



## MEETING AGENDA

TIME/DATE: 9:30 a.m. / Wednesday, February 10, 2021

Pursuant to Governor Newsom's Executive Order N-29-20, (March 18, 2020), the meeting will only be conducted via video conferencing and by telephone. Please follow the instructions on the following page to join the meeting remotely.

### COMMISSIONERS

**Chair** – Jan Harnik

**Vice Chair** – V. Manuel Perez

**Second Vice Chair** – Bob Magee

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Kevin Jeffries, County of Riverside, District 1  
Karen Spiegel, County of Riverside, District 2  
Chuck Washington, County of Riverside, District 3  
V. Manuel Perez, County of Riverside, District 4  
Jeff Hewitt, County of Riverside, District 5  
David Happe / Alberto Sanchez, City of Banning  
Lloyd White / David Fenn, City of Beaumont  
Joseph DeConinck / Johnny Rodriguez, City of Blythe  
Linda Molina / Wendy Hewitt, City of Calimesa  
Jeremy Smith / Larry Greene, City of Canyon Lake  
Raymond Gregory / Mark Carnevale, City of Cathedral City  
Steven Hernandez / Denise Delgado, City of Coachella  
Wes Speake / Jim Steiner, City of Corona  
Scott Matas / Russell Betts, City of Desert Hot Springs  
Clint Lorimore / Todd Rigby, City of Eastvale  
Linda Krupa / Russ Brown, City of Hemet  
Dana Reed / Donna Griffith, City of Indian Wells

Waymond Fermon / Oscar Ortiz, City of Indio  
Brian Berkson / Guillermo Silva, City of Jurupa Valley  
Kathleen Fitzpatrick / Robert Radi, City of La Quinta  
Bob Magee / Natasha Johnson, City of Lake Elsinore  
Bill Zimmerman / Dean Deines, City of Menifee  
Yxstain Gutierrez / To Be Appointed, City of Moreno Valley  
Scott Vinton / Lisa DeForest, City of Murrieta  
Ted Hoffman / Katherine Aleman, City of Norco  
Jan Harnik / Kathleen Kelly, City of Palm Desert  
Lisa Middleton / Dennis Woods, City of Palm Springs  
Michael M. Vargas / Rita Rogers, City of Perris  
Ted Weill / Charles Townsend, City of Rancho Mirage  
Chuck Conder / Erin Edwards, City of Riverside  
Alonso Ledezma / Crystal Ruiz, City of San Jacinto  
Matt Rahn / Maryann Edwards, City of Temecula  
Ben J. Benoit / Joseph Morabito, City of Wildomar  
Mike Beauchamp, Governor's Appointee Caltrans District 8



# **RIVERSIDE COUNTY TRANSPORTATION COMMISSION**

[www.rctc.org](http://www.rctc.org)

## **MEETING AGENDA\***

***\*Actions may be taken on any item listed on the agenda***

**9:30 a.m.**

**Wednesday, February 10, 2021**

Pursuant to Governor Newsom's Executive Order N-29-20, (March 18, 2020), the meeting will only be conducted via video conferencing and by telephone. Please follow the instructions below to join the meeting remotely.

### **INSTRUCTIONS FOR ELECTRONIC PARTICIPATION**

#### **Join Zoom Meeting**

Join Zoom Meeting

<https://rctc.zoom.us/j/82338594659>

Meeting ID: 823 3859 4659

One tap mobile

+16699006833,,82338594659# US

For members of the public wishing to submit comment in connection with the Commission Meeting please email written comments to the Clerk of the Board at [lmobley@rctc.org](mailto:lmobley@rctc.org) prior to February 9, 2021 at 5:00 p.m. and your comments will be made part of the official record of the proceedings. Members of the public may also make public comments through their telephone or Zoom connection when recognized by the Chair.

*In compliance with the Brown Act and Government Code Section 54957.5, agenda materials distributed 72 hours prior to the meeting, which are public records relating to open session agenda items, will be available for inspection by members of the public prior to the meeting on the Commission's website, [www.rctc.org](http://www.rctc.org).*

*In compliance with the Americans with Disabilities Act, Government Code Section 54954.2, Executive Order N-29-20, and the Federal Transit Administration Title VI, please contact the Clerk of the Board at (951) 787-7141 if special assistance is needed to participate in a Commission meeting, including accessibility and translation services. Assistance is provided free of charge. Notification of at least 48 hours prior to the meeting time will assist staff in assuring reasonable arrangements can be made to provide assistance at the meeting.*

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. PLEDGE OF ALLEGIANCE**

4. **PUBLIC COMMENTS** – Under the Brown Act, the Commission should not take action on or discuss matters raised during public comment portion of the agenda that are not listed on the agenda. Commission members may refer such matters to staff for factual information or to be placed on the subsequent agenda for consideration.
5. **PUBLIC HEARING – ADOPTION OF A RESOLUTION OF NECESSITY FOR THE ACQUISITION OF PUBLIC DRAINAGE, UTILITY, FOOTING AND ACCESS EASEMENT INTERESTS IN CERTAIN REAL PROPERTY, BY EMINENT DOMAIN, MORE PARTICULARLY DESCRIBED AS ASSESSOR PARCEL NUMBER 101-140-031 (RCPNS 22099-1 AND 22099-2), FOR THE STATE ROUTE 71 AND STATE ROUTE 91 INTERCHANGE PROJECT IN RIVERSIDE COUNTY, CALIFORNIA**

**Page 1**

**Overview**

This item is for the Commission to:

- 1) Conduct a hearing to consider the adoption of a Resolution of Necessity, including providing all parties interested in the affected property and their attorneys, or their representatives, an opportunity to be heard on the issues relevant to the Resolution of Necessity;
  - 2) Make the following findings as hereinafter described in this report:
    - a) The public interest and necessity require the proposed project;
    - b) The project is planned or located in a manner that will be most compatible with the greatest public good and the least private injury;
    - c) The real property to be acquired is necessary for the project; and
    - d) The offer of just compensation has been made to the property owner.
  - 3) Adopt Resolution of Necessity No. 21-004 described as *“Adoption of a Resolution of Necessity for the Acquisition of public drainage, utility, footing and access easement interests in certain real property, by eminent domain, more particularly described as Assessor Parcel Po. 101-140-031 (RCPNs 22099-1 and 22099-2), for the State Route 71 and State Route 91 Interchange Project in Riverside County, California.”*
6. **ADDITIONS / REVISIONS** – *The Commission may add an item to the Agenda after making a finding that there is a need to take immediate action on the item and that the item came to the attention of the Commission subsequent to the posting of the agenda. An action adding an item to the agenda requires 2/3 vote of the Commission. If there are less than 2/3 of the Commission members present, adding an item to the agenda requires a unanimous vote. Added items will be placed for discussion at the end of the agenda.*
  7. **CONSENT CALENDAR** – *All matters on the Consent Calendar will be approved in a single motion unless a Commissioner(s) requests separate action on specific item(s). Items pulled from the Consent Calendar will be placed for discussion at the end of the agenda.*

**7A. APPROVAL OF MINUTES – JANUARY 13, 2021**

**Page 16**



**7B. SINGLE SIGNATURE AUTHORITY REPORT**

***Page 22***

***Overview***

This item is for the Commission to receive and file the Single Signature Authority report for the second quarter ended December 31, 2020.

**7C. FISCAL YEAR 2019/20 COMMISSION AUDIT RESULTS**

***Page 24***

***Overview***

This item is for the Commission to:

- 1) Receive and file the Fiscal Year 2019/20
  - a) Comprehensive Annual Financial Report (CAFR);
  - b) Local Transportation Fund (LTF) Financial and Compliance Report;
  - c) State Transit Assistance (STA) Fund Financial and Compliance Report;
  - d) State of Good Repair (SGR) Fund Financial and Compliance Report;
  - e) Proposition 1B Rehabilitation and Security Project (Proposition 1B) Accounts Financial and Compliance Reports;
  - f) Low Carbon Transit Operations Program (LCTOP) Account Financial and Compliance Reports;
  - g) Single Audit Report;
  - h) RCTC 91 Express Lanes Fund Financial Report;
  - i) Auditor Required Communications Report;
  - j) Agreed-Upon Procedures Report related to the Appropriations Limit Calculation;
  - k) Agreed-Upon Procedures Report related to the Commuter Assistance Program (CAP) incentives; and
  - l) Management certifications.

**7D. STATE AND FEDERAL LEGISLATIVE UPDATE**

***Page 324***

***Overview***

This item is for the Commission to receive and file an update on state and federal legislation.

**7E. AGREEMENT FOR ON-CALL PAINTING SERVICES FOR THE COMMUTER RAIL STATIONS AND TOLL FACILITIES**

***Page 326***

***Overview***

This item is for the Commission to:

- 1) Award Agreement No. 21-24-013-00 to US National Corp DBA Jimenez Painting to provide on-call painting services for the commuter rail stations and toll facilities for a three-year term, with two two-year options to extend the agreement in an amount not to exceed \$4.5 million;
- 2) Authorize the Chair or Executive Director, pursuant to legal counsel review, to execute the agreement, on behalf of the Commission; and
- 3) Authorize the Executive Director, or designee, to execute task orders awarded to the contractor under the terms of the agreement.

**7F. AMENDMENT TO CITY OF RIVERSIDE'S FY 2020/21 SHORT RANGE TRANSIT PLAN**

***Page 382***

***Overview***

This item is for the Commission to:

- 1) Approve a \$16,000 increase in the FY 2020/21 Local Transportation Fund (LTF) funding allocation for the city of Riverside (City); and
- 2) Amend the City's FY 2020/21 Short Range Transit Plan (SRTP) to increase the LTF operating allocation in the amount of \$16,000 for preventative maintenance operating expenses.

**7G. CHANGE ORDER TO AMEND THE INTERSTATE 15 EXPRESS LANES PROJECT TOLL SERVICES AGREEMENT WITH KAPSCH TRAFFICOM USA TO PROVIDE MAINTENANCE SERVICES FOR THE 91 EXPRESS LANES ROADSIDE TOLLING SYSTEM**

***Page 387***

***Overview***

This item is for the Commission to:

- 1) Approve Change Order No. 7B to Agreement No. 16-31-043-00 for the Interstate 15 Express Lanes Project (I-15 ELP) with Kapsch TrafficCom USA Inc. (Kapsch) to provide five years of maintenance services (March 2021 through February 2026) for the 91 Express Lanes Roadside Tolling System in the amount of \$4,387,410, plus a contingency amount of \$500,000, for a total amount not to exceed \$4,887,410
- 2) Authorize the Chair or Executive Director, pursuant to legal counsel review, to execute the change order on behalf of the Commission; and

- 3) Authorize the Executive Director or designee to approve contingency work up to the total amount not to exceed as required for the project.

**8. ADOPT RESOLUTION NO. 21-001 RELATED TO PROCUREMENT POLICY MANUAL AND RESOLUTION NO. 21-002 RELATED TO ELECTRONIC SIGNATURE USE POLICY**

**Page 424**

***Overview***

This item is for the Commission to:

- 1) Approve the revised Riverside County Transportation Commission (RCTC) and Western Riverside County Regional Conservation Agency (RCA) Procurement Policy Manual (PPM) for the procurement and contracting activities undertaken by the agencies, pursuant to legal counsel review as to conformance to state and federal law;
- 2) Adopt Resolution No. 21-001, *"Resolution of the Riverside County Transportation Commission Regarding the Revised Procurement Policy Manual"*;
- 3) Approve the Electronic Signature Use Policy for the use of electronic signatures in lieu of manual signatures, pursuant to legal counsel review; and
- 4) Adopt Resolution No. 21-002, *"Resolution of the Riverside County Transportation Commission Adopting the Electronic Signature Use Policy"*.

**9. ITEM(S) PULLED FROM CONSENT CALENDAR AGENDA**

**10. COMMISSIONERS / EXECUTIVE DIRECTOR REPORT**

***Overview***

This item provides the opportunity for the Commissioners and the Executive Director to report on attended meetings/conferences and any other items related to Commission activities.

**11. ADJOURNMENT**

The next meeting of the Commission is scheduled to be held on **Wednesday, March 10, 2021**, via Zoom.



**AGENDA ITEM 5**

**PUBLIC HEARING**



<b><i>RIVERSIDE COUNTY TRANSPORTATION COMMISSION</i></b>	
DATE:	February 10, 2021
TO:	Riverside County Transportation Commission
FROM:	Hector Casillas, Right of Way Manager Marlin Feenstra, Project Delivery Director
THROUGH:	Anne Mayer, Executive Director
SUBJECT:	Adoption of a Resolution of Necessity for the Acquisition of Public Drainage, Utility, Footing and Access Easement Interests in Certain Real Property, by Eminent Domain, More Particularly Described as Assessor Parcel Number 101-140-031 (RCPNS 22099-1 and 22099-2), for the State Route 71 and State Route 91 Interchange Project in Riverside County, California

**STAFF RECOMMENDATION:**

This item is for the Commission to:

- 1) Conduct a hearing to consider the adoption of a Resolution of Necessity, including providing all parties interested in the affected property and their attorneys, or their representatives, an opportunity to be heard on the issues relevant to the Resolution of Necessity;
- 2) Make the following findings as hereinafter described in this report:
  - a) The public interest and necessity require the proposed project;
  - b) The project is planned or located in a manner that will be most compatible with the greatest public good and the least private injury;
  - c) The real property to be acquired is necessary for the project; and
  - d) The offer of just compensation has been made to the property owner.
- 3) Adopt Resolution of Necessity No. 21-004 described as *"Adoption of a Resolution of Necessity for the Acquisition of public drainage, utility, footing and access easement interests in certain real property, by eminent domain, more particularly described as Assessor Parcel Po. 101-140-031 (RCPNs 22099-1 and 22099-2), for the State Route 71 and State Route 91 Interchange Project in Riverside County, California."*

**BACKGROUND INFORMATION:**

The Commission is being asked to consider the adoption of a Resolution of Necessity declaring its intent to acquire public drainage, utility and access easement and permanent footing easement interests in certain real property, by eminent domain, more particularly described as Assessor Parcel No. 101-140-031 (CPN 22099-1, 22099-2) for the construction related to the SR-71/SR-91 Interchange Project, in Riverside County, California (the Project).

The immediate need for the property acquisition is to proceed with the construction of the SR-71/SR-91 Interchange. The acquisitions are required for and will benefit the community by reducing traffic congestion and enhancing safety via a new freeway access point with entrance and exit ramps from SR-91 east to SR-71 north.

A preliminary title report was obtained from Commonwealth Title Insurance Company to confirm and identify the record owner of the parcel affected by the Project. The Commission then served the affected property owner with a notice of the Commission's decision to appraise the property.

The Commission had the property appraised and made an offer to the record owner. Negotiations have been unsuccessful for the purchase of the interests necessary for the Project. Negotiations will continue after adoption of a Resolution of Necessity for the property interest.

Since an agreement has not been reached with the owner of record, it may be necessary to acquire the public drainage, utility, access and footing easement interests described in the attachments by eminent domain. The initiation of the eminent domain process is accomplished by the Commission's adoption of a Resolution of Necessity for the affected property.

#### **Description of Property to Be Acquired**

Assessor Parcel No. 101-140-031 (CPN 22099-1 and 22099-2) is owned by Green River Properties, LLC. The property is located at 4225 Prado Road, in Corona, Riverside County, California. The property is occupied. RCTC desires to acquire the portions of the Property to accommodate construction of the SR-71/SR-91 interchange. The legal descriptions and depictions of the property to be acquired is attached and marked as Exhibit "A."

#### **Project Description**

This Project is known as the SR-71/SR-91 Interchange Project. The Project is a partnership between RCTC and Caltrans. The Project is located at the SR-71/91 interchange and extends approximately one-half mile east of SR-71 to a mile and a quarter west of SR-71, and from SR-91 to approximately a mile and a half north of SR-91. The purpose of the Project is to reduce congestion, enhance travel reliability, improve traffic safety and reduce pollutants and emissions.

The Project will replace the existing single-lane loop connector between eastbound SR-91 and northbound SR-71 with a new two-lane direct flyover ramp. The new, separate eastbound SR-91 on-ramp from Green River Road will be realigned to improve access to the interchange. The Project will include utility relocation, drainage improvements, erosion control and several habitat restoration areas. Temporary fencing will be placed around environmentally sensitive areas during construction.



Construction is expected to commence in June 2022 and extend through approximately August 2024.

### **Hearings and Required Findings**

The action requested of the Commission at the conclusion of this hearing is the adoption of a Resolution of Necessity, authorizing the acquisition of real property interests by eminent domain. The property owner is Green River Properties, LLC, a California limited liability company. This will be a partial acquisition of permanent easements over portions of the Property.

The property is further identified in the legal description and depiction attached hereto as part of Attachment 1.

California eminent domain law provides that a public entity may not commence with eminent domain proceedings until its governing body has adopted a resolution of necessity, which resolution may only be adopted after the governing body has given each party with an interest in the affected property, or their representatives, a reasonable opportunity to appear and be heard on the following matters:

1. The public interest and necessity require the proposed project;
2. The project is planned or located in a manner that will be most compatible with the greatest public good and the least private injury;
3. The real property to be acquired is necessary for the project; and
4. The offer of just compensation has been made to the property owner.

A notice of the hearing was sent by first class mail to the property owner and stated the Commission's intent to consider the adoption of a resolution, the right of the property owner to appear and be heard on these issues, and that failure to file a written request to appear would result in a waiver of the right to appear and be heard. The Commission has scheduled this hearing at which all persons who filed a written request within 15 days of the date of notice was mailed may appear and be heard. The Commission's legal counsel mailed the required notices to the property owner, on January 11, 2021, in accordance with California Code of Civil Procedure, section 1245.235.

The property owner was also invited to meet with Commission and Caltrans staff to address any concerns the property owner may have with the design of the Project in the manner proposed and the necessity of the acquisition.

The four required findings are addressed as follows:

1. Public Interest and Necessity Require the Proposed Project

The Project will reduce traffic congestion and enhance safety and will ensure

compliance with Caltrans' standards for design, resulting in a project that meets accepted standards for safety and operations.

2. The Project Is Planned Or Located In A Manner That Will Be Most Compatible With The Greatest Public Good And The Least Private Injury

A thorough analysis was conducted to find the single best location for this Project. Environmental analyses and findings indicate that this site uniquely satisfies the engineering, public health, and environmental issues, and this location is the most compatible with the greatest public good. This location will result in the least private injury.

3. The Property Sought To Be Acquired Is Necessary For The Proposed Project

As described above, a careful analysis was performed regarding this location and what property and property rights were needed, and these parcels meet all the desired characteristics for the construction of the improvements for the Project. Based on that analysis, the acquisition of the property is necessary for construction of the Project.

4. The Offer Of Just Compensation Has Been Made

An appraisal was prepared by the Commission's appraiser Joyce L. Riggs, MAI, SR/WA, of Riggs & Riggs, Inc., to establish the fair market value of the real property the Commission is seeking to acquire from the interest owned by the property owner identified herein. An offer of just compensation was made to the property owner to purchase the property interest, based on the approved appraisal, as required by Section 7267.2 of the California Government Code. Although negotiated settlements may still be possible, and will be pursued by staff, it would be appropriate to commence the procedures to acquire the interests sought through eminent domain, to ensure that the property will be available to meet the time frames associated with the SR-71/SR-91 Interchange Project.

### **Environmental Analysis**

Compliance with the California Environmental Quality Act has been satisfied by Caltrans' certification of an Environmental Impact Report in its role as lead agency on April 8, 2015.

### **Fiscal Impact**

There is no fiscal impact as the amount of just compensation has been included in the Commission's fiscal year budget.

### **Notice of Public Hearing**

A notice of Hearing to Property Owners was mailed on January 11, 2021 to Green River Properties, LLC, the owner of record.

Attachment:

- 1) Legal Definitions, Legal and Plat Descriptions
- 2) Resolution No. 21-004



Legal Definitions of Property Rights to be Acquired**Assessor Parcel No. 101-140-031**

The following defines the legal rights to be acquired by Riverside County Transportation Commission (“**RCTC**”) for its proposed construction and maintenance of a new freeway-to-freeway connector from eastbound SR-91 to northbound SR-71, as well as related improvements to the SR-71/91 interchange. (“**Project**”).

**Public Drainage, Utility and Access Easement**, refers to a non-exclusive easement for Public Drainage, Utility and Access Easement purposes, in favor of RCTC, and to its successors, and assigns. The property owner shall retain surface ingress, egress and parking rights, subject to RCTC’s reasonable rights of access, subject to RCTC’s public drainage easement rights. The property owner shall not be permitted to build any structures within the area of the utility easement.

The non-exclusive **Utility easement**, in favor of RCTC, and to its successors, and assigns, grants the right to install and maintain subsurface utilities. The property owner shall retain all surface rights, subject to RCTC’s right of reasonable access to the easement area for repair and maintenance of the subsurface utilities. The property owner shall not be permitted to build any structures within the area of the utility easement.

The non-exclusive **Access Easement**, in in favor of RCTC, and to its successors, and assigns, grants the right to access the above-described drainage and utility easement areas for purposes of installing, maintaining, repairing and replacing public drainage or subsurface utilities within the easement area. The property owner shall retain surface ingress, egress and parking rights, subject to RCTC’s reasonable rights of access as described above.

**EXHIBIT 'A'**  
**Legal Description**

A non-exclusive easement for Public Drainage, Utility and Access Easement purposes, as more fully described in the Easement Definitions attached hereto as Exhibit A-1, located within a portion of Parcel 1 and Parcel 1A as described in a Grant Deed recorded October 11, 1995, as Instrument No. 338652, of Official Records of Riverside County, also being a portion of Prado Road as described in Resolution No. 88-131, Resolution of the City Council of the City of Corona Summarily Vacating a portion of Prado Road, recorded September 26, 1988 as Document No. 296349, Official Records of said County, located in the City of Corona, County of Riverside, State of California, more particularly described as follows:

**Commencing** at the northwest corner of Parcel 1 as described in said Grant Deed, said point also being on the southerly line of State Route 91 as described in Grant Deed recorded December 18, 1969 as Instrument No. 129030, of Official Records of said County and also as shown on State of California Right of Way Map No. 911514;

Thence along the westerly line of said Parcel 1 South 00°20'55" West 119.45 feet to the **Point of Beginning**;

Thence North 89°54'35" East 19.02 feet;

Thence North 00°52'48" West 74.93 feet to the beginning of a curve concave southeasterly having a radius of 40.00 feet;

Thence northerly, northeasterly and easterly along said curve through a central angle of 76°32'58" an arc distance of 53.44 feet;

Thence North 75°40'10" East 148.65 feet;

Thence North 12°08'16" West 16.90 feet to said southerly line of State Route 91;

Thence along said southerly line North 75°36'14" East 140.88 feet;

Thence North 77°31'20" East 79.27 feet;

Thence North 77°17'43" East 79.27 feet to said southerly line of State Route 91;

Thence along said southerly line North 81°36'08" East 101.47 feet;

Thence South 08°23'52" East 31.53 feet;

Thence South 81°28'25" West 147.56 feet;

Thence South 75°33'45" West 79.40 feet;

08-RIV-091 PM-1.4-22099 (22099-1)

Thence South 75°36'54" West 172.03 feet;

Thence South 75°40'10" West 148.07 feet to the beginning of a curve concave southeasterly having a radius of 25.00 feet;

Thence westerly, southwesterly and southerly along said curve through a central angle of 76°32'58" an arc distance of 33.40 feet;

Thence South 00°52'48" East 110.14 feet;

Thence South 89°53'58" West 34.78 feet to the westerly line of said Parcel 1A;

Thence along the westerly line of said Parcel 1A and Parcel 1 North 00°20'55" East 35.01 feet to the **Point of Beginning**.

The bearings and distances for this survey are based upon the North American Datum of 1983 (NAD83) of the California Coordinate System of 1983 (CCS83), Zone VI, 2007.00 Epoch. Distances are grid. Divide by 0.99997930 to obtain ground distances.

This real property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyors Act.

Prepared under the direction of:



Sean M. Smith, PLS 8233

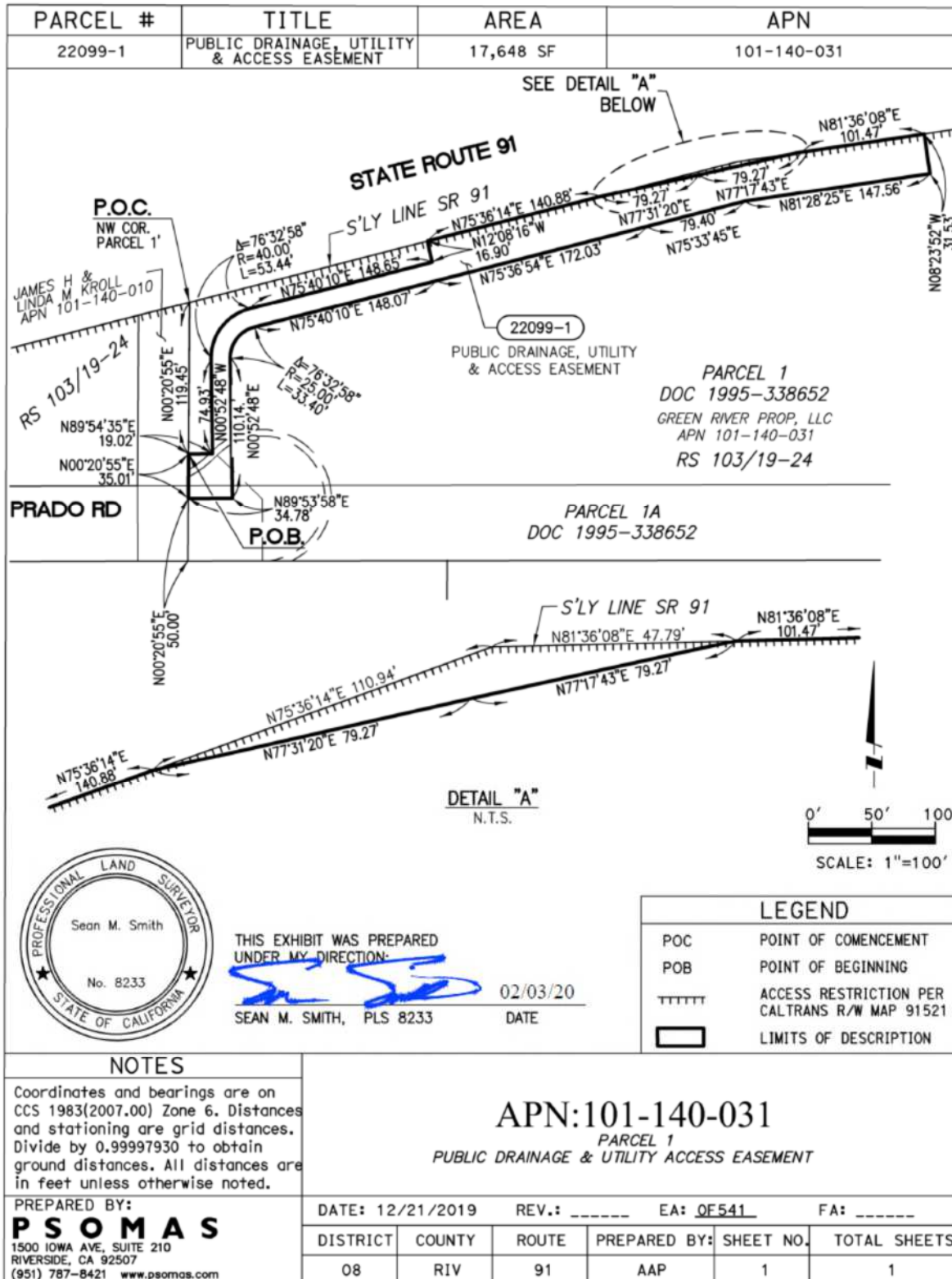
02/03/20

Date



08-RIV-091 PM-1.4-22099 (22099-1)

# EXHIBIT "B"





**EXHIBIT 'A'**  
**Legal Description**

An easement for footing purposes in and to that portion of the land described as Parcel 1 in a Grant Deed recorded October 11, 1995, as Instrument No. 338652, of Official Records of Riverside County, located in the City of Corona, County of Riverside, State of California, more particularly described as follows:

Commencing at the northwest corner of said Parcel 1, said point also being on the southerly line of State Route 91 as described in Grant Deed recorded December 18, 1969 as instrument No. 129030, of Official Records of said County and also as shown on State of California Right of Way Map No. 911514;

Thence along said southerly line North 75°36'14" East 334.67 feet to the **Point of Beginning**;

Thence North 77°31'20" East 79.27 feet;

Thence North 77°17'43" East 79.27 feet to said southerly line;

Thence along said southerly line the following two (2) courses:

1. South 81°36'08" West 47.79 feet;
2. South 75°36'14" West 110.94 feet to the **Point of Beginning**;

The Bearings and distances for this survey are based upon the North American Datum of 1983 (NAD83) of the California Coordinate System of 1983 (CCS83), Zone VI, 2007.00 Epoch. Distances are grid. Divide by 0.99997930 to obtain ground distances.

This real property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyors Act.

Prepared under the direction of:



Sean M. Smith, PLS 8233

2/27/17

Date



# EXHIBIT "B"

PARCEL #	TITLE	AREA	APN
22099-2	FOOTING EASEMENT	289 SF	101-140-031

**STATE ROUTE 91**

**P.O.C.**  
NW COR. PARCEL 1'

JAMES H & LINDA M KROLL  
APN 101-140-010

RS 103/19-24

S'LY LINE SR 91  
N75°36'14"E 334.67'

**P.O.B.**

22099-2  
FOOTING EASEMENT

SEE DETAIL "A" BELOW

**PARCEL 1**  
DOC 1995-338652  
GREEN RIVER PROP, LLC  
APN 101-140-031  
RS 103/19-24

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**PRADO RD**

**PARCEL 1A**  
DOC 1995-338652

S'LY LINE SR 91  
S81°36'08"W 47.79'

N75°36'14"E 110.94'

N77°31'20"E 79.27'

N75°36'14"E 334.67'

**P.O.B.**

**DETAIL "A"**  
N.T.S.

SCALE: 1"=100'

THIS EXHIBIT WAS PREPARED  
UNDER MY DIRECTION:

SEAN M. SMITH, PLS 8233      DATE \_\_\_\_\_

**LEGEND**

POC      POINT OF COMENCEMENT

POB      POINT OF BEGINNING

TTTTT      ACCESS RESTRICTION PER  
CALTRANS R/W MAP 91521

     LIMITS OF DESCRIPTION

NOTES																					
<p>Coordinates and bearings are on CCS 1983(2007.00) Zone 6. Distances and stationing are grid distances. Divide by 0.99997930 to obtain ground distances. All distances are in feet unless otherwise noted.</p>	<p><b>APN:101-140-031</b></p> <p>PARCEL 1 FOOTING EASEMENT</p>																				
<p>PREPARED BY: <b>PSOMAS</b> 1500 IOWA AVE, SUITE 210 RIVERSIDE, CA 92507 (951) 787-8421    www.psomas.com</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="2">DATE: 01/21/2019</td> <td>REV.: _____</td> <td>EA: _____</td> <td>FA: _____</td> </tr> <tr> <td>DISTRICT</td> <td>COUNTY</td> <td>ROUTE</td> <td>PREPARED BY:</td> <td>SHEET NO.</td> </tr> <tr> <td>08</td> <td>RIV</td> <td>91</td> <td>JAU</td> <td>1</td> </tr> <tr> <td colspan="3"></td> <td>TOTAL SHEETS</td> <td>1</td> </tr> </table>	DATE: 01/21/2019		REV.: _____	EA: _____	FA: _____	DISTRICT	COUNTY	ROUTE	PREPARED BY:	SHEET NO.	08	RIV	91	JAU	1				TOTAL SHEETS	1
DATE: 01/21/2019		REV.: _____	EA: _____	FA: _____																	
DISTRICT	COUNTY	ROUTE	PREPARED BY:	SHEET NO.																	
08	RIV	91	JAU	1																	
			TOTAL SHEETS	1																	

Name: 22099-2 Footing Easement

North: 2266862.7645' East: 6136664.5480'

Segment #1 : Line

Course: N77°31'20"E Length: 79.27'

North: 2266879.8916' East: 6136741.9456'

Segment #2 : Line

Course: N77°17'43"E Length: 79.27'

North: 2266897.3252' East: 6136819.2748'

Segment #3 : Line

Course: S81°36'08"W Length: 47.79'

North: 2266890.3457' East: 6136771.9972'

Segment #4 : Line

Course: S75°36'14"W Length: 110.94'

North: 2266862.7634' East: 6136664.5407'

Perimeter: 317.27' Area: 289.44 Sq. Ft.

Error Closure: 0.0073 Course: S81°21'25"W

Error North: -0.00110 East: -0.00726

Precision 1: 43461.64



**RESOLUTION NO. 21-004****ADOPTION OF A RESOLUTION OF NECESSITY FOR THE ACQUISITION OF PUBLIC DRAINAGE, UTILITY, FOOTING AND ACCESS EASEMENT INTERESTS IN CERTAIN REAL PROPERTY, BY EMINENT DOMAIN, MORE PARTICULARLY DESCRIBED AS ASSESSOR PARCEL NO. 101-140-031 (RCPNS 22099-1 AND 22099-2), FOR THE STATE ROUTE 71 AND STATE ROUTE 91 INTERCHANGE PROJECT IN RIVERSIDE COUNTY, CALIFORNIA**

WHEREAS, the Riverside County Transportation Commission (the "Commission") proposes to acquire public drainage, utility, footing, and access easement interests in certain real property, located in Riverside County, California, more particularly described as Assessor Parcel No. 101-140-031 (RCPNs 22099-1 and 22099-2) for the construction related to the State Route 71 and State Route 91 Interchange Project ("SR-71/91 Interchange Project") in Riverside County, California, pursuant to the authority granted to it by section 130220.5 of the California Public Utilities Code; and

**WHEREAS**, pursuant to section 1245.235 of the California Code of Civil Procedure, Pursuant to Governor Newsom's Executive Order N-29-20, (March 18, 2020), the meeting will only be conducted via video conferencing and by telephone. The Commission scheduled a public hearing for Wednesday, February 10, 2021 at 9:30 a.m., via Zoom Meeting <https://rctc.zoom.us/j/82338594659> Meeting ID: 823 3859 4659 and gave to each person whose property is to be acquired and whose name and address appeared on the last equalized county assessment roll, notice and a reasonable opportunity to appear at said hearing and be heard on the matters referred to in section 1240.030 of the California Code of Civil Procedure; and

**WHEREAS**, said hearing has been held by the Commission, and the affected property owner was afforded an opportunity to be heard on said matters; and

**WHEREAS**, the Commission may now adopt a Resolution of Necessity pursuant to Section 1240.040 of the California Code of Civil Procedure;

**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE AND DECLARE AS FOLLOWS:**

**Section 1. Compliance with California Code of Civil Procedure.** There has been compliance by the Commission with the requirements of section 1245.235 of the California Code of Civil Procedure regarding notice and hearing.

**Section 2. Public Use.** The public use for the fee interest in the property to be acquired is for the SR-71/91 Interchange Project in Riverside County, California. Section 130220.5 of the California Public Utilities Code authorizes the Commission to acquire, by eminent domain, property necessary for such purposes.

**Section 3. Description of Property.** Attached and marked as Exhibit “A” are the legal descriptions, descriptions and plat maps of the interests to be acquired by the Commission, which describe the general location and extent of the property with sufficient detail for reasonable identification.

**Section 4. Findings.** The Commission hereby finds and determines each of the following:

- (a) The public interest and necessity require the proposed project;
- (b) The proposed project is planned or located in the manner that will be most compatible with the greatest public good and least private injury;
- (c) The property defined and described in Exhibit “A” is necessary for the proposed project; and
- (d) The offer required by section 7267.2 of the California Government Code was made.

**Section 5. Use Not Unreasonably Interfering with Existing Public Use.** Some or all of the real property affected by the interest to be acquired is subject to easements and rights-of-way appropriated to existing public uses. The legal descriptions of these easements and rights-of-way are on file with the Commission and describe the general location and extent of the easements and rights-of-way with sufficient detail for reasonable identification. In the event the herein described use or uses will not unreasonably interfere with or impair the continuance of the public use as it now exists or may reasonably be expected to exist in the future, counsel for the Commission is authorized to acquire the herein described interest subject to such existing public use pursuant to section 1240.510 of the California Code of Civil Procedure.

**Section 6. More Necessary Public Use.** Some or all of the real property affected by the interest to be acquired is subject to easements and rights-of-way appropriated to existing public uses. To the extent that the herein described use or uses will unreasonably interfere with or impair the continuance of the public use as it now exists or may reasonably be expected to exist in the future, the Commission finds and determines that the herein described use or uses are more necessary than said existing public use. Counsel for the Commission is authorized to acquire the herein described real property appropriated to such existing public uses pursuant to section 1240.610 of the California Code of Civil Procedure. Staff is further authorized to make such improvements to the affected real property that it determines are reasonably necessary to mitigate any adverse impact upon the existing public use.

**Section 7. Further Activities.** Counsel for the Commission is hereby authorized to acquire the hereinabove described real property in the name of and on behalf of the Commission by eminent domain, and counsel is authorized to institute and prosecute such legal proceedings as may be

required in connection therewith. Legal counsel is further authorized to take such steps as may be authorized and required by law, and to make such security deposits as may be required by order of court, to permit the Commission to take possession of and use said real property at the earliest possible time. Counsel is further authorized to correct any errors or to make or agree to non-material changes in the legal description of the real property that are deemed necessary for the conduct of the condemnation action, or other proceedings or transactions required to acquire the subject real property.

**Section 8. Effective Date.** This Resolution shall take effect upon adoption.

**APPROVED AND ADOPTED** this 10th day of February, 2021.

---

Jan Harnik, Chair  
Riverside County Transportation Commission

ATTEST:

---

Lisa Mobley, Clerk of the Board for Riverside  
County Transportation Commission





# **AGENDA ITEM 7A**



# ***RIVERSIDE COUNTY TRANSPORTATION COMMISSION***

## **MEETING MINUTES**

Wednesday, January 13, 2021

### **1. CALL TO ORDER**

The Riverside County Transportation Commission was called to order by Chair Jan Harnik at 9:31 a.m., via Zoom Webinar ID 831 9713 9745. Pursuant to Governor Newsom's Executive Order N-29-20.

### **2. ROLL CALL**

#### **Commissioners/Alternates Present**

Ben J. Benoit  
Brian Berkson  
Patricia Lock Dawson  
Joseph DeConinck  
Waymond Fermon  
Kathleen Fitzpatrick  
Raymond Gregory  
Rebecca Guirado  
Yxstain Gutierrez  
David Happe  
Jan Harnik  
Steven Hernandez  
Jeff Hewitt  
Ted Hoffman  
Kevin Jeffries  
Linda Krupa  
Alonso Ledezma  
Bob Magee

Scott Matas  
Lisa Middleton  
Linda Molina  
V. Manuel Perez  
Matt Rahn  
Dana Reed  
Wes Speake  
Karen Spiegel  
Jeremy Smith  
Michael M. Vargas  
Ted Weill  
Lloyd White  
Chuck Washington  
Ted Weill  
Bill Zimmerman

#### **Commissioners Absent**

Clint Lorimore  
Scott Vinton

### **3. PLEDGE OF ALLEGIANCE**

Commissioner David Happe led the Commission in a flag salute.

### **4. PUBLIC COMMENTS**

There were no requests to speak from the public.

**5. ADDITIONS / REVISIONS**

Per staff's request, the Closed Session Item was pulled from the Agenda.

**6. CONSENT CALENDAR**

**M/S/C (Perez/Speake) to approve the following Consent Calendar items.**

**6A. APPROVAL OF MINUTES – DECEMBER 9, 2020**

**6B. QUARTERLY FINANCIAL STATEMENTS**

Receive and file the Quarterly Financial Statements for the three months ended September 30, 2020.

**6C. FISCAL YEAR 2020/21 MID-YEAR BUDGET ADJUSTMENTS**

Approve FY 2020/21 mid-year budget adjustments for a net decrease of \$677,655,700 and \$656,009,200 in revenues and other financing sources and in expenditures/expenses and other financing uses, respectively.

**6D. RIVERSIDE TRANSIT AGENCY REPROGRAMMING REQUEST OF CONGESTION MITIGATION AND AIR QUALITY FUNDS AS PROGRAMMED IN THE 2013 MULTI-FUNDING CALL FOR PROJECTS**

- 1) Approve the request by the Riverside Transit Agency (RTA) to reprogram Congestion Mitigation and Air Quality (CMAQ) funding from the RapidLink Service Project to the Route 1 Weekend Service Improvements Project in the amount of \$466,130;
- 2) Approve Agreement No. 14-72-133-01, Amendment No. 1 to Agreement No. 14-72-133-00, with RTA related to the reprogramming of CMAQ funding to the Route 1 Weekend Service Improvements Project; and
- 3) Authorize the Chair or Executive Director, pursuant to legal counsel review, to finalize and execute the agreement on behalf of the Commission.

**6E. AWARD OF PROJECT AND PROGRAM FUNDING DATABASE SYSTEM AGREEMENT TO NETKINETIX INC.**

- 1) Approve Agreement No. 21-66-020-00 with Netkinetix Inc. to develop and maintain a project and program funding database system for a three-year base period with two two-year options in an amount not to exceed \$703,168; and

- 2) Authorize the Chair or Executive Director, pursuant to legal counsel review, to finalize and execute the agreement, including option years, on behalf of the Commission.

**6F. SENATE BILL 821 BICYCLE AND PEDESTRIAN FACILITIES PROGRAM UPDATE**

- 1) Approve the revised Transportation Development Act (TDA) Article 3, or Senate Bill 821 (SB 821), Program Policies, and Fiscal Year (FY) 2021/22 Call for Projects Guidelines, including the Evaluation Criteria and Application; and
- 2) Approve a FY 2020/21 budget increase in the amount of \$2,000,000 for the SB 821 Program for Projects with advanced construction schedules.

**6G. 2021 PUBLIC TRANSIT – HUMAN SERVICES TRANSPORTATION COORDINATED PLAN**

Approve the 2021 Coordinated Public Transit-Human Services Transportation Plan (2021 Coordinated Plan).

**7. FISCAL YEAR 2020/21 MID-YEAR REVISED REVENUE PROJECTIONS**

Theresa Trevino, Chief Financial Officer, requested to present and vote on Agenda Items 7 and 8 concurrently. She noted for Agenda Item 7, Staff Recommendation No. 1, it incorrectly reflects FY 2019/20 and it should be FY 2020/21.

Theresa Trevino presented the revised Revenue Projections for FY 2020/21 and Revenue Projections for FY 2021/22, highlighting the following areas:

- Revenue Projections
- Economic category and segment trends – Measure A Sales tax revenues
- Measure A revenue allocations by geographic area
- Measure A revenues by economic category for Western Riverside County, Coachella Valley, and the Palo Verde Valley over the last 3 benchmark years
- Average monthly Measure A: Before and after COVID-19 – Comparison in May projection to benchmark year actuals in 2020 and 2019
- Revenue projections and allocations for Measure A and LTF
- Revenue Projections for TUMF
- Next steps for Revenue Projections

In response to Chair Harnik's request for an example of what miscellaneous is under economic categories, Theresa Trevino referred to the Economic Categories/Segments slide and stated Miscellaneous includes Health & Government, Miscellaneous Other, which is the market place facilitators for on line sales, and Closed Account Adjustments.

Vice Chair Perez expressed appreciation for a great presentation and asked if RCTC has heard from Western Riverside Council of Governments (WRCOG) on the funds they should be receiving.

Theresia Trevino replied it is her understanding that the July information is being reconciled with staff and the hope was that RCTC would be getting that payment shortly.

**M/S/C (Reed/Benoit) to:**

- 1) Approve the mid-year Fiscal Year (FY) 2020/21 revenue projections of \$195 million for Measure A revenues, \$100 million for Local Transportation Fund (LTF) revenues, and \$11 million for Transportation Uniform Mitigation Fee (TUMF) revenues;**
- 2) Approve the budget increase adjustments to Measure A revenues of \$35 million and expenditures of \$14,426,000 to reflect the revised Measure A projection; and**
- 3) Approve the budget increase adjustments to LTF revenues of \$18 million, transfers in of \$1,580,000, and expenditures and transfers out of \$1,783,000 to reflect the revised LTF projection.**

#### **8. FISCAL YEAR 2021/22 REVENUE PROJECTIONS**

**M/S/C (Reed/Benoit) to:**

- 1) Approve the projection for Measure A revenues of \$195 million for Fiscal Year 2021/22;**
- 2) Approve the projection for Local Transportation Fund (LTF) apportionment of \$100 million for the Western Riverside County, Coachella Valley, and Palo Verde Valley areas for FY 2021/22; and**
- 3) Approve the projection for Transportation Uniform Mitigation Fee (TUMF) revenues of \$11 million for FY 2021/22.**

#### **9. STATE AND FEDERAL LEGISLATIVE UPDATE**

David Knudsen, Legislative Affairs Manager, presented an updated on the state and federal legislative activities.

**M/S/C to receive and file an update on state and federal legislation.**

# **10. FISCAL YEARS 2021/22 – 2023/24 MEASURE A SPECIALIZED TRANSIT CALL FOR PROJECTS GUIDELINES**

Lorelle Moe-Luna, Multimodal Services Director, presented the FYs 2021/22 – 2023/24 Measure A Specialized Transit Program for Western Riverside County, highlighting the following:

- Program overview:
  - ✓ Targets seniors, persons with disabilities, low-income populations, or those that are “truly needy” that cannot be served on the existing transportation network
  - ✓ Support expansion and extension of services for areas/special populations without alternate service options
- A list of some of the social service agencies and non-profit organizations in Western Riverside County that use Measure A funds for transportation projects
- Major guideline changes:
  - \$8.76 million available
  - No limit to the number of applications by agency
  - Maximum of 18% total available funding per project
  - Scoring Criteria emphasis on needs and gaps that the project is meeting and cost-effective strategies

**M/S/C (Vargas/Benoit) to:**

- 1) Approve the Fiscal Years (FY) 2021/22 – 2023/24 Measure A Specialized Transit Program Guidelines; and**
- 2) Direct staff to release the FYs 2021/22 – 2023/24 Measure A Specialized Transit Call for Projects for approximately \$8.76 million for Western Riverside County (Western County) on January 13, 2021.**

# **11. APPOINTMENT OF EXECUTIVE COMMITTEE MEMBERS**

Lisa Mobley, Clerk of the Board, explained the process to complete the appointments to the Executive Committee and the current Executive Committee Membership. At this time, the cities and any interested parties were moved into breakout rooms to caucus and once finished, returned to the main session.

Commissioner Brian Berkson announced the cities of Corona, Jurupa Valley, Moreno Valley, Murrieta, Riverside, and Temecula appointed Commissioner Brian Berkson and Commissioner Matt Rahn to continue as their representatives to the Executive Committee.

Commissioner Dana Reed announced the cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, and Rancho

Mirage appointed Commissioner Lisa Middleton to continue as their representative to the Executive Committee.

Commissioner Benoit announced the cities of Banning, Beaumont, Calimesa, Canyon Lake, Eastvale, Hemet, Lake Elsinore, Menifee, Norco, Perris, San Jacinto, and Wildomar appointed Commissioner Lloyd White to continue as their representative to the Executive Committee.

Chair Harnik expressed appreciation to the Commissioners that offered to serve on the Executive Committee.

**12. ITEM(S) PULLED FROM CONSENT CALENDAR FOR DISCUSSION**

There were no items pulled from the Consent Calendar.

**13. COMMISSIONERS/EXECUTIVE DIRECTOR'S REPORT**

**13A.** Anne Mayer wished everyone a Happy New Year and stated she is looking forward to a brighter 2021. She expressed appreciation for their input, support and leadership in Riverside County.

**14. ADJOURNMENT**

There being no further business for consideration by the Riverside County Transportation Commission, Chair Harnik adjourned the meeting at 10:32 a.m. The next Commission meeting is scheduled to be held at 9:30 a.m., Wednesday, February 10, 2021, via Zoom.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Lisa Mobley', with a long horizontal flourish extending to the right.

Lisa Mobley  
Clerk of the Board



# **AGENDA ITEM 7B**



<b><i>RIVERSIDE COUNTY TRANSPORTATION COMMISSION</i></b>	
<b>DATE:</b>	February 10, 2021
<b>TO:</b>	Riverside County Transportation Commission
<b>FROM:</b>	Budget and Implementation Committee Jose Mendoza, Procurement Manager Matt Wallace, Deputy Director of Financial Administration
<b>THROUGH:</b>	Anne Mayer, Executive Director
<b>SUBJECT:</b>	Single Signature Authority Report

**BUDGET AND IMPLEMENTATION COMMITTEE AND STAFF RECOMMENDATION:**

This item is for the Commission to receive and file the Single Signature Authority report for the second quarter ended December 31, 2020.

**BACKGROUND INFORMATION:**

Certain contracts are executed under single signature authority as permitted in the Commission's Procurement Policy Manual adopted in September 2019. The Executive Director is authorized to sign services contracts that are less than \$250,000 individually and in an aggregate amount not to exceed \$1.5 million in any given fiscal year. Additionally, in accordance with Public Utilities Code Section 130323(c), the Executive Director is authorized to sign contracts for supplies, equipment, materials, and construction of all facilities and works under \$50,000 individually.

The attached report details all contracts that have been executed for the second quarter ended December 31, 2020, under the single signature authority granted to the Executive Director. The unused capacity of single signature authority for services at December 31, 2020 is \$1,394,975.

Attachment: Single Signature Authority Report as of December 31, 2020

<i>Approved by the Budget and Implementation Committee on January 25, 2021</i>				
In Favor:	11	Abstain:	0	No: 0

# SINGLE SIGNATURE AUTHORITY

AS OF December 31, 2020

CONTRACT #	CONSULTANT	DESCRIPTION OF SERVICES	ORIGINAL CONTRACT AMOUNT	PAID AMOUNT	REMAINING CONTRACT AMOUNT
	AMOUNT AVAILABLE July 1, 2019		\$1,500,000.00		
18-33-123-00	Los Angeles Engineering	La Sierra Station Expansion Project	3,497.49	0.00	3,497.49
PO 2806	Dispensing Technology Corp.	Bituminous Applicator for Interstate 15 Express Lanes	38,045.74	0.00	38,045.74
21-31-002-00	California Highway Patrol	Construction Zone Enhancement Program (COZEEP) for Interstate 215 Pachappa Project	49,982.00	0.00	49,982.00
21-31-023-00	HGN Corona Partners	Parking agreement for SR-91 Corridor Operations Project	13,500.00	0.00	13,500.00
			</		

# **AGENDA ITEM 7C**



<b><i>RIVERSIDE COUNTY TRANSPORTATION COMMISSION</i></b>	
<b>DATE:</b>	February 10, 2021
<b>TO:</b>	Riverside County Transportation Commission
<b>FROM:</b>	Audit Ad Hoc Committee Theresa Trevino, Chief Financial Officer
<b>THROUGH:</b>	Anne Mayer, Executive Director
<b>SUBJECT:</b>	Fiscal Year 2019/20 Commission Audit Results

**AUDIT AD HOC COMMITTEE AND STAFF RECOMMENDATION:**

This item is for the Commission to:

- 1) Receive and file the Fiscal Year 2019/20
  - a) Comprehensive Annual Financial Report (CAFR);
  - b) Local Transportation Fund (LTF) Financial and Compliance Report;
  - c) State Transit Assistance (STA) Fund Financial and Compliance Report;
  - d) State of Good Repair (SGR) Fund Financial and Compliance Report;
  - e) Proposition 1B Rehabilitation and Security Project (Proposition 1B) Accounts Financial and Compliance Reports;
  - f) Low Carbon Transit Operations Program (LCTOP) Account Financial and Compliance Reports;
  - g) Single Audit Report;
  - h) RCTC 91 Express Lanes Fund Financial Report;
  - i) Auditor Required Communications Report;
  - j) Agreed-Upon Procedures Report related to the Appropriations Limit Calculation;
  - k) Agreed-Upon Procedures Report related to the Commuter Assistance Program (CAP) incentives; and
  - l) Management certifications.

**BACKGROUND INFORMATION:**

In March 2020, the Commission approved an agreement with Eide Bailly LLP (Eide Bailly) to perform the annual audit of the Commission's financial statements included in the CAFR; financial and compliance audits for LTF, STA, SGR, Proposition 1B, and LCTOP; audit of the RCTC 91 Express Lanes financial statements; and federal awards. Additionally, Eide Bailly performs agreed-upon procedures related to the annual Appropriations Limit Calculation and the CAP incentives and a review of compliance with commercial paper debt covenants. The audits, compliance procedures, and agreed-upon procedures for the fiscal year ended June 30, 2020, have been completed, and Eide Bailly issued all reports.

The Commission's CAFR consists of three sections: introductory, financial, and statistical. While the introductory and statistical sections were not audited by Eide Bailly, the basic financial statements included a financial section were audited by Eide Bailly. The Commission received an unmodified opinion on its basic financial statements from Eide Bailly, which is the highest form of assurance. Limited procedures were performed related to the required supplementary information, including Management's Discussion and Analysis section; such information was not audited. The other supplementary information was subject to the auditing procedures applied in the audit of the basic financial statements, and, in the opinion of the auditors, it is fairly stated in relation to the basic financial statements.

The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. Management's Discussion and Analysis section provides a narrative overview and analysis of the Commission's financial activities for the fiscal year. Financial highlights and significant matters of the basic financial statements include:

- Net position of approximately \$441 million at June 30, 2020, compared to approximately \$340 million at June 30, 2019, reflects a net increase of approximately \$101 million from governmental and business-type activities.
- The net increase in net position consists of approximately \$103 million from governmental activities and a net decrease of approximately \$2 million from business-type activities.
- Governmental fund balances of approximately \$810 million at June 30, 2020, compared to approximately \$790 million at June 30, 2019, represent an increase of approximately \$20 million from the prior year.
- During the year ended June 30, 2020, the Commission made draws aggregating approximately \$111 million on the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan related to the Interstate 15 Express Lanes project (I-15 ELP). The amounts drawn on the \$152.2 million TIFIA loan is recorded as a liability on the government-wide financial statements as of June 30, 2020, and as other financing sources on the fund financial statements for the year ended June 30, 2020.

The audit reports related to the separately issued financial statements of the LTF, STA, SGR, Proposition 1B, and LCTOP also reflect unmodified opinions from Eide Bailly. These financial statements are required to be issued separately under the Transportation Development Act (TDA) and the provisions for Proposition 1B and LCTOP; however, the LTF, STA, and SGR financial position and operations are included in the fund financial statements in the CAFR. The Proposition 1B and LCTOP financial position are part of the Measure A Western County Commuter Rail and Coachella Valley Rail special revenue funds and the General fund, respectively. These reports noted no matters considered to be a material weakness in internal control and no instances of noncompliance.



The 2020 Single Audit Report includes the reports on compliance and internal control over financial reporting and over federal awards. These reports noted no matters considered to be a material weakness in internal control and no instances of noncompliance.

The RCTC 91 Express Lanes Financial Statements include the Independent Auditors' Report, Management's Discussion and Analysis, and Financial Statements, including Notes to Financial Statements. Financial highlights include a net deficit of approximately \$276 million, which consisted of:

- Net investment (deficit) in capital assets of approximately (\$320 million) reflecting toll-supported debt in excess of capital assets; and
- Restricted net position of approximately \$44 million for toll operations in accordance with debt indentures and agreements.

The deficit in net investment in capital assets will be reduced by future toll revenues for the payment of outstanding toll debt obligations.

As a result of the establishment of the commercial paper program in March 2005, the bank reimbursement agreement requires a report from the auditor regarding compliance with certain covenants. The report issued by Eide Bailly indicated that nothing came to the auditor's attention that caused the auditors to believe the Commission failed to comply with these covenants.

A management letter usually includes recommendations for improvements and operational efficiencies related to the internal control and other matters notes during the audit. Eide Bailly did not have any recommendations or comments on other matters; therefore, it did not issue a management letter.

The Appropriations Limit Calculations and CAP reports are based on specific procedures agreed to by the Commission. For the Appropriations Limit Calculation and CAP, the auditors noted no exceptions or findings related to the procedures performed.

As required by American Institute of Certified Public Accountants Auditing Standards Board Statement No. 114, *The Auditor's Communications With Those Charged with Governance*, the Commission's auditor is required to make certain annual communications to the Commission's Audit Ad Hoc Committee, or its equivalent, regarding the audit of the Commission's financial statements following the completion of the audit. Eide Bailly completed the annual audit for FY 2019/20 in October 2020; however, it completed the audit procedures related to the single audit of federal awards in January 2021 following the release of the Office of Management and Budget's final 2020 *Compliance Supplement Addendum*. The report to the Audit Ad Hoc Committee from the auditor contains the required communications about the audit.

As part of the development of the Commission's Accountability Program, the directors have completed certifications relating to financial reporting and operational disclosures.

Attachments:

- 1) 2020 Comprehensive Annual Financial Report
- 2) 2020 Local Transportation Fund Financial and Compliance Report
- 3) 2020 State Transit Assistance Fund Financial and Compliance Report
- 4) 2020 State of Good Repair Fund Financial and Compliance Report
- 5) 2020 Proposition 1B Rehabilitation and Security Project Accounts Financial and Compliance Reports
- 6) 2020 Low Carbon Transit Operations Program Account Financial and Compliance Reports
- 7) 2020 Single Audit Report
- 8) 2020 RCTC 91 Express Lanes Fund Financial Report
- 9) 2020 Commercial Paper Compliance Report
- 10) 2020 Reports to the Audit Ad Hoc Committee (Financial Statements Audit and Single Audit)
- 11) 2020 Agreed-Upon Procedures Report related to the Appropriations Limit Calculation
- 12) 2020 Agreed-Upon Procedures Report related to the Commuter Assistance Program incentives
- 13) 2020 Executive Director and Chief Financial Officer Certification
- 14) 2020 Director's Certification
- 15) Auditor's Presentation to the Audit Ad Hoc Committee



Santa Ana River Trail

FISCAL YEAR ENDED JUNE 30, 2020

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



91 Express Lanes



Avenue 66 Grade Separation in Mecca

Riverside County Transportation Commission  
Riverside County, California



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

Submitted by:

Theresa Treviño,  
*Chief Financial Officer*

Michele Cisneros,  
*Deputy Director of Finance*



I-15 Express Lanes Project at SR-91 interchange





Riverside Transit Agency Bus at Riverside Downtown Station

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# INTRODUCTORY Section



Northbound I-15 at SR-91 interchange



October 30, 2020

To the Riverside County Transportation Commission Commissioners  
and Citizens of the County of Riverside:

### Letter of Transmittal

State law requires that the Riverside County Transportation Commission (Commission or RCTC) publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by independent certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Commission for the fiscal year ended June 30, 2020.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon the Commission's comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly LLP has issued an unmodified opinion on the Commission's financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

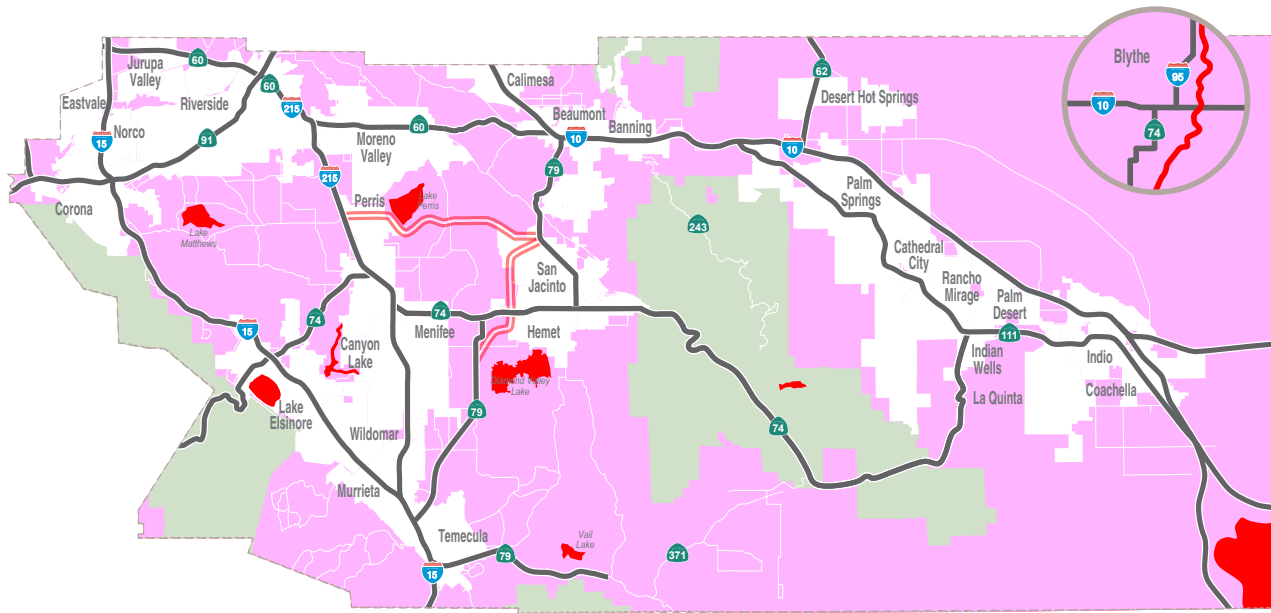
Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

### Profile of RCTC's Governance and Responsibilities

State law established the Commission in 1976 to oversee the funding and coordination of all public transportation services within the county of Riverside (County). The Commission's mission is to assume a leadership role in improving mobility in Riverside County and to maximize the cost effectiveness of transportation dollars in the County. The governing body is the Board of Commissioners (Board), which consists of all five members of the County Board of Supervisors, one elected official from each of the County's 28 cities, and one non-voting member appointed by the Governor. The Commission is responsible for setting policies, establishing priorities, and coordinating activities among the County's various transportation operators and agencies. The Commission also programs and/or reviews the allocation of federal, state, and local funds for highway, transit, rail, non-motorized travel (bicycle and pedestrian), and other transportation activities. The Commission has developed two express lanes projects; the RCTC 91 Express Lanes opened in March 2017 and the 15 Express Lanes are expected to open during FY 2020/21.

The Commission also serves as the tax authority and implementation agency for the voter-approved Measure A Transportation Improvement Program, which imposes a half-cent sales tax to fund transportation improvements. Originally approved in 1988 (1989 Measure A), Riverside County's voters in 2002 approved a 30-year extension of Measure A commencing July 1, 2009 through June 30, 2039 (2009 Measure A).

The Commission is also legally responsible for allocating Transportation Development Act (TDA) funds, the major source of funds for transit in the County. The TDA provides two major sources of funding: Local Transportation Fund (LTF), which is derived from a one-quarter cent state sales tax, and State Transit Assistance, which is derived from the statewide sales tax on gasoline and diesel fuel.



Additionally, the Commission provides motorist aid services designed to expedite traffic flow. These services include the Service Authority for Freeway Emergencies (SAFE), a program that provides call box service for motorists, and the Freeway Service Patrol (FSP), a roving tow truck service to assist motorists with disabled vehicles on the main highways of the County during peak rush hour traffic periods. The motorist aid program also includes the operation of the Inland Empire 511 (IE511) system which provides comprehensive real time traveler information for freeways, bus and rail transit, and rideshare services. All services are provided at no charge to motorists and are funded through a \$1 surcharge on vehicle registrations; FSP also receives state allocations. The Commission is financially accountable for SAFE, a legally separate entity that is blended within the Commission's financial statements.

Finally, the Commission has been designated as the Congestion Management Agency (CMA) for the County. As the CMA, the Commission coordinates with local jurisdictions in the establishment of congestion mitigation procedures for the County's roadway system.

The Commission is required to adopt a budget prior to the beginning of each fiscal year. The annual budget, which includes all funds, serves as the foundation for the Commission's financial planning and control regarding staffing, operations, and capital plans. The budget is prepared by fund (financial responsibility unit), department, and function. Management has the discretion to transfer budgeted amounts within the financial responsibility unit according to function. During the fiscal year, all budget amendments requiring Board approval are presented to the Board for consideration and adoption.

## Local Economy

Any discussion of the local economy must acknowledge the current and future impacts of the COVID-19 pandemic. In mid-March the state of California (State) was forced to impose significant restrictions on a number of public and commercial activities. Restrictions continue, albeit with some easing; however, the pandemic is likely to lead to a significant increase in unemployment due to the loss of thousands of service-related jobs. Statistics demonstrate the impact – Riverside County's unemployment rate in April 2020 jumped to 15.3% compared to a rate of only 3.7% in April 2019.

Possibly due to the Federal Coronavirus Aid Relief and Economic Security (CARES) Act and a court decision and related state legislation in 2019 regarding the collection of internet sales taxes, the Commission's sales tax revenues decreased approximately 3% – less than revenue projections revised in May 2020.

In normal times, Riverside County has specific competitive advantages over nearby coastal counties (Los Angeles, Orange, and San Diego) including housing that was (and remains) more available and affordable, lower commercial real estate lease and purchase costs, and land available for development at lesser costs. Riverside County's economy has thrived, reflecting those specific competitive advantages over its neighboring counties, largely as a result of the County's continuing ability to draw jobs, residents, and affordable housing away from the Los Angeles, Orange, and San Diego county areas. As a result, the County's employment and commercial base has become more diversified, and the County's share of the regional economy has increased. So far, housing prices and property values in Riverside County remain strong, although it will be hard to predict the longer-term impact of the pandemic.

The foundation for continued economic growth during a recovery is certainly in place; however, the Commission faces formidable ongoing challenges in terms of providing needed infrastructure enhancements to support a population and an economy that has outgrown the capacity of its existing infrastructure.

### **Long-term Financial Planning**

Proactive financial planning is a critical element for the success of the Commission as it builds for the future. Continually reviewing projected revenues, expenditures, and expenses to actual amounts ensures that the Commission's expectations are realistic and goals are achievable. Scarce resources, especially at the state and federal level, can be directed to projects of regional significance or, with additional funding, project priorities can be expanded to address unfunded project requirements or developing needs.

Local funding, and specifically the Commission's voter-approved sales tax program (Measure A) will continue to serve as RCTC's most significant source of funding. The program funds highway, street and road, public transit, and rail projects and new transportation corridors throughout the County. The program is established in a way to ensure funding for every geographic region within the County including the Palo Verde Valley, Coachella Valley and more heavily populated area of Western Riverside County. As mentioned earlier, revenues exceeded the Commission's approved revised projection for FY 2019/20 in spite of three and a half months of COVID-related closures. For FY 2020/21, the Commission made conservative projections and will be ready to make adjustments based on actual results.

Prior to the pandemic, the Commission actively considered seeking voter approval of another half-cent sales tax levy to fund a comprehensive Traffic Relief Plan. The pandemic scuttled immediate plans to go to take a ballot measure to the voters, but the Commission approved the Traffic Relief Plan in May 2020 after a comprehensive outreach and planning effort. The Traffic Relief Plan could serve as the foundation for a future, near-term election.

At the state level, transportation funding is a source of continuing debate regarding future priorities. Sustainability has become a statewide priority and will likely impact the direction of state funding for many years, and California has established a number of more predictable funding streams such as an increase in the gas tax, a cap and trade program from emissions trading, and encouragement of market-based approaches such as implementation of express lanes and toll facilities.

Tolling is another important local funding source for the Commission, and it has been negatively impacted by the pandemic. Since RCTC's opening the 91 Express Lanes in Corona in 2017, traffic and revenue along this highly-used corridor exceeded projections. This was disrupted late March and early April 2020, as the Commission experienced a drop in use of the RCTC 91 Express Lanes by approximately 79% since many workplaces and destinations closed due to the pandemic. Since mid-April, traffic and revenue have increased slowly and steadily. Overall use of the RCTC 91 Express Lanes now exceeds more than half of the levels prior to the pandemic and continue to climb. More importantly, overall traffic on the State Route (SR) 91 Corridor is growing steadily and has even reached a level of 90% of previous levels in peak periods. As the economy rebounds, the Commission expects that the performance of the RCTC 91 Express Lanes will also recover. In addition to this facility, the Commission anticipates to open the 15 Express Lanes in Spring 2021.



As that project opens, construction work on the 15/91 Express Connector will begin in mid-2021. The 15/91 Express Lanes Connector will be especially important to the Commission and provide a needed direct express lane to express lane connection between SR-91 and the northern portion of Interstate (I) 15. The Commission awarded a design-build agreement in March 2020 to ensure expedited delivery of the project.

The news on federal funding is uncertain and will continue to be prior to the November 2020 election. In December 2015, the comprehensive transportation bill known as Fixing America's Surface Transportation Act - or FAST Act - superseded Moving Ahead for Progress in the 21st Century (MAP-21) which originally expired in June 2014. The federal government continues to be a source of highway funding through the Surface Transportation Block Grant Program (formerly, Surface Transportation Program) and the Congestion Mitigation Air Quality program, since the FAST Act continues these programs at roughly the same funding level.

### ***Capital Project Delivery and Implementation – Critical Workers Delivering Needed Infrastructure***

The Capital Project Development and Delivery Department is responsible for major highway and rail capital projects from initial environmental study through preliminary engineering, final design, right of way acquisition, and construction.

The Commission is currently in the midst of an unprecedented era of transportation investment in Riverside County. The results can be seen with numerous projects under construction, increasingly popular and successful transit service, and promises of more on the way in the near future. There are also a number of notable completed projects - providing tangible examples of the Commission completing promises that were made to voters who approved Measure A. The Commission has developed a track record of success which is taking shape throughout the County as evidenced in the following project types.

### **Construction Keeps Going**

At the beginning of the pandemic-related shutdowns in California, construction workers were identified as essential workers. Investing in infrastructure can be a critical component in protecting and growing the economy in uncertain jobs. For example, the 60 Truck Lanes project is projected to create as many as 2,490 jobs. Similar investments and resulting job creation can be seen throughout the county as seen in the following highway and rail projects:

**60 Truck Lanes:** In partnership with Caltrans, the Commission is the lead agency for the 60 Truck Lanes Project. With a total project cost estimated at \$138.4 million, construction of the project began in early 2019. The project is expected to be completed in 2022. In early 2020, a major construction milestone, which included a significant lane closure in the westbound connection, was completed and traffic was shifted to a newly constructed segment of the highway. The project adds truck climbing and deceleration lanes, wider shoulders, and additional safety improvements to a 4.5-mile segment of the highway.



**Placentia Interchange to link I-215 and future Mid County Parkway:** Construction work began in mid-2020 on the very first component of the Mid County Parkway (MCP), a new 16 mile east-west corridor between the cities of San Jacinto and Perris. This \$42 million project adds a new freeway interchange at Placentia Avenue that will link to the MCP and improve a segment of Placentia Avenue in the city of Perris.



I-15/Railroad Canyon Interchange

**I-15 Railroad Canyon Interchange:** The Commission serves as the lead agency to expand the I-15 interchange at Railroad Canyon Road in the city of Lake Elsinore. The \$45 million project began construction in May 2020 and widens the street under the freeway and makes a number of needed improvements to increase capacity of the on- and off-ramps and auxiliary lanes.

**91 Freeway Corridor Operations Project:** Another project that will launch construction in the latter part of 2020 is the 91 Corridor Operations Project.

The project adds an auxiliary lane on westbound SR-91 from the Green River Road on-ramp to the southbound SR-241 connector. The new auxiliary lane, located next to the outside shoulder, will help relieve westbound traffic congestion through this heavily traveled corridor.

**I-15 Express Lanes - Opening Soon:** The I-15 Express Lanes Project is nearing completion and will open in FY 2020/21. The project adds two tolled express lanes of approximately 15 miles in length, in each direction in the median of I-15. The 15 Express Lanes will operate by offering multiple access points to enter and exit the express lanes. The 15 Express Lanes will also feature dynamic pricing, which is designed to adjust tolls throughout the day to reflect actual traffic conditions rather than being bound by a set time of day schedule.

**15/91 Express Lanes Connector:** Construction will begin in 2021 to build a new direct connection between the RCTC 91 Express Lanes and the 15 Express Lanes. With the design-build contract awarded, the design-builder started design, field surveys, and geotechnical services. The new connection will be provided from the eastbound 91 Express Lanes to the northbound 15 Express Lanes and from the southbound 15 Express Lanes to the westbound 91 Express Lanes.

**Commuter Rail Improvements:** The Commission began construction in mid-March to expand the Metrolink train layover facility at the Riverside-Downtown Station. The project will allow more trains to be housed at the station at the end of each night shift, resulting in more efficient service. Construction activities will include track improvements north of the train platform, drainage facilities, electrical systems, lighting fixtures, security fencing, access gates, utility relocations, and water and sewer connections.

Another station project currently in the environmental phase is construction of a new platform on the east side of the station. This will allow more trains to serve the Riverside-Downtown Station, which is one of the Metrolink system's most heavily used stations.

## Projects for Future Construction

**I-15 Express Lanes Southern Extension:** Environmental work is already under way to extend the 15 Express Lanes an additional 14.5 miles to the city of Lake Elsinore. A series of public scoping meetings were held during the past year as part of the comprehensive environmental review process.

**I-15 Corridor Operations Project:** Another future project on I-15 about to enter project development is the I-15 Corridor Operations Project, or 15 COP. This project will add a non-tolled lane on southbound I-15 from the Cajalco Road on-ramp to the Weirick Road off-ramp, a segment slightly less than one mile. It will also widen the existing I-15 median, shift vehicles to this new pavement, and convert the existing outside lane to a new travel lane. Additionally, the 15 COP will widen the Bedford Canyon Wash Bridge and ease southbound traffic congestion on I-15 during peak hours.

**71/91 Interchange:** The Commission is diligently working to secure funding for a new connector between the eastbound SR-91 and northbound SR-71 in the city of Corona. This \$121 million project has environmental clearance and could begin the construction phase in 2021 if funding is secured.

**79 Realignment Remains an Important Priority:** Another large planning effort affecting the Hemet and San Jacinto communities is the realignment of SR-79. This 2009 Measure A project is undergoing early project development partially funded through the TUMF program and federal earmarks. An environmental document was approved in January 2017 to allow the realignment of SR-79 between Domenigoni Parkway, south of SR-74, and Gilman Springs Road, north of San Jacinto. The project will realign the highway to provide a more direct route within the San Jacinto Valley. Current work on this project includes acquisition of right of way needed for mitigation and to protect cultural sites.

**Active Transportation:** Non-motorized transportation options are becoming an increasingly important part of California's transportation infrastructure, and the Commission has taken a leadership role in assisting local jurisdictions by funding and advocating for projects vying for state funding. The Commission is also heading up project development for the Santa Ana River Trail – a multiuse facility that will provide a bike, pedestrian and equestrian trail to link San Bernardino, Riverside and Orange Counties for cyclists, pedestrians and equestrians.

### **TUMF Links Growth with Infrastructure**

In the Coachella Valley, a TUMF program was established shortly after the passage of the 1989 Measure A. The program requires developers to pay a fee on new development to fund arterial improvements. Cities are required to participate in the program or forfeit Measure A local dollars to Coachella Valley Association of Governments, which oversees the arterial program and has been successful in funding a number of important arterial and freeway interchange projects.

With the passage of the 2009 Measure A, a TUMF program with participation requirements similar to that in the Coachella Valley is in place in Western County and administered by the Western Riverside Council of Governments. TUMF funds received by the Commission are split evenly between new corridors, including the MCP, and regional arterials, including local projects and the SR-79 realignment project. To date under the regional arterial program, 18 projects have been completed, one project will be under construction in 2020, and one project remains in pre-construction.

### **Rail Development, Operations and Support**

As one of five funding partners in the Southern California Regional Rail Authority, which operates the Metrolink commuter rail service, the Commission is engaged in a continual exercise of consensus building with its partners to provide effective regional service. Now consisting of seven lines serving six counties, the system typically carried an average of slightly more than 40,000 passengers each weekday prior to COVID-19. The Commission owns and operates nine stations served by the three Metrolink lines operating through the County, including four new stations along the Perris Valley Line that commenced carrying passengers in June 2016.

The Commission's Perris-Downtown station is a multimodal facility also serving Riverside Transit Agency bus operations and providing park and ride spaces. It continues to serve as an important regional bus terminal. The Riverside Downtown Operations Control Center provides monitoring of closed circuit televisions at the stations as well as facilities for train crews.

- *Riverside Line:* Originates in the Riverside-Downtown station and stops at the Jurupa Valley-Pedley station before proceeding through Ontario, Pomona, Industry, and Montebello to Los Angeles Union Station. Pre-pandemic daily ridership averaged 3,961 riders.
- *Inland Empire Orange County (IEOC) Line:* Begins in nearby San Bernardino with stops at the Riverside-Downtown, Riverside-La Sierra, Corona-North Main, and Corona-West stations before entering Orange County with stops in Anaheim Canyon, Orange, Santa Ana, Tustin, Irvine, Laguna Niguel/Mission Viejo, San Juan Capistrano, San Clemente and Oceanside. When initiated, this service was described as the first suburb-to-suburb commuter rail service in the nation. Average daily ridership on the IEOC line was 4,784 prior to COVID-19. This line also provides weekend service.

- **91/Perris Valley Line:** Provides service from Perris to Los Angeles with stops in Perris-South, Perris-Downtown, Moreno Valley/March Field, Riverside-Hunter Park/UCR, Riverside-La Sierra, Corona-North Main, Corona-West, Fullerton, Buena Park, Norwalk, and Commerce before terminating at Union Station. Daily patronage on the line prior to COVID-19 averaged 3,731. A part of this line between Riverside and Los Angeles offers weekend service, and new weekend service from Perris started in October 2019.

### **COVID-19 Impact on Metrolink**

The onset of COVID-19 has resulted in a significant drop in Metrolink ridership since mid-March. Up to that point, ridership and use had increased by approximately 3% since the previous year. Today daily ridership on Metrolink lines serving Riverside County is down by approximately 75% on the IEOC and 91/Perris Valley Lines and 89% on the Riverside Line when compared to a year ago.

Metrolink has responded to the challenge with a comprehensive series of strategies. One of Metrolink's first actions was a reduction in train schedules by 30% beginning on March 26, 2020. To address safety concerns, enhanced vehicle and station cleaning and sanitation efforts were implemented along with social distancing efforts. Metrolink conducted a Customer Survey that found that 81% of all riders are likely to return to Metrolink and that most current riders self-identify as "Essential Workers." Metrolink also is implementing a Recovery Plan to prioritize safety and protect employees and customers while also providing a phased approach to recovery. To assist with ridership recovery, Metrolink has introduced a five-day pass to improve fare flexibility along with Weekends Kids Ride Free, a new Loyalty Program, and an enhanced Corporate Partner Program focused on the healthcare industry.

Metrolink is utilizing Federal Transit Administration CARES grant funding to address some of the revenue loss due to ridership declines and will restore service as demand grows – although it is anticipated to take several years for ridership and revenues to fully recover.

### **Commuter Services**

Acting in its capacity as the regional transportation planning agency (RTPA) and the SAFE for Riverside County, the Commission provides a variety of commuter services to increase mobility, safety, and air quality throughout the region. As the RTPA, the Commission applies Measure A funds to administer the Commuter Assistance Program to ease congestion, maximize the efficiency of its transportation investments, and reduce emissions from single occupant vehicle trips with the following programs and services:

**Rideshare Incentives:** The most prominent commuter incentive continues to be the Rideshare Incentives, a short-term incentive that offers \$2 per day for each day new ride sharers use an alternate mode of transportation in a three-month period. Long-term ride sharers are recognized and rewarded for their continuing commitment to use alternate modes of transportation to and from work with access to discounts at over 360,000 nationwide merchants through Rideshare Plus.

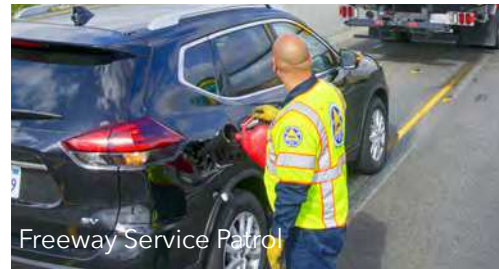
**Vanpool Subsidies:** In May 2018, the Commission launched VanClub, which provides ongoing subsidies to eligible vanpools commuting to employer worksites in Western County. In FY 2019/20, VanClub supported an average of 67 vans per month resulting in the reduction of an estimated 122,470 trips, 4.3 million miles and 2,329 tons of emissions throughout the region. Due to the COVID-19 pandemic, a number of vans have been suspended; however, the program will be ready to continue as workers return to various work sites.

**Park and Rides:** Working in partnership with Caltrans, the Commission leases excess parking from business and civic institutional partners to facilitate ridesharing and to expand the system's park and ride capacity. There are more than 3,000 park and ride spaces available in Riverside County.

**Motorist Assistance:** As the SAFE, the Commission also administers the Motorist Assistance Program to provide the following services designed to promote mobility and safety for motorists traveling through Riverside County:



**Freeway Service Patrol:** The FSP program is a special team of 26 tow trucks roving along 12 beats on portions of SR-60, SR-91, I-15, and I-215 within the County during peak, weekday commuter hours to assist drivers when their vehicles break down or experience other mechanical problems. Thanks in part to the approval of Senate Bill 1 in April 2017, which provided more funding to FSP programs, the Commission has been able to expand the service to additional areas along the I-15 in southwestern Riverside County.



The purpose of the FSP is to clear debris and remove disabled vehicles from the freeway as quickly as possible to help keep freeway traffic moving during rush hour periods. Another effort augments existing FSP service with additional tow trucks in construction areas as another means of construction-related congestion mitigation. The Riverside County SAFE and the State fund the FSP. During FY 2019/20, the FSP provided approximately 49,050 assists. This includes incremental FSP weekend service, funded by the South Coast Air Quality Management District's Mobile Source Air Pollution Reduction and Review Committee, on segments of SR-91 and SR-60.

**Call Boxes:** In cooperation with the California Highway Patrol and Caltrans, the Commission assists motorists who experience accidents, mechanical breakdowns, or other unforeseen problems by providing access to cellular call boxes with enhanced reception along the County's major highways. In response to the proliferation and continued growth of cell phone usage and declining demand and use of call boxes, the Commission approved a substantial reduction to the call box system in 2017 and 2019. A cost effective backbone of 158 call box units will remain in place and serve more than 346 centerline miles of highways. The call box program is funded by Riverside County SAFE revenue, an annual \$1 surcharge added to vehicle registrations. In FY 2019/20, call box operators answered approximately 980 calls from motorists.

**Traveler Information:** To further promote mobility, the Commission in partnership with the San Bernardino County Transportation Authority (SBCTA), provides motorists with access to real-time freeway travel information and incident information on Southern California highways through its IE511 Traveler Information system. IE511 is designed to promote mobility by fostering more informed travel decisions to avoid congestion and is available via the telephone by dialing 511 from any landline or cell phone within Riverside or San Bernardino County, online at [www.ie511.org](http://www.ie511.org), or the IE511 mobile app. To date, the IE511 mobile app has been downloaded by more than 70,000 users. IE511 is funded with Riverside County SAFE funds in addition to SBCTA reimbursements. In FY 2019/20, IE511 serviced approximately 296,340 web visits and 95,160 phone calls.

### **Specialized Transit**

The Commission has maintained a long-term commitment to assist residents with specialized transit needs. Through its Specialized Transit Program, the Commission has provided millions of dollars to public and nonprofit transit operators that provide special transit services to improve the mobility of seniors, persons with disabilities and persons with low incomes. Along with traditional dial-a-ride services, the Commission supports innovative programs providing transit assistance in hard-to-serve rural areas or for riders having very special transit needs. With funding from this program, individuals can travel to work independently, shop at the neighborhood grocery stores, visit a doctor, and much more.

The Commission develops a Public Transit-Human Services Coordinated Plan every four years. This plan assists the Commission in identifying service gaps, additional qualifying populations as well as underserved areas of Riverside County in need of transit services. The Commission is in the process in updating this plan, with the last plan updated in 2016. To address some of these transit service needs identified in the Public Transit-Human Services Coordinated Plan, a portion of the Measure A sales tax in Western Riverside County is set aside for a Specialized Transit Call for Projects. This Specialized Transit Call for Projects is held every three years and provides funding awards for public and nonprofit transit operators. The 2018 Specialized Transit Call for Projects awarded approximately \$8.2 million to 18 public and nonprofit transit

operators over a three-year period from FY 2018/19 through FY 2020/21. During FY 2019/20, public and nonprofit transit operators provided over 225,000 one-way trips.

In addition to funding and planning, the Commission restructured its TDA-required Social Services Transportation Advisory Council in FY 2019/20, by updating the bylaws, changing the name of the council, and recruiting a new cohort of members. The council was renamed to the Citizens and Specialized Transit Advisory Council (CSTAC) with an updated set of roles and responsibilities as well as a defined meeting structure. The new cohort consists of 13 members of the public and two Consolidated Transportation Service Agency members which were appointed by the Commission in March 2020. The CSTAC is expected to meet two to four times a year and provide Commission staff additional insight into specialized transit needs throughout the County.

### **Awards and Acknowledgements**

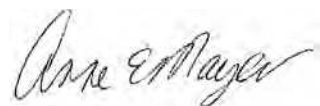
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its CAFR for the fiscal year ended June 30, 2019. This was the 27th consecutive year the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

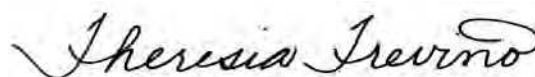
The CAFR each year is a collaborative effort by Commission staff and its independent auditors. The undersigned are grateful to all staff for their willingness to expend the effort necessary to ensure the financial information contained herein is informative and completed within established deadlines. Special thanks must be extended to the Finance staff, program management and staff, and Commission's auditors for the time, effort, and commitment so vital for the final completion of the CAFR.

In closing, without the leadership and the support of the Board, preparation of this report would not have been possible. Its prudent management must be credited for the strength of the Commission's fiscal condition, and its vision ensures that the Riverside County Transportation Commission will be on the move planning for and building a better future for Riverside County residents and commuters.

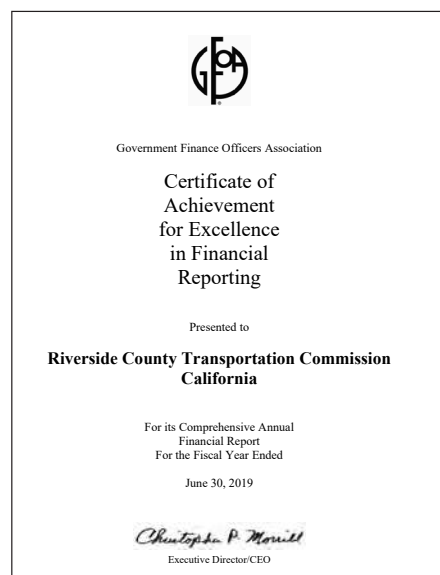
Very truly yours,



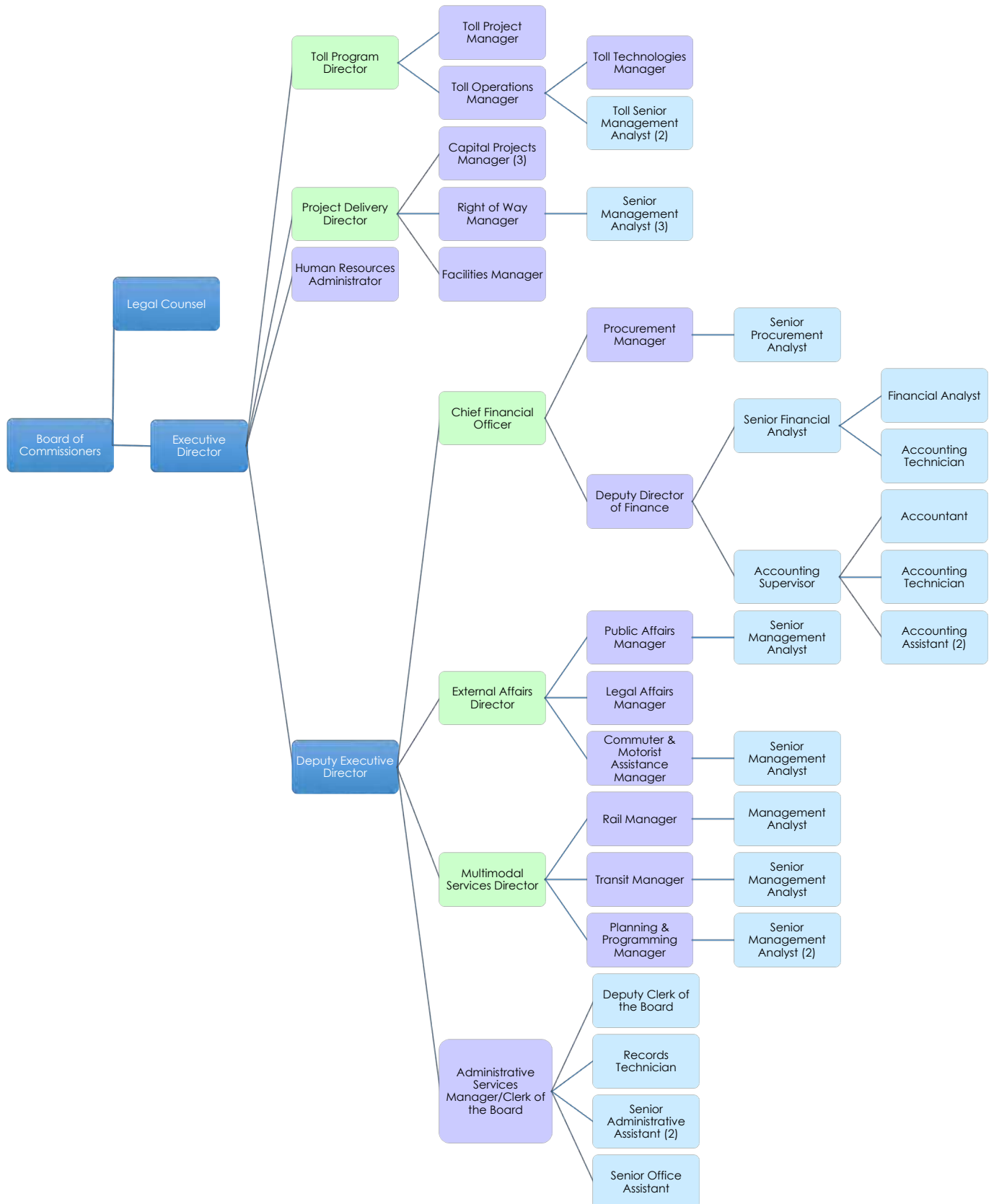
ANNE MAYER  
Executive Director



THERESIA TREVIÑO  
Chief Financial Officer



## Riverside County Transportation Commission Organization Chart



**Riverside County Transportation Commission  
List of Principal Officials**

Board of Commissioners			
Name	Title	Agency	
Kevin Jeffries	Member	County of Riverside, District 1	
Karen Spiegel	Member	County of Riverside, District 2	
Chuck Washington	Member	County of Riverside, District 3	
V. Manuel Perez	2 <sup>nd</sup> Vice Chair (Commission)	County of Riverside, District 4	
Jeff Hewitt	Member	County of Riverside, District 5	
Art Welch	Member	City of Banning	
Lloyd White	Chair (Budget and Implementation Committee), Vice Chair (Toll Policy and Operations Committee)	City of Beaumont	
Joseph DeConinck	Member	City of Blythe	
Larry Smith	Member	City of Calimesa	
Randall Bonner	Vice Chair (Budget and Implementation Committee)	City of Canyon Lake	
Raymond Gregory	Member	City of Cathedral City	
Steven Hernandez	Member	City of Coachella	
Wes Speake	Member	City of Corona	
Scott Matas	Member	City of Desert Hot Springs	
Clint Lorimore	Vice Chair (Western Riverside County Programs and Projects Committee)	City of Eastvale	
Linda Krupa	Member	City of Hemet	
Dana Reed	Member	City of Indian Wells	
Waymond Fermon	Member	City of Indio	
Brian Berkson	Chair (Toll Policy and Operations Committee)	City of Jurupa Valley	
Kathleen Fitzpatrick	Member	City of La Quinta	
Bob Magee	Member	City of Lake Elsinore	
Bill Zimmerman	Member	City of Menifee	
Yxstain Gutierrez	Member	City of Moreno Valley	
Scott Vinton	Member	City of Murrieta	
Berwin Hanna	Member	City of Norco	
Jan Harnik	Vice Chair (Commission)	City of Palm Desert	
Lisa Middleton	Member	City of Palm Springs	
Michael M. Vargas	Vice Chair (Western Riverside County Programs and Projects Committee)	City of Perris	
Ted Weill	Member	City of Rancho Mirage	
Rusty Bailey	Member	City of Riverside	
Andrew Kotyuk	Member	City of San Jacinto	
Michael S. Naggar	Member	City of Temecula	
Ben Benoit	Chair (Commission)	City of Wildomar	
Mike Beauchamp	Governor's Appointee	Caltrans, District 8 Director	

**Management Staff**

Anne Mayer, Executive Director  
John Standiford, Deputy Executive Director  
Michael Blomquist, Toll Program Director  
Marlin Feenstra, Project Delivery Director  
Aaron Hake, External Affairs Director  
Lorelle Moe-Luna, Multimodal and Interim Planning and Programming Director  
Theresia Treviño, Chief Financial Officer



# FINANCIAL Section





## Independent Auditor's Report

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside County Transportation Commission (Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of proportionate share of net pension liability, schedule of pension contributions, schedule of changes in the net OPEB liability/(asset) and related ratios, and the schedule of OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, schedules of expenditures, schedule of uses and debt proceeds and fund balance, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, schedules of expenditures, and schedule of uses and debt proceeds and fund balances are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, schedules of expenditures, and schedule of debt proceeds and fund balances are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of the Commission's internal control over financial reporting and on 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 Commission'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 Commission's internal control over financial reporting and compliance.



Riverside, California  
October 30, 2020

**Riverside County Transportation Commission  
Management's Discussion and Analysis  
Year Ended June 30, 2020**

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As management of the Riverside County Transportation Commission (Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the Commission's financial activities for the fiscal year ended June 30, 2020. We encourage readers to consider the information on financial performance presented here in conjunction with the transmittal letter on pages i-ix and the Commission's financial statements which begin on page 18.

### **Financial Highlights**

- In early March, the federal government as well as California's Governor Newsom issued emergency declarations related to the COVID-19 pandemic. Further, on March 19, 2020, Governor Newsom issued Executive Order N-33-20, a stay at home order to protect the health and well-being of all Californians and to establish consistency across the state in order to slow the spread of COVID-19. The County of Riverside also issued a directive to county residents supporting the Governor's executive order. COVID-19 and the related "stay at home" orders have negatively impacted the local, regional, state, and federal economies; the magnitude and duration of these impacts is uncertain.
- Total net position of the Commission was \$440,576,157 and consisted of net investment in capital assets of \$578,176,767; restricted net position of \$860,313,222; and unrestricted net position (deficit) of (\$997,913,832).
- The governmental activities unrestricted net deficit results primarily from the recording of the debt issued for Measure A highway, local streets and roads, and regional arterial projects. As title to substantially most of those assets vests with the State of California (State) Department of Transportation (Caltrans) or local jurisdictions, there is no asset corresponding to the liability. Accordingly, the Commission does not have sufficient current resources on hand to cover current and long-term liabilities; however, future Measure A sales taxes are pledged to cover Measure A debt service payments when made.
- Total net position increased by \$101,030,228 during fiscal 2020. An increase in net position from governmental activities of \$102,665,984 was primarily due to an increase in operating grants and contributions; a decrease in general government, bicycle and pedestrian facilities, local streets and roads, regional arterials, and transit and specialized transportation program expenses; and offset by an increase in Community and Environmental Transportation Acceptability Process (CETAP), commuter assistance, commuter rail, highways, motorist assistance, planning and programming program expenses, as well as interest expense. A decrease in net position from business-type activities of \$1,635,756 was primarily due to a decrease in charges for services and internal transfers of surplus funds for the 91 Corridor Operations project, offset by an increase in investment earnings and interest expenses.
- Total capital assets, net of accumulated depreciation and amortization, were \$1,188,217,305 at June 30, 2020, representing an increase of \$128,605,868, or 12%, from June 30, 2019. The increase in capital assets was primarily related to construction in progress costs for the I-15 Express Lanes project, land acquisition, and rail station and building improvement costs.
- The long-term liabilities net increase of \$95,343,435 is related to a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan drawn down on the I-15 Express Lanes project and compounded and accreted interest on the TIFIA loans and 2013 Toll Revenue Bonds, respectively, offset by principal payments on sales tax revenue bonds, amortization of sales tax revenue bonds premium, and payment for the MSHCP funding liability.



- The Commission's governmental funds reported combined ending fund balances of \$810,326,181, an increase of \$20,112,108 compared to fiscal 2019 primarily due to intergovernmental revenues for reimbursement of projects costs and TIFIA loan draw down on the I-15 Express Lanes project, offset by increased CETAP, commuter assistance, commuter rail, highways, motorist assistance, and planning and programming expenditures. Approximately 67% of the governmental fund balances represent amounts available for the Measure A program, including debt service and funding from the issuance of debt, and the TUMF program.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements, which are comprised of three components consisting of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Commission's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of activities presents information showing how the Commission's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements report the functions of the Commission that are principally supported by sales taxes and intergovernmental revenues, or governmental activities, from other functions that are intended to recover all or a significant portion of its costs through user fees and charges, or business-type activities. The governmental activities of the Commission include general government, the Measure A program, CETAP, commuter assistance, regional arterials, commuter rail, transit and specialized transportation services, planning and programming, bicycle and pedestrian facilities projects, and motorist assistance services. Measure A program services are divided within the three regions of Riverside County (County), namely Western County, Coachella Valley, and Palo Verde Valley. The business-type activities of the Commission include toll road operations.

