



SunLine Transit Agency
September 28, 2022
10:30 a.m. – 11:15 a.m.

AGENDA

BOARD OPERATIONS COMMITTEE Regular Meeting

VIA VIDEOCONFERENCE

Pursuant to California Government Code section 54953(e), the Board of Directors regular meeting will be conducted remotely through Zoom. Please follow the instructions below to join the meeting remotely.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Join Zoom Meeting - from PC, Laptop or Phone

<https://us02web.zoom.us/j/82694019555>

Meeting ID: 826 9401 9555

Teleconference Dial In
888-475-4499 (Toll Free)
Meeting ID: 826 9401 9555

One tap mobile
+16699009128,,82694019555#

Phone controls for participants:

The following commands can be used on your phone's dial pad while in Zoom meeting:

- *6 - Toggle mute/unmute
- *9 - Raise hand

For members of the public wishing to submit comment in connection with the Board Meeting: public comment requests may be submitted via email to the Clerk of the Board at clerkoftheboard@sunline.org prior to September 27, 2022 at 5:00 p.m. with your name, telephone number and subject of your public comment (agenda item or non-agenda item). Members of the public may make public comments through their telephone or Zoom connection when recognized by the Chair. Those who have submitted a request to speak by the deadline above will be recognized first, then anyone else who wishes to speak will be provided an opportunity to make public comment. If you send written comments, your comments will be made part of the official record of the proceedings and read into the record if they are received by the deadline above.

ITEM

RECOMMENDATION

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 at SunLine Transit Agency's Administration Building, 32505 Harry Oliver Trail, Thousand Palms, CA 92276 and on the Agency's website, www.sunline.org.

In compliance with the Americans with Disabilities Act, Government Code Section 54954.2, and the Federal Transit Administration Title VI, please contact the Clerk of the Board at (760) 343-3456 if special assistance is needed to participate in a Board meeting, including accessibility and translation services. 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.

ITEM

RECOMMENDATION

1. CALL TO ORDER

2. FLAG SALUTE

3. ROLL CALL

4. PRESENTATIONS

5. FINALIZATION OF AGENDA

6. PUBLIC COMMENTS

RECEIVE COMMENTS

NON AGENDA ITEMS

Members of the public may address the Committee regarding any item within the subject matter jurisdiction of the Committee; however, no action may be taken on off-agenda items unless authorized. Comments shall be limited to matters not listed on the agenda. Members of the public may comment on any matter listed on the agenda at the time that the Board considers that matter. Comments may be limited to 3 minutes in length.

7. COMMITTEE MEMBER COMMENTS

RECEIVE COMMENTS

8. REVISIONS TO CHECK POLICY NO. B-030403
(Staff: Luis Garcia, Controller/Assistant Chief Financial Officer)

APPROVE
(PAGE 4-18)

9. REVISIONS TO PROCUREMENT POLICY NO. B-160501
(Staff: Luis Garcia, Controller/Assistant Chief Financial Officer and Gloria Salazar, Finance Consultant)

APPROVE
(PAGE 19-39)

10. APPROVAL OF REVOLVING FUND AND STATE OF GOOD REPAIR FUND POLICY NO. B-180122
(Staff: Luis Garcia, Controller/Assistant Chief Financial Officer and Gloria Salazar, Finance Consultant)

APPROVE
(PAGE 40-48)

ITEM

RECOMMENDATION

- 11. **PUBLIC CONDUCT ORDINANCE**
(Staff: Eric Vail, General Counsel)

INFORMATION
(PAGE 49-50)

- 12. **ADJOURN**

SunLine Transit Agency

DATE: September 28, 2022 **ACTION**

TO: Board Operations Committee
Board of Directors

FROM: Luis Garcia, Controller/Assistant Chief Financial Officer

RE: Revisions to Check Policy No. B-030403

Recommendation

Recommend that the Board of Directors approve the revisions to Check Policy No. B-030403.

Background

The Board originally adopted Check Policy No. B-030403 in October 2006 and most recently revised it in February 2022. This proposed revision updates the list of positions designated as having check signing responsibilities. Staff's recommendation is to include the Chief of Staff and the Chief of Human Relations and remove the Chief Performance Officer as authorized signers. The need for two (2) wet signatures on all checks requires the presence and coordination of certain employees to ensure payroll and accounts payable checks are processed in a timely fashion. The addition of the proposed positions would alleviate scheduling restrictions.

Financial Impact

There is no financial impact associated with the requested revisions.

Attachments:

- [Item 8a](#) – Redlined Copy of Checks Policy No. B-030403
- [Item 8b](#) – Checks Policy No. B-030403 (Redlined Changes Accepted)

SunLine Transit Agency
Checks Policy
Policy No: B-030403

Revised: ~~09/28/2022~~
Adopted: 10/25/2006

CHECKS POLICY

PURPOSE

The purpose of this document is to outline the policy and procedures on checks for SunLine Transit Agency (hereafter referred to as "SunLine").

POLICY

It is the policy of SunLine to use checks as its principal means of disbursement. Checks minimize the amount of cash on hand; require expenditure preauthorization and justification; and are easier to record than credit transactions. Weak or nonexistent internal controls, however, could result in check fraud losses for SunLine since the Uniform Commercial Code has shifted a greater proportion of such losses to the check issuer.

1. Scope

The provisions of this policy shall apply to all checks that SunLine originates or receives.

