Users
SCAB	South Coast Air Basin
SCAG	Southern California Association of Governments
SCAQMD	South Coast Air Quality Management District
SCRRA	Southern California Regional Rail Authority
SHA	State Highway Account
SHOPP	State Highway Operations and Protection Program
SOV	Single-Occupant Vehicle
SRTP	Short Range Transit Plan
STAF	State Transit Assistance Funds
STIP	State Transportation Improvement Program
STP	Surface Transportation Program
TAC	Technical Advisory Committee
TCIF	Trade Corridor Improvement Fund
TCM	Transportation Control Measure
TCRP	Traffic Congestion Relief Program
TDA	Transportation Development Act
TEA	Transportation Enhancement Activities
TEA-21	Transportation Equity Act for the 21 st Century
TMC	Transportation Management Center
TMEE	Traffic Management and Environmental Enhancement
TSM	Transportation Systems Management
TSSDRA	Transit System Safety, Security and Disaster Response Account
USFWS	United States Fish and Wildlife Service
VCTC	Ventura County Transportation Commission
VVTA	Victor Valley Transit Authority
WRCOG	Western Riverside Council of Governments



MISSION STATEMENT

Our mission is to improve the quality of life and mobility in San Bernardino County. Safety is the cornerstone of all we do.

We achieve this by:

- Making all transportation modes as efficient, economical, and environmentally responsible as possible.
- Envisioning the future, embracing emerging technology, and innovating to ensure our transportation options are successful and sustainable.
- Promoting collaboration among all levels of government.
- Optimizing our impact in regional, state, and federal policy and funding decisions.
- Using all revenue sources in the most responsible and transparent way.

Approved December 4, 2019