The government-wide financial statements include only the Commission and its blended component unit. The government-wide financial statements can be found on pages 18-19 of this report.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. As a result, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental

fund balance sheet and related statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the related statement of revenues, expenditures and changes in fund balances for the Commission's major governmental funds comprised of the General fund; Measure A Western County, Measure A Coachella Valley, Transportation Uniform Mitigation Fee (TUMF), Local Transportation Fund (LTF), State Transit Assistance, and SB 132 Special Revenue funds; Commercial Paper and Bonds Capital Projects funds; and Debt Service fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplementary information section.

The Commission adopts an annual appropriated budget for the General fund, all Special Revenue funds, all Capital Projects funds, and the Debt Service fund. Budgetary comparison schedules have been provided for the General fund and major Special Revenue funds as required supplementary information and for the nonmajor Special Revenue funds and the Capital Projects and Debt Service funds as other supplementary information to demonstrate compliance with these budgets.

The governmental fund financial statements, including the reconciliation between the fund financial statements and the government-wide financial statements, can be found on pages 20-27 of this report.

**The proprietary fund** consists of an enterprise fund, which is used to report the same functions presented as business-type activities in the government-wide financial statements. The Commission uses an enterprise fund to account for its toll road operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate financial information of the RCTC 91 Express Lanes, which is a major enterprise fund of the Commission.

The proprietary fund financial statements can be found on pages 28-31 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-71 of this report.

### **Other Information**

Other information is in addition to the basic financial statements and accompanying notes to the financial statements. This report also presents certain required supplementary information concerning the Commission's budgetary results for the General fund and major Special Revenue funds as well as the schedules of proportionate share of net pension liability, pension contributions, changes in the net other post-employment benefits (OPEB) asset and related ratios, and OPEB contributions. Required supplementary information can be found on pages 75-83 of this report.

Other supplementary information is presented immediately following the required supplementary information. Other supplementary information includes the combining statements referred to earlier relating to nonmajor governmental funds; budgetary results for the nonmajor Special Revenue funds, all Capital Projects funds, and the Debt Service fund; schedules of expenditures for local streets and roads and expenditures for transit and specialized transportation; and schedule of uses of debt proceeds and fund balances. This other supplementary information can be found on pages 87-99 of this report.

### **Government-wide Financial Analysis**

As noted previously, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2020, the Commission's assets exceeded liabilities by \$440,576,157, a \$101,030,228 increase from June 30, 2019. Our analysis below focuses on the net position and changes in net position of the Commission's governmental and business-type activities.

### *Net Position*

Approximately 131%, compared to 120% in 2019, of the Commission's net position reflects its net investment in capital assets (i.e., intangibles consisting of toll facility franchise, construction in progress; land and improvements; toll infrastructure; buildings; construction and rail operating easements; rail stations; rail tracks; building and office improvements; development in progress; transponders; and office furniture, equipment, and vehicles), less any related outstanding debt used to acquire those assets, primarily related to land and tolled express lane projects. The Commission uses these capital assets to provide transportation services to the residents and business community of the County. Although the Commission's investments in capital assets is reported net of related debt, the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For business-type activities, the related debt for the RCTC 91 Express Lanes exceeded the capital assets, net of accumulated depreciation and amortization.

The most significant portion of the Commission's net position represents resources subject to external restrictions on how they may be used. Restricted net position from governmental activities represented approximately 114% and 129% of the total governmental activities net position at June 30, 2020 and 2019, respectively. Restricted net position from governmental activities increased by \$21,456,068, as a result of the increased operating contributions, offset by increased CETAP, commuter assistance, commuter rail, highways, motorist assistance, and planning and programming expenses.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted net position from governmental activities changed from an \$887,668,580 deficit at June 30, 2019 to a \$997,913,832 deficit at June 30, 2020. The governmental activities deficit results primarily from the impact of recording of the Commission's long-term debt, consisting of bonds issued for Measure A highway, local street and road, and regional arterial projects. While a significant portion of the debt has been incurred to build these projects which are capital assets, upon completion most projects except for express lanes projects are transferred to Caltrans or the local jurisdiction. Accordingly, projects other than express lanes are not assets of the Commission that offset the long-term debt in the statement of net position. Upon completion, express lanes projects and related debt are transferred to business-type activities.



Certain reclassifications have been made to 2019 amounts to conform to the 2020 presentation. Such reclassifications had no effect on the previous reported change in net position.

The following is condensed financial data related to net position at June 30, 2020 and June 30, 2019:

Net Position	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 909,152,049	\$ 863,920,518	\$ 142,589,873	\$ 104,415,452	\$1,051,741,922	\$ 968,335,970
Capital assets not being depreciated	644,934,348	484,129,864	29,215,720	38,736,133	674,150,068	522,865,997
Capital assets, net of depreciation and amortization	267,716,233	279,626,359	246,351,004	257,119,081	514,067,237	536,745,440
Total assets	1,821,802,630	1,627,676,741	418,156,597	400,270,666	2,239,959,227	2,027,947,407
Deferred outflows of resources	45,804,298	40,172,143	937,279	277,686	46,741,577	40,449,829
Total assets and deferred outflows of resources	1,867,606,928	1,667,848,884	419,093,876	400,548,352	2,286,700,804	2,068,397,236
Long-term obligations	1,000,535,282	926,889,816	691,025,618	669,865,188	1,691,560,900	1,596,755,004
Other liabilities	149,377,226	126,193,666	4,227,899	5,236,536	153,605,125	131,430,202
Total liabilities	1,149,912,508	1,053,083,482	695,253,517	675,101,724	1,845,166,025	1,728,185,206
Deferred inflows of resources	886,207	623,173	72,415	42,928	958,622	666,101
Total liabilities and deferred inflows of resources	1,150,798,715	1,053,706,655	695,325,932	675,144,652	1,846,124,647	1,728,851,307
Net position:						
Net investment in capital assets	898,390,755	706,935,587	(320,213,988)	(299,852,425)	578,176,767	407,083,162
Restricted	816,331,290	794,875,222	43,981,932	25,256,125	860,313,222	820,131,347
Unrestricted (deficit)	(997,913,832)	(887,668,580)	-	-	(997,913,832)	(887,668,580)
Net position at end of year	\$ 716,808,213	\$ 614,142,229	\$ (276,232,056)	\$ (274,596,300)	\$ 440,576,157	\$ 339,545,929

### Changes in Net Position

The Commission's total program and general revenues were \$569,431,829, while the total cost of all programs was \$468,401,601. Total revenues decreased by 2%, and the total cost of all programs increased by 7%. Those who directly benefited from the programs or other governments that subsidized certain programs with grants and contributions paid approximately 49% of the costs of the Commission's programs in 2020, compared to 51% of the costs in 2019. Sales taxes ultimately financed a significant portion of the programs' net costs.

Governmental and business-type activities increased the Commission's net position by \$101,030,228 and condensed financial data related to the change in net position is presented in the table below. Key elements of this increase are as follows:

- Charges for services decreased by \$1,961,447 or 3%, due to decreased traffic volumes on the RCTC 91 Express Lanes from March through June 2020 resulting from the COVID-19 pandemic. As a result of the COVID-19 pandemic, the RCTC 91 Express Lanes temporarily suspended account fees and stopped the escalation of outstanding violations to the collection agency, which are scheduled to resume October 1, 2020;
- Operating grants and contributions increased by \$32,640,957 or 35%, primarily due to state reimbursements related to the Pachappa underpass, Hamner bridge widening, and Jurupa and McKinley Avenue grade separation projects;
- Capital grants and contributions decreased by \$29,764,756 or 40%, primarily due to federal reimbursements in the previous year related to the I-15 Express Lanes;
- Measure A sales tax revenues decreased by \$6,168,674, or 3%. This decrease is primarily a result of the COVID-19 pandemic;
- Transportation Development Act (TDA) sales taxes decreased by \$2,941,076, or 2%, primarily as a result of the COVID-19 pandemic;

- Unrestricted investment earnings decreased \$5,460,478, or 23%, due to lower interest rates resulting from federal reserve interest rate cuts and the impacts of the COVID-19 pandemic as well as lower restricted investment cash balances;
- Other miscellaneous revenues decreased \$2,687,168, or 82%, due primarily to the sale in the previous year of rail and highway properties not included in capital assets;

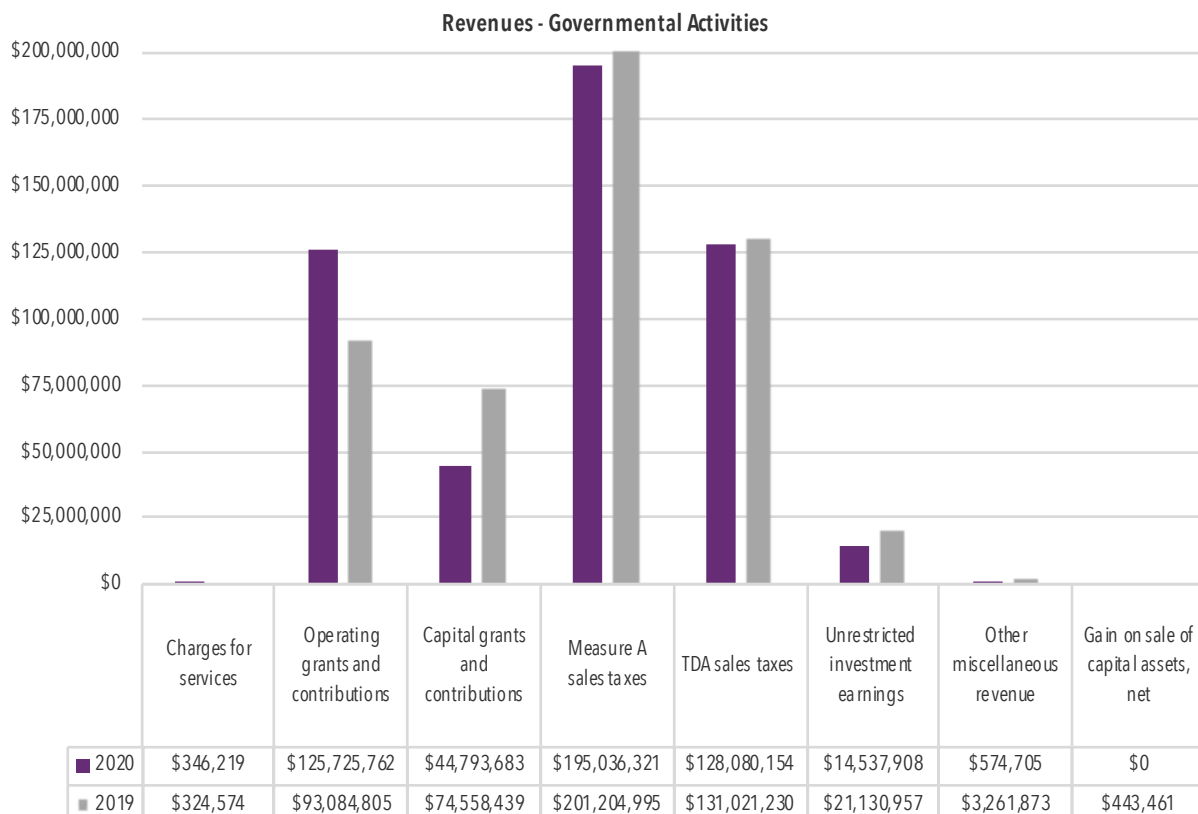
Changes in Net Position	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 346,219	\$ 324,574	\$ 56,440,369	\$ 58,423,461	\$ 56,786,588	\$ 58,748,035
Operating grants and contributions	125,725,762	93,084,805	-	-	125,725,762	93,084,805
Capital grants and contributions	44,793,683	74,558,439	-	-	44,793,683	74,558,439
General revenues:						
Measure A sales taxes	195,036,321	201,204,995	-	-	195,036,321	201,204,995
TDA sales taxes	128,080,154	131,021,230	-	-	128,080,154	131,021,230
Unrestricted investment earnings	14,537,908	21,130,957	3,896,708	2,764,137	18,434,616	23,895,094
Other miscellaneous revenue	574,705	3,261,873	-	-	574,705	3,261,873
Gain on sale of capital assets, net	-	443,461	-	-	-	443,461
Total revenues	509,094,752	525,030,334	60,337,077	61,187,598	569,431,829	586,217,932
Expenses						
General government	(1,488,917)	1,295,384	-	-	(1,488,917)	1,295,384
Bicycle and pedestrian facilities	1,367,800	2,319,895	-	-	1,367,800	2,319,895
CETAP	1,441,976	1,398,238	-	-	1,441,976	1,398,238
Commuter assistance	3,673,416	3,612,855	-	-	3,673,416	3,612,855
Commuter rail	50,573,511	48,553,459	-	-	50,573,511	48,553,459
Highways	134,815,656	91,086,623	-	-	134,815,656	91,086,623
Local streets and roads	59,474,660	61,470,359	-	-	59,474,660	61,470,359
Motorist assistance	4,818,036	4,403,671	-	-	4,818,036	4,403,671
Planning and programming	7,798,197	4,340,660	-	-	7,798,197	4,340,660
Regional arterials	11,918,666	17,048,413	-	-	11,918,666	17,048,413
Toll operations	-	-	59,962,158	55,039,168	59,962,158	55,039,168
Transit and specialized transportation	99,413,296	117,766,548	-	-	-	117,766,548
Interest expense	34,633,146	33,663,673	-	-	-	33,663,673
Total expenses	408,439,443	386,959,778	59,962,158	55,039,168	468,401,601	441,998,946
Excess (deficiency) of revenues over (under) expenses	100,655,309	138,070,556	374,919	6,148,430	101,030,228	144,218,986
Transfers	2,010,675	2,977,396	(2,010,675)	(2,977,396)	-	-
Increase (decrease) in net position	102,665,984	141,047,952	(1,635,756)	3,171,034	101,030,228	144,218,986
Net position at beginning of year	614,142,229	473,094,277	(274,596,300)	(277,767,334)	339,545,929	195,326,943
Net position at end of year	\$ 716,808,213	\$ 614,142,229	\$ (276,232,056)	\$ (274,596,300)	\$ 440,576,157	\$ 339,545,929

- General government expenses decreased by \$2,784,301, or 215%, primarily due to administrative cost allocations and the payoff of the pension unfunded actuary liability that is recognized as a deferred outflow of pension contributions subsequent to the measurement date;
- Bicycle and pedestrian facilities expenses decreased by \$952,095, or 41%, due to a decrease in claims submitted for approved projects;
- Commuter assistance expenses increased \$60,561, or 2%, primarily due to an increase in salaries and benefits and professional services;
- Commuter rail expenses increased by \$2,020,052, or 4%, as a result of commuter rail station operating and rehabilitation costs;

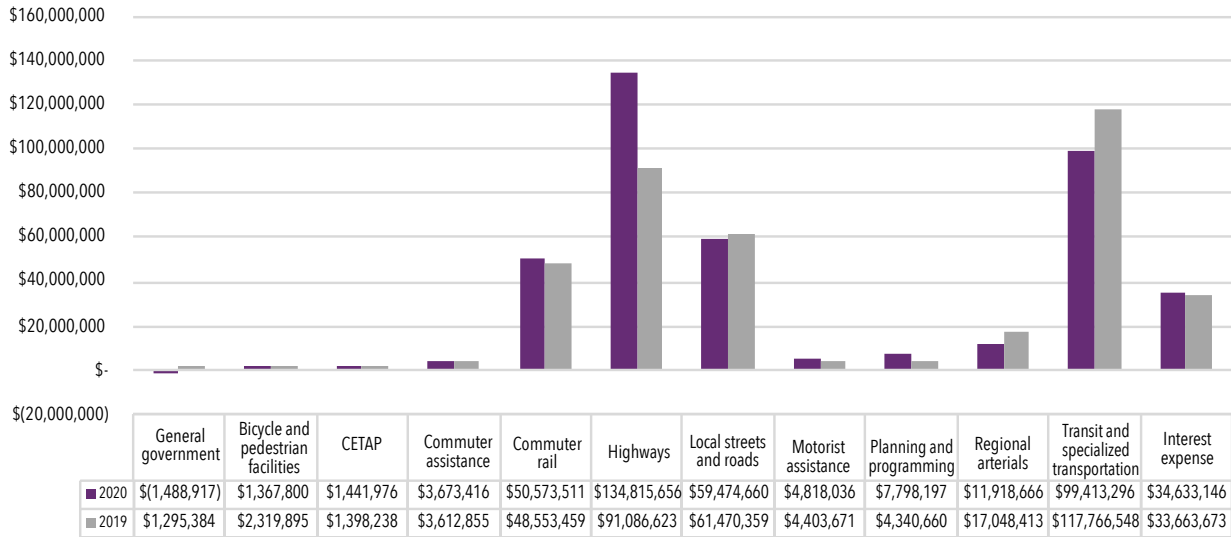


- Highway expenses increased by \$43,729,033, or 48%, due to SR-60 Truck Lanes, Pachappa underpass, I-15 Express Lanes, 15/91 Express Lanes Connector, I-15 Express Lanes southern extension, Hamner bridge widening, and Jurupa and McKinley Avenue grade separation projects;
- Local streets and roads expenses decreased by \$1,995,699 or 3%, because of a decrease in the overall Measure A sales tax revenue which affects the local streets and road distributions to local jurisdictions;
- Motorist assistance expenses increased by \$414,365, or 9%, due primarily to new freeway service patrol beats in south Western County and one-time expenses for interactive voice response platforms and upgrade of all call boxes to 4G;
- Planning and programming expenses increased by \$3,457,537, or 80%, due to signal synchronization projects and public outreach efforts;
- Regional arterial expenses decreased by \$5,129,747, or 30%, as a result of a net decrease in reimbursements to local jurisdictions for approved regional arterial projects;
- Toll operations expenses increased by \$4,922,990, or 9%, as a result of a net increase in operating and other financing-related costs, depreciation and amortization, and interest expense for the RCTC 91 Express Lanes, as well as the loss on sale of excess properties;
- Transit and specialized transportation expenses decreased by \$18,353,252, or 16%, due to a decrease in bus transit operating and capital claims in Western County and Coachella Valley geographic areas; and
- Interest expenses related to governmental activities increased by \$969,473 or 3%, primarily as a result of the net impacts of the current year's interest payments, amortization of the loss on refunding bonds, and amortization of sales tax bond premiums; and
- Internal transfers decreased \$966,721, or 32%, due to the transfer of surplus funds in the previous year for the 91 Corridor Operations and 15/91 Express Lanes Connector projects.

The graphs below present the program and general revenues by source and program expenses for the Commission's governmental activities for the fiscal years ended June 30, 2020 and June 30, 2019:

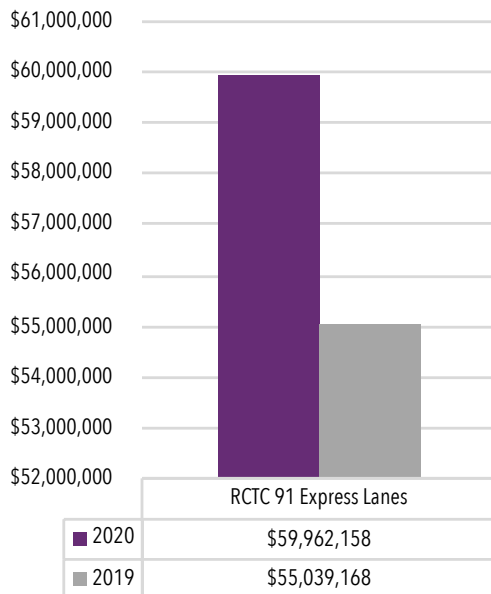


### Expenses - Governmental Activities

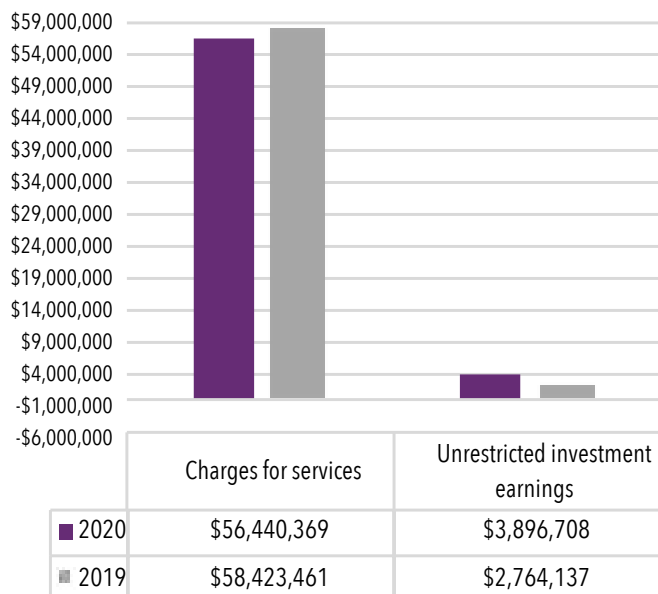


The graphs below present the program and general revenues by source and program expenses for the Commission's business-type activities for the fiscal years ended June 30, 2020 and June 30, 2019:

### Expenses - Business-Type Activities



### Revenue - Business-Type Activities



## Financial Analysis of the Commission's Funds

### Governmental Funds

The focus of the Commission's governmental funds is to provide information on a near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements.

As of June 30, 2020, the Commission's governmental funds reported combined ending fund balances of \$810,326,181, an increase of \$20,112,108 compared to 2019. Less than 1%, or \$3,169,991, is nonspendable fund balance related to prepaid amounts; \$3,267,803 is assigned fund balance for general government administration activities; an unassigned deficit of \$30,566 is related to a deficit fund balance in a nonmajor governmental fund. The remainder of the fund balance is restricted to indicate the following externally enforceable legal restrictions:

- \$8,303,262 in TDA funds that have been allocated to jurisdictions within the County for bicycle and pedestrian projects;
- \$53,511,289 of TUMF funds for new CETAP corridors in Western County;
- \$16,013,093 for Western County commuter assistance activities such as expansion of park-and-ride facilities and other projects and programs that encourage commuters to use alternative modes of transportation under the 2009 Measure A program;
- \$61,984,484 in TDA, Measure A, and Proposition 1B funds for commuter rail operations and capital projects and \$2,902,126 in TDA and Proposition 1B funds for the Coachella Valley/San Geronio Pass rail corridor;
- \$11,652,316 in 2009 Measure A funds available to pay sales tax revenue bonds debt service over the next year;
- \$289,081,089 for highway, economic development, and new corridor projects related to the 1989 Measure A and 2009 Measure A programs;
- \$413 for local streets and roads programs that are returned to the jurisdictions within the County for maintenance and construction of their roads and local arterials under the 2009 Measure A program;
- \$10,908,298 in state funds for motorist assistance services;
- \$2,507,188 of TDA funds for planning and programming activities;
- \$53,566,510 and \$64,025,819 for regional arterial projects in Western County related to the 2009 Measure A and TUMF programs, respectively;
- \$10,169,737 of Measure A funds for transit and specialized transportation in the Western County and \$1,705,158 for specialized transportation in the Coachella Valley; and
- \$217,588,171 in TDA funds available to the commuter rail and bus transit operations and capital in the County.

The following table presents the changes in fund balances for the governmental funds for the fiscal years ended June 30, 2020 and 2019:

	Fund Balances Year Ended June 30		% Change
	2020	2019	
General fund	\$ 25,862,291	\$ 29,124,269	11%
Special Revenue major funds:			
Measure A Western County	263,779,809	253,925,602	4%
Measure A Coachella Valley	63,573,136	56,410,474	13%
Transportation Uniform Mitigation Fee	117,537,108	109,653,332	7%
Local Transportation Fund	97,108,303	91,541,353	6%
State Transit Assistance	119,712,384	107,469,411	11%
SB 132	28,746	(1,272,356)	103%
Capital Projects major funds:			
Commercial Paper	18,123,165	23,091,659	(22)%
Bonds	70,028,781	88,561,805	(21)%
Debt Service fund	11,652,316	11,437,149	2%
Nonmajor governmental funds	22,920,142	20,271,375	13%



Key elements for the changes in fund balances are as follows:

- The 11% decrease in the General fund resulted from increased commuter rail and planning and programming expenditures, offset by decreased intergovernmental reimbursements;
- The 4% increase in the Measure A Western County Special Revenue fund was attributed to transfers from the capital project fund and the RCTC 91 Express Lanes fund for highway projects;
- The 13% increase in the Measure A Coachella Valley Special Revenue fund was attributed to excess 2009 Measure A revenues over expenditures for Coachella Valley highway and regional arterial projects;
- The 7% increase in the TUMF Special Revenue fund was attributable to excess TUMF revenues over CETAP and regional arterial projects;
- The 6% increase in the Local Transportation Fund resulted from the excess of sales tax revenues over claims of allocations for transit operations and capital projects and for bicycle and pedestrian facility projects;
- The 11% increase in the State Transit Assistance fund resulted from less claims for allocations for transit operations over sales tax revenues;
- The 103% increase in the SB 132 fund resulted from the reimbursements from the Department of Transportation for eligible project reimbursements;
- The 22% decrease in the Commercial Paper Capital Projects fund was attributed to the use of excess funds for the repayment of debt service;
- The 21% decrease in the Bonds Capital Projects fund was attributed to transfers out to the Measure A Western County Special Revenue fund for project costs;
- The 2% increase in the Debt Service fund was attributable to the increased federal subsidy received from the U.S. Treasury related to the 2010 Bonds; and
- The 13% increase in nonmajor governmental funds resulted primarily from the excess of sales tax revenues over claims of allocations for transit capital projects and an increase in motorist assistance revenues for freeway service patrol services.

### **Proprietary Fund**

The Commission's proprietary fund provides the same type of information found in the government-wide financial statements. The net position of the proprietary fund totaled a deficit of \$276,232,056 at June 30, 2020. The deficit is related to the RCTC 91 Express Lanes toll-supported debt in excess of capital and intangible assets.

### **General Fund Budgetary Highlights**

The \$2,491,500 increase in General Fund expenditure appropriations between the original budget and the final amended budget for the General fund was related to the following changes:

- \$62,400 increase to general government for various operations support services;
- \$54,000 increase to the commuter rail program for program management activities;
- \$2,470,500 increase to the planning and programming activities support costs;
- \$15,800 increase for debt service for capital lease payments; and
- \$111,200 decrease to capital outlay for furniture and equipment.

During the year, General fund revenues were lower than budgetary estimates by \$5,440,779; expenditures were less than budgetary estimates by \$19,532,733. General fund budgetary variances between the final amended budget and actual amounts are as follows:

General Fund Budgetary Variances	Year Ended June 30, 2020			
	Original Budget	Final Amended Budget	Actual	% Variance
Revenues				
Intergovernmental	\$ 11,664,700	\$ 11,664,700	\$ 5,338,528	(54)%
Investment income	499,400	276,100	285,148	3%
Other	400	400	876,745	219086%
Total revenues	12,164,500	11,941,200	6,500,421	(46)%
Expenditures				
Current				
General government	12,301,100	12,363,500	-	100%
Commuter rail	29,093,700	29,147,700	23,118,132	26%
Planning and programming	4,646,800	7,117,300	7,192,725	(1)%
Transit and specialized transportation	1,071,600	1,071,600	1,051,348	2%
Debt service	-	15,800	15,762	-
Capital outlay	1,306,000	1,194,800	-	100%
Total expenditures	48,419,200	50,910,700	31,377,967	62%
Other financing sources (uses)				
Transfers in	40,408,800	45,209,800	21,682,561	(52)%
Transfers out	(3,394,600)	(3,394,600)	(66,993)	98%
Total other financing sources (uses)	\$ 37,014,200	\$ 41,815,200	\$ 21,615,568	(48)%

Significant budgetary variances between the final amended budget and actual amounts are as follows:

- \$6,326,172 negative variance for intergovernmental revenues primarily related to lower intergovernmental reimbursements for commuter rail expenditures;
- \$876,345 positive variance for other revenues related to higher planning and programming reimbursements related to signal synchronization projects;
- \$12,363,500 positive variance for general government expenditures primarily related to administrative cost allocations process;
- \$6,029,568 positive variance for commuter rail expenditures related to lower station maintenance and repairs and Metrolink operations;
- \$1,194,800 positive variance for capital outlay expenditures related to administrative costs allocations;
- \$23,527,239 negative variance for transfers in related to the administrative cost allocations and lower commuter rail activities than anticipated; and
- \$3,327,607 positive variance for transfers out related to the administrative cost allocations process that affected commuter rail, planning and programming, and transit and specialized transportation activities.

## Capital Assets

As of June 30, 2020, the Commission had \$1,188,217,305, net of accumulated depreciation and amortization, invested in a broad range of capital assets including development and construction in progress and easements; land and land improvements; construction rail operating easements, stations, and tracks; buildings; toll infrastructure; transponders; toll facility franchise; and office improvements, furniture, equipment, and vehicles. The total increase in the Commission's total capital assets, net for FY 2019/20 was 16% and primarily attributable to construction in progress related to the I-15 Express Lanes project, which is expected to be completed and open in Spring 2021.

Major capital asset additions during 2020 included construction in progress related to preliminary engineering, construction, and design-build costs for the I-15 Express Lanes and rail station improvements; land acquisitions; development in progress; rail stations; construction easements; buildings; and office improvements, furniture, equipment and vehicles.

The table below is a comparative summary of the Commission's capital assets, net of accumulated depreciation:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Capital assets not being depreciated:						
Land and land improvements	\$ 179,433,422	\$ 169,894,576	\$ 29,215,720	\$ 38,736,133	\$ 208,649,142	\$ 208,630,709
Construction easements	4,221,021	1,221,021	-	-	4,221,021	1,221,021
Rail operating easements	63,846,199	63,846,199	-	-	63,846,199	63,846,199
Construction in progress	397,206,440	249,061,099	-	-	397,206,440	249,061,099
Development in progress	227,266	106,969	-	-	227,266	106,969
Total capital assets not being depreciated	644,934,348	484,129,864	29,215,720	38,736,133	674,150,068	522,865,997
Capital assets being depreciated and amortized, net of accumulated depreciation and amortization:						
Rail stations	129,708,580	136,390,623	-	-	129,708,580	136,390,623
Rail tracks	134,240,658	139,272,770	-	-	134,240,658	139,272,770
Temporary construction easements	57,815	289,076	-	-	57,815	289,076
Buildings and building improvements	3,148,989	2,935,656	1,124,381	1,280,972	4,273,370	4,216,628
Toll infrastructure	-	-	10,247,830	15,729,648	10,247,830	15,729,648
Transponders	-	-	178,652	269,416	178,652	269,416
Toll facility franchise	-	-	234,779,131	239,801,144	234,779,131	239,801,144
Office improvements, furniture, equipment, and vehicles	560,191	738,234	21,010	37,901	581,201	776,135
Total capital assets, net of accumulated depreciation and amortization	267,716,233	279,626,359	246,351,004	257,119,081	514,067,237	536,745,440
Total capital assets	\$ 912,650,581	\$ 763,756,223	\$ 275,566,724	\$ 295,855,214	\$ 1,188,217,305	\$ 1,059,611,437

On March 20, 2017, the 91 Project was substantially completed and the RCTC 91 Express Lanes opened to motorists. In connection with a toll facilities agreement with Caltrans, or service concession agreement, the Commission may collect tolls and operate and maintain a toll facility on SR-91 from the Orange/Riverside County line to I-15 for 50 years from opening.

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

## Debt Administration

As of June 30, 2020, the Commission had \$1,730,325,877 outstanding in sales tax and toll revenue bonds and TIFIA loans. The total debt increased from the \$1,634,419,716 outstanding as of June 30, 2019, primarily due to the following:

- TIFIA loan draw of \$111,301,868 and \$1,668,411 compounded interest related to the I-15 Express Lanes project;
- Sales tax revenue bonds principal payments of \$27,245,000;
- Sales tax revenue bonds premium amortization of \$11,511,679;
- Toll revenue bonds capital appreciation bonds accretion of \$5,150,812;
- Toll revenue bonds discount amortization of \$73,073; and
- TIFIA compounded interest of \$16,468,676 on the RCTC 91 Express Lanes.

The Commission's sales tax revenue bonds received ratings of "AA+" from S&P Global Ratings (S&P), "Aa2" from Moody's Investors Service (Moody's), and "AA" from Fitch Ratings (Fitch), and the toll revenue bonds related to the 91 Project received ratings of "A" and "BBB+" from S&P and Fitch, respectively. The TIFIA loan related to the 91 Project received a rating of "BBB+" from Fitch, and the TIFIA loan related to the I-15 Express Lanes project received ratings of "BBB" from Kroll Bond Rating Agency and "BBB-" from Fitch.

In March 2005 the Commission established a commercial paper program, currently authorized at \$60,000,000 to provide advance funding for 2009 Measure A capital projects. The commercial paper notes are rated "A1" by S&P and "P1" by Moody's. As of June 30, 2020, the Commission had \$0 in commercial paper notes outstanding.

The sales tax revenue debt limitation for the Commission under the 2009 Measure A program is \$975,000,000 which exceeds the total outstanding debt of \$805,810,000. The Commission has also authorized the issuance of toll revenue bonds, including a TIFIA loan, for the 91 Project not to exceed \$900,000,000, which is in excess of the total outstanding debt of \$690,987,132. In March 2020, the Commission authorized the sale and issuance of not to exceed \$725 million of toll revenue refunding bonds related to the RCTC 91 Express Lanes; the Commission did not issue the refunding bonds prior to June 30, 2020. TIFIA loans provided federal funding up to \$421,054,409 for the 91 Project and \$152,214,260 for the I-15 Express Lanes project on a subordinate lien basis and a senior lien basis, respectively.

Additional information on the Commission's long-term debt can be found in Note 6 to the financial statements.

### **Economic Factors and Other Factors**

During its March 2020 Commission meeting, the Commission adopted guiding principles for use in the preparation of the FY 2020/21 Budget. These principles have been incorporated in goals of the Commission and will continue to be updated annually in response to the ever-changing social, political, and economic environment. The principles are a business planning tool designed to assist the Commission in implementing its strategic goals and objectives and lays the foundation for future financial planning for the annual budget process.

The Commission adopted the FY 2020/21 annual budget on June 10, 2020. Approximately 31% of the \$1,291,574,800 balanced budget is related to capital project expenditures, including:

- \$14,482,100 for completion of right of way acquisition, construction, and design-build activities related to the 91 Project consisting of tolled express and general purpose lanes and interchange improvements;
- \$36,997,000 for preliminary engineering, construction and right of way activities related to the 91 Corridor Operations project;
- \$66,315,000 for construction and design-build activities related to the I-15 Express Lanes project;
- \$50,229,000 for right of way support services, construction, and design-build activities related to the 15/91 Express Lanes Connector project;
- \$26,425,000 for right of way support services, final design, and construction related to the I-15/ Railroad Canyon Interchange project;
- \$34,000,000 for preliminary engineering, right of way acquisition/support services, and construction related to the Western County SB 132 projects for which the Commission is not the lead agency;
- \$42,876,000 for preliminary, construction and right of way related to the SR-60 truck lanes project;
- \$14,102,000 for engineering support services, right of way acquisition/support services, and construction related to the Pachappa Underpass project;
- \$17,763,400 for various Western County Measure A and TUMF regional arterial projects; and
- \$57,755,000 for preliminary engineering, construction, and right of way acquisition/support services for the Mid County Parkway project.

Distributions to the local jurisdictions for local streets and roads are budgeted at \$48,479,100. Budgeted expenditures related to funding of public bus transit operations and capital projects in the County aggregate \$135,422,700, and budgeted transfers out related to funding of commuter rail operations and capital are \$9,000,000. Debt service costs are \$575,345,900, or 45% of the budget.

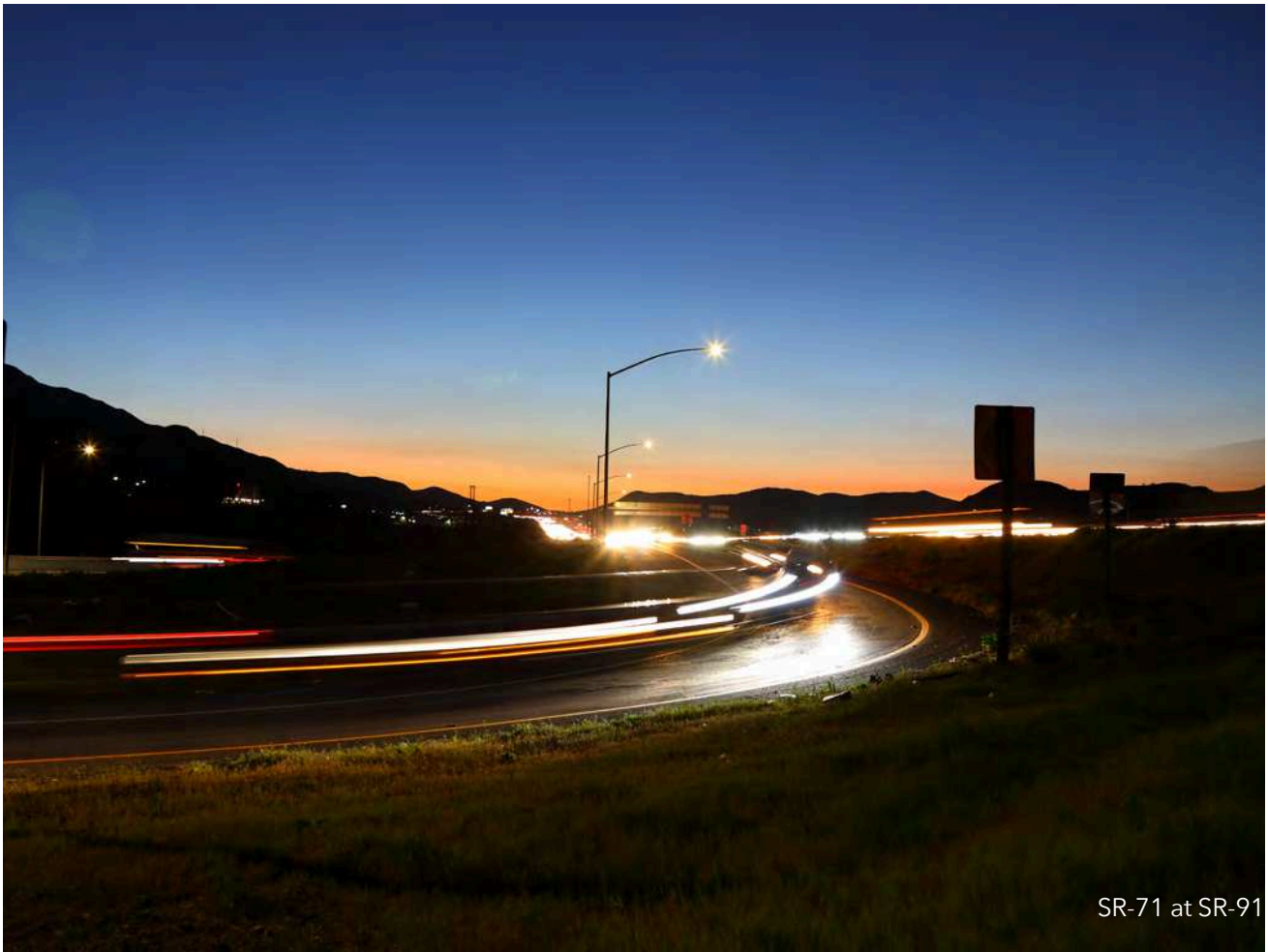
The Commission considered the COVID-19 impacts on revenue projections in preparing its 2021 fiscal year budget.

There are obvious variables in terms of project financing available from federal and state funds. There is continuing uncertainty regarding long-term federal transportation funding for the Commission's capital projects and programs. The Commission continues to study alternative financing alternatives such as tolled express lane facilities and federal financing programs to support the delivery of 2009 Measure A projects.

### **Contacting the Commission's Management**

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the government's finances and to show the Commission's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Finance Department at the Riverside County Transportation Commission, 4080 Lemon Street, 3rd Floor, P.O. Box 12008, Riverside, California 92502-2208.

# Basic Financial Statements



**Riverside County Transportation Commission**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 648,422,739	\$ 60,767,378	\$ 709,190,117
Receivables:			
Accounts	162,232,647	626,837	162,859,484
Advances to other governments	21,156,321	-	21,156,321
Interest	1,862,944	395,472	2,258,416
Internal balances	578,984	(578,984)	-
Due from other governments	233,847	-	233,847
Prepaid expenses and other assets	3,169,991	167,237	3,337,228
Restricted investments held by trustee	70,963,012	81,168,497	152,131,509
Net other post-employment benefits assets	531,564	43,436	575,000
Capital assets not being depreciated	644,934,348	29,215,720	674,150,068
Capital assets, net of accumulated depreciation and amortization	267,716,233	246,351,004	514,067,237
<b>Total assets</b>	<b>1,821,802,630</b>	<b>418,156,597</b>	<b>2,239,959,227</b>
<b>Deferred outflows of resources</b>			
Loss on refunding of bonds	34,333,948	-	34,333,948
Pension related	10,947,106	894,523	11,841,629
Other post-employment benefits related	523,244	42,756	566,000
<b>Total deferred outflows of resources</b>	<b>45,804,298</b>	<b>937,279</b>	<b>46,741,577</b>
<b>Total assets and deferred outflows of resources</b>	<b>1,867,606,928</b>	<b>419,093,876</b>	<b>2,286,700,804</b>
<b>Liabilities</b>			
Accounts payable	94,869,356	1,562,418	96,431,774
Interest payable	3,717,670	1,976,606	5,694,276
Other liabilities	2,526,220	434	2,526,654
Long-term liabilities:			
Due within one year - bonds, leases, and compensated absences	40,016,763	14,535	40,031,298
Due in more than one year			
Net pension liabilities	8,247,217	673,906	8,921,123
Bonds, leases, and compensated absences	1,000,535,282	691,025,618	1,691,560,900
<b>Total liabilities</b>	<b>1,149,912,508</b>	<b>695,253,517</b>	<b>1,845,166,025</b>
<b>Deferred inflows of resources</b>			
Pension related	401,790	32,832	434,622
Other post-employment benefits related	484,417	39,583	524,000
<b>Total deferred inflows of resources</b>	<b>886,207</b>	<b>72,415</b>	<b>958,622</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,150,798,715</b>	<b>695,325,932</b>	<b>1,846,124,647</b>
<b>Net position</b>			
Net investment (deficit) in capital assets	898,390,755	(320,213,988)	578,176,767
Restricted for:			
Bicycle and pedestrian facilities	8,303,262	-	8,303,262
CETAP	53,511,289	-	53,511,289
Commuter assistance	16,013,093	-	16,013,093
Commuter rail	65,052,918	-	65,052,918
Debt service	11,652,316	-	11,652,316
Highways	301,257,991	-	301,257,991
Local streets and roads	413	-	413
Motorist assistance	10,908,798	-	10,908,798
Express lanes	-	43,981,932	43,981,932
Planning and programming	2,558,615	-	2,558,615
Regional arterials	117,592,329	-	117,592,329
Transit and specialized transportation	229,480,266	-	229,480,266
Unrestricted (deficit)	(997,913,832)	-	(997,913,832)
<b>Total net position</b>	<b>\$ 716,808,213</b>	<b>\$ (276,232,056)</b>	<b>\$ 440,576,157</b>

See notes to basic financial statements

**Riverside County Transportation Commission**

**Statement of Activities**

**Year Ended June 30, 2020**

		Net (Expense) Revenue and Changes in Net Position						
Functions/Programs	Expenses	Program Revenues						
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General government	\$ (1,488,917)	\$ 133	\$ -	\$ -	\$ 1,489,050	\$ -	\$ 1,489,050	
Bicycle and pedestrian facilities	1,367,800	-	-	-	(1,367,800)	-	(1,367,800)	
CETAP	1,441,976	-	11,284,437	-	9,842,461	-	9,842,461	
Commuter assistance	3,673,416	-	1,292,434	-	(2,380,982)	-	(2,380,982)	
Commuter rail	50,573,511	251,084	6,684,033	5,111,184	(38,527,210)	-	(38,527,210)	
Highways	134,815,656	95,002	86,788,602	39,682,499	(8,249,553)	-	(8,249,553)	
Local streets and roads	59,474,660	-	-	-	(59,474,660)	-	(59,474,660)	
Motorist assistance	4,818,036	-	5,192,595	-	374,559	-	374,559	
Planning and programming	7,798,197	-	1,998,213	-	(5,799,984)	-	(5,799,984)	
Regional arterials	11,918,666	-	12,484,950	-	566,284	-	566,284	
Transit and specialized transportation	99,413,296	-	498	-	(99,412,798)	-	(99,412,798)	
Interest expense	34,633,146	-	-	-	(34,633,146)	-	(34,633,146)	
Total governmental activities	408,439,443	346,219	125,725,762	44,793,683	(237,573,779)	-	(237,573,779)	
Business-type Activities:								
RCTC 91 Express Lanes	59,962,158	56,440,369	-	-	-	(3,521,789)	(3,521,789)	
Total Primary Government	\$ 468,401,601	\$ 56,786,588	\$ 125,725,762	\$ 44,793,683	(237,573,779)	(3,521,789)	(241,095,568)	

General Revenues:

Measure A sales taxes	195,036,321	-	195,036,321
Transportation Development Act sales taxes	128,080,154	-	128,080,154
Unrestricted investment earnings	14,537,908	3,896,708	18,434,616
Other miscellaneous revenue	574,705	-	574,705
Transfers	2,010,675	(2,010,675)	-
Total general revenues and transfers	340,239,763	1,886,033	342,125,796
Change in net position	102,665,984	(1,635,756)	101,030,228
Net position (deficit) at beginning of year	614,142,229	(274,596,300)	339,545,929
Net position (deficit) at end of year	\$ 716,808,213	\$ (276,232,056)	\$ 440,576,157

See notes to basic financial statements



**Riverside County Transportation Commission**

**Balance Sheet - Governmental Funds**

**June 30, 2020**

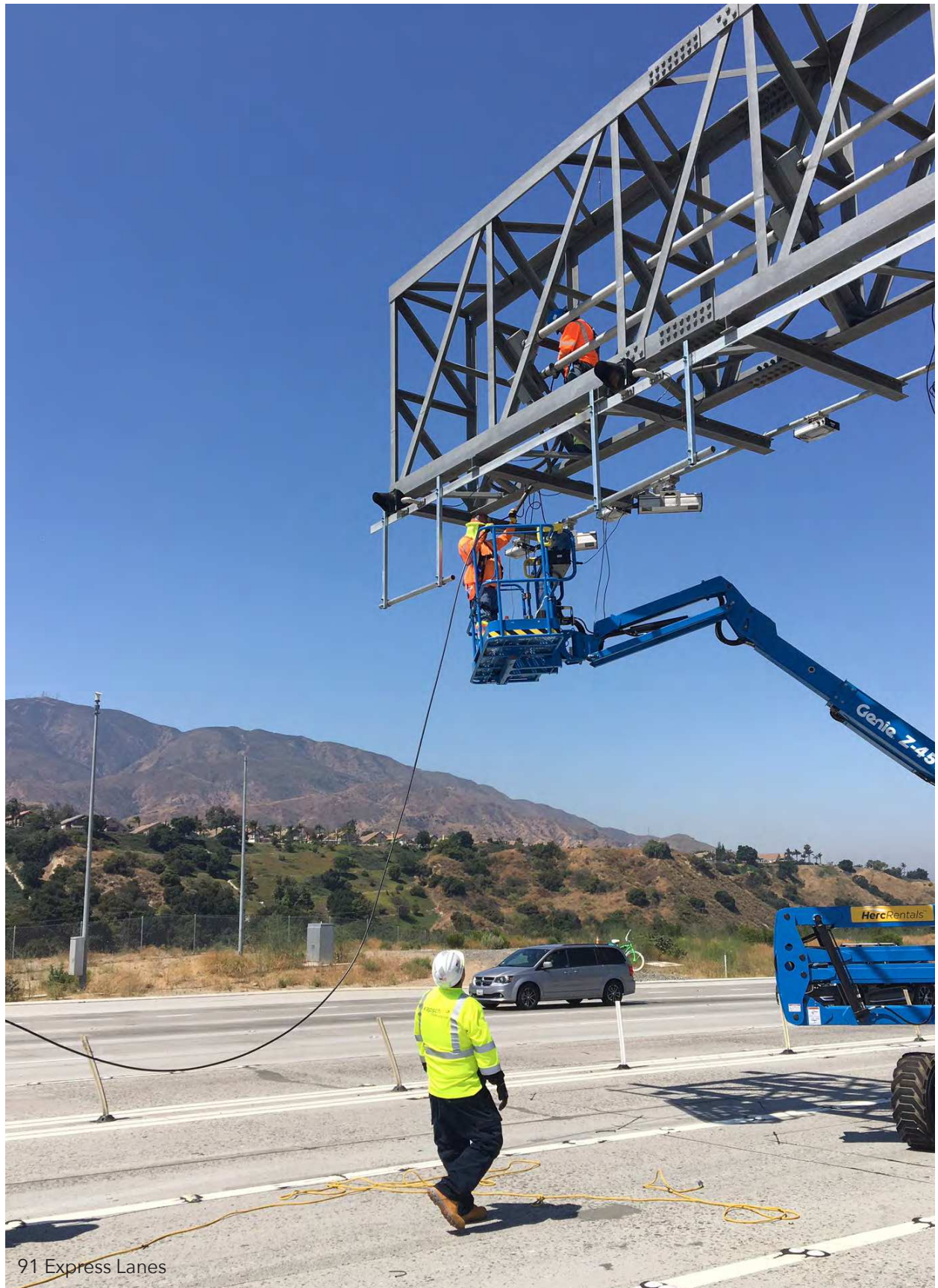
	Major Funds						
	Special Revenue						
		Measure A	Measure A	Transportation		State	
	General	Western	Coachella	Uniform	Local	Transit	
		County	Valley	Mitigation	Transportation	Assistance	SB 132
				Fee	Fund		
Assets							
Cash and investments	\$ 11,916,022	\$ 231,538,907	\$ 62,479,495	\$ 114,495,567	\$ 78,068,171	\$ 114,930,075	\$ -
Receivables							
Accounts	5,043,157	66,470,800	8,053,131	6,471,044	19,845,188	6,041,230	44,924,155
Advances	-	-	-	-	-	-	-
Interest	39,714	716,879	148,949	280,148	156,738	276,790	5,883
Due from other funds	10,783,060	1,920,138	142,164	159,113	360,000	-	13,934
Advances to other funds	-	6,000,000	-	-	-	-	-
Prepaid expenditures and other assets	136,038	2,964,826	-	-	17,200	-	-
Restricted investments held by trustee	-	-	-	-	-	-	-
Total assets	\$ 27,917,991	\$ 309,611,550	\$ 70,823,739	\$ 121,405,872	\$ 98,447,297	\$ 121,248,095	\$ 44,943,972
Liabilities, deferred inflows of resources, and fund balances							
Liabilities							
Accounts payable	\$ 1,488,356	\$ 43,223,078	\$ 6,619,584	\$ 3,587,650	\$ 258,994	\$ 1,493,611	\$ 37,464,418
Due to other funds	367,586	1,793,673	631,019	279,687	1,080,000	42,100	7,450,808
Advances from other funds	-	-	-	-	-	-	-
Other liabilities	199,758	814,990	-	1,427	-	-	-
Total liabilities	2,055,700	45,831,741	7,250,603	3,868,764	1,338,994	1,535,711	44,915,226
Deferred inflows of resources - unavailable revenue	-	-	-	-	-	-	-
Fund balances							
Nonspendable-prepaid amounts	136,038	2,964,826	-	-	17,200	-	-
Restricted for							
Bicycle and pedestrian facilities	-	-	-	-	8,303,262	-	-
CETAP	-	-	-	53,511,289	-	-	-
Commuter assistance	-	16,013,093	-	-	-	-	-
Commuter rail	19,951,262	42,033,222	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Highways	-	139,032,421	61,867,976	-	-	-	28,746
Local streets and roads	-	-	2	-	-	-	-
Motorist assistance	-	-	-	-	-	-	-
Planning and programming	2,507,188	-	-	-	-	-	-
Regional arterials	-	53,566,510	-	64,025,819	-	-	-
Transit and specialized transportation	-	10,169,737	1,705,158	-	88,787,841	119,712,384	-
Assigned							
General government	3,267,803	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	25,862,291	263,779,809	63,573,136	117,537,108	97,108,303	119,712,384	28,746
Total liabilities and fund balances	\$ 27,917,991	\$ 309,611,550	\$ 70,823,739	\$ 121,405,872	\$ 98,447,297	\$ 121,248,095	\$ 44,943,972

See notes to basic financial statements

**Riverside County Transportation Commission**  
**Balance Sheet - Governmental Funds, Continued**  
**June 30, 2020**

	Major Funds				
	Capital Projects			Other	
	Commercial		Debt	Nonmajor	
	Paper	Bonds	Service	Governmental	Total
				Funds	
Assets					
Cash and investments	\$ 451,790	\$ 9,100,258	\$ 4,960,148	\$ 20,482,306	\$ 648,422,739
Receivables					
Accounts	-	-	1,408,604	3,975,338	162,232,647
Advances	18,259,767	2,896,554	-	-	21,156,321
Interest	3,273	177,169	11,138	46,263	1,862,944
Due from other funds	434,145	67,894	-	-	13,880,448
Advances to other funds	-	-	-	-	6,000,000
Prepaid expenditures and other assets	-	-	-	51,927	3,169,991
Restricted investments held by trustee	-	64,139,818	6,823,194	-	70,963,012
Total assets	\$ 19,148,975	\$ 76,381,693	\$ 13,203,084	\$ 24,555,834	\$ 927,688,102
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 733,665	\$ 94,869,356
Due to other funds	-	-	1,550,768	105,823	13,301,464
Advances from other funds	-	6,000,000	-	-	6,000,000
Other liabilities	441,381	272,462	-	796,204	2,526,222
Total liabilities	441,381	6,272,462	1,550,768	1,635,692	116,697,042
Deferred inflows of resources - unavailable revenue	584,429	80,450	-	-	664,879
Fund balances					
Nonspendable-prepaid amounts	-	-	-	51,927	3,169,991
Restricted for					
Bicycle and pedestrian facilities	-	-	-	-	8,303,262
CETAP	-	-	-	-	53,511,289
Commuter assistance	-	-	-	-	16,013,093
Commuter rail	-	-	-	2,902,126	64,886,610
Debt service	-	-	11,652,316	-	11,652,316
Highways	18,123,165	70,028,781	-	-	289,081,089
Local streets and roads	-	-	-	411	413
Motorist assistance	-	-	-	10,908,298	10,908,298
Planning and programming	-	-	-	-	2,507,188
Regional arterials	-	-	-	-	117,592,329
Transit and specialized transportation	-	-	-	9,087,946	229,463,066
Assigned					
General government	-	-	-	-	3,267,803
Unassigned	-	-	-	(30,566)	(30,566)
Total fund balances	18,123,165	70,028,781	11,652,316	22,920,142	810,326,181
Total liabilities and fund balances	\$ 19,148,975	\$ 76,381,693	\$ 13,203,084	\$ 24,555,834	\$ 927,688,102

See notes to basic financial statements



91 Express Lanes

**Riverside County Transportation Commission**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2020**

<b>Total fund balances - Governmental funds page 21</b>	<b>\$ 810,326,181</b>
Amounts reported for governmental activities in the statement of net position page 18 are different because:	
Amounts due from other governments are not an available resource and therefore, are not reported in the funds.	233,847
Deferred outflows of pension resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	10,947,106
Deferred inflows of pension resources are not due and payable in the current period and, therefore, are not reported in the funds.	(401,790)
Deferred outflows of other post-employment benefits resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	523,244
Deferred inflows of other post-employment benefits resources are not due and payable in the current period and, therefore, are not reported in the funds.	(484,417)
Capital assets, less related accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.	912,650,581
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unearned revenue in the funds.	664,881
Interest payable on bonds outstanding is not due and payable in the current period and therefore is not reported in the funds.	(3,717,670)
Net other post-employment asset is not reported in the funds.	531,564
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Net pension liability	(8,247,217)
Compensated absences	(1,171,479)
Capital lease obligation	(41,821)
Sales tax bonds payable	(805,810,000)
TIFIA loan	(128,092,018)
Loss on refunding of sales tax bonds	34,333,948
Premium on sales tax revenue bonds payable	(105,436,727)
Net adjustment	(1,014,465,314)
<b>Net position of governmental activities page 18</b>	<b>\$ 716,808,213</b>

*See notes to basic financial statements*

**Riverside County Transportation Commission**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**

Year Ended June 30, 2020

	Major Funds						
	Special Revenue						SB 132
	General	Measure A Western County	Measure A Coachella Valley	Transportation Uniform Mitigation Fee	Local Transportation Fund	State Transit Assistance	
Revenues							
Sales taxes	\$ -	\$ 152,356,159	\$ 41,832,334	\$ -	\$ 100,283,641	\$ 23,910,447	\$ -
Transportation Uniform Mitigation Fee	-	-	-	23,257,905	-	-	-
Intergovernmental	5,338,528	53,356,973	-	527,029	-	498	77,527,098
Investment income	285,148	4,159,573	1,108,859	2,120,529	1,167,823	2,073,193	31,818
Other	876,745	1,197,392	-	25,212	-	-	-
Total revenues	6,500,421	211,070,097	42,941,193	25,930,675	101,451,464	25,984,138	77,558,916
Expenditures							
Current:							
General government	-	534,338	-	-	12,000	-	-
Bicycle and pedestrian facilities	-	-	-	-	1,367,800	-	-
CETAP	-	215	-	11,104,593	-	-	-
Commuter assistance	-	3,938,474	-	-	-	-	-
Commuter rail	23,118,132	16,744,864	-	-	-	-	-
Highways	-	194,736,575	14,793,955	-	-	-	76,424,673
Local streets and roads	-	43,985,055	14,642,656	-	-	-	-
Motorist assistance	-	-	-	-	-	-	-
Planning and programming	7,192,725	-	-	-	817,000	-	-
Regional arterials	-	4,939,979	-	7,119,421	-	-	-
Transit and specialized transportation	1,051,348	6,145,842	6,484,084	-	72,016,819	13,291,165	-
Total programs	31,362,205	271,025,342	35,920,695	18,224,014	74,213,619	13,291,165	76,424,673
Debt service:							
Principal	8,683	-	-	-	-	-	-
Interest	7,079	-	-	-	-	-	-
Total debt service	15,762	-	-	-	-	-	-
Capital outlay	-	3,536,042	-	-	-	-	-
Total expenditures	31,377,967	274,561,384	35,920,695	18,224,014	74,213,619	13,291,165	76,424,673
Excess (deficiency) of revenues over (under) expenditures	(24,877,546)	(63,491,287)	7,020,498	7,706,661	27,237,845	12,692,973	1,134,243
Other financing sources (uses):							
Debt issuance	-	111,301,868	-	-	-	-	-
Transfers in	21,682,561	24,978,397	142,164	177,115	-	-	166,859
Transfers out	(66,993)	(62,934,771)	-	-	(21,670,895)	(450,000)	-
Total other financing sources (uses)	21,615,568	73,345,494	142,164	177,115	(21,670,895)	(450,000)	166,859
Net change in fund balances	(3,261,978)	9,854,207	7,162,662	7,883,776	5,566,950	12,242,973	1,301,102
Fund balances at beginning of year	29,124,269	253,925,602	56,410,474	109,653,332	91,541,353	107,469,411	(1,272,356)
Fund balances at end of year	\$ 25,862,291	\$ 263,779,809	\$ 63,573,136	\$ 117,537,108	\$ 97,108,303	\$ 119,712,384	\$ 28,746

See notes to basic financial statements

**Riverside County Transportation Commission**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**

Year Ended June 30, 2020

	Major Funds				
	Capital Projects		Debt Service	Other Nonmajor Governmental Funds	Total
	Commercial Paper	Bonds			
Revenues					
Sales taxes	\$ -	\$ -	\$ -	\$ 4,733,894	\$ 323,116,475
Transportation Uniform Mitigation Fee	-	-	-	-	23,257,905
Intergovernmental	-	-	2,811,688	6,342,438	145,904,252
Investment income	1,231,115	1,815,206	268,946	332,700	14,594,910
Other	-	-	90	184,555	2,283,994
Total revenues	1,231,115	1,815,206	3,080,724	11,593,587	509,157,536
Expenditures					
Current:					
General government	-	-	-	-	546,338
Bicycle and pedestrian facilities	-	-	-	-	1,367,800
CETAP	-	-	-	-	11,104,808
Commuter assistance	-	-	-	-	3,938,474
Commuter rail	-	-	-	1,206,698	41,069,694
Highways	-	-	-	-	285,955,203
Local streets and roads	-	-	-	847,983	59,475,694
Motorist assistance	-	-	-	4,934,056	4,934,056
Planning and programming	-	-	-	818,478	8,828,203
Regional arterials	-	-	-	-	12,059,400
Transit and specialized transportation	-	-	-	787,947	99,777,205
Total programs	-	-	-	8,595,162	529,056,875
Debt service:					
Principal	-	-	27,245,000	-	27,253,683
Interest	-	211,804	42,292,488	-	42,511,371
Total debt service	-	211,804	69,537,488	-	69,765,054
Capital outlay	-	-	-	-	3,536,042
Total expenditures	-	211,804	69,537,488	8,595,162	602,357,971
Excess (deficiency) of revenues over (under) expenditures	1,231,115	1,603,402	(66,456,764)	2,998,425	(93,200,435)
Other financing sources (uses):					
Debt issuance	-	-	-	-	111,301,868
Transfers in	-	-	69,625,783	2,869,442	119,642,321
Transfers out	(6,199,609)	(20,136,426)	(2,953,852)	(3,219,100)	(117,631,646)
Total other financing sources (uses)	(6,199,609)	(20,136,426)	66,671,931	(349,658)	113,312,543
Net change in fund balances	(4,968,494)	(18,533,024)	215,167	2,648,767	20,112,108
Fund balances at beginning of year	23,091,659	88,561,805	11,437,149	20,271,375	790,214,073
Fund balances at end of year	\$ 18,123,165	\$ 70,028,781	\$ 11,652,316	\$ 22,920,142	\$ 810,326,181

See notes to basic financial statements





I-15 in Southwest Riverside County

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities**

**Year Ended June 30, 2020**

**Net change in fund balances - Total governmental funds page 25** **\$ 20,112,108**

Amounts reported for governmental activities in the statement of activities page 19 are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over its estimated useful lives and reported as depreciation expense. The adjustment combines the net changes of the following amounts:

Capital outlay	161,733,607
Net loss on sale of assets	(24,794)
Depreciation expense	(12,814,455)
Net adjustments	148,894,358

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (56,752)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The adjustment combines the net changes of the following amounts:

Principal payments for sales tax revenue refunding bonds	4,680,000
Principal payment for sales tax revenue bonds	22,565,000
TIFIA loan proceeds	(111,301,868)
Change in TIFIA loan accrued interest	(1,668,411)
Amortization of sales tax revenue bonds premium	11,511,679
Amortization of loss on 2017B Refunding Bonds	(1,807,050)
Capital lease payments	8,683
Change in accrued interest	(157,996)
Change in Multi-Species Habitat Conservation Plan funding liability	3,000,000
Net pension liability	(443,851)
Pension change in deferred outflows of resources	7,643,822
Pension change in deferred inflows of resources	56,726
Net other post-employment benefits asset	494,142
Other post-employment benefits change in deferred outflows of resources	(204,617)
Other post-employment benefits change in deferred inflows of resources	(319,760)
Net adjustments	(65,943,501)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The adjustment combines the net changes of the compensated absences. (340,229)

**Change in net position of governmental activities page 19** **\$ 102,665,984**

*See notes to basic financial statements*



**Riverside County Transportation Commission**

**Statement of Net Position**

**Proprietary Fund**

**June 30, 2020**

	<b>RCTC 91 Express Lanes Enterprise Fund</b>
Assets	
Current assets:	
Cash and investments	\$ 60,767,378
Receivables	
Accounts	626,837
Interest	395,472
Due from Commission funds	6,084
Prepaid expenses	167,237
Total current assets	<u>61,963,008</u>
Noncurrent assets:	
Restricted investments held by trustee	81,168,497
Other post-employment benefits assets	43,436
Capital assets, net:	
Nondepreciable	29,215,720
Depreciable and amortizable	246,351,004
Total noncurrent assets	<u>356,778,657</u>
Total assets	<u>418,741,665</u>
Deferred outflows of resources	
Pension benefits	894,523
Other post-employment benefits	42,756
Total deferred outflows of resources	<u>937,279</u>
Total assets and deferred outflows of resources	<u>419,678,944</u>
Liabilities	
Current liabilities:	
Accounts payable	1,562,418
Interest payable	1,976,606
Due to Commission funds	585,068
Other liabilities	434
Compensated absences liability	14,535
Total current liabilities	<u>4,139,061</u>
Noncurrent liabilities:	
Net pension liabilities	673,906
Compensated absences liability	38,486
Bonds payable - due in more than one year	690,987,132
Total noncurrent liabilities	<u>691,699,524</u>
Total liabilities	<u>695,838,585</u>
Deferred inflows of resources	
Pension benefits	32,832
Other-post employment benefits	39,583
Total deferred inflows of resources	<u>72,415</u>
Total liabilities and deferred inflows of resources	<u>695,911,000</u>
Net position	
Net investment (deficit) in capital assets	(320,213,988)
Restricted for toll operations	43,981,932
Total net position (deficit)	<u><u>\$ (276,232,056)</u></u>

*See notes to basic financial statements*

**Riverside County Transportation Commission**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<b>RCTC 91 Express Lanes</b>
	<b>Enterprise Fund</b>
Operating revenues	
Tolls, penalties, and fees	\$ 56,440,369
Operating expenses	
Management and operational services	10,288,241
Administrative overhead	912,800
Other operating expenses	960,208
Professional services	1,341,747
General and administrative expenses	249,768
Depreciation and amortization	10,784,109
Total operating expenses	<u>24,536,873</u>
Operating income	<u>31,903,496</u>
Nonoperating revenues (expenses)	
Investment earnings	3,896,708
Interest expense	(28,855,679)
Loss on sale of capital assets	(6,569,606)
Total nonoperating revenues (expenses)	<u>(31,528,577)</u>
Income before transfers	374,919
Transfers out to governmental funds	<u>(2,010,675)</u>
Total Transfers	<u>(2,010,675)</u>
Change in net position	(1,635,756)
Net position (deficit) at beginning of year	<u>(274,596,300)</u>
Net position (deficit) at end of year	<u><u>\$ (276,232,056)</u></u>

*See notes to basic financial statements*

**Riverside County Transportation Commission**

**Statement of Cash Flows**

**Proprietary Fund**

**For the Year Ended June 30, 2020**

	<b>RCTC 91 Express Lanes</b>
	<b>Enterprise Fund</b>
Cash flows from operating activities	
Receipts from customers and users	\$ 56,666,151
Payments to vendors	(12,049,889)
Payments to employees	(733,014)
Payments for RCTC interfund services used	(1,531,184)
Reimbursements received for shared costs	452,808
Net cash provided by operating activities	<u>42,804,872</u>
Cash flows from noncapital financing activities	
Transfers of surplus funds to governmental activities	(3,083,067)
Net cash used for noncapital financing activities	<u>(3,083,067)</u>
Cash flows from capital and related financing activities	
Interest paid on long-term debt	(7,119,938)
Reimbursements from other government for acquisition of capital assets	862,000
Proceeds from sale of capital assets	2,943,152
Net cash used for capital and related financing activities	<u>(3,314,786)</u>
Cash flows from investing activities	
Interest received	3,819,795
Net cash provided by investing activities	<u>3,819,795</u>
Net increase in cash and cash equivalents	40,226,814
Cash and cash equivalents at beginning of year	101,488,556
Cash and cash equivalents at end of year	<u><u>\$ 141,715,370</u></u>
Reconciliation of cash and cash equivalents to statement of net position	
Cash and investments	\$ 60,767,378
Less: fair value adjustment	(220,505)
	60,546,873
Restricted cash and investments	81,168,497
Total cash and cash equivalents	<u><u>\$ 141,715,370</u></u>

*See notes to basic financial statements*

**Riverside County Transportation Commission**  
**Statement of Cash Flows, Continued**  
**Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<b>RCTC 91 Express Lanes</b>
	<b>Enterprise Fund</b>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income	\$ 31,903,496
Adjustments to reconcile operating income to net cash provided by (used for) operating activities	
Depreciation and amortization expense	10,784,109
(Increase) Decrease in other receivables, net	675,739
(Increase) Decrease due in from other funds	(6,084)
(Increase) Decrease in prepaid assets	34,065
Increase (Decrease) in pension and other-post employment benefits liabilities, net of deferred items	(534,597)
Increase (Decrease) in accounts payable	628,696
Increase (Decrease) in due to other funds	(681,180)
Increase (Decrease) in deposits payable	(96)
Increase (Decrease) in compensated absences liability	(1,829)
Increase (Decrease) in other liabilities	2,553
Total adjustments	10,901,376
Net cash provided by operating activities	<u>\$ 42,804,872</u>
Noncash capital, financing and investing activities	
Amortization of bond discount	\$ 73,073
Accreted and compounded interest	21,619,488
Net increase in the fair value of investments	125,702

*See notes to basic financial statements*

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 1. Summary of Significant Accounting Policies**

**Reporting entity:** The Riverside County Transportation Commission (Commission) was formed in 1976 under Division 12 (commencing with Section 130000) of the California Public Utilities Code (PUC). The Commission is a special district governed by a 34-member board of commissioners (Board) consisting of one representative from each city in the county, all five county supervisors, and one nonvoting state representative.

The Commission provides short-range transportation planning and programming for Riverside County (County), which includes the administration of the Local Transportation Fund (LTF) and the State Transit Assistance (STA) programs created under the Transportation Development Act (TDA) by the State of California (State). The LTF is administered by the Commission on behalf of the County. The purpose of this program is to allocate funds for public transportation needs, local streets and roads, bicycle and pedestrian facilities, and multimodal transportation terminals. The STA program allocates funds for public transportation purposes to those geographic areas with special public transportation needs, which cannot be met otherwise.

On November 8, 1988, the Commission was empowered by the voters of the County, under Ordinance No. 88-1 (1989 Measure A), to collect a one-half of one percent sales tax for the purpose of improving the transportation system of the County. Measure A was enacted, in part, pursuant to the provisions of Division 25 (commencing with Section 240000) of the California Public Utilities Code and Section 7252.22 of the Revenue and Taxation Code. On November 12, 2002 Riverside County's voters approved a 30-year renewal of Measure A under Ordinance No. 02 001 (2009 Measure A). The voter action ensured the replacement of the 1989 Measure A program when it expired in 2009 with a new 30-year program that continues funding transportation improvements until June 2039.

In connection with the 2009 Measure A program, the County and cities in the Western County area implemented a Transportation Uniform Mitigation Fee (TUMF) program to fund a regional arterial system to handle the traffic demands in the Western Riverside County (Western County) area as a result of future development. Under the 2009 Measure A program, the Commission shall receive the first \$400 million of TUMF revenues to fund the regional arterial projects and new Community Environmental Transportation Acceptability Process (CETAP) corridors included in the 2009 Measure A Transportation Improvement Plan. Under the Memorandum of Understanding (MOU), the majority of net revenues are allocated in equal amounts to the Commission for regional arterial projects and to Western Riverside Council of Governments (WRCOG) for local arterial projects; a small percentage is allocated for public transit. In September 2008, the Commission approved an amendment to the MOU whereby the \$400 million cap was lifted and the Commission will continue to receive its share of TUMF revenues indefinitely.

In August 2008, the State amended the Commission's authority under the PUC to include authorization to set, levy and collect tolls, user fees, or other similar charges, payable for use of the toll lanes and other facilities on the portion of State Highway Route 91 (SR-91) between the Orange County and Riverside County line to the west and Interstate 15 (I-15) to the east and to issue bonds or other obligations payable from the proceeds of such tolls and other revenues that are pledged. In March 2017, the Commission achieved substantial completion of the SR-91 corridor improvement project (91 Project) and opened the RCTC 91 Express Lanes.

In September 2008, the State amended the Commission's authority under the State's Streets and Highways Code (Sections 149.7 through 149.8) to include authorization to set, levy and collect tolls, user fees, or other similar charges, payable for use of high-occupancy toll lanes and other facilities in the I-15 corridor in Riverside County and to issue bonds or other obligations payable from the proceeds of such tolls and other revenues that are pledged. The Commission commenced the design-build phase of the I-15 Express Lanes project in 2017 and anticipates substantial completion and opening of the 15 Express Lanes in December 2020.

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 1. Summary of Significant Accounting Policies, Continued**

Accounting principles generally accepted in the United States require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The basic financial statements include all funds of the Commission including those of the Service Authority for Freeway Emergencies (SAFE), a component unit, for which the Commission is considered financially accountable. SAFE was created under Chapter 14 (commencing with Section 2550) of Division 3 of the California Streets and Highways Code and Sections 2421.5 and 9250.1 of the Vehicle Code. SAFE receives monies from fees levied on registered vehicles to be used to implement and maintain an emergency motorist aid system, as specified, on portions of the California Freeway and Expressway System in the County. The governing body of SAFE is substantially identical to that of the Commission, and management of the Commission has operational responsibility for SAFE. SAFE is presented as a special revenue fund. Separate financial statements are not issued for SAFE.

There are many other governmental agencies, including the County of Riverside, providing services within the area served by the Commission. These other governmental agencies have independently elected governing boards and consequently are not under the direction of the Commission. Financial information for these agencies is not included in the accompanying financial statements.

**Basis of presentation:** The Commission's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide statements:** The statement of net position and the statement of activities report information on all of the activities of the Commission. The effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in consolidation. These statements report governmental activities, which normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on charges and fees for services.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other internally dedicated resources, which are properly not included among program revenues, are reported instead as general revenues.

**Fund financial statements:** The fund financial statements provide information about the Commission's governmental and proprietary funds; the Commission has no fiduciary funds. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. The Commission has categorized the Commercial Paper Capital Projects fund and Debt Service fund as major funds for public interest reasons. The Commission believes that these judgmentally determined major funds are particularly important to the financial statement users. All remaining governmental funds not reported as major funds are aggregated and reported as nonmajor funds.

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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The Commission reports the following major governmental funds:

**General Fund:** The General Fund is the general operating fund of the Commission and accounts for financial resources not required to be accounted for in another fund.

**Measure A Western County Special Revenue Fund:** This fund accounts for the revenues from sales taxes which are restricted to expenditures for 1989 Measure A and 2009 Measure A Western County programs.

**Measure A Coachella Valley Special Revenue Fund:** This fund accounts for the revenues from sales taxes which are restricted to expenditures for 2009 Measure A Coachella Valley programs.

**Transportation Uniform Mitigation Fee Special Revenue Fund:** This fund accounts for TUMF revenues, which are restricted to expenditures for Western County regional arterial and CETAP projects.

**Local Transportation Fund:** This special revenue fund accounts for the one-quarter percent of the state sales tax collected within the County under TDA for planning and programming, bicycle and pedestrian facilities, and transit operations including the Commission's commuter rail operations.

**State Transit Assistance Special Revenue Fund:** This fund is used to account for revenues from sales taxes on diesel fuel restricted for transit projects.

**SB 132 Special Revenue Fund:** This fund is used to account for program revenues allocated by the State for the Riverside County Transportation Efficiency Corridor. The program comprises five projects in northwest Riverside County.

**Commercial Paper Capital Projects Fund:** This fund records proceeds from the issuance of commercial paper notes and the use of these proceeds for capital projects included in the 2009 Measure A.

**Bonds Capital Projects Fund:** This fund records proceeds from the issuance of sales tax and toll revenue bonds and the use of these proceeds for capital projects included in the 2009 Measure A.

**Debt Service Fund:** This fund accounts for the resources accumulated and payments made for principal and interest on the sales tax and toll revenue bonds.

The Commission reports the following major proprietary fund:

**RCTC 91 Express Lanes Enterprise fund:** This fund accounts for toll and non-toll revenues earned on the RCTC 91 Express lanes that extend on SR-91 from the Riverside/Orange County line to I-15. These revenues are restricted to pay operations and maintenance costs, repair and rehabilitation costs, debt service, and other in accordance with the toll bond indenture.

**Measurement focus and basis of accounting:** The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Toll revenues are recognized when customers utilize the toll road facility and payment is collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 1. Summary of Significant Accounting Policies, Continued**

Governmental fund financial statements are reported 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred; however, principal and interest expenditures on long-term debt as well as compensated absences and claims and judgments are recorded only when payment is due. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include sales taxes collected and held by the State at year-end on behalf of the Commission, TUMF, intergovernmental revenues when all applicable eligibility requirements have been met, interest revenue, and vehicle registration user fees, and charges for services.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal and ongoing operations. The principal operating revenues of the Commission's proprietary fund are charges for services. Operating expenses for the proprietary fund include the cost of services, administrative expenses, and depreciation and amortization on capital and intangible assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Violations:** Violations of the RCTC 91 Express Lanes that the Commission anticipates to collect consist of uncollected violation tolls and penalties. Unpaid violations of \$75,593,997 as of June 30, 2020 are not recognized as revenue until payment is received. Unpaid violations remain recorded for a period of four years in accordance with the statute of limitations, at which time, they will be deemed uncollectible.

**Cash and investments:** The Commission maintains cash and investments in accordance with an investment policy adopted initially by the Board in September 1995, and most recently amended in March 2019. The investment policy complies with, or is more restrictive than, applicable state statutes. This investment policy requires the Commission's investment program to meet three criteria in the order of their importance: safety, liquidity, and return on investments. Investments of bond and commercial paper proceeds as permitted by the applicable debt documents are maintained by U.S. Bank, as trustee or custodial bank, and the earnings for each bond and commercial paper issue are accounted for separately. Cash from other Commission revenue sources is commingled for investment purposes, with investment earnings allocated to the different funds based on average monthly dollar balances in the funds.

The Commission's investment policy is summarized in the table below; investments held by bond trustees are governed by the provisions of the Commission's bond indentures. Other investments permitted by the California Government Code (Code) are permitted but only with prior Board authorization; securities that could result in zero interest accrual if held to maturity are ineligible.



**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies, Continued**

Authorized Investment Type	Maximum Effective Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Ratings
United States (U.S.) Treasury obligations	5 years	None	None	Not applicable
Federal agency securities	5 years	None	None	Not applicable
State/Municipal obligations	5 years	25%	10%	A1/A+
Mortgage and asset-backed securities	5 years	10%	10%	A3/A-/A-
Repurchase agreements	30 days	None	10%	A
U.S. corporate debt	5 years	25%	10%	A1/A+
Commercial paper notes	270 days	25%	10%	A
Banker's acceptances	180 days	40%	30%	Not applicable
Money market mutual funds	Not applicable	20%	10%	Not applicable
Riverside County Pooled Investment Fund (RCPIF)	Not applicable	None	Set by RCPIF	Not applicable
Local Agency Investment Fund (LAIF)	Not applicable	N/A	Set by LAIF	Not applicable
Negotiable certificates of deposit	1 year	30%	10%	P-1/A-1/F-1
Federally insured certificates of deposit	1 year	20%	10%	Not applicable
Collateralized certificates of deposit	1 year	15%	10%	Not applicable
Time deposits	5 years	None	10%	Not applicable

LAIF is regulated by Code Section 16429 and is under the management of the State Treasurer with oversight provided by the Local Agency Investment Advisory Board. There is a \$65 million deposit limit on regular LAIF accounts. Oversight of the RCPIF is conducted by the County Treasury Oversight Committee. All investments, except for those related to bond reserve funds, are subject to a maximum maturity of five years unless specific direction to exceed the limit is given by the Board. LTF moneys are legally required to be deposited in the RCPIF.

The RCPIF and the LAIF are carried at fair value, or the value of each participating dollar as provided by the RCPIF and LAIF, respectively. The fair value of the Commission's position in the RCPIF and LAIF is the same as the value of the pool shares. The pooled funds are not subject to Level 1, 2, or 3 of the fair value hierarchy prescribed by Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Investments in U.S. Treasury, federal agency, mortgage and asset-backed, municipal, corporate, negotiable certificates of deposit, and commercial paper securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at fair value based on each fund's share price.

Bank balances are secured by the pledging of a pool of eligible securities to collateralize the Commission's deposits with the bank in accordance with the Code.

**Cash and cash equivalents:** For the purposes of the statement of cash flows, the Commission considers all short-term investments with an initial maturity of three months or less to be cash equivalents. All deposits, commercial paper, money market funds, certificates of deposit, and the share of RCPIF represent cash and cash equivalents for cash flow purposes.

**Accounts receivable:** Accounts receivable consist primarily of Measure A and LTF sales tax revenues from the California Department of Tax and Fee Administration on all taxable sales within the County of Riverside, California through June 30, 2020.

**Interfund transactions:** During the course of operations, numerous transactions occur between individual funds involving goods provided or services rendered. There are also transfers of revenues from funds authorized to receive the revenue to funds authorized to expend it. Outstanding interfund balances are

Riverside County Transportation Commission  
Notes to Basic Financial Statements  
June 30, 2020

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**Note 1. Summary of Significant Accounting Policies, Continued**

reported as due from/to other funds; internal financing balances are reported as advances to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances".

**Prepaid expenditures/expenses and other assets:** Certain payments to vendors and condemnation payments with the State, which are related primarily to the 91 Project, reflect costs applicable to future accounting periods and are recorded as prepaid expenditures/expenses using the consumption method in both the government-wide and fund financial statements.

**Restricted investments held by trustee:** Restricted investments held by trustee represent unexpended bond proceeds, interest earnings thereon, and capitalized interest and reserve amounts for bonds. Under the related bond resolutions and indentures, any remaining bond proceeds are restricted for the use of future construction improvements to the respective projects, for debt service, or for reserve requirements in accordance with applicable debt covenants.

**Capital assets:** Capital assets consisting of land and land improvements; construction in progress; construction and rail easements; buildings; rail stations; rail tracks; office improvements; office furniture, equipment, and vehicles; development in progress; toll infrastructure; intangible assets, including a toll facility franchise; and transponders are reported in applicable governmental or business-type activities in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years and are primarily included within the function of current expenditures in the governmental fund financial statements. Such assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Highway construction and certain purchases of right of way property, for which title vests with the California Department of Transportation (Caltrans), are included in highway program expenditures. Infrastructure consisting primarily of highway construction and right of way acquisition is generally not recorded as a capital asset, because the Commission does not have title to such assets or rights of way. However, costs related to the development of tolled express lanes are recorded as land and land improvements and construction in progress. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Rail stations, rail tracks, temporary construction easements, buildings, office improvements, furniture and equipment, vehicles, toll infrastructure, intangible assets, and transponders are depreciated and amortized using the straight-line method over the following estimated useful lives:

Asset Type	Useful Life
Rail stations	10 to 30 years
Rail tracks	30 years
Temporary construction easements	1 to 3 years
Buildings	10 to 20 years
Office improvements	7 to 10 years
Furniture and equipment	3 to 5 years
Vehicles	5 years
Toll facility franchise	50 years
Toll infrastructure	5 to 10 years
Transponders	5 years

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 1. Summary of Significant Accounting Policies, Continued**

Project costs that have been incurred for the tolled express lanes projects, consisting of the 91 Project and the I-15 Express Lanes project, and are expected to remain the Commission's assets, are capitalized upon completion as intangible assets that will be amortized over the life of the toll facility franchise with Caltrans. These capitalizable costs have been accumulated in the capital assets as land and land improvements and construction in progress. The costs of the tolled express lanes projects that are not capitalized are expensed as incurred based on management's estimation which is generally based upon the allocation of Measure A and other funding sources, including toll-supported debt. As of June 30, 2020, the estimated project costs incurred but not capitalized related to the 91 Project is primarily right of way, or approximately \$113.5 million. All costs related to the I-15 Express Lanes project are considered capitalizable.

In May 2012 the Commission entered into a toll facility agreement with Caltrans and obtained authority to toll the State Route (SR) 91 from the Orange/Riverside County line to I-15. The Commission's 91 Project included the RCTC 91 Express Lanes, which opened on March 20, 2017. The toll facility is amortized over the remaining life of the toll facility agreement through March 2067.

**Compensated absences:** Vacation hours accumulated and not taken at year-end is reported as a long-term liability in the government-wide and proprietary fund financial statements. Sick leave is recorded as an expenditure or expense when taken by the employee. Employees with continuous five years of service have the option of being paid for sick leave accumulated in excess of 240 hours at a rate of 50% (i.e., one hour's pay for every two hours in excess of 240). Any sick leave in excess of 240 hours is accrued at fiscal year-end, and a liability is reported in the government-wide and proprietary fund financial statements. Sick leave that is due and payable at year-end is reported as an expenditure and a fund liability of the General fund.

**Pensions:** For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Commission's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deduction from Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Post-employment Benefits Other Than Pensions:** For purposes of measuring the net other post-employment benefits (OPEB) asset, deferred outflows/inflows of resources related to the OPEB asset and OPEB expense, information about the fiduciary net position of the Commission's OPEB plan, and additions to/deductions from the OPEB fiduciary net position have been determined on the same basis as they are reported by California Employers' Retiree Benefit Trust (CERBT) administered by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money markets and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which is reported at cost.

**Risk management:** The Commission is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, or destruction of assets; and errors or omissions. The Commission protects itself against such losses by a balanced program of risk retention, risk transfers, and the purchase of commercial insurance. Loss exposures retained by the Commission are treated as normal expenditures and include any loss contingency not covered by the Commission's purchased insurance policies. Construction projects and rail properties are protected through a combination of commercial insurance, insurance required of Commission consultants, and a self-insurance fund established by the Southern California Regional Rail Authority (SCRRA). Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The RCTC 91 Express Lanes Enterprise fund has purchased commercial property insurance, including business interruption, earthquake and flood coverage related to the RCTC 91 Express Lanes.

Riverside County Transportation Commission  
Notes to Basic Financial Statements  
June 30, 2020

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**Note 1. Summary of Significant Accounting Policies, Continued**

**Deferred outflows of resources:** In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources, or expenditure, until then. The Commission has eight items - loss on refunding of bonds, changes in pension assumptions, pension contributions subsequent to measurement date, differences between expected and actual pension experiences, differences between Commission's pension contributions and the proportionate share of pension contributions, pension changes in Commission's proportion, changes in OPEB assumptions, and OPEB contributions subsequent to measurement date - which qualify for reporting in this category in the applicable column for governmental and business-type activities on the statement of net position.

**Deferred inflows of resources:** In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources, or revenue, until then. The Commission has six items - changes in pension assumptions, pension changes in Commission's proportion, differences between expected and actual pension experiences, net differences between projected and actual earnings on pension plan investment, differences between expected and actual OPEB experiences, and net differences between projected and actual earnings on OPEB plan investments - which qualify for reporting in this category in the applicable governmental and business-type activities on the statement of net position. At the fund level, the Commission has deferred inflows of resources related to interest earned but not available.

**Fund equity:** In the fund financial statements, the governmental funds report fund balances in various categories based on the nature of any limitations requiring the use of the resources for specific purposes:

**Nonspendable** fund balances cannot be spent, because they are in nonspendable form such as prepaid expenditures or are required to be maintained intact.

**Restricted** fund balances are restricted for specific purposes by third parties or enabling legislation.

**Committed** fund balances include amounts that can be used only for specific purposes determined by adoption of a resolution of the Board. These committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use through the same type of formal action taken to establish the commitment.

**Assigned** fund balances comprise amounts intended to be used by the Commission for specific purposes but are not restricted or committed. The Board delegates the authority to assign amounts to be used for specific purposes to the Chief Financial Officer. Assignments generally only exist temporarily; an additional action does not have to be taken for the removal of an assignment.

**Unassigned** fund balance is residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories. In all other governmental funds, it is the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

When both restricted and unrestricted resources are available for an incurred expenditure, it is the Commission's policy to spend restricted resources first and then unrestricted resources, as necessary. When unrestricted resources are available for an incurred expenditure, it is the Commission's policy to use committed amounts first, followed by assigned amounts, and then unassigned amounts. In June 2012, the Commission adopted a resolution to establish a policy on reporting and classifying fund balance in the General fund.

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 1. Summary of Significant Accounting Policies, Continued**

**Net position (deficit):** In the government-wide and proprietary fund financial statements, net position (deficit) represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows and is classified into three categories:

**Net investment (deficit) in capital assets** consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets and excludes unspent debt proceeds.

**Restricted-net position** represents restricted assets less liabilities and deferred inflows of resources related to those assets. Restricted assets are recorded when there are limitations imposed by creditors (such as through debt covenants), contributions, or laws and regulations of other governments or constraints imposed by law through constitutional provisions or through enabling legislation.

**Unrestricted-(deficit)** represents the amount of unrestricted resources that will need to be provided for in future periods.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted-net position resources first and then unrestricted-net position resources, as they are needed.

**Administration expenditures:** The Commission's staff and resources are used in the performance of its responsibilities relating to the activities of the Commission and its component unit. Accordingly, the Commission allocates salaries and benefits to each applicable fund on the basis of actual hours spent by activity, and other indirect overhead is allocated based on a systematic basis. Administrative salaries and benefits, net of administrative cost allocations of \$1,821,582 allocated to Measure A in 2020 were less than 1% of revenues and in compliance with the law.

**Use of estimates:** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures during the reporting period. As such, actual results could differ from those estimates.

**Note 2. Cash and Investments**

Cash and investments at June 30, 2020 consist of the following:

	Unrestricted			Restricted	
	Cash	Investments	Total	Investments	Total
Cash in bank	\$ 26,420,182	\$ -	\$ 26,420,182	\$ -	\$ 26,420,182
Petty cash	1,018	-	1,018	-	1,018
RCPIF	-	623,574,669	623,574,669	-	623,574,669
Operations pooled investments	-	55,285,028	55,285,028	-	55,285,028
LAIF	-	3,909,220	3,909,220	-	3,909,220
Investments with fiscal agents	-	-	-	152,131,509	152,131,509
Total cash and investments	\$ 26,421,200	\$ 682,768,917	\$ 709,190,117	\$ 152,131,509	\$ 861,321,626

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 2. Cash and Investments, Continued**

Total cash and investments are reported in the following funds:

Unrestricted cash and investments	
Governmental funds	\$ 648,422,739
Enterprise fund	<u>60,767,378</u>
Subtotal	709,190,117
Restricted cash and investments	
Governmental funds	70,963,012
Enterprise fund	<u>81,168,497</u>
Subtotal	<u>152,131,509</u>
Total cash and investments	<u>\$ 861,321,626</u>

Restricted investments at June 30, 2020 represent investments held by bond trustees for project costs and debt service.

**Fair Value Hierarchy:** The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active; and Level 3 inputs are significant unobservable inputs (the Commission does not value any of its investments using Level 3 inputs).

The following is a summary of the fair value hierarchy of the fair value of investments of the Commission as of June 30, 2020:

Investments by fair value level:	June 30, 2020	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments subject to fair value hierarchy:			
U.S. Treasury obligations	\$ 76,304,122	\$ 76,304,122	\$ -
Mortgage and asset-backed securities	47,628,154	-	47,628,154
Corporate notes	19,650,387	-	19,650,387
Money market mutual funds	27,780,048	27,780,048	-
U.S. agency securities	8,022,002	-	8,022,002
Municipal bonds	15,657,715	-	15,657,715
Commercial paper notes	10,148,692	-	10,148,692
Negotiable certificates of deposit	2,225,417	-	2,225,417
Total investments measured at fair value	207,416,537	\$ 104,084,170	\$ 103,332,367
Investments not subject to fair value hierarchy:			
LAIF	3,909,220		
RCPIF	623,574,669		
Total investments	\$ 834,900,426		

Investments classified in Level 1 of the value hierarchy, valued at \$104,084,170 are valued using quoted prices in active markets.

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 2. Cash and Investments, Continued**

Mortgage and asset-backed securities totaling \$47,628,154, corporate notes totaling \$19,650,387, U.S. agency securities totaling \$8,022,002, municipal bonds totaling \$15,657,715, commercial paper totaling \$10,148,692, and negotiable certificates of deposit totaling \$2,225,417 in 2020, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

As of June 30, 2020, the Commission had the following investments:

Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Year)
Unrestricted:					
RCPIF	\$ 623,574,669	\$ 621,306,491	0.050% - 2.724%	7/1/20 - 6/30/25	1.104
LAIF	3,909,220	3,890,108	1.47% - 2.45%	191 days	191 days or 0.523
Operations pooled investments:					
Corporate notes	11,658,524	11,403,903	0.399% - 3.501%	8/18/20 - 3/27/25	1.799
Money market mutual funds	415,444	415,444	0.006%	N/A	43 days or 0.118
Mortgage and asset-backed securities	5,389,199	5,287,071	0.827% - 3.522%	9/20/21 - 11/15/24	3.213
Municipal bonds	10,286,258	10,137,822	1.031% - 6.250%	7/1/20 - 8/1/23	1.518
U.S. agency securities	5,378,634	5,311,327	0.250% - 2.907%	8/1/21 - 1/21/25	2.677
U.S. Treasury obligations	22,156,969	21,736,805	0.125% - 2.782%	11/15/21 - 5/15/23	2.322
Total unrestricted investments	<u>\$ 682,768,917</u>	<u>\$ 679,488,971</u>			
			Unrestricted investment portfolio weighted average		1.65925
Restricted:					
Negotiable certificates of deposit	\$ 2,225,417	\$ 2,225,059	0.095% - 0.242%	7/14/20 - 8/19/20	0.019
Commercial paper notes	10,148,692	10,144,526	0.129% - 0.185%	7/8/20 - 9/8/20	0.032
Corporate notes	7,991,863	7,896,539	0.340% - 5.472%	7/1/20 - 5/11/23	0.593
Money market mutual funds	27,364,604	27,364,603	0.010%	N/A	43 days or 0.118
Mortgage and asset-backed securities	42,238,955	41,369,866	(0.464%) - 4.750%	7/20/20 - 9/16/55	4.006
Municipal bonds	5,371,457	5,361,533	0.150% - 1.804%	9/15/20 - 10/1/51	13.451
U.S. agency securities	2,643,368	2,554,967	0.171% - 0.872%	8/12/21 - 11/16/28	1.398
U.S. Treasury obligations	54,147,153	53,380,244	(0.822%) - 0.491%	7/31/20 - 1/15/29	0.979
Total restricted investments	<u>\$ 152,131,509</u>	<u>\$ 150,297,337</u>			
			Restricted investment portfolio weighted average		2.575

The weighted average maturity is calculated using the investment's effective duration weighted by the investment's fair value.

As of June 30, 2020, mortgage and asset-backed securities totaled \$47,628,154. The underlying assets are consumer receivables that include credit cards, auto/equipment, and home loans. The securities have a fixed interest rate and are rated AAA/Aaa by at least two of the three nationally recognized statistical rating organizations, except for \$1,163,810 which is rated P1/A1+ by S&P.

**Interest rate risk:** While the Commission does not have a formal policy related to the interest rate risk of investments, the Commission's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. In accordance with the Commission's investment policy, restricted investments are invested in accordance with the maturity provisions of the specific bond indenture, which may extend beyond five years.



**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 2. Cash and Investments, Continued**

**Custodial credit risk:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Commission's investment policy requires that a third party bank trust department hold all securities owned by the Commission. All trades are settled on a delivery versus payment basis through the Commission's safekeeping agent.

The Commission has deposits with a bank balance of \$26,420,182 with a financial institution; bank balances over \$5,000,000 are swept daily into a money market account. Of the bank balance, up to \$250,000 is federally insured under the Federal Deposit Insurance Corporation with balances in excess of \$250,000 collateralized in accordance with the Code; however, the collateralized securities are not held in the name of the Commission.

**Credit risk:** The Commission's investment policy as well as the specific bond indentures set minimum acceptable credit ratings for investments from any of the three nationally recognized statistical rating organizations. The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each category's fair value at June 30, 2020; securities denoted as NR are not rated by one of the nationally recognized statistical rating organizations.