2. Objectives

SunLine's objectives shall be to minimize the risk of:

- a. Theft by third parties after checks have been ordered or mailed in payment of bills.
- b. Forgery of check signatures by public officials or employees, or by third parties who have intercepted checks in the mail.
- c. Embezzlement by public officials or employees through the improper use of checks.
- d. Fraud by public officials or employees through the misrepresentation or omission of a material fact concerning checks.

PROCEDURE

1. Segregation of Duties

The duties of public officials and employees with respect to check custody, preparation, and execution shall be segregated so that embezzlement will not be facilitated by a concentration of responsibilities in one person (e.g., cash handling and financial statement preparation). Individuals, independent of one another, shall therefore discharge the following duties:

- a. **Check Stock Custody.** The Chief Financial Officer, Controller/Assistant Chief Financial Officer, Accounting and Financial Reporting Manager, and Technical Accountant/Accounting Coordinator shall have exclusive custody to the safe combination. The key to the locked unit in which the check stock is kept should be held in the safe. Only the Accounting Technician, Accounts Payable, and the Payroll Accountant shall be allowed to use the key.
- b. **Check Preparation.** The Accounting Technician, Accounts Payable, and the Payroll Accountant shall have exclusive responsibility for preparing all checks.
- c. **Check Signing.** The Chairperson, Vice-Chairperson, CEO/General Manager, Chief Financial Officer, Chief of Staff, Chief of Human Relations, Chief Transportation Officer, ~~Chief Performance Officer,~~ Chief Safety Officer and Controller/Assistant Chief Financial Officer shall have exclusive responsibility for signing all checks.
- d. **Batches Reviewed and Posted.** Either the Chief Financial Officer, Controller/Assistant Chief Financial Officer, Accounting and Financial Reporting Manager or Technical Accountant/Accounting Coordinator shall review and post all accounting batches.
- e. **Bank Statement Reconciliation.** The Technical Accountant/Accounting Coordinator or Accounting Technician, Fixed Assets, shall have exclusive responsibility for reconciling SunLine's bank statements to its general ledger on a monthly basis.
- f. **Mail.** The Receptionist shall have exclusive responsibility for receiving, opening, and reviewing all incoming checks and for distributing receipts for checks.
- g. **Stop Payments.** The Accounting and Financial Reporting Manager or Technical Accountant/Accounting Coordinator shall have exclusive responsibility for placing stop payments on outstanding checks.
- h. **Vendor Verification.** No check will be issued to any vendor until their Federal ID# and mailing address have been verified.

If any of the above-referenced Finance Department employees are unavailable, then the CEO/General Manager may assign those responsibilities to other Finance Department employees.

2. Control Reports

A criminal typically attempts to conceal embezzlement by increasing or decreasing reported monthly expenditures, or by doing both. SunLine shall address this risk by requiring that the Chief Financial Officer, Controller/Assistant Chief Financial Officer, Accounting and Financial Reporting Manager or Technical Accountant/Accounting Coordinator prepare and review SunLine's monthly statements of financial position; statements of revenues and expenditures; check registers; and bank reconciliations. The Finance/Audit Committee shall receive a copy of the Checks Over \$1,000 report and each statement of revenues and expenditures on a monthly basis.

3. Procurement

SunLine's check stock shall be pre-numbered and shall have the following security features:

- a. Artificial watermarks on both sides of the check that cannot be scanned or photocopied.
- b. The word "VOID" will appear on the check if it is scanned or photocopied.
- c. Chemical-reactive paper that voids the check if an ink eradicator is applied.
- d. Microprinting that prevents details from being matched if the check is scanned or photocopied.
- e. Warning banners that advise tellers to inspect a check before accepting it, and that may deter criminal experimenting.

The Chief Financial Officer, Controller/Assistant Chief Financial Officer, Accounting and Financial Reporting Manager or Technical Accountant/Accounting Coordinator shall be responsible, upon receipt of new check stock, for its immediate review in order to verify consecutive check numbering, and the accuracy of account information. If either individual is unavailable, then the Chief of Staff shall perform these duties.

4. Custody

The Chief Financial Officer shall designate a locked unit for the storage of all check stock. The Chief Financial Officer, Controller/Assistant Chief Financial Officer, Accounting and Financial Reporting Manager and Technical Accountant/Accounting Coordinator shall have exclusive custody of the safe combination in which the key to that unit is held. The Chief Financial Officer, Controller/Assistant Chief Financial Officer, Accounting and Financial Reporting Manager or Technical Accountant/Accounting Coordinator shall release it only to the Accounting Technician, Accounts Payable, and Payroll Accountant.

The Accounting Technician, Accounts Payable, and the Payroll Accountant who prepare the checks shall maintain a log that lists the checks that have been issued. The Accounting and Financial Reporting Manager or Technical Accountant/Accounting

Coordinator shall review the log on a quarterly basis in order to verify that all checks have been properly accounted for.

5. Request for Payment

The Accounting Technician, Accounts Payable, shall prepare and submit to the Chief Financial Officer, Controller/Assistant Chief Financial Officer, Accounting Manager or Senior Accountant, a transaction report that lists all check payees, prior to requesting the key to the locked unit in which the check stock is kept. The transaction report shall also itemize, describe, and justify all proposed expenditures by check.

All check payments shall be supported by purchase orders; sales receipts; time cards; personal action forms; and any other necessary supporting documentation. Only original invoices (no photocopies unless unable to receive original) totaling the amount of the disbursement shall be attached to the request for payment prior to execution.