Investments	Moody's	S&P	% of Portfolio
RCPIF	Aaa-bf	AAAF/S1	74.69%
LAIF	NR	NR	0.47%
Negotiable certificates of deposit			
Deposit	P-1	NR	0.26%
Commercial paper notes			
Various	P-2	A-2	0.27%
Various	P-1	A-1+	0.42%
Various	P-2	A-2	0.53%
Corporate			
Notes	A1	A	0.10%
Notes	A1	A+	0.05%
Notes	A1	AA-	0.17%
Notes	A2	A	0.10%
Notes	A2	A-	0.36%
Notes	A2	AA-	0.03%
Notes	A3	A-	0.17%
Notes	A3	BBB+	0.14%
Notes	Aa2	AA+	0.06%
Notes	AA1	AA	0.20%
Notes	AA1	AA+	0.09%
Notes	AA2	A+	0.20%
Notes	AA2	AA	0.21%
Notes	AA3	A	0.13%
Notes	AA3	A+	0.09%
Notes	AAA	AAA	0.03%
Notes	Aaa	NR	0.05%
Notes	Baa1	A-	0.03%
Notes	NR	AA	0.05%
Notes	A1	A	0.09%
Money market mutual funds			
Funds	Aaa	AAA	3.33%



**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 2. Cash and Investments, Continued**

Investments	Moody's	S&P	% of Portfolio
Mortgage and asset-backed securities			
Securities	Aa1	AA	0.04%
Securities	Aaa	AA+	4.04%
Securities	AAA	AAA	0.51%
Securities	Aaa	NR	0.49%
Securities	NR	AAA	0.30%
Securities	NR	NR	0.18%
Securities	P-1	A-1+	0.14%
Municipal bonds			
Alameda County Joint Powers Authority Lease	AA1	AA+	0.07%
Bay Area Toll Authority	AA3	AA	0.08%
Bay Area Toll Authority	A1	AA-	0.01%
California State University	AA2	AA-	0.01%
Collin County, Texas	Aaa	AAA	0.02%
Colorado Housing and Finance Authority, Inc.	Aaa	AAA	0.23%
Contra Costa Community College District	AA1	AA+	0.04%
El Dorado Irrigation District	Aa3	AA-	0.02%
Garden Grove Unified School District	AA2	AA-	0.04%
Glendale Unified School District	AA1	NR	0.04%
Grand Parkway Transportation Corporation	Aa1	NR	0.07%
Los Altos School District	MIG1	SP-1+	0.05%
Mountain View Whisman School District	AAA	AA+	0.03%
New York City Transitional Finance Authority	Aa1	AAA	0.03%
Palo Alto Unified School District	NR	NR	0.04%
Port Authority of New York and New Jersey	Aa3	A+	0.03%
Riverside County Pension	A2	AA	0.02%
San Bernardino Community College District	AA1	AA	0.05%
San Diego Public Facilities Financing Authority	AA2	NR	0.01%
San Diego Public Health	NR	AA-	0.02%
San Diego Redevelopment Agency	NR	AA	0.03%
San Francisco Rapid Transit	NR	NR	0.01%
San Francisco Redevelopment Agency	NR	AA-	0.05%
San Francisco Redevelopment Agency	NR	NR	0.04%
San Jose Development Agency	NR	NR	0.02%
San Marcos Redevelopment Agency	NR	AA-	0.01%
Santa Ana Redevelopment Agency	NR	AA	0.03%
Santa Barbara County Solid Waste	A1	AA	0.02%
Santa Clara Valley Water District	AA1	NR	0.05%
Sonoma County Junior College District	AA2	AA	0.05%
State of California Build America Bonds	AA2	AA-	0.05%
State of California	AA2	AA-	0.06%
State of California Department of Water Resources	AA1	AA+	0.05%
State of California Health Facilities Financing Authority	AA3	AA-	0.06%
State of Connecticut	A1	A	0.06%
State of Hawaii	AA2	AA+	0.02%
State of Maine	AA2	AA	0.03%
State of Massachusetts Water Resources Authority	AA1	AA+	0.01%
State of Michigan Finance Authority	Aa3	AA-	0.03%
State of New York Urban Development Corporation	Aa1	NR	0.03%
State of North Dakota Housing Finance Agency	Aa1	NR	0.01%
State of Texas Water Financial	NR	NR	0.03%

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 2. Cash and Investments, Continued**

Investments	Moody's	S&P	% of Portfolio
State of Wisconsin Housing and Economic Development Authority	Aa2	AA+	0.16%
University of California	AA3	AA-	0.05%
University of New Jersey, Rutgers	Aa3	A+	0.01%
U.S. agency notes			
Notes	AAA	AA+	0.83%
Notes	NR	AA+	0.12%
Notes	NR	NR	0.01%
U.S. Treasuries			
Treasury	NR	NR	9.14%
Total			100.00%

**Concentration of credit risk:** The Commission's investment policy places a limit of 10% on the amount of investment holdings with any one non-U.S. Government or non-federal agency issuer. As of June 30, 2020, the Commission did not have investments in any one issuer that represent more than 5% of the Commission's total investments.

**Note 3. Advances**

The Commission approved interest-bearing advances, which may be funded by debt proceeds, to the Coachella Valley Association of Governments (CVAG) in the amount of \$43,300,000. CVAG pledged its share of 2009 Measure A highway and regional road revenue allocations in accordance with repayment terms specified in each agreement for actual advances. Repayment amounts are withheld from revenue allocations on a monthly basis. The final maturities of the CVAG advances are due on or before September 1, 2029. Interest rates range from .910% to 7.307%, excluding the portion of cash subsidy payments (as discussed in Note 6) that may be received by CVAG to reduce its repayment obligations.

The outstanding interest-bearing advances, including capitalized interest of \$664,879, as of June 30, 2020 were \$21,156,321.



SR-91 eastbound in Corona

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 4. Capital Assets**

Capital assets activity for the year ended June 30, 2020 was as follows:

<b>Governmental activities</b>	<b>Balance June 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>
Capital assets not being depreciated:				
Land and land improvements	\$ 169,894,576	\$ 9,569,669	\$ (30,823)	\$ 179,433,422
Construction in progress	249,061,099	148,492,841	(347,500)	397,206,440
Rail operating easements	63,846,199	-	-	63,846,199
Construction easements	1,221,021	3,000,000	-	4,221,021
Development in progress	106,969	120,297	-	227,266
Total capital assets not being depreciated	484,129,864	161,182,807	(378,323)	644,934,348
Capital assets being depreciated:				
Rail stations	202,774,271	619,409	(330,764)	203,062,916
Rail tracks	154,649,402	142,109	-	154,791,511
Construction easements	1,385,377	-	-	1,385,377
Buildings	3,315,135	-	-	3,315,135
Building improvements	-	423,303	-	423,303
Office improvements	408,898	25,289	-	434,187
Office furniture, equipment and vehicles	2,004,267	43,583	(31,000)	2,016,850
Total capital assets being depreciated	364,537,350	1,253,693	(361,764)	365,429,279
Less accumulated depreciation for:				
Rail stations	(66,383,648)	(6,970,688)	-	(73,354,336)
Rail tracks	(15,376,632)	(5,174,221)	-	(20,550,853)
Construction easements	(1,096,301)	(231,261)	-	(1,327,562)
Buildings	(379,479)	(164,616)	-	(544,095)
Building improvements	-	(45,354)	-	(45,354)
Office improvements	(137,203)	(46,470)	-	(183,673)
Office furniture, equipment and vehicles	(1,537,728)	(181,845)	12,400	(1,707,173)
Total accumulated depreciation	(84,910,991)	(12,814,455)	12,400	(97,713,046)
Total capital assets being depreciated, net	279,626,359	(11,560,762)	(349,364)	267,716,233
Governmental activities capital assets, net	\$ 763,756,223	\$ 149,622,045	\$ (727,687)	\$ 912,650,581

<b>Business-type activities</b>	<b>Balance June 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>
Capital assets not being depreciated:				
Land and land improvements	\$ 38,736,133	\$ -	\$ (9,520,413)	\$ 29,215,720
Total capital assets not being depreciated	38,736,133	-	(9,520,413)	29,215,720
Capital assets being depreciated and amortized:				
Toll infrastructure	27,899,996	-	-	27,899,996
Transponders	453,818	-	-	453,818
Buildings	1,607,626	16,032	-	1,623,658
Equipment, furniture, and fixtures	60,695	-	-	60,695
Toll facility franchise	250,692,492	-	-	250,692,492
Total capital assets being depreciated and amortized	280,714,627	16,032	-	280,730,659
Less accumulated depreciation and amortization for:				
Toll infrastructure	(12,170,348)	(5,481,818)	-	(17,652,166)
Transponders	(184,402)	(90,764)	-	(275,166)
Buildings	(326,654)	(172,623)	-	(499,277)
Equipment, furniture, and fixtures	(22,794)	(16,891)	-	(39,685)
Toll facility franchise	(10,891,348)	(5,022,013)	-	(15,913,361)
Total accumulated depreciation and amortization	(23,595,546)	(10,784,109)	-	(34,379,655)
Total capital assets being depreciated and amortized, net	257,119,081	(10,768,077)	-	246,351,004
Business-type activities capital assets, net	\$ 295,855,214	\$ (10,768,077)	\$ (9,520,413)	\$ 275,566,724

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 4. Capital Assets, Continued**

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On May 14, 2012, the Commission entered into a toll facilities agreement with Caltrans providing the Commission with authorization to toll the SR-91 from Orange/Riverside County line to I-15 for 50 years commencing as of the first day on which the RCTC 91 Express Lanes open for public use and toll operations. The agreement also set forth the Commission's leasehold rights to Caltrans' right of way and Caltrans' oversight role in the operations and maintenance of the RCTC 91 Express Lanes.

Depreciation and amortization expense was charged to functions/programs of the Commission's governmental and business-type activities during the year ended June 30, 2020 as follows:

<b>Governmental activities:</b>	
General government	\$ 225,236
Commuter rail	12,147,988
Highway	441,231
Total depreciation expense – governmental activities	<u>\$ 12,814,455</u>
<b>Business-type activities:</b>	
RCTC 91 Express Lanes	\$ 5,762,096
Toll facility franchise	5,022,013
Total depreciation and amortization expense – business-type activities	<u>\$ 10,784,109</u>



**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 5. Interfund Transactions**

**Due from/to other funds:** The composition of balances related to due from other funds and due to other funds at June 30, 2020 is as follows:

Receivable Fund	Payable Fund	Amount	Explanation
General fund	Nonmajor Governmental funds	\$ 18,923	Fringe benefits allocation
General fund	Nonmajor Governmental funds	86,900	Administrative cost allocation
General fund	Transportation Uniform Mitigation Fee Special Revenue fund	253,900	Administrative cost allocation
General fund	Measure A Western County Special Revenue fund	1,320,300	Administrative cost allocation
General fund	Measure A Coachella Valley Special Revenue fund	126,400	Administrative cost allocation
General fund	RCTC 91 Express Lanes Enterprise fund	33,300	Administrative cost allocation
General fund	Local Transportation Fund	1,080,000	Administrative cost allocation
General fund	State Transit Assistance fund	42,100	Administrative cost allocation
General fund	Transportation Uniform Mitigation Fee Special Revenue fund	25,787	Fringe benefits allocation
General fund	Measure A Western County Special Revenue fund	294,166	Fringe benefits allocation
General fund	Measure A Coachella Valley Special Revenue fund	2,580	Fringe benefits allocation
General fund	SB 132 fund	9,038	Fringe benefits allocation
General fund	RCTC 91 Express Lanes Enterprise fund	36,230	Fringe benefits allocation
General fund	Measure A Western County Special Revenue fund	11,666	Commuter rail costs allocations
General fund	SB 132 fund	7,441,770	Cash deficit
Measure A Western County Special Revenue fund	RCTC 91 Express Lanes Enterprise fund	511,534	Highway project costs allocations
Measure A Western County Special Revenue fund	Debt Service fund	1,408,604	Subsidies available after debt service payment
Measure A Coachella Valley Special Revenue fund	Debt Service fund	142,164	Advance loan payment adjustment
Transportation Uniform Mitigation Fee Special Revenue fund	Measure A Western County Special Revenue fund	159,113	Regional arterial project costs allocations
Local Transportation Fund	General fund	360,000	Planning and programming allocation
SB 132 fund	General fund	7,586	Salaries and benefits adjustment
SB 132 fund	Measure A Western County Special Revenue fund	2,344	Administrative cost allocation reconciliation
SB 132 fund	RCTC 91 Express Lanes Enterprise fund	4,004	Surplus funds used for administrative cost allocation related to 15/91 Express Lanes Connector project
Commercial Paper Capital Projects fund	Measure A Coachella Valley Special Revenue fund	434,145	Advance loan payment adjustment
Bonds Capital Projects fund	Measure A Coachella Valley Special Revenue fund	67,894	Advance loan payment adjustment
RCTC 91 Express Lanes Enterprise fund	Measure A Western County Special Revenue fund	6,084	Project cost reimbursement
Total due from/to other funds		<u>\$ 13,886,532</u>	

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 5. Interfund Transactions, Continued**

**Advances to/from other funds:** The Measure A Western County Special Revenue fund advanced \$6,000,000 to the Bonds Capital Projects fund to establish an \$18,000,000 Transportation Infrastructure Finance and Innovation Act (TIFIA) debt service reserve for the I-15 Express Lanes project as required no later than June 30, 2024. Capitalized interest as of June 30, 2020 was \$211,804. Repayment of this initial Commission advance is subject to satisfying certain conditions under the related indenture, including the occurrence of the second anniversary of the TIFIA debt service payment commencement date.

**Interfund transfers:** During 2020, interfund transfers were as follows:

Transfers Out	Transfers In	Amount	Explanation
General fund	Measure A Western County Special Revenue fund	\$ 47,551	Highway project costs allocations
General fund	Nonmajor Governmental funds	19,442	Highway project costs allocations
Measure A Western County Special Revenue fund	Transportation Uniform Mitigation Fee Special Revenue fund	177,115	Highway project costs allocations
Measure A Western County Special Revenue fund	Debt Service fund	62,583,135	Debt service funding related to highway projects for Western County and to advance agreements for Western County jurisdictions
Measure A Western County Special Revenue fund	General fund	11,666	Commuter rail costs allocations
Measure A Western County Special Revenue fund	SB 132 Special Revenue fund	162,855	Highway project costs allocations
Local Transportation Fund	General fund	21,670,895	Administration, planning and programming, commuter rail operating and station maintenance, and grade separation costs allocations
State Transit Assistance Fund	Nonmajor Governmental funds	450,000	Coachella Valley commuter rail costs allocations
Bonds Capital Projects fund	Measure A Western County Special Revenue fund	19,293,387	Highway project costs allocations
Bonds Capital Projects fund	Debt Service fund	843,039	Debt service funding
Commercial Paper fund	Debt Service fund	6,199,609	Debt service funding
Debt Service fund	Measure A Western County Special Revenue fund	2,811,688	Cash subsidies available after debt service payment
Debt Service fund	Measure A Coachella Valley Special Revenue fund	142,164	Share of cash subsidy related to CVAG advance agreement
Nonmajor Governmental funds	Measure A Western County Special Revenue fund	819,100	Commuter rail costs allocations
Nonmajor Governmental funds	Nonmajor Governmental funds	2,400,000	Call box program augmentation of freeway service patrol operations
RCTC 91 Express Lanes Enterprise fund	Measure A Western County Special Revenue fund	2,006,671	Surplus funds used for the 91 Corridor Operations project
RCTC 91 Express Lanes Enterprise fund	SB 132 Special Revenue fund	4,004	Surplus funds used for the 15/91 Express Lanes Connector project
Total transfers		<u>\$ 119,642,321</u>	



**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 6. Long-term Obligations**

The following is a summary of the changes in long-term obligations for the year ended June 30, 2020:

<b>Governmental activities</b>	<b>Balance June 30, 2019</b>	<b>Additions / Accretion</b>	<b>Reductions</b>	<b>Balance June 30, 2020</b>	<b>Due Within One Year</b>
Sales tax revenue bonds:					
2010 Bonds	\$ 112,370,000	\$ -	\$ -	\$ 112,370,000	\$ -
2013 Bonds	54,705,000	-	(12,690,000)	42,015,000	13,325,000
2016 Refunding Bonds	63,595,000	-	(5,185,000)	58,410,000	5,445,000
2017 Bonds, series A	150,580,000	-	(4,690,000)	145,890,000	4,835,000
2017 Refunding Bonds, series B	392,730,000	-	-	392,730,000	-
2018 Refunding Bonds	59,075,000	-	(4,680,000)	54,395,000	4,890,000
Total bonds payable	833,055,000	-	(27,245,000)	805,810,000	28,495,000
Sales tax revenue bonds premium	116,948,406	-	(11,511,679)	105,436,727	11,190,511
Total bonds payable, net	950,003,406		(38,756,679)	911,246,727	39,685,511
TIFIA Loan	15,121,739	112,970,279	-	128,092,018	-
MSHCP funding liability	3,000,000	-	(3,000,000)	-	-
Capital lease	50,504	-	(8,683)	41,821	10,099
Compensated absences liability	831,250	453,035	(112,806)	1,171,479	321,153
Total long-term obligations	\$ 969,006,899	\$ 113,423,314	\$ (41,878,168)	\$ 1,040,552,045	\$ 40,016,763

<b>Business-type activities</b>	<b>Balance June 30, 2019</b>	<b>Additions / Accretion</b>	<b>Reductions</b>	<b>Balance June 30, 2020</b>	<b>Due Within One Year</b>
Toll revenue bonds:					
2013 Bonds	\$ 201,425,284	\$ 5,150,812	\$ -	\$ 206,576,096	\$ -
Toll revenue bonds discount	(2,001,373)	-	73,073	(1,928,300)	-
Total bonds payable, net	199,423,911	5,150,812	73,073	204,647,796	-
TIFIA loan	469,870,660	16,468,676	-	486,339,336	-
Compensated absences liability	54,850	606	(2,435)	53,021	14,535
Total long-term obligations	\$ 669,349,421	\$ 21,620,094	\$ 70,638	\$ 691,040,153	\$ 14,535

The Commission has pledged a portion of future sales tax revenues through maturities of the bonds to repay \$805,810,000 in outstanding sales tax revenue bonds payable issued in November 2010 (2010 Bonds), July 2013 (2013 Sales Tax Bonds), September 2016 (2016 Refunding Bonds), July 2017 (2017A Sales Tax Bonds), December 2017 (2017B Refunding Bonds), and March 2018 (2018 Refunding Bonds) outstanding at June 30, 2020 plus related interest. The bonds are payable solely from the 2009 Measure A sales tax revenues on a senior and subordinate lien basis, respectively. Annual principal and interest payments on the bonds, are expected to require less than 36% of 2009 Measure A revenues. For the current year, interest paid on the bonds was \$42,292,488. Cash subsidies of \$2,811,688 related to the bonds were received from the U.S. Treasury during the current year and were recorded as intergovernmental revenues.

The toll revenue bonds issued in July 2013 (2013 Toll Bonds) are secured by a senior lien on the trust estate, which consists primarily of toll revenues and account revenues less operating and maintenance expenses of the RCTC 91 Express Lanes, which opened in March 2017. The Commission also executed a TIFIA loan agreement for up to \$421,054,409 in July 2013 secured on a subordinate basis to the 2013 Toll Bonds, except in the case of any bankruptcy related event, as defined in the toll indenture and TIFIA loan agreement, when the TIFIA loan automatically becomes a senior lien obligation. The TIFIA loan is evidenced by a toll revenue bond issued pursuant to the toll bond indentures; the amount outstanding under the TIFIA loan at June 30, 2020 is \$486,339,336, including compounded interest of \$65,284,927.

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 6. Long-term Obligations, Continued**

Additionally, the Commission executed a TIFIA loan agreement for up to \$152,214,260 in July 2017 as a senior toll revenue bond on the trust estate, which consists primarily of toll revenues and account revenues less operating and maintenance expenses of the 15 Express Lanes, which are expected to open in 2020. The amount outstanding under the TIFIA loan at June 30, 2020 is \$128,092,018, including compounded interest of \$1,844,014.

**Sales tax revenue bonds payable:** Under the provisions of the 2009 Measure A, as amended by Measure K approved by the voters in November 2010, the Commission has the authority to issue bonds subject to a bond debt limitation of \$975,000,000. The following is a summary of bonds issued and secured by 2009 Measure A revenues that are outstanding at June 30, 2020:

<b>2010 Sales Tax Revenue Bonds (Limited Tax Bonds), Series B (Taxable Build America Bonds):</b>	<b>Outstanding</b>
In November 2010, the Commission issued sales tax revenue bonds consisting of the \$37,630,000 Series A (2010A Bonds) and \$112,370,000 Series B (2010B Bonds), for a total issuance of \$150,000,000 (collectively, the 2010 Bonds). For the Series B Build America Bonds (BABs), \$44,800,000 was designated as recovery zone economic development bonds (RZEDBs). A portion of the 2010 Bonds was used to retire \$103,284,000 of the outstanding commercial paper notes with the remaining proceeds used to fund 2009 Measure A Western County and Coachella Valley capital projects and pay costs of issuance for the 2010 Bonds. In December 2017, the 2010A Bonds were refunded. The remaining 2010B Bonds mature in annual installments ranging from \$530,000 to \$17,980,000 on various dates from June 1, 2032 to June 1, 2039 at an interest rate of 6.807%. The Commission expects, but is not guaranteed, to receive a cash subsidy from the U.S. Treasury equal to 35% of the interest payable on the BABs or 45% of the interest payable on the 2010B Bonds additionally designated as RZEDBs.	<u>\$ 112,370,000</u>

During 2020 the cash subsidy related to the 2010 Bonds that was received from the U.S. Treasury was approximately \$2,811,688, or \$170,425 less than the amount anticipated. The subsidy reduction resulted from federal sequestration cuts of 5.9% for federal fiscal year ending September 30, 2020. The federal sequestration cuts may continue for an unknown duration.

In accordance with the bond maturity schedule, and assuming no subsidy reduction, the approximate annual debt service requirements to maturity for the 2010B Bonds payable throughout the term of the bonds are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Subsidy</b>	<b>Total, net</b>
2021	\$ -	\$ 7,649,000	\$ 7,649,000	\$ (2,982,100)	\$ 4,666,900
2022	-	7,649,000	7,649,000	(2,982,100)	4,666,900
2023	-	7,649,000	7,649,000	(2,982,100)	4,666,900
2024	-	7,649,000	7,649,000	(2,982,100)	4,666,900
2025	-	7,649,000	7,649,000	(2,982,100)	4,666,900
2026-2030	-	38,245,200	38,245,200	(14,910,500)	23,334,700
2031-2035	44,445,000	35,233,700	79,678,700	(13,856,600)	65,822,100
2036-2039	67,925,000	11,788,800	79,713,800	(5,099,000)	74,614,800
	<u>\$ 112,370,000</u>	<u>\$ 123,512,700</u>	<u>\$ 235,882,700</u>	<u>\$ (48,776,600)</u>	<u>\$ 187,106,100</u>



**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 6. Long-term Obligations, Continued**

<b>2013 Sales Tax Revenue Bonds (Limited Tax Bonds), Series A (Tax-exempt)</b>	<b>Outstanding</b>
<p>In July 2013, the Commission issued \$462,200,000 principal amount of serial bonds at a premium of \$38,328,775 to retire all, or \$60,000,000, of the outstanding principal amount of commercial paper notes, fund a portion of the 91 Project costs, pay capitalized interest during construction, and pay cost of issuance. In December 2017, the Commission refunded the callable portion of the outstanding 2013 Sales Tax Bonds. The remaining 2013 Sales Tax Bonds mature in annual installments ranging from \$13,325,000 to \$14,695,000 on various dates from June 1, 2021 through June 1, 2023 at an interest rate of 5.00%.</p>	
	\$ 42,015,000

In accordance with the bond maturity schedule, the approximate annual debt service requirements to maturity for the 2013 Sales Tax Bonds payable throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 13,325,000	\$ 2,100,800	\$ 15,425,800
2022	13,995,000	1,434,500	15,429,500
2023	14,695,000	734,600	15,429,600
	<u>\$ 42,015,000</u>	<u>\$ 4,269,900</u>	<u>\$ 46,284,900</u>

<b>2016 Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), Series A (Tax-exempt):</b>	<b>Outstanding</b>
<p>In October 2016, the Commission issued sales tax revenue bonds of \$76,140,000. A portion of the 2016 Refunding Bonds was used to refund all of the outstanding Series A bonds issues in 2009, retire all of the outstanding commercial paper notes, finance a termination payment in connection with an interest rate swap agreement and pay costs of issuance. The outstanding 2016 Refunding Bonds mature in annual installments ranging from \$5,445,000 to \$7,305,000 on various dates from June 1, 2021 through June 1, 2029 at interest rates ranging from 2.00% to 5.00%.</p>	
	\$ 58,410,000

In accordance with the bond maturity schedule, the approximate annual debt service requirements to maturity for the 2016 Refunding Bonds payable throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 5,445,000	\$ 2,006,900	\$ 7,451,900
2022	5,720,000	1,734,600	7,454,600
2023	6,005,000	1,448,600	7,453,600
2024	6,305,000	1,148,300	7,453,300
2025	6,620,000	833,100	7,453,100
2026-2029	28,315,000	1,499,900	29,814,900
	<u>\$ 58,410,000</u>	<u>\$ 8,671,400</u>	<u>\$ 67,081,400</u>

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 6. Long-term Obligations, Continued**

<b>2017 Sales Tax Revenue Bonds (Limited Tax Bonds), Series A (Tax-exempt):</b>	<b>Outstanding</b>
In July 2017, the Commission issued sales tax revenue bonds of \$158,760,000 at a premium of \$28,931,909 to fund a portion of the I-15 Express Lanes project and complete the 91 Project. The outstanding 2017A Bonds mature in annual installments ranging from \$4,835,000 to \$11,440,000 on various dates from June 1, 2021 to June 1, 2039 at interest rates ranging from 3.00% to 5.00%.	<u>\$ 145,890,000</u>

In accordance with the bond maturity schedule, the approximate annual debt service requirements to maturity for the 2017A Sales Tax Bonds payable throughout the term of the bonds are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 4,835,000	\$ 7,181,300	\$ 12,016,300
2022	5,075,000	6,939,600	12,014,600
2023	5,280,000	6,736,600	12,016,600
2024	5,540,000	6,472,600	12,012,600
2025	5,820,000	6,195,600	12,015,600
2026-2030	33,760,000	26,311,300	60,071,300
2031-2035	42,980,000	17,088,100	60,068,100
2036-2039	42,600,000	5,454,400	48,054,400
	<u>\$ 145,890,000</u>	<u>\$ 82,379,500</u>	<u>\$ 228,269,500</u>

In connection with the issuance of the 2017A Sales Tax Bonds, the Commission provided for the establishment of an I-15 Trust Fund for deposits of sales tax revenues as required by the toll indenture for the I-15 Express Lanes project.

<b>2017 Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), Series B (Tax-exempt):</b>	<b>Outstanding</b>
In December 2017, the Commission issued sales tax revenue bonds of \$392,730,000 at a premium of \$80,058,109 to refund all of the outstanding 2010A Bonds and refund a portion of the 2013 Sales Tax Bonds. The 2017B Refunding Bonds mature in annual installments ranging from \$15,045,000 to \$30,980,000 on various dates from June 1, 2024 to June 1, 2039 at interest rates ranging from 4.00% to 5.00%.	<u>\$ 392,730,000</u>

In accordance with the bond maturity schedule, the approximate annual debt service requirements to maturity for the 2017B Refunding Bonds payable throughout the term of the bonds are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ -	\$ 19,366,400	\$ 19,366,400
2022	-	19,366,300	19,366,300
2023	-	19,366,300	19,366,300
2024	15,045,000	19,366,300	34,411,300
2025	15,800,000	18,614,100	34,414,100
2026-2030	103,770,000	80,401,000	184,171,000
2031-2035	142,505,000	47,585,200	190,090,200
2036-2039	115,610,000	14,513,700	130,123,700
	<u>\$ 392,730,000</u>	<u>\$ 238,579,300</u>	<u>\$ 631,309,300</u>

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 6. Long-term Obligations, Continued**

The refunding was undertaken to advance refund all of the outstanding 2010A Bonds and the callable portion of the outstanding 2013 Sales Tax Bonds in the amounts of \$37,630,000 and \$372,445,000, respectively, and reduce future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by approximately \$41,742,900. This amount is reflected as a deferred outflow of resources and amortized over the life of the old debt, which is the same as the 2017B Refunding Bonds obligation. At June 30, 2020, the unamortized deferred amount on refunding was \$34,333,948. The transaction also resulted in an economic gain (difference between the present values of the debt service payments on the old debt and the new debt) of approximately \$39,936,000 and a reduction in future debt payments of approximately \$52,013,000.

<b>2018 Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), Series A (Tax-exempt):</b>	<b>Outstanding</b>
In April 2018, the Commission issued sales tax revenue bonds of \$64,285,000 at a premium of \$10,723,789 to refund all of the outstanding Series B and Series C bonds issued in 2009 and finance a termination payment in connection with an interest rate swap agreement with Bank of America. The outstanding 2018 Refunding Bonds mature in annual installments ranging from \$4,890,000 to \$7,290,000 on various dates from June 1, 2021 through June 1, 2029 at interest rates ranging from 4.00% to 5.00%.	<u>\$ 54,395,000</u>

In accordance with the bond maturity schedule, the approximate annual debt service requirements to maturity for the 2018 Refunding Bonds payable throughout the term of the bonds are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 4,890,000	\$ 2,719,800	\$ 7,609,800
2022	5,205,000	2,475,200	7,680,200
2023	5,425,000	2,215,000	7,640,000
2024	5,745,000	1,943,800	7,688,800
2025	5,970,000	1,656,500	7,626,500
2026-2029	27,160,000	3,477,900	30,637,900
	<u>\$ 54,395,000</u>	<u>\$ 14,488,200</u>	<u>\$ 68,883,200</u>

This refunding was undertaken to eliminate certain risks associated with managing the Commission's variable rate debt. The transaction resulted in a decrease in future debt payments of approximately \$802,000 and an economic gain of approximately \$746,000 (difference between the present value of the debt service payments on the old debt and the new debt). The reacquisition price and the net carrying amount of the old debt were the same.

**Toll revenue bonds payable:** In July 2010, the Commission authorized the issuance and sale of not to exceed \$900 million of toll revenue bonds related to the 91 Project. In May 2017, the Commission authorized the issuance and sale of not to exceed \$165,000,000 of toll revenue bonds, including a TIFIA loan related to the I-15 Express Lanes project. In March 2020, the Commission authorized the issuance and sale of not to exceed \$725 million of toll revenue refunding bonds related to the RCTC 91 Express Lanes.

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 6. Long-term Obligations, Continued**

<b>2013 Toll Revenue Bonds, Series A (Current Interest Obligation):</b>	<b>Outstanding</b>
In July 2013, the Commission issued \$123,825,000 principal amount of serial current interest bonds (CIBs) at a discount of \$2,433,315 to fund a portion of the 91 Project, pay capitalized interest during construction, fund a debt service reserve fund, fund an initial amount for an operations and maintenance fund, and pay costs of issuance. The CIBs consist of a serial bond maturing on June 1, 2044 in the amount of \$39,315,000 at an interest rate of 5.75% and a term bond due on June 1, 2048 in the amount of \$84,510,000 with annual sinking funds payments of \$42,255,000 on June 1, 2047 and June 1, 2048 at an interest rate of 5.75%.	<u>\$ 123,825,000</u>

In accordance with the bond maturity schedule, the approximate annual debt service requirements to maturity for the 2013 Toll Bonds CIBs payable throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ -	\$ 7,119,900	\$ 7,119,900
2022	-	7,119,900	7,119,900
2023	-	7,119,900	7,119,900
2024	-	7,119,900	7,119,900
2025	-	7,119,900	7,119,900
2026-2030	-	35,599,700	35,599,700
2031-2035	-	35,599,700	35,599,700
2036-2040	-	35,599,700	35,599,700
2041-2045	39,315,000	33,339,100	72,654,100
2046-2048	84,510,000	12,148,500	96,658,500
	<u>\$ 123,825,000</u>	<u>\$ 187,886,200</u>	<u>\$ 311,711,200</u>

<b>2013 Toll Revenue Bonds, Series B (Capital Appreciation Obligation):</b>	<b>Outstanding</b>
In July 2013, the Commission issued \$52,829,600 principal amount of serial capital appreciation bonds (CABs) to fund a portion of the 91 Project, pay capitalized interest during construction, fund a debt service reserve fund, fund an initial amount for an operations and maintenance fund, and pay costs of issuance. The CABs will not pay current interest as interest will be compounded commencing December 2013 semiannually and paid at maturity. Therefore, the CABs will increase in value, or accrete, by the accumulation of such compounded interest from its initial principal amount to the maturity value in installments ranging from \$3,440,000 to \$34,220,000 on various dates from June 1, 2022 through June 1, 2043. Interest rates and yield to maturity range from 5.30% to 7.15%. During 2020, the accretion amount was \$5,150,812; the aggregate accretion through June 30, 2020 is approximately \$29,921,500.	<u>\$ 82,751,096</u>

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 6. Long-term Obligations, Continued**

In accordance with the bond maturity schedule, the approximate annual debt service requirements to maturity for the 2013 Toll Bonds CABs payable throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Accreted Interest	Total
2022	\$ 2,396,700	\$ 1,423,300	\$ 3,820,000
2023	3,098,000	2,231,900	5,329,900
2024	3,739,200	3,245,900	6,985,100
2025	4,364,200	4,450,800	8,815,000
2026-2030	17,069,900	27,500,100	44,570,000
2031-2035	10,369,800	28,340,100	38,709,900
2036-2040	-	-	-
2041-2043	11,791,800	78,458,300	90,250,100
	<u>\$ 52,829,600</u>	<u>\$ 145,650,400</u>	<u>\$ 198,480,000</u>

**2013 TIFIA Loan Agreement - 91 Project:**

**Outstanding**

In July 2013, the Commission executed a TIFIA loan of up to \$421,054,409, which proceeds financed a portion of the costs for the 91 Project. During construction and for a period of up to five years following substantial completion, interest is compounded and added to the initial TIFIA loan. The TIFIA loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent additional funds are available. TIFIA debt service payments are expected to commence on December 1, 2021, which is five years after substantial completion of the 91 Project, through June 1, 2051. The interest rate of the TIFIA loan is 3.47%.

\$ 486,339,336

The TIFIA loan is a toll revenue bond that is subordinate to the senior toll revenue bonds per the 91 Project indenture.

In accordance with the TIFIA loan maturity schedule, the approximate annual mandatory debt service requirements to maturity for the TIFIA loan payable throughout the term of the loan are as follows:

Year ending June 30	Mandatory		
	Principal	Interest	Total
2022	\$ -	\$ 1,921,000	\$ 1,921,000
2023	-	1,921,000	1,921,000
2024	-	1,924,000	1,924,000
2025	-	1,919,000	1,919,000
2026-2030	50,000	41,117,000	41,167,000
2031-2035	28,991,000	86,968,000	115,959,000
2036-2040	132,279,000	74,338,000	206,617,000
2041-2045	99,107,000	55,153,000	154,260,000
2046-2050	233,347,000	26,550,000	259,897,000
2051	9,564,000	330,000	9,894,000
Total	<u>503,338,000</u>	<u>\$ 292,141,000</u>	<u>\$ 795,479,000</u>
Future compounded interest	<u>(16,998,664)</u>		
Total TIFIA loan	<u>\$ 486,339,336</u>		

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 6. Long-term Obligations, Continued**

Year ending June 30	Mandatory		
	Principal	Interest	Total
2022	\$ -	\$ 1,921,000	\$ 1,921,000
2023	-	1,921,000	1,921,000
2024	-	1,924,000	1,924,000
2025	-	1,919,000	1,919,000
2026-2030	50,000	41,117,000	41,167,000
2031-2035	28,991,000	86,968,000	115,959,000
2036-2040	132,279,000	74,338,000	206,617,000
2041-2045	99,107,000	55,153,000	154,260,000
2046-2050	233,347,000	26,550,000	259,897,000
2051	9,564,000	330,000	9,894,000
Total	503,338,000	\$ 292,141,000	\$ 795,479,000
Future compounded interest	(16,998,664)		
Total TIFIA loan	\$ 486,339,336		

Pursuant to the 91 Project toll indenture and TIFIA loan agreement, the Commission deposited with the trustee \$136,451,515 through 2017 into an equity account for payment of 91 Project costs.

In connection with the issuance of the 2013 Toll Bonds consisting of the CIBs and CABs, a debt service reserve of \$17,665,460 and an operations and maintenance fund of \$3,137,666 were established. Upon opening of the RCTC 91 Express Lanes in March 2017, the operations and maintenance fund was transferred from the trustee to the Commission for operations. Additionally, the toll indenture and TIFIA loan agreement require the Commission to establish a subordinate obligations reserve fund of \$20,000,000 with Measure A sales tax revenues no later than July 1, 2019, to the extent that the proceeds from the sales of excess right of way acquired by the Commission in connection with the 91 Project are insufficient. The \$20,000,000 reserve was funded in June 2019 from the proceeds of the sale of excess properties on the SR-91 and surplus funds.

**2017 TIFIA Loan Agreement - I-15 Express Lanes:**

**Outstanding**

In July 2017, the Commission executed a TIFIA loan of up to \$152,214,260, which proceeds will finance a portion of the costs for the I-15 Express Lanes project. During construction and for a period of up to five years following substantial completion, interest is compounded and added to the initial TIFIA loan. The TIFIA loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent additional funds are available. TIFIA debt service payments are expected to commence on June 1, 2025, which is five years after substantial completion of the I-15 Express Lanes project, through June 1, 2055. The interest rate of the TIFIA loan is 2.84%. During 2020, \$111,301,868 was drawn on the TIFIA loan and \$1,668,411 in interest was compounded.

\$ 128,092,018

The TIFIA loan is a senior toll revenue bond per the I-15 Express Lanes project indenture.

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
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**Note 6. Long-term Obligations, Continued**

In accordance with the projected TIFIA loan maturity schedule, the approximate annual mandatory debt service requirements to maturity for the TIFIA loan payable throughout the term of the loan are as follows:

Year ending June 30	Mandatory		
	Principal	Interest	Total
2025	\$ -	\$ 2,485,000	\$ 2,485,000
2026-2030	4,652,700	29,571,400	34,224,100
2031-2035	25,322,000	48,182,400	73,504,400
2036-2040	29,123,100	48,182,400	77,305,500
2041-2045	33,510,100	48,182,400	81,692,500
2046-2050	38,541,500	48,182,400	86,723,900
2051-2055	44,334,200	48,182,400	92,516,600
Total	175,483,600	\$ 272,968,400	\$ 448,452,000
Future compounded interest	(23,269,300)		
Total TIFIA loan	<u>\$ 152,214,300</u>		

Pursuant to the I-15 Express Lanes project toll indenture, the Commission will establish the following to support the 15 Express Lanes:

- A \$16.5 million ramp-up reserve prior to substantial completion and commencement of express lanes operations anticipated in Spring 2021;
- An \$18 million TIFIA loan reserve from an initial loan of Measure A sales tax revenues up to \$3 million per year from 2019 through 2024 to the extent that 15 Express Lanes revenues are not sufficient to fund the TIFIA loan reserve; and
- Up to a \$38.5 million backstop loan from Measure A sales tax revenues of up to \$3.85 million per year to the extent 15 Express Lanes revenues are not sufficient to cover operations and maintenance costs, TIFIA loan mandatory debt service, and TIFIA scheduled interest.

The Commission has funded \$6,000,000 required for the TIFIA loan reserve with a loan of Measure A sales tax revenues. The loan is included in advances from the Measure A Western County Special Revenue fund to the Bonds Capital Projects fund.

**Commercial paper notes payable:** In February 2005, the Commission authorized the issuance of tax-exempt commercial paper notes in an amount not to exceed \$200,000,000 for the primary purpose of financing right of way and mitigation land acquisition and project development costs of capital projects under the 2009 Measure A. The Commission reduced the authorization to \$60,000,000 in September 2013. As of June 30, 2020, \$0 was outstanding in commercial paper notes.

The source of revenue to repay the commercial paper notes and any subsequent long-term debt refinancing is the 2009 Measure A sales tax. Interest is payable on the respective maturity dates of the commercial paper notes, which is up to 270 days from the date of issuance. The maximum allowable interest rate on the commercial paper notes is 12%.

As a requirement for the issuance of the commercial paper notes, the Commission entered into a \$60,750,000 irrevocable direct draw letter of credit and reimbursement agreement with State Street Bank and Trust Company (State Street) as credit and liquidity support for the commercial paper notes through October 2025. The commitment fees paid to State Street were \$259,402 in 2020.

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 6. Long-term Obligations, Continued**

Funds are drawn under the letter of credit to pay debt service on the commercial paper notes, and the Commission is required to reimburse the bank for such drawings. Amounts drawn on the letter of credit and not reimbursed within 30 days are not due until five years after the date of such draw. Accordingly, the commercial paper notes are classified as long-term liabilities in the Commission's government-wide financial statements. There were no unreimbursed draws by the Commission on the remaining letter of credit during the year ended June 30, 2020, nor were there any amounts outstanding under the remaining letter of credit agreement at June 30, 2020.

The Commission's commercial paper program functions similar to bond anticipation notes for reporting purposes, as the commercial paper notes are issued and retired with long-term debt issuances. Commercial paper notes are classified as long-term debt as long as the Commission's letter of credit facility extends at least one year past its fiscal year end; otherwise, the commercial paper notes are classified as a fund liability.

**Capital lease obligation:** The Commission has entered into a lease agreement for financing the acquisition of office equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments. The office equipment book value of \$55,000 is recorded as a capital asset in the governmental activities. Total future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

Year Ending June 30	Total
2021	\$ 15,762
2022	15,762
2023	15,762
2024	<u>6,567</u>
Total minimum lease payments	53,853
Less amount representing interest	<u>(12,032)</u>
Present value of minimum lease payments	<u>\$ 41,821</u>

**Arbitrage rebate:** The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds and commercial paper notes after August 31, 1986. In general, arbitrage regulations deal with the investment of all tax-exempt bond and commercial paper note proceeds at an interest yield greater than the interest yield paid to bondholders or noteholders. Failure to follow the arbitrage regulations could result in all interest paid to bondholders or noteholders retroactively rendered taxable. In accordance with the arbitrage regulations, if excess earnings were calculated, 90% of the amount calculated would be due to the Internal Revenue Service at the end of each five-year period. The remaining 10% would be recorded as a liability and paid after all bonds had been redeemed. During the current year, the Commission performed calculations of excess investment earnings on all bond and commercial paper financings. There was no arbitrage liability at June 30, 2020.

**MSHCP funding liability:** Under the 2009 Measure A, the Commission is required to provide \$153,000,000 of Measure A funding under the Western County MSHCP. Through the current year, the Commission has fulfilled approximately \$150,000,000 of the funding requirement. In March 2012, the Commission authorized a \$24,000,000 commitment to the Western Riverside County Regional Conservation Authority (RCA) to provide funding for its remaining obligation to the MSHCP for its covered activities. Under the terms of the agreement, the commitment will be paid over eight years at \$3,000,000 per year through December 2019. However, if, within the first two years of the agreement, the RCA received a federal loan guarantee related to the MSHCP or its revenues have returned to 2005 levels, the Commission may modify its commitment. The Commission did not modify its commitment within the first two-year period, and, accordingly, the remaining liability is \$0 as of June 30, 2020.



**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 7. Net Position and Fund Balances**

**Net position:** Net investment in capital assets of \$578,176,767, as reported on the statement of net position, represents capital assets, net of accumulated depreciation and amortization, of \$1,188,217,305 less the related debt of \$610,040,538. The related debt includes the portion of the sales tax revenue and toll revenue bonds that was used for the development of tolled express lane capital assets. The deficit in business-type activities will be reduced by future toll revenues for the payment of outstanding toll obligations.

Net Investment in Capital Assets	Governmental Activities	Business-Type Activities	Total
Capital assets, net	\$ 912,650,581	\$ 275,566,724	\$ 1,188,217,305
Less: related debt	(14,259,826)	(595,780,712)	(610,040,538)
Total	\$ 898,390,755	\$ (320,213,988)	\$ 578,176,767

Additionally, the statement of net position reports \$860,313,222 of restricted net position, of which \$556,294,332 is restricted by enabling legislation.

**Fund balances:**

**Measure A:** Measure A sales tax revenues are allocated to the three defined geographic areas of Riverside County, consisting of Western County, Coachella Valley, and Palo Verde Valley in proportion to the funds generated within those areas. Revenues must then be allocated to the programs of the geographic areas according to percentages as defined by Measure A and are legally restricted for applicable program expenditures. Bond and commercial paper note proceeds are allocated to the geographic areas based on the estimated uses. Accordingly, the related fund balances are classified as follows:

**Highways:** Funds are to be used for project costs including engineering, right of way acquisitions, and construction of the Western County highways and Coachella Valley highways and regional arterials. Funds for new corridors are to be used for environmental clearance, right of way acquisition, and construction of four new Western County transportation corridors identified through CETAP. In order to attract commercial and industrial development and jobs in the Western County, funds are expended to create an infrastructure improvement bank to improve and construct interchanges, provide public transit linkages or stations, and make other improvements to the transportation system. Funds are also provided to support bond financing costs. These program funds are intended to supplement existing federal, state, and local resources. Coachella Valley highway and regional arterial funds are matched by TUMF revenues generated in the Coachella Valley. Accordingly, funds for highways, Coachella Valley regional arterials, new corridors, economic development, and bond financing are reflected as restricted for these specific purposes as stipulated by the 1989 Measure A and 2009 Measure A.

**Commuter rail:** Funds for rail operations and to match federal funds for capital are restricted as stipulated by the 2009 Measure A Western County public transit program. Certain state revenues are restricted for the planning and development of the new Coachella Valley/San Geronio Pass corridor rail service.

**Regional arterials:** Funds for regional arterials are used to implement the planned Western County regional arterial system, as defined by WRCOG.

**Local streets and roads:** Funds to be expended by local jurisdictions for the construction, repair, and maintenance of local streets and roads are reflected as restricted as stipulated by the 2009 Measure A. The County and local cities are required to supplement those expenditures with other previously dedicated revenue sources to maintain road improvements. Monies are disbursed to the jurisdictions which comply with the requirements to maintain the same level of funding for streets and roads as existed prior to the passage of the 2009 Measure A and participate in TUMF (as applicable in the Western County and

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 7. Net Position and Fund Balances, Continued**

Coachella Valley areas) and the MSHCP in Western County and which annually submit a five-year capital improvement plan.

**Commuter assistance and transit:** Funds for public transit are used to promote and subsidize commuter assistance programs such as ridesharing and telecommuting and specialized transportation to guarantee reduced transit fares, expand existing transit services, and implement new transit services for seniors and persons with disabilities. These funds are restricted as stipulated by the 2009 Measure A. Funds for intercity bus services in Western County and bus replacement and more frequent service in the Coachella Valley are restricted as stipulated by the 2009 Measure A.

**Debt service:** Certain bond proceeds that have been used to make required sinking fund payments in the Debt Service fund as required by the bond agreements are classified as restricted. Amounts held by the trustee equal to the maximum annual debt service are recorded in the Debt Service fund as restricted.

**Transportation Development Act:** Restricted fund balance for the LTF represents the apportionments related to transit programs by geographic area, bicycle and pedestrian facilities, and planning and programming services and unapportioned revenues. Restricted fund balance for the STA and State of Good Repair represents the apportionments for transit by geographic area. The TDA restrictions at June 30, 2020 are as follows:

	Local Transportation Fund	State Transit Assistance	State of Good Repair	Total
Bicycle and pedestrian facilities	\$ 8,303,262	\$ -	\$ -	\$ 8,303,262
Transit and specialized transportation				
Western County:				
Bus transit:				
City of Banning	100,000	1,124,506	76,047	1,300,553
City of Beaumont	-	3,391,933	66,478	3,458,411
City of Corona	-	925,692	146,237	1,071,929
City of Riverside	-	303,649	295,247	598,896
Riverside Transit Agency	2,666,157	52,735,630	3,584,713	58,986,500
Apportioned and unallocated	56,865,176	11,665,388	2,392,713	70,923,277
Commuter rail:				
Commission	2,000,000	7,651,553	825,203	10,476,756
Apportioned and unallocated	6,955,536	25,617,488	26,949	32,599,973
Total Western County	68,586,869	103,415,839	7,413,587	179,416,295
Coachella Valley:				
BusTransit				
SunLine Transit Agency	2,543,247	14,922,353	781,307	18,246,907
Apportioned and unallocated	7,343,640	1,068,273	817,697	9,229,610
Commuter Rail				
Commission	-	-	-	-
Apportioned and unallocated	-	41,746	-	41,746
Total Coachella Valley	9,886,887	16,032,372	1,599,004	27,518,263
Palo Verde Valley:				
Palo Verde Valley Transit Agency	-	82,272	35,758	118,030
Apportioned and unallocated for transit and local streets and roads	1,214,146	181,901	39,597	1,435,644
Total Palo Verde Valley	1,214,146	264,173	75,355	1,553,674
Prepaid amounts	17,200	-	-	17,200
Unapportioned funds	9,099,939	-	-	9,099,939
Total transit and specialized transportation	\$ 97,108,303	\$ 119,712,384	\$ 9,087,946	\$ 225,908,633

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 7. Net Position and Fund Balances, Continued**

**Commuter rail:** Restricted fund balances in the General fund and a nonmajor governmental fund represent TDA monies to be used for commuter rail operations and capital.

**Transportation Uniform Mitigation Fee:** TUMF revenues to be received by the Commission are to be used for new CETAP corridors and the regional arterial system in Western County and are restricted as follows:

**CETAP:** Funds for the development of new transportation corridors are used to provide congestion relief and mobility within the County and between the County and its neighboring Orange and San Bernardino counties. Funds will be matched by revenues of \$370 million generated from the 2009 Measure A.

**Regional arterials:** Funds for regional arterials are used to implement the planned Western County regional arterial system. Funds will be matched by revenues of \$300 million generated from the 2009 Measure A.

**Prepaid amounts:** Prepaid amounts are reported as nonspendable fund balance as they are in nonspendable form.

**Motorist assistance:** Funds in the Service Authority for Freeway Emergencies and Freeway Service Patrol Special Revenue funds, which are reported as nonmajor governmental funds of \$6,037,828 and \$4,870,970, respectively, to assist motorists on County roads are restricted as stipulated by the State.

**General government:** Funds allocated by Measure A, TUMF, LTF, motorist assistance, STA, Coachella Valley Rail, and SB 132 programs to the General Fund have been assigned by the Commission for general government administration.

**RCTC 91 Express Lanes:** Restricted net position for toll operations consists of net toll revenues from toll operations in the RCTC 91 Express Lanes Enterprise fund in accordance with the toll bond indenture.

**Unassigned:** The SB 132 Special Revenue fund and Other Agency Projects fund reported a negative unassigned fund balance of \$3,228,402 and \$30,566. The Commission anticipates future reimbursements from Caltrans will reduce the negative fund balance.

**Note 8. Commitments and Contingencies**

**Operating lease:** The Commission has entered into an operating lease agreement for office facilities. The term of the lease, as amended, is for a period of 10 years expiring in October 2027. Rental expenditures for the fiscal year ended June 30, 2020 were approximately \$556,600.

Year Ending June 30	Amount
2021	\$ 581,060
2022	598,493
2023	616,449
2024	634,945
2025	653,996
2026-2027	897,219
Total minimum rental commitment	<u>\$ 3,982,162</u>

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 8. Commitments and Contingencies, Continued**

**Real property and project agreements:** The Commission has entered into other agreements in the ordinary course of business with companies and other governmental agencies for the acquisition of real property as well as the engineering and construction of certain highway and commuter rail projects. These agreements, which are significant, are funded with available and future revenues and debt proceeds.

**Litigation:** Certain claims involving disputed construction costs and property acquisition costs, including goodwill claims, have arisen in the ordinary course of business. Additionally, the Commission is a defendant in lawsuits. Although the outcome of these matters is not presently determinable, management does not expect that the resolution of these matters will have a material adverse impact on the financial condition of the Commission.

**Note 9. Joint Agreements**

**Joint ventures:** The Commission is one of five members of the SCRRA, an independent joint powers authority created in June 1992. The SCRRA's board consists of one member from the Ventura County Transportation Commission; two each from the Orange County Transportation Authority (OCTA), the San Bernardino Associated Governments, and the Commission; and four members from the Los Angeles County Metropolitan Transportation Authority. The SCRRA is responsible for implementing and operating a regional commuter rail system (Metrolink) in five southern California counties. As a member of SCRRA, the Commission makes capital and operating contributions for its pro rata share of rail lines servicing the County. The Commission expended \$21,289,044 and \$2,996,937 during 2019 for its share of Metrolink operating and capital costs, respectively. As of June 30, 2019, cumulative capital contributions were \$56,361,657. Other funds for rail service are contributed to the SCRRA by the State from state rail bonds on behalf of the Commission. Separate financial statements are prepared by and available from the SCRRA, which is located at 900 Wilshire Boulevard, Suite 1500, Los Angeles, California 90017.

In May 2013 the Commission became a full voting member of the Los Angeles–San Diego–San Luis Obispo (LOSSAN) Rail Corridor Agency with the intent to have greater involvement in regional rail issues because of its legal ownership rights regarding passenger rail service between Fullerton and Los Angeles. The LOSSAN Rail Corridor Agency is a locally governed joint powers authority comprised of 13 agencies created to oversee the intercity passenger rail service in the travel corridor between San Diego and San Luis Obispo County. The Commission's share of administration costs is subject to future negotiations; however, during 2020 the Commission contributed \$0 for administration efforts.

In May 2017, the Commission became a member of the California Vanpool Authority (CalVans) to share resources and provide public vanpool transportation options for the traveling public. CalVans is a joint powers authority comprised of 13 agencies created to operate vanpool services within the territories of the member agencies. The Commission did not expend any funds during 2020 for CalVans.

**RCTC 91 Express Lanes cooperative agreements:** The RCTC 91 Express Lanes are jointly operated with the existing OCTA 91 Express Lanes and collectively referred to as the 91 Express Lanes.

Under the Orange-Riverside Cooperative Agreement, which was entered into in December 2011, the Commission and OCTA agreed on the use of the same initial toll operator, cost and revenue sharing, toll policies, business rules, interoperability of technology, and marketing activities as well as OCTA review of design plans and construction activities for the 91 Project.

In May 2013 the Commission entered into a three-party agreement with OCTA and the third-party toll operator, for the operations of the 91 Express Lanes. This ensures a streamlined and consistent intercounty travel for motorists on the OCTA 91 Express Lanes in Orange County and RCTC 91 Express Lanes in Riverside

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 9. Joint Agreements**

County. The third-party toll operator provides operating services in the annual amount of \$6,942,600 plus inflation for three initial years with two one-year extension options, subject to Board of Commissioners approval. The third-party toll operator is responsible for the day-to-day operations of the toll facility; another contractor is responsible for maintaining the roadside toll collection system under a separate agreement with the Commission. The three-party agreement expires on December 31, 2021, as amended in September 2019.

In November 2019, the Commission awarded an agreement to the third-party operator to develop and install a new back office system and to provide express lane operator services, including the back office and customer services center. The third-party operator has a separate contract with OCTA. Each contract has a five-year term, plus two 3-year options, to operate both the OCTA and RCTC 91 Express Lanes. The operating term begins July 2021.

**Note 10. Employees' Pension Plans**

**General Information about the CalPERS Pension Plan:** The Commission contracts with CalPERS to provide its employees retirement as well as death and retirement disability benefits, which are paid by the CalPERS under a cost sharing multiple-employer plan. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be obtained from its executive office located at 400 P Street, Sacramento, California 95814, or by visiting the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov). All permanent Commission employees are eligible to participate in the Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by State statute and Commission resolution.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Employees hired prior to January 1, 2013 and attaining the age of 55 with five years of credited California service (service) are eligible for normal retirement and are entitled to a monthly benefit of 2.7% of their final compensation for each year of service. Final compensation is defined as the highest annual salary earned. Retirement may begin at age 50 with a reduced benefit rate. The plan also credits employees for unused sick leave. Employees hired on or after January 1, 2013 who are not "classic" members and attaining the age of 62 with five years of credited service are eligible for normal retirement and are entitled to a monthly benefit of 2% of their three-year final compensation for each year of service. Retirement may begin at age 52 with a reduced benefit rate. Upon separation from the plan prior to retirement, members' accumulated contributions are refundable with interest credited through the date of separation. All members are eligible for non-duty disability benefits after 10 years of service. The pre-retirement death benefit is one of the following: the 1957 Survivor Benefit – level 3 or the Optional Settlement 2W Death Benefit. The post-retirement death benefit is one of the following: lump sum or survivor allowance. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

Hire date	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52 – 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required employee contribution rates	8%	7.25%
Required Commission contribution rates	15.388%	8.069%

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 10. Employees' Pension Plans, Continued**

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for the Plan were as follows:

<b>Miscellaneous</b>	
Contributions - Commission	\$ 10,221,550
Contributions - Employee	479,952

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions:**

As of June 30, 2020, the Commission reported a net pension liability for its proportionate shares of the net pension liability of the Plan as follows:

<b>Proportionate Share of Net Pension Liability</b>	
Miscellaneous	\$ 8,921,123

The Commission's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Commission's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 is as follows:

<b>Miscellaneous</b>	
Proportion - June 30, 2018	0.08656%
Proportion - June 30, 2019	0.08706%
Change - Increase (Decrease)	(0.0005%)

For the year ended June 30, 2020, the Commission recognized pension expense of \$2,435,492. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 10,221,550	\$ -
Differences between actual and expected experiences	619,610	48,007
Changes in assumptions	425,400	150,801
Differences between contributions and the proportionate share of contributions	389,196	-
Changes in Commission's proportion	185,873	79,845
Net differences between projected and actual earnings on plan investments	-	155,969
Total	<u>\$ 11,841,629</u>	<u>\$ 434,622</u>

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 10. Employees' Pension Plans, Continued**

The \$10,221,550 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal years. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2021	\$ 985,261
2022	32,791
2023	135,888
2024	31,517
	<u>\$ 1,185,457</u>

**Actuarial Methods and Assumptions** - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	7.15% net of pension plan investment and administrative expenses, includes inflation
Mortality	Derived using CalPERS' membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2017 actuarial experience study report (based on demographic data for the period 1997 to 2015). Further details of the experience study can be found on the CalPERS website.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.15% for the Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-Term Expected Rate of Return** - The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 years +) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at



**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 10. Employees' Pension Plans, Continued**

the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rates of return by asset class.

Asset Class (a)	Current Target Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	–	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	–	(0.92%)
Total	100%		

- (a) Fixed income is included in Global Debt Securities; Inflation Assets are included in both Global Equity Securities and Global Debt Securities; and Liquidity is included in short-term investments.  
(b) An expected inflation rate of 2.0% used for this period.  
(c) An expected inflation rate of 2.92% used for this period.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** – The following presents the Commission's collective net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Commission's collective net pension liability would be if it were calculated using a discount rate that is 1% below or 1% higher than the current rate:

Miscellaneous	
1% Decrease	6.15%
Net Pension Liability	\$14,004,259
Current Discount Rate	7.15%
Net Pension Liability	\$8,921,123
1% Increase	8.15%
Net Pension Liability	\$4,725,354

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**Payable to the Pension Plan** – At June 30, 2020, the Commission reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

**401(a) plan:** The Commission offers its employees a 401(a) single-employer defined contribution plan referred to as the Money Purchase Plan & Trust (Plan), which covers all permanent full-time employees. Employees are fully vested in the Plan after five years. The Plan, which is administered by the International City/County Management Association (ICMA), requires the Commission to make a contribution of 7.5% of the employees' earnings for the Plan year. Fiduciary responsibility and reporting of the Plan assets rests with ICMA. The Commission has the authority to amend the contribution requirements. Total payroll for covered employees for the current year was \$6,327,777. The Commission's contributions to the Plan were \$470,203 for the year ended June 30, 2020.



**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 11. Post-employment Benefits Other Than Pensions (OPEB)**

**Plan description** – The Commission's OPEB plan through the CERBT, is an agent multiple-employer defined benefit plan for eligible retirees and their dependents. CERBT issues a publicly available financial report that can be obtained from its executive office or its website.

**Benefits provided** – The Commission provides post-employment health benefits for eligible retirees and their dependents at retirement. For employees hired on or after January 1, 2007, retirees must have a minimum of 10 years of PERS service and no less than five years of Commission service in order to receive post-employment health benefits in accordance with PERS as per Government Code Section 22893. For employees hired prior to January 1, 2007, retirees are not required to meet the eligibility criteria and may receive post-employment health benefits at the monthly health benefit rate paid for active employees, which is currently at \$750. The Commission's contributions toward premiums for retiree health insurance are coordinated with Medicare and other benefits provided by federal and state law, when available, to the extent it reduces the cost of insurance premiums.

Employees covered by benefit terms at June 30, 2020 are as follows:

Inactive employees or beneficiaries currently receiving benefit payments	22
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees	<u>44</u>
Total	<u>67</u>

**Contributions** – The contribution requirements of plan members are established and may be amended by the Commission. The Commission has adopted a policy to fund 100% of the actuarially determined amount. For the year ended June 30, 2020, the Commission's average contribution rate was 8% of covered-employee payroll. Employees are not required to contribute to the plan.

**Net OPEB Liability** – The Commission's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions** – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions		June 30, 2019 Measurement Date
Inflation	2.75% per annum	
Salary increases	3.00% aggregate	
Investment rate of return	5.75%	
Healthcare cost trend rates	Non-Medicare: 7.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare: 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years	

Mortality rates are based on projected fully generational with Scale MP-2018.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class.

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 11. Postemployment Benefits Other Than Pensions (OPEB), Continued**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 years +) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Asset Class	Target Allocation Strategy 2	Expected Real Rate of Return
Global equity	40%	4.82%
Fixed income	43%	1.47%
TIPS	5%	1.29%
Commodities	4%	0.84%
REITs	8%	3.76%
Assumed long-term rate of inflation		2.75%
Expected long-term net rate of return		5.75%

**Discount rate** - The discount rate to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from the Commission will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability** - The changes in the net OPEB liability (asset) from the measurement date of June 30, 2018 to June 30, 2019 are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at June 30, 2018 (measurement date)	\$ 7,326,000	\$ 7,366,000	\$ (40,000)
Changes for the year:			
Service cost	477,000	-	477,000
Interest	462,000	-	462,000
Changes in benefit terms	80,000	-	80,000
Actual vs. expected experience	(338,000)	-	(338,000)
Assumption changes	137,000	-	137,000
Contributions - employer	-	778,000	(778,000)
Net investment income	-	577,000	(577,000)
Benefit payments	(229,000)	(229,000)	-
Administrative expense	-	(2,000)	2,000
Net changes	589,000	1,124,000	(535,000)
Balances at June 30, 2019 (measurement date)	\$ 7,915,000	\$ 8,490,000	\$ (575,000)

**Riverside County Transportation Commission**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 11. Postemployment Benefits Other Than Pensions (OPEB), Continued**

**Sensitivity of the net OPEB liability to changes in the discount rate** – The following table presents the Commission's net OPEB liability (asset), as well as what the Commission's net OPEB liability would be if it were calculated using a discount rate that is 1% below or 1% higher than the current discount rate:

<b>Changes in the Discount Rate</b>	
1% Decrease	4.75%
Net OPEB Liability	\$652,000
Current Discount Rate	5.75%
Net OPEB Liability	(\$575,000)
1% Increase	6.75%
Net OPEB Asset	(\$1,564,000)

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates** – The following table presents the net OPEB liability (asset) as well as what the Commission's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% below or 1% higher than the current healthcare cost trend rates:

<b>Changes in the Healthcare Cost Trend Rate</b>	
1% Decrease	1% Decrease
Net OPEB Asset	(\$1,684,000)
Current Healthcare Trend Rate	Current Trend
Net OPEB Liability	(\$575,000)
1% Increase	1% Increase
Net OPEB Liability	\$826,000

**OPEB plan fiduciary net position** – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial reports at <https://www.calpers.ca.gov/page/employers/benefit-programs/cerbt>.

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB** – For the year ended June 30, 2020, the Commission recognized OPEB expense of \$473,000. At June 30, 2020 the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions subsequent to measurement date	\$ 448,000	\$ –
Changes in assumptions	118,000	–
Differences between actual and expected experiences	–	291,000
Net differences between projected and actual earnings on plan investments	–	233,000
Total	<u>\$ 566,000</u>	<u>\$ 524,000</u>

The \$448,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal years. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Riverside County Transportation Commission  
Notes to Basic Financial Statements  
June 30, 2020

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**Note 11. Postemployment Benefits Other Than Pensions (OPEB), Continued**

Year Ending June 30	
2021	\$ (90,000)
2022	(128,000)
2023	(74,000)
2024	(53,000)
2025	(28,000)
Thereafter	(33,000)
	<u>\$ (406,000)</u>

**Payable to the OPEB Plan** – At June 30, 2020 the Commission reported a payable of \$0 for the outstanding amount of contributions to CERBT required for the year ended June 30, 2020.

**Note 12. Measure A Conformance Requirements**

Measure A requires that the sales taxes collected may only be used for transportation purposes including administration and the construction, capital acquisition, maintenance, and operation of streets, roads, highways including state highways, and public transit systems and for related purposes. These purposes include expenditures for planning, environmental reviews, engineering and design costs, and related right of way acquisition.

**Note 13. Pronouncements Issued, Not Yet Effective**

In May 2020, the Commission adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*. In light of the COVID-19 pandemic and effective immediately, this statement provides temporary relief to governments and other stakeholders with a delay in the effective dates of several GASB statements. The GASB pronouncements issued prior to June 30, 2020 that have an effective date impacting future financial presentations include:

- GASB Statement No. 87, *Leases*, effective for the fiscal year that ends June 30, 2022;
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for fiscal years beginning after December 31, 2021;
- GASB Statement No. 91, *Conduit Debt Obligations*, effective for fiscal years beginning after December 31, 2022;
- Implementation Guide No. 2019-1, *Implementation Guidance Update – 2019*, effective for the fiscal year that ends June 30, 2021; and
- Implementation Guide No. 2019-3, *Leases*, effective for the fiscal year that ends June 30, 2022.



## Required Supplementary Information



Metrolink riders



**Riverside County Transportation Commission**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2020**

	General			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 11,664,700	\$ 11,664,700	\$ 5,338,528	\$ (6,326,172)
Investment income	499,400	276,100	285,148	9,048
Other	400	400	876,745	876,345
Total revenues	12,164,500	11,941,200	6,500,421	(5,440,779)
Expenditures				
Current:				
General government	12,301,100	12,363,500	-	12,363,500
Commuter rail	29,093,700	29,147,700	23,118,132	6,029,568
Planning and programming	4,646,800	7,117,300	7,192,725	(75,425)
Transit and specialized transportation	1,071,600	1,071,600	1,051,348	20,252
Total programs	47,113,200	49,700,100	31,362,205	18,337,895
Debt service:				
Principal	-	8,700	8,683	17
Interest	-	7,100	7,079	21
Total debt service	-	15,800	15,762	38
Capital outlay	1,306,000	1,194,800	-	1,194,800
Total expenditures	48,419,200	50,910,700	31,377,967	19,532,733
Excess (deficiency) of revenues over (under) expenditures	(36,254,700)	(38,969,500)	(24,877,546)	14,091,954
Other financing sources (uses)				
Transfers in	40,408,800	45,209,800	21,682,561	(23,527,239)
Transfers out	(3,394,600)	(3,394,600)	(66,993)	3,327,607
Total other financing sources (uses)	37,014,200	41,815,200	21,615,568	(20,199,632)
Net change in fund balances	\$ 759,500	\$ 2,845,700	(3,261,978)	\$ (6,107,678)
Fund balances at beginning of year			29,124,269	
Fund balances at end of year			\$ 25,862,291	

See notes to required supplementary information



**Riverside County Transportation Commission**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Major Special Revenue Funds**

Year Ended June 30, 2020

	Measure A Western County				Measure A Coachella Valley			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>								
Sales taxes	\$ 150,535,000	\$ 138,834,000	\$ 152,356,159	\$ 13,522,159	\$ 41,475,000	\$ 38,253,000	\$ 41,832,334	\$ 3,579,334
Transportation Uniform Mitigation Fee	-	-	-	-	-	-	-	-
Intergovernmental	126,247,600	126,247,600	53,356,973	(72,890,627)	-	-	-	-
Investment income	3,603,100	2,472,800	4,159,573	1,686,773	767,400	562,800	1,108,859	546,059
Other	1,516,000	1,516,000	1,197,392	(318,608)	-	-	-	-
<b>Total revenues</b>	<b>281,901,700</b>	<b>269,070,400</b>	<b>211,070,097</b>	<b>(58,000,303)</b>	<b>42,242,400</b>	<b>38,815,800</b>	<b>42,941,193</b>	<b>4,125,393</b>
<b>Expenditures</b>								
<b>Current:</b>								
General government	718,500	739,000	534,338	204,662	-	-	-	-
Bicycle and pedestrian facilities	-	-	-	-	-	-	-	-
CETAP	-	300	215	85	-	-	-	-
Commuter assistance	4,578,300	4,691,000	3,938,474	752,526	-	-	-	-
Commuter rail	36,616,000	36,626,300	16,744,864	19,881,436	-	-	-	-
Highways	278,348,200	290,781,700	194,736,575	96,045,125	30,044,800	27,031,300	14,793,955	12,237,345
Local streets and roads	43,350,400	43,985,100	43,985,055	45	14,408,400	14,642,700	14,642,656	44
Planning and programming	-	-	-	-	-	-	-	-
Regional arterials	7,430,700	7,431,200	4,939,979	2,491,221	-	-	-	-
Transit and specialized transportation	6,586,800	6,587,600	6,145,842	441,758	7,007,900	7,007,900	6,484,084	523,816
<b>Total programs</b>	<b>377,628,900</b>	<b>390,842,200</b>	<b>271,025,342</b>	<b>119,816,858</b>	<b>51,461,100</b>	<b>48,681,900</b>	<b>35,920,695</b>	<b>12,761,205</b>
Capital outlay	3,232,000	4,509,700	3,536,042	973,658	-	-	-	-
<b>Total expenditures</b>	<b>380,860,900</b>	<b>395,351,900</b>	<b>274,561,384</b>	<b>120,790,516</b>	<b>51,461,100</b>	<b>48,681,900</b>	<b>35,920,695</b>	<b>12,761,205</b>
Excess (deficiency) of revenues over (under) expenditures	(98,959,200)	(126,281,500)	(63,491,287)	62,790,213	(9,218,700)	(9,866,100)	7,020,498	16,886,598
<b>Other financing sources (uses)</b>								
Debt issuance	75,703,000	75,703,000	111,301,868	35,598,868	-	-	-	-
Transfers in	47,933,700	44,863,300	24,978,397	(19,884,903)	-	142,200	142,164	(36)
Transfers out	(95,400,000)	(88,775,400)	(62,934,771)	25,840,629	(357,100)	(691,300)	-	691,300
<b>Total other financing sources (uses)</b>	<b>28,236,700</b>	<b>31,790,900</b>	<b>73,345,494</b>	<b>41,554,594</b>	<b>(357,100)</b>	<b>(549,100)</b>	<b>142,164</b>	<b>691,264</b>
<b>Net change in fund balances</b>	<b>\$ (70,722,500)</b>	<b>\$ (94,490,600)</b>	<b>9,854,207</b>	<b>\$ 104,344,807</b>	<b>\$ (9,575,800)</b>	<b>\$ (10,415,200)</b>	<b>7,162,662</b>	<b>\$ 17,577,862</b>
Fund balances at beginning of year			253,925,602				56,410,474	
Fund balances at end of year			<u>\$ 263,779,809</u>				<u>\$ 63,573,136</u>	

See notes to required supplementary information

**Riverside County Transportation Commission**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Major Special Revenue Funds, Continued**

Year Ended June 30, 2020

	Transportation Uniform Mitigation Fee				Local Transportation Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ 97,000,000	\$ 91,000,000	\$ 100,283,641	\$ 9,283,641
Transportation Uniform Mitigation Fee	25,000,000	16,240,000	23,257,905	7,017,905	-	-	-	-
Intergovernmental	5,800,000	5,800,000	527,029	(5,272,971)	-	-	-	-
Investment income	1,731,300	1,205,900	2,120,529	914,629	1,077,700	713,300	1,167,823	454,523
Other	18,000	18,000	25,212	7,212	-	-	-	-
Total revenues	32,549,300	23,263,900	25,930,675	2,666,775	98,077,700	91,713,300	101,451,464	9,738,164
Expenditures								
Current:								
General government	-	-	-	-	12,000	12,000	12,000	-
Bicycle and pedestrian facilities	-	-	-	-	1,250,100	1,367,800	1,367,800	-
CETAP	11,700,000	11,740,000	11,104,593	635,407	-	-	-	-
Commuter assistance	-	-	-	-	-	-	-	-
Commuter rail	-	-	-	-	-	-	-	-
Highways	-	-	-	-	-	-	-	-
Local streets and roads	-	-	-	-	-	-	-	-
Planning and programming	-	-	-	-	728,000	817,000	817,000	-
Regional arterials	22,972,000	23,171,500	7,119,421	16,052,079	-	-	-	-
Transit and specialized transportation	-	-	-	-	90,300,000	101,150,300	72,016,819	29,133,481
Total programs	34,672,000	34,911,500	18,224,014	16,687,486	92,290,100	103,347,100	74,213,619	29,133,481
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	34,672,000	34,911,500	18,224,014	16,687,486	92,290,100	103,347,100	74,213,619	29,133,481
Excess (deficiency) of revenues over (under) expenditures	(2,122,700)	(11,647,600)	7,706,661	19,354,261	5,787,600	(11,633,800)	27,237,845	38,871,645
Other financing sources (uses)								
Debt issuance	-	-	-	-	-	-	-	-
Transfers in	300,000	300,000	177,115	(122,885)	-	-	-	-
Transfers out	(1,524,300)	(1,524,300)	-	1,524,300	(28,968,500)	(33,769,500)	(21,670,895)	12,098,605
Total other financing sources (uses)	(1,224,300)	(1,224,300)	177,115	1,401,415	(28,968,500)	(33,769,500)	(21,670,895)	12,098,605
Net change in fund balances	<u>\$ (3,347,000)</u>	<u>\$ (12,871,900)</u>	<u>7,883,776</u>	<u>\$ 20,755,676</u>	<u>\$ (23,180,900)</u>	<u>\$ (45,403,300)</u>	<u>5,566,950</u>	<u>\$ 50,970,250</u>
Fund balances at beginning of year			109,653,332				91,541,353	
Fund balances at end of year			<u>\$ 117,537,108</u>				<u>\$ 97,108,303</u>	

See notes to required supplementary information

**Riverside County Transportation Commission**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Major Special Revenue Funds, Continued**

Year Ended June 30, 2020

	State Transit Assistance				SB 132			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Sales taxes	\$ 27,253,800	\$ 27,253,800	\$ 23,910,447	\$ (3,343,353)	\$ -	\$ -	\$ -	\$ -
Transportation Uniform Mitigation Fee	-	-	-	-	-	-	-	-
Intergovernmental	-	-	498	498	93,511,800	93,511,800	77,527,098	(15,984,702)
Investment income	1,628,400	1,143,000	2,073,193	930,193	-	-	31,818	31,818
Other	-	-	-	-	-	-	-	-
Total revenues	28,882,200	28,396,800	25,984,138	(2,412,662)	93,511,800	93,511,800	77,558,916	(15,952,884)
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	-
Bicycle and pedestrian facilities	-	-	-	-	-	-	-	-
CETAP	-	-	-	-	-	-	-	-
Commuter assistance	-	-	-	-	-	-	-	-
Commuter rail	-	-	-	-	-	-	-	-
Highways	-	-	-	-	94,643,500	96,300,200	76,424,673	19,875,527
Local streets and roads	-	-	-	-	-	-	-	-
Planning and programming	-	-	-	-	-	-	-	-
Regional arterials	-	-	-	-	-	-	-	-
Transit and specialized transportation	50,127,700	50,127,700	13,291,165	36,836,535	-	-	-	-
Total programs	50,127,700	50,127,700	13,291,165	36,836,535	94,643,500	96,300,200	76,424,673	19,875,527
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	50,127,700	50,127,700	13,291,165	36,836,535	94,643,500	96,300,200	76,424,673	19,875,527
Excess (deficiency) of revenues over (under) expenditures	(21,245,500)	(21,730,900)	12,692,973	34,423,873	(1,131,700)	(2,788,400)	1,134,243	3,922,643
Other financing sources (uses)								
Debt issuance	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	2,000,000	2,000,000	166,859	(1,833,141)
Transfers out	(572,400)	(678,300)	(450,000)	228,300	(868,300)	(868,300)	-	868,300
Total other financing sources (uses)	(572,400)	(678,300)	(450,000)	228,300	1,131,700	1,131,700	166,859	(964,841)
Net change in fund balances	\$ (21,817,900)	\$ (22,409,200)	12,242,973	\$ 34,652,173	\$ -	\$ (1,656,700)	1,301,102	\$ 2,957,802
Fund balances at beginning of year			107,469,411				(1,272,356)	
Fund balances at end of year			\$ 119,712,384				\$ 28,746	

See notes to required supplementary information

**Riverside County Transportation Commission**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Last Ten Fiscal Years <sup>1</sup>**  
**June 30, 2020**

	Fiscal Year					
	2020	2019	2018	2017	2016	2015 <sup>1</sup>
Measurement Date	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability/(asset)	0.08706%	0.08656%	0.08794%	0.08829%	0.09176%	0.08559%
Proportionate share of the net pension liability/(asset)	\$ 8,921,123	\$ 8,340,905	\$ 8,721,456	\$ 7,639,639	\$ 6,298,052	\$ 5,325,565
Covered payroll (measurement year)	\$ 5,870,876	\$ 5,653,205	\$ 5,536,781	\$ 5,287,151	\$ 4,792,270	\$ 4,316,567
Proportionate share of the net pension liability/(asset) as percentage of covered payroll	151.96%	147.54%	157.52%	144.49%	131.42%	123.38%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	78.21%

*See notes to required supplementary information*

<sup>1</sup> Fiscal year 2015 was the first year of implementation, therefore, only six years are shown. Represents most recent data available.

Riverside County Transportation Commission

Schedule of Pension Contributions

Last Ten Fiscal Years <sup>1</sup>

June 30, 2020

	Fiscal Year					
	2020	2019	2018	2017	2016	2015 <sup>1</sup>
Contractually required contribution (actuarially determined)	\$ 1,675,734	\$ 1,507,484	\$ 1,321,564	\$ 1,222,802	\$ 1,101,641	\$ 1,044,018
Contributions in relation to the actuarially determined contributions	(10,221,550)	(1,443,593)	(1,308,877)	(1,238,891)	(1,132,393)	(1,125,317)
Contribution deficiency (excess)	<u>\$ (8,545,816)</u>	<u>\$ 63,891</u>	<u>\$ 12,687</u>	<u>\$ (16,089)</u>	<u>\$ (30,752)</u>	<u>\$ (81,299)</u>
Covered payroll	\$ 6,327,777	\$ 5,870,876	\$ 5,653,205	\$ 5,536,781	\$ 5,287,151	\$ 4,792,270
Contributions as a percentage of covered payroll	161.53%	24.59%	23.15%	22.38%	21.42%	23.48%
Valuation date	6/30/17	6/30/16	6/30/15	6/30/14	6/30/13	6/30/12

Actuarial cost method	Entry age normal cost method
Amortizations method	Level of percentage of payroll
Remaining amortization period	20 years as of valuation date
Asset valuation method	15 year smoothed market
Inflation	2.50%
Projected salary increases	Varies by entry age and service
Discount rate	7.15% (net of administrative expenses)
Retirement age	55 years
Mortality	Society of Actuaries Scale 90% of scale MP 2016

See notes to required supplementary information

<sup>1</sup> Fiscal year 2015 was the first year of implementation, therefore, only six years are shown. Represents most recent data available.

**Riverside County Transportation Commission**  
**Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios**  
**Last Ten Fiscal Years <sup>1</sup>**  
**June 30, 2020**

	Fiscal Year			
	2020	2019	2018	2017 <sup>1</sup>
	2019	2018	2017	2016
Measurement date				
Total OPEB liability (asset)				
Service cost	\$ 477,000	\$ 463,000	\$ 449,000	\$ 437,000
Interest	462,000	416,000	377,000	338,000
Changes of benefit terms	80,000	74,000	-	-
Differences between expected and actual experience	(338,000)	-	-	-
Changes of assumptions	137,000	-	-	-
Benefit payments	(229,000)	(192,000)	(172,000)	(155,000)
Net change in total OPEB liability (asset)	589,000	761,000	654,000	620,000
Beginning total OPEB liability (asset)	7,326,000	6,565,000	5,911,000	5,291,000
Ending total OPEB liability (asset)	<u>\$ 7,915,000</u>	<u>\$ 7,326,000</u>	<u>\$ 6,565,000</u>	<u>\$ 5,911,000</u>
Plan fiduciary net position				
Employer contributions	\$ 778,000	\$ 725,000	\$ 666,000	\$ 634,000
Net investment income	577,000	522,000	597,000	86,000
Benefit payments	(229,000)	(192,000)	(172,000)	(155,000)
Administrative expense	(2,000)	(12,000)	(3,000)	(2,000)
Net change in plan fiduciary net position	1,124,000	1,043,000	1,088,000	563,000
Beginning fiduciary net position	7,366,000	6,323,000	5,235,000	4,672,000
Ending fiduciary net position	<u>\$ 8,490,000</u>	<u>\$ 7,366,000</u>	<u>\$ 6,323,000</u>	<u>\$ 5,235,000</u>
Ending net OPEB liability (asset)	<u>\$ (575,000)</u>	<u>\$ (40,000)</u>	<u>\$ 242,000</u>	<u>\$ 676,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	107.26%	100.55%	96.31%	88.56%
Covered payroll (measurement year)	\$ 5,870,876	\$ 5,653,205	\$ 5,536,781	\$ 5,287,151
Net OPEB liability (asset) as a percentage of covered payroll	-9.79%	-0.71%	4.37%	12.79%

*See notes to required supplementary information*

<sup>1</sup> Fiscal year 2017 was the first year of implementation, therefore, only four years are shown. Represents most recent data available.

**Riverside County Transportation Commission**  
**Schedule of OPEB Contributions**  
**Last Ten Fiscal Years <sup>1</sup>**  
**June 30, 2020**

	Fiscal Year			
	2020	2019	2018	2017 <sup>1</sup>
Actuarially determined contribution	\$ 399,000	\$ 549,000	\$ 533,000	\$ 494,000
Contributions in relation to the actuarially determined contribution	448,000	778,000	725,000	666,000
Contribution deficiency (excess)	<u>\$ (49,000)</u>	<u>\$ (229,000)</u>	<u>\$ (192,000)</u>	<u>\$ (172,000)</u>
Covered payroll	\$ 6,327,777	\$ 5,870,876	\$ 5,653,205	\$ 5,536,781
Contributions as a percentage of covered-employee payroll	7.08%	13.25%	12.82%	12.03%

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal - level percentage of payroll
Amortization method	Level percentage of payroll
Amortization period	Ten years
Asset valuation method	Investment gains and losses spread over five-year rolling period
Inflation	2.75%
Healthcare cost trend rates	Non-Medicare: 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare: 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Salary increases	3.00% aggregate
Investment rate of return	6.00%
Retirement age	Classic employees: 50 - 55 Public Employees' Pension Reform Act: 52 - 62
Mortality	Mortality projected fully generational with Scale MP-2018

See notes to required supplementary information

<sup>1</sup> Fiscal year 2017 was the first year of implementation, therefore, only four years are shown. Represents most recent data available.

**Riverside County Transportation Commission**  
**Notes to Required Supplementary Information**  
**June 30, 2020**

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### **Budgetary Data**

In February of each year, department heads begin the process of compiling budget data for the upcoming fiscal year. Budget numbers along with supporting documentation are provided to the Chief Financial Officer by March 15. That budget data is compiled and presented to the Executive Director for review and approval and is submitted to the Budget and Implementation Committee at its April meeting. After review by the Budget and Implementation Committee, the proposed budget is scheduled for preliminary review and comment as well as public hearing at the Commission's May meeting. The final budget for the new fiscal year is then adopted by motion of the Board of Commissioners (Board) no later than June 15 of the current year. This appropriated budget covers substantially all Commission expenditures by financial responsibility unit [e.g., General fund and Measure A (for each of the three county areas), Local Transportation Fund, and Transportation Uniform Mitigation Fee special revenue funds] by fund. All appropriated amounts are as originally adopted or as amended by the Commission. Unexpended appropriations lapse at year-end. All budgets are adopted on a basis consistent with generally accepted accounting principles.

As adopted by the Board, expenditure activities of the funds with adopted budgets are controlled at the budgetary unit, which is the financial responsibility level, for each function (i.e., administration, programs, intergovernmental distributions, and capital outlay). These functions provide the legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount). Management has the discretion to transfer the budgeted amounts within the financial responsibility unit according to function. Supplemental budget appropriations were necessary during the year.

### **Pension Plan**

**Schedule of Proportionate Share of Net Pension Liability** - The schedule provides the proportion (percentage) of the collective net pension liability, proportionate share (amount) of the collective net pension liability, the Commission's covered payroll, proportionate share (amount) of the collective net pension liability as a percentage of Commission's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**Schedule of Pension Contributions** - The schedule provides the Commission's actuarially determined contributions to the pension plan, the Commission's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered payroll.

### **Postemployment Benefits Other Than Pensions**

**Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios** - The schedule provides the schedule of changes in the net OPEB liability (asset), the plan fiduciary net position as a percentage of the total OPEB liability (asset), the Commission's covered payroll, and the net OPEB liability(asset) as a percentage of covered payroll.

**Schedule of OPEB Contributions** - The schedule provides the Commission's actuarially determined contributions to the OPEB plan, the Commission's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered payroll.





## Other Supplementary Information





**Riverside County Transportation Commission  
Nonmajor Governmental Funds Description**

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**Special Revenue Funds**

**Measure A Palo Verde Valley:** This fund is used to account for the revenues from sales taxes which are restricted to expenditures for Palo Verde Valley programs and activities.

**Freeway Service Patrol:** This fund is used to record the revenues received from state funds for the purpose of implementing a freeway service patrol for motorists.

**Service Authority for Freeway Emergencies:** This fund is used to record the revenues received from Department of Motor Vehicle user registration fees for the purpose of implementing an emergency call box system for motorists.

**State of Good Repair:** This fund is used to account for revenues from sales taxes on gasoline and vehicle fee revenues restricted for transit projects.

**Coachella Valley Rail:** This fund is used to account for revenues from state funds for the planning and development of the new Coachella Valley/San Geronio Pass corridor rail service.

**Other Agency Projects:** This fund is used to account for revenues from the Riverside County Regional Park and Open Space District for the interagency cooperative planning and development of projects in the County.

Riverside County Transportation Commission

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2020

	Special Revenue			
	Measure A Palo Verde Valley	Freeway Service Patrol	Service Authority for Freeway Emergencies	State of Good Repair
Assets				
Cash and investments	\$ 532	\$ 3,488,028	\$ 5,585,306	\$ 8,404,947
Receivables:				
Accounts	163,215	1,904,402	487,897	670,728
Interest	1	7,917	12,114	19,025
Prepaid expenditures and other assets	-	-	500	-
Total assets	\$ 163,748	\$ 5,400,347	\$ 6,085,817	\$ 9,094,700
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 152,935	\$ 470,132	\$ 33,888	\$ 4,454
Due to other funds	10,402	59,245	14,101	2,300
Other liabilities	-	-	-	-
Total liabilities	163,337	529,377	47,989	6,754
Fund balances:				
Nonspendable-prepaid amounts	-	-	500	-
Restricted for:				
Commuter rail	-	-	-	-
Local streets and roads	411	-	-	-
Motorist assistance	-	4,870,970	6,037,328	-
Transit and specialized transportation	-	-	-	9,087,946
Unassigned:	-	-	-	-
Total fund balances	411	4,870,970	6,037,828	9,087,946
Total liabilities and fund balances	\$ 163,748	\$ 5,400,347	\$ 6,085,817	\$ 9,094,700

**Riverside County Transportation Commission**  
**Combining Balance Sheet - Nonmajor Governmental**  
**Funds, Continued**  
**June 30, 2020**

	<b>Special Revenue</b>		
	<b>Coachella Valley Rail</b>	<b>Other Agency Projects</b>	<b>Total Nonmajor Governmental Funds</b>
Assets			
Cash and investments	\$ 2,678,662	\$ 324,831	\$ 20,482,306
Receivables:			
Accounts	249,096	500,000	3,975,338
Interest	6,361	845	46,263
Prepaid expenditures and other assets	-	51,427	51,927
Total assets	<u>\$ 2,934,119</u>	<u>\$ 877,103</u>	<u>\$ 24,555,834</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 17,578	\$ 54,678	\$ 733,665
Due to other funds	14,415	5,360	105,823
Other liabilities	-	796,204	796,204
Total liabilities	<u>31,993</u>	<u>856,242</u>	<u>1,635,692</u>
Fund balances:			
Nonspendable-prepaid amounts	-	51,427	51,927
Restricted for:			
Commuter rail	2,902,126	-	2,902,126
Local streets and roads	-	-	411
Motorist assistance	-	-	10,908,298
Transit and specialized transportation	-	-	9,087,946
Unassigned:	-	(30,566)	(30,566)
Total fund balances	<u>2,902,126</u>	<u>20,861</u>	<u>22,920,142</u>
Total liabilities and fund balances	<u>\$ 2,934,119</u>	<u>\$ 877,103</u>	<u>\$ 24,555,834</u>

**Riverside County Transportation Commission**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2020**

	<b>Special Revenue</b>			
	<b>Measure A Palo Verde Valley</b>	<b>Freeway Service Patrol</b>	<b>Service Authority for Freeway Emergencies</b>	<b>State of Good Repair</b>
Revenues				
Sales taxes	\$ 847,828	\$ -	\$ -	\$ 3,886,066
Intergovernmental	-	2,773,907	2,234,133	-
Investment income	4	45,045	103,703	128,371
Other	-	184,555	-	-
Total revenues	847,832	3,003,507	2,337,836	4,014,437
Expenditures				
Current:				
Commuter rail	-	-	-	-
Local streets and roads	847,983	-	-	-
Motorist assistance	-	4,208,360	725,696	-
Planning and programming	-	-	-	-
Transit and specialized transportation	-	-	-	787,947
Total expenditures	847,983	4,208,360	725,696	787,947
Excess (deficiency) of revenues over (under) expenditures	(151)	(1,204,853)	1,612,140	3,226,490
Other financing sources (uses):				
Transfers in	-	2,400,000	-	-
Transfers out	-	-	(2,400,000)	(819,100)
Total other financing sources (uses)	-	2,400,000	(2,400,000)	(819,100)
Net change in fund balances	(151)	1,195,147	(787,860)	2,407,390
Fund balances at beginning of year	562	3,675,823	6,825,688	6,680,556
Fund balances at end of year	\$ 411	\$ 4,870,970	\$ 6,037,828	\$ 9,087,946

**Riverside County Transportation Commission**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**Nonmajor Governmental Funds, Continued**  
**Year Ended June 30, 2020**

	<b>Special Revenue</b>		
	<b>Coachella Valley Rail</b>	<b>Other Agency Projects</b>	<b>Total Nonmajor Governmental Funds</b>
Revenues			
Sales taxes	\$ -	\$ -	\$ 4,733,894
Intergovernmental	535,994	798,404	6,342,438
Investment income	51,101	4,476	332,700
Other	-	-	184,555
Total revenues	587,095	802,880	11,593,587
Expenditures			
Current:			
Commuter rail	1,206,698	-	1,206,698
Local streets and roads	-	-	847,983
Motorist assistance	-	-	4,934,056
Planning and programming	-	818,478	818,478
Transit and specialized transportation	-	-	787,947
Total expenditures	1,206,698	818,478	8,595,162
Excess (deficiency) of revenues over (under) expenditures	(619,603)	(15,598)	2,998,425
Other financing sources (uses):			
Transfers in	450,000	19,442	2,869,442
Transfers out	-	-	(3,219,100)
Total other financing sources (uses)	450,000	19,442	(349,658)
Net change in fund balances	(169,603)	3,844	2,648,767
Fund balances at beginning of year	3,071,729	17,017	20,271,375
Fund balances at end of year	\$ 2,902,126	\$ 20,861	\$ 22,920,142



Riverside County Transportation Commission  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual—Nonmajor Special Revenue Funds  
Year Ended June 30, 2020

	Measure A Palo Verde Valley				Freeway Service Patrol			
	Original	Final		Variance with	Original	Final		Variance with
	Budget	Budget	Actual	Final Budget	Budget	Budget	Actual	Final Budget
				Positive				Positive
				(Negative)				(Negative)
Revenues								
Sales taxes	\$ 990,000	\$ 913,000	\$ 847,828	\$ (65,172)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	2,900,000	3,200,000	2,773,907	(426,093)
Investment income	-	-	4	4	68,400	37,100	45,045	7,945
Other	-	-	-	-	96,000	96,000	184,555	88,555
Total revenues	990,000	913,000	847,832	(65,168)	3,064,400	3,333,100	3,003,507	(329,593)
Expenditures								
Current:								
Commuter rail	-	-	-	-	-	-	-	-
Local streets and roads	883,500	848,000	847,983	17	-	-	-	-
Motorist assistance	-	-	-	-	5,717,200	5,714,700	4,208,360	1,506,340
Planning and programming	-	-	-	-	-	-	-	-
Transit and specialized transportation	-	-	-	-	-	-	-	-
Total expenditures	883,500	848,000	847,983	17	5,717,200	5,714,700	4,208,360	1,506,340
Excess (deficiency) of revenues over (under) expenditures	106,500	65,000	(151)	(65,151)	(2,652,800)	(2,381,600)	(1,204,853)	1,176,747
Other financing sources (uses)								
Transfers in	-	-	-	-	2,400,000	2,400,000	2,400,000	-
Transfers out	(106,500)	(32,900)	-	32,900	(216,600)	(243,800)	-	243,800
Total other financing sources (uses)	(106,500)	(32,900)	-	32,900	2,183,400	2,156,200	2,400,000	243,800
Net change in fund balances	\$ -	\$ 32,100	(151)	\$ (32,251)	\$ (469,400)	\$ (225,400)	1,195,147	\$ 1,420,547
Fund balances at beginning of year			562				3,675,823	
Fund balances at end of year			\$ 411				\$ 4,870,970	

**Riverside County Transportation Commission**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual—Nonmajor Special Revenue Funds, Continued**  
**Year Ended June 30, 2020**

	<b>Service Authority for Freeway Emergencies</b>				<b>State of Good Repair</b>			
	<b>Original</b>	<b>Final</b>		<b>Variance with</b>	<b>Original</b>	<b>Final</b>		<b>Variance with</b>
	<b>Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Final Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Final Budget</b>
				<b>Positive</b>				<b>Positive</b>
				<b>(Negative)</b>				<b>(Negative)</b>
<b>Revenues</b>								
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,796,800	\$ 3,796,800	\$ 3,886,066	\$ 89,266
Intergovernmental	2,204,600	2,204,600	2,234,133	29,533	-	-	-	-
Investment income	107,200	71,200	103,703	32,503	55,900	47,200	128,371	81,171
Other	3,000	3,000	-	(3,000)	-	-	-	-
<b>Total revenues</b>	<b>2,314,800</b>	<b>2,278,800</b>	<b>2,337,836</b>	<b>59,036</b>	<b>3,852,700</b>	<b>3,844,000</b>	<b>4,014,437</b>	<b>170,437</b>
<b>Expenditures</b>								
<b>Current:</b>								
Commuter rail	-	-	-	-	-	-	-	-
Local streets and roads	-	-	-	-	-	-	-	-
Motorist assistance	899,100	922,700	725,696	197,004	-	-	-	-
Planning and programming	-	-	-	-	-	-	-	-
Transit and specialized transportation	-	-	-	-	5,861,300	5,861,300	787,947	5,073,353
<b>Total expenditures</b>	<b>899,100</b>	<b>922,700</b>	<b>725,696</b>	<b>197,004</b>	<b>5,861,300</b>	<b>5,861,300</b>	<b>787,947</b>	<b>5,073,353</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,415,700</b>	<b>1,356,100</b>	<b>1,612,140</b>	<b>256,040</b>	<b>(2,008,600)</b>	<b>(2,017,300)</b>	<b>3,226,490</b>	<b>5,243,790</b>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(2,531,600)	(2,504,400)	(2,400,000)	104,400	(941,500)	(849,300)	(819,100)	30,200
<b>Total other financing sources (uses)</b>	<b>(2,531,600)</b>	<b>(2,504,400)</b>	<b>(2,400,000)</b>	<b>104,400</b>	<b>(941,500)</b>	<b>(849,300)</b>	<b>(819,100)</b>	<b>30,200</b>
<b>Net change in fund balances</b>	<b>\$ (1,115,900)</b>	<b>\$ (1,148,300)</b>	<b>(787,860)</b>	<b>\$ 360,440</b>	<b>\$ (2,950,100)</b>	<b>\$ (2,866,600)</b>	<b>2,407,390</b>	<b>\$ 5,273,990</b>
<b>Fund balances at beginning of year</b>			<b>6,825,688</b>				<b>6,680,556</b>	
<b>Fund balances at end of year</b>			<b>\$ 6,037,828</b>				<b>\$ 9,087,946</b>	

**Riverside County Transportation Commission**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual—Nonmajor Special Revenue Funds, Continued**  
**Year Ended June 30, 2020**

	Coachella Valley Rail				Other Agency Projects			
	Original	Final		Variance with	Original	Final		Variance with
	Budget	Budget	Actual	Final Budget	Budget	Budget	Actual	Final Budget
				Positive				Positive
				(Negative)				(Negative)
Revenues								
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6,692,500	6,692,500	535,994	(6,156,506)	7,367,900	7,367,900	798,404	(6,569,496)
Investment income	9,400	9,400	51,101	41,701	200	200	4,476	4,276
Other	-	-	-	-	-	-	-	-
Total revenues	6,701,900	6,701,900	587,095	(6,114,805)	7,368,100	7,368,100	802,880	(6,565,220)
Expenditures								
Current:								
Commuter rail	9,762,100	9,765,600	1,206,698	8,558,902	-	-	-	-
Local streets and roads	-	-	-	-	-	-	-	-
Motorist assistance	-	-	-	-	-	-	-	-
Planning and programming	-	-	-	-	6,642,700	6,642,700	818,478	5,824,222
Transit and specialized transportation	-	-	-	-	-	-	-	-
Total expenditures	9,762,100	9,765,600	1,206,698	8,558,902	6,642,700	6,642,700	818,478	5,824,222
Excess (deficiency) of revenues over (under) expenditures	(3,060,200)	(3,063,700)	(619,603)	2,444,097	725,400	725,400	(15,598)	(740,998)
Other financing sources (uses)								
Transfers in	450,000	450,000	450,000	-	-	19,500	19,442	(58)
Transfers out	(155,300)	(155,300)	-	155,300	(725,200)	(725,200)	-	725,200
Total other financing sources (uses)	294,700	294,700	450,000	155,300	(725,200)	(705,700)	19,442	725,142
Net change in fund balances	<u>\$ (2,765,500)</u>	<u>\$ (2,769,000)</u>	<u>(169,603)</u>	<u>\$ 2,599,397</u>	<u>\$ 200</u>	<u>\$ 19,700</u>	<u>3,844</u>	<u>\$ (15,856)</u>
Fund balances at beginning of year			3,071,729				17,017	
Fund balances at end of year			<u>\$ 2,902,126</u>				<u>\$ 20,861</u>	

**Riverside County Transportation Commission**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual—Capital Projects Funds**

Year Ended June 30, 2020

	Capital Projects Funds							
	Commercial Paper				Bonds			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	456,900	456,900	1,231,115	774,215	914,800	914,400	1,815,206	900,806
Other	-	-	-	-	-	-	-	-
Total revenues	456,900	456,900	1,231,115	774,215	914,800	914,400	1,815,206	900,806
Expenditures								
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	211,900	211,804	96
Total debt service	-	-	-	-	-	211,900	211,804	96
Excess (deficiency) of revenues over (under)								
expenditures	456,900	456,900	1,231,115	774,215	914,800	702,500	1,603,402	900,902
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(6,199,600)	(6,199,609)	(9)	(24,402,400)	(24,402,400)	(20,136,426)	4,265,974
Total other financing sources (uses)	-	(6,199,600)	(6,199,609)	(9)	(24,402,400)	(24,402,400)	(20,136,426)	4,265,974
Net change in fund balances	\$ 456,900	\$ (5,742,700)	(4,968,494)	\$ 774,206	\$ (23,487,600)	\$ (23,699,900)	(18,533,024)	\$ 5,166,876
Fund balances at beginning of year			23,091,659				88,561,805	
Fund balances at end of year			\$ 18,123,165				\$ 70,028,781	

**Riverside County Transportation Commission**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Budget and Actual—Debt Service Fund**

Year Ended June 30, 2020

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 2,803,200	\$ 2,803,200	\$ 2,811,688	\$ 8,488
Investment income	348,500	250,700	268,946	18,246
Other	-	-	90	90
Total revenues	3,151,700	3,053,900	3,080,724	26,824
Expenditures				
Debt service:				
Principal	27,245,000	27,245,000	27,245,000	-
Interest	42,292,500	42,292,500	42,292,488	12
Total debt service	69,537,500	69,537,500	69,537,488	12
Excess (deficiency) of revenues over (under) expenditures	(66,385,800)	(66,483,600)	(66,456,764)	26,836
Other financing sources (uses)				
Transfers in	72,534,500	75,443,200	69,625,783	(5,817,417)
Transfers out	(2,803,200)	(2,953,900)	(2,953,852)	48
Total other financing sources (uses)	69,731,300	72,489,300	66,671,931	(5,817,369)
Net change in fund balances	<u>\$ 3,345,500</u>	<u>\$ 6,005,700</u>	215,167	<u>\$ (5,790,533)</u>
Fund balances at beginning of year			11,437,149	
Fund balances at end of year			<u>\$ 11,652,316</u>	

**Riverside County Transportation Commission**  
**Schedule of Expenditures for Local Streets and Roads**  
**by Geographic Area - All Special Revenue Funds**  
**Year Ended June 30, 2020**

Western County:	
City of Banning	\$ 627,191
City of Beaumont	1,000,099
City of Calimesa	187,312
City of Canyon Lake	203,882
City of Corona	4,432,463
City of Eastvale	1,439,851
City of Hemet	1,864,026
City of Jurupa Valley	2,244,525
City of Lake Elsinore	1,421,629
City of Menifee	1,883,734
City of Moreno Valley	4,245,773
City of Murrieta	2,643,747
City of Norco	701,496
City of Perris	2,022,019
City of Riverside	7,880,715
City of San Jacinto	940,300
City of Temecula	3,374,987
City of Wildomar	684,635
Riverside County	5,956,830
Other	229,841
	<u>43,985,055</u>
Coachella Valley:	
City of Cathedral City	1,479,866
City of Coachella	636,862
City of Desert Hot Springs	504,781
City of Indian Wells	275,778
City of Indio	2,017,382
City of La Quinta	619,114
City of Palm Desert	2,869,576
City of Palm Springs	2,301,944
City of Rancho Mirage	946,296
Riverside County	1,821,835
Coachella Valley Association of Governments, including \$469,854 due to City of La Quinta	939,708
Other	229,514
	<u>14,642,656</u>
Palo Verde Valley:	
City of Blythe	641,777
Riverside County	173,271
Other	32,935
	<u>847,983</u>
Total local streets and roads expenditures	<u>\$ 59,475,694</u>

**Riverside County Transportation Commission**  
**Schedule of Expenditures for Transit and Specialized Transportation**  
**by Geographic Area and Source - All Special Revenue Funds**  
**Year Ended June 30, 2020**

	Sales Taxes				Total
	Measure A	Local Transportation Fund	State Transit Assistance	State of Good Repair	
Western County:					
Blindness Support Services, Inc.	\$ 72,999	\$ -	\$ -	\$ -	\$ 72,999
Boys and Girls Club of Meniffee Valley	88,864	-	-	-	88,864
Boys and Girls Club of Southwest County	102,985	-	-	-	102,985
Care-A-Van	266,568	-	-	-	266,568
Care Connexus	202,086	-	-	-	202,086
City of Banning	-	1,463,034	-	-	1,463,034
City of Beaumont	-	2,889,230	906,785	-	3,796,015
City of Corona	-	1,438,930	12,051	-	1,450,981
City of Norco	110,040	-	-	-	110,040
City of Riverside	-	2,737,241	24,000	-	2,761,241
Community Connect	136,359	-	-	-	136,359
Exceed	60,000	-	-	-	60,000
Friends of Moreno Valley Center, Inc	79,200	-	-	-	79,200
Forest Folk	58,678	-	-	-	58,678
Independent Living Partnership	348,073	-	-	-	348,073
Michelle's Place	9,999	-	-	-	9,999
Operation Safehouse	37,671	-	-	-	37,671
Riverside County Department of Mental Health	498,837	-	-	-	498,837
Riverside Transit Agency	3,263,300	45,933,944	5,716,167	126,877	54,913,411
United States Veterans Initiative	42,911	-	-	-	42,911
Voices for Children	109,564	-	-	-	109,564
Other	657,708	228,300	245,785	30,200	1,131,793
	6,145,842	54,690,679	6,904,788	157,077	67,741,309
Coachella Valley:					
SunLine Transit Agency	6,206,363	16,260,535	6,154,141	630,870	28,621,039
Other	277,721	-	-	-	277,721
	6,484,084	16,260,535	6,154,141	630,870	28,898,760
Palo Verde Valley:					
Palo Verde Valley Transit Agency	-	1,065,605	232,236	-	1,297,841
	-	1,065,605	232,236	-	1,297,841
Total transit and specialized transportation expenditures	\$ 12,629,926	\$ 72,016,819	\$ 13,291,165	\$ 787,947	\$ 97,937,910

**Riverside County Transportation Commission**  
**Schedule of Uses of Debt Proceeds and Fund Balances**  
**Year Ended June 30, 2020**

	<b>Capital Projects</b>		
	<b>Commercial Paper Notes</b>	<b>Sales Tax Revenue Bonds</b>	
	<b>I-15 Express Lanes, advance agreements, and other</b>	<b>I-15 Express Lanes, 91 Project, advance agreements, and other</b>	<b>Total</b>
Revenues			
Investment income	\$ 1,231,115	\$ 1,815,206	\$ 3,046,321
Total revenues	1,231,115	1,815,206	3,046,321
Expenditures			
Debt service	-	211,804	211,804
Total expenditures	-	211,804	211,804
Excess (deficiency) of revenues over (under) expenditures	1,231,115	1,603,402	2,834,517
Other financing sources (uses)			
Transfers out			
Debt service offset	(6,199,609)	(843,039)	(7,042,648)
Requisitions to reimburse Commission funds			
Salaries and benefits	-	(1,358,132)	(1,358,132)
Professional services	-	(501,264)	(501,264)
Support services	-	(297,446)	(297,446)
Program operations	-	(1,360,885)	(1,360,885)
Construction	-	(1,883,057)	(1,883,057)
Right of way	-	(1,241,329)	(1,241,329)
Design-build	-	(9,976,789)	(9,976,789)
Building improvements	-	(2,674,485)	(2,674,485)
Total other financing sources (uses)	(6,199,609)	(20,136,426)	(26,336,035)
Net change in fund balance	(4,968,494)	(18,533,024)	(23,501,518)
Fund balances at beginning of year	23,091,659	88,561,805	111,653,464
Fund balances at end of year	\$ 18,123,165	\$ 70,028,781	\$ 88,151,946





# STATISTICAL Section



Pechappa Bridge

## Riverside County Transportation Commission Statistical Section Overview

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This part of the Riverside County Transportation Commission's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commission's overall financial health.

**Financial Trends:** These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. The schedules include:

- Net Position By Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

**Revenue Capacity:** These schedules contain information to help the reader assess the government's most significant local revenue source, the Measure A sales tax. These schedules include:

- Sources of County of Riverside Taxable Sales by Business Type
- Direct and Overlapping Sales Tax Rates
- Principal Taxable Sales Generation by City
- Measure A Sales Tax Revenues by Program and Geographic Area
- Measure A Sales Tax by Economic Category

**Debt Capacity:** These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. These schedules include:

- Pledged Revenue Coverage
- Ratios of Outstanding Debt by Type
- Computation of Legal Debt Margin

**Demographic and Economic Information:** These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. These schedules include:

- Demographic and Economic Statistics for the County of Riverside
- Employment Statistics by Industry for the County of Riverside

**Operating Information:** These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. These schedules include:

- Full-time Equivalent Employees by Function/Program
- Operating Indicators
- Capital Asset Statistics by Program

**Riverside County Transportation Commission**  
**Primary Government Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis)**

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental activities:					
Net Investment in capital assets	\$ 898,390,755	\$ 706,935,587	\$ 529,178,100	\$ 377,309,766	\$ 389,646,370
Restricted	816,331,290	794,875,222	801,401,752	596,214,012	615,457,192
Unrestricted (deficit)	(997,913,832)	(887,668,580)	(857,485,575)	(538,356,445)	(668,395,594)
Total governmental activities net position	<u>\$ 716,808,213</u>	<u>\$ 614,142,229</u>	<u>\$ 473,094,277</u>	<u>\$ 435,167,333</u>	<u>\$ 336,707,968</u>
Business-type activities:					
Net Investment (deficit) in capital assets	\$ (320,213,988)	\$ (299,852,425)	\$ (286,349,191)	\$ (301,737,495)	
Restricted	43,981,932	25,256,125	8,581,857 <sup>5</sup>	242,134,144	
Unrestricted (deficit)	-	-	- <sup>5</sup>	(234,075,489)	
Total business-type activities net position (deficit)	<u>\$ (276,232,056)</u>	<u>\$ (274,596,300)</u>	<u>\$ (277,767,334)</u>	<u>\$ (293,678,840)<sup>4</sup></u>	

Source: Finance Department

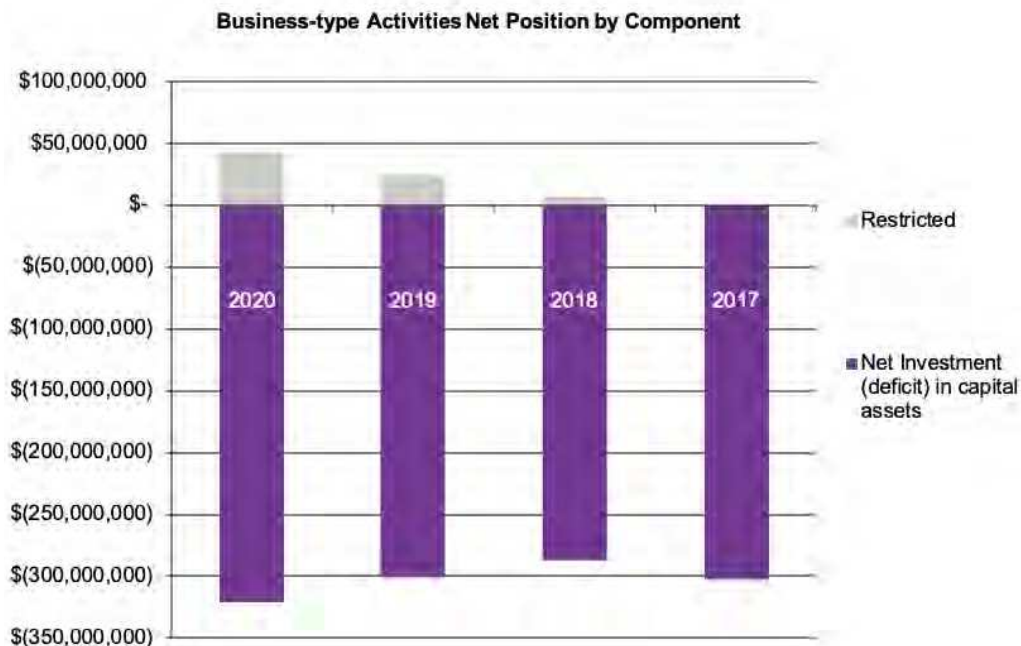
<sup>1</sup> Net investment in capital assets increased in 2011 primarily as a result of the planning and development of toll projects and right of way acquisition for the 91 Project and Perris Valley Line extension project.

<sup>2</sup> Net investment in capital assets increased in 2014 primarily as a result of construction related to the Perris Valley Line project.

<sup>3</sup> In FY 2015, the Commission implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Prior year amounts in this presentation have not been revised to reflect this change.

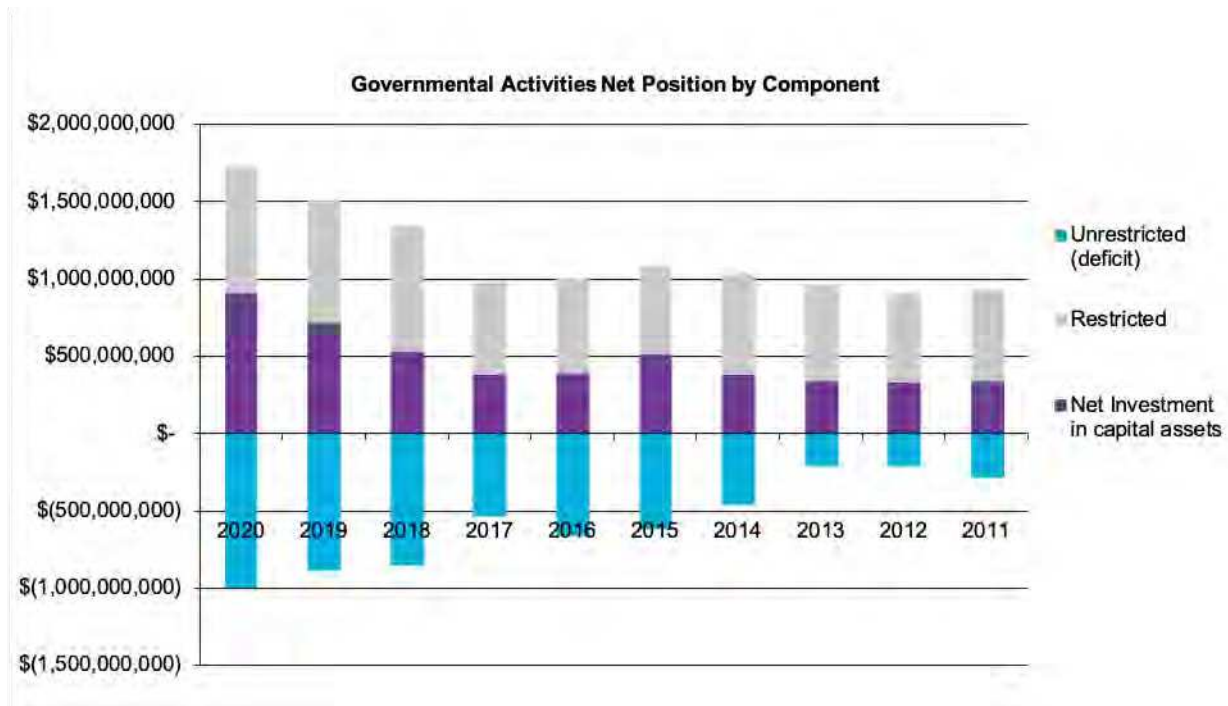
<sup>4</sup> In FY 2017, the Commission reached substantial completion on the 91 Project and in March 2017 the RCTC 91 Express Lanes opened to motorists.

<sup>5</sup> In FY 2018, the Commission changed its presentation of net position related to intangible assets.



**Riverside County Transportation Commission**  
**Primary Government Net Position by Component, Continued**  
**Last Ten Fiscal Years**  
**(Accrual Basis)**

	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental activities:					
Net Investment in capital assets	\$ 509,106,481	\$ 381,796,683 <sup>2</sup>	\$ 336,834,025	\$ 327,277,502	\$ 341,912,094 <sup>1</sup>
Restricted	578,207,942	642,385,244	619,089,707	572,183,941	587,098,179
Unrestricted (deficit)	(623,769,876)	(470,327,554)	(216,162,697)	(215,929,362)	(293,146,251)
Total governmental activities net position	<u>\$ 463,544,547 <sup>3</sup></u>	<u>\$ 553,854,373</u>	<u>\$ 739,761,035</u>	<u>\$ 683,532,081</u>	<u>\$ 635,864,022</u>





**Riverside County Transportation Commission**  
**Changes in Primary Government Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis)**

	Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
<b>Expenses</b>					
Governmental activities:					
General government	\$ (1,488,917)	\$ 1,295,384	\$ 3,654,628	\$ 7,258,051	\$ 6,614,285
Bicycle and pedestrian projects	1,367,800	2,319,895	1,142,306	1,314,932	212,547
CETAP	1,441,976	1,398,238	22,285,913	2,489,440	1,871,426
Commuter assistance	3,673,416	3,612,855	3,668,307	2,658,782	2,615,610
Commuter rail	50,573,511	48,553,459	36,578,920	38,964,217	41,449,269
Highways	134,815,656	91,086,623	79,234,802	264,283,974	245,668,543
Local streets and roads	59,474,660	61,470,359	53,639,698	51,864,011	49,826,564
Motorist assistance	4,818,036	4,403,671	3,835,612	4,164,892	4,149,320
Planning and programming	7,798,197	4,340,660	4,758,503	3,141,759	3,965,071
Right of way management	-	-	-	-	-
Regional arterials	11,918,666	17,048,413	12,897,557	19,040,012	23,095,562
Transit and specialized transportation	99,413,296	117,766,548	90,185,227	80,724,591	70,611,967
Interest expense	34,633,146	33,663,673	46,421,211	49,214,579	53,558,472
Total governmental activities expenses	<u>408,439,443</u>	<u>386,959,778</u>	<u>358,302,684</u>	<u>525,119,240</u>	<u>503,638,636</u>
Business-type activities:					
RCTC 91 Express Lanes	59,962,158	55,039,168	49,452,297	13,260,254	-
Total primary government expenses	<u>\$ 468,401,601</u>	<u>\$ 441,998,946</u>	<u>\$ 407,754,981</u>	<u>\$ 538,379,494</u>	<u>\$ 503,638,636</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
Commuter assistance	\$ -	\$ -	\$ -	\$ -	\$ -
Commuter rail	251,084	155,587	254,627	250,416	255,847
Right of way management	-	-	-	-	-
Highways	95,002	132,681	51,629	-	-
Motorist assistance	-	35,980	4,149	635,373	1,076,751
Other	133	326	479	447	421
Operating grants and contributions	125,725,762	93,084,805	45,363,624	35,611,287	42,568,860
Capital grants and contributions	44,793,683	74,558,439	66,910,285	16,451,903	54,062,314
Total governmental activities program revenues	<u>170,865,664</u>	<u>167,967,818</u>	<u>112,584,793</u>	<u>52,949,426</u>	<u>97,964,193</u>
Business-type activities:					
Charges for services					
RCTC 91 Express Lanes	56,440,369	58,423,461	50,446,824	10,123,572	-
Operating grants and contributions	-	-	-	1,723	-
Total business-type activities program revenues	<u>56,440,369</u>	<u>58,423,461</u>	<u>50,446,824</u>	<u>10,125,295</u>	<u>-</u>
Total primary government revenues	<u>227,306,033</u>	<u>226,391,279</u>	<u>163,031,617</u>	<u>63,074,721</u>	<u>97,964,193</u>
<b>Net Revenues (Expenses)</b>					
Governmental activities	(237,573,779)	(218,991,960)	(245,717,891)	(472,169,814)	(405,674,443)
Business-type activities	(3,521,789)	3,384,293	994,527	(3,134,959)	-
Total primary government net expense	<u>\$ (241,095,568)</u>	<u>\$ (215,607,667)</u>	<u>\$ (244,723,364)</u>	<u>\$ (475,304,773)</u>	<u>\$ (405,674,443)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Measure A sales taxes	\$ 195,036,321	\$ 201,204,995	\$ 176,301,656	\$ 175,320,207	\$ 167,630,239
Transportation Development Act sales taxes	128,080,154	131,021,230	110,878,557	94,639,514	97,134,594
Unrestricted investment earnings	14,537,908	21,130,957	8,916,321	4,262,323	8,383,732
Other miscellaneous revenue	574,705	3,261,873	2,497,942	5,859,819	4,950,964
Gain on sale of capital assets	-	443,461	-	-	738,335
Transfers	2,010,675	2,977,396	(14,949,641)	290,547,316	-
Total governmental activities	<u>340,239,763</u>	<u>360,039,912</u>	<u>283,644,835</u>	<u>570,629,179</u>	<u>278,837,864</u>
Business-type activities:					
Unrestricted investment earnings	3,896,708	2,764,137	(32,662)	3,435	-
Transfers	(2,010,675)	(2,977,396)	14,949,641	(290,547,316)	-
Total business-type activities	<u>1,886,033</u>	<u>(213,259)</u>	<u>14,916,979</u>	<u>(290,543,881)</u>	<u>-</u>
Total primary government	<u>\$ 342,125,796</u>	<u>\$ 359,826,653</u>	<u>\$ 298,561,814</u>	<u>\$ 280,085,298</u>	<u>\$ 278,837,864</u>
<b>Changes in Net Position</b>					
Governmental activities	\$ 102,665,984	\$ 141,047,952	\$ 37,926,944	\$ 98,459,365	\$ (126,836,579)
Business-type activities	(1,635,756)	3,171,034	15,911,506	(293,678,840)	-
Total primary government	<u>\$ 101,030,228</u>	<u>\$ 144,218,986</u>	<u>\$ 53,838,450</u>	<u>\$ (195,219,475)</u>	<u>\$ (126,836,579)</u>

Source: Finance Department

<sup>1</sup> In FY 2017 the Commission reached substantial completion on the 91 Project and in March 2017 the RCTC 91 Express Lanes opened to motorists. Additionally, the Commission early implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, and GASB Statement No. 85, *Omnibus 2017*.

**Riverside County Transportation Commission**  
**Changes in Primary Government Net Position, Continued**  
**Last Ten Fiscal Years**  
**(Accrual Basis)**

	Fiscal Year Ended June 30				
	2015 <sup>2</sup>	2014	2013	2012 <sup>4</sup>	2011
<b>Expenses</b>					
Governmental activities:					
General government	\$ 7,402,725	\$ 6,994,832	\$ 6,959,827	\$ 7,780,478	\$ 8,453,876
Bicycle and pedestrian projects	1,747,090	1,065,476	956,308	1,389,567	1,940,499
CETAP	4,130,374	2,195,074	954,700	4,464,387	5,490,993
Commuter assistance	2,914,990	3,171,842	2,904,048	3,193,172	2,868,630
Commuter rail	20,455,178	17,255,402	23,531,252	21,480,248	27,792,375
Highways	228,857,938	339,194,681	59,604,916	72,341,578	40,113,092
Local streets and roads	48,615,708	46,677,580	44,594,891	40,127,890	36,856,925
Motorist assistance	4,314,601	3,498,420	3,563,581	3,846,245	3,530,695
Planning and programming	3,064,115	3,216,441	3,725,703	3,924,413	4,683,272
Right of way management	-	-	-	- <sup>3</sup>	1,270,487
Regional arterials	21,010,980	23,886,840	17,047,135	5,816,666	29,362,894
Transit and specialized transportation	86,712,958	78,723,898	55,659,188	51,221,772	44,699,650
Interest expense	50,037,270	52,939,762	15,364,677	15,221,031	11,799,586
Total governmental activities expenses	<u>479,263,927</u>	<u>578,820,248</u>	<u>234,866,226</u>	<u>230,807,447</u>	<u>218,862,974</u>
Business-type activities:					
RTC 91 Express Lanes	-	-	-	-	-
Total primary government expenses	<u>\$ 479,263,927</u>	<u>\$ 578,820,248</u>	<u>\$ 234,866,226</u>	<u>\$ 230,807,447</u>	<u>\$ 218,862,974</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
Commuter assistance	\$ -	\$ -	\$ 1,500	\$ -	\$ -
Commuter rail	786,869	297,911	107,194	145,735	-
Right of way management	-	-	-	-	184,010
Highways	90,655	412,535	796,385	-	-
Motorist assistance	21,307	15,026	13,915	-	-
Other	450	999	14,873	-	27,681
Operating grants and contributions	57,784,238	61,767,456	46,567,900	54,641,955	39,886,648
Capital grants and contributions	70,133,121	71,744,926	4,897,301	5,228,621	9,199,268
Total governmental activities program revenues	<u>128,816,640</u>	<u>134,238,853</u>	<u>52,399,068</u>	<u>60,016,311</u>	<u>49,297,607</u>
Business-type activities:					
Charges for services					
RTC 91 Express Lanes	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government revenues	<u>128,816,640</u>	<u>134,238,853</u>	<u>52,399,068</u>	<u>60,016,311</u>	<u>49,297,607</u>
<b>Net Revenues (Expenses)</b>					
Governmental activities	(350,447,287)	(444,581,395)	(182,467,158)	(170,791,136)	(169,565,367)
Business-type activities	-	-	-	-	-
Total primary government net expense	<u>\$ (350,447,287)</u>	<u>\$ (444,581,395)</u>	<u>\$ (182,467,158)</u>	<u>\$ (170,791,136)</u>	<u>\$ (169,565,367)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Measure A sales taxes	\$ 163,092,776	\$ 156,355,894	\$ 149,428,124	\$ 134,984,307	\$ 123,439,833
Transportation Development Act sales taxes	94,816,814	91,953,554	86,999,018	80,044,131	60,772,795
Unrestricted investment earnings	6,060,400	9,794,662	1,664,789	4,196,452	4,411,122
Other miscellaneous revenue	1,643,078	556,049	604,181	1,287,981	2,694,370
Gain on sale of capital assets	-	14,574	-	-	-
Transfers	-	-	-	-	-
Total governmental activities	<u>265,613,068</u>	<u>258,674,733</u>	<u>238,696,112</u>	<u>220,512,871</u>	<u>191,318,120</u>
Business-type activities:					
Unrestricted investment earnings	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 265,613,068</u>	<u>\$ 258,674,733</u>	<u>\$ 238,696,112</u>	<u>\$ 220,512,871</u>	<u>\$ 191,318,120</u>
<b>Changes in Net Position</b>					
Governmental activities	\$ (84,834,219)	\$ (185,906,662)	\$ 56,228,954	\$ 49,721,735	\$ 21,752,753
Business-type activities	-	-	-	-	-
Total primary government	<u>\$ (84,834,219)</u>	<u>\$ (185,906,662)</u>	<u>\$ 56,228,954</u>	<u>\$ 49,721,735</u>	<u>\$ 21,752,753</u>

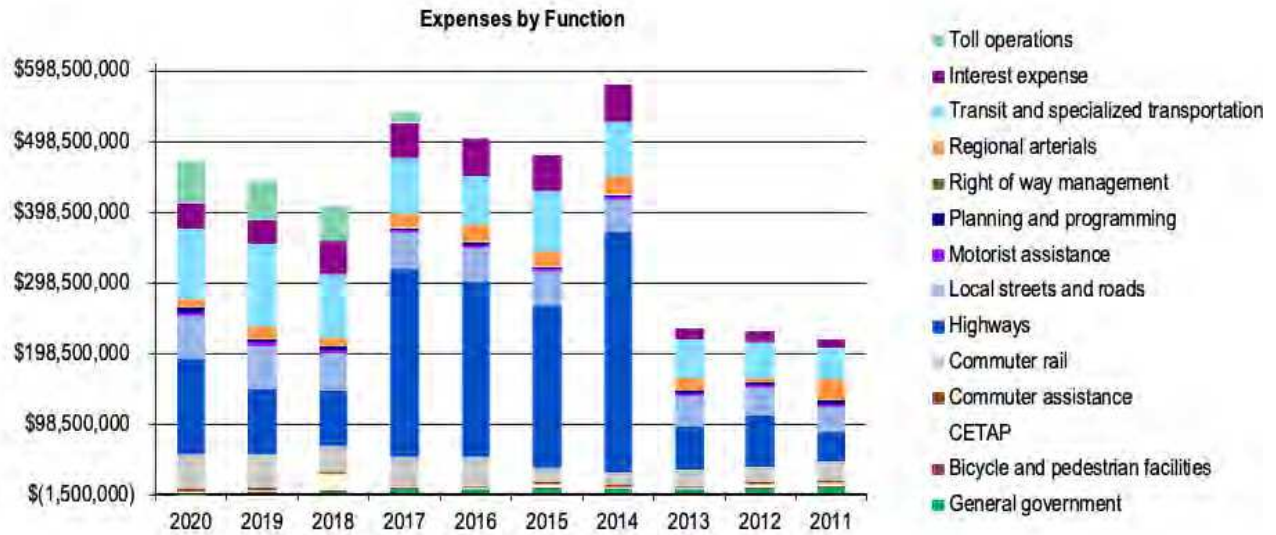
Source: Finance Department

<sup>2</sup> In FY 2015 the Commission implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Prior year amounts in this presentation have not been revised to reflect this change.

<sup>3</sup> Right of way expenditures were classified as highways or commuter rail expenditures beginning in 2012.

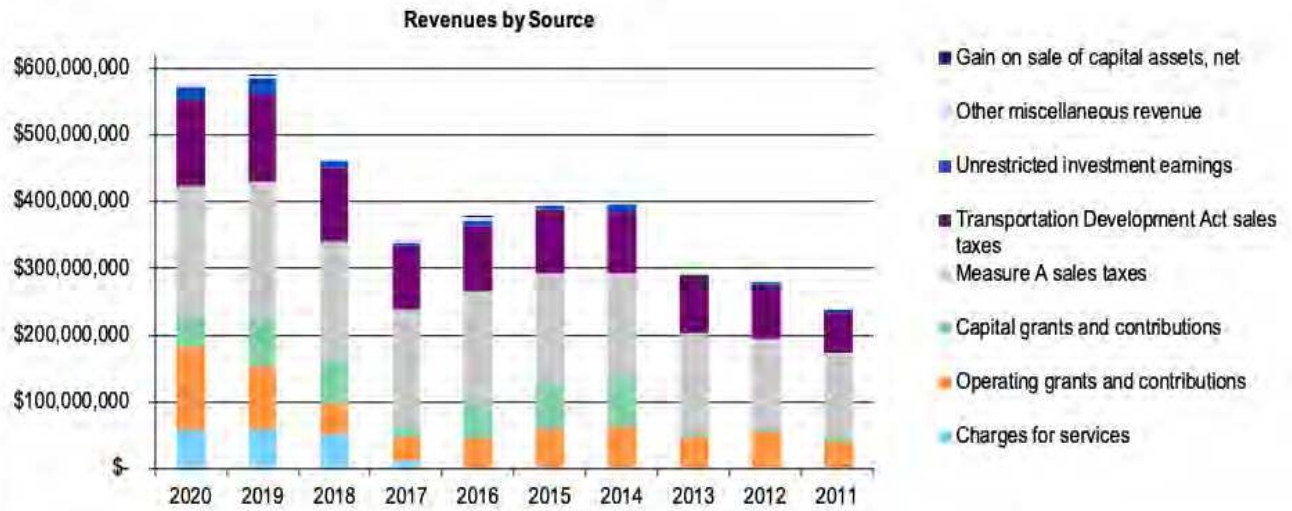
<sup>4</sup> In FY 2012 the Commission implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Prior year amounts in this presentation have not been revised to reflect this change.

Riverside County Transportation Commission  
Changes in Primary Government Net Position (Continued)  
Last Ten Fiscal Years  
(Accrual Basis)





Riverside County Transportation Commission  
Changes in Primary Government Net Position (Continued)  
Last Ten Fiscal Years  
(Accrual Basis)



**Riverside County Transportation Commission**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis)**

	Fiscal Year				
	2020	2019	2018	2017	2016
<b><u>GENERAL FUND</u></b>					
General fund:					
Nonspendable	\$ 136,038	\$ 345,881	\$ 232,793	\$ 232,759	\$ 192,235
Restricted	22,458,450	25,551,922	22,470,358	16,321,159	7,143,844
Assigned	3,267,803	3,226,466	3,337,343	2,572,182	3,456,111
Total general fund	<u>\$ 25,862,291</u>	<u>\$ 29,124,269</u>	<u>\$ 26,040,494</u>	<u>\$ 19,126,100</u>	<u>\$ 10,792,190</u>
<b><u>ALL OTHER GOVERNMENTAL FUNDS</u></b>					
All other governmental funds:					
Nonspendable	\$ 3,033,953	\$ 3,675,091	\$ 4,627,240	\$ 9,162,068	\$ 10,848,614
Restricted	781,460,503	758,687,069	745,638,560	678,147,954	718,780,598
Unassigned	(30,566)	(1,272,356)	(268,754)	(23,054)	-
Total all other governmental funds	<u>\$ 784,463,890</u>	<u>\$ 761,089,804</u>	<u>\$ 749,997,046</u>	<u>\$ 687,286,968</u>	<u>\$ 729,629,212</u>

Source: Finance Department

**Riverside County Transportation Commission**  
**Fund Balances of Governmental Funds, Continued**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis)**

	Fiscal Year				
	2015	2014	2013	2012	2011
<b><u>GENERAL FUND</u></b>					
General fund:					
Nondisposable	\$ 255,446	\$ 257,721	\$ 194,794	\$ 157,957	\$ 143,397
Restricted	5,680,411	5,073,685	7,412,686	8,114,440	7,110,013
Assigned	4,246,940	5,258,703	5,232,871	5,412,830	6,270,944
Total general fund	<u>\$ 10,182,797</u>	<u>\$ 10,590,109</u>	<u>\$ 12,840,351</u>	<u>\$ 13,685,227</u>	<u>\$ 13,524,354</u>
<b><u>ALL OTHER GOVERNMENTAL FUNDS</u></b>					
All other governmental funds:					
Nondisposable	\$ 21,510,571	\$ 31,978,235	\$ 3,274,483	\$ 1,481,019	\$ 5,389,775
Restricted	772,109,076	988,908,077	606,072,061	560,412,373	570,450,515
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 793,619,647</u>	<u>\$ 1,020,886,312</u>	<u>\$ 609,346,544</u>	<u>\$ 561,893,392</u>	<u>\$ 575,840,290</u>

Source: Finance Department

**Riverside County Transportation Commission**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis)**

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Revenues</b>					
Sales taxes	\$ 323,116,475	\$ 332,226,225	\$ 287,180,213	\$ 269,959,721	\$ 264,764,833
Transportation Uniform Mitigation Fee	23,257,905	29,968,449	23,699,764	19,594,829	19,831,327
Intergovernmental	145,904,252	138,541,133	88,207,011	32,467,616	76,821,362
Investment income	14,594,910	21,311,968	9,149,672	4,483,174	8,592,753
Other	2,283,994	6,418,190	3,199,483	6,746,055	7,295,648
Total revenues	<u>509,157,536</u>	<u>528,465,965</u>	<u>411,436,143</u>	<u>333,251,395</u>	<u>377,305,923</u>
<b>Expenditures</b>					
Current:					
General Government	546,338	1,044,403	977,898	6,558,752	6,514,255
Programs:					
Bicycle and pedestrian facilities	1,367,800	2,319,895	1,142,306	1,314,932	233,815
CETAP	11,104,808	1,394,120	22,275,429	4,028,104	5,249,516
Commuter assistance	3,938,474	3,603,353	3,647,662	2,686,073	2,648,632
Commuter rail	41,069,694	40,805,316	37,700,157	32,820,139	95,717,909
Highways	285,955,203	203,662,390	187,087,621	250,383,800	372,657,029
Local streets and roads	59,475,694	61,470,359	53,639,698	51,864,011	49,826,564
Motorist assistance	4,934,056	4,398,842	3,825,722	4,177,349	4,159,520
Planning and programming	8,828,203	4,307,859	4,677,940	3,248,031	4,090,731
Right of way management	-	-	-	-	-
Regional arterials	12,059,400	17,042,375	12,888,439	19,056,339	23,111,109
Transit and specialized transportation	99,777,205	117,748,091	90,153,923	80,764,125	70,652,804
Debt service:					
Principal	27,253,683	25,977,461	62,140,974	27,317,242	7,814,176
Interest	42,511,371	43,595,769	50,606,912	44,684,153	45,620,922
Cost of Issuance	-	-	2,256,061	654,007	-
Payment to escrow agent	-	-	70,800,000	63,900,000	-
Capital outlay	3,536,042	5,663,109	2,606,851	5,670,356	1,182,208
Total expenditures	<u>602,357,971</u>	<u>533,033,342</u>	<u>606,427,593</u>	<u>599,127,413</u>	<u>689,479,190</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(93,200,435)</u>	<u>(4,567,377)</u>	<u>(194,991,450)</u>	<u>(265,876,018)</u>	<u>(312,173,267)</u>
<b>Other financing sources (uses):</b>					
Refunding debt issuance	-	-	457,015,000	-	-
Debt issuance	111,301,868	14,946,136	158,760,000	249,498,089	248,792,225
Discount on debt issuance	-	-	-	-	-
Premium on debt issuance	-	-	119,713,807	8,414,007	-
Payment to refunded bond escrow agent	-	55,000	(471,089,840)	-	-
Transfers in	119,642,321	116,363,248	300,623,670	182,713,859	162,708,720
Transfers out	(117,631,646)	(112,620,474)	(300,406,715)	(208,758,271)	(162,708,720)
Total other financing sources (uses)	<u>113,312,543</u>	<u>18,743,910</u>	<u>264,615,922</u>	<u>231,867,684</u>	<u>248,792,225</u>
<b>Net change in fund balances</b>	<u>\$ 20,112,108</u>	<u>\$ 14,176,533</u>	<u>\$ 69,624,472</u>	<u>\$ (34,008,334)</u>	<u>\$ (63,381,042)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>15.8%</u>	<u>16.7%</u>	<u>23.7% *</u>	<u>12.2%</u>	<u>10.6%</u>

Source: Finance Department

<sup>1</sup> Debt service as a percentage of noncapital expenditures in 2011 increased significantly as a result of the retirement of \$103,284,000 of commercial paper, which is included in principal payments.

<sup>2</sup> Right of way management expenditures were classified as highways or commuter rail expenditures beginning in 2012.

<sup>3</sup> Debt service as a percentage of noncapital expenditures in 2014 increased significantly as a result of the retirement of \$60,000,000 of commercial paper, which is included in principal payments and interest payments and cost of issuance as a result of the issuance of \$638,854,602 in debt.

<sup>4</sup> Debt service as a percentage of noncapital expenditures in 2018 increased significantly as a result of the retirement of commercial paper and a current refunding of debt, which included a swap termination payment.

**Riverside County Transportation Commission**  
**Changes in Fund Balances of Governmental Funds, Continued**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis)**

	<b>Fiscal Year</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Revenues</b>					
Sales taxes	\$ 257,909,590	\$ 248,309,448	\$ 236,427,142	\$ 215,028,438	\$ 184,212,628
Transportation Uniform Mitigation Fee	17,400,782	11,284,394	12,421,110	8,116,420	9,157,863
Intergovernmental	110,515,661	122,486,605	38,817,347	51,516,775	40,012,488
Investment income	6,258,226	9,979,912	1,769,709	4,308,395	4,524,219
Other	2,542,359	1,282,520	1,540,542	1,430,195	2,878,380
Total revenues	<u>394,626,618</u>	<u>393,342,879</u>	<u>290,975,850</u>	<u>280,400,223</u>	<u>240,785,578</u>
<b>Expenditures</b>					
Current:					
General Government	7,302,325	6,991,303	6,692,187	7,586,207	8,340,263
Programs:					
Bicycle and pedestrian facilities	1,747,090	1,065,476	956,308	1,389,567	1,940,499
CETAP	4,135,996	6,509,915	954,700	4,464,387	5,490,993
Commuter assistance	2,891,431	3,136,150	2,868,356	3,157,480	2,816,392
Commuter rail	112,424,851	68,072,414	27,118,480	39,870,670	35,482,511
Highways	325,128,109	299,398,122	118,750,336	111,049,502	75,011,698
Local streets and roads	48,615,815	46,677,580	44,594,891	40,127,890	36,856,925
Motorist assistance	4,317,961	3,498,420	3,563,581	3,846,245	3,530,695
Planning and programming	3,099,358	3,204,073	3,712,596	3,913,520	4,674,397
Right of way management	-	-	-	- <sup>2</sup>	1,270,487
Regional arterials	21,016,097	23,886,840	17,047,135	5,816,666	29,362,894
Transit and specialized transportation	86,725,394	78,723,898	55,659,188	51,221,772	44,699,650
Debt service:					
Principal	7,411,654	67,112,884	6,824,654	46,523,931	109,607,230
Interest	45,913,275	43,410,203	15,404,719	15,008,695	11,296,268
Cost of Issuance	-	7,050,855	-	-	1,493,196
Payment to escrow agent	-	-	-	-	-
Capital outlay	475,334	143,888	220,443	209,716	147,297
Total expenditures	<u>671,204,690</u>	<u>658,882,021</u>	<u>304,367,574</u>	<u>334,186,248</u>	<u>372,021,395</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(276,578,072)</u>	<u>(265,539,142)</u>	<u>(13,391,724)</u>	<u>(53,786,025)</u>	<u>(131,235,817)</u>
<b>Other financing sources (uses):</b>					
Refunding debt issuance	-	-	-	-	-
Debt issuance	48,904,095	638,854,602	60,000,000	40,000,000	170,000,000
Discount on debt issuance	-	(2,433,315)	-	-	(967,467)
Premium on debt issuance	-	38,328,775	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	232,626,156	481,987,735	133,065,312	123,977,167	185,354,839
Transfers out	(232,626,156)	(481,987,735)	(133,065,312)	(123,977,167)	(185,354,839)
Total other financing sources (uses)	<u>48,904,095</u>	<u>674,750,062</u>	<u>60,000,000</u>	<u>40,000,000</u>	<u>169,032,533</u>
<b>Net change in fund balances</b>	<u><u>\$(227,673,977)</u></u>	<u><u>\$ 409,210,920</u></u>	<u><u>\$ 46,608,276</u></u>	<u><u>\$ (13,786,025)</u></u>	<u><u>\$ 37,796,716</u></u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>11.0%</u>	<u>19.1%<sup>3</sup></u>	<u>9.3%</u>	<u>22.5%</u>	<u>32.5%<sup>1</sup></u>

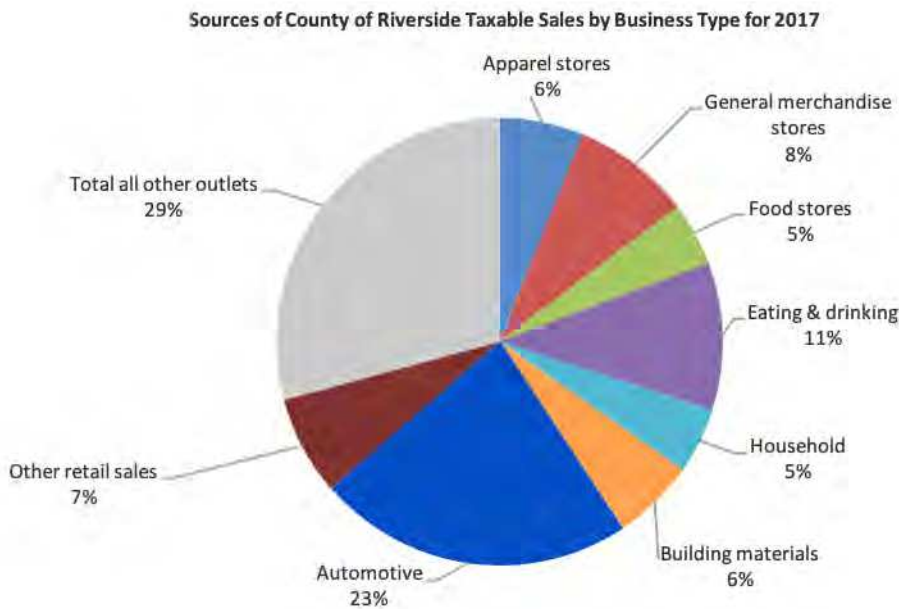
Source: Finance Department

**Riverside County Transportation Commission**  
**Sources of County of Riverside Taxable Sales by Business Type**  
**Last Ten Calendar Years (In Thousands)**

	<u>2017 <sup>1</sup></u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Apparel stores	\$ 2,199,511	\$ 2,190,228	\$ 2,136,728	\$ 1,989,623	\$ 1,771,603
General merchandise stores	3,101,256	3,052,409	3,040,244	3,289,057	3,298,920
Food stores	1,666,910	1,574,030	1,727,518	1,509,404	1,421,590
Eating & drinking	3,852,674	3,648,980	3,384,494	3,093,861	2,836,388
Household	1,730,702	1,386,985	1,135,235	1,030,455	996,484
Building materials	2,161,593	1,965,101	1,826,294	1,706,184	1,535,178
Automotive	8,282,532	7,751,812	7,693,173	7,844,773	7,421,523
Other retail sales	2,586,770	2,452,591	2,338,039	2,182,987	2,025,088
Total all other outlets	10,550,866	10,209,008	9,629,185	9,389,345	8,758,693
	<u>\$ 36,132,814</u>	<u>\$ 34,231,144</u>	<u>\$ 32,910,910</u>	<u>\$ 32,035,689</u>	<u>\$ 30,065,467</u>
Measure A direct sales tax rate (Ordinance 88-1 through 2009 and 02-001 thereafter)	0.50%	0.50%	0.50%	0.50%	0.50%

Source: State Board of Equalization

<sup>1</sup> Year represents most recent data available.



**Riverside County Transportation Commission**

**Sources of County of Riverside Taxable Sales by Business Type, Continued**

**Last Ten Calendar Years (In Thousands)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Apparel stores	\$ 1,672,482	\$ 1,505,821	\$ 1,391,174	\$ 1,293,271	\$ 1,121,543
General merchandise stores	3,174,022	3,051,709	2,947,905	2,855,733	3,389,936
Food stores	1,356,148	1,304,731	1,267,758	1,251,220	1,254,366
Eating & drinking	2,668,324	2,473,339	2,317,486	2,266,853	2,340,554
Household	930,068	914,888	412,325	858,098	816,379
Building materials	1,364,513	1,303,073	1,232,145	1,237,518	1,435,337
Automotive	7,009,138	6,311,272	5,306,408	4,749,994	6,126,512
Other retail sales	1,841,973	1,711,453	1,951,385	1,442,875	3,250,335
Total all other outlets	8,079,341	7,065,212	6,326,194	6,272,315	6,268,633
	<u>\$ 28,096,009</u>	<u>\$ 25,641,498</u>	<u>\$ 23,152,780</u>	<u>\$ 22,227,877</u>	<u>\$ 26,003,595</u>
Measure A direct sales tax rate (Ordinance 88-1 through 2009 and 02-001 thereafter)	0.50%	0.50%	0.50%	0.50%	0.50%

Source: State Board of Equalization

**Riverside County Transportation Commission**  
**Direct and Overlapping Sales Tax Rates**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Measure A Direct Rate <sup>1</sup></u>	<u>County of Riverside</u>
2020	0.50%	7.75%
2019	0.50%	7.75%
2018	0.50%	7.75%
2017	0.50%	7.75%
2016	0.50%	8.00%
2015	0.50%	8.00%
2014	0.50%	8.00%
2013	0.50%	8.00%
2012	0.50%	7.75%
2011	0.50%	8.75%

<sup>3</sup>

<sup>2</sup>

Source: Commission Finance Department and California State Board of Equalization.

<sup>1</sup> The Measure A sales tax rate may be changed only with the approval of 2/3 of the voters.

<sup>2</sup> Effective July 1, 2011, the State of California decreased the state sales tax rate by 1%.

<sup>3</sup> Effective January 1, 2013, the State of California increased the state sales tax rate by 0.25%.



**Riverside County Transportation Commission**  
**Principal Taxable Sales Generation by City**  
**Current Year and Nine Years Ago**

	2017 <sup>1</sup>			2008		
	Taxable Sales (in thousands)	Rank	Percentage of Total	Taxable Sales (in thousands)	Rank	Percentage of Total
City of Riverside	\$ 5,534,294	2	15.3%	\$ 4,093,218	2	15.7%
City of Corona	3,663,277	3	10.1%	2,994,438	3	11.5%
City of Temecula	3,209,066	4	8.9%	2,307,072	4	8.9%
City of Moreno Valley	1,652,123	5	4.6%	1,154,650	6	4.4%
City of Palm Desert	1,624,653	6	4.5%	1,447,663	5	5.6%
City of Murrieta	1,522,525	7	4.2%	972,575	7	3.7%
City of Perris	1,462,211	8	4.0%	562,025	14	2.2%
City of Palm Springs	1,149,888	9	3.2%	826,056	9	3.3%
City of Hemet	1,042,103	10	2.9%	840,655	8	3.2%
City of Indio	1,008,113	11	2.8%	673,527	11	2.6%
City of Jurupa Valley <sup>4</sup>	968,336	12	2.7%	-	-	N/A
City of Lake Elsinore	821,250	13	2.3%	639,732	13	2.5%
City of Cathedral City	809,572	14	2.2%	649,612	12	2.5%
City of La Quinta	751,449	15	2.0%	731,831	10	2.9%
City of Eastvale <sup>3</sup>	742,347	16	2.1%	-	-	N/A
City of Menifee <sup>2</sup>	683,385	17	1.9%	-	-	N/A
City of Norco	603,813	18	1.7%	436,753	16	1.7%
City of Rancho Mirage	485,920	19	1.3%	438,400	15	1.7%
City of Beaumont	429,064	20	1.2%	270,480	18	1.0%
City of Coachella	307,443	21	0.9%	307,494	17	1.2%
City of San Jacinto	258,202	22	0.7%	192,541	20	0.7%
City of Banning	226,170	23	0.6%	193,333	19	0.7%
City of Blythe	152,961	24	0.4%	160,476	21	0.6%
City of Wildomar	152,142	25	0.4%	23,983	25	0.1%
City of Desert Hot Springs	138,947	26	0.4%	91,671	22	0.4%
City of Indian Wells	102,766	27	0.3%	91,534	23	0.4%
City of Calimesa	72,082	28	0.2%	54,285	24	0.2%
City of Canyon Lake	20,912	29	0.1%	12,300	26	0.0%
Incorporated	29,595,014		81.9%	20,166,304		77.7%
Unincorporated	6,537,800	1	18.1%	5,837,291	1	22.3%
Countywide	<u>\$ 36,132,814</u>		<u>100.0%</u>	<u>\$ 26,003,595</u>		<u>100.0%</u>
California	<u>\$ 672,486,581</u>			<u>\$ 531,653,540</u>		

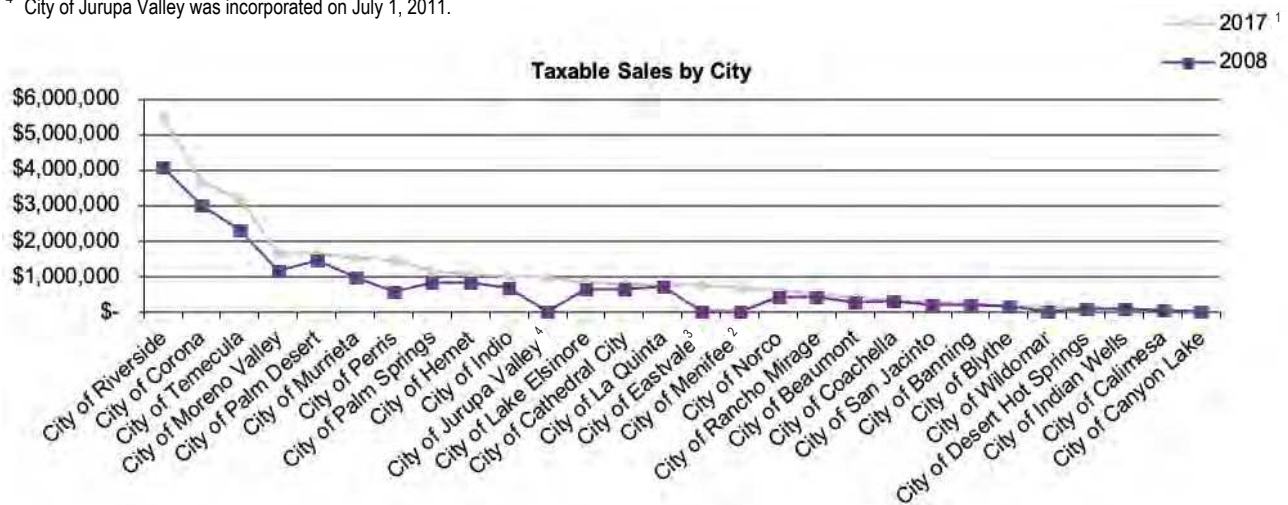
Source: California State Board of Equalization for the calendar year indicated.

<sup>1</sup> Year represents most recent data available.

<sup>2</sup> City of Menifee was incorporated on October 1, 2008.

<sup>3</sup> City of Eastvale was incorporated on October 1, 2010.

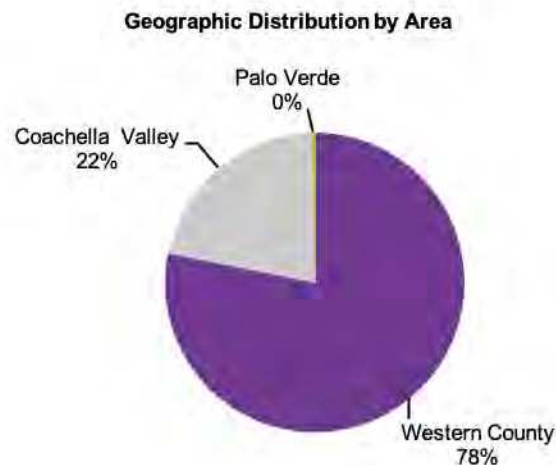
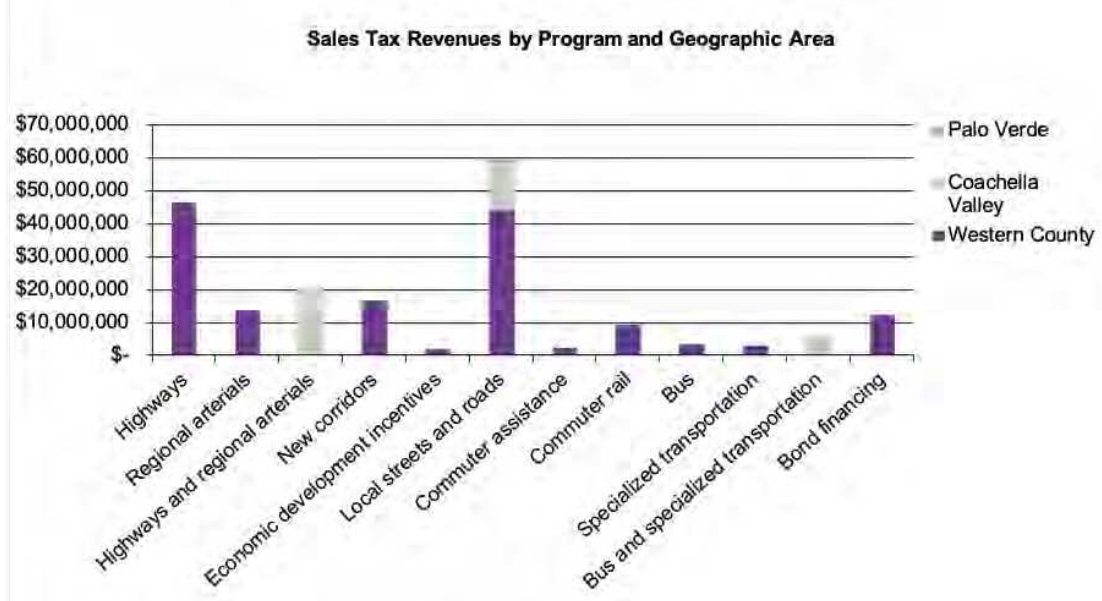
<sup>4</sup> City of Jurupa Valley was incorporated on July 1, 2011.



**Riverside County Transportation Commission**  
**Measure A Sales Tax Revenues by Program and Geographic Area**  
**Year Ended June 30, 2020**

	<b>Special Revenue Funds</b>			
	<b>Western County</b>	<b>Coachella Valley</b>	<b>Palo Verde</b>	<b>Total</b>
Highways	\$ 46,250,977	\$ -	\$ -	\$ 46,250,977
Regional arterials	13,603,228	-	-	13,603,228
Highways and regional arterials	-	20,916,167	-	20,916,167
New corridors	16,777,315	-	-	16,777,315
Economic development incentives	1,813,764	-	-	1,813,764
Local streets and roads	43,983,772	14,641,317	847,828	59,472,917
Public transit:				
Commuter assistance	2,267,205	-	-	2,267,205
Commuter rail	9,250,195	-	-	9,250,195
Bus	3,276,111	-	-	3,276,111
Specialized transportation	2,890,686	-	-	2,890,686
Bus and specialized transportation	-	6,274,850	-	6,274,850
Bond financing	12,242,906	-	-	12,242,906
	<u>\$ 152,356,159</u>	<u>\$ 41,832,334</u>	<u>\$ 847,828</u>	<u>\$ 195,036,321</u>

Source: Finance Department



**Riverside County Transportation Commission**  
**Measure A Sales Tax by Economic Category**  
**Last Ten Calendar Years**

<b>Economic Category</b>	<b>% of Total</b>									
	<b>2019<sup>1</sup></b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
General retail	28.1	28.9	28.3	28.9	28.8	28.4	28.7	28.8	29.8	30.9
Transportation	24.2	24.6	25.3	25.1	25.9	26.6	27.0	26.9	27.1	25.0
Food products	17.7	17.8	17.6	17.7	17.3	16.6	16.1	16.2	16.4	17.0
Business to business	16.7	16.3	15.6	15.3	15.0	14.4	14.5	15.0	14.1	14.5
Construction	10.7	10.8	10.8	10.8	10.8	12.0	11.8	11.1	10.5	10.5
Miscellaneous	2.6	1.6	2.4	2.2	2.2	2.0	1.9	2.0	2.1	2.1
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: MuniServices LLC. Prior years' information is not available.

<sup>1</sup> Year represents most recent data available.

**Riverside County Transportation Commission**  
**Measure A Revenues and Pledged Revenue Coverage** <sup>1</sup>  
**Last Ten Fiscal Years**

**Sales Tax Revenue Bonds**

<b>Fiscal Year</b>	<b>Net Measure A Sales Tax Revenues <sup>2</sup></b>	<b>Measure A Sales Tax Revenue Growth (Decline) Rate</b>	<b>Total Debt Service</b>	<b>Total Debt Service Coverage Ratio</b>
2020	\$ 195,036,321	-3.07% <sup>3</sup>	\$ 69,537,488	2.80
2019	201,204,995	14.13%	69,555,738	2.89
2018	176,301,656	0.56%	75,159,543	2.35
2017	175,320,207	4.59%	51,889,982	3.38
2016	167,630,239	2.78%	53,400,019	3.14
2015	163,092,776	4.31%	53,300,072	3.06
2014	156,355,894	4.64%	50,499,417	3.10
2013	149,428,124	10.70%	22,156,116	6.74
2012	134,984,307	9.35%	21,503,582	6.28
2011	123,439,833	7.78%	12,651,386	9.76

Source: Finance Department

- <sup>1</sup> This schedule meets the requirements for Continuing Disclosure of historical Measure A sales tax revenues.
- <sup>2</sup> Sales tax revenue bonds are backed by the sales tax revenues, net of California Department of Tax and Fee Administration, as successor to Board of Equalization, administrative fees.
- <sup>3</sup> Sales tax revenues decreased in FY 2020 due to COVID-19 impacts.



Riverside County Transportation Commission

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Governmental Activities					
Year	Sales Tax Revenue Bonds, net of premium and discount	Commercial Paper	MSHCP Funding Liability	Capital Leases	TIFIA Loan
2020	\$ 911,246,727	\$ -	\$ -	\$ 41,821	\$ 128,092,018
2019	950,003,406	-	3,000,000	50,504	15,121,739
2018	987,810,267	-	6,000,000	7,965	-
2017	792,916,124	30,000,000	9,000,000	28,939	-
2016	782,532,106	20,000,000	12,000,000	46,181	-
2015	792,297,152	-	15,000,000	60,357	-
2014	801,782,659	-	18,000,000	72,011	-
2013	310,435,508	60,000,000	-	6,289	-
2012	317,138,111	-	-	30,943	-
2011	323,537,074	-	-	54,874	-

Sources: Finance Department for outstanding debt for the fiscal year ended June 30 and California State Department of Finance for population as of January 1.

<sup>1</sup> See the Schedule of Demographic and Economic Statistics on page 124 for personal income and population data.

**Riverside County Transportation Commission**  
**Ratios of Outstanding Debt by Type, Continued**  
**Last Ten Fiscal Years**

<b>Business-Type Activities</b>					
<b>Year</b>	<b>Toll Revenue Bonds, net of discount and accretion</b>	<b>TIFIA Loan</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>1</sup></b>	<b>Debt per Capita <sup>1</sup></b>
2020	\$ 204,647,796	\$ 486,339,336	\$ 1,730,367,698	N/A	\$ 708.50
2019	199,423,911	469,870,660	1,637,470,220	N/A	671.06
2018	194,522,170	453,980,866	1,642,321,268	1.65%	689.29
2017	189,923,251	438,628,419	1,460,496,733	1.54%	612.42
2016	185,607,330	277,696,320	1,277,881,937	1.45%	551.30
2015	181,557,045	48,904,095	1,037,818,649	1.24%	436.30
2014	177,755,391	-	997,610,061	1.28%	423.81
2013	-	-	370,441,797	0.49%	167.47
2012	-	-	317,169,054	0.44%	142.38
2011	-	-	323,591,948	0.48%	145.91

Sources: Finance Department for outstanding debt for the fiscal year ended June 30 and California State Department of Finance for population as of January 1.

Riverside County Transportation Commission

Computation of Legal Debt Margin<sup>1</sup>

Last Ten Fiscal Years

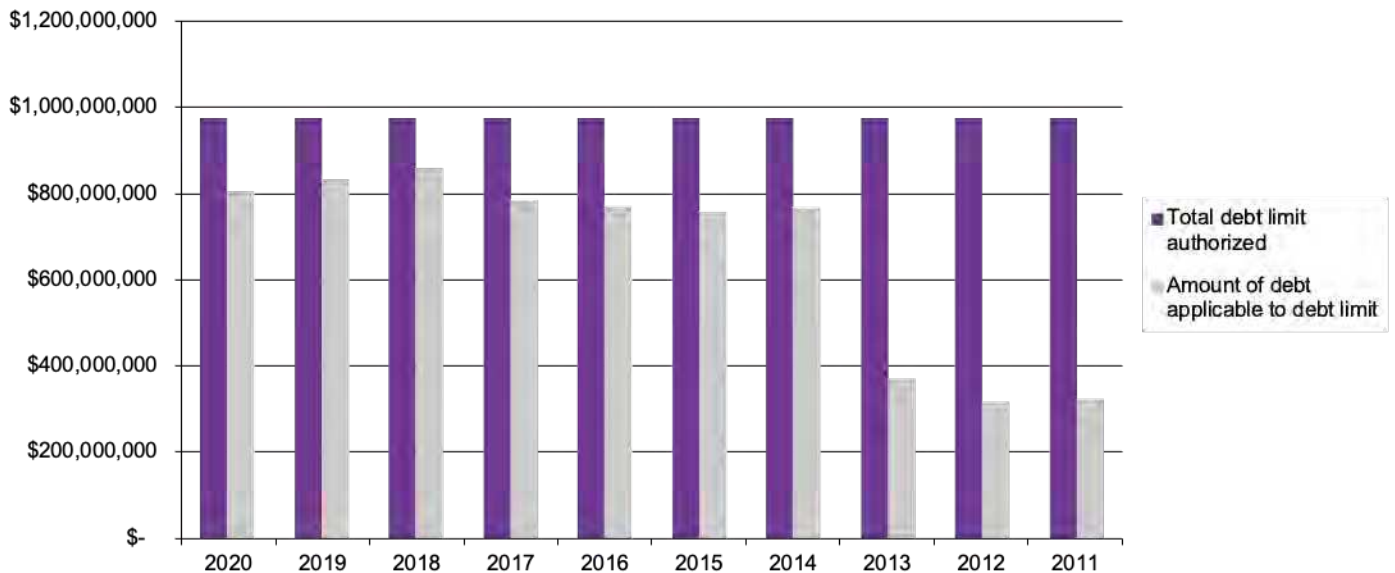
	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Measure A Ordinance No. 02-001, as amended by Ordinance No. 10-002<sup>2</sup></b>					
Total debt limit authorized	\$ 975,000,000	\$ 975,000,000	\$ 975,000,000	\$ 975,000,000	\$ 975,000,000
Amount of debt applicable to debt limit	805,810,000	833,055,000	859,020,000	786,240,000	771,300,000
Legal debt margin	\$ 169,190,000	\$ 141,945,000	\$ 115,980,000	\$ 188,760,000	\$ 203,700,000
% of debt to legal debt limit	82.6%	85.4%	88.1%	80.6%	79.1%

Source: Finance Department

<sup>1</sup> The Commission's debt limits were approved by the voters of Riverside County as part of the sales tax ordinances and are specific to the Commission; accordingly, there are no overlapping debt considerations.

<sup>2</sup> Ordinance No. 02-001 was approved by a 2/3 majority of the voters in November 2002. In November 2010, a majority of the voters approved Ordinance No. 10-002 to increase the debt limit from \$500 million to \$975 million.

**Measure A Ordinance No. 02-001, as amended by Ordinance No. 10-002**





Riverside County Transportation Commission

Computation of Legal Debt Margin, Continued <sup>1</sup>

Last Ten Fiscal Years

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Measure A Ordinance No. 02-001, as amended by Ordinance No. 10-002 <sup>2</sup></b>					
Total debt limit authorized	\$ 975,000,000	\$ 975,000,000	\$ 975,000,000	\$ 975,000,000	\$ 975,000,000
Amount of debt applicable to debt limit	759,100,000	766,500,000	371,400,000	318,200,000	324,700,000
Legal debt margin	<u>\$ 215,900,000</u>	<u>\$ 208,500,000</u>	<u>\$ 603,600,000</u>	<u>\$ 656,800,000</u>	<u>\$ 650,300,000</u>
% of debt to legal debt limit	<u>77.9%</u>	<u>78.6%</u>	<u>38.1%</u>	<u>32.6%</u>	<u>33.3%</u>

Source: Finance Department

**Riverside County Transportation Commission**  
**Demographic and Economic Statistics for the County of Riverside**  
**Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (thousands)<sup>2</sup></b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Unemployment Rate<sup>3</sup></b>
2020	2,442,304	N/A	N/A	N/A
2019	2,440,124	N/A	N/A	4.2%
2018	2,415,955	\$ 99,591,680	\$ 40,637	4.4%
2017	2,382,640	95,140,992	39,261	5.2%
2016	2,347,828	87,827,068	36,782	6.1%
2015	2,317,924	84,025,987	35,589	6.7%
2014	2,329,271	78,239,388	33,590	8.2%
2013	2,255,059	76,289,477	33,278	10.3%
2012	2,227,577	72,015,057	31,742	12.2%
2011	2,217,778	67,024,780	29,927	12.4%

Sources:

<sup>1</sup> California State Department of Finance as of January 1.

<sup>2</sup> U.S. Department of Commerce Bureau of Economic Analysis. Represents most recent data available.

<sup>3</sup> Riverside County Economic Development Agency. Represents most recent data available.

**Riverside County Transportation Commission**  
**Employment Statistics by Industry for the County of Riverside**  
**Calendar Year 2018 and Nine Years Prior**

Industry Type	2018 <sup>1</sup>	% of Total Employment	2009	% of Total Employment
Agricultural services, forestry, fishing and other	12,500	1.7%	12,400	2.2%
Mining	400	0.0%	500	0.1%
Construction	67,300	9.1%	40,400	7.3%
Manufacturing	44,400	6.0%	39,000	7.1%
Transportation, warehousing, and public utilities	46,000	6.2%	19,700	3.6%
Wholesale trade	24,900	3.4%	18,700	3.4%
Retail trade	92,700	12.4%	78,800	14.3%
Professional & business services	70,500	9.5%	53,700	9.7%
Education & health services	115,000	15.5%	71,300	12.9%
Leisure & hospitality	93,500	12.6%	68,700	12.5%
Finance, insurance, and real estate	22,000	3.0%	20,700	3.7%
Other services	22,600	3.0%	18,100	3.3%
Federal government, civilian	7,200	1.0%	6,900	1.3%
State government	17,700	2.4%	15,800	2.9%
Local government	105,500	14.2%	86,600	15.7%
Total employment	<u>742,200</u>	<u>100.0%</u>	<u>551,300</u>	<u>100.0%</u>

Source: State of California Economic Development Department

<sup>1</sup> Year represents most recent data available.

**Riverside County Transportation Commission**  
**Full-time Equivalent Employees by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>As of June 30</u>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Management services and administration	18.7	18.0	19.2	17.1	14.7	16.2	13.8	14.1	13.9	12.7
Planning and programming	5.5	3.5	4.2	4.9	6.2	6.1	5.9	4.9	5.1	5.2
Rail operations and maintenance	3.5	3.4	4.1	4.3	4.5	4.0	3.1	2.9	3.3	3.1
Specialized transit/transportation	2.4	2.9	2.4	2.7	2.3	2.3	3.4	2.5	2.5	2.6
Commuter assistance	1.4	1.4	1.7	1.4	1.8	3.0	1.7	1.8	1.6	1.6
Motorist assistance	0.9	0.8	0.9	0.8	0.7	0.7	0.9	0.9	1.2	0.9
Capital project development and delivery	<u>17.6</u>	<u>16.0</u>	<u>15.5</u>	<u>15.8</u>	<u>15.8</u>	<u>13.7</u>	<u>15.2</u>	<u>13.9</u>	<u>12.3</u>	<u>11.9</u>
Total full-time equivalents	<u>50.0</u>	<u>46.0</u>	<u>48.0</u>	<u>47.0</u>	<u>46.0</u>	<u>46.0</u>	<u>44.0</u>	<u>41.0</u>	<u>40.0</u>	<u>38.0</u>

Source: Finance Department



**Riverside County Transportation Commission**

**Operating Indicators**

**Last Ten Fiscal Years**

	<b>As of June 30</b>				
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Toll operations:</b>					
Gross trips	13,119,123	15,143,222	14,518,302	4,049,067	-
Gross potential revenue	\$ 56,058,450	\$ 57,172,266	\$ 47,941,733	\$ 9,618,429	-
Average gross potential revenue per trip	\$ 4.12	\$ 3.78	\$ 3.30	\$ 2.38	-
<b>Commuter rail operations:</b>					
Growth of average daily ridership on commuter lines:					
Riverside line	3,961	3,868	3,863	4,050	4,404
IEOC line	4,784	4,656	4,874	4,900	4,438
91 line	3,731	3,293	3,109	3,258	2,610
Farebox recovery ratio:					
Riverside line	19.8%	43.0%	45.4%	47.2%	45.7%
IEOC line	21.1%	27.5%	29.2%	31.8%	33.4%
91 line	16.4%	24.1%	26.5%	26.5%	27.7%
<b>Specialized transit/transportation:</b>					
Specialized transit grants awarded	18	18	16	17	17
<b>Commuter assistance:</b>					
Rideshare Incentive members	519	526	573	505	597
Rideshare Plus Rewards members	630	917	1,114	792	1,142
Rideshare pledges	8,349	7,836	5,959	4,886	4,249
Rideguides produced	5,901	6,246	4,606	5,219	8,607
Van Club vanpools	32	67	31	N/A	N/A
Commuter Exchange events	N/A	N/A	N/A	N/A	N/A
<b>Motorist assistance:</b>					
Call boxes	158	231	241	240	545
Calls made from call boxes	979	1,384	1,598	2,161	3,053
Contracted Freeway Service Patrol vehicles	26	26	20	20	21
Assists by Freeway Service Patrol	49,051	44,607	41,417	40,180	36,711
IE511 web visits	296,339	213,689	408,021	618,130	473,462
IE511 call volumes	95,164	114,045	142,287	201,099	233,895
<b>Transportation Uniform Mitigation Fee program:</b>					
Approved regional arterial projects	23	23	20	20	24
<b>Measure A program:</b>					
Highways	\$209,530,745	\$ 148,387,823	\$180,565,301	\$ 250,360,723	\$ 372,657,029
Commuter rail	16,744,864	13,218,370	14,118,997	8,528,984	75,831,961
Regional arterials	4,939,979	12,533,037	6,158,736	14,739,703	17,090,247
Local streets and roads	59,475,694	61,470,359	53,639,698	51,864,011	49,826,564
Specialized transit and commuter assistance	16,568,400	16,708,843	15,197,859	13,826,624	14,499,642
<b>Total program expenditures</b>	<b>\$307,259,682</b>	<b>\$ 252,318,432</b>	<b>\$269,680,591</b>	<b>\$ 339,320,045</b>	<b>\$ 529,905,443</b>

Source: Commission Departments

**Riverside County Transportation Commission**  
**Operating Indicators, Continued**  
**Last Ten Fiscal Years**

	As of June 30				
	2015	2014	2013	2012	2011
Toll operations:					
Gross trips	-	-	-	-	-
Gross potential revenue	-	-	-	-	-
Average gross potential revenue per trip	-	-	-	-	-
Commuter rail operations:					
Growth of average daily ridership on commuter lines:					
Riverside line	4,651	4,715	4,911	5,279	5,177
IEOC line	4,613	4,522	4,317	4,142	3,855
91 line	2,419	2,340	2,407	2,254	2,289
Farebox recovery ratio:					
Riverside line	49.6%	50.9%	57.0%	58.5%	59.8%
IEOC line	32.6%	37.6%	34.9%	31.3%	31.1%
91 line	38.6%	51.3%	42.2%	49.7%	54.6%
Specialized transit/transportation:					
Specialized transit grants awarded	20	22	22	21	22
Commuter assistance:					
Rideshare Incentive members	736	1,106	926	1,056	1,061
Rideshare Plus Rewards members	3,723	5,770	6,786	4,848	5,518
Rideshare pledges	11,180	11,661	12,765	11,635	11,189
Rideguides produced	6,527	10,059	14,813	15,628	29,052
Van Club vanpools	N/A	N/A	N/A	N/A	N/A
Commuter Exchange events	48	54	55	52	52
Motorist assistance:					
Call boxes	549	570	580	594	613
Calls made from call boxes	3,882	4,685	5,337	5,043	5,251
Contracted Freeway Service Patrol vehicles	21	21	21	21	22
Assists by Freeway Service Patrol	42,471	44,278	43,633	42,748	45,751
IE511 web visits	452,713	443,359	399,730	341,716	244,277
IE511 call volumes	263,757	306,108	351,161	362,957	489,036
Transportation Uniform Mitigation Fee program:					
Approved regional arterial projects	24	24	24	24	24
Measure A program:					
Highways	\$ 325,128,109	\$ 299,398,122	\$ 118,750,336	\$ 111,049,502	\$ 75,011,698
Commuter rail	98,302,229	56,148,017	15,895,661	19,690,126	22,632,065
Regional arterials	5,012,254	1,441	1,787	124	8,638,637
Local streets and roads	48,615,815	46,677,580	44,594,891	40,127,890	36,856,925
Specialized transit and commuter assistance	14,063,310	13,378,223	11,927,634	11,930,437	11,262,588
Total program expenditures	<u>\$ 491,121,717</u>	<u>\$ 415,603,383</u>	<u>\$ 191,170,309</u>	<u>\$ 182,798,079</u>	<u>\$ 154,401,913</u>

Source: Commission Departments

**Riverside County Transportation Commission**  
**Capital Asset Statistics by Program**  
**Last Ten Fiscal Years**

	As of June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Commuter rail:										
Transit centers owned and managed	1	1	1	1	1	1	1	1	1	-
Commuter rail stations owned and managed	9	9	9	9	9	5	5	5	5	5
Miles of commuter rail easements	104.6	104.6	104.6	104.6	104.6	104.6	104.6	104.6	104.6	104.6
Commuter Assistance:										
Commuter Exchange Vehicle	-	-	-	-	-	-	1	1	1	1
Toll operations:										
Storage and maintenance building	1	1	1	1	-	-	-	-	-	-
Customer service center	1	1	-	-	-	-	-	-	-	-
Toll utility buildings	3	3	3	3	-	-	-	-	-	-
Regional operations center buildings	2	2	2	2	-	-	-	-	-	-
Miles of express lanes	36	36	36	36	-	-	-	-	-	-
Toll collection system	1	1	1	1	-	-	-	-	-	-
On-road closed circuit TV cameras	36	36	36	36	-	-	-	-	-	-
Traffic operations center system	1	1	1	1	-	-	-	-	-	-
Communications network	1	1	1	1	-	-	-	-	-	-
Changeable message signs	8	8	8	8	-	-	-	-	-	-

Source: Commission Departments





Santa Ana River Bridge at I-15





**Local Transportation Fund of the County of Riverside, as  
Administered by the Riverside County Transportation Commission**

Financial and Compliance Reports  
Year Ended June 30, 2020

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## Independent Auditor's Report

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Local Transportation Fund (the Fund) of the County of Riverside, California, as administered by the Riverside County Transportation Commission (Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Fund's 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 related to the Fund. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund of the County of Riverside, California, as administered by the Commission, as of June 30, 2020, and the changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Commission or the County of Riverside, California, as of June 30, 2020 and the changes in 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.

**Other Matters***Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 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.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's financial statements. The schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of Commission management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 supplementary information 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 a report dated October 30, 2020 on our consideration of the Commission's internal control over the Fund's financial reporting and on 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 Commission's internal control over financial reporting or on compliance related to the Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over the Fund's financial reporting and compliance.



Riverside, California  
October 30, 2020

**Local Transportation Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Balance Sheet  
June 30, 2020**

**Assets**

---

Cash and investments in Riverside County Pooled Investment Fund	\$ 78,068,171
Accounts receivable	19,845,188
Interest receivable	156,738
Due from other Commission funds	360,000
Prepaid expenditures	17,200
<b>Total assets</b>	<b>\$ 98,447,297</b>

**Liabilities and Fund Balance**

---

Liabilities:

Accounts payable	\$ 258,994
Due to other Commission funds	1,080,000
<b>Total liabilities</b>	<b>1,338,994</b>

Nonspendable-prepaid amounts 17,200

Restricted:

Unapportioned Local Transportation Funds	9,099,939
Rail and bus transit and local streets and roads apportionments	79,687,902
Bicycle and pedestrian projects	8,303,262
<b>Total fund balance</b>	<b>97,108,303</b>
<b>Total liabilities and fund balance</b>	<b>\$ 98,447,297</b>

See Notes to Financial Statements.

**Local Transportation Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Statement of Revenues, Expenditures and Change in Fund Balance  
Year Ended June 30, 2020**

Revenues:	
Sales taxes	\$ 100,283,641
Interest	1,167,823
<b>Total revenues</b>	<u>101,451,464</u>
Expenditures:	
Bicycle and pedestrian projects	1,367,800
Transit	89,152,514
Planning, programming, and administration	5,364,200
<b>Total expenditures</b>	<u>95,884,514</u>
<b>Net change in fund balance</b>	5,566,950
Fund balance, beginning of year	91,541,353
Fund balance, end of year	<u><u>\$ 97,108,303</u></u>

See Notes to Financial Statements.



**Local Transportation Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020**

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**Note 1. Nature of Operations and Significant Accounting Policies**

The Riverside County Transportation Commission (the Commission), in its capacity as the transportation planning agency for the County of Riverside, California (the County), is responsible for administering funds provided through the Local Transportation Fund (the Fund), which was created in accordance with the provisions of the Transportation Development Act of 1971. The significant revenue to the Fund is derived from 0.25 percent of the 7.75 percent statewide sales tax collected in the County by the State Board of Equalization (State).

The accounting policies of the Fund, a special revenue fund of the Commission, conform to accounting principles generally accepted in the United States as applicable to governmental units.

**Presentation:** The accompanying financial statements of the Fund are intended to present the financial position and the changes in financial position of only that portion of the governmental activities of the Commission that is attributable to the transactions of the Fund of the Commission. They do not purport to, and do not, present fairly the financial position of the Commission or the County as of June 30, 2020 and the related changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis of accounting:** In accordance with the requirements for governmental funds, the modified accrual basis of accounting is followed in the Fund. Under the modified accrual basis of accounting, expenditures are recorded when they are expected to be liquidated with expendable available resources, and revenue is recorded when it becomes both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Those revenues susceptible to accrual include sales taxes collected and held by the State at year-end on behalf of the Commission and interest revenue.

**Funding:** There is a three-step process for obtaining funds from the Fund: apportionment, allocation and payment. Annually, the Commission determines each area's share of the anticipated Fund. This share is the area apportionment. Once funds are apportioned to a given area, they are typically available only for allocation to claimants in that area. Allocation is the discretionary action by the Commission that designates funds for a specific claimant for a specific purpose. Payment is authorized by disbursement instructions issued by the Commission.

**Cash:** It is the Commission's policy to deposit all funds received in the Riverside County Pooled Investment Fund (RCPIF), as legally required, until the funds are required for disbursement. Interest income is earned while these funds are deposited.

**Accounts receivable:** Accounts receivable consist primarily of Fund sales tax revenues from the State on all taxable sales within the County of Riverside, California through June 30, 2020.

**Due from other governments:** Due from other governments consists of Commission approved short-term non-interest bearing advances to other governments.

**Accounts payable:** Accounts payable consist primarily of claims approved by the Commission, but not paid by the Commission, to the appropriate transit operators by June 30, 2020.

**Local Transportation Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

**Fund balance restrictions:** The Fund reports restricted fund balances to show the level of constraint governing the use of the funds as set forth by enabling State legislation.

**Expenditures:** Expenditures represent disbursements to the Commission, Southern California Association of Governments, cities, the County of Riverside and transit operators that have met the claimant eligibility requirements to receive Fund allocations that are approved by the Commission, per various Public Utilities Code Sections. All disbursements are to be used for transportation purposes.

**Note 2. Cash and Investments with County Treasurer**

The funds in the RCPIF are pooled with those of other entities and invested in accordance with the County's investment policy. These pooled funds are carried at fair value. Investments in U.S. Treasury, federal agency, mortgage and asset-backed, municipal, corporate, negotiable certificates of deposit, and commercial paper securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at fair value based on each fund's share price. The pooled funds are not subject to level 1, 2 or 3 of the fair value hierarchy prescribed by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. An Investment Oversight Committee has been established by the County, which acts as a regulator of the pool. As of June 30, 2020, the Commission had \$78,068,171 invested in the RCPIF, with an average maturity of 409 days. Additional information on investment types, fair value measurement and credit risk of the RCPIF may be obtained from the County of Riverside Treasurer-Tax Collector located at 4080 Lemon Street, 4<sup>th</sup> Floor, Riverside, California 92502 or by visiting the Treasurer-Tax Collector website at [www.countytreasurer.org](http://www.countytreasurer.org).

**Interest rate risk:** While the Commission does not have a formal policy related to the interest rate risk of investments, the Commission's investment policy follows the California Government Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

**Credit risk:** As of June 30, 2020 the Commission's investment in the RCPIF was rated Aaa/bf by Moody's Investors Service and AAAs/S1 by Fitch Ratings. The Commission's investment policy only requires credit quality ratings for repurchase agreements, U.S. corporate debt, commercial paper, bankers' acceptances, and certificates of deposit.

**Local Transportation Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020**

**Note 3. Fund Balance**

The restricted fund balance represents the apportionments related to transit programs by geographic area, bicycle and pedestrian projects, planning and programming, and unapportioned Local Transportation Funds. For Western County transit programs, commuter rail and bus allocations are in accordance with the Commission's policy.

At June 30, 2020, amounts in fund balance are restricted as follows:

Rail and bus transit and local streets and roads apportionments:

Western County:

Commuter rail:

Allocated and unclaimed	\$ 2,000,000
Apportioned and unallocated	6,955,536

Bus transit:

Allocated and unclaimed—City of Banning	100,000
Allocated and unclaimed—Riverside Transit Agency	2,666,157
Apportioned and unallocated	56,865,176
Total rail and bus transit—Western County	<u>68,586,869</u>

Coachella Valley:

Allocated and unclaimed	2,543,247
Apportioned and unallocated	7,343,640
Total bus transit—Coachella Valley	<u>9,886,887</u>

Palo Verde Valley:

Allocated and unclaimed—Transit	928,876
Apportioned and unallocated for transit and local streets and roads	285,270
Total bus transit and local streets and roads—Palo Verde Valley	<u>1,214,146</u>
Total for rail and bus transit and local streets and roads apportionments	<u>\$ 79,687,902</u>

Bicycle and pedestrian projects:

Allocated and unclaimed	\$ 7,739,383
Unallocated	563,879
Total for bicycle and pedestrian projects	<u>\$ 8,303,262</u>

Unspendable-prepaid amounts

\$ 17,200

Unapportioned Local Transportation Funds

\$ 9,099,939

**Total fund balance**

**\$ 97,108,303**

## **Supplementary Information**

**Local Transportation Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Schedule of Allocations and Disbursements  
Year Ended June 30, 2020**

	SB 821 Article 3			Article 4			Article 3 Planning, Programming and Administrative		Totals			
	Allocations	Disbursements	Expirations	Allocations	Disbursements	(Allocations Returned)	Allocations	Disbursements	Allocations	Disbursements	Expirations	Unclaimed Amount (Use of Prior Allocations), Net
Expenditures:												
City of Banning	\$ -	\$ -	\$ -	\$ 1,563,034	\$ 1,463,034	\$ -	\$ -	\$ -	\$ 1,563,034	\$ 1,463,034	\$ -	\$ 100,000
City of Beaumont	-	-	-	2,889,230	2,889,230	-	-	-	2,889,230	2,889,230	-	-
City of Cathedral City	360,320	-	-	-	-	-	-	-	360,320	-	-	360,320
City of Coachella	2,200,000	855,950	-	-	-	-	-	-	2,200,000	855,950	-	1,344,050
City of Corona	-	-	-	660,076	1,438,930	-	-	-	660,076	1,438,930	-	(778,854)
City of Desert Hot Springs	330,906	-	-	-	-	-	-	-	330,906	-	-	330,906
City of Eastvale	473,700	-	(123,700)	-	-	-	-	-	473,700	-	(123,700)	350,000
City of Indio	88,748	88,748	-	-	-	-	-	-	88,748	88,748	-	-
City of Lake Elsinore	566,981	290,802	(30,656)	-	-	-	-	-	566,981	290,802	(30,656)	245,523
City of La Quinta	97,700	-	-	-	-	-	-	-	97,700	-	-	97,700
City of Menifee	683,028	-	-	-	-	-	-	-	683,028	-	-	683,028
City of Moreno Valley	720,000	-	-	-	-	-	-	-	720,000	-	-	720,000
City of Palm Desert	85,000	-	-	-	-	-	-	-	85,000	-	-	85,000
City of Palm Springs	146,500	-	-	-	-	-	-	-	146,500	-	-	146,500
City of Perris	225,000	-	-	-	-	-	-	-	225,000	-	-	225,000
City of Riverside	360,000	-	-	1,309,032	3,319,442	(582,201)	-	-	1,669,032	3,319,442	(582,201)	(2,232,611)
City of Temecula	132,300	132,300	-	-	-	-	-	-	132,300	132,300	-	-
City of Wildomar	275,000	-	-	-	-	-	-	-	275,000	-	-	275,000
County of Riverside:												
Auditor/Controller	-	-	-	-	-	-	12,000	12,000	12,000	12,000	-	-
Road Department	2,516,356	-	-	-	-	-	-	-	2,516,356	-	-	2,516,356
Palo Verde Valley Transit Agency	-	-	-	1,065,605	1,065,605	-	-	-	1,065,605	1,065,605	-	-
Commission	-	-	-	14,787,272	17,363,995	-	4,535,200	4,535,200	19,322,472	21,899,195	-	(2,576,723)
Riverside Transit Agency	-	-	-	45,473,235	45,933,944	-	-	-	45,473,235	45,933,944	-	(460,709)
SCAG	-	-	-	-	-	-	817,000	817,000	817,000	817,000	-	-
Sunline Transit Agency	-	-	-	13,794,801	18,088,412	(1,827,877)	-	-	13,794,801	18,088,412	(1,827,877)	(6,121,488)
	<u>\$ 9,261,539</u>	<u>\$ 1,367,800</u>	<u>\$ (154,356)</u>	<u>\$ 81,542,285</u>	<u>\$ 91,562,592</u>	<u>\$ (2,410,078)</u>	<u>\$ 5,364,200</u>	<u>\$ 5,364,200</u>	<u>\$ 96,168,024</u>	<u>\$ 98,294,592</u>	<u>\$ (2,564,434)</u>	<u>\$ (4,691,002)</u>

**Local Transportation Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Schedule of Unclaimed Apportionments (Article 3)  
Year Ended June 30, 2020**

	Unclaimed Apportionment July 1, 2019	Apportionment	Disbursements	Interest Allocations	Unclaimed Apportionment June 30, 2020
Bicycle and pedestrian projects	\$ 7,474,877	\$ 2,076,000	\$ 1,367,800	\$ 120,185	\$ 8,303,262

**Local Transportation Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Schedule of Unclaimed Apportionments (Articles 4 and 8)  
Year Ended June 30, 2020**

	Fiscal Year 2019/20			Prior Fiscal Year			Interest Allocation	Total Unclaimed Apportionment June 30, 2020
	Apportionment	Amounts Claimed	Unclaimed Apportionment	Apportionment	Amounts Claimed	Unclaimed Apportionment		
Western County:								
Rail	\$ 17,816,000	\$ 17,363,995	\$ 452,005	\$ 8,402,854	\$ -	\$ 8,402,854	\$ 100,677	\$ 8,955,536
Bus	63,164,000	54,001,670	9,162,330	50,106,621	460,709	49,645,912	823,091	59,631,333
Coachella Valley	19,633,000	15,928,202	3,704,798	6,408,126	332,333	6,075,793	106,296	9,886,887
Palo Verde Valley:								
Transit	1,096,000	1,065,605	30,395	885,036	-	885,036	13,445	928,876
Unallocated	-	-	-	281,141	-	281,141	4,129	285,270
<b>Total transportation</b>	<b>101,709,000</b>	<b>88,359,472</b>	<b>13,349,528</b>	<b>66,083,778</b>	<b>793,042</b>	<b>65,290,736</b>	<b>1,047,638</b>	<b>79,687,902</b>
Auditor/Controller	12,000	12,000	-	-	-	-	-	-
Commission administration	1,266,200	1,266,200	-	-	-	-	-	-
Commission planning	3,269,000	3,269,000	-	-	-	-	-	-
SCAG planning	817,000	817,000	-	-	-	-	-	-
<b>Total administration         and planning</b>	<b>5,364,200</b>	<b>5,364,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total apportionments</b>	<b>\$ 107,073,200</b>	<b>\$ 93,723,672</b>	<b>\$ 13,349,528</b>	<b>\$ 66,083,778</b>	<b>\$ 793,042</b>	<b>\$ 65,290,736</b>	<b>\$ 1,047,638</b>	<b>\$ 79,687,902</b>



**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**

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, 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 the Local Transportation Fund (the Fund) of the County of Riverside, California, as administered by the Riverside County Transportation Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020. Our report included an emphasis of matter paragraph indicating that the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Commission or the County of Riverside, California, as of June 30, 2020, and the changes in its financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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 Fund'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.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**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 Commission's internal control or on compliance as it relates to the Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance related to the Fund. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Riverside, California

October 30, 2020





**State Transit Assistance Fund of the County of Riverside, as  
Administered by the Riverside County Transportation Commission**

Financial and Compliance Reports  
Year Ended June 30, 2020

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## Independent Auditor's Report

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the State Transit Assistance Fund (the Fund) of the County of Riverside, California, as administered by the Riverside County Transportation Commission (Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Fund's 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 related to the Fund. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund of the County of Riverside, California, as administered by the Commission, as of June 30, 2020, and the changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Commission or the County of Riverside, California, as of June 30, 2020 and the changes in 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.

**Other Matters***Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 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.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's financial statements. The schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of Commission management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 supplementary information 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 a report dated October 30, 2020 on our consideration of the Commission's internal control over the Fund's financial reporting and on 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 Commission's internal control over financial reporting or on compliance related to the Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over the Fund's financial reporting and compliance.



Riverside, California  
October 30, 2020

**State Transit Assistance Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Balance Sheet  
June 30, 2020**

**Assets**

Cash and investments	\$ 114,930,075
Accounts receivable	6,041,230
Interest receivable	276,790
<b>Total assets</b>	<b>\$ 121,248,095</b>

**Liabilities and Fund Balance**

Liabilities	
Accounts payable	\$ 1,493,611
Due to other Commission funds	42,100
<b>Total liabilities</b>	<b>1,535,711</b>
Fund Balance	
Restricted allocations available for programming	38,574,796
Restricted for unclaimed allocations	81,137,588
<b>Total fund balance</b>	<b>119,712,384</b>
<b>Total liabilities and fund balance</b>	<b>\$ 121,248,095</b>

See Notes to Financial Statements.

**State Transit Assistance Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Statement of Revenues, Expenditures and Change in Fund Balance  
Year Ended June 30, 2020**

Revenues:	
Sales taxes	\$ 23,910,447
Other reimbursements	498
Interest	2,073,193
<b>Total revenues</b>	<u>25,984,138</u>
Expenditures:	
Administration	245,785
Transit	13,495,380
<b>Total expenditures</b>	<u>13,741,165</u>
<b>Net change in fund balance</b>	12,242,973
Fund balance, beginning of year	107,469,411
Fund balance, end of year	<u><u>\$ 119,712,384</u></u>

See Notes to Financial Statements.



**State Transit Assistance Fund of the County of Riverside  
as Administered by the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020**

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**Note 1. Nature of Operations and Significant Accounting Policies**

The Riverside County Transportation Commission (the Commission), in its capacity as the transportation planning agency for the County of Riverside, California (the County), is responsible for administering funds provided through the State Transit Assistance Program, which was created in 1979 under Chapter 161 (SB 620) of the California statutes to provide a second source of Transportation Development Act funding for the development of transit systems. The funds are derived from fuel sales tax revenue and are budgeted through legislation and appropriated to the State Controller's Office (the State) for allocation to local agencies.

The accounting policies of the State Transit Assistance Fund (the Fund), a special revenue fund of the Commission, conform to accounting principles generally accepted in the United States as applicable to governmental units.

**A summary of the Commission's significant accounting policies is as follows:**

**Presentation:** The accompanying financial statements of the Fund are intended to present the financial position and the changes in financial position of only that portion of the governmental activities of the Commission that is attributable to the transactions of the Fund of the Commission. They do not purport to, and do not, present fairly the financial position of the Commission or the County as of June 30, 2020 and the related changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis of accounting:** In accordance with the requirements for governmental funds, the modified accrual basis of accounting and current resources measurement focus is followed in the Fund. Under this method of accounting, expenditures are recorded when they are expected to be liquidated with expendable available resources, and revenue is recorded when it becomes both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 180 days of the end of the fiscal year. Those revenues susceptible to accrual include fuel sales tax revenue and interest revenue.

**Allocations to local agencies:** State transit assistance funds are allocated to the operators within the County. Public Utilities Code (PUC) Section 99313 allocates funds to regional transportation planning agencies based on the ratio of area population to state population. PUC Section 99314 allocates funds to public operators based on their share of fares and local support to other operators in the state. The allocations must be made in a resolution adopted by the Commission.

**Cash and investments:** It is the Commission's policy to deposit all funds received in the Riverside County Pooled Investment Fund (RCPIF) or US Bank for investment until the funds are required for disbursement. Interest income is earned while these funds are deposited.

**Accounts receivable:** Accounts receivable consist primarily of fuel sales tax revenues from the State of California not received as of June 30, 2020.

**State Transit Assistance Fund of the County of Riverside  
as Administered by the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

**Fund balance restrictions:** The Fund reports restricted fund balances to show the level of constraint governing the use of the funds as set forth by enabling State legislation. The restricted fund balance for allocations available for programming represents amounts apportioned but not allocated to claimants. The restricted fund balance for unclaimed allocations represents amounts allocated by the Commission and due to claimants but not yet paid, as claimants have not yet provided the appropriate claim documentation to the Commission as of June 30, 2020.

**Accounts payable:** Accounts payable consist primarily of claims approved by the Commission, but not paid by the Commission, to the appropriate transit operators by June 30, 2020.

**Expenditures:** Expenditures represent funds disbursed to transit operators that have met the eligibility requirements to receive State Transit Assistance Program funds per PUC Sections 99313 and 99314. All disbursements are to be used for transit purposes.

**Note 2. Cash and Investments**

Cash and investments at June 30, 2020 consist of the following:

Cash and investments with RCPIF	\$ 103,844,828
Commission operating investment pool	11,057,006
Cash in bank	28,241
	<u>\$ 114,930,075</u>

The funds in the RCPIF are pooled with those of other entities in the RCPIF and invested in accordance with the County's investment policy. The funds in the Commission's operating investment pool are pooled with those of other Commission operating funds and invested in accordance with the Commission's investment policy. These pooled funds are carried at fair value. Investments in U.S. Treasury, federal agency, mortgage and asset-backed, municipal, corporate, negotiable certificates of deposit, and commercial paper securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at fair value based on each fund's share price. The pooled funds are not subject to level 1, 2 or 3 of the fair value hierarchy prescribed by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. The Commission is a voluntary participant in the RCPIF. An Investment Oversight Committee has been established by the County, which acts as a regulator of the RCPIF. As of June 30, 2020, the Fund had \$103,844,828 invested in the RCPIF, with a weighted average maturity of 409 days, and \$11,057,006 invested in the Commission operating investment pool. Additional information on investment types, fair value measurement and credit risk of the RCPIF and the Commission operating investment pool may be obtained from the County of Riverside Treasurer-Tax Collector located at 4080 Lemon Street, 4<sup>th</sup> Floor, Riverside, California 92502 or by visiting the Treasurer-Tax Collector website at [www.countytreasurer.org](http://www.countytreasurer.org) and the notes to the Commission's basic financial statements included in the Commission's Comprehensive Annual Financial Report, respectively.