All requests for payment, and all attached invoices shall be stamped "PAID" in order to avoid duplicate payments.

6. Signature Authority

Only the Chairperson, Vice-Chairperson, CEO/General Manager, Chief Financial Officer, Chief of Staff, Chief of Human Relations, Chief Transportation Officer, ~~Chief Performance Officer~~, Chief Safety Officer and Controller/Assistant Chief Financial Officer shall have check-signing authority on SunLine's behalf. A dual-signature requirement shall be in effect at all times. Blank checks are never to be signed.

Checks between \$25,000 and \$50,000 must be signed by the CEO/General Manager and the Chief Financial Officer or Controller/Assistant Chief Financial Officer. Along with another authorized signatory, the Chairperson or Vice Chairperson must sign all checks over \$50,000 with an original signature. Appendix A of this policy identifies vendors which are exempt from the additional requirements for payments above \$25,000. The list in Appendix A includes reoccurring weekly, bi-weekly, monthly or quarterly vendors, which are reviewed and approved by the Finance/Audit Committee as necessary.

All checks shall require two original signatures. Payroll checks may be signed as follows: original of Chairperson, Vice-Chairperson, CEO/General Manager, Chief Financial Officer, Chief of Staff, Chief of Human Relations, Chief Transportation Officer, ~~Chief Performance Officer~~, Chief Safety Officer or Controller/Assistant Chief Financial Officer. All other Board Members and employees are prohibited from having check-signing authority. Exceptions can be approved by the CEO/General Manager.

7. Mailing

Checks should always be mailed directly to the vendor or payee by the Receptionist. They shall not be returned to the requesting department, division, or individual, in order to

minimize the likelihood that such checks will be altered or given by someone other than the intended payee.

8. Manually-Issued Checks

SunLine may issue manual checks that are subsequently entered into SunLine's computerized accounting system. In order to minimize the potential for forgery, all manual checks shall be approved by the Chief Financial Officer or Controller/Assistant Chief Financial Officer.

9. Cancelled Checks

SunLine shall request that its commercial bank return all of SunLine's cancelled checks, or a disk with a copy of each check on both sides, on a monthly basis, by mail, so that SunLine will possess the requisite financial records for its annual financial audit.

10. Reconciled Bank Accounts

The Technical Accountant/Accounting Coordinator or Accounting Technician, Fixed Assets, shall promptly reconcile all bank statements within 30 days of statement mailing. The Technical Accountant/Accounting Coordinator or Accounting Technician, Fixed Assets, shall immediately report any discrepancy to the Chief Financial Officer, Controller/Assistant Chief Financial Officer or Accounting and Financial Reporting Manager, and shall provide a supporting reconciliation report. The Chief Financial Officer, Controller/Assistant Chief Financial Officer or Accounting and Financial Manager shall perform a final review of the bank reconciliation, and shall approve the bank reconciliation by initialing it.

11. Voided Checks

All checks that are spoiled or mutilated or that have been defectively prepared shall be voided by:

- a. Stamping or by writing, in ink, the word "VOID" in the check amount field, and in the vendor name/address field; and
- b. Removing the signature blocks from the check.

The check shall also be voided on SunLine's computerized accounting system.

12. Stop Payments

When one of SunLine's checks is lost in the mail or otherwise cannot be accounted for, the Senior Accountant shall immediately contact the bank upon which the check is drawn, and place a stop payment on the check. The check shall also be voided on SunLine's computerized accounting system.

13. Destruction of Obsolete Check Stock

Upon notification of obsolete check stock by the Chief Financial Officer, Controller/Assistant Chief Financial Officer, Accounting and Financial Reporting Manager or Technical Accountant/Accounting Coordinator, checks shall be destroyed within 48 hours and never discarded intact. Check stock shall be deemed to be obsolete when an address change occurs or a bank account is closed. The Accounting and Financial Reporting Manager or Technical Accountant/Accounting Coordinator, with the approval of the Chief Financial Officer or Controller/Assistant Chief Financial Officer, shall shred all obsolete check stock and personally attest in writing to the check destruction. Alternatively, the Chief Financial Officer, Controller/Assistant Chief Financial Officer, Accounting and Financial Reporting Manager or Technical Accountant/Accounting Coordinator may retain a commercial shred company with bonded employees for that purpose.

14. Disciplinary Action

SunLine employees who violate the provisions of this policy shall be subject to disciplinary action, up to and including termination of employment.

Appendix A

The following vendors are exempt from the additional requirements for payments above \$25,000. Revisions to this Appendix shall be approved by the Finance/Audit Committee.

- U.S. Bank – Pension fund payments
- CalPers – Health Care Vendor
- Southern California Gas – Natural Gas
- Guardian – Benefit Insurance Provider
- PERMA – Insurance Vendor
- Imperial Irrigation - Electricity
- Element Markets, LLC – Natural Gas
- Michelin North America---Tire Leasing
- *BAE – Pass-through

* Pass through accounts will be identified for Board approval to be included in the list of exclusions from the dollar amount limitations.

**SunLine Transit Agency
Checks Policy
Policy No: B-030403**

**Revised: 09/28/2022
Adopted: 10/25/2006**

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- *BAE – Pass-through

* Pass through accounts will be identified for Board approval to be included in the list of exclusions from the dollar amount limitations.

SunLine Transit Agency

DATE: September 28, 2022 **ACTION**

TO: Board Operations Committee
Board of Directors

FROM: Luis Garcia, Controller/Assistant Chief Financial Officer
Gloria Salazar, Finance Consultant

RE: Revisions to Procurement Policy No. B-160501

Recommendation

Recommend that the Board of Directors approve the revisions to Procurement Policy No. B-160501.

Background

On July 27, 2022, staff introduced the proposed policy revisions to the Finance/Audit Committee as well as the Board Operations Committee. During the committee meetings, staff discussed the need and purpose of the proposed policy and answered any questions.

On December 3, 2008, the SunLine Board of Directors approved an increase in the CEO/General Manager's purchasing authority from \$25,000 to \$100,000 for items included in an approved budget or plan. The rationale for this increase was to maintain consistency with the Federal Transit Administration (FTA) designations of procurement process requirements. A second reason was to maintain efficiency in the procurement process based on the risks associated with procurements at certain dollar values.

Staff is proposing that the CEO/General Manager's authority be increased to be commensurate with the increased thresholds included in FTA regulations. The federal regulations contain the following thresholds:

1. Micro Purchases at a value of \$10,000 or less.
2. Small Purchases at a value of more than \$10,000 and less than \$250,000.
3. Formal Purchases/Simplified Acquisition Threshold is at a value of \$250,000 or greater.

Additionally, the proposed revisions tie the CEO/General Manager's signature authority for contracts to the Simplified Acquisition Threshold as established in the federal regulations. Consequently, the CEO/General Manager's signing authority will be raised from the current limit of \$100,000 to \$250,000 for items identified in an approved budget

or plan. The CEO/General Manager's authority for change orders and amendments will be raised to \$50,000 with an aggregate threshold of \$250,000.

The construction individual change order threshold will be changed from \$100,000 to \$150,000 and will still require the Chairman or Vice-Chairman of the Board of Directors to approve the changes in advance of execution by the CEO/General Manager.

PURCHASING LIMIT COMPARISON

Agency	Purchasing Limit
Federal Transit Administration	\$250,000 Small Purchase Limit
Foothill Transit	\$250,000 CEO/GM Contract Authority
North County Transit District	\$200,000 CEO/GM Contract Authority

SUMMARY OF PROPOSED CHANGES

Provision	Now	Proposed
CEO/General Manager Contract Authority for:		
Purchases not itemized in an approved plan or budget	\$ 25,000	\$ 100,000
Items itemized in an approved plan or budget	\$ 100,000	\$ 250,000
Change Orders and Amendments	\$ 25,000	\$ 50,000
Construction Change Orders with approval from Chair or Vice Chair	\$ 100,000	\$ 150,000
The aggregate value of amendments and change orders on any contract	\$ 100,000	\$ 250,000
Purchasing authority in the event of an emergency	\$ 100,000	\$ 250,000
Providing a list of executed contracts to the Board of Directors	\$25,000 - \$100,000	\$ 50,000 - \$250,000

Financial Impact

Approval of the proposed policy revisions will facilitate SunLine's purchasing requirements and improve efficiency.

Attachments:

- [Item 9a](#) – Procurement Policy Revision Presentation
- [Item 9b](#) – Redlined Copy of Procurement Policy B-160501
- [Item 9c](#) – Procurement Policy B-160501 (Redlined Changes Accepted)



Procurement Policy Revision

September 28, 2022

Gloria Salazar, Finance Consultant

Luis Garcia, Controller/Assistant Chief Financial Officer

Action Item

- Proposed limits align with Federal Transit Administration (FTA) and other peer transit agencies
- Increase CEO/General Manager contract authority
 - Modify Chapter 2 of Procurement Policy B-160501
- Board of Directors authorizes approval levels

Background

- Current limits align with previous FTA small purchase thresholds
 - Proposed change updates limits to be consistent with new FTA small purchase threshold
- Presented to the Board Operations Committee and Finance/Audit Committee on July 27, 2022
- No concerns received

Comparison to FTA and Other Transit Agencies

- Proposed CEO/General Manager Authority
 - \$250,000
- Comparison

Agency	Purchasing Limit
Federal Transit Administration	\$250,000 Small Purchase Limit
Foothill Transit	\$250,000 CEO/GM Contract Authority
North County Transit District	\$200,000 CEO/GM Contract Authority

Assurances



- Increases efficiency with Agency's large capital projects
- Updates policy to align with federal simplified acquisition thresholds
- Supported by existing effective internal controls
- Maintains compliance

**Thank
You**





Purchasing Policies and Procedures

Updated: September 28, 2022
Supersedes Policy Dated ~~August~~ 30, August 2019
Supersedes Policy Dated 24, April 2019
Supersedes Policy Dated 27, March 2019
Supersedes Policy Dated 26, September 2001
Supersedes Contract Policy Dated 25, February 2004
Supersedes Policy Dated 31, May 2013

<p>SunLine Transit Agency</p> <p>PROCUREMENT POLICIES & PROCEDURES</p>	<p>CHAPTER NO. 2</p> <p>PROCUREMENT INTEGRITY AND CONTROL</p> <p>PAGE 1 OF 5</p>
	<p>RELEASE DATE: APRIL 24, 2019</p>
	<p>SUPERSEDES: MAR. 27, 2019 SUPERSEDES: MAR. 23, 2011 SUPERSEDES: MAR. 24, 2010 SUPERSEDES: FEB. 25, 2009 SUPERSEDES: DEC. 03, 2008 SUPERSEDES: SEPT. 26, 2001 SUPERSEDES: APR. 27, 2011</p>

200 CONTRACT POLICY

1.1 Purpose

The purpose of this document is to outline the policy for SunLine Transit Agency (“SunLine”) to establish authorization levels and procedures for entering into purchase orders, contracts, agreements and memorandums of understanding (“contracts”). For purposes of this Policy, the term “contract” is broadly defined to include any arrangement under which SunLine is providing money, goods or services to another entity or individual in exchange for something in return.