**Interest rate risk:** While the Commission does not have a formal policy related to the interest rate risk of investments, the Commission's investment policy follows the California Government Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

**State Transit Assistance Fund of the County of Riverside  
as Administered by the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020**

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**Note 2. Cash and Investments (Continued)**

**Credit risk:** As of June 30, 2020 the Commission's investment in the RCPIF was rated Aaa/bf by Moody's Investors Service and AAAf/S1 by Fitch Ratings. The Commission's investment policy only requires credit quality ratings for repurchase agreements, U.S. corporate debt, commercial paper, bankers' acceptances, and certificates of deposit.

**Note 3. Fund Balance**

At June 30, 2020, amounts are restricted for apportioned and unallocated amounts and for unpaid allocations by geographic area. For Western County transit programs, commuter rail and bus allocations are in accordance with the Commission's policy.

Restricted for allocations available for programming:

Western County:	
Commuter rail	\$ 25,617,488
Bus	11,665,388
Coachella Valley:	
Commuter rail	41,746
Bus	1,068,273
Palo Verde Valley	181,901
	<hr/>
	38,574,796

Restricted for unclaimed allocations:

Western County:	
Commuter rail	7,651,553
City of Banning	1,124,506
City of Beaumont	3,391,933
City of Corona	925,692
City of Riverside	303,649
Riverside Transit Agency	52,735,630
Coachella Valley:	
SunLine Transit Agency	14,922,353
Palo Verde Valley:	
Palo Verde Valley Transit Agency	82,272
	<hr/>
	81,137,588
	<hr/>
Total fund balance	\$ 119,712,384

## **Supplementary Information**

**State Transit Assistance Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Schedule of Allocations and Disbursements Approved During the Year  
Year Ended June 30, 2020**

Recipient	Current Year Allocation	Amount Disbursed	California Code of Regulations Section No. Reference
Western County:			
City of Banning	\$ 325,000	\$ -	6731
City of Beaumont	2,940,000	906,785	6731
City of Corona	39,674	12,051	6731
City of Riverside	49,619	24,000	6731
Riverside Transit Agency	31,583,788	5,716,167	6730
Total Western County	34,938,081	6,659,003	
Coachella Valley:			
SunLine Transit Agency	6,583,535	6,154,141	6730
Rail Program	450,000	450,000	6730
Total Coachella Valley	7,033,535	6,604,141	
Palo Verde Valley Transit Agency	238,000	232,236	6730
Other	-	245,785	
	<u>\$ 42,209,616</u>	<u>\$ 13,741,165</u>	



**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**

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, 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 the State Transit Assistance Fund (the Fund) of the County of Riverside, California, as administered by the Riverside County Transportation Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020. Our report included an emphasis of matter paragraph indicating that the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Commission or the County of Riverside, California, as of June 30, 2020, and the changes in its financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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 Fund'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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**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 Commission's internal control or on compliance as it relates to the Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance related to the Fund. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Riverside, California

October 30, 2020







**State of Good Repair Fund of the County of Riverside, as  
Administered by the Riverside County Transportation Commission**

Financial and Compliance Reports  
Year Ended June 30, 2020

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## Independent Auditor's Report

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the State of Good Repair Fund (the Fund) of the County of Riverside, California, as administered by the Riverside County Transportation Commission (Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Fund's 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 related to the Fund. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund of the County of Riverside, California, as administered by the Commission, as of June 30, 2020, and the changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Commission or the County of Riverside, California, as of June 30, 2020 and the changes in 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.

**Other Matters***Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 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.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's financial statements. The schedule listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of Commission management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 supplementary information 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 a report dated October 30, 2020 on our consideration of the Commission's internal control over the Fund's financial reporting and on 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 Commission's internal control over financial reporting or on compliance related to the Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over the Fund's financial reporting and compliance.



Riverside, California  
October 30, 2020

**State of Good Repair Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Balance Sheet  
June 30, 2020**

**Assets**

Cash and investments	\$ 8,404,947
Accounts receivable	670,728
Interest receivable	19,025
<b>Total assets</b>	<b>\$ 9,094,700</b>

**Liabilities and Fund Balance**

Liabilities	
Accounts payable	\$ 4,454
Due to other Commission funds	2,300
<b>Total liabilities</b>	<b>6,754</b>
Fund Balance	
Restricted allocations available for programming	3,276,956
Restricted for unclaimed allocations	5,810,990
<b>Total fund balance</b>	<b>9,087,946</b>
<b>Total liabilities and fund balance</b>	<b>\$ 9,094,700</b>

See Notes to Financial Statements.

**State of Good Repair Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Statement of Revenues, Expenditures and Change in Fund Balance  
Year Ended June 30, 2020**

Revenues:	
Sales taxes	\$ 3,886,066
Interest	128,371
<b>Total revenues</b>	<u>4,014,437</u>
Expenditures:	
Administration	30,200
Transit	1,576,847
<b>Total expenditures</b>	<u>1,607,047</u>
<b>Net change in fund balance</b>	2,407,390
Fund balance, beginning of year	6,680,556
Fund balance, end of year	<u>\$ 9,087,946</u>

See Notes to Financial Statements.

**State of Good Repair Fund of the County of Riverside  
as Administered by the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020**

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**Note 1. Nature of Operations and Significant Accounting Policies**

The Riverside County Transportation Commission (the Commission), in its capacity as the transportation planning agency for the County of Riverside, California (the County), is responsible for administering funds provided through the State of Good Repair Program, which was created in 2017 under Chapter 5, (SB 1) of the California statutes to provide additional revenues for transit infrastructure repair and service improvements. The funds are derived from fuel sales tax and vehicle fee revenues and are budgeted through legislation and appropriated to the State Controller's Office (the State) for allocation to local agencies based on the State Transit Assistance formula.

The accounting policies of the State of Good Repair Fund (the Fund), a special revenue fund of the Commission, conform to accounting principles generally accepted in the United States as applicable to governmental units.

**A summary of the Commission's significant accounting policies is as follows:**

**Presentation:** The accompanying financial statements of the Fund are intended to present the financial position and the changes in financial position of only that portion of the governmental activities of the Commission that is attributable to the transactions of the Fund of the Commission. They do not purport to, and do not, present fairly the financial position of the Commission or the County as of June 30, 2020 and the related changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis of accounting:** In accordance with the requirements for governmental funds, the modified accrual basis of accounting and current resources measurement focus is followed in the Fund. Under this method of accounting, expenditures are recorded when they are expected to be liquidated with expendable available resources, and revenue is recorded when it becomes both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 180 days of the end of the fiscal year. Those revenues susceptible to accrual include fuel sales tax, vehicle fee, and interest revenue.

**Allocations to local agencies:** State of Good Repair funds are allocated to the operators within the County. Public Utilities Code (PUC) Section 99313 allocates funds to regional transportation planning agencies based on the ratio of area population to state population. PUC Section 99314 allocates funds to public operators based on their share of fares and local support to other operators in the state. The allocations must be made in a resolution adopted by the Commission.

**Cash and investments:** It is the Commission's policy to deposit all funds received in the Riverside County Pooled Investment Fund (RCPIF) for investment until the funds are required for disbursement. Interest income is earned while these funds are deposited.

**Accounts receivable:** Accounts receivable consist primarily of fuel sales tax and vehicle fee revenues from the State of California not received as of June 30, 2020.

**Due to other Commission funds:** Due to other Commission funds represents payables from the State of Good Repair program to the Commission for commuter rail expenditures as of June 30, 2020.

**State of Good Repair Fund of the County of Riverside  
as Administered by the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

**Fund balance restrictions:** The Fund reports restricted fund balances to show the level of constraint governing the use of the funds as set forth by enabling State legislation. The restricted fund balance for allocations available for programming represents amounts apportioned but not allocated to claimants. The restricted fund balance for unclaimed allocations represents amounts allocated by the Commission and due to claimants but not yet paid, as claimants have not yet provided the appropriate claim documentation to the Commission as of June 30, 2020.

**Expenditures:** Expenditures represent funds disbursed to transit operators that have met the eligibility requirements to receive State of Good Repair Program funds per PUC Sections 99313 and 99314. All disbursements are to be used for transit purposes.

**Note 2. Cash and Investments**

Cash and investments at June 30, 2020 consist of the following:

Cash and investments with RCPIF	\$ 8,404,600
Cash in bank	347
	<u>\$ 8,404,947</u>

The funds in the RCPIF are pooled with those of other entities in the RCPIF and invested in accordance with the County's investment policy. The funds with the custodian are pooled with those of other Commission operating funds and invested in accordance with the Commission's investment policy. These pooled funds are carried at fair value. Investments in U.S. Treasury, federal agency, mortgage and asset-backed, municipal, corporate, negotiable certificates of deposit, and commercial paper securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at fair value based on each fund's share price. The pooled funds are not subject to level 1, 2 or 3 of the fair value hierarchy prescribed by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. The Commission is a voluntary participant in the RCPIF. An Investment Oversight Committee has been established by the County, which acts as a regulator of the RCPIF. As of June 30, 2020, the Fund had \$8,404,600 invested in the RCPIF, with a weighted average maturity of 409 days. Additional information on investment types, fair value measurement and credit risk of the RCPIF may be obtained from the County of Riverside Treasurer-Tax Collector located at 4080 Lemon Street, 4<sup>th</sup> Floor, Riverside, California 92502 or by visiting the Treasurer-Tax Collector website at [www.countytreasurer.org](http://www.countytreasurer.org).

**Interest rate risk:** While the Commission does not have a formal policy related to the interest rate risk of investments, the Commission's investment policy follows the California Government Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

**Credit risk:** As of June 30, 2020 the Commission's investment in the RCPIF was rated Aaa/bf by Moody's Investors Service and AAAs/S1 by Fitch Ratings. The Commission's investment policy only requires credit quality ratings for repurchase agreements, U.S. corporate debt, commercial paper, bankers' acceptances, and certificates of deposit.



**State of Good Repair Fund of the County of Riverside  
as Administered by the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020**

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**Note 3. Fund Balance**

At June 30, 2020, amounts are restricted for apportioned and unallocated amounts and for unpaid allocations by geographic area. For Western County transit programs, commuter rail and bus allocations are in accordance with the Commission's policy.

Restricted for allocations available for programming:

Western County:	
Commuter rail	\$ 26,949
Bus	2,392,713
Coachella Valley	817,697
Palo Verde Valley	39,597
	<u>3,276,956</u>

Restricted for unclaimed allocations:

Western County:	
Commuter rail	825,203
City of Banning	76,047
City of Beaumont	66,478
City of Corona	146,237
City of Riverside	295,247
Riverside Transit Agency	3,584,713
Coachella Valley:	
SunLine Transit Agency	781,307
Palo Verde Valley:	
Palo Verde Valley Transit Agency	35,758
	<u>5,810,990</u>
Total fund balance	<u>\$ 9,087,946</u>

## **Supplementary Information**

**State of Good Repair Fund of the County of Riverside,  
as Administered by the Riverside County Transportation Commission**

**Schedule of Allocations and Disbursements Approved During the Year  
Year Ended June 30, 2020**

Recipient	Current Year Allocation	Amount Disbursed	California Code of Regulations Section No. Reference
Western County:			
City of Banning	\$ 37,740	\$ -	6731
City of Corona	48,198	-	6731
City of Riverside	198,453	-	6731
Riverside Transit Agency	1,855,495	126,877	6730
Commission Commuter Rail Program	844,490	819,100	6730
Total Western County	2,984,376	945,977	
SunLine Transit Agency	730,403	630,870	6730
Palo Verde Valley Transit Agency	35,758	-	6730
Other	-	30,200	
	<u>\$ 3,750,537</u>	<u>\$ 1,607,047</u>	



**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**

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, 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 the State of Good Repair Fund (the Fund) of the County of Riverside, California, as administered by the Riverside County Transportation Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020. Our report included an emphasis of matter paragraph indicating that the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Commission or the County of Riverside, California, as of June 30, 2020, and the changes in its financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

*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 Fund'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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**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 Commission's internal control or on compliance as it relates to the Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance related to the Fund. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Riverside, California  
October 30, 2020





**Proposition 1B Rehabilitation, Safety and Security Project Accounts,  
Accounts of the Riverside County Transportation Commission**

Financial and Compliance Reports  
Years Ended June 30, 2020 and 2019

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## Independent Auditor's Report

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition 1B Rehabilitation, Safety and Security Project Accounts (the Accounts), Accounts of the Riverside County Transportation Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Accounts' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Fund's 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 related to the Accounts. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Accounts of the Commission as of June 30, 2020, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the financial statements present only the Accounts and do not purport to, and do not, present fairly the financial position of the Commission as of June 30, 2020 and the changes in 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.

**Other Matters***Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 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.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Accounts' financial statements. The statements listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.


The supplementary information is the responsibility of Commission management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Prior Year Comparative Information*

The financial statements of the Accounts as of June 30, 2019, were audited by other auditors, whose report dated October 31, 2019, expressed an unmodified opinion on those statements.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated October 30, 2020 on our consideration of the Commission's internal control over the Accounts' financial reporting and on 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 Commission's internal control over financial reporting or on compliance related to the Accounts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over the Accounts' financial reporting and compliance.

  
Riverside, California  
October 30, 2020

**Proposition 1B Rehabilitation, Safety and Security Project Accounts,  
Accounts of the Riverside County Transportation Commission**

**Balance Sheets  
June 30, 2020 and 2019**

	2020	2019		
<b>Assets</b>	<b>PTMISEA</b>	PTMISEA	CTSGP-CTAF	Total
Cash and investments in Riverside County Pooled				
Investment Fund	\$ 2,498,454	\$ 2,940,856	\$ -	\$ 2,940,856
Interest receivable	5,888	17,211	-	17,211
<b>Total assets</b>	<b>\$ 2,504,342</b>	<b>\$ 2,958,067</b>	<b>\$ -</b>	<b>\$ 2,958,067</b>
<b>Liabilities and Fund Balance</b>				
Liabilities				
Accounts payable	\$ -	\$ 17,256	\$ -	\$ 17,256
<b>Total liabilities</b>	<b>-</b>	<b>17,256</b>	<b>-</b>	<b>17,256</b>
Fund Balance				
Restricted:				
Rail projects	2,504,342	2,940,811	-	2,940,811
<b>Total fund balance</b>	<b>2,504,342</b>	<b>2,940,811</b>	<b>-</b>	<b>2,940,811</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,504,342</b>	<b>\$ 2,958,067</b>	<b>\$ -</b>	<b>\$ 2,958,067</b>

See Notes to Financial Statements.

**Proposition 1B Rehabilitation, Safety and Security Project Accounts,  
Accounts of the Riverside County Transportation Commission**

**Statements of Revenues, Expenditures and Change in Fund Balance  
Years Ended June 30, 2020 and 2019**

	2020	2019		
	PTMISEA	PTMISEA	CTSGP-CTAF	Total
Revenues:				
Interest	\$ 46,999	\$ 72,619	\$ 1,129	\$ 73,748
<b>Total revenues</b>	<b>46,999</b>	72,619	1,129	73,748
Expenditures:				
Rail	<b>483,468</b>	2,043,287	177,286	2,220,573
<b>Net change in account fund balance</b>	<b>(436,469)</b>	(1,970,668)	(176,157)	(2,146,825)
Fund balance, beginning of year	<b>2,940,811</b>	4,911,479	176,157	5,087,636
Fund balance, end of year	<b>\$ 2,504,342</b>	\$ 2,940,811	\$ -	\$ 2,940,811

See Notes to Financial Statements.

**Proposition 1B Rehabilitation, Safety and Security Project Accounts,  
Accounts of the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020 and 2019**

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**Note 1. Nature of Operations and Summary of Significant Accounting Policies**

**Nature of operations:** On November 7, 2006, the voters of California approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B). Proposition 1B included a state program of funding in the amount of \$4 billion and \$1 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) and Transit System Safety, Security, and Disaster Response Account (TSSSDRA), respectively. The California Transit Security Grant Program—California Transit Assistance Fund (CTSGP-CTAF) is a TSSSDRA program. The PTMISEA funds, which are administered by the California Department of Transportation (Caltrans), and the CTSGP-CTAF funds, which are administered by the California Emergency Management Agency (CalEMA), are made available to project sponsors in California for eligible public transportation projects and related security and safety projects, respectively.

The Riverside County Transportation Commission (the Commission) owns and operates nine commuter rail stations and a transit center in Riverside County (the County). As a project sponsor, the Commission has applied for and obtained approval for PTMISEA and CTSGP-CTAF funds for various projects related to its commuter rail stations. These funds are accounted for in the Measure A Western County Rail and Coachella Valley Station Development Special Revenue Funds in project accounts (the Accounts). The revenue to the Accounts is derived from allocations approved by the Controller of the State of California (the Controller).

The accounting policies of the Commission conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

**A summary of the Commission's significant accounting policies is as follows:**

**Presentation:** The accompanying financial statements of the Accounts are intended to present the financial position and the changes in financial position of only that portion of the governmental activities of the Commission that is attributable to the transactions of the PTMISEA and CTSGP-CTAF Accounts of the Commission. They do not purport to, and do not, present fairly the financial position of the Commission as of June 30, 2020 and 2019 and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis of accounting:** In accordance with the requirements for governmental funds, the modified accrual basis of accounting is followed in the PTMISEA and CTSGP-CTAF Accounts. Under the modified accrual basis of accounting, expenditures are recorded when they are expected to be liquidated with expendable available resources, and revenue is recorded when it becomes both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Those revenues susceptible to accrual include PTMISEA and CTSGP-CTAF allocations and interest revenue.

For the years ended June 30, 2020 and 2019, the Commission did not recognize an allocation of revenues, respectively, for the Station Rehabilitation, Coachella Valley Station Development, or Station Security projects.

**Proposition 1B Rehabilitation, Safety and Security Project Accounts,  
Accounts of the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020 and 2019**

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**Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Funding:** Project sponsors may submit applications for funding of eligible transit capital projects to Caltrans or CalEMA, which approve projects for funding related to PTMISEA and CTSGP-CTAF, respectively. PTMISEA eligible projects include rehabilitation, safety or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; and rolling stock procurement, rehabilitation, expansion or replacement. CTSGP-CTAF eligible projects include capital projects that provide increased protection against a security or safety threat; increase the capacity of transit operators to prepare for disaster-response transportation systems to move people, goods, emergency personnel and equipment in the aftermath of a disaster; and other allowable costs under California Government Code 16727(a). The Controller will disburse funds upon receipt of the approved PTMISEA and CTSGP-CTAF projects. Funds must be encumbered within three years of receipt and must be expended within three years of being encumbered.

**Cash:** It is the Commission's policy to deposit all funds received in the Riverside County Pooled Investment Fund (RCPIF) for investment until the funds are required for disbursement. Interest income is earned while these funds are deposited.

**Fund balance restrictions:** The Accounts report restricted account fund balances to show the level of constraint governing the use of the funds. Restricted account fund balances are restricted for specific purposes by third parties.

**Expenditures:** Expenditures represent rail capital projects as identified in PTMISEA and CTSGP-CTAF applications submitted by the Commission.

For the year ended June 30, 2020, the Commission incurred qualifying expenditures of \$144,549 for the Station Rehabilitation project and \$338,919 for the Coachella Valley Station Development project, for a total of \$483,468. For the year ended June 30, 2019, the Commission incurred qualifying expenditures of \$2,043,287 for the Station Rehabilitation project and \$177,286 for the Station Security project, for a total of \$2,220,573.

**Note 2. Cash and Investments With County Treasurer**

The funds in the RCPIF are pooled with those of other entities and invested in accordance with the County's investment policy. These pooled funds are carried at fair value. Investments in U.S. Treasury, federal agency, mortgage and asset-backed, municipal, corporate, negotiable certificates of deposit, and commercial paper securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at fair value based on each fund's share price. The pooled funds are not subject to level 1, 2 or 3 of the fair value hierarchy prescribed by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. The Commission is a voluntary participant in the pool. An Investment Oversight Committee has been established by the County, which acts as a regulator of the pool.

**Proposition 1B Rehabilitation, Safety and Security Project Accounts,  
Accounts of the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020 and 2019**

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**Note 2. Cash and Investments With County Treasurer (Continued)**

As of June 30, 2020 and 2019, the Account has \$2,498,454 and \$2,940,856, respectively, included in the Commission's investment with the RCPIF, with an average maturity of 409 days and 387 days, respectively. Additional information on investment types, fair value measurement and credit risk of the RCPIF may be obtained from the County of Riverside Treasurer-Tax Collector located at 4080 Lemon Street, 4<sup>th</sup> Floor, Riverside, California 92502 or by visiting the Treasurer-Tax Collector website at [www.countytreasurer.org](http://www.countytreasurer.org).

**Interest rate risk:** While the Commission does not have a formal policy related to the interest rate risk of investments, the Commission's investment policy follows the California Government Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

**Credit risk:** As of June 30, 2020 and 2019 the Commission's investment in the RCPIF was rated Aaa/bf by Moody's Investors Service and AAAf/S1 by Fitch Ratings. The Commission's investment policy only requires credit quality ratings for repurchase agreements, U.S. corporate debt, commercial paper, bankers' acceptances, and certificates of deposit.

## **Supplementary Information**



**Proposition 1B Rehabilitation, Safety and Security Project Accounts,  
Accounts of the Riverside County Transportation Commission**

**Combining Balance Sheet—By Project  
June 30, 2020**

	PTMISEA			
	Station Rehabilitation	Coachella Valley Station Development	Total	
<b>Assets</b>				
Cash and investments in Riverside County				
Pooled Investment Fund	\$ -	\$ 2,498,454	\$ 2,498,454	
Interest receivable	-	5,888	5,888	
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 2,504,342</b>	<b>\$ 2,504,342</b>	
<b>Liabilities and Fund Balance</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Account Fund Balance</b>				
Fund Balance				
Restricted:				
Rail projects	-	2,504,342	2,504,342	
<b>Total fund balance</b>	<b>-</b>	<b>2,504,342</b>	<b>2,504,342</b>	
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>\$ 2,504,342</b>	<b>\$ 2,504,342</b>	

**Proposition 1B Rehabilitation, Safety and Security Project Accounts,  
Accounts of the Riverside County Transportation Commission**

**Combining Balance Sheet—By Project, Continued  
June 30, 2019**

	PTMISEA			CTSGP-CTAF	
	Station Rehabilitation	Coachella Valley Station Development	Total	Station Security	Total
<b>Assets</b>					
Cash and investments in Riverside County					
Pooled Investment Fund	\$ 159,376	\$ 2,781,480	\$ 2,940,856	\$ -	\$ 2,940,856
Interest receivable	932	16,279	17,211	-	17,211
<b>Total assets</b>	<u>\$ 160,308</u>	<u>\$ 2,797,759</u>	<u>\$ 2,958,067</u>	<u>\$ -</u>	<u>\$ 2,958,067</u>
<b>Liabilities and Fund Balance</b>					
Liabilities					
Accounts payable	\$ 17,256	\$ -	\$ 17,256	\$ -	\$ 17,256
<b>Total liabilities</b>	<u>17,256</u>	<u>-</u>	<u>17,256</u>	<u>-</u>	<u>17,256</u>
Fund Balance					
Restricted:					
Rail projects	143,052	2,797,759	2,940,811	-	2,940,811
<b>Total fund balance</b>	<u>143,052</u>	<u>2,797,759</u>	<u>2,940,811</u>	<u>-</u>	<u>2,940,811</u>
<b>Total liabilities and fund balance</b>	<u>\$ 160,308</u>	<u>\$ 2,797,759</u>	<u>\$ 2,958,067</u>	<u>\$ -</u>	<u>\$ 2,958,067</u>

**Proposition 1B Rehabilitation, Safety and Security Project Accounts,  
Accounts of the Riverside County Transportation Commission**

**Combining Statement of Revenues, Expenditures and Change in Fund Balance—By Project  
Year Ended June 30, 2020**

PTMISEA			
	Station Rehabilitation	Coachella Valley Station Development	Total
Revenues:			
Interest	\$ 1,497	\$ 45,502	\$ 46,999
<b>Total revenues</b>	<b>1,497</b>	<b>45,502</b>	<b>46,999</b>
Expenditures:			
Rail	144,549	338,919	483,468
<b>Net change in fund balance</b>	<b>(143,052)</b>	<b>(293,417)</b>	<b>(436,469)</b>
Fund balance, beginning of year	143,052	2,797,759	2,940,811
Fund balance, end of year	\$ -	\$ 2,504,342	\$ 2,504,342

**Proposition 1B Rehabilitation, Safety and Security Project Accounts,  
Accounts of the Riverside County Transportation Commission**

**Combining Statement of Revenues, Expenditures and Change in Fund Balance—By Project, Continued  
Year Ended June 30, 2019**

	PTMISEA			CTSGP-CTAF	
	Station Rehabilitation	Coachella Valley Station Development	Total	Station Security	Total
Revenues:					
Interest	\$ 15,117	\$ 57,502	\$ 72,619	\$ 1,129	\$ 73,748
<b>Total revenues</b>	15,117	57,502	72,619	1,129	73,748
Expenditures:					
Rail	2,043,287	-	2,043,287	177,286	2,220,573
<b>Net change in account fund balance</b>	(2,028,170)	57,502	(1,970,668)	(176,157)	(2,146,825)
Fund balance, beginning of year	2,171,222	2,740,257	4,911,479	176,157	5,087,636
Fund balance, end of year	<u>\$ 143,052</u>	<u>\$ 2,797,759</u>	<u>\$ 2,940,811</u>	<u>\$ -</u>	<u>\$ 2,940,811</u>



**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**

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, 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 the Proposition 1B Rehabilitation, Safety and Security Project Accounts (the Accounts), Accounts of the Riverside County Transportation Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020. Our report included an emphasis of matter paragraph indicating that the financial statements present only the Accounts and do not purport to, and do not, present fairly the financial position of the Commission as of June 30, 2020, and the changes in its financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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 Accounts' 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Accounts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the Accounts' 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*.

**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 Commission's internal control or on compliance as it relates to the Accounts. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance related to the Accounts. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Riverside, California

October 30, 2020



**Low Carbon Transit Operations Program Account, an  
Account of the Riverside County Transportation Commission**

Financial and Compliance Reports  
Years Ended June 30, 2020 and 2019

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## Independent Auditor's Report

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Low Carbon Transit Operations Program (LCTOP) Account, an Account of the Riverside County Transportation Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the LCTOP Account 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 LCTOP Account's 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 related to the LCTOP Account. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the LCTOP Account of the Commission as of June 30, 2020, and the changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the financial statements present only the LCTOP Account and do not purport to, and do not, present fairly the financial position of the Commission as of June 30, 2020 and the changes in 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.

**Other Matters***Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 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.

*Prior Year Comparative Information*

The financial statements of the LCTOP Account as of June 30, 2019, were audited by other auditors, whose report dated October 31, 2019, expressed an unmodified opinion on those statements.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated October 30, 2020 on our consideration of the Commission's internal control over the LCTOP Account's financial reporting and on 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 Commission's internal control over financial reporting or on compliance related to the LCTOP Account. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over the LCTOP Account's financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Riverside, California  
October 30, 2020

**Low Carbon Transit Operations Program Account,  
an Account of the Riverside County Transportation Commission**

**Balance Sheets  
June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and investments in Riverside County Pooled Investment Fund	\$ -	\$ -
Accounts receivable	1,081,302	1,496,728
Interest receivable	-	-
<b>Total assets</b>	<u><u>\$ 1,081,302</u></u>	<u><u>\$ 1,496,728</u></u>
<b>Liabilities and Fund Balance</b>		
Liabilities		
Accounts payable	\$ -	\$ -
<b>Total liabilities</b>	<u>-</u>	<u>-</u>
Fund Balance		
Restricted:		
Rail operations	1,081,302	1,496,728
<b>Total fund balance</b>	<u><u>1,081,302</u></u>	<u><u>1,496,728</u></u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 1,081,302</u></u>	<u><u>\$ 1,496,728</u></u>

See Notes to Financial Statements.

**Low Carbon Transit Operations Program Account,  
an Account of the Riverside County Transportation Commission**

**Statements of Revenues, Expenditures and Change in Fund Balance  
Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Revenues:		
State allocations	\$ 1,081,302	\$ 2,357,834
Interest	<u>10,994</u>	<u>5,297</u>
<b>Total revenues</b>	<b><u>1,092,296</u></b>	<b><u>2,363,131</u></b>
Expenditures:		
Rail	<u>1,507,722</u>	<u>1,265,824</u>
<b>Net change in fund balance</b>	<b>(415,426)</b>	<b>1,097,307</b>
Fund balance, beginning of year	<u>1,496,728</u>	<u>399,421</u>
Fund balance, end of year	<b><u>\$ 1,081,302</u></b>	<b><u>\$ 1,496,728</u></b>

See Notes to Financial Statements.

**Low Carbon Transit Operations Program Account,  
an Account of the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020 and 2019**

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**Note 1. Nature of Operations and Summary Significant Accounting Policies**

**Nature of Operations:** In 2014, the California Legislature established Senate Bill 862 (SB 862), Low Carbon Transit Operations Program (LCTOP), one of several programs that is part of the Transit, Affordable Housing, and Sustainable Communities Program. LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. For agencies whose service area includes disadvantaged communities, at least 50 percent of the total moneys received shall be expended on projects that will benefit disadvantaged communities.

The accounting policies of the Riverside County Transportation Commission (Commission) conform to accounting principles generally accepted in the United States as applicable to governmental units.

**A summary of the Commission's significant accounting policies is as follows:**

**Presentation:** The accompanying financial statements of the LCTOP Account are intended to present the financial position and the changes in financial position of only that portion of the governmental activities of the Commission that is attributable to the transactions of the LCTOP Account of the Commission. They do not purport to, and do not, present fairly the financial position of the Commission as of June 30, 2020 and 2019 and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis of accounting:** In accordance with the requirements for governmental funds, the modified accrual basis of accounting is followed in the LCTOP Account. Under the modified accrual basis of accounting, expenditures are recorded when they are expected to be liquidated with expendable available resources, and revenue is recorded when it becomes both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Those revenues susceptible to accrual include LCTOP Account allocations and interest revenue.

For the years ended June 30, 2020 and 2019, the Commission recognized revenues related to an allocation of \$1,081,302 and \$2,357,834, respectively, for the Perris Valley Line station operations and rehabilitation.

**Funding:** Project sponsors may submit expenditure proposals for funding of LCTOP to Caltrans and the California Air Resources Board to determine compliance with the requirements of SB 862 and the LCTOP guidelines. Caltrans submits a final list of approved expenditures to the State Controller's Office, and the approved amounts of funds will be available for release, not to exceed 75 percent of each eligible recipient's share of the full appropriation, with the remaining 25 percent available for release by fiscal year end.

**Cash:** It is the Commission's policy to deposit all funds received in the Riverside County Pooled Investment Fund (RCPIF) for investment until the funds are required for disbursement. Interest income is earned while these funds are deposited.

**Fund balance restrictions:** The LCTOP Account reports restricted account fund balance to show the level of constraint governing the use of the funds. Restricted account fund balances are restricted for specific purposes by third parties.

**Expenditures:** Expenditures represent rail operations as identified in the LCTOP application submitted by the Commission.

For the years ended June 30, 2020 and 2019, the Commission incurred qualifying expenditures of \$1,507,722 and \$1,265,824, respectively, for the Perris Valley Line station operations and rehabilitation.

**Low Carbon Transit Operations Program Account,  
an Account of the Riverside County Transportation Commission**

**Notes to Financial Statements  
June 30, 2020 and 2019**

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**Note 2. Cash and Investments with County Treasurer**

The funds in the RCPIF are pooled with those of other entities and invested in accordance with the County's investment policy. These pooled funds are carried at fair value. Investments in U.S. Treasury, federal agency, mortgage and asset-backed, municipal, corporate, negotiable certificates of deposit, and commercial paper securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at fair value based on each fund's share price. The pooled funds are not subject to level 1, 2 or 3 of the fair value hierarchy prescribed by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. The Commission is a voluntary participant in the pool. An Investment Oversight Committee has been established by the County, which acts as a regulator of the pool. As of June 30, 2020 and 2019, the LCTOP Account has \$0, in the Commission's investment with the RCPIF, with an average maturity of 409 days and 387 days, respectively. Additional information on investment types, fair value measurement and credit risk of the RCPIF may be obtained from the County of Riverside Treasurer-Tax Collector located at 4080 Lemon Street, 4<sup>th</sup> Floor, Riverside, California 92502 or by visiting the Treasurer-Tax Collector website at [www.countytreasurer.org](http://www.countytreasurer.org).

**Interest rate risk:** While the Commission does not have a formal policy related to the interest rate risk of investments, the Commission's investment policy follows the California Government Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

**Credit risk:** As of June 30, 2020 and 2019 the Commission's investment in the RCPIF was rated Aaa/bf by Moody's Investors Service and AAAs/S1 by Fitch Ratings. The Commission's investment policy only requires credit quality ratings for repurchase agreements, U.S. corporate debt, commercial paper, bankers' acceptances, and certificates of deposit.



**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**

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, 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 the Low Carbon Transit Operations Program (LCTOP) Account, an Account of the Riverside County Transportation Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020. Our report included an emphasis of matter indicating that the financial statements present only the LCTOP Account and do not purport to, and do not, present fairly the financial position of the Commission as of June 30, 2020 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.

**Internal Control over Financial Reporting**

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

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 LCTOP Account 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the LCTOP Account financial statements are free from material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the LCTOP Account 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*.

**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 Commission's internal control or on compliance as it relates to the LCTOP Account. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance related to the LCTOP Account. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Riverside, California  
October 30, 2020





Single Audit Report  
Fiscal Year Ended June 30, 2020  
**Riverside County**  
**Transportation Commission**

# Riverside County Transportation Commission

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Fiscal Year Ended June 30, 2020

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**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**

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside County Transportation Commission (Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 30, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission'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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Riverside, California  
October 30, 2020



**Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

**Report on Compliance for Each Major Federal Program**

We have audited the Riverside County Transportation Commission's (Commission) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2020. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

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

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

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Commission as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated October 30, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Riverside, California

January 13, 2021, except for our report on the schedule of expenditures of federal awards, for which the date is October 30, 2020

Riverside County Transportation Commission  
Schedule of Expenditures of Federal Awards  
Fiscal Year Ended June 30, 2020

Federal Agency Direct or Pass-Through Agency CFDA Program Title or Cluster	Federal CFDA Number	Direct or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Transportation</b>				
<i>Passed through California Department of Transportation:</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction - SR60 Truck Lanes	20.205	CMLN-6054(090)	\$ -	\$ 11,592,853
Highway Planning and Construction - I15ELP Southern Extension	20.205	CMLN-6054(094)	-	3,709,084
Highway Planning and Construction - Pachappa Overcrossing	20.205	FERPLN16-6054(082)	-	3,421,470
Highway Planning and Construction - I15 Express Lanes Project	20.205	STPLN-6208(025)	-	2,199,584
Highway Planning and Construction - I15 Express Lanes Project	20.205	CMSTPLN-6054(081)	-	500
Highway Planning and Construction - Downtown Riverside/Pedley Metro Stations	20.205	STPL-6054(074)	-	(45,286)
<b>Total Highway Planning and Construction Cluster</b>			-	<b>20,878,205</b>
<i>Direct:</i>				
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program:				
TIFIA I-15 Express Lanes Project	20.223	TIFIA-2017-1011A	-	126,248,004
TIFIA 91 Project	20.223	TIFIA-2012-1006A	-	421,054,409
<b>Total TIFIA Program</b>			-	<b>547,302,413</b>
<i>Passed through California Department of Transportation:</i>				
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants Program:				
Coachella Valley-San Geronio Pass Corridor Investment Plan	20.319	FR-HSR-0130-16-01-00	-	535,994
<i>Direct:</i>				
Federal Transit Cluster:				
Federal Transit Capital Investment Grant:				
Commuter Rail 5 Year Rehab 5309	20.500	CA-05-0268-00	113,850	113,850
Commuter Rail Rehab Final 5309	20.500	CA-05-0283-00	208,008	208,008
Rail State of Good Repair 5337	20.500	CA-05-0033-00	1,549,024	1,668,036
Federal Transit Urbanized Area Formula Grant:				
CMAQ Funds for Perris Valley Line Operations	20.507	CA-95-X339-00	3,922,418	4,737,994
Commuter Rail Pax Upgrades	20.507	CA-90-Z234-00	-	1,137,435
CMAQ Funds for Perris Valley Line Construction	20.507	CA-95-X202-00	-	156,870
State of Goods Repair Grants Program:				
Commuter Rail 5 Year Rehab 5309	20.525	CA-2017-121-00	1,385,353	1,385,353
Commuter Rail Rehab 5307	20.525	CA-2017-112-00	-	486,919
<b>Total Federal Transit Cluster</b>			<b>7,178,653</b>	<b>9,894,465</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 7,178,653</b>	<b>\$ 578,611,077</b>



**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Riverside County Transportation Commission under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures of governmental funds reported on the Schedule are reported on the modified accrual basis of accounting. Expenses of enterprise funds are reported on the accrual basis of accounting. Such expenditures/expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures/expenses are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures/expenses in the prior years.

**Note 3 - Direct and Indirect (Pass-Through) Federal Awards**

Federal awards may be granted directly to the Commission by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the Commission. The Schedule includes both of these types of Federal award programs when they occur.

**Note 4 - Transportation Infrastructure Finance and Innovation Act (TIFIA) Program Loans**

In July 2013 and July 2017, the Commission executed TIFIA loan agreements with the United States Department of Transportation in an amount not to exceed \$421,054,409 and \$152,214,260, respectively, to finance a portion of the Commission's 91 Project and I-15 Express Lanes Project. The TIFIA loans are evidenced by toll revenue bonds of the Commission issued pursuant to the master indenture and a supplemental indenture. During construction and for a period of to five years following substantial completion, interest is compounded and added to each respective initial TIFIA loan. The TIFIA loans require mandatory debt service payments at a minimum and scheduled debt service payments to the extent additional funds are available. TIFIA debt service payments are expected to commence on December 1, 2021, and June 1, 2025, respectively, which is five years after substantial completion of the 91 Project and the I-15 Express Lanes Project, through June 1, 2051 and June 1, 2055, respectively. The interest rate of each TIFIA loan is 3.47% and 2.84%, respectively. There were \$0 and \$111,301,868 of 91 Project and I-15 Express Lanes Project TIFIA loan proceeds, respectively, expended during the fiscal year ended June 30, 2020, and the outstanding loans payable at June 30, 2020 are \$486,339,336 (which includes accreted interest) and \$128,092,018, respectively.

**Note 5 - Indirect Cost Rate**

The Commission has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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**Section I – Summary of Auditor’s Results**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major federal programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

**Identification of major federal programs:**

<u>Name of Major Federal Program/Cluster</u>	<u>CFDA Number</u>
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223
Dollar threshold used to distinguish between type A and type B programs:	\$939,260
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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None identified.

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**Section III – Federal Award Findings and Questioned Costs**

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None identified.

None identified.



# RCTC 91 EXPRESS LANES FUND

## FINANCIAL STATEMENTS

(Enterprise Fund of the Riverside County Transportation Commission)



FISCAL YEAR ENDED JUNE 30, 2020





**RCTC 91 Express Lanes Fund**  
**(Enterprise Fund of the Riverside County Transportation Commission)**  
**Financial Statements**  
**For the Year Ended June 30, 2020**

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Statement of Revenues, Expenses and Changes in Fund Net Position	10
Statement of Cash Flows	11
Notes to Financial Statements	13



# Independent Auditor's Report







## Independent Auditor's Report

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the RCTC 91 Express Lanes Fund (the Fund), an enterprise fund of the Riverside County Transportation Commission (the Commission) as of and for the year ended June 30, 2020, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the RCTC 91 Express Lanes Fund of the Commission, as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the RCTC 91 Express Lanes Fund and do not purport to, and do not, present fairly the financial position of the Commission as of June 30, 2020, 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***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic 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 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 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.



Riverside, California  
October 30, 2020





**RIVERSIDE  
COUNTY  
TRANSPORTATION  
COMMISSION**

# Management's Discussion & Analysis







## **RCTC 91 Express Lanes Fund Management's Discussion and Analysis For the Year Ended June 30, 2020**

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As management of the RCTC 91 Express Lanes Fund (the Fund), an enterprise fund of the Riverside County Transportation Commission, we offer readers of the Fund financial statements this narrative overview and analysis of the Fund's financial activities for the fiscal year ended June 30, 2020. We encourage readers to consider information on financial performance presented in conjunction with the financial statements that begin on page 9.

### **Financial Highlights**

- At the end of fiscal year (FY) 2019/20, the total net position (deficit) of the Fund was (\$276,232,056) and consisted of net investment (deficit) in capital assets of (\$320,213,988) and restricted net position of \$43,981,932.
- Net position (deficit) of (\$276,232,056) during FY 2019/20 reflects the position after the third full year of toll operations. The eight-mile stretch between Interstate 15 and the Orange/Riverside County line and a tolled direct connector reached substantial completion and opened to motorists on March 20, 2017.
- In FY 2019/20, total operating revenues of \$56,440,369 include toll, violation penalty, and account fee revenues and Orange County Transportation Authority (OCTA) reimbursements. Total operating expenses of \$24,536,873 include roadway and toll systems maintenance, customer service, back office operations, other support costs, and depreciation and amortization.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Fund's financial statements. The financial statements are comprised of the Fund financial statements and notes to the financial statements.

The statement of net position presents information on all of the Fund's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fund is improving or deteriorating.

The statement of revenues, expenses and changes in fund net position presents information showing how the Fund's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows presents information on the cash flows related to operating, noncapital financing, capital and related financing, and investing activities.

The Fund financial statements can be found on pages 9-12 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 13-25 of this report.

### **91 Express Lanes Financial Analysis**

As noted previously, net position may serve over time as a useful indicator of the Fund's financial position. At June 30, 2020, the Fund's net position reflected a deficit of \$276,232,056. Our analysis below focuses on net position and changes in net position of the Fund's financial activities.

**RCTC 91 Express Lanes Fund  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020**

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**RCTC 91 Express Lanes Fund  
Net Position**

	2020	2019
Current and other assets	\$ 62,006,444	\$ 28,035,318
Restricted assets	81,168,497	76,380,134
Capital assets, net	275,566,724	295,855,214
Total assets	<u>418,741,665</u>	<u>400,270,666</u>
Deferred outflows of resources	937,279	277,686
Total assets and deferred outflows of resources	<u>419,678,944</u>	<u>400,548,352</u>
Current liabilities	4,139,061	5,236,536
Long-term liabilities	691,699,524	669,865,188
Total liabilities	<u>695,838,585</u>	<u>675,101,724</u>
Deferred inflows of resources	72,415	42,928
Total liabilities and deferred inflows of resources	<u>695,911,000</u>	<u>675,144,652</u>
Net position		
Net investment in capital assets	(320,213,988)	(299,852,425)
Restricted	43,981,932	25,256,125
Total net position (deficit)	<u>\$ (276,232,056)</u>	<u>\$ (274,596,300)</u>

FY 2019/20 represents the third full year of toll operations for the Fund. Total assets and deferred outflows of resources increased \$19,130,592, or 5%, due to increases in cash and investments. Total liabilities and deferred inflows of resources increased \$20,766,348, or 3%, primarily due to increases in toll supported long-term debt related to accreted and compounded interest.

The Fund's net investment in capital assets reflects a deficit of \$320,213,988 and represents (116%) of the total net position (deficit) in FY 2019/20. The Fund's net position reflects its investment in capital assets (i.e., land and land improvements; buildings; toll infrastructure; equipment, furniture and fixtures; transponders; and toll facility franchise), less any related outstanding debt used to acquire these assets. The Fund uses these capital assets, which include intangible assets, to provide improved mobility for the Fund customers and commuters along the State Route (SR)-91 corridor.

Restricted net position, representing resources subject to external restrictions on how they may be used, was \$43,981,932 and represents 16% of the total net position at June 30, 2020.

**RCTC 91 Express Lanes Fund  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020**

The analysis below focuses on the changes in net position.

**RCTC 91 Express Lanes Fund  
Changes in Net Position**

	2020	2019
Operating revenues		
Toll, penalties, and fees	\$ 56,440,369	\$ 58,423,461
Total operating revenues	<u>56,440,369</u>	<u>58,423,461</u>
Operating expenses		
Management and operational services	10,288,241	9,664,844
Administrative overhead	912,800	566,500
Other operating expenses	960,208	748,548
Professional services	1,341,747	1,089,555
General and administrative	249,768	624,915
Depreciation and amortization	10,784,109	10,680,681
Total operating expenses	<u>24,536,873</u>	<u>23,375,043</u>
Operating income	<u>31,903,496</u>	<u>35,048,418</u>
Nonoperating revenues (expenses)		
Investment income	3,896,708	2,764,137
Interest expense	(28,855,679)	(27,956,792)
Loss on sale of capital assets	(6,569,606)	(3,707,333)
Total nonoperating revenues (expenses)	<u>(31,528,577)</u>	<u>(28,899,988)</u>
Income before transfers	374,919	6,148,430
Transfers from (to) the Commission, net	<u>(2,010,675)</u>	<u>(2,977,396)</u>
Change in net position	(1,635,756)	3,171,034
Total net position at beginning of year (deficit)	(274,596,300)	(277,767,334)
Total net position at end of year (deficit)	<u>\$ (276,232,056)</u>	<u>\$ (274,596,300)</u>

The Fund's total operating revenues decreased \$1,983,092, or 3%, due to decreased traffic volumes from March through June 2020 resulting from the COVID-19 pandemic. As a result of the COVID-19 pandemic, the 91 Express Lanes temporarily suspended account fees and stopped the escalation of outstanding violations to the collection agency, which are scheduled to resume October 1, 2020. Total operating expenses increased \$1,161,830, or 5%, due to increases in operations costs, professional services, and depreciation. Nonoperating expenses, net increased \$2,628,589, or 9%, primarily due to increased investment income offset by the loss on the sale of excess land purchased for the 91 Project. Net transfers from the Commission decreased by \$966,721 as a result of the transfer of surplus funds to fund the 91 Corridor Operations and 15/91 Express Lanes Connector projects. Total traffic volume on the RCTC 91 Express Lanes Fund during FY 2019/20 was approximately 36,207,200 trips compared to 37,900,600 trips in FY 2018/19.

**RCTC 91 Express Lanes Fund  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020**

**Capital Assets**

As of June 30, 2020, the Fund had \$275,566,724, net of accumulated depreciation and amortization, invested in a broad range of capital assets including: land and land improvements; buildings; toll infrastructure comprised of communication equipment and computer hardware and software; equipment, furniture and fixtures; toll facility franchise; and transponders. The decrease of \$20,288,490, or 7%, was due to the sale of excess land and the depreciation and amortization of the Fund's toll infrastructure, toll facility franchise, and other capital assets.

**RCTC 91 Express Lanes Fund  
Capital Assets, Net of Depreciation**

	2020	2019
Land and land improvements	\$ 29,215,720	\$ 38,736,133
Toll infrastructure	10,247,830	15,729,648
Toll facility franchise	234,779,131	239,801,144
Transponders	178,652	269,416
Buildings	1,124,381	1,280,972
Equipment, furniture, and fixtures	21,010	37,901
Total capital assets, net	<u>\$ 275,566,724</u>	<u>\$ 295,855,214</u>

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

**Debt Administration**

As of June 30, 2020, the Fund had \$690,987,132 outstanding in toll revenue bonds, including a toll revenue bond in the form of a Transportation Innovation Finance and Infrastructure Act (TIFIA) loan. The increase of \$21,692,561, or 3%, is due to the compounded and accreted interest on the toll-supported long-term debt.

**RCTC 91 Express Lanes Fund  
Outstanding Debt**

	2020	2019
Toll revenue bonds	\$ 204,647,796	\$ 199,423,911
TIFIA loan	486,339,336	469,870,660
Total outstanding debt	<u>\$ 690,987,132</u>	<u>\$ 669,294,571</u>

Additional information on long-term debt can be found in note 6 to the financial statements.

## RCTC 91 Express Lanes Fund Management's Discussion and Analysis For the Year Ended June 30, 2020

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### Economic and Other Factors

The Fund makes up \$28,896,900 or 5% of Commission's FY 2020/21 revenue budget. In FY 2020/21, toll and non-toll revenues are forecasted to decrease by 58% over the FY 2019/20 budget. This decrease is based on estimated toll transactions and current traffic and revenue data resulting from impacts of the COVID-19 pandemic beginning in March 2020. The RCTC 91 Express Lanes have exceeded initial expectations and the Commission's traffic consultant updated the investment grade and traffic and revenue study in December 2018. The average projected long-term rate of growth for toll road revenues beyond FY 2020/21 is 4.9%.

The majority of expenses related to the Fund within FY 2020/21 budget are on-going general costs related to day-to-day operations of the toll facility. As a fully electronic toll facility, motorists pay tolls through the convenient use of FasTrak® transponders that automatically deduct toll charges from a prepaid account.

Under a cooperative agreement entered into with OCTA in December 2011, the RCTC 91 Express Lanes are jointly operated with the OCTA 91 Express Lanes and collectively referred to as the 91 Express Lanes. The Commission and OCTA agreed on the use of the same initial operator, cost and revenue sharing, toll policies, business rules, interoperability of technology, and shared marketing activities. The joint operation allows for the sharing of costs and a seamless customer experience.

### Contacting 91 Express Lane's Management

This financial report is designed to provide a general overview of the Fund's finances for all those with an interest in the government's finances and to demonstrate the Fund's accountability for the money it receives. Questions concerning any of the information provide in this report or requests for additional information should be addressed to the Chief Financial Officer, Finance Department at the Riverside County Transportation Commission, 4080 Lemon Street, 3rd Floor, P.O. Box 12008, Riverside, CA 92502-2208.









RIVERSIDE  
COUNTY  
TRANSPORTATION  
COMMISSION

# Financial Statements







**RCTC 91 Express Lanes Fund**  
**(Enterprise Fund of the Riverside County Transportation Commission)**  
**Statement of Net Position**  
**June 30, 2020**

<b>Assets</b>	
Current assets:	
Cash and investments	\$ 60,767,378
Receivables	
Accounts	626,837
Interest	395,472
Due from other Commission funds	6,084
Prepaid expenses	167,237
Total current assets	<u>61,963,008</u>
Noncurrent assets:	
Restricted cash and investments	81,168,497
Net other post-employment benefits assets	43,436
Capital assets, net	
Nondepreciable	29,215,720
Depreciable and amortizable	246,351,004
Total noncurrent assets	<u>356,778,657</u>
Total assets	<u>418,741,665</u>
Deferred outflows of resources	
Pension benefits	894,523
Other post-employment benefits	42,756
Total assets and deferred outflows of resources	<u>419,678,944</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	1,562,418
Interest payable	1,976,606
Due to other Commission funds	585,068
Other liabilities	434
Compensated absences liability	14,535
Total current liabilities	<u>4,139,061</u>
Noncurrent liabilities:	
Net pension liabilities	673,906
Compensated absences liability	38,486
Bonds payable - due in more than one year	690,987,132
Total noncurrent liabilities	<u>691,699,524</u>
Total liabilities	<u>695,838,585</u>
Deferred inflows of resources	
Pension benefits	32,832
Other post-employment benefits	39,583
Total liabilities and deferred inflows of resources	<u>695,911,000</u>
Net position	
Net investment (deficit) in capital assets	(320,213,988)
Restricted for express lanes	43,981,932
Total net position (deficit)	<u>\$ (276,232,056)</u>

See notes to financial statements

**RCTC 91 Express Lanes Fund**  
**(Enterprise Fund of the Riverside County Transportation Commission)**  
**Statement of Revenues, Expenses and Change in Fund Net Position**  
**For the Year Ended June 30, 2020**

Operating revenues	
Tolls, penalties, and fees	\$ 56,440,369
Operating expenses	
Management and operational services	10,288,241
Administrative overhead	912,800
Other operating expenses	960,208
Professional services	1,341,747
General and administrative expenses	249,768
Depreciation and amortization	10,784,109
Total operating expenses	<u>24,536,873</u>
Operating income	<u>31,903,496</u>
Nonoperating revenues (expenses)	
Investment income	3,896,708
Interest expense	(28,855,679)
Loss on sale of capital assets	(6,569,606)
Total nonoperating revenues (expenses)	<u>(31,528,577)</u>
Income before transfers	374,919
Transfers	
Transfers out to Commission governmental funds	(2,010,675)
Total transfers	<u>(2,010,675)</u>
Change in net position	(1,635,756)
Net position (deficit) at beginning of year	<u>(274,596,300)</u>
Net position (deficit) at end of year	<u><u>\$ (276,232,056)</u></u>

*See notes to financial statements*

**RCTC 91 Express Lanes Fund**  
**(Enterprise Fund of the Riverside County Transportation Commission)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

Cash flows from operating activities	
Receipts from customers and users	\$ 56,666,151
Payments to vendors	(12,049,889)
Payments to employees	(733,014)
Payments for RCTC interfund services used	(1,531,184)
Reimbursements received for shared costs	452,808
Net cash provided by operating activities	<u>42,804,872</u>
Cash flows from noncapital financing activities	
Transfers of surplus funds to governmental activities	(3,083,067)
Net cash used for noncapital financing activities	<u>(3,083,067)</u>
Cash flows from capital and related financing activities	
Interest paid on long-term debt	(7,119,938)
Reimbursement from other governments for acquisition of capital assets	862,000
Proceeds from sale of capital assets	2,943,152
Net cash used for capital and related financing activities	<u>(3,314,786)</u>
Cash flows from investing activities	
Interest received	3,819,795
Net cash provided by investing activities	<u>3,819,795</u>
Net increase in cash and cash equivalents	40,226,814
Cash and cash equivalents at beginning of year	101,488,556
Cash and cash equivalents at end of year	<u><u>\$ 141,715,370</u></u>
Reconciliation of cash and cash equivalents to statement of net position	
Cash and investments	\$ 60,767,378
Less: fair value adjustment	(220,505)
	<u>60,546,873</u>
Restricted cash and investments	81,168,497
Total cash and cash equivalents	<u><u>\$ 141,715,370</u></u>

*See notes to financial statements*

**RCTC 91 Express Lanes Fund**  
**(Enterprise Fund of the Riverside County Transportation Commission)**  
**Statement of Cash Flows, Continued**  
**For the Year Ended June 30, 2020**

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income	\$ 31,903,496
Adjustments to reconcile operating income to net cash provided by (used for) operating activities	
Depreciation and amortization expense	10,784,109
Change in assets and liabilities	
(Increase) Decrease in other receivables, net	675,739
(Increase) Decrease in due in from other Commission funds	(6,084)
(Increase) Decrease in prepaid assets	34,065
Increase (Decrease) in pension and post-employment benefit liabilities, net of deferred items	(534,597)
Increase (Decrease) in accounts payable	628,696
Increase (Decrease) in due to other Commission funds	(681,180)
Increase (Decrease) in deposits payable	(96)
Increase (Decrease) in compensated absences liability	(1,829)
Increase (Decrease) in other liabilities	2,553
Total adjustments	<u>10,901,376</u>
Net cash provided by operating activities	<u><u>\$ 42,804,872</u></u>
Noncash capital, financing and investing activities	
Amortization of bond discount	\$ 73,073
Accreted and compounded interest	21,619,488
Net increase in the fair value of investments	125,702

*See notes to financial statements*

**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

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**Note 1. Reporting Entity**

After more than a decade of work, which includes approximately three years of construction, the Riverside County Transportation Commission (Commission) achieved substantial completion on the SR-91 Corridor Improvement (91 Project) on March 20, 2017, including express lane and general purpose lane improvements. In achieving substantial completion, the RCTC 91 Express Lanes opened to traffic and tolling commenced. The RCTC 91 Express Lanes cover an eight-mile stretch on State Route 91 (SR-91) between Interstate 15 (I-15) and the Orange/Riverside County line and a tolled direct connector.

The RCTC 91 Express Lanes Fund (Fund) is reported as a major enterprise fund in the Commission's basic financial statements. The accompanying financial statements present the net position, changes in net position, and cash flows of the Fund only. They do not purport to, and do not, present the overall financial position of the Commission or its changes in net position as of June 30, 2020.

**Note 2. Summary of Significant Accounting Policies**

The accounting policies of the Fund are in conformity with generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

**Basis of Accounting:** The financial statements of the Fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues consisting substantially of tolls and fees, are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Toll revenue is recognized when the customers utilize the toll road facility and payment is collected.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal and ongoing operations. The principal operating revenues of the Fund are charges to customers for use of the toll facility. Operating expenses for the Fund include the cost of services, administrative expenses, and depreciation and amortization on capital and intangible assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Violations:** Violations consist of uncollected violation tolls and penalties. Unpaid violations of \$75,593,997 as of June 30, 2020 are not recognized as revenue until payment is received. If violations and penalties remain owed for more than 90 days, they are turned over to the collection agency. Unpaid violations remain recorded for a period of four years in accordance with the statute of limitations, at which time, they will be deemed uncollectible.

**Cash and investments:** The Commission maintains cash and investments in accordance with the Investment Policy adopted by the Board of Commissioners in March 2019. The Investment Policy complies with the California Government Code (Code). Investments of bond proceeds as permitted by the applicable debt documents are maintained with U.S. Bank as trustee. Separate investment accounts are maintained for the proceeds of bond issues, with the earnings for each bond issue accounted for separately. The Fund participates in the Riverside County Pooled Investment Fund (RCPIF). Cash from other Commission revenue sources is commingled for investment purposes in the RCPIF, with investment earnings allocated to the different accounts based on average daily account balances.

The Commission holds investments that are measured at fair value on a recurring basis. Investments in U.S. Treasury obligations, U.S. agency securities, corporate notes, mortgage and asset-backed securities, and municipal bonds are carried at fair value based on quoted market prices, except for money market investments, which are carried at amortized cost which approximates fair value. The RCPIF is carried at fair value based on the value of each participating dollar as provided by RCPIF.

**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

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**Note 2. Summary of Significant Accounting Policies, Continued**

**Cash and cash equivalents:** For the purpose of the statement of cash flows, the Commission considers all short-term investments with an initial maturity of three months or less to be cash equivalents. All deposits, commercial paper notes, money market funds, negotiable certificates of deposit, and the Fund's share of the RCPIF represent cash and cash equivalents for cash flow purposes.

**Restricted cash and investments:** Investments set aside in the Senior Lien Obligations Reserve Fund, Senior Lien Capitalized Interest Fund, Residual Fund Scheduled Retained Balance Fund, and Toll Revenue Fund are pursuant to the terms of the 2013 Indenture and their use is limited by applicable debt terms and conditions.

Permitted investments per the debt indentures include government obligations, State of California and local agency obligations, banker's acceptances, commercial paper notes, negotiable certificates of deposit, repurchase agreements, money market funds, other mutual funds, investment agreements, RCPIF, and variable and floating rate securities.

**Receivables:** Accounts receivables include amounts due from other California toll road agencies related to their customers' use of the RCTC 91 Express Lanes, as well as amounts owed from the Orange County Transportation Authority (OCTA) in accordance with a cooperative agreement.

**Capital assets:** Capital assets include land and land improvements; toll infrastructure; buildings; equipment, furniture and fixtures; toll facility franchise; and transponders. Capital assets are defined by the Fund as assets with an initial, individual cost of more than \$5,000 and a useful life in excess of three years. It is also the Fund's policy to capitalize transponder purchases, as they are considered a significant class of assets even though individually under \$5,000. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<b>Asset Type</b>	<b>Useful Life</b>
Buildings	10 years
Equipment, furniture and fixtures	3 to 5 years
Toll facility franchise	50 years
Toll infrastructure	5 to 10 years
Transponders	5 years

In May 2012 the Commission entered into a toll facility agreement with California's Department of Transportation (Caltrans) and obtained authority to toll the SR-91 from the Orange County/Riverside County line to I-15 for 50 years commencing as of the first day on which the RCTC 91 Express Lanes open for public use and toll operations. The RCTC 91 Express Lanes opened on March 20, 2017.

**Deferred outflows of resources:** In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. As of June 30, 2020, the Fund has deferred outflows of resources related to pension and other post-employment benefits (OPEB).

**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

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**Note 2. Summary of Significant Accounting Policies, Continued**

**Due to other Commission funds:** During the course of operations, transactions occur between Commission governmental funds involving goods provided and services rendered.

**Compensated absences:** Vacation hours accumulated and not taken at year-end is reported as a long-term liability, net of current portion, in the Fund.

Sick leave is recorded as an expense when taken by the employee. Employees with continuous five years of service have the option of being paid for sick leave accumulated in excess of 240 hours at a rate of 50% (i.e., one hour's pay for every two hours in excess of 240). Any sick leave in excess of 240 hours is accrued at fiscal year-end, and a liability is reported in the Fund.

**Pensions:** For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Commission's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deduction from Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Post-employment benefits other than pensions:** For purposes of measuring the net OPEB asset, deferred outflows/inflows of resources related to the OPEB asset and OPEB expense, information about the fiduciary net position of the Commission's OPEB plan, and additions to/deductions from the OPEB fiduciary net position have been determined on the same basis as they are reported by California Employers' Retiree Benefit Trust administered by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money markets and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which is reported at cost.

**Deferred inflows of resources:** In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources, or revenue, until then. The Fund has deferred inflows of resources related to pension and other post-employment benefits.

**Risk management:** The Fund purchases commercial property insurance including business interruption, earthquake, and flood coverage related to the toll facility.

**Net position:** Net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources and is classified into two categories:

- *Net investment (deficit) in capital assets* consists of capital and intangible assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets and excludes unspent debt proceeds.
- *Restricted net position* represents restricted assets less liabilities related to those assets. Restricted assets are recorded when there are limitations imposed by creditors (such as through debt covenants). The statement of net position includes restricted net position for the portion of net toll revenues restricted by the 2013 Master Indenture for toll operations.

The deficit in net investment in capital assets will be reduced by future toll revenues for the payment of outstanding toll obligations.

**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 2. Summary of Significant Accounting Policies, Continued**

**Use of estimates:** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumption that affect certain reported amounts and disclosures during the reporting period. As such, actual results could differ from those estimates.

**Note 3. Cash and Investments**

Cash and investments are comprised of the following at June 30, 2020:

Cash in bank	\$ 145,362
Investments	
With RCPIF	60,622,016
With Trustee	81,168,497
Total investments	141,790,513
Total cash and investments	<u>\$ 141,935,875</u>

Total cash and investments are reported in the financial statements as:

Unrestricted cash and investments	\$ 60,767,378
Restricted cash and investments	81,168,497
Total cash and investments	<u>\$ 141,935,875</u>

**Fair Value Hierarchy:** The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active; and Level 3 inputs are significant unobservable inputs (the Commission does not value any of its investments using Level 3 inputs).





**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 3. Cash and Investments, Continued**

The following is a summary of the fair value hierarchy of the fair value of investments of the Fund as of June 30, 2020:

Investments by fair value level:	June 30, 2020	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments subject to fair value hierarchy:			
Mortgage and asset-backed securities	\$ 30,727,113	\$ -	\$ 30,727,113
U.S. Treasury obligations	25,925,908	25,925,908	-
Money market mutual funds	14,197,031	14,197,031	-
U.S. agency securities	2,230,032	-	2,230,032
Corporate notes	4,913,792	-	4,913,792
Commercial paper notes	1,499,676	-	1,499,676
Negotiable certificates of deposit	400,164	-	400,164
Municipal bonds	1,274,781	-	1,274,781
Total investments measured at fair value	81,168,497	\$ 40,122,939	\$ 41,045,558
Investments not subject to fair value hierarchy:			
RCPIF	60,622,016		
Total investments	<u>\$ 141,790,513</u>		

Investments classified in Level 1 of the value hierarchy, valued at \$40,122,939 are valued using quoted prices in active markets.

Mortgage and asset-backed securities totaling \$30,727,113, U.S. agency securities totaling \$2,230,032, corporate notes totaling \$4,913,792, commercial paper notes totaling \$1,499,676, negotiable certificates of deposit totaling \$400,164, and municipal bonds totaling \$1,274,781, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.



**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 3. Cash and Investments, Continued**

As of June 30, 2020, the Fund has the following investments:

Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Years)
RCPIF	\$ 60,622,016	\$ 60,401,511	0.050% - 2.724%	07/01/20 - 06/30/25	1.104
Held by Trustee					
Negotiable certificates of deposit	400,164	400,010	0.095%	N/A	0.038
Commercial paper notes	1,499,676	1,498,274	0.141% - 0.185%	7/20/20 - 9/8/20	0.124
Corporate notes	4,913,792	4,853,050	0.340% - 5.472%	7/1/20 - 5/11/23	1.328
Money market mutual funds	14,197,031	14,197,031	0.010%	N/A	0.000
Mortgage and asset-backed securities	30,727,113	29,957,915	(0.464%) - 3.023%	7/20/20 - 9/16/55	7.970
Municipal bonds	1,274,781	1,270,000	0.180% - 1.474%	4/1/22 - 10/1/51	14.214
U.S. agency securities	2,230,032	2,150,623	0.171% - 0.872%	8/12/21 - 11/16/28	2.897
U.S. Treasury obligations	25,925,908	25,246,633	0.822% - 0.287%	7/31/20 - 1/15/29	2.032
Total Investments	<u>\$141,790,513</u>	<u>\$139,975,047</u>			
				Portfolio weighted average	3.301

The weighted average maturity is calculated using the investment's effective duration weighted by the investment's fair value.

As of June 30, 2020, mortgage and asset-backed securities totaled \$30,727,113. The underlying assets are consumer receivables that include credit cards, auto/equipment, and home loans. The securities have a fixed interest rate and are rated Aaa/AA+ at least two of the three nationally recognized statistical rating organizations.

Deposits and withdrawals in the RCPIF are made on the basis of \$1.00 (cost basis) and not fair value. Accordingly, the Fund's investment at June 30, 2020 is uncategorized, not defined as Level 1, Level 2, or Level 3 input.

**Interest rate risk:** While the Commission does not have a formal policy related to the interest rate risk of investments, the Commission's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. In accordance with the Commission's investment policy, restricted investments are invested in accordance with the maturity provisions of the specific bond indenture, which may extend beyond five years.

**Custodial credit risk:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Commission's investment policy requires that a third party bank trust department hold all securities owned by the Commission. All trades are settled on a delivery versus payment basis through the Commission's safekeeping agent.

The Fund has deposits with a bank balance of \$145,362 with a financial institution; bank balances over \$5,000,000 are swept daily into a money market account. Of the bank balance, up to \$250,000 is federally insured under the Federal Depository Insurance Corporation with balances in excess of

**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 3. Cash and Investments, Continued**

\$250,000 collateralized in accordance with the Code; however, the collateralized securities are not held in the name of the Commission.

**Credit risk:** The Commission's investment policy as well as the specific bond indentures set minimum acceptable credit ratings for investments from any of the three nationally recognized statistical rating organizations. The following table is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each category's fair value at June 30, 2020; securities denoted as NR are not rated by one of the nationally recognized statistical rating organizations.

Investments	Moody's	S&P	% of Portfolio
RCPIF	Aaa-bf	AAA/f/S1	42.75%
Negotiable certificates of deposit	P1	NR	0.28%
Commercial paper notes			
Notes	P2	A2	0.50%
Notes	P2	A2	0.56%
Corporate			
Notes	A1	A+	0.14%
Notes	A1	AA-	0.18%
Notes	A2	A	0.21%
Notes	A2	A-	0.65%
Notes	A3	A	0.36%
Notes	A3	A-	0.26%
Notes	A3	BBB+	0.82%
Notes	Aa1	AA	0.20%
Notes	Aa2	AA	0.10%
Notes	Aa3	A	0.09%
Notes	Aaa	NR	0.28%
Notes	Baa1	A-	0.18%
Money market mutual funds			
Funds	Aaa	AAA	10.01%
Mortgage and asset backed securities			
Securities	Aa1	AA	0.06%
Securities	Aaa	AA+	20.33%
Securities	Aaa	AAA	0.23%
Securities	Aaa	NR	0.62%
Securities	NR	AAA	0.43%
Municipal bonds			
Bay Area Toll Authority	A1	AA-	0.08%
Collin County, Texas	Aaa	AAA	0.12%
Colorado Housing and Finance Authority, Inc.	Aaa	AAA	0.32%
El Dorado Irrigation District	Aa3	AA-	0.11%
North Dakota Housing Finance Agency	Aa1	NR	0.07%
State of New York Urban Development Corpora-tion	Aa1	NR	0.13%
University of New Jersey, Rutgers	Aa3	A+	0.07%

**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 3. Cash and Investments, Continued**

Investments	Moody's	S&P	% of Portfolio
U.S. agency securities			
Notes	Aaa	AA+	1.57%
U.S. Treasuries			
Treasury	NR	NR	18.29%
Total			<u>100.00%</u>

**Concentration of credit risk:** The Commission's investment policy places a limit of 10% on the amount of investment holdings with any one non-U.S. Government or non-federal agency issuer. As of June 30, 2020, the Commission did not have investments in any one issuer that represents more than 5% of the Commission's total investments.

**Note 4. Capital Assets**

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land and land improvements	\$ 38,736,133	\$ -	\$ (9,520,413)	\$ 29,215,720
Total capital assets not being depreciated	<u>38,736,133</u>	<u>-</u>	<u>(9,520,413)</u>	<u>29,215,720</u>
Capital assets being depreciated and amortized:				
Toll infrastructure	27,899,996	-	-	27,899,996
Transponders	453,818	-	-	453,818
Buildings	1,607,626	16,032	-	1,623,658
Equipment, furniture, and fixtures	60,695	-	-	60,695
Toll facility franchise	<u>250,692,492</u>	<u>-</u>	<u>-</u>	<u>250,692,492</u>
Total capital assets being depreciated and amortized	<u>280,714,627</u>	<u>16,032</u>	<u>-</u>	<u>280,730,659</u>
Less accumulated depreciation and amortization for:				
Toll infrastructure	(12,170,348)	(5,481,818)	-	(17,652,166)
Transponders	(184,402)	(90,764)	-	(275,166)
Buildings	(326,654)	(172,623)	-	(499,277)
Equipment, furniture, and fixtures	(22,794)	(16,891)	-	(39,685)
Toll facility franchise	<u>(10,891,348)</u>	<u>(5,022,013)</u>	<u>-</u>	<u>(15,913,361)</u>
Total accumulated depreciation	<u>(23,595,546)</u>	<u>(10,784,109)</u>	<u>-</u>	<u>(34,379,655)</u>
Total capital assets being depreciated and amortized, net	<u>257,119,081</u>	<u>(10,768,077)</u>	<u>-</u>	<u>246,351,004</u>
Capital assets, net	<u>\$ 295,855,214</u>	<u>\$ (10,768,077)</u>	<u>\$ (9,520,413)</u>	<u>\$ 275,566,724</u>

**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 4. Capital Assets, Continued**

On May 14, 2012, the Commission entered into a toll facilities agreement with Caltrans providing the Commission with authorization to toll the SR-91 from Orange/Riverside County line to I-15 for 50 years commencing as of the first day on which the RCTC 91 Express Lanes open for public use and toll operations. The agreement also set forth the Commission's leasehold rights to Caltrans' right of way and Caltrans' oversight role in the operations and maintenance of the RCTC 91 Express Lanes.

**Note 5. Interfund Transactions**

**Due from/to other Commission funds:** The composition of balances related to due from other funds and due to other funds of the Commission at June 30, 2020 is as follows:

Payable Fund	Receivable Fund	Amount	Explanation
RCTC 91 Express Lanes Enterprise fund	Commission's General fund	\$ (33,300)	Administrative cost allocation
RCTC 91 Express Lanes Enterprise fund	Commission's General fund	(36,230)	Fringe benefits allocation
RCTC 91 Express Lanes Enterprise fund	Commission's Special Revenue fund	(4,004)	15/91 Express Lanes Connector project reimbursements
RCTC 91 Express Lanes Enterprise fund	Commission's Special Revenue fund	(511,534)	91 Corridor Operations project reimbursements
Commission's Special Revenue fund	RCTC 91 Express Lanes Enterprise fund	6,084	I-15 Express Lanes project reimbursements
Total due from (to) other Commission funds, net		<u>\$ (578,984)</u>	

**Transfers to/from other Commission funds:** During 2020, transfers to/from other Commission funds were as follows:

Transfer Out	Transfer In	Amount	Explanation
RCTC 91 Express Lanes Enterprise fund	Commission's Special Revenue fund	\$ 2,006,671	Transfer of surplus funds to fund the 91 Corridor Operations project
RCTC 91 Express Lanes Enterprise fund	Commission's Special Revenue fund	4,004	Transfer of surplus funds to fund the 15/91 Express Lanes Connector project
Total transfers out to other Commission funds		<u>\$ 2,010,675</u>	

**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 6. Long-Term Obligations**

The following is a summary of changes in long-term debt obligations for the year ended June 30, 2020:

	Balance June 30, 2019	Additions / Accretion	Reductions	Balance June 30, 2020	Due Within One Year
Toll revenue bonds:					
2013 Bonds	\$ 201,425,284	\$ 5,150,812	\$ -	\$ 206,576,096	\$ -
Toll revenue bonds discount	(2,001,373)	-	73,073	(1,928,300)	-
Total bonds payable, net	199,423,911	5,150,812	73,073	204,647,796	-
TIFIA loan	469,870,660	16,468,676	-	486,339,336	-
Compensated absences liability	54,850	606	(2,435)	53,021	14,535
Total long-term obligations	\$ 669,349,421	\$ 21,620,094	\$ 70,638	\$ 691,040,153	\$ 14,535

In July 2010, the Commission authorized the issuance and sale of not to exceed \$900 million of toll revenue bonds related to the 91 Project. In March 2020, the Commission authorized the issuance and sale of not to exceed \$725 million of toll revenue refunding bonds related to the RCTC 91 Express Lanes.

**2013 Toll Revenue Bonds, Series A (Current Interest Obligation):**

**Outstanding**

In July 2013, the Commission issued \$123,825,000 principal amount of serial current interest bonds (CIBs) at a discount of \$2,433,315 to fund a portion of the 91 Project, pay capitalized interest during construction, fund a debt service reserve fund, fund an initial amount for an operations and maintenance fund, and pay costs of issuance. The CIBs consist of a serial bond maturing on June 1, 2044 in the amount of \$39,315,000 at an interest rate of 5.75% and a term bond due on June 1, 2048 in the amount of \$84,510,000 with annual sinking funds payments of \$42,255,000 on June 1, 2047 and June 1, 2048 at an interest rate of 5.75%.

\$ 123,825,000

In accordance with the bond maturity schedule, the approximate annual debt service requirements to maturity for the 2013 Toll Revenue Bonds CIBs payable throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ -	\$ 7,119,900	\$ 7,119,900
2022	-	7,119,900	7,119,900
2023	-	7,119,900	7,119,900
2024	-	7,119,900	7,119,900
2025	-	7,119,900	7,119,900
2026-2030	-	35,599,700	35,599,700
2031-2035	-	35,599,700	35,599,700
2036-2040	-	35,599,700	35,599,700
2041-2045	39,315,000	33,339,100	72,654,100
2046-2048	84,510,000	12,148,500	96,658,500
	<u>\$ 123,825,000</u>	<u>\$ 187,886,20</u>	<u>\$ 311,711,200</u>

**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 6. Long-Term Obligations, Continued**

**2013 Toll Revenue Bonds, Series B (Capital Appreciation Obligation):**

**Outstanding**

In July 2013, the Commission issued \$52,829,600 principal amount of serial capital appreciation bonds (CABs) to fund a portion of the 91 Project, pay capitalized interest during construction, fund a debt service reserve fund, fund an initial amount for an operations and maintenance fund, and pay costs of issuance. The CABs will not pay current interest as interest will be compounded commencing December 2013 semiannually and paid at maturity. Therefore, the CABs will increase in value, or accrete, by the accumulation of such compounded interest from its initial principal amount to the maturity value in installments ranging from \$3,440,000 to \$34,220,000 on various dates from June 1, 2022 through June 1, 2043. Interest rates and yield to maturity range from 5.30% to 7.15%. During 2020, the accretion amount was \$5,150,812; the aggregate accretion through June 30, 2020 is \$29,921,493.

\$ 82,751,096

In accordance with the bond maturity schedule, the approximate annual debt service requirements to maturity for the 2013 Toll Revenue Bonds CABs payable throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Accreted Interest	Total
2022	\$ 2,396,700	\$ 1,423,300	\$ 3,820,000
2023	3,098,000	2,231,900	5,329,900
2024	3,739,200	3,245,900	6,985,100
2025	4,364,200	4,450,800	8,815,000
2026-2030	17,069,900	27,500,100	44,570,000
2031-2035	10,369,800	28,340,100	38,709,900
2036-2040	-	-	-
2041-2043	11,791,800	78,458,300	90,250,100
	<u>\$ 52,829,600</u>	<u>\$145,650,400</u>	<u>\$ 198,480,000</u>

**TIFIA Loan Agreement:**

**Outstanding**

In July 2013, the Commission executed a TIFIA loan of up to \$421,054,409, which proceeds financed a portion of the costs for the 91 Project. During construction and for a period of up to five years following substantial completion, interest is compounded and added to the initial TIFIA loan. The TIFIA loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent additional funds are available. TIFIA debt service payments are expected to commence on December 1, 2021, which is five years after substantial completion of the 91 Project, through June 1, 2051. The interest rate of the TIFIA loan is 3.47%.

\$ 486,339,336

The TIFIA loan is a toll revenue bond that is subordinate to the senior toll revenue bonds.

In accordance with the TIFIA loan maturity schedule, the approximate mandatory annual debt service requirements to maturity for the TIFIA loan payable throughout the term of the loan are as follows:



**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 6. Long-Term Obligations, Continued**

Year Ending June 30	Mandatory		
	Principal	Interest	Total
2022	\$ -	\$ 1,921,000	\$ 1,921,000
2023	-	1,921,000	1,921,000
2024	-	1,924,000	1,924,000
2025	-	1,919,000	1,919,000
2026-2030	50,000	41,117,000	41,167,000
2031-2035	28,991,000	86,968,000	115,959,000
2036-2040	132,279,000	74,338,000	206,617,000
2041-2045	99,107,000	55,153,000	154,260,000
2046-2050	233,347,000	26,550,000	259,897,000
2051	9,564,000	330,000	9,894,000
Total	503,338,000	\$ 292,141,000	\$ 795,479,000
Future compounded interest	(16,998,664)		
Total TIFIA loan	\$ 486,339,336		

In connection with the issuance of the 2013 Toll Revenue Bonds consisting of the CIBs and CABs, a debt service reserve of \$17,665,460 and an operations and maintenance fund of \$3,137,666 were established. Upon opening of the RCTC 91 Express Lanes in March 2017, the operations and maintenance fund was transferred from the trustee to the Commission for operations. Additionally, the toll indenture and TIFIA loan agreement require the Commission to establish a subordinate obligations reserve fund of \$20,000,000 no later than July 1, 2019. The \$20,000,000 reserve was funded in June 2019 from the proceeds of the sale of excess properties on the SR-91 and surplus revenues.

**Note 7. Commitments and Contingencies**

**Cooperative agreements:** The RCTC SR-91 Express lanes are jointly operated with the existing OCTA 91 Express Lanes and collectively referred to as the 91 Express Lanes.

Under the Orange-Riverside Cooperative Agreement, which was entered into in December 2011, the Commission and OCTA agreed on the use of the same initial toll operator, cost and revenue sharing, toll policies, business rules, interoperability of technology, and marketing activities as well as OCTA review of design plans and construction activities for the 91 Project.

In May 2013 the Commission entered into a three-party agreement with OCTA and the third-party toll operator, for the operations of the 91 Express Lanes. This will ensure streamlined and consistent intercounty travel for motorists on the OCTA 91 Express Lanes in Orange County and RCTC 91 Express Lanes in Riverside County. The third-party operator provides operating services to the Commission in the annual amount of \$6,942,600 plus inflation for three initial years with two one-year extension options, subject to Board of Commissioners approval. The third-party operator is responsible for the day-to-day operations of the toll facility; another contractor is responsible for maintaining the roadside toll collection system under a separate agreement with the Commission. The agreement with the third-party operator expires on December 31, 2021, as amended in September 2019.

In November 2019, the Commission awarded an agreement to the third-party operator to develop and install a new back office system and to provide express lane operator services, including the back office



**RCTC 91 Express Lanes Fund**  
**Notes to Financial Statements**  
**June 30, 2020**

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**Note 7. Commitments and Contingencies, Continued**

and customer services center. The third-party operator has a separate contract with OCTA. Each contract has a five-year term, plus two 3-year options, to operate both the OCTA and RCTC 91 Express Lanes. The operating term begins July 2021.

**Purchase commitments:** The Fund has entered into other agreements in the ordinary course of business with companies and other governmental agencies related to operations and maintenance. These agreements, which are significant, are funded with available and future revenues.

**Note 8. Pensions and Other Post-Employment Benefits Other Than Pensions**

The Fund participates in the Commission's cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System and the Commission's OPEB. Employees of the Fund are employees of the Commission as a whole. The required note disclosures regarding pension plans and OPEB are included in the Commission's financial statements. Please see those financial statements for information about the pension plans and OPEB as a whole.

The net pension liability of \$673,906 and net OPEB asset of \$43,436, reported by the Fund, represent the Fund's proportional share of the Commission's net pension liability of \$8,921,123 and net OPEB asset of \$575,000. The Fund's net pension liability and net OPEB asset each represent 7.55% of the Commission's net pension liability and net OPEB asset, respectively. For the year ended June 30, 2020, the Fund's contributions recognized as part of pension and OPEB expenses were \$529,400 and (\$5,200), respectively.

**Note 9. Pronouncements Issued, Not Yet Effective**

In May 2020, the Commission adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*. In light of the COVID-19 pandemic and effective immediately, this statement provides temporary relief to governments and other stakeholders with a delay in the effective dates of several GASB statements. The GASB pronouncements issued prior to June 30, 2020 that have an effective date that may impact future financial presentations include:

- GASB Statement No. 87, *Leases*, effective for the fiscal year that ends June 30, 2022;
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for fiscal years beginning after December 31, 2021;
- GASB Statement No. 91, *Conduit Debt Obligations*, effective for fiscal years beginning after December 31, 2022;
- Implementation Guide No. 2019-1, *Implementation Guidance Update - 2019*, effective for the fiscal year that ends June 30, 2021; and
- Implementation Guide No. 2019-3, *Leases*, effective for the fiscal year that ends June 30, 2022.







**RIVERSIDE  
COUNTY  
TRANSPORTATION  
COMMISSION**

**Riverside County  
Transportation Commission**

(951) 787-7141 · [www.rctc.org](http://www.rctc.org)  
4080 Lemon Street, 3rd Floor  
P.O. Box 12008 · Riverside, CA  
92502-2208



**Independent Auditor's Report on Compliance  
With Aspects of Contractual Agreements**

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the Riverside County Transportation Commission (Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 30, 2020.

In connection with our audit, nothing came to our attention that caused us to believe that the Commission failed to comply with the terms, covenants, provisions or conditions of Sections 6.2(g) and 6.2(l) contained in the Reimbursement Agreement, dated October 1, 2014, with State Street Bank and Trust Company, a wholly-owned subsidiary of State Street Corporation, related to the Commercial Paper Notes (Limited Tax Bonds) Series A, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Commission's noncompliance with the above-referenced terms, covenants, provisions or conditions of the Reimbursement Agreement, insofar as they relate to accounting matters.

The report is intended solely for the information and use of the Board of Commissioners and management of the Commission and State Street Bank and Trust Company and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Riverside, California  
October 30, 2020





October 30, 2020

To the Audit Ad Hoc Committee  
Riverside County Transportation Commission  
Riverside, California

We have audited the financial statements of the Riverside County Transportation Commission (Commission) as of and for the year ended June 30, 2020, and have issued our reports thereon dated as indicated below:

<u>Report</u>	<u>Audit Report Date</u>
Comprehensive Annual Financial Report (CAFR)	October 30, 2020
RCTC 91 Express Lanes Fund	October 30, 2020
State Transit Assistance Fund	October 30, 2020
Local Transportation Fund	October 30, 2020
State of Good Repair Fund	October 30, 2020
Proposition 1B Rehabilitation, Safety and Security Project Accounts, Accounts	October 30, 2020
Low Carbon Transit Operations Program Account	October 30, 2020

We are currently performing the audit of the Commission's federal award programs (Single Audit) and anticipate issuing our reports thereon prior to December 31, 2020.

Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*, and our Compliance Audit under the Uniform Guidance**

As communicated in our letter dated April 8, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the Commission complied with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Commission's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Commission solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the Commission's major federal program compliance, is to express an opinion on the compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we consider internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the Commission's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated October 30, 2020.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in Note 1 to the financial statements. As described in Note 13 to the financial statements, during the year, the Commission adopted GASB Statements No. 95, *Postponement Of The Effective Dates Of Certain Authoritative Guidance*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.



The most sensitive accounting estimates affecting the financial statements were:

- Net pension liabilities and net other postemployment benefits (OPEB) assets, disclosures, and related deferred inflows/outflows and expenses are based on actuarial valuations which include assumptions adopted by the California Public Employees' Retirement System (CalPERS) and the Commission.

We evaluated the key factors and assumptions used to develop these estimates and determined that they were reasonable in relation to the basic financial statements taken as a whole.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Commission's financial statements relate to:

- Net Pension liabilities and OPEB assets in Notes 10 and 11, respectively, are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed in Notes 10 and 11, a 1% increase or decrease in the discount rate has a significant effect on the pension and OPEB liabilities.

#### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We brought to the attention of management, and management reclassified, \$80,450 and \$584,429 from other liabilities to deferred inflows of resources in the Bond and Commercial Paper Capital Projects Funds, respectively.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Commission's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

#### **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letters dated October 30, 2020.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Commission, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Commission's auditors.

### **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Commission's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

### **Group Audits**

The financial statements include the financial statements of the Service Authority for Freeway Emergencies (SAFE), a blended component unit of the Commission, which for the purposes of our audit we do not consider to be a significant component within the financial statements. Consistent with the audit of the financial statements as a whole, our audit included obtaining an understanding of SAFE and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and completion of further audit procedures.

This report is intended solely for the information and use of the Board of Commissioners, the Audit Ad Hoc Committee, and management of the Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Riverside, California



January 13, 2021

To the Audit Ad Hoc Committee  
Riverside County Transportation Commission  
Riverside, California

We have audited the financial statements of the Riverside County Transportation Commission (Commission) as of and for the year ended June 30, 2020, and have issued our report thereon dated October 30, 2020. We have also provided our communication in accordance with professional standards on the audit of the financial statements in our letter dated October 30, 2020. Professional standards require that we advise you of the following matters relating to our audit of compliance under the Uniform Guidance.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*, and our Compliance Audit under the Uniform Guidance**

As communicated in our letter dated April 8, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the Commission complied with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Commission's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards as it relates to the audit of the Commission's major federal program compliance, is to express an opinion on the compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we consider internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the Commission's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated October 30, 2020. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated January 13, 2021.

### **Planned Scope and Timing of the Audit**

The timing of the compliance audit under the Uniform Guidance was modified for the timing of the release of the OMB Compliance Supplement, Compliance Supplement Addendum and related guidance.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Commission's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management on the audit of compliance under the Uniform Guidance which are included in the management representation letter dated January 13, 2021.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Commission, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Commission's auditors.

### **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Commission's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

This report is intended solely for the information and use of the Board of Commissioners, the Audit Ad Hoc Committee, and management of the Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Riverside, California



**Independent Accountant's Report on Applying Agreed-Upon Procedures  
Related to the Article XIII-B Appropriations Limit Calculations**

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

We have performed the procedures enumerated below, which were agreed to by the Riverside County Transportation Commission (Commission) (the specified party), to the Appropriations Limit Calculation of the Commission, prepared in accordance with Section 1.5 of Article XIII-B of the California Constitution for the fiscal year ended June 30, 2020. The Commission's management is responsible for the Appropriations Limit Calculation. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

1. We obtained the completed worksheets setting forth the calculations necessary to establish the Commission's 2019-20 appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Board of Commissioners. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the Board of Commissioners.

**Finding:** No exceptions were found as a result of this procedure.

2. We added last year's limit to the annual adjustment amount and compared the resulting amount to the 2019-20 appropriations limit.

**Finding:** No exceptions were found as a result of this procedure.

3. We compared the current year information to the worksheets described in No. 1 above to the information provided by the California State Department of Finance.

**Finding:** No exceptions were found as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by the Board of Commissioners.

**Finding:** No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Appropriations Limit Calculation. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the Board of Commissioners and management of the Commission and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Riverside, California  
October 30, 2020





Measure A Commuter Assistance Program  
Agreed-Upon Procedures  
June 30, 2020

## Riverside County Transportation Commission

Riverside County Transportation Commission  
Measure A Commuter Assistance Program

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June 30, 2020

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## Independent Accountant's Agreed-Upon Procedures Report

To the Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

We have performed the procedures enumerated below, which are required by the management of Riverside County Transportation Commission (Commission), to assist the Commission's management in assessing vendor compliance with the requirements of the Commission's agreement with William Sale Partnership USA Inc. (WSP) to administer its Measure A Commuter Assistance Program (Program) for the year ended June 30, 2020. The Commission's management is responsible for the administration and operation of the Program.

As background information for this engagement to perform agreed-upon procedures, we were provided with: Resolution No. 03-025, *Resolution of the Commission Amending Guidelines for the administration of the Measure A funded Commuter Incentive Programs*, and Agreement No.15-41-038-00, *Agreement for Commuter Assistance Program Graphic Design and Program Administration Services between William Sale Partnership USA Inc. and the Commission*, entered into as of June 1, 2015 for the period of June 1, 2015 to June 30, 2022, as amended per Amendments Nos. 1 to 5, and the Inland Empire (IE) Commuter Incentives Programs and Processes Standard Operating Procedures. In addition, we received an explanation of the WSP registration process with the employer and employee from staff at WSP.

The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Obtain an understanding of the Administration of the Measure A Commuter Assistance Program by reading Resolution No. 03-025, Resolution of the Commission Amending Guidelines for the Administration of the Measure A Funded Commuter Incentive Program.

**Finding:** No exceptions were found as a result of performing this procedure.

2. Obtain a listing of all disbursements to vendors and invoiced to the Commission for reimbursement by WSP for the purchase of gift cards for the year ending June 30, 2020, and haphazardly select a sample of 10 items for the year for the testing and report any findings (see Exhibit 1). Our procedures and findings related to Exhibit 1 are as follows:
  - a. Agree the amount recorded as disbursed by WSP to cancelled checks.
  - b. Agree the amount recorded as itemized in WSP invoices to the Commission's accounting records.
  - c. Agree the amount recorded and the payee on the Check Request Register to the log of requested gift cards maintained by WSP.

**Finding:** We selected a sample of 10 items for the year for testing. No exceptions were found as a result of performing these procedures.

3. Obtain the "Commission Payments by Employer" reports that list recorded disbursements made to recipients by WSP for the year and haphazardly select a sample of 10 items for the year for testing and report any findings (see Exhibit 2). Our procedures and findings related to Exhibit 2 are as follows:
  - a. Determine that the employer was registered by reviewing the Employer Partnership Agreement (EPA).
  - b. Determine that the employee was registered by reviewing the Incentive Application Form.
  - c. Agree WSP's disbursements to the Application and note proper approval of the Application.
  - d. Recalculate the number of days the employee participated in each rideshare mode and the incentive earned for each rideshare mode and agree those totals to the amounts listed on the monthly incentive claim form in order to clerically test the monthly claim form.
  - e. Agree the daily amount per mode of transportation to the amount approved in the EPA.
  - f. Agree the recorded disbursement amount per the WSP Incentive Payment Report to the employer transmittal letter.

**Finding:** No exceptions were found as a result of performing procedures 3a through 3f. However, as part of our reconciliation procedures prior to selecting our 10 samples, we identified that the amount reported on the Commission's Payments by Employer report did not reconcile to the Monthly Gift Card Payment Inventory kept by WSP by \$5. This was due to one participant receiving \$5 more than the application form.

4. Compare WSP's total gift card inventory balance as of June 30, 2020, to the inventory schedule which denotes the amount of gift cards on hand at that date and report the results. In addition, 100% of the gift cards as reported on the inventory schedule at June 30, 2020, will be selected for recounting.

**Finding:** We met with the WSP Senior Project Coordinator virtually to conduct a gift card inventory of gift cards for RCTC and SBCTA (both funded by RCTC). No exceptions were found as a result of performing this procedure.

	Amazon	Stater Bros.	Target	Wal-Mart	Total
RCTC Advantage Rideshare Program	\$ 6,595	\$ 11,260	\$ 3,170	\$ 5,860	\$ 26,885
SBCTA Option Rideshare Program	5,290	10,085	4,750	7,890	28,015
					<u>\$ 54,900</u>

5. Confirm that the storage and security of gift cards by WSP is consistent with IE Commuter Standard Operating Procedures.

**Finding:** Per the IE Commuter Standard Operating Procedures, the gift cards are to be maintained in a locked room at the WSP San Bernardino office. Due to the COVID-19 pandemic, the WSP employee was instructed to work at home and took the gift cards home in order to work remotely. The gift cards were not maintained in a locked room at the WSP office.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on assisting the Commission's management with assessing vendor compliance with the requirements of the Commission's agreement with WSP to administer the Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Commissioners and management of the Riverside County Transportation Commission and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Riverside, California  
October 30, 2020

Riverside County Transportation Commission  
Measure A Commuter Assistance Program  
Schedule of Selected Purchases of Gift Cards by the Contractor  
Fiscal Year Ended June 30, 2020

Exhibit 1

<u>Voucher Date</u>	<u>Project</u>	<u>Vendor</u>	<u>Check Number</u>	<u>Amount</u>
07/11/2019	RCTC	Amazon ACI Gift Cards LLC	ACH	\$ 7,975
07/16/2019	RCTC	Stater Bros	1616585	\$ 8,319
07/19/2019	RCTC	Amazon ACI Gift Cards LLC	ACH	\$ 4,675
10/1/2019	RCTC	Target Corporation	1624460	\$ 15,475
10/1/2019	RCTC	Stater Bros	1624454	\$ 11,186
12/10/2019	RCTC	Target Corporation	1632817	\$ 11,750
12/10/2019	RCTC	Walmart Stores	1632830	\$ 16,250
01/14/2020	RCTC	Stater Bros	1635959	\$ 14,053
01/8/2020	RCTC	Amazon ACI Gift Cards LLC	ACH	\$ 11,575
06/23/2020	RCTC	Stater Bros	1650142	\$ 13,771

Riverside County Transportation Commission  
Measure A Commuter Assistance Program  
Schedule of Selected Employee Incentive Payments Made by the Contractor  
Fiscal Year Ended June 30, 2020

Exhibit 2

Employer Name	Participant Initials	Incentive Type	Disbursement Date	Commute Mode	Amount
California Baptist University (CBU)	J.F.	Amazon	11/12/2019	walk	\$ 115
Chino Valley Medical Center	J.A.	Target	7/25/2019	carpool	\$ 120
City of Riverside	E.C.	Amazon	12/13/2019	bus	\$ 90
County of Los Angeles (Los Angeles County)	L.S.	Amazon	11/21/2019	train	\$ 120
County of San Bernardino	J.V.	Amazon	9/10/2019	carpool	\$ 115
Deckers Brands	V.G.	Stater Bros	1/29/2020	carpool	\$ 150
Loma Linda University Health	J.S.	Stater Bros	1/23/2020	carpool	\$ 110
Morongo Casino Resort & Spa	S.A.	Amazon	11/26/2019	carpool	\$ 130
NFI Industries	P.P.	Target	9/17/2019	carpool	\$ 95
Patton State Hospital	A.Z.	Stater Bros	12/11/2019	carpool	\$ 85





October 30, 2020

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

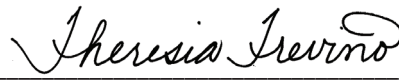
The Comprehensive Annual Financial Report (CAFR) of the Riverside County Transportation Commission (Commission) for the year ended June 30, 2020 is hereby submitted for your receipt and acceptance. The CAFR is presented in three sections consisting of Introductory, Financial, and Statistical. The Financial Section includes the audited financial statements and other supplementary information and the independent auditor's report on those financial statements. Management of the Commission is responsible for the financial statements and other information presented in the CAFR.

As the Executive Director and Chief Financial Officer of the Commission, we have reviewed the CAFR for the year ended June 30, 2020. Based on our knowledge, the CAFR does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the CAFR not misleading with respect to the period covered by the CAFR.

Additionally, based on our knowledge, the financial statements and other financial information included in the CAFR fairly present in all material respects the financial condition and results of operations of the Commission as of and for the year ended June 30, 2020.



Anne Mayer, Executive Director



Theresia Trevino, Chief Financial Officer



October 30, 2020

Board of Commissioners  
Riverside County Transportation Commission  
Riverside, California

In connection with the submission of the Comprehensive Annual Financial Report (CAFR) of the Riverside County Transportation Commission (Commission) for the year ended June 30, 2020, as the management and Directors of the Commission, we understand that we are responsible for the operations and activities of the Commission's programs, projects, and administration.