1.2 Policy

This policy is intended to establish guidelines that apply when SunLine enters into contracts and accepts grant funding for transit, and a variety of projects, that may include services, equipment, travel, products and/or the use of subcontractors and consultants. While this document is meant to set policy on the processing of all contracts, it is not intended to be inflexible.

The following three categories define the approval process that applies to all contracts, depending upon the financial amount involved and the urgency of the matter.

The CEO/General Manager is the designated "Contracting Officer" for SunLine Transit Agency. The CEO/General Manager may delegate certain contracting authority to subordinate staff within the limitations of this policy. The persons delegated authority by the CEO/General Manager may exercise Contracting Officer authority on behalf of the CEO/General Manager. The CEO/General Manager has organizationally established a staff position to insure compliance with these procedures and to exercise certain authority expressed in these policies.

Where certain duties are assigned herein to the Contracting Officer, this assignment shall be to the head of SunLine's Procurement Department. All delegations of Contracting Officer authority shall be in writing.

1.2.1 CEO/GENERAL MANAGER AUTHORIZATION

- a) The CEO/General Manager is authorized to enter into contracts on behalf of SunLine in an amount not to exceed \$~~25400~~,000, without obtaining prior authorization from the Finance Committee or SunLine's Board of Directors. The \$~~25400~~,000 threshold applies to the purchase of items listed in a board approved plan or board approved budget. For goods or services not itemized in a board approved plan or board approved budget, the CEO/General Manager's authority is an amount not to exceed \$~~10025~~,000.
- b) The CEO/General Manager is authorized to enter into a contract or to obligate SunLine in excess of \$~~25400~~,000 only in the event of an emergency relating to transit operations or involving a safety issue. The CEO/General Manager shall make every reasonable effort to contact the Chairperson of the Board or the Finance/Audit Committee prior to entering into such an obligation, but his/her inability to do so shall not impede his/her authority to sign documents necessary to respond to the emergency or safety issue. Any such contracts or obligations shall be brought to the Board at its next regular meeting for discussion and ratification.
- c) A list of contracts, change orders and amendments entered into with a value of ~~\$25,000 to \$100,000~~ over \$250,000 shall be provided to the Finance/Audit Committee and the SunLine Board of Directors at the next available regularly scheduled meeting (normally monthly).

- d) The CEO/General Manager may designate the Chief Financial Officer to execute contracts on his/her behalf on a contract-by-contract basis.

1.2.2 BOARD AUTHORIZATION

- a) Staff shall present all contracts, amendments or modifications requiring Board approval to the Finance/Audit Committee and SunLine Board of Directors at the regularly scheduled meetings for review and _____ approval to delegate authority to the CEO/General Manager to negotiate and execute the contract, amendment, or modification, subject to review and approval by legal counsel.
- b) All contracts shall be accompanied by a staff report that fully discusses the scope of the contract, its purposes and benefits, and sufficient financial detail that identifies all funding requirements and financial implications of the contract.
- c) In the event that a contract, an amendment, or a modification is presented to SunLine for signature that does not allow for the timely process that is required under this policy, the following procedures shall apply. The CEO/General Manager (or his/her designee) may contact the Chairperson of the Board of Directors and/or the Chairperson of the Finance/Audit Committee and present the issues involved and the urgency of the matter. These individuals may request a special meeting of the Finance/Audit Committee to review the subject contract and the Finance/Audit Committee may approve the signing of the contract, after legal counsel's review and approval, under special circumstances. If a contract is signed under these conditions, it shall be presented to the SunLine Board of Directors at its next regularly scheduled meeting with an explanation of the special circumstances.

1.2.3 AMENDMENTS, CHANGE ORDERS, MODIFICATIONS AND RECURRING CONTRACTS

- a) The CEO/General Manager (or his/her designee) may execute amendments or modifications to existing contracts without prior approval of the Board if the amendment is less than \$250,000. In no event shall the aggregate value of amendments or modifications to an existing contract exceed the \$~~25400~~250,000 threshold without Board approval.
- b) However, the CEO/General Manager is authorized to execute construction change orders in an amount between \$250,000 and

\$~~2150~~0,000 for any one transaction. The Chairman or Vice-Chairman of the Board of Directors shall approve the changes in advance of execution by the CEO/General Manager. For construction change orders authorized under this section, the CEO/General Manager shall present these changes as an Information Item at the first Board Meeting following approval of the change order.

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- a) Once approval is obtained for a given transaction, all contracts shall be executed by the CEO/General Manager, with the power of re-delegation. The use of a digital signature, as defined in Government Code §16.5 et seq., is allowed on purchase orders.
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Final authority for purchasing actions and decisions are to be made by the Board of Directors except as delegated to the CEO/General Manager. The CEO/General Manger may delegate Contracting Officer authority and authorize the re-delegation of Contracting Officer authority.

Notwithstanding the contracting authorities delegated to the CEO/General Manager, the Board of Directors retains review and approval authority for procurement contracts exceeding \$~~25400~~,000 and modifications / amendments, exceeding an aggregate of \$~~25400~~,000 over the life of the contract.

The CEO/General Manager is delegated authority to approve contracts of \$~~25400~~,000 or less as long as the item is included and itemized in the approved annual budget or included in a board approved plan.

Items not specifically itemized in an approved budget or included in a board approved plan requires the Board of Directors' approval for procurement actions in excess of \$~~10025~~,000.

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Individual deviations from the Manual that are not prohibited by law or governing Federal regulations, and which affect only one contracting action, may be approved by the CEO/General Manager. The CEO/General Manager may approve a class deviation if such deviation is

not prohibited by law or governing Federal regulations. However, when it is known that a deviation will be required on a permanent basis, a revision to this Manual should be made. All deviations require review by the SunLine Counsel for legal sufficiency.

203 PURCHASE REQUISITION APPROVAL

Purchase requisitions will require the electronic approval of the Supervisor/Superintendent (if applicable) and the department Chief (or designee) before the Requisition will be approved. Requisitions over \$1,000 will also require the electronic approval of the Finance Department.

Should a purchase requisition be submitted for an operational expense which will incur expenses in two (2) or more consecutive fiscal years, a paper requisition shall be routed for physical signatures in lieu of electronic approval as detailed above. The procurement staff will enter the purchase requisition into the Agency's financial system to document the respective portion for the appropriate fiscal year.

Purchase Requisitions are not required for medical, legal and insurance expenses, payroll, petty cash and travel, utility payments, postage, temporary help, conferences and subscription renewals.

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Purchasing Policies and Procedures

Updated: September 28, 2022
Supersedes Policy Dated 30, August 2019
Supersedes Policy Dated 24, April 2019
Supersedes Policy Dated 27, March 2019
Supersedes Policy Dated 26, September 2001
Supersedes Contract Policy Dated 25, February 2004
Supersedes Policy Dated 31, May 2013

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SunLine Transit Agency

DATE: September 28, 2022 **ACTION**

TO: Board Operations Committee
Board of Directors

FROM: Luis Garcia, Controller/Assistant Chief Financial Officer
Gloria Salazar, Finance Consultant

RE: Approval of Revolving Fund and State of Good Repair Fund Policy
No. B-180122

Recommendation

Recommend that the Board of Directors approve the proposed Revolving Fund and State of Good Repair Fund Policy No. B-180122.

Background

On July 27, 2022, staff introduced the proposed policy to the Finance/Audit Committee as well as the Board Operations Committee. During the committee meetings, staff discussed the need and purpose of the proposed policy and answered any questions. The policy was well received and no issues were identified. Accordingly, staff is seeking approval for the establishment of two (2) Board restricted funds to improve the liquidity and financial condition of SunLine. The two (2) Board restricted funds are as follows:

- a) Establish a Revolving Fund up to \$2,000,000 to help advance projects and pay for operating and capital expenses with committed and allocated funding that have been delayed. The Revolving Fund will be replenished upon receipt of the appropriate reimbursement, and;
- b) Establish a State of Good Repair Fund that is annually funded up to a maximum of \$25,000,000. When the cap is reached, staff may recommend revisiting the adequacy of the maximum limit with the Board of Directors.

Most of SunLine's funding sources are received on a reimbursement basis. This means that SunLine must advance use of funds for both operating and capital expenses and then submit reimbursement requests to the appropriate funding agency. There have been situations when staff had to defer activities because of lack of cash on hand. This results in delays to project schedules which may impair total project funding. While other local, state, and federal funding sources will not permit application of funds for setting up a Revolving Fund to help regulate SunLine's cash flow, SunLine has specific funds

from the following sources that the SunLine Board of Directors has authority to allocate:

- a) Advertising Revenue
- b) Bus Stop Maintenance Fees
- c) SRA Overhead Revenues
- d) Outside Fuel Sales
- e) Sale of Fuel Credits

The proposed policy will establish a Revolving Fund for up to \$2,000,000 that staff can use for expenditures that have approved allocated funding, including projects with pre-award authority, subject to replenishment upon receipt of reimbursement from the appropriate funding agencies. This fund will help to protect SunLine's ability to meet its liabilities and advance projects that have approved funding.

In addition, the State of Good Repair Fund will put SunLine in a more competitive position when it is time to replace its assets. The State of Good Repair Fund will be funded on an annual basis and will help assist in the replacement of a variety of assets such as buses, fueling infrastructure, buildings, and bus stops. The State of Good Repair Fund will also assist in meeting the State's requirement in the Innovative Clean Transit (ICT) regulation which requires all public transit agencies to transition to a 100% zero emission bus fleet by 2040. Having available local match for state and federal grants make grant applications more competitive. In addition, during unforeseen circumstances, including failure to receive competitive grants and unforeseen shortfall in revenues, it is prudent to have funds readily available for asset replacement, expansion, major repair and/or overhaul to avoid any disruption to SunLine's operation. This action supports the Board's commitment of keeping SunLine's assets in a state of good repair and is also consistent with SunLine's Transit Asset Management Plan.

Expenditures exceeding \$10,000 using the State of Good Repair Fund will need Board approval. Emergencies, such as fueling infrastructure repairs, may be approved by the CEO/General Manager without Board approval. Emergency use of the State of Good Repair Fund will require an information item be brought to the Board of Directors at the next possible Board meeting.

Financial Impact

Approval of the proposed policy will improve SunLine's financial position by leveraging the Agency's diverse revenue generating activities.