Accordingly, we hereby make the following representations based upon our knowledge. We are responsible for establishing and maintaining controls and procedures related to these operations and activities. We have designed such controls and procedures to ensure that material information is made known to us, particularly during the year ended June 30, 2020. The controls and procedures have been effective for the year ended June 30, 2020 and through the date of this letter. There have been and are no significant deficiencies in the design or operation of internal controls regarding financial reporting for the same period which could adversely affect the Commission's ability to record, process, summarize and report financial data. There have been and are no material weaknesses in internal controls. There have been no significant changes in internal control or in other factors that could significantly affect internal controls subsequent to June 30, 2020.

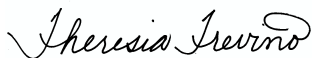
Management also recognizes its responsibility for fostering a strong ethical climate so that the Commission's affairs are conducted according to the highest standards of personal and organizational conduct. In connection with this responsibility, we are not aware of any fraud, whether or not material, that involves management or other employees who have a significant role in the Commission's internal controls.



Anne Mayer, Executive Director



Michael Blomquist, Toll Program Director



Theresa Trevino, Chief Financial Officer



Lorelle Moe-Luna, Multimodal Services Director



John Standiford, Deputy Executive Director



Marlin Feenstra, Project Delivery Director



Aaron Hake, External Affairs Director





CPAs & BUSINESS ADVISORS

## **RIVERSIDE COUNTY TRANSPORTATION COMMISSION**

Communication With Those Charged With Governance



# AUDIT SERVICES

- Audits of the following:
  - Comprehensive Annual Financial Report (CAFR)
  - Local Transportation Fund (LTF)
  - State Transit Assistance Fund (STAF)
  - State of Good Repair Fund (SGR)
  - Proposition 1B Rehabilitation, Safety, and Security Project Accounts (Proposition 1B)
  - Low Carbon Transit Operations Program (LCTOP)
  - 91 Express Lanes Fund
- Audit report on compliance over major federal programs, schedule of expenditures of federal awards and internal control in accordance with 2 CFR 200 (Single Audit)
- Reports on internal control over financial reporting and on compliance in accordance with *Government Auditing Standards*
- Report on compliance with aspects of contractual agreements
- Perform Agreed Upon Procedures (AUP) on the following:
  - Appropriations Limit
  - Measure A Commuter Assistance Program

# OUR RESPONSIBILITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

- Form and express an opinion about whether the financial statements which are the responsibility of management, with your oversight, are presented fairly, in all material respects, in accordance with U.S. GAAP.
- Express an opinion as to whether RCTC complied with direct and material compliance requirements described in the OMB Compliance Supplement for major federal programs.
- Our responsibility is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.
- We considered internal control over financial reporting and over direct and material compliance requirements for major federal programs. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

# SUMMARY OF AUDIT RESULTS

## Financial Statements

- Unmodified opinion on the Commission's Comprehensive Annual Financial Report and related reports

## Government Auditing Standards

- No material weaknesses or significant deficiencies were reported

## Single Audit

- Unmodified opinion on compliance
- No material weaknesses, significant deficiencies or compliance findings were reported



# AUDITOR COMMUNICATIONS

## Ethics and Independence

- We have complied with all relevant ethical requirements regarding independence.

## Significant Accounting Policies

- Adopted GASB 95, Postponement of the Effective Dates of Certain Authoritative Guidance

## Significant Estimates/ Sensitive Disclosures

- Net Pension Liability (Note 10)
- Net Other Postemployment Benefit (OPEB) Liability (Note 11)

# AUDITOR COMMUNICATIONS

## Misstatements

- A reclassification from other liabilities to deferred inflows of resources in the Bond and Commercial Paper Capital Projects Funds was proposed/posted. This item had no impact on fund balance.

## Consultations with Other Accountants

- Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## Significant Difficulties

- We encountered no significant difficulties in dealing with management.

## Disagreements with Management

- No disagreements arose during the course of the audit.

# THANK YOU

Roger Alfaro

Partner

[ralfaro@eidebailly.com](mailto:ralfaro@eidebailly.com)

951.367.3000



**CPAs & BUSINESS ADVISORS**

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.



# **AGENDA ITEM 7D**



<b><i>RIVERSIDE COUNTY TRANSPORTATION COMMISSION</i></b>	
<b>DATE:</b>	February 10, 2021
<b>TO:</b>	Riverside County Transportation Commission
<b>FROM:</b>	Budget and Implementation Committee David Knudsen, Legislative Affairs Manager
<b>THROUGH:</b>	Anne Mayer, Executive Director
<b>SUBJECT:</b>	State and Federal Legislative Update

**BUDGET AND IMPLEMENTATION COMMITTEE AND STAFF RECOMMENDATION:**

This item is for the Commission to receive and file an update on state and federal legislation.

**DISCUSSION:**

**State Update**

On Friday, January 8, 2020, the Governor submitted his 2021-22 State Budget proposal to the Legislature – a \$227.2 billion fiscal plan that provides funding for COVID-19 response and economic relief efforts and is approximately \$25 billion more than the \$202.1 billion spending plan the Governor signed in June 2020. In his budget, the Governor proposes The Equitable Recovery for California’s Businesses and Jobs Plan, a \$4.5 billion series of priority programs related to accelerating the state’s recovery and providing relief to the public. Within this Plan, the Governor proposes \$1.5 billion for the infrastructure and incentives to implement the state’s zero-emission vehicle goals.

**Transportation Budget Outlook**

Fuel excise tax revenues used to fund transportation projects, while still growing moderately, are expected to be lower than pre-pandemic forecasts by a total of \$1.5 billion through 2024-25. Caltrans, however, has used its share of SB 1 revenues and federal COVID-19 relief funds to accelerate and keep transportation projects moving forward. The Budget proposal maintains planning and engineering staffing levels to continue developing and designing previously programmed projects and prepare for possible federal stimulus that may include transportation infrastructure investment.

In 2020, the California Transportation Commission allocated \$22 billion for more than 1,200 projects with nearly 40 percent of the funds coming from SB 1. For the four-year period from 2020-21 through 2023-24, \$17.4 billion is programmed for new and ongoing state highway repair and rehabilitation projects in the State Highway Operations and Protection Program (SHOPP). SB 1 has increased available SHOPP funding capacity by nearly \$2 billion annually since 2018-19.

Over this same four-year period, \$2.4 billion will be available for the State Transportation Improvement Program, which provides funding for future multi-modal transportation improvements throughout California.

The Governor's budget proposal continues to prioritize climate action policies and reinforces Executive Orders N-19-19 and N-79-20. The California State Transportation Agency (CalSTA) is directed to leverage over \$5 billion in annual state transportation spending for construction, operations, and maintenance to help reverse the trend of increased fuel consumption and reduce greenhouse gas emissions associated with the transportation sector. The policies culminate in goals developed in the Climate Action Plan for Transportation Infrastructure (CAPTI), which CalSTA and Caltrans have until July 15, 2021 to finalize.

The Budget includes nearly \$1.3 billion to support transit and rail. In addition, the Newsom Administration is recommending regulatory and reporting relief related to the Transportation Development Act, allowing agencies to plan with more certainty and flexibility for the expenditure of state transit resources. These efforts will provide transit agencies with resource certainty that will make it helpful to plan for recovery.

### **Federal Update**

On January 14, 2021, President-elect Biden released his \$1.9 trillion American Rescue Plan. Priorities for this package include aid to state and local governments, direct payments to individuals, expanded unemployment benefits, funding for vaccine distribution, rental relief, and small business assistance. At this time, it is not expected that infrastructure stimulus funding will be a part of this next package. Instead, staff expects transportation and infrastructure issues to be addressed in future stimulus type packages later this spring.

Former Vice President Joe Biden was sworn in as the 46th President of the United States on January 20, 2021.

President Biden is expected to submit his federal budget proposal sometime in February or early March and his budget proposal will be a roadmap of the new Administration's policy priorities, including climate change and transportation policies.

The next several weeks and months will be very busy in Congress, with COVID relief, budget, appropriations, and surface transportation reauthorization efforts happening at the same time. The Senate will also turn to confirm the President's Cabinet and agency nominees, including former Mayor Pete Buttigieg as Secretary of the U.S. Department of Transportation (USDOT). It will take several months before the various offices at USDOT, such as the Federal Highway Administration and Federal Transit Administration, will have confirmed Administrators in place. In the interim, there will be career personnel in acting positions helping the new Secretary navigate the Department's workings.



# **AGENDA ITEM 7E**



<b><i>RIVERSIDE COUNTY TRANSPORTATION COMMISSION</i></b>	
<b>DATE:</b>	February 10, 2021
<b>TO:</b>	Riverside County Transportation Commission
<b>FROM:</b>	Western Riverside County Programs and Projects Committee Gary Ratliff, Facilities Administrator Marlin Feenstra, Project Delivery Director
<b>THROUGH:</b>	Anne Mayer, Executive Director
<b>SUBJECT:</b>	Agreement for On-Call Painting Services for the Commuter Rail Stations and Toll Facilities

**WESTERN RIVERSIDE COUNTY PROGRAMS AND PROJECTS COMMITTEE AND STAFF RECOMMENDATION:**

This item is for the Commission to:

- 1) Award Agreement No. 21-24-013-00 to US National Corp DBA Jimenez Painting to provide on-call painting services for the commuter rail stations and toll facilities for a three-year term, with two two-year options to extend the agreement in an amount not to exceed \$4.5 million;
- 2) Authorize the Chair or Executive Director, pursuant to legal counsel review, to execute the agreement, on behalf of the Commission; and
- 3) Authorize the Executive Director, or designee, to execute task orders awarded to the contractor under the terms of the agreement.

**BACKGROUND INFORMATION:**

The Commission owns and operates nine commuter rail stations (Riverside-Downtown, Jurupa Valley/Pedley, Riverside-La Sierra, Corona-West, Corona-North Main, Riverside-Hunter Park/UCR, Moreno Valley/March Field, Perris-Downtown, and Perris-South). Within the Riverside-Downtown station, the Commission owns an Operations Control Center building utilized for security and closed caption television (CCTV) operations. Maintenance-painting services are essential to maintain a clean, safe, and aesthetically pleasing facility. Maintenance-painting services annually address all Americans with Disabilities Act, railroad, and safety markings on the platform at each station by refreshing/repainting these vital communication symbols, lines, and zones for passenger safety while at the stations. Maintenance-painting services are vital to preserving property investments of the Commission.

As an established toll operator for the RCTC 91 Express Lanes with the expansion for the 15 Express Lanes opening in spring 2021, the Commission owns three toll facilities, consisting of a storage and maintenance building and two adjacent office buildings for toll business operations.

One office building serves as the 91 Express Lanes Customer Service Center, and the other will serve as the Regional Operations Center for the 15 Express Lanes. Additionally, there are two utility buildings located within the RCTC 91 Express Lanes. Each of these facilities requires maintenance-painting service to maintain these facilities and protect and preserve the Commission's property assets.

In May 2016, the Commission awarded agreements to two firms to provide on-call maintenance painting services up to a maximum seven-year term not to exceed the amount of \$1,350,000. A few years ago, one of the firms stopped submitting proposals for task order requests; the other firm, US National Corp DBA Jimenez Painting, currently provides on-call maintenance painting services. With the increase in physical property assets, station painting safety needs, and maintenance-painting to protect facility structures, the on-call maintenance-painting contract has nearly exhausted all funds in about four years. Therefore, staff determined that a new competitive procurement and related agreement is necessary to continue to preserve and maintain all RCTC commuter rail and toll facilities.

Pricing for on-call maintenance-painting services will be based upon fixed labor rates and pre-established mark-up on materials. Painting undertakings and projects will be according to written detail scopes of work and in a task order format to ensure fair and reasonable price for services rendered.

### **Procurement Process**

Staff determined the weighted factor method of source selection to be the most appropriate for this procurement as it allows the Commission to identify the most advantageous proposals with price and other factors considered. Non-price factors include elements such as qualifications of firm, personnel, and the ability to respond to the Commission's needs for on-call painting services for the commuter rail stations and toll facilities as set forth under the terms of the Request for Proposals (RFP) No. 21-24-013-00.

RFP No. 21-24-013-00 for on-call painting services for the commuter rail stations and toll facilities was released by staff on October 8. A public notice was advertised in the *Press Enterprise*, and the RFP was posted on the Commission's PlanetBids website, which is accessible through the Commission's website. Through PlanetBids, 23 firms downloaded the RFP; 1 of these firms is located in Riverside County. Staff responded to all questions submitted by potential proposers prior to the October 29 clarification deadline date. Four firms – AJ Fistes (Long Beach), K2 Painting (Buena Park), Tony Painting (Garden Grove), and US National Corp DBA Jimenez Painting (Pacoima) – submitted proposals prior to the submittal deadline on November 19. Utilizing the evaluation criteria set forth in the RFP, all proposals were evaluated and scored by an evaluation committee comprised of Commission and Bechtel staff.

As a result of the evaluation committee's assessment of the written proposals, the evaluation committee recommends a single contract award to US National Corp DBA Jimenez Painting to provide on-call painting services for the commuter rail stations and toll facilities for a three-year

term, with two two-year options to extend the agreement in an amount not to exceed \$4.5 million. This firm earned the highest total evaluation score as a responsive and qualified firm; the other three proposers did not score high enough to be included in the on-call painting services bench.

The multiple award, on-call, indefinite delivery/indefinite quantity task order type contract does not guarantee work to the awardee; therefore, no funds are guaranteed to the contractor. Services will be provided through the Commission's issuance of contract task orders to the contractor on an as-needed basis.

The Commission's model on-call professional services agreement will be entered into with the contractor, pursuant to legal counsel review. Staff oversight of the contract and task orders will maximize the effectiveness of the contractor and minimize costs to the Commission.

### **FISCAL IMPACT**

Financial Information					
In Fiscal Year Budget:	Yes N/A	Year:	FY 2020/21 FY 2021/22+	Amount:	\$ 850,000 \$ 3,650,000
Source of Funds:	2009 Measure A Western County Rail, Toll Revenues, State of Good Repair, Federal Transit Administration Section 5307 grant, and CARES Act			Budget Adjustment:	No N/A
GL/Project Accounting No.:	244001 73304 00000 0000 265 24 73301 244002 73304 00000 0000 265 24 73301 244003 73304 00000 0000 265 24 73301 244004 73304 00000 0000 265 24 73301 244006 73304 00000 0000 265 24 73301 244010 73304 00000 0000 265 24 73301 244020 73304 00000 0000 265 24 73301 244021 73304 00000 0000 265 24 73301 244022 73304 00000 0000 265 24 73301 244024 73304 00000 0000 265 24 73301 004011 90701 00000 0000 265 33 90501 001599 7330X 00000 0000 515 31 73301 009199 7330X 00000 0000 591 31 73301				
Fiscal Procedures Approved:	<i>Theresa Trevino</i>			Date:	01/14/2021

Attachment: Draft Agreement No. 21-24-013-00 to US National Corp DBA Jimenez Painting

*Approved by the Western Riverside County Programs and Projects Committee on  
January 25, 2021*

In Favor: 11 Abstain: 0 No: 0

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION  
ON-CALL  
PAINTING SERVICES AGREEMENT**

**1. PARTIES AND DATE.**

This Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2021 by and between the Riverside County Transportation Commission (“Commission”) and US National Corp, DBA Jimenez Painting, a Corporation, with its principal place of business at 10205 San Fernando Road, Pacoima, CA 91331 (“Contractor”). Commission and Contractor are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

**2. RECITALS.**

2.1 Commission is the Transportation Commission for the County of Riverside and organized under the laws of the State of California with the power to contract for services necessary to achieve its purpose.

2.2 Commission owns and operates nine (9) commuter rail stations, one (1) transit center, and five (5) toll facilities serving Riverside County, the addresses and descriptions of which are set forth in Exhibit “A”, attached hereto and incorporated herein by reference (“Commuter Rail Stations and Toll Facilities”).

2.3 On or about October 8, 2020, Commission issued a Request for Proposals No. 21-24-013-00 (“RFP”), pursuant to which Commission sought proposals for on-call painting services for the Commuter Rail Stations and Toll Facilities.

2.4 Contractor desires to perform and assume responsibility for the provision of on-call painting services required by Commission on the terms and conditions set forth in this Agreement and in the task order(s) to be solicited, awarded and authorized by Commission Purchase Orders as further described in this Agreement (“Task Order”).

2.5 The work generally includes the painting of the Commuter Rail Stations and Toll Facilities. Contractor represents that it is a professional Contractor, experienced in providing on-call painting services to public clients, and is familiar with the plans of Commission.

2.6 Commission desires to engage Contractor to render on-call painting services for the Commuter Rail Stations and Toll Facilities. On-call painting services shall be generally as set forth in Exhibit “A”, attached hereto and incorporated herein by reference. On-call painting services shall be ordered by Task Order(s) to be issued pursuant to this Agreement

for future projects as set forth herein. The services set forth in Exhibit “A” and each individual project ordered under a Task Order shall be referred to, herein, collectively, as the “Project”.

2.7 Services procured under a Task Order may be funded, in whole or in part, with state and/or federal funds. Contractor shall comply with all applicable funding requirements.

### **3. TERMS.**

#### **3.1 Scope of Services and Term.**

3.1.1 General Scope of Services. Contractor promises and agrees to furnish to Commission all labor materials, tools, equipment, services, and incidental and customary work, as necessary, to fully and adequately provide the on-call painting services for the Commuter Rail Stations and Toll Facilities required by Commission, as shall be generally described in Exhibit “A” and as more specifically described in each Task Order, collectively referred to herein as the “Services”. On-call Services shall be more particularly described in the individual Task Orders issued by the Commission’s Executive Director or designee.

No Services shall be performed unless authorized by a Commission Purchase Order for Task Order Services, as further detailed herein. All Services shall be subject to, and performed in accordance with, this Agreement, the relevant Task Order, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations

3.1.2 Term. The term of this Agreement shall be from April 1, 2021 to March 31, 2024, unless earlier terminated as provided herein. Contractor shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary to complete the Services.

#### **3.2 Responsibilities of Contractor.**

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Contractor or under its supervision. Contractor will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. Commission retains Contractor on an independent contractor basis and not as an employee. Contractor retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Contractor shall also not be employees of Commission and shall at all times be under Contractor’s exclusive direction and control. Contractor shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers’ compensation insurance.



### 3.2.2 Task Orders; Commencement and Schedule of Services.

Services under this Agreement shall be competitively solicited amongst Contractor and the other firms identified in Section 3.3.2 of this Agreement pursuant to a Task Order request for bid process. If Contractor's Task Order bid is selected for a Project, the Commission shall issue a Purchase Order for the Services. Contractor's agreement to the final terms of a proposed Task Order, Commission's issuance of a Purchase Order and Contractor's commencement of the Services following issuance of the Purchase Order shall indicate the Parties' agreement to the terms of the relevant Task Order.

Contractor shall commence Services under a Task Order within five (5) days of receiving a Purchase Order for the Task Order Services from the Commission. Each request for Task Order bids shall identify the funding source(s) to be used to fund the Services under the relevant Task Order, and Contractor shall comply with the requirements specified herein, and in the attached exhibits, applicable to the identified funding source(s).

Contractor represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Contractor's conformance with each Schedule, the Commission shall respond to Contractor's submittals in a timely manner. Upon the Commission's request, Contractor shall provide a more detailed schedule of anticipated performance to meet the relevant Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Contractor shall be subject to the approval of Commission.

3.2.4 Commission's Representative. The Commission hereby designates the Executive Director, or his or her designee, to act as its representative for the performance of this Agreement ("Commission's Representative"). Commission's Representative shall have the power to act on behalf of the Commission for all purposes under this Agreement. Contractor shall not accept direction or orders from any person other than the Commission's Representative or his or her designee.

3.2.5 Contractor's Representative. Contractor hereby designates Mary Martinez, or his or her designee, to act as its representative for the performance of this Agreement ("Contractor's Representative"). Contractor's Representative shall have full authority to represent and act on behalf of the Contractor for all purposes under this Agreement. The Contractor's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.6 Coordination of Services. Contractor agrees to work closely with Commission staff in the performance of Services and shall be available to Commission's staff, consultants and other staff at all reasonable times.

3.2.7 Standard of Care; Performance of Employees. Contractor shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Contractor represents and maintains that it is skilled in the professional

calling necessary to perform the Services. Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Contractor shall perform, at its own cost and expense and without reimbursement from the Commission, any services necessary to correct errors or omissions which are caused by the Contractor's failure to comply with the standard of care provided for herein. Any employee of the Contractor or its sub-contractors who is determined by the Commission to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the Commission, shall be promptly removed from the Project by the Contractor and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.8 Period of Performance. Contractor shall perform the Services in strict accordance with any completion schedule or Project milestones described in each Task Order. Contractor agrees that if the Services are not completed within the aforementioned performance time and/or pursuant to any such completion schedule or Project milestones developed pursuant to provisions of this Agreement and included in any Task Order, it is understood, acknowledged and agreed that the Commission will suffer damage.

3.2.9 Disputes. Should any dispute arise respecting the true value of any work done, of any work omitted, or of any extra work which Contractor may be required to do, or respecting the size of any payment to Contractor during the performance of this Contract, Contractor shall continue to perform the Work while said dispute is decided by the Commission. If Contractor disputes the Commission's decision, Contractor shall have such remedies as may be provided by law.

3.2.10 Laws and Regulations; Employee/Labor Certifications. Contractor shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with Services. If the Contractor performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the Commission, Contractor shall be solely responsible for all costs arising therefrom. Commission is a public entity of the State of California subject to, among other rules and regulations, the Public Utilities Code, Public Contract Code, and Labor Code of the State. It is stipulated and agreed that all provisions of the law applicable to the public contracts of a county transportation commissions are a part of this Agreement to the same extent as though set forth herein and will be complied with. These include but are not limited to the payment of prevailing wages, the stipulation that eight (8) hours' labor shall constitute a legal day's work and that no worker shall be permitted to work in excess of eight (8) hours during any one calendar day except as permitted by law. Contractor shall defend, indemnify and hold Commission, its officials, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10.1 Employment Eligibility; Contractor. By executing this Agreement, Contractor verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time. Such requirements and restrictions include, but are not limited to, examination and retention of documentation confirming the identity and immigration status of each employee of the Contractor. Contractor also verifies that it has not committed a violation of any such law within the five (5) years immediately preceding the date of execution of this Agreement, and shall not violate any such law at any time during the term of the Agreement. Contractor shall avoid any violation of any such law during the term of this Agreement by participating in an electronic verification of work authorization program operated by the United States Department of Homeland Security, by participating in an equivalent federal work authorization program operated by the United States Department of Homeland Security to verify information of newly hired employees, or by some other legally acceptable method. Contractor shall maintain records of each such verification, and shall make them available to the Commission or its representatives for inspection and copy at any time during normal business hours. The Commission shall not be responsible for any costs or expenses related to Contractor's compliance with the requirements provided for in Section 3.2.10 or any of its sub-sections.

3.2.10.2 Employment Eligibility; Subcontractors, Sub-subcontractors and consultants. To the same extent and under the same conditions as Contractor, Contractor shall require all of its subcontractors, sub-subcontractors and consultants performing any work relating to the Project or this Agreement to make the same verifications and comply with all requirements and restrictions provided for in Section 3.2.10.1.

3.2.10.3 Employment Eligibility; Failure to Comply. Each person executing this Agreement on behalf of Contractor verifies that they are a duly authorized officer of Contractor, and understands that any of the following shall be grounds for the Commission to terminate the Agreement for cause: (1) failure of Contractor or its subcontractors, sub-subcontractors or consultants to meet any of the requirements provided for in Sections 3.2.10.1 or 3.2.10.2; (2) any misrepresentation or material omission concerning compliance with such requirements (including in those verifications provided to the Contractor under Section 3.2.10.2); or (3) failure to immediately remove from the Project any person found not to be in compliance with such requirements.

3.2.10.4 Labor Certification. By its signature hereunder, Contractor certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.2.10.5 Equal Opportunity Employment. Contractor represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Contractor shall also comply with all relevant provisions of

Commission's Disadvantaged Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.2.10.6 Air Quality. Contractor must fully comply with all applicable laws, rules and regulations in furnishing or using equipment and/or providing services, including, but not limited to, emissions limits and permitting requirements imposed by the California Air Resources Board (CARB). Contractor shall specifically be aware of the CARB limits and requirements' application to "portable equipment", which definition is considered by CARB to include any item of equipment with a fuel-powered engine. Contractor shall indemnify Commission against any fines or penalties imposed by CARB or any other governmental or regulatory agency for violations of applicable laws, rules and/or regulations by Contractor, its subcontractors, or others for whom Contractor is responsible under its indemnity obligations provided for in this Agreement.

3.2.10.7 Water Quality.

(A) Management and Compliance. To the extent applicable, Contractor's Services must account for, and fully comply with, all local, state and federal laws, rules and regulations that may impact water quality compliance, including, without limitation, all applicable provisions of the Federal Water Pollution Control Act (33 U.S.C. §§ 1300); the California Porter-Cologne Water Quality Control Act (Cal Water Code §§ 13000-14950); laws, rules and regulations of the Environmental Protection Agency and the State Water Resources Control Board; the Commission's rules regarding discharges of storm water; and any and all regulations, policies, or permits issued pursuant to any such authority regulating the discharge of pollutants, as that term is used in the Porter-Cologne Water Quality Control Act, to any ground or surface water in the State.

(B) Liability for Non-Compliance. Failure to comply with the laws, regulations and policies described in this Section is a violation of law that may subject Contractor or Commission to penalties, fines, or additional regulatory requirements. Contractor shall defend, indemnify and hold the Commission, its officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from and against any and all fines, penalties, claims or other regulatory requirements imposed as a result of Contractor's non-compliance with the laws, regulations and policies described in this Section, unless such non-compliance is the result of the sole established negligence, willful misconduct or active negligence of the Commission, its officials, officers, agents, employees or authorized volunteers.

(C) Training. In addition to any other standard of care requirements set forth in this Agreement, Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them without impacting water quality in violation of the laws, regulations and policies described in this Section. Contractor further warrants that it, its employees and subcontractors will receive adequate training, as determined by Commission, regarding the requirements of the laws, regulations and policies described in this Section as they may relate to the Services provided under this Agreement. Upon request, Commission will provide Contractor with a list of training programs that meet the requirements of this paragraph.

### 3.2.11 Insurance.

3.2.11.1 Time for Compliance. Contractor shall not commence work under this Agreement until it has provided evidence satisfactory to the Commission that it has secured all insurance required under this section, in a form and with insurance companies acceptable to the Commission. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

3.2.11.2 Minimum Requirements. Contractor shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Contractor, its agents, representatives, employees or subcontractors. Contractor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001 or exact equivalent); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage (form CA 0001, code 1 (any auto) or exact equivalent); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Contractor shall maintain limits no less than: (1) *General Liability*: \$2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *if Contractor has an employees, Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Practices Liability limits of \$1,000,000 per accident.

3.2.11.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Contractor shall provide endorsements on forms approved by the Commission to add the following provisions to the insurance policies:

(A) General Liability.

(i) Commercial General Liability Insurance must include coverage for (1) bodily Injury and property damage; (2) personal Injury/advertising Injury; (3) premises/operations liability; (4) products/completed operations liability; (5) aggregate limits that apply per Project; (6) explosion, collapse and underground (UCX) exclusion deleted; (7) contractual liability with respect to this Agreement; (8) broad form property damage; and (9) independent contractors coverage.

(ii) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to this Agreement.

(iii) The policy shall give the Commission, its directors, officials, officers, employees, and agents insured status using ISO endorsement forms 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(iv) The additional insured coverage under the policy shall be "primary and non-contributory" and will not seek contribution from the Commission's insurance or self-insurance and shall be at least as broad as CG 20 01 04 13, or endorsements providing the exact same coverage.

(v) The policy shall not include any restrictions related to indemnity for work performed within fifty (50) feet of Commission's railroad right-of-way/tracks.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) the Commission, its directors, officials, officers, employees and agents shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Contractor or for which the Contractor is responsible; and (2) the insurance coverage shall be primary insurance as respects the Commission, its directors, officials, officers, employees and agents, or if excess, shall stand in an unbroken chain of coverage excess of the Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the Commission, its directors, officials, officers, employees and agents shall be excess of the Contractor's insurance and shall not be called upon to contribute with it in any way.

(C) Workers' Compensation and Employers Liability Coverage.

(i) Contractor certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement.

(ii) The insurer shall agree to waive all rights of subrogation against the Commission, its directors, officials, officers, employees and agents for losses paid under the terms of the insurance policy which arise from work performed by the Contractor.

(D) Railroad Protective Liability. In addition to the policies specified above, prior to commencing any Task Order work within (50) feet of Commission's railroad right-of-way/tracks, Contractor shall acquire and keep in force during the period of such

work \$2,000,000 (combined single limit)/ \$6,000,000 (aggregate limit) of railroad protective liability insurance naming only Commission as the insured.

(E) All Coverages.

(i) Defense costs shall be payable in addition to the limits set forth hereunder.

(ii) Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth herein shall be available to the Commission, its directors, officials, officers, employees and agents as additional insureds under said policies. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured; whichever is greater.

(iii) The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the Commission (if agreed to in a written contract or agreement) before the Commission's own insurance or self-insurance shall be called upon to protect it as a named insured. The umbrella/excess policy shall be provided on a "following form" basis with coverage at least as broad as provided on the underlying policy(ies).

(iv) Contractor shall provide the Commission at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Contractor shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Contractor shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to the Commission at least ten (10) days prior to the effective date of cancellation or expiration.

(v) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Contractor shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Contractor shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(vi) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Contractor, and any approval of said insurance

by the Commission, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Contractor pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(vii) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, Commission has the right but not the duty to obtain the insurance it deems necessary and any premium paid by Commission will be promptly reimbursed by Contractor or Commission will withhold amounts sufficient to pay premium from Contractor payments. In the alternative, Commission may cancel this Agreement. The Commission may require the Contractor to provide complete copies of all insurance policies in effect for the duration of the Project.

(viii) Neither the Commission nor any of its directors, officials, officers, employees or agents shall be personally responsible for any liability arising under or by virtue of this Agreement.

Each insurance policy required by this Agreement shall be endorsed to state that:

3.2.11.4 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the Commission. If the Commission does not approve the deductibles or self-insured retentions as presented, Contractor shall guarantee that, at the option of the Commission, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Commission, its directors, officials, officers, employees and agents; or, (2) the Contractor shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.2.11.5 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VIII, licensed to do business in California, and satisfactory to the Commission.

3.2.11.6 Verification of Coverage. Contractor shall furnish Commission with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the Commission. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements must be received and approved by the Commission before work commences. The Commission reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.2.11.7 Subcontractor Insurance Requirements. Contractor shall not allow any subcontractors or subcontractors to commence work on any subcontract until they have provided evidence satisfactory to the Commission that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors or subcontractors shall be endorsed to name the Commission as an additional



insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Contractor, the Commission may approve different scopes or minimum limits of insurance for particular subcontractors or subcontractors.

3.2.12 Safety. Contractor shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Contractor shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.2.13 Accounting Records. Contractor shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Contractor shall allow a representative of Commission during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Contractor shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

### **3.3 Fees and Payments; Labor Code Requirements; Bonds**

3.3.1 Compensation. Contractor shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto and incorporated herein by reference, or at the lump sum set forth in a Task Order, in accordance with the terms of the relevant Task Order. The total compensation per Task Order shall be set forth in the relevant Task Order, and shall not exceed said amount without the written approval of the Commissioner's Executive Director. The total value each Task Order shall be set forth in the relevant Task Order. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 NTE Sum. Commission has or will enter into one task order contract for the Services generally identified in Exhibit "A" ("On-Call Painting Services Task Order Contracts"). The total amount payable by Commission for the On-Call Painting Services Task Order Contracts shall not exceed a cumulative maximum total value of Four Million Five Hundred Thousand Dollars [\$4,500,000] ("NTE Sum"). It is understood and agreed that there is no guarantee, either expressed or implied that this dollar amount will be authorized under the On-Call Painting Services Task Order Contracts through Task Orders. Each time a Task Order is awarded under any of the On-Call Painting Services Task Order Contracts, the Commission shall send written notification to Contractor and each of the other contractors entering into the On-Call Painting Services Task Order Contracts. The notice shall identify the total funds allocated under issued Task Orders, and the remaining unencumbered amount of the NTE Sum. Contractor

acknowledges and agrees that Commission shall not pay any amount under this Agreement that would exceed the NTE Sum, and Contractor shall not knowingly enter into a Task Order that exceeds the NTE Sum.

3.3.3 Payment of Compensation. Contractor shall submit to Commission a monthly itemized statement which indicates work completed and hours of Services rendered by Contractor. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. Commission shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3.4 Reimbursement for Expenses. Contractor shall not be reimbursed for any expenses unless authorized in writing by Commission.

3.3.5 Extra Work. At any time during the term of this Agreement, Commission may request that Contractor perform Extra Work. As used herein, "Extra Work" means any work which is determined by Commission to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Contractor shall not perform, nor be compensated for, Extra Work without written authorization from Commission's Representative.

3.3.6 Prevailing Wages. Contractor is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. Since the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$15,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. Commission shall provide Contractor with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Contractor shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Contractor's principal place of business and at the project site. Contractor shall defend, indemnify and hold the Commission, its officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.3.6 Payroll Records. In accordance with the requirements of California Labor Code Section 1776, Contractor shall keep accurate payroll records which are either on forms provided by the Division of Labor Standards Enforcement or which contain the same information required by such forms. Responsibility for compliance with California Labor Code Section 1776 shall rest solely with Contractor, and Contractor shall make all such records available for inspection at all reasonable hours.

3.3.7 Registration. Since the Services are being performed as part of an applicable "public works" or "maintenance" project, pursuant to Labor Code Sections 1725.5 and 1771.1, the Contractor and all subcontractors must be registered with the Department of

Industrial Relations. Contractor shall maintain registration for the duration of the Project and require the same of any subcontractor. This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Contractor's sole responsibility to comply with all applicable registration and labor compliance requirements.

3.3.8 Employment of Apprentices. This Agreement shall not prevent the employment of properly indentured apprentices in accordance with the California Labor Code, and no employer or labor union shall refuse to accept otherwise qualified employees as indentured apprentices on the work performed hereunder solely on the ground of race, creed, national origin, ancestry, color or sex. Every qualified apprentice shall be paid the standard wage paid to apprentices under the regulations of the craft or trade in which he or she is employed and shall be employed only in the craft or trade to which he or she is registered.

If California Labor Code Section 1777.5 applies to the Services, Contractor and any subcontractor hereunder who employs workers in any apprenticeable craft or trade shall apply to the joint apprenticeship council administering applicable standards for a certificate approving Contractor or any sub-contractor for the employment and training of apprentices. Upon issuance of this certificate, Contractor and any sub-contractor shall employ the number of apprentices provided for therein, as well as contribute to the fund to administer the apprenticeship program in each craft or trade in the area of the work hereunder.

The parties expressly understand that the responsibility for compliance with provisions of this Section and with Sections 1777.5, 1777.6 and 1777.7 of the California Labor Code in regard to all apprenticeable occupations lies with Contractor.

3.3.9 Eight-Hour Law. Pursuant to the provisions of the California Labor Code, eight hours of labor shall constitute a legal day's work, and the time of service of any worker employed on the work shall be limited and restricted to eight hours during any one calendar day, and forty hours in any one calendar week, except when payment for overtime is made at not less than one and one-half the basic rate for all hours worked in excess of eight hours per day ("Eight-Hour Law"), unless Contractor or the Services are not subject to the Eight-Hour Law. Contractor shall forfeit to Commission as a penalty, \$50.00 for each worker employed in the execution of this Agreement by him, or by any sub-contractor under him, for each calendar day during which such workman is required or permitted to work more than eight hours in any calendar day and forty hours in any one calendar week without such compensation for overtime violation of the provisions of the California Labor Code, unless Contractor or the Services are not subject to the Eight-Hour Law.

#### 3.3.10 Bonds.

3.3.10.1 Payment Bond. If requested by the Commission as part of a Task Order proposal request, Contractor shall execute and provide to the Commission concurrently with the executed Task Order a payment bond in an amount required by the Commission and in a form provided or approved by the Commission. If such bond is required, no payment will be made to Contractor until the bond has been received and approved by the Commission.

3.3.10.2 Bond Provisions. Should, in the Commission's sole opinion, any bond become insufficient or any surety be found to be unsatisfactory, Contractor shall renew or replace the affected bond within (ten) 10 days of receiving notice from Commission. In the event the surety or Contractor intends to reduce or cancel any required bond, at least thirty (30) days prior written notice shall be given to the Commission, and Contractor shall post an acceptable replacement bond at least ten (10) days prior to expiration of the original bond. No further payments shall be deemed due or will be made under the relevant Task Order until any replacement bond required by this section are accepted by the Commission. To the extent, if any, that the total price under a Task Order requiring a bond is increased in accordance with this Agreement, the Contractor shall, upon request of the Commission, cause the amount of the bond to be increased accordingly and shall promptly deliver satisfactory evidence of such increase to the Commission.

3.3.10.3 Surety Qualifications. Only bonds executed by an admitted surety insurer, as defined in California Code of Civil Procedure Section 995.120, shall be accepted. The surety must be a California-admitted surety and satisfactory to the Commission. If a California-admitted surety insurer issuing bonds does not meet these requirements, the insurer will be considered qualified if it is in conformance with Section 995.660 of the California Code of Civil Procedure, and proof of such is provided to the Commission.

### **3.4 Termination of Agreement.**

3.4.1 Grounds for Termination. Commission may, by written notice to Contractor, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Contractor of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Contractor shall be compensated only for those services which have been adequately rendered to Commission, and Contractor shall be entitled to no further compensation. Contractor may not terminate this Agreement except for cause.

3.4.2 Effect of Termination. If this Agreement is terminated as provided herein, Commission may require Contractor to provide all finished or unfinished Documents and Data and other information of any kind prepared by Contractor in connection with the performance of Services under this Agreement. Contractor shall be required to provide such document and other information within fifteen (15) days of the request.

3.4.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, Commission may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

### **3.5 General Provisions.**

3.5.1 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

**CONSULTANT:**  
US National Corp  
DBA Jimenez Painting  
10205 San Fernando Road  
Pacoima, CA 91331  
Attn: Mary Martinez

**COMMISSION:**  
Riverside County  
Transportation Commission  
4080 Lemon Street, 3<sup>rd</sup> Floor  
Riverside, CA 92501  
Attn: Executive Director

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

### 3.5.2 Indemnification.

3.5.2.1 Scope of Indemnity. To the fullest extent permitted by law, Contractor shall defend, indemnify and hold the Commission, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions of Contractor, its officials, officers, employees, subcontractors, contractors or agents in connection with the performance of the Services, the Project, this Agreement or any Task Order, including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses. The only limitations on this provision shall be those imposed by Civil Code Section 2782.

3.5.2.2 Additional Indemnity Obligations. Contractor shall defend, with Counsel of Commission's choosing and at Contractor's own cost, expense and risk, any and all claims, suits, actions or other proceedings of every kind covered by Section 3.5.2.1 that may be brought or instituted against Commission or its officials, officers, employees, volunteers and agents. Contractor shall pay and satisfy any judgment, award or decree that may be rendered against Commission or its officials, officers, employees, volunteers and agents as part of any such claim, suit, action or other proceeding. Contractor shall also reimburse Commission for the cost of any settlement paid by Commission or its officials, officers, employees, agents or volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for Commission's attorneys' fees and costs, including expert witness fees. Contractor shall reimburse Commission and its officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Contractor's obligation to indemnify shall survive expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by the Commission, its officials officers, employees, agents, or volunteers.

3.5.3 Governing Law; Government Code Claim Compliance. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions,

Contractor must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against the Commission. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Contractor. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Contractor shall be barred from bringing and maintaining a valid lawsuit against the Commission.

3.5.4 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.5 Commission's Right to Employ Other Contractors. Commission reserves right to employ other contractors in connection with this Project.

3.5.6 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.5.7 Assignment or Transfer. Contractor shall not assign, hypothecate or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the Commission. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

3.5.8 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Contractor include all personnel, employees, agents, and subcontractors of Contractor, except as otherwise specified in this Agreement. All references to Commission include its officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

3.5.9 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.10 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

3.5.11 No Third Party Beneficiaries. Except to the extent expressly provided for in Section 3.5.7, there are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.12 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.13 Prohibited Interests. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Agreement. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Contractor further agrees to file, or shall cause its employees or subcontractors to file, a Statement of Economic Interest with the Commission's Filing Officer as required under state law in the performance of the Services. For breach or violation of this warranty, Commission shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of Commission, during the term of his or her service with Commission, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.14 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.15 Authority to Enter Agreement. Contractor has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.16 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.5.17 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.5.18 Federal Provisions. Funding for Services under a Task Order may be provided, in whole or in part, by the Federal Transportation Administration ("FTA"), by the California Department of Transportation (Caltrans), or by the South Coast Air Quality Management District ("SCAQMD"). Contractor shall also fully and adequately comply with the FTA, Caltrans and SCAQMD provisions included in Exhibit "C" (Funding Agency Requirements) attached hereto and incorporated herein by reference ("Funding Agency Requirements"), as applicable based on the funding source for the relevant Task Order. With respect to any conflict between such Funding Agency Requirements and the terms of this Agreement and/or the provisions of state law, the more stringent requirement shall control.

**SIGNATURE PAGE FOR ON-CALL PAINTING SERVICES AGREEMENT  
BETWEEN THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION  
AND US NATIONAL CORP DBA JIMENEZ PAINTING**

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first set forth above.

**RIVERSIDE COUNTY  
TRANSPORTATION COMMISSION**

**CONTRACTOR**

\_\_\_\_\_  
Anne Mayer  
Executive Director

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

*Approved as to form:*

ATTEST:

Best Best & Krieger LLP

\_\_\_\_\_  
Signature

\_\_\_\_\_  
General Counsel

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

A corporation requires the signatures of two corporate officers. One signature shall be that of the chairman of board, the president or any vice president and the second signature (on the attest line) shall be that of the secretary, any assistant secretary, the chief financial officer or any assistant treasurer of such corporation.

If the above referenced persons are not the intended signators, evidence of signature authority shall be provided to Commission.



**EXHIBIT “A” - SCOPE OF SERVICES – TO BE INSERTED FROM RFP**

DRAFT

# STATEMENT OF SERVICES

## 1.0 GENERAL INFORMATION

- 1.1 The nine (9) "Metrolink" commuter rail stations, including the La Sierra bus depot, owned and operated by the Riverside County Transportation Commission (hereinafter "Commission" or "RCTC"), the two 91 toll utility buildings, two toll operation center, and the one toll storage warehouse require cleaning, repair, repainting, and painting of various painted and coated surfaces and elements.
- 1.2 The intent of this contract is to secure the services of one qualified painting firm to provide on-call, as-needed painting services for a period of performance that is not to exceed seven years, inclusive of two, two-year option terms.
- 1.3 The nine (9) Commission-owned commuter rail stations and toll buildings were built at different times over the past twenty-five years with different architectural themes, therefore, the stations vary in appearance and materials used. The list of the nine (9) commuter rail stations and toll facilities are as follows:

### COMMUTER RAIL STATION LOCATIONS

#### **West Corona Metrolink Station**

155 S. Auto Center Drive  
Corona, CA 92880

#### **North Main Corona Station**

250 E. Blaine Street  
Corona, CA 92879

#### **La Sierra Station**

10901-A Indiana Ave  
Riverside, CA 92503

#### **La Sierra Bus Station**

10901-B Indiana Ave  
Riverside, CA 92503

#### **Pedley Station**

6001 Pedley Road  
Riverside, CA 92509

#### **Perris Downtown Station**

121 South C Street  
Perris, CA 92570

#### **Hunter Park Station**

1101 Marlborough Avenue  
Riverside, CA 92507

#### **Moreno Valley/MF Station**

14160 Meridian Parkway  
Riverside, CA 92518

#### **South Perris Station**

1304 Case Road  
Perris, CA 92510

#### **Riverside Downtown**

4066 Vine Street  
Riverside, CA 92507

## **TOLL FACILITIES**

### **FAM**

120 N. Joy Street  
Corona, CA 92879

### **ROC**

301 Corporate Terrace  
Corona, CA 92879

### **15 Toll Rd Office**

291 Corporate Terrace  
Corona, CA 92879

### **Toll TUB Eastbound 91**

East Bound 91  
Center divide

### **Toll TUB Westbound 91**

West Bound 91  
Center Divide

## **2.0 SCOPE OF SERVICES**

### **2.1 GENERAL**

The contractor will provide cleaning, surface preparation, paint repair and repaint services at each of the stations, including but not limited to performance of the following tasks:

- 2.1.1 All surfaces being prepared for paint and the surrounding area are to be pressure washed (cleaned).
- 2.1.2 Protect other surfaces whether to be painted or not, against damage by painting and finishing work.
- 2.1.3 Preparation of painted surfaces shall include hand removal of damaged paint to primer or bare metal which shall be included in the cost of repainting.
- 2.1.4 All painted surfaces that require spot paint repair will have a complete paint application applied after spot repairs are completed. The complete element that has received a spot repair shall be repainted, not just the location of the spot repair.
- 2.1.5 Inspect all surfaces to be treated prior to the application of painting material and correct or repair all defects that might affect the work. Repairs shall include removal and replacement of rusted and/or damaged materials.
- 2.1.6 Provide in advance of their use, Materials Safety Data Sheets (MSDS) for all products used by the Contractor under this agreement.
- 2.1.7 All materials required to complete the services under this agreement shall be furnished by the contractor, unless agreed otherwise in writing by the parties. Upon approval of a Task Order, the contractor shall notify the Commission's designated project manager of the proposed source of supply of all materials to be used in the work and shall furnish samples of such materials as may be required by the Commission's designated project manager.

- 2.1.8 All work and materials covered by this statement of work and associated Task Orders shall be subject to inspection at any and all times by the Commission's designated project manager.

## 2.2 SURFACE PREPARATION

Contractor shall:

- 2.2.1 Ensure that all repairs and repainting match all exterior or interior colors to existing color schemes of the building, facility, or item being painted unless the designated Commission project manager directs otherwise and performed to the acceptance of RCTC.
- 2.2.2 Clean all surfaces to be painted or primed of all foreign material, including loose paint, chipped paint, rust scale, oil, grease, dirt, mildew, chemicals, attached or applied items or materials, and minor defects removed by light sanding, or any other material that may interfere with the proper application, adhesion, and longevity of the paint or applied material. Contractor shall not apply paint or other materials to wet, dusty, damp, dirty, finger marked, unfinished, rough or otherwise defective surfaces until such conditions have been properly remedied.
- 2.2.3 Remove all hardware items before painting including but not limited to electrical and telephone plates and covers, hardware from doors and frames, removable door numbers and signs, graphic letters and numbers, etc., and replace all items on completion of the painting work.
- 2.2.4 Not apply paint in damp or rainy weather or at temperature below 50 degrees Fahrenheit.
- 2.2.5 Provide undercoat paint when required, produced by the same manufacturer as the finish coat.
- 2.2.6 Use only thinner approved by the paint manufacturer, and use only within the recommended limits.
- 2.2.7 Sand and wash with a solution of TSP or equal or Glossy surfaces shall be sanded, washed with a solution of TSP or equal or treated with liquid sandpaper on all glossy surfaces to provide a roughened surface for proper adhesion.
- 2.2.8 Remove all rust and corrosion from metal surfaces. Spot prime on the day of application all bare metal primed with a primer that will withstand exposure to the elements and also be compatible with subsequent finish coats. Spot repairs and application of primer coat, base coat and finish coat in accordance with specifications provided by the designated Commission Project Manager.
- 2.2.9 Clean galvanized metal items with peeled paint with scrapers, sandpaper or wire brush to remove all damaged paint and properly primed before painting.

## 2.3 PAINT APPLICATION

Contractor shall:

- 2.3.1 Apply all coats of all materials to manufacturer's specifications.
- 2.3.2 Apply finish coats that are free of all defects including but not limited to brush marks, sanding marks, runs, sags, skips, crawls, and holidays, regardless of number of coats applied.

- 2.3.3 Ensure that all exposed electrical conduit, hangers, outlet boxes, junction boxes, raceways, gutters, supporting frames, piping, ductwork, grilles, registers, insulation or unprimed electrical equipment in areas calling for finishing shall be painted one coat of adjacent finish over prime coat.
- 2.3.4 Apply final coats with an even finish.
- 2.3.5 Provide and hang a sufficient number of "Wet Paint" signs to protect all newly painted finishes.
- 2.3.6 Ensure that all after hours, and weekend work shall be only with the prior approval of the designated Commission representative and will be done on straight time, no overtime.

## 2.4 WORK ELEMENTS BY STATION:

### 2.4.1 Pedley Station

- Parking Lot and Bus Loop Light Standards (poles) including the light housing as applicable.
- Main and Emergency Platform Light Standards (poles) including the light housing as applicable.
- Bollard posts
- Lighting Control Cabinet and other cabinets
- Canopies
- Guard house with attached cart garage
- Railings, Fences and Gates
- Sign Posts
- Tactile warning strips

### 2.4.2 La Sierra Station A & B

- Parking Lot Light Standards (poles) including the light housing as applicable.
- Parking Lot Covered Parking Canopy (Solar Panels)
- North Platform Light Standards (poles) including the light housing as applicable.
- South Platform Light Standards (poles) including the light housing as applicable.
- Pedestrian Bridge Stairwells
- Pedestrian Bridge Walkway (interior and exterior)
- Pedestrian Bridge Structural Steel (framing)
- Canopies
- Guard house and cart garage
- Lighting Control Cabinet and other cabinets
- Railings, Fences and Gates

- Sign Posts
- Tactile warning strips

#### **2.4.3 West Corona Station**

- Parking Lot Light Standards (poles) including the light housing as applicable.
- Parking Lot Covered Parking Canopy (Solar Panels)
- North Platform Light Standards (poles) including the light housing as applicable.
- South Platform Light Standards (poles) including the light housing as applicable.
- Pedestrian Bridge Stairwells
- Pedestrian Bridge Walkway (interior and exterior)
- Pedestrian Bridge Structural Steel (framing)
- Canopies
- Guard house with attached cart garage
- Lighting Control Cabinet and other cabinets
- Railings, Fences and Gates
- Sign Posts
- Tactile warning strips

#### **2.4.4 North Main Corona Station**

- Parking Lot Light Standards (poles) including the light housing as applicable.
- Parking Structure Light Standards (poles) including the light housing as applicable.
- North and South Platform Light Standards (poles) including the light housing as applicable.
- Lighting Control Cabinet and other cabinets
- Canopies
- Guard house
- Parking Structure (interior and exterior)
- Pedestrian Bridge Stairwells
- Pedestrian Bridge Walkway (interior and exterior)
- Pedestrian Bridge Structural Steel (framing)
- Pedestrian Walkway to the Parking Lot Structural Steel (framing)
- Platform striping
- Railings, Fences and Gates

- Sign Posts
- Tactile warning strips

#### **2.4.5 Riverside Downtown Station (including the East Parking Lot Areas)**

- Parking Lot Light Standards (poles) including the light housing as applicable.
- Parking Lot Covered Parking Canopy (Solar Panels)
- North Platform Light Standards (poles) including the light housing as applicable.
- South Platform Light Standards (poles) including the light housing as applicable.
- Pedestrian Bridge Stairwells
- Pedestrian Bridge Walkway (interior and exterior)
- Pedestrian Bridge Structural Steel (framing)
- Control Center building (RDNOCC)
- Canopies
- Cart garage (main lot)
- Guard house with attached cart garage (East Parking Lot)
- Lighting Control Cabinet and other cabinets
- Railings, Fencing and Gates
- Sign Posts
- Tactile warning strips

#### **2.4.6 Perris Transit Center**

- Parking Lot and Bus Loop Light Standards (poles) including the light housing as applicable. Main and Emergency Platform Light Standards (poles) including the light housing as applicable.
- Bollard posts
- Lighting Control Cabinet and other cabinets
- Canopies
- Guard house
- Doors and frames on the cart garage and restroom buildings
- Railings, Fences and Gates
- Sign Posts
- Tactile warning strips

#### **2.4.7 Riverside Hunter Park Station**

- Parking Lot and Bus Loop Light Standards (poles) including the light housing as applicable.

- Platform Light Standards (poles) including the light housing as applicable
- Bollard posts
- Lighting Control Cabinet and other cabinets
- Canopies
- Guard house
- Doors and frames on the cart garage and restroom buildings
- Railings, Fences and Gates
- Sign Posts
- Tactile warning strips

#### **2.4.8 Moreno Valley/March Field Station**

- Parking Lot and bus Loop Light Standards (poles) including the light housing as applicable
- Platform Light Standards (poles) including the light housing as applicable
- Bollard posts
- Lighting Control Cabinet and other cabinets
- Canopies
- Guard house
- Doors and frames on the cart garage and restroom buildings
- Railings, Fences and Gates
- Sign posts
- Tactile Warning strips

#### **2.4.9 South Perris Station**

- Parking Lot and Bus Loop Light Standards (poles) including the light housing as applicable
- Platform Light Standards (poles) including the light housing as applicable
- Bollard posts
- Lighting Control Cabinet and other cabinets
- Canopies
- Guard house
- Doors and frames on the cart garage and restroom buildings
- Railings, Fences and Gates
- Sign posts
- Tactile warning strips



#### **2.4.10 Toll Facilities and Operation Control Center**

- Building Exterior (Stucco, Wood, Metal) Block Walls, Fences, Gates
- Building Interior (Offices, Bathrooms, Kitchens, Conference rooms)

### **2.5 COMMUTER RAIL STATION WORK**

Contractor acknowledges that all Commission-owned commuter rail stations are “operating” rail stations with passengers, passengers vehicles, buses, taxis, limos, etc.

2.5.1 All parking lots must be kept open at all times for smooth flow of pedestrian traffic and vehicle traffic, small areas can be coned off where work needs to be performed as long as it does not impact traffic and/or pedestrian flow. Coning off the number of parking stalls around the proposed work areas shall be kept to a minimum and approved by the Commission's designated project manager prior to commencing work.

2.5.1.1 In no case shall the number of parking stalls to be barricaded at each station exceed the following:

- Pedley Station – 75 spaces (includes 35 for laydown area)
- La Sierra Station – 50 spaces (Laydown area shall be the vacant property north of the parking lot [between the parking lot and the Bowling Alley])
- North Main Corona Station – 50 spaces (includes 10 for laydown area)
- Riverside Downtown Station – 50 spaces (includes 10 for laydown area)
- Riverside Downtown East Parking Lot – 50 spaces (includes 10 for laydown area)
- West Corona Station – 50 spaces (includes 10 for laydown area)
- Perris Transit Center – 50 spaces (includes 10 for laydown area)
- Riverside Hunter Park Station – 75 spaces (including 35 for laydown area)
- Moreno Valley/March Field Station – 50 spaces (Laydown area shall be the vacant property north of the parking lot)
- South Perris Station – 50 spaces (laydown area shall be the vacant property north of the parking lot)

2.5.1.2 RCTC will review the proposed contractor schedule and potentially permit a greater number of stalls to be barricaded to improve efficiency and expedite the work.

2.5.1.3 Where work affects handicapped parking, Contractor shall make provisions to accommodate the same number of affected parking stall in close proximity to station platforms as possible, subject to RCTC approval.

2.5.2 Metrolink operates an additional two (2) trains on Saturday and Sunday, during the summer months between July 3 and October 10. Contractor shall account for these additional trains on the weekends in their bid and schedule.

2.5.3 Contractor shall be aware that BNSF Railroad operates on the tracks on a continuous basis. Approximately 80 trains a day pass through the stations.

2.5.4 Contractor Orientation Training

All Contractor personnel or subcontractors working within 25-feet of the centerline of the track shall possess valid Contractor Orientation Training for BNSF Railway, Union Pacific Railway and Metrolink.

2.5.4.1 This can be obtained from the following web site:  
<http://www.contractororientation.com/>.

2.5.4.2 When working within 25-feet of the centerline of the track or when equipment has the potential to foul (fall on or block) the tracks BNSF (West Corona, North Main Corona, La Sierra, and Riverside Downtown), Union Pacific (Pedley), or Metrolink (Riverside Hunter Park, Moreno Valley/March Field, Perris Transit Center, and South Perris) will require a BNSF, Union Pacific or Metrolink (as appropriate) flagger be present during the work.

2.5.4.3 When working within 25-feet of the centerline of the track or when equipment has the potential to foul (fall on or block) the tracks Contractor will be required to coordinate the work with the BNSF, Union Pacific or Metrolink (as appropriate) Flagger at the beginning of each work day.

2.5.4.4 When working within the 25-foot zone, the BNSF, Union Pacific or Metrolink (as appropriate) Flagger may require all operations to stop and for the contractor's forces to move out of the zone when trains pass through the station. This should be anticipated in the scheduling of the work.

### **3.0 CONTRACTOR OBLIGATIONS**

#### **3.1 PERSONNEL AND USE OF SITE(S)**

3.1.1 The contractor shall provide a competent and sufficient supervisory work force as may be necessary to properly maintain efficient performance of the work at all times. Supervision shall have full authority to represent the contractor in making decisions and executing the work in a first class workmanlike manner.

3.1.2 Contractor shall not employ on any work for the Commission any unfit person or anyone unskilled in the work assigned to him, and contractor shall at all times keep the work site, including any storage areas used by him, free from accumulation of waste materials, trash or rubbish. All material shall be removed from each site by the end of each work day. Neither new or used materials shall be stored on site. All materials that are replaced shall be properly disposed off-site by the Contractor in accordance with all environmental requirements. Commission dumpsters shall not be used for this purpose.

3.1.3 Contractor shall confine the storage of materials and operations of its workers, vehicles and equipment to limits prescribed by law, ordinances, permits and the

directions of the Commission's designated project manager and, upon completion of work for the Commission, Contractor shall leave the work and premises in a condition satisfactory to the Commission's designated project manager.

- 3.1.4 The contractor shall preserve and protect from damage all existing monuments, utilities, structures, and hardscape. The contractor shall be responsible for damages caused by its operations. In the event that damage does occur, the cost of repairs shall be paid by the contractor at no cost to the Commission.
- 3.1.5 Any concerns expressed by contractor, adjacent property owners or government officials regarding acceptable conditions or procedures on Commission-owned property will be resolved by consultation with the Commission's designated project manager, prior to starting the work.

### 3.2 SAFETY

- 3.2.1 All contractors and subcontractors performing services for the Commission are required and shall comply with all Occupational and Health Administration (OSHA), State and County Safety and Occupational Health Standards, and any other applicable rules and regulations. Also, all contractors and subcontractors shall be held responsible for the safety of their employees and any unsafe acts or conditions that may cause injury or damage to any persons or property within and around the work site area under this contract.
- 3.2.2 Contractor shall provide all reasonably necessary safety equipment, including but not limited to helmets, eye protection, hearing protection, paint and particle respirators, and to ensure that his/her crews use this safety equipment when working on Commission property. Contractor shall be held accountable for any infraction of safety equipment use.
- 3.2.3 Maintenance activities on the property shall be performed in a safe and efficient manner and shall comply with all local, state, and federal requirements. The contractor shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the work. Contractor and sub-contractors employees will be expected to wear approved safety equipment and follow all relevant safety rules and guidelines.
- 3.2.4 Contractor shall furnish, install and maintain all warning devices, i.e. barricades, cones, etc. required to adequately protect the public during the performance or work. All platforms, stairwells, elevators and commodities on the station must remain open and operable at all times. The contractor shall place orange cones, temporary signage and barricades as deemed necessary to maintain proper flow around the proposed areas of work.
- 3.2.5 When work results in airborne products, such as pressure washing, appropriate shields and barriers shall be erected to contain the airborne products and protect the station patrons.
- 3.2.6 If welding of items is deemed necessary, Contractor shall provide adequate flash shielding and protection to protect the station patrons from welding arc flashes.

### 3.3 LABOR AND MATERIALS

- 3.3.1 CONTRACTOR shall provide all labor, materials, and tools required for the provision of the required services.

- 3.3.2 Provide necessary equipment (i.e., ladders, ladder trucks, aerial lifts, scaffolding, etc.) required to perform the work specified in the CONTRACT which shall include those tools and equipment required for repairing/replacing of all equipment regardless of height.
- 3.3.3 Contractor shall provide all storage space needed for performance of this work in an off- site location. COMMISSION facilities shall not be used for the storage of any material, tools or equipment required to perform this work.
- 3.3.4 All replaced material shall be made available to the Commission upon the Commission's request.
- 3.3.5 Unless otherwise specifically noted, contractor shall provide and pay for all labor, materials, equipment, tools, utilities not provided by the Commission, transportation and other facilities and services needed for the proper execution and completion of the work.
- 3.3.6 All materials shall be new, high grade (commercial grade), free of defects, suitable for the specific purpose intended, and subject to the review and approval of the Contract Administrator or his designee.
- 3.3.7 Materials being replaced shall be replaced with the same make and model or an approved equal. All "OR EQUALS" must be approved by the Commission's designated project manager or his/her designee.
- 3.3.8 Any material or equipment not conforming to the requirements or found to be damaged or defective at the time of delivery shall be replaced by the contractor without additional cost to the Commission.
  - 3.3.8.1 If the contractor fails to comply promptly with any order of the Commission's designated project manager, to replace or repair damaged or defective material, equipment or work, the Commission's designated project manager shall, upon written notice to the contractor, have the authority to deduct the cost of such replacement or repair from any compensation due or to become due the contractor.
- 3.3.9 Certain small parts, such as wire, nuts, bolts, screws, tape and other consumables shall be included as overhead in the labor cost quoted for a project.
  - 3.3.10 All guarantees and warranties obtainable by the contractor from manufacturers and vendors of equipment, in the performance of this contract, shall be extended to the Commission to the full extent of their terms.
  - 3.3.11 All work shall be under warranty for a period of 18 months.

#### 3.4 KEY PERSONNEL AND QUALIFICATIONS

- 3.4.1 Key personnel will be available to the extent proposed for the duration of the project and no person designated as "key" to the project shall be removed or replaced without the prior written concurrence of the Commission. This includes subcontractors that are considered "key" to the successful execution of this project.
- 3.4.2 Qualifications applicable to all positions:
  - 3.4.2.1 All vehicle equipment operators must have and maintain appropriate licenses for the operation of such equipment.

- 3.4.2.2 Ability to work out of doors in all weather conditions, to climb irregular embankments and ladders, to lift objects not exceeding OSHA weight regulations.

## 4.0 TASK ORDER PROCEDURES

### 4.1 DEFINITIONS

- 4.1.1 The **terms *bid* and *proposal*, *bidder* and *proposer*, *scope of work* and *statement of work*, are interchangeable** as relates to this statement of work. The term *contractor* shall refer to the firm or firms that are awarded the ensuring contract for services.
- 4.1.2 A Task Order is utilized by the parties to establish, outline, and authorize a particular job or task.

### 4.2 INITIATING TASK ORDERS

- 4.2.1 The Commission's designated project manager will issue Task Orders to Contractor on a rotational/qualifications basis as needed, when needed.
- 4.2.2 REQUEST FOR TASK ORDER SUBMITTALS. Upon a request for a Task Order Proposal by the designated Commission project manager, contractor shall develop a plan and SUBMIT A TASK ORDER proposal for the requested services. The Task Order shall include a time schedule, number of labor hours, and labor classification(s) to provide the requested services.
- 4.2.3 REVIEW AND AWARD OF TASK ORDERS. The Commission's designated project manager will review the submitted Task Order to ensure that the submittal is complete, consistent with the Commission's written or oral request for services, the personnel assigned are acceptable, the schedule is acceptable, that all costs proposed are appropriate, and that the item is in compliance with contractual requirements. The project manager will approve and award the Task Order. If required, the Commission's designated project manager will conduct negotiations to address exceptions and clarify costs. The fully executed Task Order will serve as the record of the parties' negotiations.
- 4.2.4 TASK ORDER SCHEDULE. The contractors' performance of services shall commence under each Task Order schedule and only upon written authorization by the Commission.
  - 4.2.4.1 Contractor shall provide a detailed schedule for each Task Order as to when the work associated with that Task Order will be performed.
  - 4.2.4.2 The Stations will be operational during the performance of the work and the work will need to be staged to minimize the impact to the patrons.
  - 4.2.4.3 The stations are operational from 4:30am to 10pm with patrons parking and accessing the stations.
  - 4.2.4.4 All work can be completed during the normal work week following the rush hours (between 4:00 am and 8:30am) or during weekend hours with prior authorization from RCTC. Premium time for weekend work will not be permitted.

- 4.2.4.5 The Contractor shall notify RCTC one week in advance of performing any work that may have a substantial impact on station patrons or station operations in order to allow for notification to the station passengers and vehicle drivers of scheduled work.
- 4.2.4.6 Contractor shall complete the services within the time frame specified on a particular Task Order. The duration of a particular Task Order may not exceed 12 months, unless otherwise approved in writing, or extend beyond the terms of the governing agreement.
- 4.2.5 All work shall be subject to the inspection and approval of the COMMISSION either by the Contract Administrator or a designated representative prior to the acceptance and approval of payment.
- 4.2.6 Any damage to RCTC property, station patrons' vehicles, or Buses that is caused by the contractor shall be repaired by the contractor with no cost to RCTC.

#### 4.3 NOTIFICATION AND RESPONSE TIME(S)

- 4.3.1 Unless otherwise directed by the Commission's designated project manager, contractor must respond as follows:
  - Standard Services** – Unless otherwise agreed under the subject Task Order, Contractor must initiate services within forty eight (48) hours of receipt of an authorized Task Order.
  - Submit Task Order Proposal** – Contractor must provide a Task Order Proposal in response to the Commission's request for services within forty-eight (48) hours of its receipt of a duly authorized request for Task Order submittal.
  - Perform/Complete Task Order Work** – Contractor must complete work described in the Task Order pursuant to the schedule identified in the Task Order.
  - Emergency Services** - In an emergency situation, as determined by Commission staff, the Commission will require the contractor to respond immediately to address the situation (including weekends) within an 8-hour period.
- 4.3.2 Contractor and sub-contractors must provide the Commission with 24-hour contact number(s) for contractor's key personnel and an acceptable means of emergency "on-call" communication with the Commission's designated project manager.
- 4.3.3 Contractor's offices must have voice, fax and e-mail capability.
- 4.3.4 RCTC shall be notified 24 hours in advance prior to starting any work, and it is the contractor's responsibility to notify the Commission's designated project manager of work completion within 24 hours of completion of each Task Order.
- 4.3.5 The Contractor shall identify the locations they plan on working so the passengers can be notified to not park in those areas.
- 4.3.6 The Contractor will need to secure the areas they plan on working in to ensure patrons do not park or walk through work zones.
- 4.3.7 The Commission's designated project manager must be notified when contractor and or its subcontractor has employees on Commission-owned property, at times other than regularly scheduled work times.
- 4.3.8 Contractor and/or its subcontractor are to immediately notify the Commission's designated project manager of any unsafe or questionable condition that exists on

the property. The Commission's designated project manager will then notify the necessary parties.

## **5.0 SITE MAINTENANCE AND CLEANUP**

- 5.1 Contractor shall keep all work areas free from accumulations of waste material or rubbish caused by Contractor employees and their work. At the end of each day at a site, Contractor shall remove all rubbish, debris, tools, equipment and materials from a project and shall leave work area "broom clean" or equivalent unless more exactly specified by the Commission's designated project manager.
- 5.2 Contractor shall clean all work areas of any excess or spilled materials or debris resulting from Contractor's work on the same day debris is generated. During the progress of the work, remove from the site all discarded paint materials, rubbish, cans and rags at the end of each workday.
- 5.3 Contractor shall comply with all hazardous materials disposal laws, rules, regulations and ordinances.

## **6.0 DIRECT COSTS AND MATERIAL MARKUP**

- 6.1 Contractor shall be compensated for reasonable and allowable materials costs detailed on the Proposal Pricing Form Appendix 'I' and/or otherwise incurred under a particular Task Order. Materials costs must be substantiated with invoices submitted by the contractor for materials used in performing the approved tasks issued under the subject Task Order.
- 6.2 Contractor markup on materials required to perform the services described herein shall be fixed for the term of the agreement. In no case, shall contractor's mark up for materials exceed ten percent (10%).
- 6.3 Receipts will be required and shall be provided by the Contractor to substantiate costs incurred by the contractor for all materials included in each invoice submitted to the Commission for payment.

**End of Statement of Services**

**EXHIBIT “B” –COMPENSATION RATES – TO BE INSERTED FROM SUCCESSFUL  
CONTRACTOR PROPOSAL**

DRAFT



**EXHIBIT "B"**

**COMPENSATION SUMMARY**

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FISCAL YEAR	PROJECT	COST
FY 2020/21	On-Call Painting Services	850,000.00
FY 2021/22	On-Call Painting Services	550,000.00
FY 2022/23	On-Call Painting Services	550,000.00
FY 2023/24	On-Call Painting Services	550,000.00
FY 2024/25	On-Call Painting Services	500,000.00
FY 2025/26	On-Call Painting Services	500,000.00
FY 2026/27	On-Call Painting Services	500,000.00
FY 2027/28	On-Call Painting Services	500,000.00
TOTAL COSTS		\$ 4,500,000.00

DRAFT

**EXHIBIT “C”- FUNDING AGENCY REQUIREMENTS –TO BE INSERTED FROM RFP**

DRAFT

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT (SCAQMD)  
AND  
STATE (CALTRANS)  
FUNDING REQUIREMENTS**

The following additional funding requirements apply depending on the funding source identified as applicable for a Task Order.

**I. SCAQMD REQUIREMENTS**

**Non-Discrimination** - In the performance of this Contract, CONTRACTOR shall not discriminate in recruiting, hiring, promotion, demotion, or termination practices on the basis of race, religious creed, color, national origin, ancestry, sex, age, or physical handicap and shall comply with the provisions of the California Fair Employment & Housing Act (Government Code Section 12900, *et seq.*), the Federal Civil Rights Act of 1964 (P.L. 88-352) and all amendments thereto, Executive Order No. 11246 (30 Federal Register 12319), and all administrative rules and regulations issued pursuant to said Acts and Order. CONTRACTOR shall likewise require each subcontractor to comply with this clause and shall include in each such subcontract language similar to this clause.

**II. CALTRANS REQUIREMENTS**

\* Section 2 below is also applicable to FTA Funded Task Orders.

1. Invoices & Payments.

Invoices shall be mailed to Commission's Contract Administrator at the following address:

Riverside County Transportation Commission  
Attention: Accounts Payable  
P.O. 12008  
Riverside, CA 92502

Payment shall be made for costs incurred by Contractor in performance of the Services. No advance payment or payment for work not actually performed shall be made under this Agreement or any Task Order.

2. Cost Principles and Administrative Requirements.

Contractor agrees that the Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31.000 et seq., shall be used to determine the cost allowability of individual items.

Contractor also agrees to comply with federal procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Any costs for which payment has been made to Contractor that are determined by subsequent audit to be unallowable under 2 CFR, Part 200 and 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31.000 et seq., are subject to repayment by Contractor to Commission.

All subcontracts in excess of \$25,000 shall contain the above provisions.

3. Retention of Records/Audit. For the purpose of determining compliance with Public Contract Code 10115, et seq. and Title 21, California Code of Regulations, Chapter 21, Section 2500 et seq., when applicable and other matters connected with the performance of this Agreement pursuant to Government Code 8546.7; Contractor, subcontractors, and Commission shall maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of this Agreement, including but not limited to, the costs of administering this Agreement. All parties shall make such materials available at their respective offices at all reasonable times during the Agreement period and for three years from the date of final payment under this Agreement. The State, State Auditor, Commission, or any duly authorized representative of the State Government shall have access to any books, records, and documents of Contractor and its certified public accountants (CPA) work papers that are pertinent to this Agreement for audit, examinations, excerpts, and transactions, and copies thereof shall be furnished if requested. Subcontracts in excess of \$25,000 shall contain this provision.

4. Accounting System. Contractor and its subcontractors shall establish and maintain an accounting system and records that properly accumulate and segregate expenditures by line item for the Services. The accounting system of Contractor and its subcontractors shall conform to Generally Accepted Accounting Principles (GAAP), enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices.

5. Travel & Subsistence. Reimbursement for transportation and subsistence costs shall not exceed the rates specified in the approved Task Order, as may be applicable. In addition, any payments to Contractor for travel and subsistence expenses claimed for reimbursement or applied as local match credit shall not exceed rates authorized to be paid exempt non-represented State employees under current State Department of Personnel Administration (DPA) rules, unless otherwise authorized by Commission. If the rates invoiced are in excess of those authorized DPA rates, and Commission has not otherwise approved said rates, then Contractor is responsible for the cost difference and any overpayments shall be reimbursed to the Commission on demand.

## 6. Equipment Purchase

Prior authorization, in writing, by Commission's Contract Administrator shall be required before Contractor enters into any unbudgeted purchase order, or subcontract for supplies, equipment, or services. Contractor shall provide an evaluation of the necessity or desirability of incurring such costs.

For purchase of any item, service or consulting work not covered in the Cost Proposal and exceeding \$5,000 prior authorization, in writing, by Commission's Contract Administrator is required. Three competitive quotations must be submitted with the request for such purchase, or the absence of bidding must be adequately justified.

Any equipment purchased as a result of this Agreement is subject to the following: Contractor shall maintain an inventory of all nonexpendable property. Nonexpendable property is defined as having a useful life of at least two years and an acquisition cost of \$5,000 or more. If the purchased equipment needs replacement and is sold or traded in, Commission shall receive a proper refund or credit at the conclusion of this Agreement, or if this Agreement is terminated, Contractor may either keep the equipment and credit Commission in an amount equal to its fair market value, or sell such equipment at the best price obtainable at a public or private sale, in accordance with established Commission procedures; and credit Commission in an amount equal to the sales price. If Contractor elects to keep the equipment, fair market value shall be determined at Contractor's expense, on the basis of a competent independent appraisal of such equipment. Appraisals shall be obtained from an appraiser mutually agreeable to by Commission and Contractor. If Contractor determines to sell the equipment, the terms and conditions of such sale must be approved in advance by Commission. 2 CFR, Part 200 requires a credit to Federal funds when participating equipment with a fair market value greater than \$5,000 is credited to the Project.

All subcontracts in excess \$25,000 shall contain the above provisions.

## 7. National Labor Relations Board Certification.

In accordance with Public Contract Code Section 10296, and by signing this Agreement, Contractor certifies under penalty of perjury that no more than one final unappealable finding of contempt of court by a federal court has been issued against Contractor within the immediately preceding two-year period, because of Contractor's failure to comply with an order of a federal court that orders Contractor to comply with an order of the National Labor Relations Board.

## 8. Nondiscrimination; Statement of Compliance.

Contractor's signature affixed herein shall constitute a certification under penalty of perjury under the laws of the State of California that Contractor has, unless exempt, complied with, the nondiscrimination program requirements of Government Code Section 12990 and Title 2, California Administrative Code, Section 8103.

During the performance of this Agreement, Contractor and its subcontractors shall not

unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Contract by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

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## **FTA FUNDING REQUIREMENTS**

The following FTA terms will be incorporated into all Task Orders utilizing FTA funds, unless otherwise determined in writing by RCTC. As used herein, "RCTC" shall have the same meaning as the "Commission." The term "contract" or "Contract" shall have the same meaning as the "Agreement."

### **1. No Obligation by the Federal Government**

a. RCTC and Contractor acknowledge and agree that, notwithstanding any concurrence by the Federal Government in or approval of the solicitation or award of the underlying contract, absent the express written consent by the Federal Government, the Federal Government is not a party to this contract and shall not be subject to any obligations or liabilities to the Purchaser, Contractor, or any other party (whether or not a party to that contract) pertaining to any matter resulting from the underlying contract.

b. The Contractor agrees to include the above clause in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clause shall not be modified, except to identify the subcontractor who will be subject to its provisions.

### **2. Program Fraud and False or Fraudulent Statements or Related Acts**

a. The Contractor acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. § 3801 et seq. and U.S. DOT regulations, "Program Fraud Civil Remedies," 49 C.F.R. Part 31, apply to its actions pertaining to this Project. Upon execution of the underlying contract, the Contractor certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the underlying contract or the FTA assisted project for which this contract work is being performed. In addition to other penalties that may be applicable, the Contractor further acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 on the Contractor to the extent the Federal Government deems appropriate.

b. The Contractor also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a contract connected with a project that is financed in whole or in part with Federal assistance originally awarded by FTA under the authority of 49 U.S.C. § 5307, the Government reserves the right to impose the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5307(n)(1) on the Contractor, to the extent the Federal Government deems appropriate.

c. The Contractor agrees to include the above two clauses in each subcontract financed in whole or in part with Federal assistance provided by FTA. It is further agreed that the clauses shall not be modified, except to identify the subcontractor who will be subject to the provisions.

### **3. Access to Records**

The Contractor agrees to the following access to records requirements:

- a. To provide RCTC, the FTA Administrator, the Comptroller General of the United States or any of their authorized representatives access to any books, documents, papers and records of the Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts and transcriptions. Contractor also agrees, pursuant to 49 C. F. R. 633.17 to provide the FTA Administrator or his authorized representatives including any PMO Contractor access to Contractor's records and construction sites pertaining to a major capital project, defined at 49 U.S.C. 5302(a)1, which is receiving federal financial assistance through the programs described at 49 U.S.C. 5307, 5309 or 5311.
- b. To make available in the case of a contract for a capital project or improvement, as defined above and awarded by other than competitive bidding in accordance with 49 U.S.C. 5325(a), records related to the contract to RCTC, the Secretary of Transportation and the Comptroller General or any authorized officer or employee of any of them for the purposes of conducting an audit and inspection.
- c. To maintain all books, records, accounts and reports required under this contract for a period of not less than three years after the date of termination or expiration of this contract, except in the event of litigation or settlement of claims arising from the performance of this contract, in which case Contractor agrees to maintain same until RCTC, the FTA Administrator, the Comptroller General, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims or exceptions related thereto. Reference 49 CFR 18.39(i)(11).
- d. To permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.

### **4. Federal Changes**

The Contractor shall at all times comply with all applicable FTA regulations, policies, procedures and directives, including without limitation those listed directly or by reference in the Master Agreement between RCTC and FTA, as they may be amended or promulgated from time to time during the term of this contract. Contractor's failure to so comply shall constitute a material breach of this contract.

### **5. Civil Rights**

The following requirements apply to the underlying contract:

- (1) Nondiscrimination - In accordance with Title VI of the Civil Rights Act, as amended, 42 U.S.C. § 2000d, section 303 of the Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6102, section 202 of the Americans with Disabilities Act of 1990, 42 U.S.C. § 12132, and Federal transit law at 49 U.S.C. § 5332 and 49 CFR part 21, the Contractor agrees that it will not discriminate against any employee or applicant for employment because of race, color, creed,



national origin, sex, age, or disability. In addition, the Contractor agrees to comply with applicable Federal implementing regulations and other implementing requirements FTA may issue.

(2) Equal Employment Opportunity - The following equal employment opportunity requirements apply to the underlying contract:

(a) Race, Color, Creed, National Origin, Sex - In accordance with Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e, and Federal transit laws at 49 U.S.C. § 5332, the Contractor agrees to comply with all applicable equal employment opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," 41 C.F.R. Parts 60 et seq., (which implement Executive Order No. 11246, "Equal Employment Opportunity," as amended by Executive Order No. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," 42 U.S.C. § 2000e note), and with any applicable Federal statutes, executive orders, regulations, and Federal policies that may in the future affect construction activities undertaken in the course of the Project. The Contractor agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, national origin, sex, or age. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.

(b) Age - In accordance with section 4 of the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 623, Federal transit law at 49 U.S.C. § 5332, the Equal Employment Opportunity Commission (U.S. EEOC) regulations, "Age Discrimination in Employment Act," 29 C.F.R. part 1625, the Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6101 *et seq.*, U.S. Health and Human Services regulations, "Nondiscrimination on the Basis of Age in Programs or Activities Receiving Federal Financial Assistance," 45 C.F.R. part 90, the Contractor agrees to refrain from discrimination against present and prospective employees for reason of age. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.

(c) Disabilities - In accordance with section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 794, the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12101 *et seq.*, the Architectural Barriers Act of 1968, as amended, 42 U.S.C. § 4151 *et seq.*, and Federal transit law at 49 U.S.C. § 5332, the Contractor agrees that it will not discriminate against individuals on the basis of disability, and that it will comply with the requirements of U.S. Equal Employment Opportunity Commission, "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 C.F.R. Part 1630, pertaining to employment of persons with disabilities. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.

(3) The Contractor also agrees to include these requirements in each subcontract financed in whole or in part with Federal assistance provided by FTA, modified only if necessary to identify the affected parties.

## **6. FTA Disadvantaged Business Enterprise (DBE) Requirements**

A. General DBE Requirements: In accordance with Federal financial assistance agreements with the U.S. Department of Transportation (U.S. DOT), Commission has adopted a Disadvantaged Business Enterprise (DBE) Policy and Program, in conformance with Title 49 CFR Part 26, "Participation by Disadvantaged Business Enterprises in Department of Transportation Programs" (the "Regulations"). This RFP is subject to these stipulated regulations. In order to ensure that Commission achieves its overall DBE Program goals and objectives, Commission encourages the participation of DBEs as defined in 49 CFR 26 in the performance of contracts financed in whole or in part with U.S. DOT funds.

It is the policy of the Commission to:

1. Ensure nondiscrimination in the award and administration of DOT-assisted contracts;
2. Create a level playing field on which DBE's can compete fairly for DOT-assisted contracts;
3. Ensure that the DBE program is narrowly tailored in accordance with applicable law;
4. Ensure that only firms that fully meet 49 C.F.R. part 26 eligibility standards are permitted to participate as DBE's;
5. Help remove barriers to the participation of DBEs in DOT assisted contracts;
6. To promote the use of DBEs in all types of federally assisted contracts and procurement activities; and
7. Assist in the development of firms that can compete successfully in the marketplace outside the DBE program.

B. Discrimination: Consultant shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of subcontracts. Any terms used herein that are defined in 49 CFR Part 26, or elsewhere in the Regulations, shall have the meaning set forth in the Regulations.

C. Commission's Race-Neutral DBE Program: A Race-Neutral DBE Program is one that, while benefiting DBEs, is not solely focused on DBE firms. Therefore, under a Race-Neutral DBE Program, Commission does not establish numeric race-conscious DBE participation goals on its DOT-assisted contracts. There is no FTA DBE goal on this Project.

Consultant shall not be required to achieve a specific level of DBE participation as a condition of contract compliance in the performance of this DOT-assisted contract. However, Consultant

shall adhere to race-neutral DBE participation commitment(s) made at the time of award of any Task Order (as defined in the Model Contract).

D. Race-Neutral DBE Submissions and Ongoing Reporting Requirements (Post-Award): For each Task Order proposal, the successful Consultant shall complete and submit to Commission a “DBE Race-Neutral Participation Listing” in the form provided by Commission. In the event DBE(s) are utilized in the performance of the Task Order, Consultant shall comply with applicable reporting requirements.

E. Performance of DBE Subconsultants: DBE subconsultants listed by Consultant in its “DBE Race-Neutral Participation Listing” submitted at the time of Task Order proposal shall perform the work and supply the materials for which they are listed, unless Consultant has received prior written authorization from Commission to perform the work with other forces or to obtain the materials from other sources. Consultant shall provide written notification to Commission in a timely manner of any changes to its anticipated DBE participation. This notice should be provided prior to the commencement of that portion of the work.

F. DBE Certification Status: If a listed DBE subconsultant is decertified during the life of any Task Order, the decertified subconsultant shall notify Consultant in writing with the date of decertification. If a non-DBE subconsultant becomes a certified DBE during the life of the Task Order, the DBE subconsultant shall notify Consultant in writing with the date of certification. Consultant shall furnish the written documentation to Commission in a timely manner. Consultant shall include this requirement in all subcontracts.

G. Consultant’s Assurance Clause Regarding Non-Discrimination: In compliance with State and Federal anti-discrimination laws, Consultant shall affirm that it will not exclude or discriminate on the basis of race, color, national origin, or sex in consideration of contract award opportunities. Further, Consultant shall affirm that they will consider, and utilize subconsultants and vendors, in a manner consistent with non-discrimination objectives.

H. Violations: Failure by the selected Consultant(s) to carry out these requirements shall be a material breach of the contract to be awarded pursuant to this RFP, which may result in the termination of the contract or such other remedy as the recipient deems appropriate, which may include, but is not limited to:

- (1) Withholding monthly progress payments;
- (2) Assessing sanctions;
- (3) Liquidated damages; and/or
- (4) Disqualifying the Consultant from future bidding as non-responsible. 49 C.F.R. § 26.13(b).

I. Prompt Payment: Consultant shall pay its subconsultants for satisfactory performance of their contracts no later than 30 days from receipt of each payment Commission makes to the Consultant. 49 C.F.R. § 26.29(a), unless a shorter period is provided in the contract.

J. Compliance with DBE Requirements Contained in FTA Provisions: Consultant shall comply with all DBE reporting and other requirements contained in this Agreement.

## **7. Incorporation of Federal Transit Administration (FTA) Terms**

The preceding provisions include, in part, certain Standard Terms and Conditions required by DOT, whether or not expressly set forth in the preceding contract provisions. All contractual provisions required by DOT, as set forth in FTA Circular 4220.1F are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Agreement. The Contractor shall not perform any act, fail to perform any act, or refuse to comply with any RCTC requests which would cause RCTC to be in violation of the FTA terms and conditions.

## **8. ADA Access Requirements**

The Contractor shall comply with all applicable requirements of the Americans with Disabilities Act of 1990 (ADA), 42 USC Section 12101 et seq; Section 504 of the Rehabilitation Act of 1973, as amended, 29 USC Section 794; 49 USC Section 5301(d).

## **9. Fly America**

The Contractor agrees to comply with 49 U.S.C. 40118 (the "Fly America" Act) in accordance with the General Services Administration's regulations at 41 CFR Part 301-10, which provide that recipients and sub recipients of Federal funds and their contractors are required to use U.S. Flag air carriers for U.S. Government-financed international air travel and transportation of their personal effects or property, to the extent such service is available, unless travel by foreign air carrier is a matter of necessity, as defined by the Fly America Act. The Contractor shall submit, if a foreign air carrier was used, an appropriate certification or memorandum adequately explaining why service by a U.S. flag air carrier was not available or why it was necessary to use a foreign air carrier and shall, in any event, provide a certificate of compliance with the Fly America requirements. The Contractor agrees to include the requirements of this section in all subcontracts that may involve international air transportation.

## **10. Cargo Preference - Use of United States-Flag Vessels**

The Contractor agrees:

1. To use privately owned United States-Flag commercial vessels to ship at least 50 percent of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners, and tankers) involved, whenever shipping any equipment, material, or commodities pursuant to the underlying contract to the extent such vessels are available at fair and reasonable rates for United States-Flag commercial vessels;
2. To furnish within 20 working days following the date of loading for shipments originating within the United States or within 30 working days following the date of loading for shipments originating outside the United States, a legible copy of a rated, "on-board" commercial ocean bill-of-lading in English for each shipment of cargo described in the preceding paragraph to the Division of National Cargo, Office of Market Development, Maritime Administration, Washington, DC 20590 and to the FTA recipient (through the Contractor in the case of a subcontractor's bill-of-lading.)

3. To include these requirements in all subcontracts issued pursuant to this contract when the subcontract may involve the transport of equipment, material, or commodities by ocean vessel.

## **11. Buy America**

*The following shall apply unless otherwise specified in a Task Order request.*

The Contractor agrees to comply with 49 U.S.C. 5323(j) and 49 CFR Part 661, which provide that Federal funds may not be obligated unless steel, iron, and manufactured products used in FTA-funded projects are produced in the United States, unless a waiver has been granted by FTA or the product is subject to a general waiver. General waivers are listed in 49 CFR 661.7. Separate requirements for rolling stock are set out at 5323(j)(2)(C) and 49 CFR 661.11. Rolling stock not subject to a general waiver must be manufactured in the United States and have a 60 percent domestic content.

Contractor must submit to RCTC the appropriate Buy America certification with all bids on FTA-funded contracts (including Task Orders), except those subject to a general waiver. Bids or offers that are not accompanied by a completed Buy America certification must be rejected as nonresponsive.

## **12. Employment Provisions**

To the extent applicable to the Services, Consultant shall comply with the following:

A. Equal Employment Opportunity — Consultant must comply with Executive Order 11246 (3 CFR, 1964–1965 Comp., p. 339), “Equal Employment Opportunity,” as amended by Executive Order 11375 (3 CFR, 1966–1970 Comp., p. 684), “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and as supplemented by regulations at 41 CFR chapter 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”

B. Copeland “Anti-Kickback” Act (18 U.S.C. 874 and 40 U.S.C. 276c) — Consultant must comply with the Copeland “Anti-Kickback” Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (29 CFR Part 3, “Consultants and Subconsultants on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The Commission shall report all suspected or reported violations to the responsible DOE contracting officer.

C. Contract Work Hours and Safety Standards Act (40 U.S.C. 327–333) — Consultant must comply with Sections 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327–333), as supplemented by Department of Labor regulations (29 CFR Part 5). Under Section 102 of the Act, each Consultant is required to compute the wages of every mechanic and

laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than 1 1/2 times the basic rate of pay for all hours worked in excess of 40 hours in the work week. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic is required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

D. Davis-Bacon Act (40 U.S.C. 276a) — Consultant shall comply with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR Part 5).

### **13. Release of Retainage**

No retainage will be withheld by the RCTC from progress payments due Contractor. Retainage by Contractor or subconsultants is prohibited, and no retainage will be held by the prime consultant from progress due subconsultants. Any violation of this provision shall subject the violating Contractor or subconsultants to the penalties, sanctions, and other remedies specified in Section 7108.5 of the California Business and Professions Code. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to Contractor or subconsultant in the event of a dispute involving late payment or nonpayment by Contractor or deficient subconsultant performance, or noncompliance by a subconsultant.

### **14. Termination for Convenience**

RCTC may terminate the Agreement for convenience in accordance with the terms of the Agreement.

After such termination, the Contractor shall submit a final termination settlement proposal to RCTC as directed. If the Contractor fails to submit a proposal within the time allowed, RCTC may determine, on the basis of information available, the amount, if any due the Contractor because of the termination and shall pay the amount determined. After the Contractor's proposal is received, RCTC and Contractor shall negotiate a fair and equitable settlement and the contract will be modified to reflect the negotiated agreement. If agreement cannot be reached, RCTC may issue a final determination and pay the amount determined. If the Contractor does not agree with this final determination or the determination resulting from the lack of timely submission of a proposal, the Contractor may appeal under the Disputes clause.

### **15. Administrative and Contractual Remedies on Breach; Termination for Cause**

a. The Contractor may be declared in breach of this Agreement ("Breach") if the Contractor fails to make delivery of the supplies or to perform the services within the time specified herein or any extension thereof; or if the Contractor fails to perform any of the other provisions of the contract, or so fails to make progress as to endanger performance of this contract in accordance with its terms. In case of any of the foregoing, RCTC shall notify the Contractor of the Breach, and the Contractor shall have a period of ten (10) days (or such longer period as RCTC may authorize in writing) after receipt of notice from RCTC to cure the Breach.

b. RCTC may, by written notice of termination to the Contractor specifying the effective date thereof, terminate the whole or any part of this contract, in the case of a Breach that is not cured within the timeframe set forth in (a) above (“Uncured Breach”).

c. If the contract is terminated in whole or in part for an Uncured Breach, RCTC may procure upon such terms and in such manner as RCTC may deem appropriate, supplies or services similar to those so terminated, or may complete the services with its own forces. The Contractor shall be liable to RCTC for any excess costs for such similar supplies or services, and for any other costs incurred by RCTC as a result of the Uncured Breach. The Contractor shall continue the performance of this contract to the extent not terminated under the provisions of this clause.

d. Except with respect to defaults of Subcontractors, the Contractor shall not be liable for any excess costs if the failure to perform the contract arises out of causes beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a Subcontractor, and if such default arises out of causes beyond the control of both the Contractor and the Subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any excess costs for failure to perform, unless the supplies or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required project completion schedule.

e. Payment for completed services or supplies delivered to and accepted by RCTC shall be at the contract price. RCTC may withhold from amounts otherwise due the Contractor for such completed services or supplies such sum as RCTC determines to be necessary to protect RCTC against loss because of outstanding liens or claims of former lien holders, or to reimburse RCTC for any other costs related to the Uncured Breach.

f. If, after notice of termination of this contract for cause, it is determined for any reason that an Uncured Breach did not exist, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the provisions for termination for convenience of RCTC.

g. The rights and remedies of RCTC provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law, equity or under this contract including, but not limited to, the right to specific performance.

h. Notwithstanding the above, RCTC may, without providing an opportunity to cure, terminate the contract in accordance with the timeframe set forth in Section 3.4 of the contract, if RCTC determines such action is in its best interest based on the nature of the Breach. Such actions shall not limit any of RCTC’s remedies set forth above.

## **16. Disputes**

a. Except as otherwise provided in this Agreement, any dispute concerning a question of fact arising under this Agreement which is not disposed of by supplemental agreement shall be

decided by RCTC's Deputy Executive Director, who shall reduce the decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the RCTC Deputy Executive Director shall be final and conclusive unless, within thirty (30) days from the date of receipt of such copy, Contractor mails or otherwise furnishes to the RCTC Deputy Executive Director a written appeal addressed to RCTC's Executive Director. The decision of RCTC Executive Director or duly authorized representative for the determination of such appeals shall be final and conclusive.

b. The provisions of this Paragraph shall not be pleaded in any suit involving a question of fact arising under this Agreement as limiting judicial review of any such decision to cases where fraud by such official or his representative or board is alleged, provided, however, that any such decision shall be final and conclusive unless the same is fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith or is not supported by substantial evidence. In connection with any appeal proceeding under this Paragraph, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal.

c. Pending final decision of a dispute hereunder, Contractor shall proceed diligently with the performance of this Agreement and in accordance with the decision of RCTC's Deputy Executive Director. This "Disputes" clause does not preclude consideration of questions of law in connection with decisions provided for above. Nothing in this Agreement, however, shall be construed as making final the decision of any RCTC official or representative on a question of law, which questions shall be settled in accordance with the laws of the State of California.

## **17. Lobbying**

See the Byrd Anti-Lobbying Amendment, 31 U.S.C. 1352, as amended by the Lobbying Disclosure Act of 1995, P.L. 104-65 [to be codified at 2 U.S.C. § 1601, et seq.] - Contractors who apply or bid for an award of \$100,000 or more shall file the certification required by 49 CFR part 20, "New Restrictions on Lobbying." Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier shall also disclose the name of any registrant under the Lobbying Disclosure Act of 1995 who has made lobbying contacts on its behalf with non-Federal funds with respect to that Federal contract, grant or award covered by 31 U.S.C. 1352. Such disclosures are forwarded from tier to tier up to the recipient. The Offeror shall complete and submit with its bid/proposal the attached Certification Regarding Lobbying, and if applicable, the Standard Form-LLL, "Disclosure Form to Report Lobbying."

## **18. Energy Conservation**

The Contractor agrees to comply with mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act.



## **19. Clean Water**

a. The Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq. The Contractor agrees to report each violation to RCTC and understands and agrees that RCTC will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office.

b. The Contractor further agrees that:

- (1) It will not use any violating facilities;
- (2) It will report the use of facilities placed on or likely to be placed on the U.S. EPA “List of Violating Facilities;”
- (3) It will report violations of use of prohibited facilities to FTA; and
- (4) It will comply with the inspection and other requirements of the Clean Air Act, as amended, (42 U.S.C. §§ 7401 – 7671q); and the Federal Water Pollution Control Act as amended, (33 U.S.C. §§ 1251-1387).

The Contractor also agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FTA.

## **20. Clean Air**

a. The Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. §§ 7401 et seq. The Contractor agrees to report each violation to RCTC and understands and agrees that RCTC will, in turn, report each violation as required to assure notification to FTA and the appropriate EPA Regional Office.

b. The Contractor further agrees that:

- (1) It will not use any violating facilities;
- (2) It will report the use of facilities placed on or likely to be placed on the U.S. EPA “List of Violating Facilities;”
- (3) It will report violations of use of prohibited facilities to FTA; and
- (4) It will comply with the inspection and other requirements of the Clean Air Act, as amended, (42 U.S.C. §§ 7401 – 7671q); and the Federal Water Pollution Control Act as amended, (33 U.S.C. §§ 1251-1387).

c. The Contractor also agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FTA.

## **21. Recycled Products**

Recovered Materials - The Contractor agrees to comply with all the requirements of Section 6002 of the Resource Conservation and Recovery Act (RCRA), as amended (42 U.S.C. 6962), including but not limited to the regulatory provisions of 40 CFR Part 247, and Executive Order

12873, as they apply to the procurement of the items designated in Subpart B of 40 CFR Part 247.

## **21. Safe Operation of Motor Vehicles**

Pursuant to Federal Executive Order No. 13043, “Increasing Seat Belt Use in the United States,” April 16, 1997, 23 U.S.C. Section 402 note, FTA encourages each third party contractor to adopt and promote on-the-job seat belt use policies and programs for its employees and other personnel that operate company owned, rented, or personally operated vehicles, and to include this provision in each third party subcontract involving the project.

a. The Contractor is encouraged to adopt and promote on-the-job seat belt use policies and programs for its employees and other personnel that operate company-owned vehicles, company-rented vehicles, or personally operated vehicles. The terms “company-owned” and “company-leased” refer to vehicles owned or leased either by the Contractor or RCTC.

b. The Contractor agrees to adopt and enforce workplace safety policies to decrease crashes caused by distracted drivers, including policies to ban text messaging while using an electronic device supplied by an employer, and driving a vehicle the driver owns or rents, a vehicle Contractor owns, leases, or rents, or a privately-owned vehicle when on official business in connection with the work performed under this contract.