Attachments:

- [Item 10a](#) – Revolving Fund And State of Good Repair Presentation
- [Item 10b](#) – Revolving Fund And State of Good Repair Fund Policy No. B-180122



Revolving Fund and State of Good Repair Fund Policy

September 28, 2022

Gloria Salazar, Finance Consultant

Luis Garcia, Controller/Assistant Chief Financial Officer

Action Item

- Establish two funds: Revolving Fund and State of Good Repair Fund
- Funding Sources
 - Unrestricted revenues generated by SunLine (Board has full authority and jurisdiction over)
 - Not covered by state, federal, and local regulations

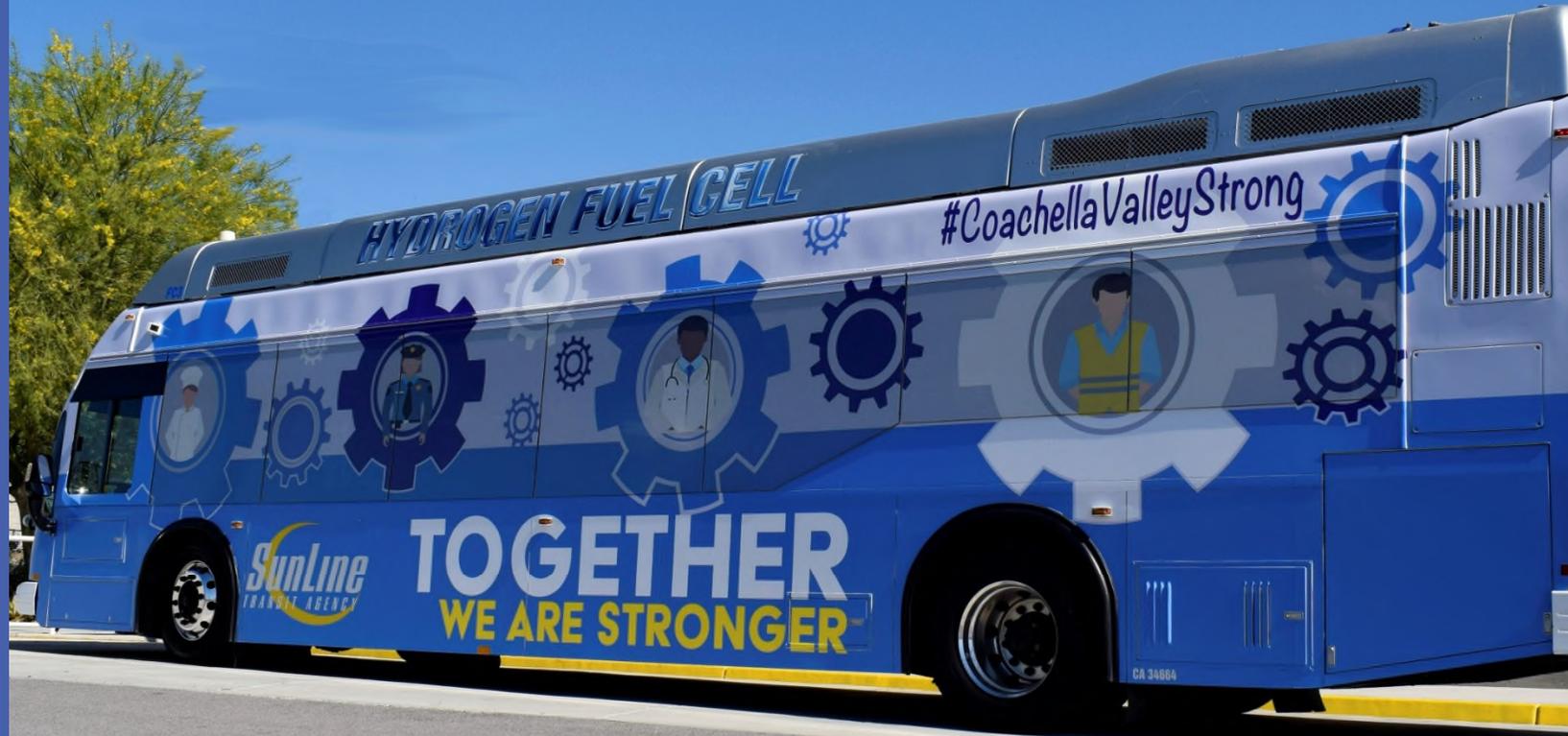
Background

- Previously discussed by an Ad Hoc Committee (~3 years ago)
 - Future-proof SunLine
- Presented to the Board Operations Committee and Finance/Audit Committee on July 27, 2022
- Discussed with SunLine's General Counsel
- No comments/questions received

Benefits

- Protects SunLine's core business: transit services
- Supports current and future infrastructure and capital assets
- Addresses unforeseen events
- May use as leverage for funding opportunities
- Maintains compliance
- Preserves the culture of SunLine – “operate like a business”

**Thank
You**



**SunLine Transit Agency
Revolving Fund and State of
Good Repair Fund Policy
Policy No: B-180122**

Adopted: September 28, 2022

REVOLVING FUND AND STATE OF GOOD REPAIR FUND POLICY

PURPOSE

The purpose of this policy is to allocate specific funding sources for restricted use, establish a Revolving Fund, and establish a State of Good Repair Fund to support SunLine's strategic financial planning, Innovative Clean Transportation (ICT) Plan, and Transit Asset Management (TAM) Plan.

This Policy document will lay out the appropriate procedures, including approval.

POLICY

The Finance Department is responsible for adhering to the procedures and approval process as described in this Policy. Any deviation from this Policy requires approval by a majority vote of SunLine's Board of Directors.

Policy Statements

- 1) The Board is establishing a Revolving Fund up to \$2,000,000;
- 2) The Board is establishing a State of Good Repair Fund to be funded annually up to a maximum of \$25,000,000. At the time that the cap is reached, staff may recommend revisiting the adequacy of the maximum limit with the Board of Directors, and;
- 3) The Board is committing and allocating restricted use of the following revenues to fund the Revolving Fund and State of Good Repair Fund:
 - a. Advertising Revenue
 - b. Bus Stop Maintenance Fees
 - c. SRA Overhead Revenues
 - d. Outside Fuel Sales
 - e. Sale of Fuel Credit

Any revenues earned on the disposal of surplus property which have financial restrictions from the funding agency, will not be allocable to the two (2) funds.

PROCEDURE

Revolving Fund

- a) Finance will establish a Revolving Fund for \$2 million.
- b) Finance will establish a separate account code to ensure appropriate accounting.
- c) Finance may use this Revolving Fund as part of its cash flow management, for operating and capital expenses that have approved funding.
- d) Finance will replenish this Fund as soon as the appropriate reimbursement is received.
- e) Finance will prepare a semi-annual report of activities of this Fund to the Finance/Audit Committee of the Board of Directors.
- f) If there is a need to increase the Revolving Fund, the Finance Department, with the approval of the CEO/General Manager, may present a request to the Board of Directors.

State of Good Repair Fund

- a) Once the Revolving Fund (\$2,000,000) is established, Finance will establish a State of Good Repair Fund using whatever is left of the restricted funds stated above. Thereafter, these revenues will be used to fund the State of Good Repair Fund.
- b) Finance will credit funds to the State of Good Repair Fund as soon as revenues are received from the funding sources committed by the Board as stated above, up to the annual depreciation expense, whichever is less.
- c) Expenditures exceeding \$10,000 using the State of Good Repair Fund will need Board approval by a majority vote. Emergency use of the State of Good Repair Fund may be approved by the CEO/General Manager without Board approval. Emergency use will require an information item be brought to the Board of Directors at the next scheduled Board meeting.
- d) Use of State of Good Repair Fund is limited to the following:
 - a. Match for other funding sources, if there are no other funds are available, asset replacement, expansion, acquisition, and major overhaul. This includes formula and discretionary grants;
 - b. 100% use of this funding for the same purpose as (a); and/or
 - c. Any unforeseen and urgent situations that may need immediate funding, provided it is approved by the Board.
- e) Staff will prepare a semi-annual report of activities of this Fund to the Finance/Audit Committee.

Changes/Waivers to the Policy

Staff may review this Policy, as deemed necessary. The majority vote of the Board of Directors may amend, revise, terminate, or temporarily waive the provisions of this Policy.

SunLine Transit Agency

DATE: September 28, 2022 **INFORMATION**

TO: Board Operations Committee

FROM: Eric Vail, General Counsel

RE: Public Conduct Ordinance

Background

SunLine has received reports of loitering, camping and other public nuisance activities occurring at its bus shelters throughout the Coachella Valley. SunLine has also received requests from some of its member agencies to evaluate an ordinance to address these issues.

This conduct poses unique and practical problems for SunLine. First, SunLine does not have, and is not currently equipped with, enforcement or compliance personnel like police officers, sheriff's deputies, or code enforcement/compliance officers available to its member agencies. Also, SunLine does not own the underlying land on which its bus shelters are located, but only an easement. The land remains within the jurisdictional boundary of the member agency in whose territory the bus shelter is located. Additionally, each member agency is equipped with public nuisance and related ordinances in their existing municipal codes or county code to address similar conduct on city/county and private property. Finally, both member agencies and SunLine are restricted in the relocation of unhoused or transient persons because of the 9th Circuit Court of appeal case Martin v. Boise which ordered that, "as long as there is no option of sleeping indoors, the government cannot criminalize indigent, homeless people for sleeping outdoors, on public property." The U.S. Supreme Court has allowed the 9th Circuit case to stand.

General Counsel has assessed potential options to address this situation. Unfortunately, simply having SunLine adopt a public nuisance ordinance in and of itself is not an effective remedy. After analyzing the matter, General Counsel has identified three initial approaches that may be taken:

- **Recommended Option:** SunLine staff and General Counsel would meet with staff and legal counsel representing each member agency to discuss how the manner in which each member agency can or has tried to address this issue and what problems and limitations they feel they have. This would allow SunLine staff and General Counsel to prepare a more focused enforcement remedy and better inform the committee of the practical remedies available.

- Alternative Option A: General Counsel would proceed to prepare either: (1) a SunLine Ordinance that prohibits defined conduct at bus shelters based on the need to allow the public appropriate physical access to mass transit that delegates enforcement authority to each member agency; or (2) a Model Ordinance Amendment suitable for review, potential local tailoring, and consideration by each separate member agency for adoption that would accomplish the same purpose.
- Alternative Option B: General Counsel would review the existing ordinances of each member agency, prepare a separate specifically tailored draft ordinance for each member agency prohibiting defined conduct at bus shelters based on the need to allow the public appropriate physical access to mass transit, and transmit those ordinances to legal counsel for each member agency for consideration.

This is an information item that will be brought forward as a discussion item at the October Board meeting.