DRAFT

# **AGENDA ITEM 7F**



<b><i>RIVERSIDE COUNTY TRANSPORTATION COMMISSION</i></b>	
<b>DATE:</b>	February 10, 2021
<b>TO:</b>	Riverside County Transportation Commission
<b>FROM:</b>	Western Riverside County Programs and Projects Committee Eric DeHate, Transit Manager
<b>THROUGH:</b>	Anne Mayer, Executive Director
<b>SUBJECT:</b>	Amendment to City of Riverside's FY 2020/21 Short Range Transit Plan

**WESTERN RIVERSIDE COUNTY PROGRAMS AND PROJECTS COMMITTEE AND STAFF RECOMMENDATION:**

This item is for the Commission to:

- 1) Approve a \$16,000 increase in the FY 2020/21 Local Transportation Fund (LTF) funding allocation for the city of Riverside (City); and
- 2) Amend the City's FY 2020/21 Short Range Transit Plan (SRTP) to increase the LTF operating allocation in the amount of \$16,000 for preventative maintenance operating expenses.

**BACKGROUND INFORMATION:**

During the development of the FY 2020/21 SRTP cycle in spring 2020, the pandemic, also known as the Coronavirus (COVID-19), caused stay-at-home orders issued throughout the country including California. Since mid-March 2020 when the Governor issued a stay-at-home order due to COVID-19, transit ridership plummeted 80 to 90 percent in just a few weeks, causing many transit operators to reduce their scheduled services. Transit operators continue to monitor ridership closely and have implemented enhanced safety and sanitization measures for their vehicles, bus stops, and transit centers.

Congress took action to assist many including transit operators with the passage of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Riverside County transit operators received approximately \$122 million in CARES Act funding. This funding assisted operators in FY 2019/20 and FY 2020/21. For FY 2020/21, CARES Act funding through the Federal Transit Administration (FTA), made up the majority share of funding.

The City received \$6.6 million of CARES Act funding for its paratransit service (Riverside Connect), for which approximately \$5 million is programmed in FY 2020/21. The City anticipated utilizing a portion of its share of CARES Act funding to match other federal funding to fully fund its preventative maintenance for FY 2020/21; however, the City was notified by FTA staff that CARES

funds could not be used to match other FTA funds. The City is still expected to expend the CARES funds in FY 2020/21 for other operating expenditures.

City staff reached out to Commission staff and submitted an amendment (Attachment 1) to its FY 2020/21 SRTP and requests an increase of \$16,000 in state LTF to fully fund its preventative maintenance. The total cost of preventative maintenance for FY 2020/21 is \$336,000, and \$320,000 of previously awarded FTA Section 5307 funds will be used. Preventative maintenance is a necessary function to maintain vehicles, facilities, and operating systems. Staff has reviewed the request and recommends approval of the \$16,000 allocation of LTF be used to fulfill this request and to amend the City's SRTP for this additional allocation.

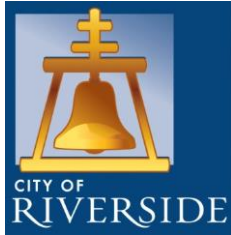
**FISCAL IMPACT:**

There is no fiscal impact for the additional \$16,000 LTF allocation in the FY 2020/21 budget, as minor LTF adjustments for transit operators were anticipated and budgeted.

Financial Information							
In Fiscal Year Budget:		Yes	Years:	FY 2020/21	Amount:	\$16,000	
Source of Funds:		LTF Western Riverside County Bus			Budget Adjustment:		No
GLA No.:		002210 86101 00000 0000 601 62 86101					
Fiscal Procedures Approved:			<i>Theresa Iuvino</i>			Date:	01/14/2021

Attachment: City of Riverside's FY 2020/21 Amendment 1 Request

<p><i>Approved by the Western Riverside County Programs and Projects Committee on January 25, 2021</i></p>					
In Favor:	11	Abstain:	0	No:	0



# MEMO

## Special Transportation Division Parks, Recreation and Community Services Department

**DATE:** 12/8/2020  
**TO:** Eric DeHate, Transit Manager Riverside County Transportation Commission  
**FROM:** Jessica Jacquez, Management Analyst, City of Riverside  
**CC:** Monica Morales, Management Analyst, RCTC  
Ron Profeta, Transit Manager, City of Riverside  
**RE:** FY2020/21 SRTP – Table 4 Amendment #1

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This City of Riverside is requesting an amendment to *Table 4: Summary of Funds Requested* for FY 2020/21 to reflect the following changes:

- Request LTF Operating Assistance of \$16,000 to provide match balance required for FTA 5307 preventative maintenance grant
- Include \$64,000 Toll Credit funds in Table 4

Attached is a copy of the revised Table 4 highlighting the changes above.



Table 4.0 - Summary of Funding Requests - FY 2020/21

City of Riverside

Original

Operating																
Project	Total Amount of Funds	5307 RS CARES	5307 RS OB	5339 RS	SGR PUC99313	SGR PUC99314	STA PUC99313	STA PUC99314								
Operating FY2020-21	\$5,360,000	\$5,040,000	\$320,000													
Sub-total Operating	\$5,360,000	\$5,040,000	\$320,000	\$0	\$0	\$0	\$0	\$0								

Capital																
Project	Total Amount of Funds	5307 RS CARES	5307 RS OB	5339 RS	SGR PUC99313	SGR PUC99314	STA PUC99313	STA PUC99314								
Bus Replacement - 21-1	\$400,000			\$320,000	\$45,957	\$4,695		\$29,348								
Dispatch Renovation - 21-2	\$80,000				\$50,000		\$30,000									
TransTrack Upgrade - 21-3	\$80,380						\$80,380									
Sub-total Capital	\$560,380	\$0	\$0	\$320,000	\$95,957	\$4,695	\$110,380	\$29,348								
Total Operating & Capital	\$5,920,380	\$5,040,000	\$320,000	\$320,000	\$95,957	\$4,695	\$110,380	\$29,348								

FY 2020/21 Projected Funding Details																
5307 RS CARES	\$5,040,000															
5307 RS OB	\$320,000															
Total Estimated Operating Funding Request	\$5,360,000															
5339 RS	\$320,000															
SGR PUC99313	\$95,957															
SGR PUC99314	\$4,695															
STA PUC99313	\$110,380															
STA PUC99314	\$29,348															
Total Estimated Capital Funding Request	\$560,380															
Total Funding Request	\$5,920,380															





**Table 4.0 - Summary of Funding Requests - FY 2020/21**

**City of Riverside**

**Amendment # 1**

<b>Operating</b>															
Project	Total Amount of Funds	5307 RS CARES	5307 RS OB	5339 RS	LTF	SGR PUC99313	SGR PUC99314	STA PUC99313	STA PUC99314						
Operating FY2020-21	\$5,376,000	\$5,040,000	\$320,000		\$16,000										
<b>Sub-total Operating</b>	<b>\$5,376,000</b>	<b>\$5,040,000</b>	<b>\$320,000</b>	<b>\$0</b>	<b>\$16,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>						

<b>Capital</b>															
Project	Total Amount of Funds	5307 RS CARES	5307 RS OB	5339 RS	LTF	SGR PUC99313	SGR PUC99314	STA PUC99313	STA PUC99314						
Bus Replacement - 21-1	\$400,000			\$320,000		\$45,957	\$4,695		\$29,348						
Dispatch Renovation - 21-2	\$80,000					\$50,000		\$30,000							
TransTrack Upgrade - 21-3	\$80,380							\$80,380							
<b>Sub-total Capital</b>	<b>\$560,380</b>	<b>\$0</b>	<b>\$0</b>	<b>\$320,000</b>	<b>\$0</b>	<b>\$95,957</b>	<b>\$4,695</b>	<b>\$110,380</b>	<b>\$29,348</b>						
<b>Total Operating &amp; Capital</b>	<b>\$5,936,380</b>	<b>\$5,040,000</b>	<b>\$320,000</b>	<b>\$320,000</b>	<b>\$16,000</b>	<b>\$95,957</b>	<b>\$4,695</b>	<b>\$110,380</b>	<b>\$29,348</b>						

<b>FY 2020/21 Projected Funding Details</b>															
5307 RS CARES	\$5,040,000														
5307 RS OB	\$320,000	64,000 of Toll Credits Used as a match.													
LTF	\$16,000														
Total Estimated Operating Funding Request	\$5,376,000														
5339 RS	\$320,000														
SGR PUC99313	\$95,957														
SGR PUC99314	\$4,695														
STA PUC99313	\$110,380														
STA PUC99314	\$29,348														
Total Estimated Capital Funding Request	\$560,380														
<b>Total Funding Request</b>	<b>\$5,936,380</b>														



# **AGENDA ITEM 7G**



<b><i>RIVERSIDE COUNTY TRANSPORTATION COMMISSION</i></b>	
<b>DATE:</b>	February 10, 2021
<b>TO:</b>	Riverside County Transportation Commission
<b>FROM:</b>	Western Riverside County Programs and Projects and Committee Jennifer Crosson, Toll Operations Manager
<b>THROUGH:</b>	Anne Mayer, Executive Director
<b>SUBJECT:</b>	Change Order to Amend the Interstate 15 Express Lanes Project Toll Services Agreement with Kapsch TrafficCom USA to Provide Maintenance Services for the 91 Express Lanes Roadside Tolling System

**WESTERN RIVERSIDE COUNTY PROGRAMS AND PROJECTS AND COMMITTEE AND STAFF  
RECOMMENDATION:**

This item is for the Commission to:

- 1) Approve Change Order No. 7B to Agreement No. 16-31-043-00 for the Interstate 15 Express Lanes Project (I-15 ELP) with Kapsch TrafficCom USA Inc. (Kapsch) to provide five years of maintenance services (March 2021 through February 2026) for the 91 Express Lanes Roadside Tolling System in the amount of \$4,387,410, plus a contingency amount of \$500,000, for a total amount not to exceed \$4,887,410;
- 2) Authorize the Chair or Executive Director, pursuant to legal counsel review, to execute the change order on behalf of the Commission; and
- 3) Authorize the Executive Director or designee to approve contingency work up to the total amount not to exceed as required for the project.

**BACKGROUND INFORMATION:**

In April 2017 Governor Brown signed Senate Bill 132 (SB 132) which appropriated \$427 million to the Riverside County Transportation Efficiency Corridor (RCTEC) for five projects. SB 132 allocated \$180 million to the I-15/SR-91 Express Lane Connector (15/91 ELC). The 15/91 ELC will provide a tolled express lanes connector between the existing 91 Express Lanes and the future 15 Express Lanes to the north of SR-91 (Figure 1: Vicinity Map).



*Figure 1: 15/91 Express Lanes Connector Project Vicinity Map*

SB 132 also statutorily created a task force to develop recommendations to accelerate project delivery of the RCTEC projects. On June 27, 2017, Governor Brown signed budget trailer bill Assembly Bill 115 (AB 115) through which the Commission received additional project delivery authority to ensure cost-effective and timely delivery of the 15/91 ELC.

At its October 2017 meeting, the Commission approved an overall procurement strategy for the 15/91 ELC to secure all the services and construction needed to deliver the project. The approved strategy consists of a series of contract amendments, as permitted by AB 115, to existing 91 Project and I-15 ELP contracts with engineering companies, contractors, toll vendors, legal, and financial advisors.

At its July 2018 meeting, the Commission approved Change Order No. 5 to Agreement No. 16-31-043-00 for the I-15 ELP to Kapsch to retrofit the roadside tolling system on State Route 91, which will allow the 91 Express Lanes and 15 Express Lanes to be integrated into a seamless tolling system. This retrofit work was completed in November 2019 and maintenance through February 2021 is covered under Change Order No. 5.

Change Order 7B provides for continuing maintenance of the 91 Express Lanes Roadside Toll System for five additional years. The additional five years of maintenance would bring the 91

and 15 Roadside Toll System Maintenance contracts into time alignment with maintenance for both through February 2026.

**DISCUSSION:**

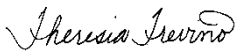
This request is to extend the maintenance of the tolling system on State Route 91 for the next five years, which will coincide with the operations of the 91 Express Lanes roadside tolling systems integrated with the 15 Express Lanes roadside tolling systems. With this extension, Kapsch will be providing maintenance for both the 91 Express Lanes and 15 Express Lanes roadside tolling systems, which should provide efficiency in their operations. This change order will be funded from toll revenues from the 91 Express Lanes operations. The services were previously provided for by Cofiroute USA. The Cofiroute contract has been reduced for roadside tolling systems maintenance.

Based on the overall procurement strategy approved for the 15/91 ELC, staff supports a change order to the I-15 ELP Toll Services agreement with Kapsch to design, install, and maintain replacement of the existing 91 Express Lanes roadside toll system to provide compatibility across the entire RCTC tolling environment.

The Kapsch contract provided pre-negotiated rates for maintenance personnel. Staff worked with Kapsch to negotiate the costs related to the maintenance of the roadside toll system for the period required. Staff finds the negotiated costs to be fair and reasonable.

**RECOMMENDATION:**

Staff recommends approval of Change Order No. 7B to amend the Toll Services agreement between the Commission and Kapsch in the amount of \$4,387,410, plus a contingency amount of \$500,000, for a total amount not to exceed \$4,887,410. Further, authorization is requested for the Chair or Executive Director to execute the amendment on behalf of the Commission and for the Executive Director or designee to approve contingency work up to the total not to exceed amount as required for the project.

Financial Information					
In Fiscal Year Budget:	Yes N/A	Year:	FY 2020/21 FY 2021/22+	Amount:	\$ 302,909 \$ 4,584,501
Source of Funds:	91 Express Lanes toll revenues			Budget Adjustment:	No N/A
GL/Project Accounting No.:	009199 81041 00000 0000 591 31 81002				
Fiscal Procedures Approved:				Date:	01/14/2021

Attachment: Draft Change Order No. 7B with Kapsch

*Approved by the Western Riverside County Programs and Projects Committee on  
January 25, 2021*

In Favor: 11 Abstain: 0 No: 0





**Change Response / TSP Change Request**  
**RIVERSIDE COUNTY TRANSPORTATION COMMISSION**  
**I-15 Toll Services Provider Contract**

**Change Order No. 7B**

**Pursuant to:** (check appropriate box)

- ☒ Written Change Notice No. 7B, dated 28 September 2020, submitted by RCTC to TSP pursuant to Section 20.4.1 of the Contract
- ☐ TSP Change Request No. \_\_\_\_\_, dated \_\_\_\_\_, submitted by TSP to RCTC pursuant to Section 20.6 of the Contract
- ☐ Directive Letter No. \_\_\_\_\_, dated \_\_\_\_\_, submitted by RCTC to TSP pursuant to Section 20.3 of the Contract

Reference is made to that certain Toll Services Contract (Contract No. 16-31-043-00) dated 26 January 2016, as amended, by and between Riverside County Transportation Commission ("RCTC"), a public entity of the State of California ("RCTC"), and Kapsch TrafficCom USA, Inc., a corporation organized under the laws of Delaware ("TSP"), as amended, together with all Exhibits and prior amendments (the "Contract").

This Change Order amends the Contract.

Capitalized terms used, but not defined, in this Change Order have the meanings given in, and all Section and Exhibit references shall be to the Contract.



**SECTION I – Narrative, Discussion of Additions, Deletions, Modifications to the Requirements of the Toll Services Contract**

**A. Evaluation of Change including whether TSP considers any RCTC-Initiated Change to constitute a Change and the specific provision(s) of this Contract which permit a Change Order (Section 20.4.3(a)(i)):**

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N/A – RCTC Initiated Change Order

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**B. Overview of scope of Change (Section 20.4.3(a)(iii)). For detailed scope of Change, please complete the Change Response Price Form:**

All capitalized terms used in this Change Order #7B and not defined herein have the meanings given to such terms in the Toll Services Contract dated January 26, 2017 (as amended by this Change Order and the previous Change Orders), between the Riverside County Transportation Commission (**RCTC**) and Kapsch TrafficCom USA, Inc. (**TSP**) (together the **Contract**).

RCTC plans to develop a new Express Lanes connector (**ELC** or **ELC Project**) between the SR-91 Express Lanes (**SR-91 EL**) and the future I-15 Express Lanes being developed under the I-15 Express Lanes Project (**ELP Project**). The ELC will consist of one Express Lane in each direction facilitating a direct east-to-north and south-to-west connection between the recently opened SR-91 Express Lanes extension and the future Express Lanes on I-15. The ELC will allow SR-91 EL customers and I-15 Express Lanes customers to make a continuous trip between the two Express Lane facilities.

**Part 1: SR-91 Retrofit to support upgraded roadside electronic tolling system**

**Background**

The construction of the ELC will create new destinations accessible from the SR-91 Express Lanes and I-15 Express Lanes. The I-15 Express Lanes system shall be modified to allow for a new inter-facility pricing strategy. Given the access configuration and location of toll points on the SR-91 Express Lanes and the I-15 Express Lanes, customers using the ELC will be required to use the RCTC segment of the SR-91 Express Lanes (RCTC SR-91 Express Lanes Segment) and one segment of the I-15 Express Lanes (I-15 Express Lanes Segment). Prices for ELC transactions shall be combined with the RCTC SR-91 Express Lanes Segment and the I-15 Express Lanes Segment, creating an inter-facility pricing zone. Additionally, tolls for trips beginning with segment one northbound on the I-15 Express Lanes to the SR-91 Express Lanes westbound or SR-91 Express Lanes eastbound through segment four of the I-15 Express Lanes southbound shall be combined.

Pricing between the SR-91 Express Lanes and the I-15 Express Lanes will require an interface between the SR-91 Express Lanes and I-15 Express Lanes toll systems to collect and exchange entry time data. For example,

the SR-91 Express Lanes toll system would need to know the time that ELC users saw the SR-91 Express Lanes price so that the appropriate toll could be charged.

The ELC pricing strategy is illustrated in Figure 1. This strategy introduces a new pricing zone that encompasses the RCTC SR-91 Express Lanes Segment and the entirety of the I-15 Express Lanes so that the price to travel to the ends of the I-15 Express Lanes would be displayed at the SR-91 County Line and the price to travel to the SR-91 County Line would be displayed on I-15 Express Lanes signs.

The Parties intend that the scope of the Project under the Contract shall be made up of 3 Sub projects:

- 1) The toll services work for the SR-91 Express Lanes described in previous Change Order #5 and previous Change Order #6 (**SR-91 Subproject**);
- 2) The toll services work for the I-15 Express Lanes Project (**ELP Subproject**) – described in the Contract as of the Effective Date; and
- 3) The toll services work for the **ELC Subproject** to be described in a future Change Order.

The subprojects shall include the following phases of D&D Work described (Phases):

- 1) SR-91 Subproject
  - a. SR-91 Phase 1 –Tolling System Retrofit (described in Change Order #5):
 

Retrofit the existing RCTC SR-91 Express Lanes Segment roadside electronic tolling system (currently Neology) with TSP’s roadside electronic tolling system of the same design as the roadside electronic tolling system being installed on the I-15 for the ELP Project to provide compatibility across the entire RCTC tolling environment and add additional capabilities to the RCTC SR-91 Express Lanes Segment (i.e., 6C compatibility) that are being introduced in the ELP Project. The ETC Host will provide “core” services only by creating vehicle transactions and transmitting them to the SR-91 Operator for trip-building.
  - b. SR-91 Phase 2 – New Tolling Infrastructure – described in Change Order (Change Order #6)
    - i. South Gantry (including SR-91 (Gantry) Turnover Package 5)
- 2) Install new tolling equipment on the South Gantry to be included in Turnover Package 5. This tolling point will have 1 toll lane in each direction. The tolling point will be tied into the existing SR-91 fiber communications system, and shall, upon completion communicate with the new ETC Host which will be located at the RCTC Operations Center ROC).
- 3) After the new tolling point is put into Revenue Service, the TSP will decommission the existing toll point at the I-15/SR-91 interchange by removing the toll equipment from the site, before the gantries are removed due to ELC Project construction. The equipment will be returned to RCTC inventory.
  - i. County Line VTMS (including SR-91 (VTMS) Turnover Package 6)
    1. Install new VTMS price sign equipment consisting of LED displays for pricing for 3 destinations. This VTMS price sign will be tied into the

- 
- existing SR-91 fiber communications network, and shall, upon completion, communicate to the ELP Project ROC.
2. RCTC will provide a sign gantry structure. TSP will insert LED pricing modules into a sign panel provided by RCTC. RCTC will provide supporting structural elements to allow TSP to attach LEDs to the sign panel structure.
  3. A Yagi antenna will be mounted to the new VTMS sign to support determination of delay for assignment of toll pricing in the Eastbound direction on the SR-91 Express Lanes.
  4. TSP will implement temporary pricing support utilizing the existing INFO CMS (at station 524+00 on SR-91) utilizing existing network connections, and the new sign manager software (planned for the new County-Line VTMS) if delivery of the new County-Line VTMS structure is delayed past ELP Revenue Service Commencement. This is referred to as "County-Line VTMS Plan B". County-Line VTMS Plan B shall be implemented, tested, and functional no later than ELP Package 4 Turnover.
- ii. Network Revisions - Connect SR-91 Tolling Infrastructure to the I-15 ROC
1. Including the SR-91 Tolling Points as part of the overall Trip Building/Trip Pricing process for the I-15 and RCTC SR-91 Express Lanes Segment – this work is included in previous Change Order #3
  2. After ELP Subproject has reached Revenue Service, the tolling locations on the RCTC SR-91 Express Lanes Segment will be disconnected from communicating with the SR-91 Operator, and will be reconnected with the new ETC Host located at the new ELP Project ROC as described in this Change Order (Change Order #6)
  3. Includes changes to the Back Office System software to support multi-facility trip tolling.
- 4) ELP Subproject – including Turnover Packages 1, 2, 3 and 4 to be performed as described in the Contract as of the Effective Date.
  - 5) ELC Subproject – including Turnover Package 7 – to be more fully described in a future Change Order.

Install new tolling equipment on 3 future gantries – North Gantry, West McKinley Gantry, and East McKinley Gantry. Install additional CCTV and TTMS equipment to support the monitoring of the new tolling points. These new tolling points will be tied into the new I-15 fiber communications system or SR-91 fiber communications system (as determined during design, and communication with the new I-15 ROC facility.

## **Part 2: Work under this Change Order**

### **A. SR-91 O&M Work**

TSP acknowledges that:

During the SR-91 O&M Term, TSP will perform the following O&M Work (collectively, the **SR-91 O&M Work**):

- (a) Maintenance Services to support the RCTC SR-91 Tolling in accordance with Technical Provisions (TP), Section 16 (the "**SR-91 Maintenance Work**").
- (b) All other provisions of the Contract apply to this SR-91 O&M Work.

## **Part 3: Other Material Terms**

### **1) Bonding Requirements**

- a. As a condition of performing the O&M work on the SR-91, TSP shall provide and maintain the SR-91 Maintenance Performance Bond (Attachment 3-A) and the SR-91 Maintenance Payment Bond (Attachment 3-B). RCTC will release the SR-91 Maintenance Performance Bond upon expiry of the SR-91 O&M Term, provided that no outstanding claims are then pending or threatened against TSP under the Contract in connection with the SR-91 O&M Work. RCTC will release the SR-91 Maintenance Payment Bond (i) upon receipt of (A) evidence satisfactory to RCTC that all Persons eligible to file a claim against the bond have been fully paid and (B) unconditional releases of Liens and stop notices from all Subcontractors who filed preliminary notice of a claim against the Bond, or (ii) upon expiration of the statutory period for Subcontractors to file a claim against the Bond if no Claims have been filed.

## **Part 4: SR-91 ROW Access**

RCTC will provide TSP with access to the SR-91 ROW for the purposes of performing the SR-91 O&M Work, provided that (i) TSP shall obtain a rider to the existing RCTC encroachment permit providing TSP with access to the SR-91 Site prior to commencing work on the site and shall comply with the requirements of such permit, and (ii) TSP shall comply at all times with TSP's safety and security procedures and all applicable requirements of this Contract and Technical Provisions.

## **Part 5: Additional Definitions (Exhibit 1 to the Contract)**

**SR-91 Maintenance Payment Bond** means a Maintenance Payment Bond in the form attached to this Change Order #7B as Attachment 3-B (with such modifications as RCTC approves by Notice, in its sole discretion).

**SR-91 Maintenance Performance Bond** means a Maintenance Performance Bond in the form attached to this Change Order #7B as Attachment 3-A (with such modifications as RCTC approves by Notice, in its sole discretion).

**SR-91 O&M Term** means the period commencing on March 1, 2021 and continuing for 60 months (5 years).

**SR-91 O&M Work** means SR-91 Maintenance Work.

**Part 6: Impacts on Existing Definitions and Contract Provisions**

The definition of “Indemnified Parties” is revised to add Orange County Transportation Authority and its officers, directors, board members, employees, consultants, representatives and agents.

For purposes of the SR-91, the Setting Date, the Effective Date and similar reference dates under the Contract will be the date of issuance of this Change Order.

Except as specifically provided otherwise in this Change Order:

- 1) Defined terms previously applying generally to the ELP Project (such as “Project,” “D&D Work,” “Toll Services,” “Work,” “Completion Deadlines,” “Total Capital Cost,” etc.): (a) will retain the same names and the definitions will be revised to include SR-91 (Phase 1, 2, 3, and 4) and ELC; but (b) corresponding ELP Project-specific defined terms will also be created so as to distinguish from SR-91 and ELC as needed.
- 2) Provisions in the Contract of general application to the ELP Project (such as TSP’s indemnities, events of default) will also apply to SR-91 and ELC.

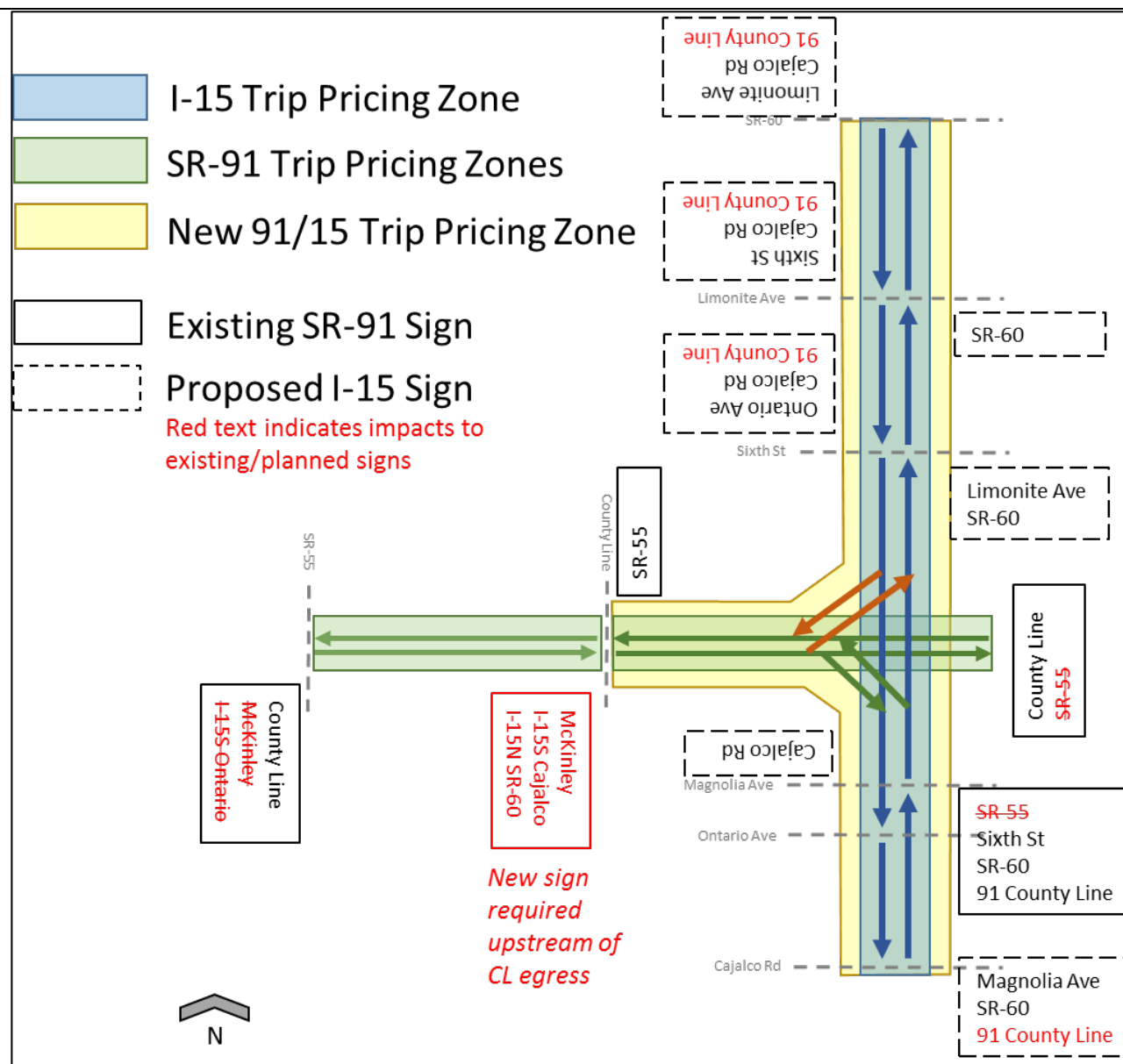


Figure 1

**C. Analysis of (impact of the Change on the performance of other aspects of the D&D Work, O&M Work, RCTC or RCTC's toll operations (as applicable); (Section 20.4.3(a)(v)):**

All impacts of the Change are reflected in this Change Order #7B, and there are no other impacts of the Change on the performance of other aspects of the D&D Work, O&M Work, RCTC or RCTC's toll operations.

**D. Proposed plan for mitigating impacts of the Change (Section 20.4.2(a)(x)):**



N/A

**E. Additions / deletions / modifications to the requirements of the Contract including KPIs (if any) (Section 20.4.3(a)(viii)):**

See Redlined Technical Provisions Attachment 2.





## **SECTION II – Cost Impact(s)**

### **A. Summary**

Compensation under this Change Order is to be paid (check the applicable boxes below):

- ☐ n/a<sup>1</sup> \$0.00 (“no cost”) Change Order.
- ☐ as a lump sum adjustment to the Contract Price in the amount of \_\_\_\_\_ dollars (\$ \_\_\_\_\_).
- ☒ as a series of monthly payments in accordance with Attachment 1A through 1E – SR-91 O&M – Price Sheet – Monthly Payments
- ☐ as an adjustment to Total O&M Years 1 and 2 Cost or Total O&M Years 3, 4 and 5 Cost
- ☐ as a Unit Price Change Order for increases or decreases in the Contract Price [not to exceed] / [in the amount of] \_\_\_\_\_ dollars (\$ \_\_\_\_\_)
- ☐ as a Time and Materials Change Order, [not to exceed \_\_\_\_\_ dollars (\$ \_\_\_\_\_)]
- ☐ as is set forth below, under Section II(B)([2] / [3]). ***[select the proper reference]***
- ☐ If more than one box has been checked, also check this box and summarize terms here:

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Documentation supporting the Change Order is attached as Annex[es] \_\_\_\_\_ [through \_\_\_\_\_].

### **B. Special Considerations**

#### **1. Delay and disruption damages for Excusable Delay (Section 20.10). ☒ n/a**

Compensation available for Change Orders are (only) extra Work Costs and delay Costs directly attributable to the proposed Change and exclude certain costs and expenses.

- Total extra Work Costs: \$ \_\_\_\_\_
- Total delay and disruption damages: \$ \_\_\_\_\_

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<sup>1</sup> If \$0 (i.e., a “no cost” Change Order), leave remainder of Section II blank.



Discussion (if any):

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**2. Deductive RCTC Changes.** ☒ n/a

If this Change Order is a deductive change

Net Cost<sup>2</sup> Savings attributable to the deductive change \$ \_\_\_\_\_

Amount due to RCTC attributable to the deductive Change (or which can be used by RCTC, in its sole discretion, to offset payment to TSP) \$ \_\_\_\_\_

Discussion (if any):

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<sup>2</sup> When both additions and reductions are involved in any one Change Order, the adjustment shall be determined on the basis of net increase or decrease. TSP Margin will be allowed only for the net increase in labor Cost in order to establish the amount to be added to the Contract Price. In determining a deductive change order, any deduction will include the amount of TSP Margin and Audited Overhead which would have been payable on such amounts by RCTC in accordance with Section 20.

### **SECTION III – Completion Deadline Impacts (Applicable to All Change Orders)**

The status of the CSC Commencement Deadline is as follows:

- ☒ Unaffected by this Change Order
- ☐ Affected by [extending] / [accelerating] the date of the CSC Commencement Deadline by \_\_\_\_\_ calendar days to \_\_\_\_\_ calendar days prior to Revenue Service Commencement.

The status of the Revenue Service Commencement Deadline is as follows:

- ☒ Unaffected by this Change Order
- ☐ Affected by [extending] / [accelerating] the date of the Revenue Service Deadline by \_\_\_\_\_ calendar days to \_\_\_\_\_ Days after the Package 4 Turnover Date.

The status of the total Float is as follows:

- ☒ Unaffected by this Change Order
- ☐ Affected by this Change Order as follows:

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If this Change Order is issued as a result of, or relating to, an Excusable Delay or a shortening time, TSP's Critical Path time impact delay analysis is attached as Annex \_\_\_\_\_ (Section 20.4.3(a)(vi)). ☒ n/a



**SECTION IV - (Reviewed and recommended agreed by TSP’s [Project Manager-D&D Work]  
or [Project Manager-O&M Work])**

By: \_\_\_\_\_

Name: Jason Stewart

Title: Project Manager

Date: \_\_\_\_\_

**Comments:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **SECTION V - (Reviewed and agreed by TSP)**

The undersigned Authorized Representative of TSP hereby certifies, under penalty of perjury, as follows:

1. Sections I, II and III of this Change Order, including all Worksheets and Annexes, collectively represent a true, accurate and complete summary of all aspects of this Change Order.
2. The amounts of time and/or compensation set forth in this Change Order (a) are, in each case, justified as to entitlement and amount, (b) reflect all changes to compensation for and scheduling of the Project (inclusive of all Subcontractor and Supplier amounts, impacts), (c) is complete, accurate and current and (d), in each case, the amounts of time, if any, and/or compensation, if any, agreeable to, and is hereby agreed by, TSP.
3. This Change Order includes all known and anticipated impacts or amounts, direct, indirect and consequential, which have been and may be incurred, as a result of the event, occurrence or matter giving rise to this Change Order. This Change Order constitutes a full and complete settlement of all Losses, Claims, matters, issues and disputes existing as of the effective date of this Change Order, of whatever nature, kind or character relating to the event, occurrence or matter giving rise to this Change Order and the performance of any extra Work that this Change Order documents or relates, including all direct and indirect costs for services, equipment, manpower, materials, overhead, profit, financing, delay and disruption arising out of, or relating to, the issues set forth herein. TSP acknowledges that it shall not be entitled to assert any Claim for relief under the Contract for delay, disruption costs or any other adverse financial or Project Schedule impacts existing as of the effective date of this Change Order and arising out of, or relating to, the event, occurrence or matter giving rise to this Change Order or such extra Work.
4. If the foregoing Change Order includes claims of Subcontractors or Suppliers, TSP represents that authorized representatives of each Subcontractor and Supplier, if any, reviewed such claims, this Change Order and accept this Change Order as dispositive on the same, subject to separate Contract between TSP and each such Subcontractor and Supplier, as applicable. Furthermore, TSP has determined in good faith that such claims are justified as to both entitlement and amount.
5. The cost and pricing data forming the basis for the Change Order is complete, accurate and current, with specific reference to the California False Claims Act (Government Code section 12650 et. seq.) and the U.S. False Claims Act (31 USC § 3729 et seq.)
6. It is understood and agreed that this Change Order shall not alter or change, in any way, the force and effect of the Contract, including any previous amendment(s) thereto, except insofar as the same is expressly altered and amended by this Change Order.
7. This Change Order supersedes all prior commitments, negotiations, correspondence, conversations, Contracts or understanding applicable to the issues addressed herein. No deviation from the terms hereof shall be predicated upon any prior representations or Contracts, whether oral or written, other than the Contract, as amended in accordance with its terms.



8. This Change Order is binding upon, and shall insure to the benefit of, each of the parties and their respective heirs, personal representatives, successors and assigns.

IN WITNESS, WHEREOF, TSP, intending to be legally bound, has executed this Change Order as of the date below.

**TSP:**

**Kapsch TrafficCom USA, Inc.**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: Robert Corion

Title: Senior Vice President, Delivery and Operations

The undersigned Guarantor hereby (i) acknowledges and consents to this CHANGE ORDER NUMBER 5; (ii) reaffirms that certain Guaranty dated as of \_\_\_\_\_, 201\_\_ (the "Guaranty"), executed by the undersigned; and (iii) agrees that the Guaranty remains in full force and effect and binding upon the undersigned as of the date hereof.

**TSP:**

**Kapsch TrafficCom AG**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Title:



**SECTION VI - (Reviewed and recommended by RCTC)**

By: \_\_\_\_\_  
Name: David Thomas  
Title: Toll Project Manager  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: Michael Blomquist  
Title: Toll Project Director  
Date: \_\_\_\_\_

**Comments:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**SECTION VII - (Agreed by RCTC's Authorized Representative)**

IN WITNESS WHEREOF, RCTC, intending to be legally bound, has executed this Change Order as of the date first written above.

Date: \_\_\_\_\_

(the effective date of this Change Order)

**RCTC**

**RIVERSIDE COUNTY TRANSPORTATION  
COMMISSION**

By: \_\_\_\_\_

Name: Anne Mayer

Title: Executive Director



**ATTACHMENT 1A**  
**SR-91 O&M – PRICE SHEET – MONTHLY PAYMENTS**  
**YEAR 1 – MARCH 2021 THROUGH FEBRUARY 2022**

#	Item	Description	Unit	Qty	Unit Price	Total
1	Labor – Kapsch	SR-91 O&M Work	Lot	1	\$647,272.34	\$647,272.34
2	Subcontractors	Maintenance Service Contracts, Lane Closures, Security Services	Lot	1	\$79,152.14	\$79,152.14
3	ODCs	Technician ODCs – Vehicle Lease, Fuel, Maintenance, tolls, etc.	Lot	1	\$31,455.36	\$31,455.36
4	Materials	Spares, Consumables, RMA and Repair	Lot	1	\$150,846.08	\$150,846.08
Total O&M Costs – Year 1						\$908,725.92
12 months @ per month						\$75,727.16

**ATTACHMENT 1B**  
**SR-91 O&M – PRICE SHEET – MONTHLY PAYMENTS**  
**YEAR 2 – MARCH 2022 THROUGH FEBRUARY 2023**

#	Item	Description	Unit	Qty	Unit Price	Total
1	Labor – Kapsch	SR-91 O&M Work	Lot	1	\$674,582.62	\$674,582.62
2	Subcontractors	Maintenance Service Contracts, Lane Closures, Security Services	Lot	1	\$79,152.14	\$79,152.14
3	ODCs	Technician ODCs – Vehicle Lease, Fuel, Maintenance, tolls, etc.	Lot	1	\$30,996.94	\$30,996.94
4	Materials	Spares, Consumables, RMA and Repair	Lot	1	\$55,491.26	\$55,491.26
Total O&M Costs – Year 2						\$840,222.96
12 months @ per month						\$70,018.58

**ATTACHMENT 1C**  
**SR-91 O&M – PRICE SHEET – MONTHLY PAYMENTS**  
**YEAR 3 – MARCH 2023 THROUGH FEBRUARY 2024**

#	Item	Description	Unit	Qty	Unit Price	Total
1	Labor – Kapsch	SR-91 O&M Work	Lot	1	\$702,132.26	\$702,132.26
2	Subcontractors	Maintenance Service Contracts, Lane Closures, Security Services	Lot	1	\$79,152.14	\$79,152.14
3	ODCs	Technician ODCs – Vehicle Lease, Fuel, Maintenance, tolls, etc.	Lot	1	\$31,159.73	\$31,159.73
4	Materials	Spares, Consumables, RMA and Repair	Lot	1	\$55,491.27	\$55,491.27
Total O&M Costs – Year 3						\$867,935.40
12 months @ per month						\$72,327.95

**ATTACHMENT 1D**  
**SR-91 O&M – PRICE SHEET – MONTHLY PAYMENTS**  
**YEAR 4 – MARCH 2024 THROUGH FEBRUARY 2025**

#	Item	Description	Unit	Qty	Unit Price	Total
1	Labor – Kapsch	SR-91 O&M Work	Lot	1	\$713,520.20	\$713,520.20
2	Subcontractors	Maintenance Service Contracts, Lane Closures, Security Services	Lot	1	\$79,152.14	\$79,152.14
3	ODCs	Technician ODCs – Vehicle Lease, Fuel, Maintenance, tolls, etc.	Lot	1	\$31,227.02	\$31,227.02
4	Materials	Spares, Consumables, RMA and Repair	Lot	1	\$55,491.24	\$55,491.24
Total O&M Costs – Year 4						\$879,390.60
12 months @ per month						\$73,282.55

**ATTACHMENT 1E**  
**SR-91 O&M – PRICE SHEET – MONTHLY PAYMENTS**  
**YEAR 5 – MARCH 2025 THROUGH FEBRUARY 2026**

#	Item	Description	Unit	Qty	Unit Price	Total
1	Labor – Kapsch	SR-91 O&M Work	Lot	1	\$725,195.10	\$725,195.10
2	Subcontractors	Maintenance Service Contracts, Lane Closures, Security Services	Lot	1	\$79,152.14	\$79,152.14
3	ODCs	Technician ODCs – Vehicle Lease, Fuel, Maintenance, tolls, etc.	Lot	1	\$31,296.01	\$31,296.01
4	Materials	Spares, Consumables, RMA and Repair	Lot	1	\$55,491.27	\$55,491.27
Total O&M Costs – Year 5						\$891,134.52
12 months @ per month						\$74,261.21

**ATTACHMENT 2**  
**ADDITIONAL AND REVISED TECHNICAL PROVISIONS**

**CHANGE #1 – The following provisions are modified in the new Subsection 2.13.7 (originally added in Change Order #5):**

**“2.13.7 Coordination with SR-91 Operator**

RCTC is currently under contract with the SR-91 Operator for the operations and maintenance of the toll system on SR-91. TSP shall coordinate with the SR-91 Operator in the deployment and transitions of the ETC on SR91. The TSP shall be responsible for the implementation, operations, coordination and maintenance of SR-91 ETC per Table 1.

No.	Express Lanes	TSP	SR 91 Operator	RCTC
<b>Toll Collection System</b>				
1	Toll Utility Buildings (TUB)	X		
2	A/C TUB (See NOTE 1 below)	X		
3	Fire Suppression System (See NOTE 2 below)			X
4	Phone Communications	X		
5	CCTV TUB Security	X		
6	Security Access	X		
7	TUB Cleaning			X
8	Toll Gantry Structure (See NOTE 1 below)			X
9	Equipment Cabinet	X		
10	Generator & ATS		X	
11	Septic Tank		X	
12	Plumbing and water system		X	
13	Utility – power (See NOTE 1 below)	X		
14	Server Racks & Equipment	X	X (TBD)	
15	Pass through communications (CCTV)		X	
16	High Mast Lighting (within Toll Zone)		X	
<b>Communication Network</b>				
17	Conduit		X	
18	Fiber		X	
19	Roadway CCTV		X	

<b>20</b>	Existing CMS		X	
<b>21</b>	Utility connection to CCTV		X	
<b>Coordination</b>				
<b>22</b>	CHP		X	
<b>23</b>	Freeway Service Patrol		X	
<b>24</b>	Caltrans Maintenance		X	
<b>25</b>	Other Agencies			X

**Table 1 – SR-91 Roles and Responsibilities**

NOTE 1: TSP shall be responsible for oversight of the repair of damage, regardless of cause. If required and upon approval of RCTC, TSP shall be responsible for acquiring and overseeing any third-party repair. The costs of the third-party repair shall be the responsibility of RCTC. The acquisition of a third-party and oversight of the repair shall be the responsibility of the TSP at no additional cost to RCTC.

NOTE 2: TSP shall provide oversight when third-party contractors are providing service for RCTC items, in order to ensure that there will be no damage to the tolling equipment.

## **CHANGE #2 – The following paragraph is added to Subsection 16.6.1:**

### **“16.6.1 Permitted Lane Closures of 91 Express Lanes**

Add the following paragraph:

TSP is allowed six (6) off peak Lane Closure hours for the SR-91 Express Lanes per month. The closures are subject to approval by RCTC and will fall within the off-peak windows set forth in Section 4.7.3, Table 4-1. Closure restrictions for designated holidays and special days are also included in Section 4.7.3. TSP shall pay to RCTC Lane Closure Charges for Permitted Lane Closures of SR-91 Express Lanes outside the 6 hours per month as set forth in Exhibit 22 of the Contract.



**ATTACHMENT 3-A**  
**FORM OF SR-91 MAINTENANCE PERFORMANCE BOND**

Contract No. \_\_\_\_\_

Bond No. \_\_\_\_\_

**KNOW ALL WHO SHALL SEE THESE PRESENTS:**

**THAT WHEREAS,** The Riverside County Transportation Commission, a public entity of the State of California ("RCTC"), has awarded Kapsch TrafficCom USA, Inc., a corporation organized under the laws of Delaware (formerly Kapsch TrafficCom Transportation NA, Inc., a corporation organized under the laws of Michigan) ("Principal") a contract to design, implement, operate and maintain a toll collection system ("Toll Services") for the I-15 Express Lanes Project;

**AND WHEREAS,** Principal and RCTC have entered into a Toll Services Contract bearing the date of January 26, 2017 (as amended, the "Contract") to provide Toll Services in accordance with the terms of the Contract;

**AND WHEREAS,** it is one of the conditions to SR-91 Revenue Service Commencement under the Contract that these presents shall be executed;

**NOW THEREFORE,** We the undersigned Principal and Everest Reinsurance Company (the "Surety"), an admitted surety insurer in the State of California, are firmly bound and held unto RCTC, \_\_\_\_\_ in \_\_\_\_\_ the \_\_\_\_\_ amount \_\_\_\_\_ of

\_\_\_\_\_ ("Bonded Sum") good and lawful money of the United States of America for the payment whereof, well and truly to be paid to RCTC, we bind ourselves, our heirs, successors, executors, administrators, and assigns, jointly and severally, firmly by these presents.

**THE CONDITION OF THE FOREGOING OBLIGATION IS SUCH THAT:**

1. The Contract is incorporated by reference in this Bond.
2. Unless the context otherwise requires, capitalized terms used but not separately defined in this Bond have the meaning given to them in the Contract.
3. If Principal or its heirs, successors, executors, administrators or assigns shall in all things stand to and abide by and well and truly keep, perform and complete all covenants, conditions, agreements, obligations and work under the Contract, including any and all amendments, supplements, and alterations made to the Contract as therein provided, on Principal's part to be kept and performed at the time and in the manner therein specified with respect to the SR-91 O&M Work, and shall indemnify, defend and save harmless RCTC and all other Indemnified Parties, as therein stipulated, then this obligation shall become null and void; otherwise it shall remain in full force and effect. In case suit is brought upon this Bond, the Surety will pay reasonable attorney's fee to be fixed by the court.



4. The obligations covered by this Bond specifically include the performance of each and every obligation of Principal under the Contract with respect to the SR-91 O&M Work, including its liability for Liquidated Damages and warranties as specified in the Contract, but not to exceed the Bonded Sum.

5. The Surety agrees that no change, extension of time, alterations, additions, omissions or other modifications of the terms of the Contract, or in the work to be performed with respect to the SR-91 O&M Work, or in the specifications or plans, or any change or modification of any terms of payment or extension of time for any payment pertaining or relating to the Contract, or any rescission or attempted rescission of the Contract or this Bond, or any conditions precedent or subsequent in this Bond attempting to limit the right of recovery of RCTC seeking to recover from this Bond, or any fraud practiced by any other person other than RCTC seeking to recover from this Bond, shall in any way affect its obligations on this Bond, and it does hereby waive notice of such changes, extension of time, alterations, additions, omissions or other modifications.

6. The Surety agrees that payments made to contractors and suppliers to satisfy claims on the payment bond do not reduce the Surety's legal obligations under this Bond. Payments made to contractors or suppliers under any agreement where the Surety has arranged for completion of the work to satisfy this Bond will not be considered payment bond claims.

7. Whenever Principal shall be, and is declared by RCTC to be, in default under the Contract, provided that RCTC is not then in material default thereunder, the Surety shall promptly:

- (a) remedy such default, or
- (b) complete the work covered by this Bond in accordance with the terms and conditions of the Contract, or
- (c) select a contractor or contractors to complete all work covered by this Bond in accordance with the terms and conditions of the Contract then in effect, using a contractor or contractors approved by RCTC (provided, however, that the Surety may not select Principal or any affiliate of Principal to complete the work for and on behalf of the Surety without RCTC's express written consent, in its sole discretion), arrange for a contract meeting the requirements of the Contract between such contractor or contractors and RCTC, and make available as work progresses (even though there should be a default or a succession of defaults under such contract or contracts of completion arranged under this paragraph) sufficient funds to pay the cost of completion less the unpaid balance of the SR-91 O&M Cost; but not exceeding, including other costs and damages for which Surety is liable hereunder, the Bonded Sum.

8. If Surety does not proceed as provided in Paragraph 7 of this Bond with reasonable promptness, Surety shall be deemed to be in default on this Bond fifteen (15) days after receipt of an additional Notice from the RCTC to Surety demanding that Surety perform its obligations under this Bond, and RCTC shall be entitled to enforce any remedy available to RCTC.

9. The guarantees contained in this Bond shall survive SR-91 O&M Work required to be performed during the SR-91 O&M Term with respect to those obligations of Principal which survive the SR-91 O&M Term.



IN WITNESS WHEREOF, we have hereunto set our hands and seals on this \_\_\_\_\_  
\_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, A.D., 20\_\_.

**PRINCIPAL:**

**KAPSCH TRAFFICCOM USA, INC.**

By: \_\_\_\_\_  
Name: Robert Corion  
Title: Senior Vice President Delivery and  
Operations  
Address: 106 E 6<sup>th</sup> St., Suite 833  
Austin, TX 78701

Contact Name: \_Deborah A. Wiebe  
Phone: (713) 689-9235

Surety (full legal name):

**Everest Reinsurance Company**

Address:  
461 5<sup>th</sup> Avenue  
New York NY 10007  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Richard A Leveroni, Attorney-in Fact

Contact Name: Richard A Leveroni

Phone: (860) 269-2179



***[Note: The bond shall be signed by authorized persons. Where such persons are signing in a representative capacity (e.g., an attorney-in-fact), but is not a member of the firm, partnership, or joint venture, or an officer of the legal entity involved, evidence of authority to sign must be furnished and a Power of Attorney attached.]***



**CALIFORNIA ALL PURPOSE ACKNOWLEDGEMENT**

STATE OF CALIFORNIA     )  
  ) ss.  
COUNTY OF                    )

On \_\_\_\_\_ before me, \_\_\_\_\_, a notary public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(AFFIX NOTARIAL SEAL)

\_\_\_\_\_  
NOTARY PUBLIC



**ATTACHMENT 3-B**  
**FORM OF SR-91 MAINTENANCE PAYMENT BOND**

Contract No. \_\_\_\_\_

Bond No. \_\_\_\_\_

**KNOW ALL WHO SHALL SEE THESE PRESENTS:**

**THAT WHEREAS**, The Riverside County Transportation Commission, a public entity of the State of California ("RCTC"), has awarded Kapsch TrafficCom USA, Inc., a corporation organized under the laws of Delaware (formerly Kapsch TrafficCom Transportation NA, Inc., a corporation organized under the laws of Michigan) ("Principal") a contract to design, implement, operate and maintain a toll collection system ("Toll Services") for the I-15 Express Lanes Project;

**AND WHEREAS**, Principal and RCTC have entered into a Toll Services Contract (as amended, the "Contract") bearing the date of January 26, 2017 to complete the Toll Services in accordance with the terms of the Contract;

**AND WHEREAS**, it is one of the conditions to SR-91 Revenue Service Commencement under the Contract that these presents shall be executed;

**NOW THEREFORE**, We the undersigned Principal and Everest Reinsurance Company (the "Surety"), an admitted surety insurer in the State of California, are firmly bound and held unto RCTC, \_\_\_\_\_ in \_\_\_\_\_ the \_\_\_\_\_ sum \_\_\_\_\_ of

\_\_\_\_\_ ("Bonded Sum") good and lawful money of the United States of America for the payment whereof, well and truly to be paid to RCTC, we bind ourselves, our heirs, successors, executors, administrators, and assigns, jointly and severally, firmly by these presents.

**THE CONDITION OF THE FOREGOING OBLIGATION IS SUCH THAT:**

1. The Contract is incorporated by reference in this Bond. Unless the context otherwise requires, capitalized terms used but not separately defined in this Bond have the meaning given to them in the Contract.

2. If Principal, its Subcontractors, hires, successors, executors, administrators or assigns shall fail to pay:

- (a) any of the persons named in Civil Code section 9100 involved in performance of the SR-91 O&M Work as provided for under the Contract;
- (b) any amounts due under the Unemployment Insurance Code with respect to the SR-91 O&M Work;
- (c) any amounts required to be deducted, withheld and paid over to 1302 Franchise Tax Board from the wages of employees of the Principal and its Subcontractor pursuant to Revenue and Taxation Code Section 18662 et seq. with respect to such labor; or



(d) anyone required to be paid by law with respect to the SR-91 O&M Work,

then Surety shall pay for the same in an amount not to exceed the Bonded Sum; otherwise this obligation shall be null and void; otherwise it shall remain in full force and effect. In case suit is brought upon this Bond, the Surety will pay reasonable attorney's fee to be fixed by the court.

3. This Bond shall inure to the benefit of any of the persons named in Civil Code Section 9100 or anyone required to be paid by law under the Contract with respect to the SR-91 O&M Work so as to give a right of action to such persons or their assigns in any suit brought upon this Bond.

4. This Bond covers all of Principal's payment obligations under the Contract for the SR-91 O&M Work, as set forth in the Contract.

5. The Surety agrees that no change, extension of time, alterations, additions, omissions or other modifications of the terms of the Contract, or in the work to be performed with respect to the SR-91 O&M Work, or in the specifications or plans, or any change or modification of any terms of payment or extension of time for any payment pertaining or relating to the Contract, or any rescission or attempted rescission of the Contract or this Bond, or any conditions precedent or subsequent in this Bond attempting to limit the right of recovery of RCTC seeking to recover from this Bond, or any fraud practiced by any other person other RCTC seeking to recover from this Bond, shall in any way affect its obligations on this Bond, and it hereby waives notice of such changes, extension of time, alterations, additions, omissions or other modifications.

6. This bond shall inure to the benefit of the persons named in Civil Code section 9100 so as to give a right of action to such persons and their assigns in any suit brought upon this bond.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on this at \_\_\_\_\_  
\_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, A.D., 20\_\_.

**PRINCIPAL:**

**KAPSCH TRAFFICCOM USA, INC.**

By: \_\_\_\_\_  
Name: Robert Corion  
Title: Senior Vice President Delivery and  
Operations  
Address: 106 E 6th St, Suite 833  
Austin, TX 78701

Contact Name: Deborah A. Wiebe  
Phone: (713) 689-9235



Surety (full legal name):

**Everest Reinsurance Company**

Address:

461 5<sup>th</sup> Avenue

New York NY 10007

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Richard A Leveroni, Attorney-in Fact

Contact Name: Richard A Leveroni

Phone: (860) 269-2179

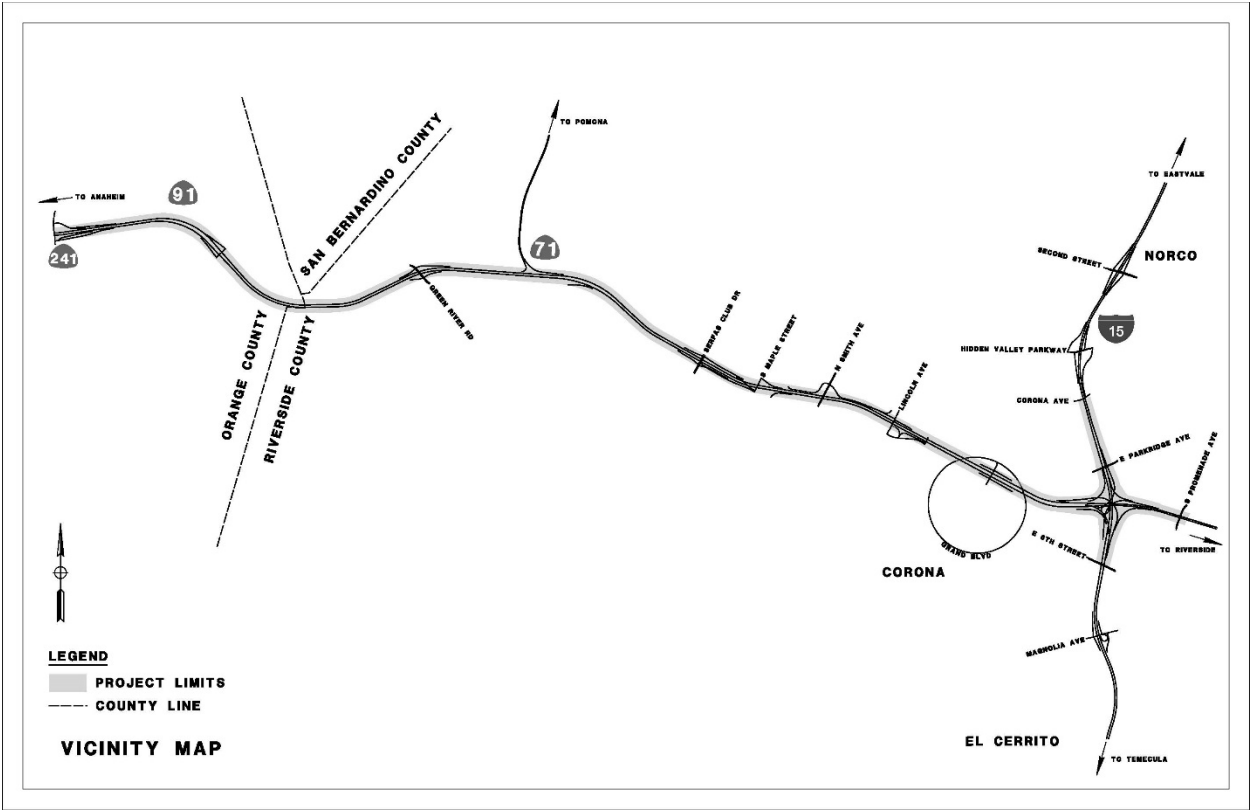
***[Note: The bond shall be signed by authorized persons. Where such persons are signing in a representative capacity (e.g., an attorney-in-fact), but is not a member of the firm, partnership, or joint venture, or an officer of the legal entity involved, evidence of authority must be furnished and a Power of Attorney attached.]***

[illegible]

NOTARY PUBLIC



**ATTACHMENT 4**  
**SR-91 AND ELC ROW**





# **AGENDA ITEM 8**



<b><i>RIVERSIDE COUNTY TRANSPORTATION COMMISSION</i></b>	
<b>DATE:</b>	February 10, 2021
<b>TO:</b>	Riverside County Transportation Commission
<b>FROM:</b>	Budget and Implementation Committee Matt Wallace, Deputy Director of Financial Administration
<b>THROUGH:</b>	Anne Mayer, Executive Director
<b>SUBJECT:</b>	Adopt Resolution No. 21-001 Related to Procurement Policy Manual and Resolution No. 21-002 Related to Electronic Signature Use Policy

**BUDGET AND IMPLEMENTATION COMMITTEE AND STAFF RECOMMENDATION:**

This item is for the Commission to:

- 1) Approve the revised Riverside County Transportation Commission (RCTC) and Western Riverside County Regional Conservation Agency (RCA) Procurement Policy Manual (PPM) for the procurement and contracting activities undertaken by the agencies, pursuant to legal counsel review as to conformance to state and federal law;
- 2) Adopt Resolution No. 21-001, *"Resolution of the Riverside County Transportation Commission Regarding the Revised Procurement Policy Manual"*;
- 3) Approve the Electronic Signature Use Policy for the use of electronic signatures in lieu of manual signatures, pursuant to legal counsel review; and
- 4) Adopt Resolution No. 21-002, *"Resolution of the Riverside County Transportation Commission Adopting the Electronic Signature Use Policy"*.

**BACKGROUND INFORMATION:**

RCTC's Procurement Department was established in July 2008 and is responsible for the purchase of all goods and services, in accordance with RCTC's PPM and federal and state funding requirements to ensure the implementation of RCTC's projects and programs. The procurement process is centralized and includes conducting outreach, issuing solicitations, oversight of the proposal evaluation process, conducting contract negotiations, recommending contract award, and updating procurement policies and procedures as required. After contract award and during the contract lifetime, contract administration activities include issuing contract task orders and amendments; ensuring compliance with contract terms, conditions, and deliverables; and monitoring contract balances to prevent contract overruns.

RCTC's initial PPM was adopted in April 2007 to set forth a general procurement policy and set of standards that govern the conduct of RCTC procurement activities and of RCTC personnel engaged in those activities. Since the initial adoption of the PPM, RCTC adopted several revisions to update the PPM as a comprehensive document and to comply with the Federal Transit

Administration; Federal Highway Administration; Caltrans; Office of Management and Budget's issuance of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; RCTC regulations; and best practices. The policies are intended to maintain the integrity of RCTC's procurement process, while ensuring that purchases are made in a cost effective, timely manner; with fair and open competition; and in accordance with all applicable laws and regulations. The objectives of RCTC's Procurement Policy Manual are to:

1. Maximize the value received for RCTC's expenditure of public funds;
2. Protect assets and/or services purchased with public funds and ensure their application in RCTC's interests;
3. Provide all vendors an equal opportunity to provide needed goods and/or services; and
4. Protect the integrity and reputation of RCTC, its officers, and employees.
5. Ensure compliance with state and federal funding requirements, as applicable.

The PPM has successfully guided RCTC's procurements for design-build, construction, preliminary engineering, and professional services as well as supplies, equipment, and materials.

In 2012, RCTC selected PlanetBids to provide online vendor and bid management support services after evaluating multiple software options and participating in demonstrations from similar providers. PlanetBids provides RCTC with a web-based e-procurement application to streamline the complete bidding process and further enable the collection, analysis, and leverage of all aspects of vendor data, purchasing activities, and corresponding history. Through the use of PlanetBids, RCTC has realized efficiency gains such as vendor registration and profile management; greater outreach to vendors; bid document distribution, including automatic addenda notification and acknowledgements; customer email notification; online question and answer management; secure e-bidding; robust reporting; and Request for Proposals/Request for Qualifications/Invitations for Bids evaluation tools. PlanetBids is also used by numerous other governmental agencies in Southern California which allows for bidding collaboration.

RCTC and RCA entered into an Implementation and Management Services Agreement (Agreement) effective January 1, 2021. Under the Agreement, RCTC shall administer, coordinate, and supervise the activities of the RCA as set forth in the RCA Joint Exercise of Powers Agreement (JPA) and shall act for RCA in accomplishing its purposes. As a result of RCTC's management responsibilities, staff and legal counsel have reviewed RCA policies to determine which can be combined with RCTC policies into a comprehensive policy.

The RCA Board of Directors adopted RCA Ordinance No. 08-02 on September 8, 2008. The ordinance reflects professional standards in the management of RCA's resources to ensure that services, supplies, materials, or equipment are acquired in a uniform manner at the best possible cost commensurate with the quality needed. Further, RCA's bylaws include a provision for the Executive Director's authority to enter into contracts.

## **DISCUSSION:**

Since RCTC, acting through its personnel, attorneys and consultants, shall from time to time contract with and/or appoint personnel and consultants to provide the services to RCA, a revised procurement policy and related electronic signature policy have been developed to reflect RCTC's new role as managing agency for RCA and to provide greater specificity to RCA's existing policies.

## **Procurement Policies**

The following is an overview of the major changes to the PPM:

### **General**

Changes have been made throughout the manual to change "the Commission" to "the Agency." In certain cases, reference to "Agencies" or "each Agency/applicable Agency" is used where appropriate.

### **Chapter 1 – Procurement Process**

- **Section 1 – Purpose and Scope:** References and definitions for both agencies have been added. This section also specifies that the term "Agency," as used in the manual, refers to either agency, as applicable.
- **Section 4(E) – Time-and-Materials Contracts:** General requirements appear first, and the specific subsections that have been carved out as only applicable to federal funding appear next.
- **All Sections:** Minor changes to the remainder of the chapter make the provisions applicable to both agencies.

### **Chapter 2 – Procurement Generally**

- **Section 1(D) – Executive Director Single Signature Authority:** For RCTC, the annual aggregate amount of Executive Director's signature authority has been increased from \$1.5 million to \$2 million, and a constraint on the single signature authority has been removed. The language regarding the Executive Director's authority to execute contract amendments under single signature authority has been updated to avoid confusion. A new provision, with certain limitations, has been added for the RCA Executive Director's signature authority up to \$100,000 per contract and an annual aggregate amount not to exceed \$300,000.

- **Section 1(G) – Approval Limits and Solicitation Types:** Two new tables for RCA approval limits and solicitation types have been added. RCA is not subject to the Public Utilities Code (PUC) limitation and bid requirements for supplies, equipment and materials and for public works; however, RCA is subject to Public Contract Code (PCC) for limitations and bid requirements for public projects. Accordingly, separate tables are shown for each agency. RCA's authority for supplies, equipment and materials are included in the same table as its authority for services.
- **Section 2 – Procurement Officer – Designation and Delegation:** The designated Procurement Officer has been changed from the Chief Financial Officer to the Deputy Director of Financial Administration.
- **Section 9(D) – Authority's Public Project Advertisement/Publication:** A paragraph was added to address RCA's public project authority under the PCC.
- **Section 12(D) – Duties of Commission Staff Regarding Procurements:** Construction Change Order approval limits have been modified. Any change order exceeding \$100,000 but no greater than \$250,000 requires approval by the Project Delivery Director or the Toll Program Director. Any change order greater than \$250,000 requires approval by the Executive Director. *This provision is not applicable to RCA.*

### **Chapter 3 – Competitive Sealed Bids ("Low Bid")**

This chapter has been updated to include the RCA's public project PCC requirement and to be consistent with current practices of using electronic bidding.

### **Chapter 7– Non-Competitive and Emergency Procurements and Remedial Measures**

This chapter has been updated to track the language in the PUC for RCTC. New provisions have been added to refer to the RCA's emergency procurement provisions under the PCC and to address emergency procurement provisions not covered by the PUC or PCC.

### **Chapter 8 – References to Applicable Laws/Regulations**

This chapter is related to references to applicable laws/regulations. Most of this chapter is inapplicable to the RCA, as RCA does not receive FHWA or FTA funds; however, a general reference has been included regarding RCA compliance with grant requirements.



## **Chapter 9 – Disposal of Surplus Property**

This chapter has been narrowed to address surplus personal property only. The approach for addressing surplus real property of the RCA and RCTC will be included in the updated right of way policies and procedures manual.

### **Electronic Signature Policy**

Chapter 2, Section 16.A.3 of the PPM provides for the use and acceptance of electronic signatures in accordance with an adopted policy. Due to the impacts of COVID-19 on work environments, the RCTC Executive Director, in consultation with legal counsel, established an electronic signature policy. Subsequently, staff worked with legal counsel to develop a comprehensive electronic signature policy that allows the use of electronic signatures in lieu of manual signatures, when permitted by law, and establishes when an electronic signature may replace a manual signature. The Electronic Signature Use Policy (“Policy”) will allow the implementation of guidelines for the use and acceptance of electronic signatures used to conduct official business of RCTC and RCA.

The use of electronic signature technology will allow the Agency’s to collect and preserve signatures on documents quickly, securely, and efficiently. Additionally, the Policy will help reduce the waste of paper, increase the efficient use of public resources, and ensure the security and authenticity of electronic records, including electronic signatures.

### **SUMMARY AND FISCAL IMPACT:**

Staff recommends approval of the PPM and adoption of Resolution No. 21-001 related to the PPM. Additionally, staff recommends approval of the Electronic Signature Use Policy and adoption of Resolution No. 21-002 related to the use and acceptance of electronic signatures in lieu of manual signatures.

The RCA must adopt the PPM by ordinance. The ordinance will be introduced at the RCA Board meeting on February 1, with the second reading and potential adoption at the March 1, 2021 Board meeting. The ordinance will be effective thirty days following adoption. Therefore, if the revised PPM is approved by both RCTC and the RCA, staff anticipates it will be effective March 31, 2021.

There is no fiscal impact related to the approval and adoption of these policies; the approval by the Commission or Executive Director, as provided in the PPM, of agreements and commitments from specific procurement activities results in a direct fiscal impact.

Attachments:

- 1) Resolution No. 21-001, *“Resolution of the Riverside County Transportation Commission Regarding the Revised Procurement Policy Manual”*

- 2) Riverside County Transportation Commission and Western Riverside County Regional Conservation Authority Procurement Policy Manual (Revised February 2021)
- 3) Resolution No. 21-002, *"Resolution of the Riverside County Transportation Commission Adopting the Electronic Signature Use Policy"*
- 4) Riverside County Transportation Commission and Western Riverside County Regional Conservation Authority Electronic Signature Use Policy

*Approved by the Budget and Implementation Committee on January 25, 2021*

In Favor: 12 Abstain: 0 No: 0

**RESOLUTION NO. 21-001****RESOLUTION OF THE  
RIVERSIDE COUNTY TRANSPORTATION COMMISSION  
REGARDING THE  
REVISED PROCUREMENT POLICY MANUAL**

**WHEREAS,** the Commission previously adopted Resolution No. 19-008, *“Resolution of the Riverside County Transportation Commission Regarding the Revised Procurement Policy Manual”*; and

**WHEREAS,** the Commission is required to comply with the Office of Management and Budget’s issuance of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance), and the Procurement Policy Manual provides for such compliance; and

**WHEREAS,** the Commission desires to update its procurement policies and procedures to continue to be a comprehensive, useful framework and incorporate best practices for the Commission’s procurements; and

**WHEREAS,** for purposes of government efficiency, Commission staff will conduct and manage the operations of the Western Riverside County Regional Conservation Authority (the “Authority”), including Authority procurements; and

**WHEREAS,** the Commission desires to update the Procurement Policy Manual so that it applies to and can be used for procurements of both the Commission and the Authority, individually and jointly.

**NOW, THEREFORE,** the Riverside County Transportation Commission does hereby resolve as follows:

- Section 1. The Procurement Policy Manual previously adopted on September 11, 2019, is hereby replaced in its entirety by the revised Procurement Policy Manual, set forth in Attachment 1, attached hereto and incorporated herein.
- Section 2. The Riverside County Transportation Commission hereby approves and adopts the Procurement Policy Manual, as revised, to be effective March 31, 2021.

**SIGNATURE PAGE  
TO  
RESOLUTION NO. 21-001**

APPROVED AND ADOPTED this 10<sup>th</sup> day of February, 2021.

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Jan Harnik, Chair  
Riverside County Transportation Commission

ATTEST:

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Lisa Mobley, Clerk of the Board  
Riverside County Transportation Commission

4th Draft 1/4/21



Riverside County Transportation Commission  
and  
Western Riverside County  
Regional Conservation Authority  
Procurement Policy Manual

(Revised February 2021,  
Effective March 31, 2021)

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## CHAPTER 1 – PROCUREMENT PROCESS

### 1.0 PURPOSE AND SCOPE

- A. The Riverside County Transportation Commission (hereinafter “RCTC” or “Commission”) and the Western Riverside County Regional Conservation Authority (“RCA” or “Authority”) procures goods and services using public funds. The Commission and Authority (collectively, “Agencies”) ~~It~~ has a responsibility to uphold the public trust and maximize the value of public funds by using them as efficiently and cost-effectively as possible. As used herein, the term “Agency” is intended to refer individually, and interchangeably, to the Commission or Authority, as applicable.-
- B. Employees of the Commission conduct the operations of both Agencies.
- C. This Procurement Policy Manual (Manual) sets forth a general procurement policy and set of standards that will govern the conduct of Commission-Agencies’ procurement activities and of Commission personnel engaged in those activities. The policies contained herein are advisory, not mandatory, except as related to applicable state or federal laws, and any deviation therefrom shall not render any contract of either Agency the Commission void or voidable. This manual is for Commission-the Agencies’ internal purposes only and shall not create any rights in any third parties. Compliance with the provisions in this Manual related to state or federal funding is required in order to maintain funding eligibility.
- DC. This Manual is intended to supersede, in its entirety, the Commission’s *Procurement Policies Manual* which was adopted on September 11, 2019, and the Authority’s procurement ordinance, Ordinance No. 08-02, adopted on September 8, 2008. December 13, 2017.
- ED. As used herein, “FHWA” refers to the Federal Highway Administration; “FTA” refers to the Federal Transit Administration; and “Caltrans” refers to the California Department of Transportation.

### 2.0 PROCUREMENT POLICY STATEMENT

- A. These Commission procurement policies establish the guidelines and policies for procuring the goods and services necessary for the CommissionAgencies to carry out theirits responsibilities and duties. The policies are intended to maintain the integrity of eachthe CommissionAgency’s procurement process, while ensuring that purchases are made in a cost effective, timely manner; with fair and open competition; and in accordance with all applicable laws and regulations.
- B. The objectives of thise Commission’s Procurement Policy Manual are to:
1. Maximize the value received for each the CommissionAgency’s expenditure of public funds;
  2. Protect assets and/or services purchased with public funds and ensure their application in each-the CommissionAgency’s interests;



3. Provide all vendors an equal opportunity to provide needed goods and/or services; and
4. Protect the integrity and reputation of the Authority and ~~Commission~~, its officers, and the Commission, its officers and employees.
5. Ensure compliance with state and federal funding requirements, as applicable.

C. Notwithstanding reference in this Manual to a single Agency, when in the best interest of the Agencies and consistent with legal requirements applicable to each Agency, the procurements described herein may be conducted as joint procurements.

### 3.0 PROCUREMENT STANDARDS

#### A. General

1. Contract Administration System. Each Agency~~The Commission~~ will maintain a contract administration system that helps ensure that contractors perform in accordance with the terms, conditions, and specifications of their respective contracts.
  - a. Contract administration activities may include the following:
    - i. Receive, evaluate, and act on value engineering and other change proposals.
    - ii. Negotiate cost and schedule impact related to change orders and other contract modifications.
    - iii. Process disputes under the contract's disputes clause.
    - iv. Review and approve payments under any progress payments clause.
    - v. Ensure that invoiced personnel charges are for positions and classifications included in the contract. If new positions or classifications are required, they must be included pursuant to a written contract amendment dated prior to the date costs are incurred.
    - vi. Ensure that hourly rates and other costs are billed at the contracted rates. The contracted rates may not be changed, except in accordance with the terms of the contract, or as legally allowed based on specific findings approved by the applicable Agency Commission members.
    - vii. Monitor progress and ensure timely notification of anticipated overrun.
    - viii. Monitor financial status and advise if contract performance is jeopardized.

- ix. Issue task orders and ensure that the basis for payment set forth in any task order is consistent with the terms of the contract and the hourly rates included in the contract, as applicable.
  - x. Perform property administration.
  - xi. Ensure contractor compliance with quality assurance requirements.
  - xii. Evaluate, for adequacy, the contractor's engineering efforts and management systems that relate to design, development, production and testing.
  - xiii. Evaluate and make recommendations on contractor requests for waivers and deviations.
  - xiv. Monitor contractor's small and disadvantaged business subcontracting.
  - xv. Ensure timely submission of required reports.
  - xvi. Administer special clauses such as drug and alcohol testing.
  - xvii. Receive, inspect, and accept or reject partial deliveries and final deliveries of all contract deliverables.
  - xviii. Assist in contract close out.
- b. For Commission contracts, the administration of construction contracts may be further supplemented by the Caltrans Construction Manual or other manual developed for a specific project, as required.
2. Avoid Duplicative Purchases. Commission staff should regularly review proposed and planned procurements to avoid purchase of unnecessary or duplicative items for either Agency.
  3. Lease vs. Purchase Analysis. Where appropriate, an analysis should be made of lease versus purchase alternatives and any other appropriate analysis to determine the most economical procurement approach.
  4. Value Engineering. When appropriate and in the AgencyCommission's best interests, the AgencyCommission will encourage the use of value engineering by including applicable clauses in contracts for appropriate equipment purchases and construction projects.
  5. Award to Responsive and Responsible Contractors. TheThe Commission Agency will make awards only to responsive and responsible contractors, as determined by the CommissionAgency, possessing the ability to perform successfully under the terms and conditions of a proposed contract. Consideration will be given to such matters as contractor integrity, compliance with public policy as implemented by applicable laws and regulations, record of past performance, and financial and technical resources.

- a. In connection with the responsibility determination for federally funded procurements, a check of debarment and suspension must be performed and documented in the procurement records.
6. AgencyCommission Rejection of Bids, Quotes, and/or Proposals. The AgencyThe Commission, to the extent permitted by applicable laws, may reject any and all bids, quotes and/or proposals and re-advertise at its sole discretion. TheThe AgencyCommission should ensure that such rights are clearly stated in all AgencyCommission bid documents.
7. Procurement Records. Records sufficient to document the significant history of each procurement activity should be maintained and retained by eachthe CommissionAgency in accordance with the applicable CommissionAgency's records retention policy. At a minimum, these records should include:
  - a. The rationale for the method of procurement;
  - b. Selection of contract type;
  - c. Reasons for contractor selection or rejection; and
  - d. The basis for the contract price.
8. Specifications. The CommissionAgency will have clear and accurate contract specifications or statements of work that identify all requirements that offerors must fulfill. Additionally, written selection procedures for formal procurements shall be prepared to help ensure fair, unbiased evaluation of competing proposals.
  - a. For federally funded procurements, the AgencyCommission is prohibited from unduly restricting competition or placing unreasonable requirements on firms in order for them to qualify to do business (e.g., unnecessary experience and excessive bonding requirements).
9. Brand Name or Equal. The use of "brand name or equal" purchase descriptions may be permitted:
  - a. Only when an adequate specification cannot be provided without performing an inspection and analysis in time for the acquisition under consideration; and
  - b. When minimum needs are carefully identified and those salient physical and functional characteristics of the brand name product are clearly set forth in the solicitation.
  - c. For non-federally funded procurements, as otherwise permitted by state law.

This section is not intended to impose limitations on the Agency'sCommission's ability to require a brand name when the procurement is not federally funded and is not a "public work" or "public project" subject to the requirements contained in the California Public

Utilities Code (PUC), for the Commission, or the Public Contract Code (PCC), for the Authority.

10. Audit Provisions. Every AgencyCommission contract wherein contractor or other entity is receiving AgencyCommission funds in excess of \$10,000 should include a provision allowing examination and audit of records related to the contract by the AgencyCommission's auditor for a period of three years after final payment under the terms of the contract.
11. Violations or Breach of Contract. All contracts exceeding \$100,000 should include administrative, contractual, or legal remedies for violations or breach of the contract by the contractor.
12. Termination Clause. All contracts in excess of \$25,000, and public works contracts in excess of \$2,000, should provide for the termination of the contract for the CommissionAgency's convenience, and all contracts should provide for the termination of the contract for default in cases of contractor breach or non-performance. Federally funded contracts in excess of \$10,000 must provide for both termination for convenience and cause.
13. Issues not Included in the Procurement Policy Manual. If a policy, procedure or particular strategy or practice is in the best interest of the CommissionAgencies, or either of them, and is not specifically addressed, nor prohibited by statute or case law, users of this Manual should not assume it is prohibited. Rather, the absence of direction should be interpreted as permitting the Executive Director to innovate and use sound business judgment that is otherwise consistent with law and within the limits of his or her authority.

B. Written Standards of Conduct

1. Conflicts of Interest. All Commission members, officers, employees and other agents of each Agency, and Commission employees, must conduct the procurement process so as to avoid conflicts of interest, real or apparent. To maintain full and open competition, no Agency Commission member, officer, employee or other agent, or his or her immediate family member, partner, or organization that employs or is about to employ any of the foregoing individuals may participate in the selection, award, or administration of any CommissionAgency contract of the applicable Agency if a conflict of interest, prohibited by law, would be involved. For federally-funded contracts, the foregoing shall also apply when any of those individuals previously listed has a financial or other interest in the firm selected for award. In addition to the foregoing, all procurements must be conducted in accordance with, as applicable, the most current version of the "Conflict of Interest Code for the Riverside County Transportation Commission" or the "Conflict of Interest Code for the Western Riverside County Regional Conservation Authority," both adopted pursuant to the Political Reform Act of 1974 (as amended).

2. Lobbying and Gifts. ~~Commission~~Agency officers, ~~employees,~~ agents and ~~Commission~~ members, and Commission employees must comply with applicable state and federal law regarding acceptance of gifts, gratuities, or favors from contractors, potential contractors, or parties to subcontractor agreements. For federally-funded procurements, the procuring CommissionAgency officers, ~~employees,~~ agents or ~~Commission~~ members, and Commission employees, may neither solicit nor accept gifts, gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to subcontracts; provided that exceptions may apply if, as determined by the Executive Director, the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. For federally-funded procurements, nominal value shall mean under fifty dollars (\$50).
3. Violations.
  - a. The violation of these Standards of Conduct by Commission employees will subject the violator to any disciplinary proceedings or action deemed appropriate by the Executive Director. Employees may correct a violation in any manner provided for under the Political Reform Act, and its implementing regulations.
  - b. The violation of any of these Standards of Conduct by ~~Commission~~ members or officers of either Agency will require correction of the violation in any manner provided for under the Political Reform Act, and its implementing regulations.
  - c. Contractors or subcontractors that violate these Standards of Conduct as relates to an active federally-funded procurement may be prohibited from bidding on the procurement, or may be subject to other action as deemed appropriate by the Executive Director.
  - d. Agents of ~~either the Commission~~Agency that violate these Standards of Conduct as relates to federally-funded procurements may be prohibited from participation on behalf of ~~that Agency~~the Commission on federally funded projects, or subject to other action as deemed appropriate by the Executive Director.
4. Prohibited Communications. To avoid any appearance of impropriety, instructions to bidders in solicitation documents should prohibit contacts of any kind from proposers/bidders with any ~~Commission~~ member of the procuring Agency or any Commission staff, other than the Procurement Officer, or designee, during an open procurement. Violation of this condition may result in immediate disqualification of a bid or proposal. This provision is not meant to prohibit communications between Commission staff and existing consultants/contractors related to existing business which the consultant/contractor is under contract to perform on behalf of the Agency. ~~the Commission.~~

## 4.0 TYPES OF CONTRACTS

### A. General Provisions

1. The Procurement Officer should use the types of contracts described in this Chapter for most types of procurement, except as otherwise provided for certain small purchases described hereunder in Chapter 6. Innovative contracting arrangements are not prohibited, but require the advance approval of the Executive Director or the applicable Agency Commission, as specified herein.
2. The “cost-plus-percentage-of-cost” method of contracting shall not be used for state or federally funded contracts.
3. The Procurement Officer, in consultation with the project manager, should select the type of contract that is most appropriate to the circumstances of each procurement, in accordance with the provisions of this Chapter.
4. In procurements by other than competitive sealed bidding, the Procurement Officer may negotiate a contract type and price (or estimated cost and fee) that will result in reasonable contractor risk and provide the contractor with the greatest incentive for efficient and economical performance.

### B. Selecting Contract Types

1. The type of contract to be used should be determined prior to the solicitation, and the solicitation should inform bidders of the type of contract that will be used.
2. When procurement is by competitive sealed bidding, the Procurement Officer must use a firm fixed-price contract.
3. Except when procurement is by competitive sealed bidding as required by law, the Procurement Officer should select the most effective contract type and should consider contract type together with the issues of price, risk, uncertainty, and responsibility for costs. The type of contract used should reflect the cost risk and responsibility assumed by the contractor or supplier.
4. The Procurement Officer should avoid the continued use of a cost reimbursement or time-and-materials contract after experience provides a basis for firmer pricing.
5. The Procurement Officer should include documentation in each contract file to show why the particular contract type was selected, except for purchase orders under the small purchase threshold.

### C. Fixed-Price Contracts

1. Fixed-price contracts may provide for a firm price or, in appropriate cases, an adjustable price.
2. Fixed-price contracts providing for an adjustable price may include a ceiling price, a target price (including target cost), or both. Unless otherwise specified in the contract, the ceiling price or target price will be subject to

adjustment only by operation of contract clauses providing for equitable adjustment or other revision of the contract price under stated circumstances.

3. A firm-fixed-price contract should provide for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract.
4. A firm-fixed-price contract should be used for acquiring commercial products or commercial-type products, or for acquiring other supplies or services, on the basis of reasonably definite functional or detailed specifications if the Procurement Officer can establish fair and reasonable prices at the outset, including the following circumstances:
  - a. When there is adequate price competition;
  - b. When there are reasonable price comparisons with prior purchases of the same or similar supplies or services made on a competitive basis;
  - c. When available cost or pricing information permits realistic estimates of the probable costs of performance;
  - d. When performance uncertainties can be identified and reasonable estimates of their cost impact can be made, and the contractor is willing to accept a firm-fixed-price contract; or
  - e. When required by law unless a sole source exception applies.

D. Cost Reimbursement/Cost-Plus-Fixed-Fee Contracts

1. Cost reimbursement contracts provide for payment of the contractor's reasonable, allocable and allowable incurred costs plus a negotiated fixed fee, to the extent prescribed in the underlying contract and Federal Acquisition Regulation (FAR) Part 31.
2. A cost reimbursement contract establishes an estimate of total cost for the purpose of obligating funds and establishing a ceiling on expenditures that the contractor may not exceed without the approval of the AgencyCommission.
3. Cost reimbursement contracts are suitable for use when the uncertainties of performance do not permit costs to be estimated with sufficient accuracy to use a fixed-price contract.
4. The AgencyCommission must determine the adequacy of the contractor's accounting system for cost-type contracts before awarding such a contract.

E. Time-And-Materials Contracts

1. A time-and-materials contract should include direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, profit, and materials required at cost.



2. The user department/project manager should ensure that there is adequate surveillance of contractor performance when a time-and-materials type contract is used.

1.3. For federally funded procurements, A a time-and-materials contract should be used only after the Procurement Officer determines:

- a. In writing, that no other type of contract is suitable; and
- b. A ceiling price to be included in the contract that the contractor shall not exceed except at its own risk.

2.4. For federally funded procurements, A a time-and-materials contract should be used only when it is not possible at the time of executing the contract to estimate accurately the extent or duration of the work or to anticipate costs with any reasonable degree of certainty or confidence.

3. A time-and-materials contract should include direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, profit, and materials required at cost.

4. The user department/project manager should ensure that there is adequate surveillance of contractor performance when a time-and-materials type contract is used.

F. Labor-Hour Contracts

1. When materials are not required, the Procurement Officer may use a labor-hour contract, a variation of the time-and-materials contract.
2. The use of a labor-hour contract should be in accordance with the above-referenced provisions related to time-and-materials contracts.

G. Letter Contracts (Letter Of Intent Contracts)

1. A letter contract is an interim type of contractual agreement that gives the contractor a limited notice of award for the delivery of the required goods/supplies or the performance of services.
2. The Procurement Officer may use a letter contract when the Agency's Commission's interests demand that the contractor be given a binding commitment so that work can start immediately and executing a definitive contract is not possible in sufficient time to meet the requirement. Each letter contract should be as complete and definitive as possible under the circumstances and should include clauses approved and required by the Procurement Officer.
3. The estimated cost of the definitive contract should determine the type and level of review and approval required for approval of a letter contract.
4. A letter contract may not be entered into without competition except as provided for under Non-Competitive and/or Emergency Procurements provisions of this Manual.



5. A letter contract may not be amended to satisfy a new requirement unless the new requirement is inseparable from the existing contract. Any amendment should be subject to the same requirements as a new letter contract.
6. The total value of the letter contract should be the estimated sum necessary to cover the contractor's requirement for funds before execution of the definitive contract. However, the total value of a letter contract should not, under any circumstances, exceed fifty percent (50%) of the overall price ceiling for the term of the final negotiated (i.e., definitive) contract.
7. A letter contract should contain a negotiated schedule for execution of the definitive contract, including dates for submission of the contractor's price proposal, cost or pricing data (if required), a date for start of negotiations, and a target for execution of the definitive contract.
8. The letter contract should provide that if the Procurement Officer and the contractor cannot negotiate a definitive contract because of failure to reach agreement regarding price or fee: 1) the Procurement Officer may terminate the letter contract; or 2) if a "contract definitization" clause is included in the letter contract, the Agency ~~Commission~~ may unilaterally require the contractor to continue the work and the Procurement Officer may, with the approval of the Executive Director, determine a reasonable price or fee.

#### H. Multiple Year Contracts

Multiple year contracts may be used with competitive sealed bids, competitive proposals, or by non-competitive procurement. The contract term, and any extensions thereof, shall be established based on sound business judgment of the ~~Commission~~ Agency. Multiple year contracting is a method by which the ~~Commission~~ Agency awards a contract for a base period of one or more years, with option provisions for future years' requirements. The option provision in the contract should provide for unilateral exercise at the discretion of the user department/project manager, as additional requirements and funding become available. See below under Section 5.0 of this Chapter for further information regarding Options.

For federally-funded procurements, the procurement file shall document the rationale for determining the term. Considerations should include the time necessary to accomplish the purpose of the contract, competition, pricing, and fairness.

#### I. Indefinite Delivery/Indefinite Quantity (ID/IQ) Contracts

1. The Procurement Officer may use an ID/IQ type of contract when the ~~Commission~~ Agency anticipates a recurring requirement, but cannot predetermine the precise quantities of supplies or services at the time of contract award.

2. FHWA or Caltrans funded ID/IQ on-call contracts and FTA funded ID/IQ contracts for rolling stock and replacement part contracts may not exceed five (5) years.
3. ID/IQ contracts should specify maximum or minimum estimated quantities that the CommissionAgency may require during the term of the agreement. An ID/IQ contract should make no promise of exclusivity and may in fact be one of several (multiple) contracts awarded for the same item or service.
4. There are several types of ID/IQ contracts, including:
  - a. Definite-quantity contracts
  - b. Requirements contracts
  - c. Indefinite quantity (IQ) contracts (commodities)
  - d. Task order contracts (services)
5. If possible under the circumstances, the Procurement Officer should ensure that original solicitation and resultant ID/IQ contract contain both a minimum and a maximum quantities, which represent the reasonably foreseeable needs of the parties to the solicitation, and a clause stating that the estimate is not a representation to a bidder, offeror, or consultant that the estimated quantity or dollar amount above the estimated minimum will actually be required or ordered by the AgencyCommission.
6. For task orders contracts, the procurement documents and executed contracts must specify the procedures to be used in awarding task orders. Such procedures must comply with state and federal regulations, as applicable.

## 5.0 OPTIONS

### A. General

1. When it is in the best interest of the AgencyCommission, a contract option may be included providing the AgencyCommission the unilateral right to extend the term of the contract and/or to purchase additional supplies or services called for by the contract.
2. Any written findings required for a contract option shall specify both the base requirement(s) and the increase permitted by subsequent options. Contract provisions setting forth the cost of the option may include, but are not limited to, the following:
  - a. A specific dollar amount;
  - b. An amount to be determined by applying provisions (or a formula) provided in the basic contract, but not including renegotiation of the price for work in a fixed-price type contract;

- c. In a cost-type contract, a stated fixed or maximum fee, or a fixed or maximum fee amount determinable by applying a formula contained in the basic contract;
- d. A specific price that is subject to an economic price adjustment provision; or
- e. A specific price that is subject to change as a result of changes to the prevailing labor rates provided by the U.S. Department of Labor (DOL) or the California Department of Industrial Relations (DIR) prevailing rates, whichever is applicable.

B. Solicitation of Contracts with Options

- 1. If a contract provides for an option, the solicitation should include appropriate option clauses.
- 2. Each contract should state the period within which an option may be exercised.
- 3. In order to meet the requirements of this Manual for full and open competition, the option should be evaluated as part of the initial competition and be exercisable at an amount specified from the terms of the basic contract. When options have not been evaluated as part of the award, the exercise of such options will be considered a non-competitive procurement and must comply with the non-competitive procurement policies in described in this Manual.

C. Exercise of Options

- 1. The user department/project manager, in cooperation with the Procurement Officer, should initiate the exercise of an option only after determining the following for the Agency:
  - a. That sufficient budget authority is available;
  - b. That the requirement covered by the option fulfills an existing Agency Commission need; and
  - ~~c. That the exercise of the option will be the most advantageous method of fulfilling the Agency Commission's needs, when price and other factors are considered.~~
- 2. The Procurement Officer, after considering price and other factors, should make the determination whether to recommend exercising the option on the basis of one of the following:
  - a. A new solicitation fails to produce a better price or a more advantageous offer than that offered by the option; provided, that if it is anticipated that the best price available is the option price (or that the option provides the more advantageous offer), the Procurement Officer should not use this method to test the market;

- b. An informal analysis of prices or an examination of the market indicates that the option price is better than prices available in the market or that the option is the most advantageous offer; or
  - c. The short time between the award of the contract containing the option and the exercise of the option indicates that the option price is the lowest price obtainable or the most advantageous.
3. The contract modification or other written document, which notifies the contractor of the exercise of the option, shall cite the option provision as authority for the action and should be issued within the time period specified in the contract.

## 6.0 COOPERATIVE AGREEMENTS

### A. Policy on Intergovernmental or Inter-entity Agreements

To promote economy and efficiency, ~~the~~ the Commission Agency may enter into state and local intergovernmental agreements or inter-entity agreements, where such agreements are in the best interest of the Commission Agency and are appropriate for procurement or use of common or shared goods and services. The use of purchasing schedules may be prohibited for federally funded procurements. Out-of-state purchasing agreements are prohibited for FTA-funded procurements.

### B. Memorandum of Understanding

A memorandum of understanding (MOU) is a contract document describing a bilateral or multilateral agreement outlining the terms and details of an arrangement between the parties to the MOU, including each party's requirements and responsibilities. An MOU is used when substantial involvement is expected between the Agency ~~the Commission~~ and another agency or entity when carrying out the activity contemplated in the MOU, and there exists some public or mutually beneficial purpose in carrying out this activity.

### C. Piggybacking

- 1. Piggybacking is the post-award use of an acceptable contract/solicitation process that allows an entity not contemplated in the original procurement to purchase the same supplies or equipment under the original contract/solicitation process.
- 2. Piggybacking is permissible when:
  - a. The underlying solicitation document and the resultant contract contain an assignability clause that provides for the assignment of all or part of the specified deliverables as originally advertised, competed, evaluated, and awarded; and
  - b. For federally funded agreements, the original solicitation and resultant contract contain a minimum and a maximum quantity, which represent the reasonably foreseeable needs of the parties to the solicitation.

### D. California Multiple Award Schedule and State Master Agreements

1. A California Multiple Award Schedule (CMAS) and State Master Agreements are agreements established between the California Department of General Services (DGS) and multiple vendors who agree to the State of California terms and conditions, and may be used by the CommissionAgency.
2. Acquisitions based on CMAS or State Master Agreements shall be competitively bid so as to result in offers from three or more vendors including one small business, if available. If less than three offers are received, documentation of solicitation methods must be included with the contract documentation.
3. Three offers are not required for CMAS and State Master Agreements based on competition, such as Cal-Store, the Master Rental Agreement, Western States Contracting Alliance (WSCA), etc. Information on specific CMAS and State Master Agreements are available on DGS-PD's website at: [www.dgs.ca.gov/pd](http://www.dgs.ca.gov/pd).
4. Notwithstanding PUC section 130232(a), ~~Public Contract Code (PCC)~~ sections 10298(b) and 10299(a) provide authority for the Commission to use CMAS or State Master Agreements for acquiring supplies, equipment and materials that exceed \$25,000 without engaging in further competitive bidding.

## 7.0 RECURRING CONTRACTS

- A. ~~Each~~The CommissionAgency may, on an annual basis, evaluate existing contracts for professional services that are due to expire within the next fiscal year. While some of these contracts may be placed on the calendar for a new procurement solicitation or allowed to expire because they are no longer required, notwithstanding any other provision herein, some contracts may be included in an annual recurring contracts list that must be approved by the applicable CommissionAgency. Most contracts for professional services should be subject to a competitive process; however, there may be limited circumstances in which staff believes it is more efficient and cost effective to retain such consultants on the recurring contracts list rather than rebidding the services. Those circumstances generally are due to the consultant's historical knowledge, unique experience, and understanding of the applicable CommissionAgency and/or specific CommissionAgency projects. Approval of the recurring contracts list allows ~~each~~the CommissionAgency to continue work on existing projects without interruptions and maintain consistency.
  1. State or federally-funded contracts may not be included in the annual recurring contracts list.

## CHAPTER 2 – PROCUREMENT GENERALLY

### 1.0 IMPLEMENTATION BY EXECUTIVE DIRECTOR; COMMISSION CONTROLS AND LIMITATIONS

- A. Final authority for purchasing actions and decisions rests with ~~each~~the Agency Commission, except as delegated by the Agency Commission to the Executive Director.
- B. ~~The Commission~~Each Agency, respectively, authorizes the Executive Director to execute contracts approved by the Agency Commission. The Executive Director may designate the Deputy Executive Director, Chief Financial Officer or Directors to execute contracts under his or her signature authority on his/her behalf.
- C. The policies set forth herein will be implemented by the Chief Financial Officer. The Chief Financial Officer has primary responsibility for ensuring that ~~each~~the Agency Commission's procurement process is in accordance with applicable laws and regulations, as interpreted by the General Counsel and Agency Commission policy.
- D. The Executive Director is authorized to approve and enter into contracts on behalf of the Agencies Commission under his/her single signature authority as follows:
  1. For the Commission: When the expenditure is less than fifty thousand dollars (\$50,000) for the purchase of all supplies, equipment, materials and for the construction of all facilities and works in accordance with PUC § 130232; and
  2. For the Commission: When the expenditure is less than two hundred fifty thousand dollars (\$250,000) for the purchase of services; however, (i) the aggregate amount of contracts executed under the single signature authority shall not exceed ~~\$1,52,000,000~~ in any given fiscal year; (ii) the aggregate value of all contracts awarded to any one entity under the Executive Director's single signature authority shall not exceed \$250,000 in any fiscal year; and (iii) the Executive Director may execute contract amendments that do not exceed \$250,000 for existing contracts ~~that do not exceed \$250,000. Such authority however, may not be exercised more than once during the life of any contract and may not be used to amend contracts originally executed under the Executive Director's single signature authority.~~ The Commission's fiscal year is from July 1 to June 30.
  3. For Authority: When the expenditure is less than \$100,000; however, (i) the aggregate amount of contracts executed under the single signature authority shall not exceed \$300,000 in any given fiscal year; (ii) the aggregate value of all contracts awarded to any one entity under the Executive Director's single signature authority shall not exceed \$100,000 in any fiscal year; and (iii) the Executive Director may execute contract amendments that do not exceed \$100,000 for existing contracts that do not exceed \$100,000. The Authority's fiscal year is from July 1 to June 30.

- E. The powers of the Executive Director pursuant to Paragraph “D” above are subject to: (i) the existence and provisions of an ~~an-Commission-~~ approved budget for the applicable Agency; and (ii) applicable laws and regulations.
- F. The Executive Director must provide each Agency the Commission with a quarterly regular report of all contracts entered into pursuant to the single signature authority provided in Paragraph “D” above by that Agency, and must report to the applicable Agency-Commission at its next regularly scheduled meeting each new contract awarded on an emergency basis or other contracts in excess of the Executive Director’s single signature authority.

G. Approval Limits and Solicitation Types

1. Commission- Supplies, Equipment, and Materials (PUC § 130232).

PURCHASE AMOUNT	SOLICITATION TYPE	SOLICITATION PROCESS	APPROVER
Less than \$1,000	Micro-purchase	<u>Informal</u> : Commercial availability, Rotate Vendors	Procurement Officer*
\$1,000 to \$25,000	Small Purchase	<u>Informal</u> : Three (3) Quotes	Procurement Officer*
\$25,001 to \$50,000	Formal Procurement	<u>Formal</u> : Advertisement, Clauses, Competitive Sealed Bids	Executive Director
Greater than \$50,000	Formal Procurement	<u>Formal</u> : Advertisement, Clauses, Competitive Sealed Bids	Commission

2. Commission Public Works (PUC § 130232).

PURCHASE AMOUNT	SOLICITATION TYPE	SOLICITATION PROCESS	APPROVER
Less than \$1,000	Micro-purchase	<u>Informal</u> : Commercial availability, Rotate Vendors, Non-Collusion Declaration, Insurance	Procurement Officer *
\$1,000 to \$25,000	Small Purchase	<u>Informal</u> : Three (3) Quotes, Prevailing Wage, Clauses, Insurance, License, Non-Collusion Declaration	Procurement Officer*
\$25,001 to \$50,000	Formal Procurement	<u>Formal</u> : Advertisement, Clauses, Prevailing Wage, Insurance, License, Competitive Sealed Bids, Payment Bond, Non-Collusion Declaration	Executive Director
Greater than \$50,000	Formal Procurement	<u>Formal</u> : Advertisement, Clauses, Prevailing Wage, Insurance, License, Competitive Sealed Bids, Payment Bond, Non-Collusion Declaration	Commission

\* As delegated by the Executive Director



### 3. Commission Services.

<b>PURCHASE AMOUNT</b>	<b>SOLICITATION TYPE</b>	<b>SOLICITATION PROCESS</b>	<b>APPROVER</b>
Less than \$10,000	Micro-purchase	<u>Informal</u> : Commercial availability, Rotate Vendors, Insurance	Procurement Officer*
\$10,000 to \$50,000	Small Purchase	<u>Informal</u> : Three (3) Quotes, Clauses, Insurance	Procurement Officer*
\$50,001 to \$250,000	Small Purchase	<u>Informal</u> : Three (3) Quotes, Clauses, Insurance; <i>or</i>  <u>Formal</u> : Advertisement, Clauses, Insurance, and Negotiated Agreement, or Competitive Sealed Bids, or A/E Contract procedures	Executive Director
Greater than \$250,000	Formal Procurement	<u>Formal</u> : Advertisement, Clauses, Insurance, Certifications, and Negotiated Agreement, or Competitive Sealed Bids, or A/E Contract procedures	Commission

### 4. Authority Public Projects (~~Public Contract Code~~ PCC §20160, et. seq.).

<u><b>PURCHASE AMOUNT</b></u>	<u><b>SOLICITATION TYPE</b></u>	<u><b>SOLICITATION PROCESS</b></u>	<u><b>APPROVER</b></u>
<u>Less than \$1,000</u>	<u>Micro-purchase</u>	<u>Informal: Commercial availability, Rotate Vendors, Non-Collusion Declaration, Insurance</u>	<u>Procurement Officer *</u>
<u>\$1,000 to \$5,000</u>	<u>Small Purchase</u>	<u>Informal: Three (3) Quotes, Prevailing Wage, Clauses, Insurance, License, Non-Collusion Declaration</u>	<u>Procurement Officer*</u>
<u>\$5,001 to \$100,000</u>	<u>Formal Procurement</u>	<u>Formal: Advertisement, Clauses, Prevailing Wage, Insurance, License, Competitive Sealed Bids, Payment Bond, Non-Collusion Declaration</u>	<u>Executive Director</u>
<u>Greater than \$100,000</u>	<u>Formal Procurement</u>	<u>Formal: Advertisement, Clauses, Prevailing Wage, Insurance, License, Competitive Sealed Bids, Payment Bond, Non-Collusion Declaration</u>	<u>Authority</u>



5. Authority Supplies, Equipment, Materials and Services.

PURCHASE AMOUNT	SOLICITATION TYPE	SOLICITATION PROCESS	APPROVER
Less than \$10,000	Micro-purchase	<u>Informal</u> : Commercial availability, Rotate Vendors, Insurance	Procurement Officer*
\$10,000 to \$50,000	Small Purchase	<u>Informal</u> : Three (3) Quotes, Clauses, Insurance	Procurement Officer*
\$50,001 to \$250,000	Small Purchase	<u>Informal</u> : Three (3) Quotes, Clauses, Insurance; <i>or</i>  <u>Formal</u> : Advertisement, Clauses, Insurance, and Negotiated Agreement, or Competitive Sealed Bids, or A/E Contract procedures	<u>Under \$100,000:</u> Executive Director  <u>Over \$100,000:</u> <u>Authority</u>
Greater than \$250,000	Formal Procurement	<u>Formal</u> : Advertisement, Clauses, Insurance, Certifications, and Negotiated Agreement, or Competitive Sealed Bids, or A/E Contract procedures	<u>Authority Commission</u>

\* As delegated by the Executive Director

- H. In addition to the authority granted above, and except as otherwise prohibited by applicable state or federal law, the Executive Director is authorized to approve and enter into contracts on behalf of the Commission, where the relevant contract is directly related to and necessary to implement a project that has been approved by the Commission, the contract is within the approved project budget and, based on the circumstances, exercise of this authority is in the best interest of the Commission.

## 2.0 PROCUREMENT OFFICER—DESIGNATION AND DELEGATION

- A. The Deputy Director of Financial Administration ~~Chief Financial Officer~~ is the designated “Procurement Officer” for the Agencies~~Commission~~. The Deputy Director of Financial Administration~~Chief Financial Officer~~ may delegate all or part of the Procurement Officer duties described in this Manual.

## 3.0 PROCUREMENT OFFICER—DUTIES

- A. The Procurement Officer has the duty to oversee all procurement activities of the Agencies~~Commission~~, and to implement the policies and standards set forth in this Manual, subject to the limitations of the authority that has been delegated to the Procurement Officer by the applicable Agency~~Commission~~ or the Executive Director.

- B. The Procurement Officer may issue instructions for the implementation of each Agency's Commission procurement policies.
- C. The Procurement Officer has the duty to ensure each Agency's Commission contracts, purchase orders, modifications, and supplemental agreements are executed in accordance with established thresholds and delegated authority.
- D. The Procurement Officer, subject to the review of the Agency Commission's General Counsel, has the authority to draft and determine the final form of the contract to be used for each procurement.
- E. The Procurement Officer should ensure that a complete record of each procurement action is maintained in accordance with each Agency's the Commission's records retention policy by establishing files containing the records of all major procurements and contractual actions pertinent to that office's responsibilities.
  - 1. The Procurement Officer is responsible for maintaining the original contract file pursuant to applicable state and/or federal records retention policies.
  - 2. The documentation in each contract file maintained by the Procurement Officer should be sufficient to constitute a complete history of the transaction for the following purposes:
    - a. Providing a complete background as a basis for informed decisions at each step of the procurement process;
    - b. Supporting actions taken;
    - c. Providing information for reviews, audits, and investigations; and
    - d. Furnishing essential facts in the event of litigation.
- F. The Procurement Officer has the duty to ensure Commission staff engaged in procurement activities are trained in the procurement requirements set forth in this Manual.

#### 4.0 IMPLEMENTATION OF PROCUREMENT PROCEDURES AND GUIDELINES

- A. The Procurement Officer, in his or her discretion and subject to the review and concurrence of Agency—the Commission's General Counsel, may adopt procurement and materials management procedures and guidelines needed to implement and supplement the policies and standards set forth in this Manual. Any such procedures and guidelines shall:
  - 1. Provide for timely review and processing of all procurement actions;
  - 2. Ensure that procurements proceed timely, efficiently and economically;
  - 3. Ensure that procurements adhere to principles of good public policy practices and sound business judgment; and
  - 4. Prohibit arbitrary actions. An example of an arbitrary action is the award of a construction contract, using the competitive sealed bids method of procurement, to a bidder other than the lowest responsive, responsible bidder.

## 5.0 AUTHORIZED METHODS OF PROCUREMENT; SELECTION

### A. Selection

As part of the procurement initiation process, the Procurement Officer will determine which method of procurement is appropriate.

### B. Authorized Methods

The following methods of procurement may be used, as appropriate, in accordance with the policies and procedures included in the Procurement Manual for all federal and non-federal procurement actions contemplated under this Procurement Manual:

1. Micro Purchase Procedures, pursuant to Chapter 6 of this Manual;
2. Small Purchase Procedures, pursuant to Chapter 6 of this Manual;
3. Competitive Sealed Bid (“Low Bid”), pursuant to Chapter 3 of this Manual;
4. Competitively Negotiated Procurement, pursuant to Chapter 5 of this Manual;
5. Non-Competitive and Emergency Procurement, pursuant to Chapter 7 of this Manual; and
6. Alternate Delivery, pursuant to Chapter 4 of this Manual.

## 6.0 INDEPENDENT COST ESTIMATE

A. An independent cost estimate is a determination of price reasonableness. An estimate shall be completed prior to the receipt of bids or proposals. Key elements of the independent cost estimate include, but are not limited to:

1. Date of the independent cost estimate;
2. Basis for the independent cost estimate, including applicable supporting documentation; and
3. The value determined by the independent cost estimate.

B. The method and means of establishing the estimate may vary based on the circumstances and can range from checking historical records or published price guides to a detailed estimate in the same level of detail that is required for contractors submitting proposals. Estimates can be obtained from a design firm or in-house technical personnel for construction work or from independent third-party staff (not impacted by final procurement).

C. The estimate provides the Procurement Officer with essential input during the solicitation process. Independent cost estimates may be used by the Agency Commission to:

1. Provide a determination of value (i.e., do benefits warrant the cost);
2. Support procurement planning;
3. Determine the appropriate solicitation type and process based on the approval limits set forth in Chapter 2, 1.0(G);

4. Establish the competitive range and supplement the evaluation process;
5. Provide a basis for a price analysis, which may eliminate the need for a more burdensome cost analysis;
6. Provide a basis for development of a pre-negotiation objective;
7. Support the Agency's~~the Commission's~~ negotiation position with contractor; and/or
8. After contract award, provide essential input with respect to contract amendments, change orders and claims.

## 7.0 COST/PRICE ANALYSIS

- A. A cost/price analysis shall be performed in connection with every federally funded procurement action, including contract modifications, and should be conducted for non-federally funded procurements. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation.
- B. If the contract being awarded is a cost-reimbursement type, the cost/price analysis shall address the *realism* of the various cost elements proposed, and where the costs are unrealistically low, an adjustment shall be made to reflect what the Agency~~Commission~~ believes the effort will actually cost given that offeror's specific technical approach as well as its direct and indirect cost rates.
  1. The Agency ~~Commission~~ shall, when applicable, or must, if required by law, utilize the guidelines provided in the FAR Part 31 to determine whether of the contractor's proposed costs are reasonable, allowable and allocable.
- C. As applicable, the Agency~~Commission~~ shall negotiate profit as a separate element of the price for each contract in which there is no price competition and in all applicable cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

## 8.0 VENDOR CONTACTS PRIOR TO ISSUANCE OF A SOLICITATION

- A. Informational and market research contacts with prospective contractors/vendors should be circumscribed based upon legitimate, identifiable business purposes and guided by the exercise of sound judgment. The primary pitfalls to be avoided are promises or implications from Commission staff of a future contract, development by a vendor of a specification or scope of services to be used as part of an Agency~~Commission~~ solicitation that vendor intends to participate in, requests from Commission staff for complimentary services or supplies, and other activities that may create a real or apparent conflict of interest or the impression of an obligation on the part of either Agency~~the Commission~~.

## 9.0 ADVERTISING/PUBLICIZING PROCUREMENTS

- A. The Procurement Officer should use the most efficient and effective means to publicize contract actions to increase competition in accordance with the requirements of the specific procurement.
- B. PUC § 130232, applicable to the purchase of all supplies, equipment, materials and for the construction of all facilities and works by the Commission when the expenditure exceeds twenty-five thousand dollars (\$25,000), requires that notice requesting bids shall be published at least once in a newspaper of general circulation. The publication must be made at least 10 days before the date for the receipt of the bids. The Commission, at its discretion, may reject any and all bids and re-advertise.
- C. PUC § 130238 for the purchase by the Commission of computers, telecommunications equipment, microwave equipment, and other related electronic equipment and apparatus that is not available in substantial quantities to the general public requires (i) the procurement be conducted through competitive negotiation, after a finding by the Commission by a two-thirds vote that this particular procurement qualifies under PUC § 130238, and (ii) notice of the request for proposals be published at least twice in a newspaper of general circulation, at least 10 days before the date for receipt of the proposals.
- ~~C.D.~~ PCC § 20161 defines public projects of the Authority as (i) the erection, improvement, painting, or repair of public buildings and works; (ii) work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow; (iii) street or sewer work excluding maintenance or repair; or (iv) purchase of supplies or materials for any of the foregoing, as well as maintenance or repair of streets or sewers, when the expenditure exceeds five thousand dollars (\$5,000). PCC § 20164 requires that for Authority public projects, notice requesting bids shall be published at least twice in a newspaper of general circulation, not less than five days apart. The first publication or posting of the notice shall be at least 10 days before the date of opening the bids.
- ~~D.E.~~ Federal Transit Administration  
Section 9.c of FTA Circular 4220.1F requires that invitations for bids are to be "publicly" advertised, and Section 9.d of FTA Circular 4220.1F requires that requests for proposals are to be publicized.
- ~~E.F.~~ Caltrans and Federal Highway Administration (FHWA)  
Chapter 15, paragraph 15.4 Project Advertisement, of the Caltrans Local Assistance Procedures Manual provides detailed guidance regarding advertising of FHWA- and/or Caltrans-funded projects.
- ~~F.G.~~ Pre-solicitation advertising prescribed in this section is not required for non-competitive, sole source, or emergency procurements processed in accordance with this Manual.

## 10.0 NON-DISCRIMINATION IN PROCUREMENT

- A. All formal contracts entered into by the Agency Commission should contain appropriate clauses prohibiting discrimination by the contractor against any person or group of persons on account of race, color, religion, creed, national origin, ancestry, physical handicap, medical condition, age, marital status, sex or sexual orientation in the performance of the contract.

## 11.0 ORGANIZATIONAL CONFLICTS OF INTEREST

- A. An unfair competitive advantage could result if a contractor were allowed to submit a bid or proposal for work described in a specification or statement of work that the contractor itself developed. For the purpose of eliminating a potential unfair competitive advantage, and in compliance with applicable state and federal laws and regulations, a contractor that develops or assists in developing specifications, requirements, statements of work, invitation for bids, and/or request for proposals for an Agency Commission procurement is excluded from competing for the resultant procurement, unless an appropriate waiver is issued by the Agency Commission. All waivers will be assessed by the Agency Commission on a case-by-case basis.

## 12.0 DUTIES OF COMMISSION STAFF REGARDING PROCUREMENTS

### A. General

Procuring goods, services, and contracts for the Agencies Commission must be a cooperative effort, and it will be the responsibility of all Commission staff involved in procurement to employ sound business judgment and appropriate standards of ethics and fairness to procure goods and services in a manner most advantageous to each Agencythe Commission. All employees and departments are instructed to follow the procedures set forth in the Manual, as well as any instructions issued by the Procurement Officer regarding procurements.

1. For FTA-funded procurements, the user department should consider use of the FTA checklists provided in FTA Circular 4220.1F, Appendix C, which address, among other things, undue restrictions on competition, when use of brand name or equal is permitted, and other FTA requirements and limitations.
  2. For FHWA and Caltrans-funded procurements, the user department shall use the Caltrans' Local Assistance Procedures Manual for guidance and shall ensure that appropriate Agency Commission procurement and contract forms for the relevant funding source are used.
- B. In order to initiate a procurement action (including amendments, procurements, exercising of available options, etc.), the user department/project manager should, at a minimum, provide the Procurement Officer with the following items, as applicable:
1. Specification, Scope of Services, or Statement of Work. For a new procurement, a complete and clearly written specification, purchase

description, or statement of work suitable for either competition or for negotiation with a sole source contractor, if justified.

For competitive procurements, the description must not (for federally funded procurements) and should not (for non-federally funded procurements) contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. For federally funded procurements, detailed product specifications should be avoided. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offerors must (for federally funded procurements) and should (for non-federally funded procurements) be clearly stated.

2. Changes. Changes to existing contracts, including amendments and construction change orders, must be documented pursuant to a written amendment or written construction change order, as applicable, executed by the appropriate parties, and should comply with the following.

- a. Amendments

If a contract amendment has been negotiated based upon an existing advanced pricing arrangement or labor rates/categories included in the underlying agreement, the user department/project manager should provide the Procurement Officer with a copy of the final negotiated scope of services for the extra work, associated pricing terms, and/or schedule.

- b. Construction Change Orders

Construction change orders should follow the procedures established by the Capital Projects Department, including the Toll Program, and applicable contract specifications. Documentation of the change order does not need to be provided to the Procurement Officer, but should be maintained by the user department/project manager as specified herein. If a construction change order has been negotiated based upon an existing advanced pricing arrangement or labor rates/categories included in the underlying agreement, the user department/project manager should maintain a record of the change order and supporting documentation in the project files including an independent cost estimate and cost and/or price analysis, as applicable.

- i. Any change order must be administered in accordance with its terms, and appropriate documentation must be generated and



maintained supporting payment in accordance with state or federal requirements, as applicable.

- ii. All change orders must be signed by a Commission employee who is a registered civil engineer.
- iii. Any change order in excess of \$100,000 also requires approval as follows:
  - a) \$100,000 to \$250,000 by the Project Delivery Director or Toll Program Director; or by the
  - a)b) Greater than \$250,000 by the Executive Director.
- iv. Any change order that will increase the total contract value to an amount that exceeds the contractual authority approved by the applicable Agency~~Commission~~ may not be executed until additional contractual authority has been obtained through the Agency~~Commission~~.
- v. The ~~Capital~~ Projects Delivery Director and/or Toll Program Director, as applicable, is responsible for determining that change orders are processed and approved in accordance with departmental and contractual requirements.

c. Changes to Federally Funded Contracts

For federally funded contracts, findings must be included in the project file that the change is in the general scope of the original contract. A significant change in contract work that causes a major deviation from the original purpose of the work or the intended method of achievement, or causes a revision of contract work so extensive, significant, or cumulative that, in effect the contractor is required to perform very different work from that described in the original contract, is considered a “cardinal change” or “tag-on” contract, and is not permitted unless it meets the requirements of Chapter 8, Section 3.0.

- 3. Agreement Summary Sheet. The user department/project manager must provide a complete and executed Agreement Summary Sheet for all procurement actions, including applicable small purchases, formal procurements, MOUs, agreements, change order modifications and the like. The Agreement Summary Sheet identifies the nature of funding for the subject goods/services, provides a record that the requirement was budgeted and properly approved before the procurement process began, and ensures that the procurement action is assigned a unique agreement number for purposes of contract administration, payment, and recordkeeping.
- 4. Cost Estimate. The user department/project manager shall provide the Procurement Officer with a cost estimate for the anticipated procurement of goods/services. See paragraph 6.0 above for additional guidance regarding the development of an independent cost estimate.



5. Justification for Sole Source/Non-competitive Procurement (if applicable).  
The user department/project manager must prepare and submit to the Procurement Officer a written statement recording all the facts that provide justification for avoiding mandated competitive procurement practices explicitly defined in this Manual and/or required by relevant state and federal law in favor of a non-competitive/sole source award. The Procurement Officer must approve the sole source procurement methodology before the procurement can proceed. If the procurement is funded with state or federal funds, the appropriate findings required by the applicable funding entity must be made. For Caltrans or FHWA funded contracts, a Public Interest Finding (PIF) must be approved by the appropriate funding entity.

### 13.0 INSURANCE

- A. Contractors providing goods and services should be required to carry sufficient insurance to protect the Agency-Commission from third party lawsuits for personal injury (including death) and property damage. Insurance may also be required for damage to the Agency's Commission property and for errors and omissions in the provision of professional services.
- B. The following types of procurement actions should be reviewed by the Procurement Officer for appropriate levels, types and limits of coverage on a case-by-case basis:
  1. All operations and non-operational construction contracts.
  2. All professional services contracts.
  3. All contracts where work will be performed within "50 feet" of railroad.
  4. All environmental contracts, including engineering services.
  5. All procurement contracts and/or purchase agreements where outside vendors will be conducting work or performing installation services on Agency Commission premises.
  6. All procurement contracts and/or purchase agreements where outside vendors will be delivering products to an Agency-Commission facility.
- C. The contract documents should ensure that the Agency's Commission contractors will be required to comply with insurance requirements imposed by state and local governments.
- D. At a minimum, the contract documents should require the contractor and subcontractor to carry general liability, workmen's compensation, and automobile insurance coverages for public works contracts.
- E. In certain limited cases, the Procurement Officer may permit the contractor to substitute an approved program of self-insurance in order to obtain such approval. The contractor will have to demonstrate that it can sustain the potential losses being self-insured.

- F. The Procurement Officer should include insurance and indemnification provisions in equipment, supply, and services contracts in accordance with the Commission policies described herein.

#### 14.0 SUBCONTRACTING

- A. The AgencyCommission may consider requiring a prime contractor to perform certain tasks or a minimum percentage of the work, in order to ensure that the prime contractor maintains a specified degree of control over the project.
- B. Approval of contractor proposed subcontractors usually involves an evaluation of three primary areas:
  - 1. Assurance that the prime contractor has included the required “flow-down” provisions (clauses) from the prime contract in the subcontract.
  - 2. The prime contractor’s compliance with the Disadvantaged Business Enterprise (DBE) requirements in its prime contract.
  - 3. Assurance that the prime contractor has selected its critical subcontractors in a prudent fashion, so as to protect the AgencyCommission’s interests.

#### 15.0. DETERMINATION OF FAIR AND REASONABLE PRICE

- A. The Procurement Officer should determine, in writing, that the price to be paid to the successful offeror is fair and reasonable. Typically, adequate price competition is sufficient to establish price reasonableness; however, price reasonableness may also be established through:
  - 1. Prices established by law or regulation;
  - 2. Published catalog or market price for commercial product sold to the public in substantial quantities;
  - 3. Previous or relevant historical pricing for same or similar terms;
  - 4. Valid cost estimate;
  - 5. Value analysis; or
  - 6. Cost/price analysis.
- B. Single Offer/Lack of Adequate Competition
  - 1. Upon receiving a single bid or single proposal in response to a solicitation, the Procurement Officer should determine if competition was adequate.
    - a. Such determination should include a review of the specifications for undue restrictiveness and may include a survey of potential sources that chose not to submit a bid or proposal.
    - b. If the results of the review are that the scope of work was so restrictive that only one firm could have responded, then there is a lack of competition. The Procurement Officer should (1) cancel and re-procure the solicitation or (2) treat the solicitation as a sole source procurement, if it meets the requirements of Chapter 7 of this Manual.

- c. If the results of the review are that the scope of work was not restrictive and more than one firm could have responded, then there is adequate competition. The Procurement Officer may recommend an award of the agreement to the single offeror, as determined by the Agency Commission, in accordance with this Manual and in accordance with applicable legal requirements.
2. When the price variance between multiple responses reflects a lack of adequate competition, the Procurement Officer may re-solicit quotes or, if appropriate, recommend an award of the agreement to the lowest or best offeror, as determined by the Agency Commission, in accordance with this Manual and in accordance with applicable legal requirements.
3. A recommendation for award under either of the above circumstances should include a statement in the contract file giving the basis for the determination (e.g., that there was adequate competition and/or the pricing terms are fair and reasonable).

## 16.0 CONTRACT APPROVAL, AWARD, AND EXECUTION

- A. Following authorization for contract award by the Agency Commission, the following actions should be taken:
  1. The Procurement Officer requests all Agency Commission-required documents and contract contingency requirement (e.g., bonds, proof of insurance) from the successful contractor.
  2. The Procurement Officer conforms and sends copies of the final contract or amendment to the contractor for signature, and obtains the appropriate Agency Commission authorization by ensuring full execution of the contract.
  3. The contract or amendment may be executed in one or more counterparts. The Procurement Officer may accept facsimile signatures, including signatures transmitted via electronic mail, as original signatures. If the Agency Commission adopts an eElectronic signatures may be used, and policy, the Procurement Officer may accept electronic signatures in accordance with adopted Agency policy.
  4. After full execution of the contract and the contractor's submittal of the required contract contingency items, unless otherwise agreed, the Procurement Officer coordinates with the user department/project manager to prepare a "Notice to Proceed" letter, if required.
  5. The Procurement Officer transmits a fully executed contract to the contractor. Conformed copies should be sent to the project manager for use in the administration of the contract.
  6. Contract Administration Responsibilities

- a. The user department/project manager conducts all further coordination on technical issues between the contractor and the AgencyCommission, subsequent to the issuance of the “Notice to Proceed” letter.
- b. Issues affecting the business or legal terms in the contract and/or requests for modification or supplemental agreements to the contract should immediately be brought to the attention of the Procurement Officer.
- c. The contract and all documents pertaining thereto should be maintained by the Procurement Officer, except for construction change orders which will be maintained by the project management team.

## 17.0 PROTEST PROCEDURES

- A. Under formal procurement processes described under this Manual, an interested party that has timely submitted a bid or proposal in response to any procurement of the AgencyCommission may file a protest, to the applicable Agency, objecting to the award of a contract.
- B. In order for a protest to be considered properly and timely filed, the protest must:
  - 1. Be filed in writing with the Executive Director ~~of the Commission~~, within seven (7) calendar days after (i) all requests for clarifications and requests for approved equals have been answered by the AgencyCommission or, if no requests for clarification or approved equals are received, after the period for requests for clarifications or approved equals has closed; (ii) after the Agency Commission takes action, or such other time period as may be specified in the solicitation document; or (iii) the date certain contained in the solicitation for any solicitation for which a contract award is not made by the Agency Commission.
  - 2. Be filed by an actual bidder or proposer responding to the procurement and signed by a properly authorized representative. No other party has standing to protest or is considered an interested party.
  - 3. Identify the specific procurement number involved.
  - 4. Identify the specific recommended action or decision being protested.
  - 5. Specify in detail the grounds for the protest, the facts supporting the protest and the status of the protester.
  - 6. Include all relevant supporting documentation with the protest at the time of submittal.
  - 7. Describe the resolution to the protest desired by the protesting party.

If a protest does not comply with each of the seven (7) requirements listed above, the protest will not be considered and will be returned to the protester.
- C. The Procurement Officer will attempt to resolve a properly filed protest or perform additional fact-finding, including establishing a protest evaluation team to evaluate the merits of the protest. The Procurement Officer, in consultation with Agency the Commission's General Counsel, will prepare a recommended resolution of the

protest for consideration by the Executive Director. The Executive Director will review the recommendation of the evaluation team and will render a determination to uphold or deny the protest.

- D. If the Executive Director's decision is to deny the protest, the solicitation may be continued without further delay or the contract will be recommended to the applicable Agency Commission for award, or executed, if previously awarded by the Agency Commission subject to resolution of the protest. If the Executive Director's decision is to uphold the protest, a recommendation will be made to the applicable Agency Commission to amend the solicitation and the date for receipt of proposals or bids, reject all proposals or bids, cancel the request for proposals or invitation for bids and solicit new proposals or bids, award the contract to another proposer, or other such actions as he/she deems appropriate.
- E. The Executive Director's decision shall be final, and there shall be no further administrative recourse at the local level, except for protests related to federally funded procurements.
- F. The procedures set forth in this Chapter 2, Section 17.0 are not intended to reduce or restrict protest rights specifically provided under applicable funding agreements, or state or federal laws authorizing the use of money funding applicable contracts.
  - 1. In any procurement involving FTA funds, the Procurement Officer shall, if required by FTA, disclose information regarding the protest to FTA and ~~shall~~ keep FTA informed about the status of the protest.
  - 2. An interested party that has filed a protest must exhaust all administrative remedies with the Agency Commission before pursuing a protest with FTA.
- G. A debrief will be available for proposers to whom award was not made, for a period of ten (10) days following award of the contract by the Agency Commission.

## 18.0 PUBLIC RECORDS REQUESTS

- A. All requests for procurement related records and/or information must be submitted to the Clerk of the Board for appropriate action. Procurement related records should not be disclosed as public information until staff recommendation for award has been forwarded to all interested parties or as otherwise appropriate under the California Public Records Act and applicable state and federal laws, guidelines and requirements.

## CHAPTER 3 – COMPETITIVE SEALED BIDS (“LOW BID”)

- A. PUC § 130232, applicable to the Commission, requires that the purchase of all supplies, equipment, and materials, and the construction of all facilities and works, when the expenditure required exceeds twenty-five thousand dollars (\$25,000), must be by competitive sealed bidding, also known as “low bid”, contracting, with the contract let to the lowest responsive, responsible bidder. Notice requesting bids must be published in at least one newspaper of general circulation. The publication must be made at least ten (10) days before the date for receipt of bids; ~~however, based on the nature of the procurement, a longer period of time shall be provided, as necessary, to ensure that bidders are allowed adequate and sufficient time to prepare bids before the date of bid opening. The resulting contract will be a fixed price contract.~~
- B. PCC § 20160, et. seq. requires that public projects of the Authority, as defined in PCC § 20161 and as set forth in Chapter 2, Section 9.D of this Manual, when the expenditure required exceeds five thousand dollars (\$5,000), must be by low bid, with the contract let to the lowest responsive, responsible bidder. PCC § 20164 requires that for Authority public projects, notice requesting bids shall be published at least twice in a newspaper of general circulation, not less than five days apart. The first publication or posting of the notice shall be at least 10 days before the date of opening the bids.
- C. Notwithstanding the notice periods above, based on the nature of the procurement, a longer period of time shall be provided, as necessary, to ensure that bidders are allowed adequate and sufficient time to prepare bids before the date of bid opening. The resulting contract will be a fixed price contract.
- ~~B.D.~~ In order for competitive sealed bidding to be most effective, the following conditions should be present in the development of an Invitation for Bids (IFB):
1. A complete, adequate and sufficiently generic specification is developed;
  2. Adequate competition is available in the marketplace (two or more responsive and responsible bidders will compete); and
  3. The procurement lends itself to a firm-fixed price contract.
- ~~C.E.~~ Discussions and Communications
1. Bids shall be evaluated without discussions with bidders.
  2. Information concerning proposed procurements should not be released outside the AgencyCommission before an IFB is released, except for pre-solicitation notices and publicly available general project information.
- ~~D.F.~~ Pre-Bid Conferences
1. The Contracting Officer may use pre-bid conferences to explain procurement requirements.
  2. If the AgencyCommission requires any type of mandatory pre-bid conference, site visit, or meeting, the IFB should include the time, date, and

location of the mandatory pre-bid site visit, conference or meeting, and when and where project documents, including final plans and specifications are available. Any mandatory pre-bid site visit, conference or meeting should be no sooner than a minimum of five (5) calendar days following the publication of the IFB.

#### E.G. Bid Addenda

1. If it becomes necessary to make changes in quantity, specifications, delivery schedules, opening dates, or other items, or to correct a defective or ambiguous IFB, the change should be accomplished by addendum of the IFB.
2. Addenda to an IFB should be identified as such and should require the bidder to acknowledge receipt of all addenda issued.

#### F.H. Time Of Bid Receipt

The IFB ~~must~~ should specify a time for receipt of bids. Bids must be received in the office designated in the IFB or be submitted electronically through the electronic bid management system used by the Agency for the applicable procurement not later than the time identified in the IFB. For electronically submitted bids, the Agency will only consider bids that have transmitted successfully and have been issued a confirmation number with a time stamp from the electronic bidding system indicating that the bid was submitted successfully.

#### G.I. Late Bids

Unless otherwise specified in a particular bid solicitation, bids are considered late based on the time clock at the 3<sup>rd</sup> floor Commission Receptionist Desk, located at 4080 Lemon Street, Riverside, CA 92501 or, as applicable, as determined by the electronic bid management system. Bids are considered late if the time stamped by the ~~Agency~~ Commission upon receipt of the bid is later than the deadline/time identified in the IFB. If the procurement is pursuant to an electronic bidding process, the electronic bid management system will not accept bids submitted later than the deadline/time identified in the IFB. Late bids will not be accepted by the ~~Agency~~ Commission, unless a bid is late owing solely to ~~Agency~~ Commission mishandling or some other legitimate extenuating factor, as determined in the ~~Agency~~ Commission's sole discretion.

#### H.J. Receipt Of Bids

As bids are received, the Procurement Officer should secure and safeguard the bids until the established time for bid opening. For electronic bids, the electronic bid management system ensures that the bids are not accessible until the time for bid opening.

#### I.K. Opening Of Bids

The Procurement Officer will coordinate the bid opening. Bids may be opened electronically through the electronic bid management system, or . ~~All bids over \$25,000 for supplies, equipment, and materials and the construction of all facilities~~



~~and works received prior to the bid submission deadline~~ will be publicly opened, read aloud to the persons present, and recorded. Bids may also be publicly opened via webconference or videoconference, as may be appropriate based on the circumstances. Bid opening documentation should include the date, time, and place of bid opening, if applicable, and a tabulation of bidder names and related bid amount. ~~Such bid opening documentation should include the signature of at least one witness.~~

#### J.L. Recording Of Bids

Construction bids over the small purchase threshold of \$25,000 for the Commission and \$5,000 for the Authority that are publicly opened will be recorded on a bid summary or bid tabulation sheet. The Procurement Officer should certify the accuracy of the bid summary sheet by placing his/her signature thereon. The ~~Commission's~~ Procurement Officer should ensure that these results are posted on the applicable Agency~~Commission~~ internet site within a reasonable time after bid opening.

#### K.M. Tie Bids

If two or more responsible and responsive bids are received for the same total or unit price, quality and service being equal, the Agency~~Commission~~ shall establish a date and time to draw lots, which shall be accomplished by tossing a coin or pulling bidder names out of a hat, to determine the winner. Using the lottery method, the Agency~~Commission~~ shall:

1. Advise the tied bidders in writing that a tie has occurred, advise them a winner will be determined by drawing lots, and invite them to attend the drawing.
2. Conduct the drawing of lots on the date and time previously established with at least two individuals as witnesses. The procurement file should reflect the names, titles, and departments of the witnesses. If the witnesses are not Commission staff, the name, organization, address, and telephone number of the individuals should be listed.
3. Declare the winner of the drawing of lots as the apparent low bidder for bid evaluation and award purposes.

#### L.N. Alternative Sources of Procurement Authority

Notwithstanding the requirements of PUC § 130232 or PCC 20160, et. seq., and the provisions set forth in this Chapter, the Agencies ~~Commission~~ may use Cooperative Agreements (as described in Chapter 1, Section 6.0) where such use is otherwise permitted by law.



## CHAPTER 4 – ALTERNATE DELIVERY CONTRACTS

### 1.0 PURPOSE

- A. For the purposes of this Chapter, “Design-Build” means a method of procuring design and construction from a single source. The selection of the single source occurs before the development of complete plans and specifications.

For the purposes of this Chapter, “CM/GC” means a project delivery method in which a construction manager is procured to provide preconstruction services during the design phase of the project and construction services during the construction phase of the project. The structure of the contract for such services is within the discretion of the [AgencyCommission](#).

For the purposes of this Chapter, “Alternate Delivery Method” means Design-Build, CM/GC or any other alternate method of project procurement or delivery which the [AgencyCommission](#) is authorized by law to utilize.

- B. As set forth in PCC Section 6820, et. seq., the Commission is authorized to utilize Design-Build for projects on or adjacent to the state highway system, including related non-highway portions of the project, based on either best value or lowest responsible bid.
- C. As set forth in PCC Section 6700, et. seq., the Commission is authorized to utilize the Construction Manager/General Contractor (CM/GC) method, contingent upon delegation of authority by Caltrans, for two highway projects in Riverside County.
- D. As set forth in AB 115 (Chapter 20, Statutes of 2017), the Commission is authorized to utilize CM/GC for the 91 Toll Connector to Interstate 15 North project.
- E. As set forth in PCC Section 6700, et. seq., the Commission is authorized to utilize CM/GC method for certain expressways that are not on the state highway system, provided that the required findings are made, consistent with PCC Section 6701, and the Commission adopts the CM/GC method.
- F. As set forth in AB 115 (Chapter 20, Statutes of 2017), the Commission is authorized to amend or change any existing contract for the Interstate 15 express lanes construction project or the State Highway Route 91 express lanes to include work or services on the 91 Toll Connector to Interstate 15 North project, if the Commission, with the concurrence of Caltrans, finds that to be a cost-effective method to accelerate the delivery of that project.

### 2.0 PROCEDURES FOR ALTERNATE DELIVERY CONTRACTS

- A. The Executive Director may adopt any lawful methods, procedures and criteria that he or she determines are in the best interest of [each Agencythe Commission](#).

- B. The Toll Program Director, through coordination with the Procurement Officer, will prepare documents for the solicitation of proposals for highway-related Alternate Delivery procurements by the Commission.
- C. Where an Alternate Delivery Method does not require a solicitation of proposals, the Toll Program Director shall, through coordination with the Procurement Officer, prepare the contract documents for such procurement by the Commission.
- D. Contract documents for an Alternate Delivery Method to be used by the Authority shall be prepared as directed by the Procurement Officer.
- E. The documents prepared for Alternate Delivery procurements shall control over any conflicting provisions contained herein.
- FE. The Commission shall use a procurement method permitted by law and appropriate for the elements of the services (design v. construction) representing the preponderance of work and having the greatest cost, even though other necessary services would not typically be procured by that method. For example, the construction costs of a Design-Build project are usually predominant, so the Commission would use competitive negotiations or sealed bids for the entire procurement rather than the qualification-based “Brooks Act” procurement procedures.
  - 1. The use of the Design-Build procurement method for FTA-funded projects shall comply with FTA Circular 4220.1F, Section VI.3.h.
  - 2. The use of the Design-Build procurement method for FHWA-funded projects shall comply, as applicable, with any requirements specified by Caltrans in the relevant project agreements.

## CHAPTER 5 – COMPETITIVELY NEGOTIATED PROCUREMENTS

### 1.0 NEGOTIATED PROCUREMENTS—GENERAL

- A. This Chapter outlines the Commission's procedures for competitively negotiated procurements for contracts:
  - 1. Not legally required to be procured through the low-bid competitive procurement method pursuant to PUC §130232 as applies to the Commission, or PCC § 20160, et. seq., as applies to the Authority; and
  - 2. Intended to be awarded on the basis of both price and non-price factors.
- B. A procurement is “negotiated” if discussions, negotiations, or other exchanges between the AgencyCommission and the offerors are anticipated and planned in order to maximize the AgencyCommission’s ability to communicate, understand, and obtain the best value for contract award.
  - 1. The exchanges involve bargaining, persuasion, alteration of assumptions and positions, and give-and-take applied to price, schedule, technical requirements, type of contract, and other proposed terms.
  - 2. The exchanges after establishment of the competitive range of price and terms are done with the intent of allowing the offeror to revise its proposal, once and potentially several times.
- C. Though not an all-inclusive listing, competitively negotiated procurements can be used for the following types of procurements:
  - 1. Professional services contracts for non-architect-engineer related services; miscellaneous service contracts;
  - 2. Architect-Engineer and related services contracts as further defined and subject to the limitations specified in Section 6.0 of this Chapter;
  - 3. Specialized equipment, computers, telecommunications equipment, microwave equipment and other related electronic equipment and apparatus; or
  - 4. Best Value, Alternate Delivery contracts described in Chapter 4.

### 2.0 SOURCE SELECTION TECHNIQUES

- A. The Procurement Officer can choose from a range of source selection techniques for the competitively negotiated process based on:
  - 1. What is suitable for the specific circumstances of a requirement, and
  - 2. Which technique provides the best opportunity to tradeoff price/cost and qualitative benefits in order to gain the best value for the AgencyCommission.
- B. In acquisitions where the requirement is clearly definable and the risk of unsuccessful contract performance is minimal, and excluding contracts for

Architect-Engineer and related services, cost or price may play a dominant role as a significantly important evaluation factor for award.

- C. On the other hand, the less definitive the requirement, a requirement for technical superiority, more development work required, or the greater the performance risk, then the technical or past performance considerations play a more dominant role as significantly important evaluation factors for award.
- D. The ~~Agency Commission~~ obtains best value in negotiated acquisitions by using any one or a combination of selection approaches wherein the relative importance of cost or price may vary with other non-cost or price factor(s). The Procurement Officer and user department/project manager shall select an approach that will provide the ~~Agency Commission~~ with the best offer based on the requirements, and on applicable legal requirements.
- E. All evaluation factors associated with a particular proposal shall be identified along with their relative importance. The Procurement Officer, in cooperation with the user department/project manager, may utilize explicit factors, price performance trade off, technically qualified/lowest price or other reasonable and appropriate means of evaluating proposers.
- F. Proposals will be solicited from an adequate number of qualified sources. In determining sources to solicit, the Procurement Officer should use all reasonable means available to ensure that an adequate number of potential qualified proposers receive the solicitation in order to obtain maximum fair and open competition.

### 3.0 PROPOSAL EVALUATION

- A. The evaluation factors that will be considered in evaluating proposals shall be tailored to each procurement and shall include only those factors that will have an impact on the source selection decision. The evaluation factors that apply to a particular procurement and the relative importance of those factors are within the broad discretion of the Procurement Officer and/or the user department/project manager.
- B. The Procurement Officer shall establish a formal evaluation committee, of at least two persons, referred to as the "Evaluation Committee." The size of an evaluation committee should be (1) based on the size and complexity of the goods or services being procured and (2) well balanced and represented by individuals involved with the procurement and/or affected by the goods or services being procured. The Evaluation Committee will be charged with responsibility for evaluating proposals, short listing firms, establishing a competitive range, and/or recommending a firm or firms for contract award.
  - 1. Personnel engaged in the evaluation process shall not discuss or reveal information concerning the evaluations except to those individuals participating in the same proceedings and only to the extent that information is required in connection with such proceedings.

2. Divulging information during the evaluation, selection, and negotiation phases to offerors or to personnel not having a need to know is prohibited as it could jeopardize the evaluation process and resultant award.
- C. The Evaluation Committee will evaluate each proposal in accordance with the evaluation criteria in the solicitation. The Evaluation Committee's selection decision is subject to the final approval of the applicable Agency Commission or the Executive Director, as required under this Manual.

#### 4.0 REJECTION OF PROPOSALS

- A. The Evaluation Committee may reject all proposals received that are determined not to be in the competitive range, including those proposals made by offerors who refuse to execute any reasonably required representations and/or certifications.
- B. The Executive Director may, in his or her discretion, do any of the following (i) reject any or all proposals received, (ii) cancel the procurement process, and/or (iii) direct commencement of a new procurement process for the same services because:
  1. All otherwise acceptable proposals received are at unreasonable prices;
  2. The proposals were not independently arrived at in open competition, were collusive or were submitted in bad faith; or
  3. For other reasons, rejection is clearly in the Agency Commission's best interest.

#### 5.0 NEGOTIATION; SELECTION

- A. The methods and procedures for selection and negotiation will be determined by the Procurement Officer, in coordination with the user department/project manager, and set forth in the request for proposals.

#### 6.0 SPECIAL PROVISIONS APPLICABLE TO ARCHITECT-ENGINEER AND RELATED SERVICES

- A. This Section prescribes guidelines and requirements for the procurement of Architectural-Engineering ("A-E") and related services. A-E Services are defined as professional services of an architectural or engineering nature that are required by law to be performed by a registered or licensed architect or engineer. Related services include: land surveying and construction project management. For the procurement of A-E and related services, the Procurement Officer shall follow the procedures set forth in this Section 6.0, in addition to the pertinent procedures set forth elsewhere in this Chapter.
- B. If the procurement is for A-E and related services, the selection must be based on the demonstrated competence and qualifications of prospective contractors, and shall comply with Government Code 4525, et seq., and, when applicable, the laws and regulations that govern the procurement of design-related services with federal funds (see e.g., Title 23 U.S.C. 112, Letting of Contracts and 23 CFR 172, Administration of Engineering and Design Related Service Contracts). These services shall be acquired based on a two-step, sealed bidding procedure, whereby

qualifications are presented in a separate sealed envelope from a firm's price proposal. The proposals shall be evaluated based on qualifications only, and price negotiations shall then be commenced with the proposer determined by the Agency Commission to be most qualified. If the Agency Commission is unable to negotiate satisfactory terms, at a fair and reasonable price, with the proposer considered to be most qualified, then negotiations shall be terminated with that proposer and commenced with the next most qualified proposer. This process shall be continued with successive qualified proposers until agreement is reached that is determined to be fair and reasonable.

## CHAPTER 6 – SIMPLIFIED PURCHASE PROCEDURES

### 1.0 GENERAL

- A. Procurement of materials, supplies, or services by each Agency ~~the Commission~~ should adhere to the procedures in this Manual, as described in Chapter 2, Section 1.G. The procedures ensure that the appropriate authorizations are secured for the type of procurement made, and that the minimum requirements associated with the materials, equipment, supplies or services requested are procured in a fair and open manner.
- B. This Chapter sets forth the procedures for small purchases and other simplified purchase procedures. These purchases should be made competitively except where it is in the best interests of the Agency ~~Commission~~ to accomplish such purchases non-competitively. Justification for such non-competitive procurement should be made, in writing, and maintained in the procurement record.

### 2.0 REQUIREMENTS FOR MICROPURCHASES

- A. If the purchase price for required supplies, equipment, services and/or materials is considered a micropurchase as defined in Chapter 2, Section 1.G, then multiple quotes are not required; however, such purchases should be fairly priced using a purchase technique that best serves the needs of the Agency ~~Commission~~, and rotated among commercial vendors offering competitive pricing.
- B. Micropurchases may be accomplished by securing one proposal or quotation from a commercial vendor offering supplies, equipment or materials to the public in substantial quantities and the price is deemed to be fair and reasonable.
  - a. For federally-funded procurements, the determination that the price is fair and reasonable and how the determination was derived must be included as documentation in the procurement file.
- C. If oral quotes are obtained, written record of the quotes should be retained. The record should include, at a minimum, vendor name, telephone number and address, name of person providing the quote, and terms.

### 3.0 USE OF SMALL PURCHASE PROCEDURES

- A. For small purchases as defined in Chapter 2, Section 1.G, staff should obtain a minimum of three (3) written quotations with reasonable efforts to include at least one Disadvantaged Business Enterprise (DBE) vendor if federally funds are utilized and, when practicable and appropriate, an award should be made on the basis of lowest price.
- B. For Commission public works projects (i.e., maintenance, repair or construction work), Authority public projects, –as defined in Chapter 2, Section 9.D of this Manual, and planned solicitations for services defined as small purchases in accordance with Chapter 2, Section 1.G, review by the Procurement Officer prior to the solicitation of quotes is required in order to ensure compliance with relevant insurance requirements, applicable legal mandates, e.g., insurance, bonding, prevailing wage, and payroll records.

- C. The Procurement Officer should use and/or authorize the Small Purchase Procedures that are most suitable, efficient, and economical based on the circumstances of each procurement and determine that the price is fair and reasonable.

#### 4.0 PROHIBITED USE OF SMALL PURCHASE PROCEDURES

- A. The Procurement Officer and or Commission staff may not divide, split or fragment a procurement totaling more than the ~~Agency~~Commission's small purchase limitation into several purchases that are less than the limit in order to use the Small Purchase Procedures.



## CHAPTER 7 – NON-COMPETITIVE AND EMERGENCY PROCUREMENTS AND REMEDIAL MEASURES

### 1.0 NON-COMPETITIVE PROCUREMENTS

- A. The non-competitive procurement of non-federally funded goods and services, which otherwise require competitive procurement may be authorized under one or more of the following circumstances, subject to any minimum AgencyCommission vote required by applicable law, or any other requirements of applicable law:
1. The AgencyCommission has advertised the contract as required by this Manual and has undertaken reasonable efforts to solicit potential contractors, but has determined that competition is inadequate;
  2. There is only a single source of supply available, or only one contractor is qualified to provide the service or product;
  3. The goods or services are to be provided by a government or other public entity;
  4. The goods or services are to be provided pursuant to an amendment of an existing contract that does not materially alter the terms and conditions of the contract (other than to extend the term and/or increase compensation to provide for the extended term or for additional goods/services to be provided under substantially the same terms of the original contract), provided that such renewal, extension or amendment is authorized or permitted by the contract;
  5. The equipment to be purchased is of a technical nature and the procurement thereof without advertising is necessary in order to assure standardization of equipment and interchangeability of parts;
  6. The item to be purchased is a capital maintenance item that is available only from the original manufacturer or supplier or is required to maintain system operational compatibility and connectivity with the existing system(s);
  7. The contract is for employment services;
  8. The contract is one for which only per diem and travel expenses are paid and there is no payment for services rendered;
  9. The AgencyCommission is piggybacking on an existing agreement between a contractor and any public agency or entity within the County of Riverside and/or the County of San Bernardino, or other public entities if: (a) the proposed AgencyCommission contract is for the same material scope of work as the other contract; (b) the proposed AgencyCommission contract contains substantially the same terms as the other contract; and (c) the other contract was competitively procured in accordance with requirements applicable to such other agency's procurements; and (d) the procurement is otherwise in compliance with legal requirements applicable to Agency.

10. The provisions listed under Chapter 8, Section 3.0 regarding federally funded sole source, non-competitive, sole source procurements are applicable; or
  11. Except as may otherwise be limited by applicable law, the AgencyCommission determines that a non-competitive procurement is in the public interest and in the best interest of the AgencyCommission.
- B. Except as limited by applicable law, the Executive Director shall have authority to determine that non-competitive procurements are permitted under paragraph A, subparagraphs (1) through (11) for contracts for amounts less than or equal to \$250,000. Commission approval of the applicable Agency is required for contracts over \$250,000. Each decision to proceed with a non-competitive procurement must be supported by a written justification that is approved by the Executive Director or Procurement Officer, as required under this Manual.
  - C. The Procurement Officer will take action, whenever possible and in coordination with the user department/project manager, to avoid the need to continue to procure the same supply, service, or construction without competition.
  - D. A non-competitive or sole source procurement, where competition is legally required, should not be justified on the basis of any of the following circumstances:
    1. The lack of adequate advance planning for the procurement of the required commodities, services, or other items;
    2. Delays in the procurement caused by administrative delays, lack of sufficient procurement personnel, or improper handling of procurement requests or competitive procedures; or
    3. Pending expiration of budget authority.
  - E. The Procurement Officer should ensure that each non-competitive contract contains all of the required clauses, representations, and certifications, in accordance with the applicable laws, regulations, or Agency-Commission adopted policy.
  - F. The Procurement Officer should ensure that proper records of each non-competitive procurement are maintained.

## 2.0 EMERGENCY PROCUREMENTS; REMEDIAL MEASURES

- A. The AgencyCommission may award a contract on an emergency basis if the requirement is essential to deal with an existing emergency condition, as defined below in Paragraph “B”, and the Executive Director may award a contract when necessary as a remedial measure as defined below in Paragraph “C” or when permitted under Paragraph “D”. Such award by the Commission shall be made in compliance with PUC § 130234, as applicable. The emergency procurement of supplies or services and procurements as a remedial measure should be limited to quantities and time periods sufficient to meet the immediate threat and should not be used to meet long-term requirements.
- B. For purposes of an emergency procurement under this Chapter, an “emergency condition” is a situation (such as a flood, epidemic, riot, equipment failure, or any

other reason declared by the AgencyCommission) which creates an immediate threat to the public health, welfare, or safety. The existence of an emergency condition creates an immediate need for supplies, services, or construction which cannot be met through normal procurement methods, and the lack of which would seriously threaten one (1) or more of the following:

1. The health or safety of any person;
2. The preservation or protection of property;
3. The continuation of necessary AgencyCommission functions; or
4. Contract delays that could result in an increase to the cost of the project.

In the case of contracts for services, the Executive Director may declare the emergency condition.

- C. The Executive Director may authorize the expenditure of funds previously appropriated by the Commission for the direct purchases of goods and services, without following bid requirements (i) when a finding is made that immediate remedial measures are necessary to avert or alleviate damage to property, or to replace, repair, or restore damaged or destroyed property, of the Commission and are necessary in order to ensure that the facilities of the Commission are available to serve the transportation needs of the general public, and upon determining that available remedial measures, including procurement or construction in compliance with PUC § 130232, 130233, and 130234, are inadequate.

D. In addition, for procurements that are not subject to the PUC for the Commission, or the PCC for the Authority, the Executive Director may authorize and complete Agency procurements on a noncompetitive, emergency basis as necessary to address emergency conditions, as described herein.

D.E. A contract procured on an emergency basis or as a remedial measure should not be modified to expand the scope or extend the time of the procurement unless a limited number of additional commodities, services, or other items are needed to fill an ongoing emergency requirement until regular procurement action procedures initiated under other Chapters in this Manual can be completed.

FE. The Executive Director must, after an emergency expenditure in excess of his/her delegated signature authority, and after an expenditure necessary as a remedial measure, submit to the AgencyCommission a procurement summary explaining the necessity for the expenditure.

GF. The Procurement Officer should ensure that each emergency procurement contract and/or contract entered into as a remedial measure contains the required clauses, representations, and certifications, in accordance with the requirements of this Manual.

H. The Procurement Officer should ensure that proper records of each non-competitive procurement are maintained in accordance with the requirements of this Manual.

H.I. For a public project of the Authority, as defined in Chapter 2, Section 9.D of this Manual, the provisions above shall not apply. In such case, the Authority shall

comply with the provisions set forth in PCC § 20168 applicable to emergencies requiring the immediate expenditure of public money to safeguard life, health, or property.

### 3.0 WRITTEN JUSTIFICATION FOR EMERGENCY AND OTHER NON-COMPETITIVE PROCUREMENTS

- A. In each instance where the non-competitive procurement procedures set forth in this Chapter are used, the user department/project manager is required to prepare a written statement recording all of the facts that provide justification for proceeding with the non-competitive or emergency procurement.
- B. The Procurement Officer must approve the justification for all non-competitive procurements described under this chapter before such a procurement can proceed.

## CHAPTER 8 – REFERENCES TO APPLICABLE LAWS /REGULATIONS

### 1.0 GENERAL

- A. This Manual lists references to the various federal, state, and local regulations, to which the Manual was written to conform and/or comply.
- B. The Procurement Officer will be responsible, in cooperation with the AgencyCommission's General Counsel, for reviewing these references from time to time in order to review new requirements and to note updates to the existing regulations. Notwithstanding any provision of this Manual, updates or changes to existing law shall apply regardless of whether the Manual has been changed.
- C. The majority of Chapter 8 of this Manual applies to FTA and FHWA funding. Since the Authority does not use these funding sources, these sections are applicable to the Commission only. The Procurement Officer, in cooperation with General Counsel, will ensure that the Authority complies with procurement funding requirements applicable to any state or federal grants received by the Authority.

### 2.0 REFERENCES

- A. For the Commission capital projects and contracts for goods and services utilizing FTA or FHWA funds, the provisions included in the Manual will apply only to the extent that they do not conflict with FTA or FHWA requirements, including the standards of FTA Circular 4220.1F, or the most current version thereof, entitled “Third Party Contracting Requirements” or FHWA Form FHWA-1273 entitled “Required Contract Provisions Federal-Aid Construction Contracts.” In case of any conflict, the applicable federal standards shall govern. The foregoing documents, though not all-inclusive, set forth requirements that the Commission must comply with in the solicitation, selection and administration of contracts funded by the FTA and FHWA, respectively.
- B. For projects funded by Caltrans and/or FHWA, the selection process shall be in accordance with Caltrans’ Local Assistance Procedures Manual.
- C. FTA Circular 4220.1F (or the most current version thereof) sets forth the requirements the Commission must adhere to in the solicitation, award, and administration of its third party contracts. FTA Circular 4220.1F applies to all FTA grantees and subrecipients that contract with third parties under FTA assistance programs.
  - a. In addition to the requirements set forth in this Chapter 8, the FTA standards for competition are set forth generally in Chapter 1 hereof and the FTA procedures for competitive sealed bid (“low bid”) procurements and competitively negotiated procurements are set forth in Chapters 3 and 5 hereof, respectively.
- D. Some of the requirements include the following:
  - 1. Pre-Award Audits. A pre-award (pre-negotiation) audit shall be completed, as required based on the participating state or federal funds, for each consultant contract.

2. Brooks Act Provisions. The provisions of the Brooks Act (40 U.S.C. 544) require local agencies to award federally funded engineering and design contracts on the basis of fair and open competitive negotiations, demonstrated competence, and professional qualifications (23 CFR, Section 172).
3. Required Contract Provisions/Forms.
  - a. Disadvantaged Business Enterprise
    - i. Notice to Proposers Disadvantaged Business Enterprise Information
    - ii. Standard Agreement for Subcontractor/DBE Participation
    - iii. Local Agency Proposer DBE Commitment (Consultant Contracts)
    - iv. Local Agency Proposer DBE Information (Consultant Contract)
    - v. Final Report-Utilization of DBE, First-Tier
    - vi. Subcontractor Listing
  - b. Federal Lobbying Restrictions, Title 31 U.S.C. Section 1352
    - i. Non-lobbying Certification for Federal-aid Contracts
    - ii. Disclosure of Lobbying
  - c. Financial Provisions.
    - i. Compliance with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
    - ii. Compliance with 48 CFR, Chp. 1, Part 31, Contract Cost Principles and Procedures.
4. Provisions required by Caltrans Master Funding Agreement. Caltrans/FWHA Authorization to Proceed. FHWA or Caltrans acting in FHWA's behalf must give the local agency an "Authorization to Proceed" with a project prior to the performance of any work for which federal reimbursement is to be requested, including the pre-award audit. Copies of the "Authorization to Proceed" and the consultant contract must be retained in the project files for future audit purposes.
5. Veterans Employment. Pursuant to 49 U.S.C. 5325(k), the Commission shall ensure that contractors working on an FTA-funded capital project give a hiring preference, to the extent practicable, to veterans (as defined in Section 2108 of Title 5) who have the requisite skills and abilities to perform the construction work required under the contract. This subsection shall not be understood, construed or enforced in any manner that would require an employer to give preference to any veteran over any equally qualified applicant who is a member of any racial or ethnic minority, female, an

individual with a disability, or former employee. For FHWA-funded capital projects, the Commission shall comply with the veteran's preference requirement, as set forth in 23 U.S.C. 114.

- E. Though not an all-inclusive listing, the following laws, regulations and code sections are applicable to Agency contracts funded with federal or state funds, dependent on the specific funding source: ~~Commission contracts:~~

<b>Federal Statute, Regulations, Policies, and Agreements</b>	<b>Subject</b>
2CFR Part 200	Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
49 CFR Part 26	Participation by Minority Business Enterprises; DBE Program
FAR Part 31	Contract Cost Principles and Procedures
FTA Circular 4220.1x	Third Party Contracting Requirements
FTA Circular 5010.1x	Grant Management Guidelines
FTA Master Agreement	Terms & Conditions of Grantee Administration of Projects Supported & Funded by the FTA
Caltrans Local Assistance Master Agreement	Terms & Conditions of Grantee Administration of Projects Supported & Funded by the FHWA or Caltrans
23 U.S.C. 114 / 23 CFR 633 23 U.S.C. 315 / 49 CFR 1.48	Form FHWA-1273 entitled "Required Contract Provisions Federal-Aid Construction Contracts."
23 CFR 172	Procurement, Management, and Administration of Engineering and Design Related Services

Though not an all-inclusive listing, the following laws, regulations and code sections are applicable to both Agencies.

<b>CA State Codes</b>	<b>Section(s)</b>	<b>Subject</b>
Civil Code	9550-9566	Payment Bond
Civil Code	3320	Payments to Prime Design Professionals
Code of Civil Procedure	995.311	Bond Issuer Requirements
Government Code	4525 et seq.	Architect & Engineering Services
Government Code	6250 - 6270	Public Records Disclosure
Government Code	5956 et seq.	Infrastructure Projects
Labor Code	1777.1	Debarment by California Labor Commissioner
Labor Code	1770-1780	Prevailing Wage, Work Hours, Certified Payroll Records, Apprentices
Public Contract Code	1103	Responsibility on Public Works Contracts
Public Contract Code	1104	Plans and Specifications
Public Contract Code	3300	Contractor's License
Public Contract Code	3400	Brand Name OR Equal; Restrictive Clauses



CA State Codes	Section(s)	Subject
Public Contract Code	4100 - 4114	Subcontracting
Public Contract Code	5100 - 5107	Relief of Bidders
Public Contract Code	6100 - 6610	Awarding of Contracts
Public Contract Code	6700 et. seq.	Construction Manager/General Contractor Authority
<del>Public Contract Code</del>	<del>6820 et seq.</del>	<del>Design/Build Authority (applicable to Commission)</del>
Public Contract Code	7100 - 7200	Contract Clauses, Non-Collusion Affidavit
Public Contract Code	9201 - 9204	Claims and Disputes
Public Contract Code	10335 et seq.	Service Contracts
Public Contract Code	20101	Prequalification
Public Contract Code	20103.6	Limitation on Architect's Indemnity Obligation
Public Contract Code	20103.8	Alternative Bids
Public Contract Code	20104-20104.6	Resolution of Construction Claims
Public Contract Code	20104.50	Progress Payments on Public Works
Public Contract Code	22300	Substitution of Securities
<b>CA State Codes</b>	<b>Section(s)</b>	<b>Subject</b>
<del>Public Utilities Code</del>	<del>130232 - 130239</del>	<del>Award of Contracts Based On Price or Price and Other Factors; Bid Security; Emergency Procurements; Advertising; Immediate Remedial Measures; Rejecting Bids</del>
<del>Public Utilities Code</del>	<del>130232(c)</del>	<del>Authorization of Executive Director for Bid Expenditures &lt;\$50,000.</del>
<del>Public Utilities Code</del>	<del>130232(d)</del>	<del>Bid Security for Construction Work &gt;\$25,000</del>

Though not an all-inclusive listing, the following laws, regulations and code sections are applicable to the Commission only.

CA State Codes	Section(s)	Subject
<u>Public Contract Code</u>	<u>6820 et seq.</u>	<u>Design/Build Authority</u>
<u>Public Utilities Code</u>	<u>130232 - 130239</u>	<u>Award of Contracts Based On Price or Price and Other Factors; Bid Security; Emergency Procurements; Advertising; Immediate Remedial Measures; Rejecting Bids</u>
<u>Public Utilities Code</u>	<u>130232(c)</u>	<u>Authorization of Executive Director for Bid Expenditures &lt;\$50,000.</u>
<u>Public Utilities Code</u>	<u>130232(d)</u>	<u>Bid Security for Construction Work &gt;\$25,000</u>

Though not an all-inclusive listing, the following laws, regulations and code sections are applicable to the Authority only.



CA State Codes	Section(s)	Subject
<a href="#">Public Contract Code</a>	<a href="#">20160, et. seq.</a>	<a href="#">Low Bid Procurement of Public Projects; Bid Security; Emergency Procurements; Advertising; Rejecting Bids</a>
<a href="#">Public Contract Code</a>	<a href="#">22050</a>	<a href="#">Emergency Contracting Procedures</a>

### 3.0 FTA/FHWA-FUNDED PROCUREMENT BY NON-COMPETITIVE (SOLE SOURCE) PROPOSALS

- A. Notwithstanding any other provision herein, federally funded contracts must comply with the federal requirements for non-competitive or sole source procurements. Non-competitive or sole source procurements are accomplished through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate. A contract change that amounts to a “cardinal change” or a “tag-on” as defined in FTA Circular 4220.1f that involves a major deviation from the original purpose is considered a sole source procurement on a federally funded contract that must comply with this paragraph.
1. Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, competitive sealed bids, or competitive proposals and at least one of the following circumstances applies:
    - a. The item is available only from a single source;
    - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
    - c. FTA/FHWA, as applicable, authorizes noncompetitive negotiations—e.g., if FTA/FHWA, as applicable, provides a joint procurement grant or a research project grant with a particular firm or combination of firms, the grant agreement is the sole source approval;
    - d. After solicitation of a number of sources, competition is determined inadequate;
    - e. The item is an associated capital maintenance item as defined in 49 U.S.C. §5307(a)(1) that is procured directly from the original manufacturer or supplier of the item to be replaced. The grantee must first certify in writing to FTA:
      - i. that such manufacturer or supplier is the only source for such item; and
      - ii. that the price of such item is no higher than the price paid for such item by like customers; or
    - f. Any other circumstance justifying sole source procurement set forth in the applicable federal rules and regulations.

2. For Caltrans or FHWA funded procurements, a PIF has been approved by the applicable funding entity.
3. A cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profit, is required.

#### 4.0 DISADVANTAGED BUSINESS ENTERPRISE AND OTHER REQUIREMENTS

- A. In order to ensure the Commission's compliance with the federal DBE Program on all applicable procurements funded with United States Department of Transportation (DOT) dollars, the Commission will make reasonable efforts to utilize disadvantaged business enterprises in compliance with applicable federal regulations.
- B. The Commission's procurement process is structured to ensure that its DBE Program supports the Commission's commitment to promote, foster and utilize disadvantaged business enterprises as required and defined by applicable federal regulations.
- C. As a condition of funding assistance, and in accordance with DOT DBE regulations published in applicable federal regulations, the Commission is required to submit for approval a DBE Program and regular DBE goals, which it will make good faith efforts to achieve through procurement actions carried out under this Manual.
- D. Pursuant to 2 CFR Part 200.321, the Commission shall also take affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible on federally funded projects.

#### 5.0 GEOGRAPHICAL PREFERENCES

- A. For any federally-funded contracts, except when procuring A-E services, the Commission is prohibited from using statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals unless federal statutes expressly mandate or encourage geographic preference.

#### 6.0 REVENUE CONTRACTS

- A. The Commission may enter into revenue contracts with a third party whereby the primary purpose is to either generate revenues in connection with a transit-related activity or create business opportunities utilizing an FTA-funded asset. The FTA requires such third party revenue contracts to be awarded utilizing competitive selection procedures and principles. The extent of and type of competition required is within the discretionary judgment of the Commission.

#### 7.0 STATUTORY AND REGULATORY REQUIREMENTS

- A. The Commission shall comply with applicable federal statutory and regulatory requirements (such as Davis-Bacon Act, DBE, Debarment and Suspension, Clean Air, Environmental and Conservation Requirements, Buy America and Cargo Preference) in carrying out federally-funded procurement actions under this

Manual. Below is a contract clause matrix that is applicable to third-party contract provisions for federally funded contracts, excluding micropurchases and except for Davis-Bacon requirements which apply to construction contracts exceeding \$2,000. The matrix should be reviewed at least annually for any regulatory changes.

TYPE OF PROCUREMENT					
PROVISION	Professional Services/A&E	Operations/ Management	Rolling - Stock Purchase	Construction	Materials & Supplies
No Federal Government Obligations to Third Parties (by Use of a Disclaimer)	All	All	All	All	All
False Statements or Claims Civil and Criminal Fraud	All	All	All	All	All
Access to Third Party Contract Records	All	All	All	All	All
Changes to Federal Requirements	All	All	All	All	All
Termination	>\$10,000 if 2 CFR Part 200 applies.	>\$10,000 if 2 CFR Part 200 applies.	>\$10,000 if 2 CFR Part 200 applies.	>\$10,000 if 2 CFR Part 200 applies.	>\$10,000 if 2 CFR Part 200 applies.
Civil Rights (Title VI, ADA, EEO except Special DOL EEO clause for construction projects)	All	All	All>\$10,000	All	All
Special DOL EEO clause for construction projects				>\$10,000	
<del>Disadvantaged</del> <del>Enterprises (DBEs)</del> <del>Business</del>	All	All	All	All	All
* Incorporation of FTA Terms	All	All	All	All	All
Debarment and Suspension	>\$25,000	>\$25,000	>\$25,000	>\$25,000	>\$25,000
Buy America			>\$150,000	>\$150,000	>\$150,000
Resolution of Disputes, Breaches, or Other Litigation	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000

TYPE OF PROCUREMENT					
PROVISION	Professional Services/A&E	Operations/ Management	Rolling Stock Purchase	Construction	Materials & Supplies
Lobbying	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Clean Air	>\$150,000	>\$150,000	>\$150,000	>\$150,000	>\$150,000
Clean Water	>\$150,000	>\$150,000	>\$150,000	>\$150,000	>\$150,000
Cargo Preference			Transport by ocean vessel.	Transport by ocean vessel.	Transport by ocean vessel.
Fly America	Foreign air transp./travel.	Foreign air transp./travel.	Foreign air transp./travel.	Foreign air transp./travel.	Foreign air transp./travel.
Veterans Hiring Preference				All	

Davis-Bacon Act				>\$2,000 (also ferries).	
Contract Work Hours and Safety Standards Act		>\$100,000 (transportation services excepted).	>\$100,000	>\$100,000 (also ferries).	
<b><u>TYPE OF PROCUREMENT</u></b>					
<b><u>Professional Services/A&amp;E</u></b>	<b><u>Operations/ Management</u></b>	<b><u>Rolling Stock Purchase</u></b>	<b><u>Construction</u></b>	<b><u>Materials &amp; Supplies</u></b>	
Copeland Anti-Kickback Act Section 1 Section 2				All > \$2,000 (also ferries).	
Bonding				\$100,000	
Seismic Safety	A&E for new buildings & additions.			New buildings & additions.	
*Transit Employee Protective Arrangements		Transit operations.			
* Charter Service Operations		All			
* School Bus Operations		All			
* Drug Use and Testing		Transit operations.			
* Alcohol Misuse and Testing		Transit operations.			
Patent Rights	R & D				
Rights in Data and Copyrights	R & D				
Energy Conservation	All	All	All	All	All
Recycled Products		EPA-selected items \$10,000 or more annually.		EPA-selected items \$10,000 or more annually.	EPA-selected items \$10,000 or more annually.
Conformance with ITS National Architecture	ITS projects.	ITS projects.	ITS projects.	ITS projects.	ITS projects.
ADA Access	A&E	All	All	All	All
Notification of Federal Participation for States	Limited to States.	Limited to States.	Limited to States.	Limited to States.	Limited to States.

\* Applies only to FTA funding

Caltrans Fiscal Provisions Checklist
<u>All</u> contract fiscal provisions must utilize the language specified by Caltrans and set forth in the LAPM sample contract language form. The clauses that must be used verbatim are for the items specified below (except as otherwise noted). Consult the LAPM form, and the latest RCTC model contract for Caltrans/FHWA funded projects.
Performance Period: Beginning date cannot be prior to the date Caltrans issues the conformance letter, if applicable.
Allowable Costs and Payments: The contract method of payment must be one of the four methods required as listed in Section 10.2 of the LAPM.
Termination: The provision must contain language regarding termination for cause and convenience Per 23 CFR 172.9 (c)(1)(xii).
Cost Principles and Administrative Requirements.
* Travel and subsistence in accordance with DPA regulations
* Maintain an accounting system that accumulates and segregates project costs
* Accounting system must conform to GAAP
Retention of Records/Audit.
Audit Review Procedures, including the Audit Clause. Ensure use of appropriate clauses for (i) contracts \$150,000 or greater; or (ii) contracts \$3,500,000 or greater.
Subcontracting
Equipment Purchase
State Prevailing Wage Rates.
Conflict of Interest.
Rebates, Kickbacks, or other Unlawful Considerations.
Prohibition of Expending State or Federal Funds for Lobbying.

\* Specific provisions addressing these items are not included in LAPM form, but are required and are included in the RCTC model contract.

## CHAPTER 9 – DISPOSAL OF SURPLUS PERSONAL PROPERTY

### 1.0 DEFINITIONS

A. “Surplus personal property” shall mean personal property of the Agency Commission which is no longer needed or fit for its intended purpose or has exceeded its useful life.

~~B. “Surplus real property” shall mean real property of the Commission which is no longer needed for a specified project.~~

### ~~2.0 DISPOSAL OF SURPLUS REAL PROPERTY~~

~~A. Upon recommendation by the Executive Director, designated Commission staff may dispose of surplus real property in accordance with the RCTC Right of Way Policies and Procedures Manual.~~

### 23.0 DISPOSAL OF PERSONAL PROPERTY

A. Upon recommendation by the Executive Director and in accordance with applicable state or federal funding requirements, designated Commission staff may dispose of all surplus and obsolete personal property by donation, bid, auction, negotiated sale or exchange. If the disposal of such items is conducted by bid, the sale shall be conducted in accordance with generally accepted best practices and applicable laws and regulations. The Commission staff shall attempt to obtain the best value for the property that can reasonably be obtained.

## CHAPTER 10 – OTHER PROCUREMENT MATTERS

### 1.0 DISPUTES, CLAIMS, AND CHANGES—DEFINITIONS

- A. Change Orders – the commercial and technical resolution of a contract modification. The change order document can be unilateral or bilateral in execution.
- B. Potential Claim – written notice provided to the Agency Commission by the contractor when the:
  - 1. Parties are unable to reach bilateral agreement on a change and the contractor is provided a unilateral change order (“protest”); or,
  - 2. Contractor perceives that it is entitled to additional compensation (time or money) for something it believes to constitute extra work performed or to be performed.
- C. Claim – differences that have developed during the contract, under protest or under notice of potential claim, which are not resolved at the time the contractor returns the proposed final pay estimate.
- D. Dispute – a disagreement between the parties as to the merits, amount or remedy arising out of an issue in controversy, including a disagreement regarding a Claim or asserted default.
- E. Amendment – a modification considered outside the original contract scope or terms and formalized with a written agreement signed by both parties.

### 2.0 DISPUTES, CLAIMS, AND CHANGES—GENERAL

- A. The Procurement Officer is responsible for documenting negotiation activities for the record, and should be present at all professional services and construction contract negotiations.
- B. The Procurement Officer or project manager, as required, prepares the appropriate documentation (e.g., change order forms) for review and approval by the Commission’s Executive Director or Agency Commission, prior to issuance to the consultant/contractor for signature. This document includes full definition of work scope, impact on DBE goals, definition of time and schedule impacts, and price. The change order language stipulates that the agreed-upon terms are all inclusive, and no other relief will be available regarding this work.
  - 1. For federally-funded contracts, any damages recovered must be credited to the project involved unless the FTA/FHWA, as applicable, permits otherwise.
  - 2. For federally-funded contracts, change orders that amount to cardinal changes or tag-ons shall comply with Chapter 8, Section 3.0(A).

### 3.0 TERMINATION

- A. All Agency Commission contracts exceeding \$25,000 should contain provisions enabling the Agency Commission to terminate such contracts for the convenience

of the AgencyCommission, and all federally funded contracts must contain such provisions. These provisions should specify the manner in which such termination will be effected and the basis for settlement. There should also be included in such contracts appropriate provisions specifying causes for which the contracts may be terminated for default.

B. Terminations for Convenience of the AgencyCommission

1. AgencyCommission –contracts will be terminated for convenience only when this is determined to be in the best interests of the AgencyCommission. In lieu of issuing a notice of termination for convenience, the Procurement Officer will effect a no-cost settlement agreement where possible and appropriate.
2. Formal written notice to the contractor is necessary to terminate a contract for convenience. Such notice will state that the contract is being terminated pursuant to the termination for convenience provision of the contract, the effective date, the extent of termination and instructions to the contractor to cease performance under the contract.
3. The Procurement Officer will negotiate a no-cost settlement with the contractor if possible. Otherwise, the Procurement Officer will negotiate an appropriate settlement agreement with the contractor pursuant to the provisions of the termination for convenience clause of the contract.

C. Terminations For Default

1. If a contractor's right to proceed is terminated for default, the AgencyCommission may take over and complete the work or cause it to be completed, and the contractor and ~~his-its~~ sureties, if any, shall be liable to the AgencyCommission for any increased costs caused thereby. The contractor and ~~itshis~~ sureties should, in addition to increased costs in completing the work, be liable for liquidated damages, if liquidated damages are provided in the contract, or for actual damages, if liquidated damages are not so provided.
2. If the Procurement Officer determines that the contractor's failure to perform arises from causes which are excusable under the terms of the contract, the Procurement Officer shall not terminate the contractor's right to proceed, nor shall he/she charge the contractor with liquidated damages (or if no liquidated damages, then actual damages) because of any delays occasioned by such causes.
3. Where the surety does not complete performance of the contract, the Procurement Officer normally will complete the performance of work by awarding a new contract based on the same plans and specifications. Such award may be the result of competitive bidding or negotiation; whichever procedure is most appropriate under the circumstances. The Procurement Officer must use reasonable diligence to obtain the lowest price available for completion.



4. If, after due consideration, the Procurement Officer determines that termination is not in the best interest of the AgencyCommission although the contractor is in default, the Procurement Officer may permit the contractor to continue the work, and the contractor and his-its sureties shall be liable to the AgencyCommission for liquidated damages, as specified in the contract, or if liquidated damages are not so specified, for any actual damages occasioned by the failure of the contractor to complete the work in accordance with the terms of the contract.
5. Any provision for a liquidated damages assessment must be at a specific rate per day for each day of overrun and must be specified in the contract.
  - a. For FTA-funded contracts, any damages recovered must be credited to the project involved unless the FTA permits otherwise.

#### 4.0 BONDS, OTHER SECURITIES AND INSURANCE

- A. The AgencyCommission should specify bonding, in compliance with applicable federal and state requirements for all public works contracts.
  1. In general, all construction contracts over \$25,000 require a payment bond in the amount of 100% of the contract value.
  2. All FTA-funded construction contracts over \$100,000 require a performance bond in the amount of 100% of the contract value and a bid guarantee in the amount of no less than 5% of the contract value.
  3. BFor Commission, bids for construction of facilities where the work is anticipated to exceed \$25,000 require bid security as set forth in PUC § 130232.
  4. For Authority, bids for public projects where the work is anticipated to exceed \$5,000 require security as set forth in PCC § 20171.
- B. The Procurement Officer may require any of the following types of security for any solicitation or contract subject to this Manual, other than a small purchase, regardless of the estimated amount of the contract:
  1. Bid bonds;
  2. Other bid or proposal security;
  3. Construction performance and payment bonds; and
  4. Performance or payment bonds or other security on non-construction contracts.
- C. Requirement for Bonds To Be Executed By An Admitted Surety Insurer
  1. California Code of Civil Procedure § 995.311 calls for any bond required on a public works contract to be executed by an admitted surety insurer.
  2. The AgencyCommission has a duty to verify that an admitted surety insurer executes the bond. The Procurement Officer should print out information from the website of the California Department of Insurance

(<http://www.insurance.ca.gov/docs/FS-CompanyProfiles.htm>) confirming that the surety is an admitted surety insurer and attach it to the bond.

- D. For federally funded procurements, the ~~Agency Commission~~ shall not require unnecessary experience or excessive bonding.

## 5.0 CONTRACT CLOSEOUT

- A. A completed contract is one which is both physically and administratively complete and in which all aspects of contractual performance have been accomplished, terminated, or otherwise disposed of by contract modification. A contract is physically complete only after all articles and services called for under the contract, including such related items as reports, spare parts, and exhibits, have been delivered to and accepted by the ~~Agency Commission~~, including those articles and services for which no specific compensation may have been stipulated. A contract is administratively complete when all payments have been made and administrative actions accomplished.
- B. The project manager, in cooperation with the Procurement Officer, is responsible for review of the contract file and obtaining all necessary documentation to ensure that: (1) all deliverables and/or services (including any reports) required under the contract have been received and accepted; (2) the terms and conditions of the contract have been complied with; (3) disposition of accountable property under the contract has been accomplished; all necessary actions including final payment and releases required to close the contract are completed and documented.
- C. Small purchase files should be considered closed when the Procurement Officer receives evidence of receipt of property and final payment.
- D. A contract file should not be closed in any of the following situations:
  - 1. If the contract is the subject of a claim or dispute;
  - 2. If the contract is in litigation or under appeal;
  - 3. In the case of a termination, if all termination actions have not been completed;  
or
  - 4. If state or federal approval is required and has not been received.

## CHAPTER 11 – PAYMENT

### 1.0 AGENCYCOMMISSION PAYMENT PROCESS

- A. The AgencyCommission will promptly process all contract payments with necessary controls to assure compliance with all contract terms and conditions in accordance with internal procedures recommended by the Chief Financial Officer and authorized by the Executive Director.
- B. The Procurement Officer should clearly specify in solicitations and contracts the form and content of an acceptable invoice, including a requirement that invoices be sequentially numbered, that they contain a date and contract number and the services for which they are invoicing, the period of performance being invoiced, and to whom invoices are to be sent.

### 2.0 PROGRESS PAYMENTS

- A. The AgencyCommission may provide for progress payments under contracts that require long time periods to complete contract performance or if the use of progress payments contributes to the effective and efficient administration of consultant/contractor work. Progress payments will be made on the basis of allowable costs incurred by the consultant/contractor, and the stage of completion of the contract.
  - 1. Criteria. Contract clauses providing for progress payments should be used when the investment in work and progress is expected to be great enough to add substantial costs to the contract or strain the consultant/contractor's cash flow or ability to obtain financing. Under no circumstances should payments exceed the consultant/contractor's physical completion of the Work, nor should they amount to advance payments. Progress payments can be based on a periodic voucher for expenditures, a milestone, or the CommissionAgency's estimate of work accomplished as defined in the contract.
  - 2. For federally funded procurements, the AgencyCommission must obtain adequate security (i.e., title to work in progress; letter of credit) for any progress payments made.
  - 3. For FTA-funded procurements, advance payments are prohibited unless prior written concurrence is obtained from the FTA.
- B. Progress Payments on Public Works

In accordance with PCC § 20104.50, the AgencyCommission must make progress payments within 30 days after receipt of an undisputed and properly submitted payment request from a contractor on a construction contract. If the Agency Commission fails to make timely payment, the AgencyCommission may be required to pay interest to the contractor equivalent to the legal rate set forth in subdivision (s) of Section 685.010 of the Code of Civil Procedure.
- C. Progress Payments and Retentions on Architect, Engineer, and Land Surveyor Contracts

Pursuant to California Civil Code §3320, for any contract for public works or improvement, the AgencyCommission shall pay to the prime design professional any progress payment within 30 days of receipt of a written demand for payment in accordance with the contract, and the final retention payment, if applicable, within 45 days of receipt of a written demand for payment in accordance with the contract. If any amount is wrongfully withheld or is not timely paid, the prime design professional should be entitled to a penalty of 1½ percent for the improperly withheld amount, in lieu of any interest otherwise due, per month for every month that payment is not made.

### 3.0 PROMPT PAYMENT TO SUBCONTRACTORS—FEDERALLY FUNDED AGREEMENTS

- A. In accordance with 49 CFR Part 26, AgencyCommission contracts funded by the Department of Transportation above the small purchase threshold must require that the prime contractor or subcontractor shall pay to any subcontractor, not later than 7 days of receipt of each progress payment from the AgencyCommission, unless otherwise agreed to in writing, the respective amounts paid to the contractor on account for the work performed by the subcontractors, to the extent of each subcontractor's interest therein. The AgencyCommission contract may provide that, in the event that there is a good faith dispute over all or any portion of the amount due on a progress payment from the prime contractor or subcontractor to a subcontractor, then the prime contractor or subcontractor may withhold no more than 150 percent of the disputed amount.
- B. The AgencyCommission must also require the prompt return of retainage payments from the prime contractor to the subcontractor within 7 days after the subcontractor's work is satisfactorily completed.

### 4.0 PAYMENT OF RETENTION ON PUBLIC WORKS CONTRACTS

- A. Pursuant to PCC § 7107, within 60 days after the date of completion of the work of improvement, the AgencyCommission must release any retention withheld except funds withheld to satisfy outstanding stop notices or otherwise properly withheld. In the event of a dispute between the AgencyCommission and the original contractor, the AgencyCommission may withhold from the final payment an amount not to exceed 150 percent of the disputed amount.

### 5.0 REQUEST FOR PAYMENT CERTIFICATION

- A. All contracts above the small purchase threshold may contain a clause, which requires the contractor to submit with each request for payment, a certification that the claim for payment is true, correct, and for services rendered and/or supplies delivered in accordance with the contract.
- B. The user department/project manager will disapprove and Accounts Payable will return unpaid any request for payment which does not contain the certification when required.



**REVISION HISTORY:**

<b>Revision No.</b>	<b>Revisions</b>	<b>Adopted</b>
0	Adopted by the Commission	7/11/12
1	Adopted by the Commission	12/12/12
2	Adopted by the Commission	9/9/15
3	Adopted by the Commission	12/13/17
4	Adopted by the Commission	6/13/18
<u>5</u>	<u>Adopted by the Commission</u>	<u>9/11/19</u>
<u>6</u>	<u>Adopted by the Commission</u> <u>Adopted by the Authority</u>	<u>2/ __/21</u> <u>2/ __/21</u>

**RESOLUTION NO. 21-002****A RESOLUTION OF THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION  
ADOPTING THE ELECTRONIC SIGNATURE USE POLICY**

**WHEREAS**, the use of electronic signatures has become increasingly common in public and private transactions; and

**WHEREAS**, electronic signatures have been incorporated into federal law by the Electronic Signatures in Global and National Commerce Act and into California law by the Uniform Electronic Transactions Act ("UETA") (Civil Code section 1633.1 et seq.) and Government Code section 16.5; and

**WHEREAS**, under California law, the use of electronic signatures is at the option of the parties, including the public agencies, involved in a transaction; and

**WHEREAS**, using electronic signature technology where appropriate and desired by the Riverside County Transportation Commission ("Commission") will allow the Commission to collect and preserve signatures on documents quickly, securely, and efficiently; and

**WHEREAS**, the conditions under which the Commission will accept electronic signatures on Commission records or documents are an administrative affair for the Commission to determine and for which the Commission may set policy; and

**WHEREAS**, the Commission has a vital interest in reducing the waste of paper, increasing the efficient use of resources, and ensuring the security and authenticity of electronic records, including electronic signatures; and

**WHEREAS**, the Commission wishes to allow for the electronic transaction of business, when practicable, and to maintain electronically signed records, to the greatest extent practicable; and

**WHEREAS**, the Commission desires to adopt a policy that will mitigate potential risks associated with conducting transactions, transmitting information, and maintaining records that use electronic signatures.

**NOW, THEREFORE**, be it resolved by the Riverside County Transportation Commission as follows:

**SECTION 1.** The above recitals are incorporated into this section by reference, as though fully set forth herein.

**SECTION 2.** In addition to the general purposes identified in the above recitals, the Commission desires to adopt the attached Electronic Signature Use Policy to achieve the following objectives: (1) to create and maintain documentation of

the systems used to create electronically signed records and the electronic signatures they contain; (2) to ensure that records that include electronic signatures are created and maintained in a secure environment that protects the records from unauthorized alteration or destruction; (3) to implement standard operating procedures for the creation, use, and management of electronic signatures and electronically signed records, and to maintain adequate written documentation of those procedures; (4) to create and maintain electronic signatures and electronically signed records according to the documented standard operating procedures; and (5) to inform Commission staff as to the standard operating procedures for electronic signatures and electronically signed records.

**SECTION 3.** The Riverside County Transportation Commission hereby adopts the Electronic Signature Use Policy attached hereto as Exhibit “A” and incorporated herein.

**SECTION 4.** This Resolution shall become effective upon its adoption.

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Jan Harnik, Chair  
Riverside County Transportation Commission

ATTEST:

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Lisa Mobley  
Clerk of the Board  
Riverside County Transportation Commission



**EXHIBIT "A"**

**ELECTRONIC SIGNATURE USE POLICY**

[attached behind this page]



**RIVERSIDE COUNTY TRANSPORTATION COMMISSION  
AND  
WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY  
ELECTRONIC SIGNATURE USE POLICY**

**I. Purpose**

The Riverside County Transportation Commission ("Commission") and the Western Riverside County Regional Conservation Authority ("Authority") seek in this Electronic Signature Use Policy ("Policy") to implement guidelines for the use and acceptance of electronic signatures used to conduct their official business. This Policy allows the use of electronic signatures in lieu of manual signatures, when permitted by law, and establishes when an electronic signature may replace a manual signature.

As used in this Policy, the term "Agency" is intended to refer individually, and interchangeably, to the Commission or the Authority, as applicable. Employees of the Commission conduct the operations of both the Commission and the Authority.

**II. Legal Background**

California has adopted statutes regulating the use of electronic signatures including California Civil Code section 1633.1 et seq., otherwise known as the "Uniform Electronic Transactions Act" ("UETA") and California Government Code section 16.5. This Policy and the guidelines and procedures included hereunder are intended to comply entirely with all applicable laws and regulations including, without limitation, the aforementioned statutes. To the extent that any procedure, policy, or guideline contained herein conflicts with applicable law, Agency officials and agents, Commission staff, and all other persons subject to this Policy are required and expected to comply with the requirements of the applicable law(s).

**III. Findings and Declarations**

A. The use of electronic signature technology will allow the Agency to collect and preserve signatures on documents quickly, securely, and efficiently.

B. The conditions under which the Agency will accept electronic signatures on Agency records or documents are a local affair for the Agency to determine and for which the Agency may set policy.

C. The Agency has a vital interest in reducing the waste of paper, increasing the efficient use of public resources, and ensuring the security and authenticity of electronic records, including electronic signatures.

D. This Policy seeks to mitigate the risks associated with conducting transactions, transmitting information, and maintaining public records that use electronic signatures.

#### IV. **Definitions.**

A. “Approved List of Digital Signature Certification Authorities” means the list of Certification Authorities approved by the California Secretary of State to issue certification for digital signature transactions involving public entities in California. The current Approved List of Digital Signature Certification Authorities can be found at the following address:

<https://www.sos.ca.gov/administration/regulations/current-regulations/technology/digital-signatures/approved-certification-authorities/>.

B. “Certification Authority” means a person or entity that issues certification for a digital signature transaction.

C. “Digital signature” means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature. A digital signature is a type of “electronic signature.”

D. “Electronic” means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

E. “Electronic record” means a record, file, or document created, generated, sent, communicated, received, or stored by electronic means. An electronic record generally contains information or a data file that was created and stored in digitized form through the use of computers, machines, and software applications.

F. “Electronic signature” means an electronic sound, symbol, or process, attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record. For purposes of this Policy, a digital signature is a type of electronic signature.

G. “External document” means any document generated by or required to be signed by persons other than the Agency. Examples of external documents include contracts to which the Agency is a party that must be signed by a non-Agency party or applications completed by the members of the public and submitted to the Agency.

H. “Internal document” means a form or document created by the Agency and for use exclusively by the Agency in which a signature is required or used.

I. “Manual signature” means an original wet signature applied to a document.

J. “Transaction” means an action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs.

V. **General Policy Rules.**

The Agency encourages the use and acceptance of electronic signatures in internal and external activities, documents, and transactions when it is operationally feasible, where technology permits, and permitted by law.

A. **Compliance with Law, Policy.** To the extent permitted by law and this Policy, the Agency accepts electronic signatures as legally binding.

B. **Use Optional.** The use or acceptance of electronic signatures shall be at the option of the non-Agency signatories. Nothing in this Policy shall require the Agency to use or permit the use of electronic signatures.

C. **Consent.** All parties that wish to use electronic signatures shall provide written or electronic consent as to the use of electronic signatures, which may be evidenced by a statement that the document has been signed electronically.

D. **Signature Use.** The Executive Director or designee, may require the use of manual, electronic, or digital signatures at his or her discretion.

E. **Internal Agency Business**

1. The Agency requires that various internal documents be approved by an employee, supervisor, department head, or other Commission staff and approvals for internal documents may be signified by electronic means as a replacement for a manual signature.

2. Internal documents that create or impose a legal or fiduciary duty may require a digital signature, as determined by the Executive Director, or designee.

3. The use of electronic records, electronic signatures, and digital signatures by the Agency for internal Agency business and internal documents shall be in accordance with administrative procedures as designated and amended from time to time by the Executive Director or designee.

F. **External Documents and Transactions**

1. If an electronic signature is used for an external document involving a transaction with the Agency which creates or imposes a legal duty, the Executive Director may require a digital signature.

2. Design professionals, such as architects and engineers, who wish to use an electronic signature and whose manual signature is required for submittal of hard copy plans, will be required to obtain and use a digital signature key for electronically submitted plans. Non-design professionals may sign plans via use of any valid electronic signature technology that complies with the requirements of this Policy including, but not limited to, a digital signature.

3. For any Agency business involving a non-Agency party, including without limitation external documents, the use and acceptance of electronic records, electronic signatures, and digital signatures by the Agency shall be in accordance with administrative procedures as designated and amended from time to time by the Executive Director or designee.

G. Documents for Which Electronic Signatures are Prohibited

1. Civil Code section 1633.3 contains a list of transactions for which electronic signatures are unavailable.

2. Signatures that must be made in the presence of a notary public.

3. Unless otherwise allowed, documents that are recorded with the County of Riverside.

H. Valid Electronic Signatures. When a signature is required, the parties may agree that an electronic signature satisfies that requirement if:

1. The signature is in accordance with the requirements of the UETA;

2. The signature is created using an electronic signature technology that has been approved by the Executive Director, or designee, in accordance with the provisions of this Policy; and

3. The signature is in accordance with any and all other applicable laws and regulations.

I. Valid Digital Signatures.

1. Digital signatures used in compliance with this Policy shall have the same force and effect as the use of a manual signature provided that the digital signature has all of the following attributes:

a. It is unique to the person using it;

b. It is capable of verification;

c. It is under the sole control of the person using it;

d. It is linked to data in such a manner that if the data is changed, the digital signature is invalidated; and

e. It conforms to the regulations adopted by the California Secretary of State including, but not limited to, the acceptable technology requirements set forth under the California Code of Regulations, title 2, section 22003.

2. The Certification Authority issuing the certification for the digital signature transaction must appear on the "Approved List of Digital Signature Certification Authorities" authorized by the California Secretary of State.

3. Prior to accepting a digital signature, Commission staff shall ensure that the level of security used to identify the signer of a document is sufficient for the transaction being conducted, that the level of security used to transmit the signature is sufficient for the transaction being conducted, and that the certificate format used by the signer is sufficient for the security and interoperability needs of the Agency.

J. Minimum Standards. These are minimum standards. Any transaction must be analyzed under the facts and circumstances existing at the time a transaction has been executed. Depending upon the circumstances, the Agency may require a higher level of signature verification (i.e. out-of-state signatory). Nothing in this Policy prohibits an Agency official or employee, with the consent from the Executive Director, from requiring a wet signature or higher form of secure electronic signature if he or she believes it is prudent or necessary.

K. Acceptable Electronic Signature Technologies. The Executive Director or designee, shall identify the level of security procedures required for particular documents. The Executive Director or designee, shall also identify vendors and technology to execute those security procedures using industry best practices.

L. Further Acts. Nothing in this Policy shall prevent the Executive Director or designee, from adopting additional guidelines or taking further actions to implement this Policy or to add other permissible forms of electronic signatures to this Policy.

## VI. Sanctions.

A. Any person that makes inappropriate, illegal, or fraudulent use of electronic signatures, digital signatures, or electronic records in violation of this Policy or of any applicable law or regulation is subject to sanctions up to and including dismissal, suspension, and criminal prosecution as specified in published Agency policies, and State and federal law, regardless of whether such sanctions are directly referenced in this Policy. All inappropriate, illegal, or fraudulent uses of any electronic means of transmission shall be prosecuted to the fullest extent permitted by law, including the recovery of attorneys' fees and administrative costs.

DRAFT



Administrative Procedures for Acceptance of External Documents and/or  
Transactions With Electronic Signatures

**I. PURPOSE**

The purpose of these procedures is to document and implement the acceptance of external documents and/or transactions with electronic signatures in compliance with the Agency's Electronic Signature Use Policy.

**II. CLASSES OF DOCUMENTS PERMITTED BY THE EXECUTIVE  
DIRECTOR FOR ELECTRONIC SIGNATURE**

The security requirements for electronic signatures range from simple to the more complex, depending upon the level of transaction. The following are the classes of documents permitted for electronic signature. It is not intended to be an exhaustive list, nor does it impose electronic signature as a requirement for any particular transaction.

- A. Contracts and Amendments
- B. Grant Documents
- C. Applications
- D. Invoices
- E. Certificates and Permits, as allowed by law
- F. Correspondence

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Approved  
Executive Director