

KINGS COUNTY AREA PUBLIC TRANSIT AGENCY
Board of Directors

610 W. 7th Street - Hanford, California 93230 (559) 852-2692 www.kartbus.org

Meeting Date: August 26, 2020
Time: 3:30 PM
Place: Virtual Meeting
Please call (415) 655-0003
Participant Code: 133 796 0800#

If you need special assistance to participate in this meeting or language assistance, please contact the Clerk of the Board at (559)852-2691 by 4:00 PM on the Monday before this meeting. Agenda backup information and any public records provided to the Board after the posting of the agenda for this meeting will be available for public review at 610 W. 7th Street, Hanford, CA 93230.

VIRTUAL-MEETING BOARD AGENDA

California Governor Gavin Newsom issued Executive Order N-25-20 on March 12, 2020, relating to the convening of public meetings in light of the COVID-19 pandemic. On March 17, 2020, the County of Kings adopted a Resolution ratifying the Health Office's declaration of a local health emergency regarding the Coronavirus (COVID-19). The Kings County Area Public Transit Agency (KCPTA) hereby provides notice that it will continue to convene its regularly scheduled public meetings via telecommuting until further notice.

Pursuant to the Executive Order, Kings County Resolution, and to maintain the orderly conduct of the meeting, the KCPTA will allow Board Members to attend the meeting telephonically and to participate in the meeting to the same extent as if they were present.

- **WEB ACCESS:** To access the meeting via computer, please visit KART's website at <https://www.kartbus.org/category/board/> and click on the link that says **Join Meeting**. You may also join from your smartphone by downloading the WebEx Meetings app. After opening the app, click on **Join Meeting**, and enter the meeting information. The meeting number is **133 796 0800#**, and the password is **Kart0826**
- If you have trouble logging in through the internet, you may join the meeting via telephone by calling **(415) 655-0003**, then enter the access code of **133 796 0800#**,
- For members of the public who wish to participate, but not to attend in person, you may submit written comments on any matter within the Board's subject matter jurisdiction, regardless of whether it is on the agenda for Board consideration or action. Those comments will be entered into the administrative record of the meeting. To submit written comments by U.S. Mail or email for inclusion in the meeting record, they must be received by the Clerk of the Board of KCPTA no later than 11:00 AM on the morning of the noticed meeting. To submit written comments by email, please forward them info@kartbus.org. To provide such comments by U.S. Mail, please send them to:

Clerk of the Board of KCPTA, 610 W. 7th St., Hanford, CA 93230

<u>ITEM #</u>	<u>DESCRIPTION</u>	<u>ACTION</u>
1.	CALL TO ORDER <i>Roll Call – Clerk of the Board</i>	
2.	UNSCHEDULED APPEARANCE <i>Any person may directly address the Board at this time on any item on the agenda, or on any other topics of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item.</i>	
3.	CONSENT ITEMS <i>All items listed as consent items are considered routine and will be enacted by one motion. Any discussion of any consent item will be removed at the request of any Board member and made a part of the regular agenda.</i> A. Summary Minutes of Regular Meeting July 22, 2020	ACTION
4.	APPROVE CONNEXIONZ SERVICE AGREEMENT	ACTION
5.	DECLARE ANDROIDS SURPLUS	ACTION
6.	ADOPT RESOLUTION 21-01, SB1 STATE OF GOOD REPAIR FUNDING	ACTION
7.	AUTHORIZE THE EXECUTIVE DIRECTOR TO REQUEST KCAG BEGIN THE PROCESS TO WITHDRAW CALVANS	ACTION
8.	MISCELLANEOUS COMMENTS FROM STAFF	INFORMATION
9.	CLOSED SESSION Conference with Real Property Negotiator [Govt. Code Section 54956.8] Properties: APNs 012-042-017 and 012-042-012, APNs 010-275-010, 009, and 011 Agency Negotiators: Angie Dow, Ken Richardson Under Negotiation: Terms and Prices Attachments: A-Minutes of July 22, 2020 B-Resolution 21-01 C-Connexionz Agreement	

STAFF REPORT

3. CONSENT ITEM:

a. Summary Minutes of Regular Meeting July 22, 2020

4. APPROVE CONNEXIONZ SERVICE AGREEMENT (Angie Dow):

In 2013, KCAPTA procured an off-the-shelf Intelligent Transportation System. This system includes Global Position System (GPS), Automated Vehicle Location (AVL), Computer-Aided Dispatch (CAD) Automated Stop Annunciation (ASA), necessary hardware, software, and hosting service. Through this competitive bid process, KCAPTA awarded the contract to Connexionz LTD.

KCAPTA continues to use the system and has added on to the system to include SMS, enhanced websites, and an alert/subscription system. The technology system from Connexionz has worked well over the initial term and will expire in October. Staff is recommending the Board approve a three (3) year Service and Maintenance contract with two (2), one (1) year options. Under this contract, Connexionz will continue to maintain the software, provide support, provide hardware support, and hosting service. The annual cost for the services is \$53,000.

Staff has analyzed the cost proposed by Connexionz and determine that the price is fair and reasonable. This determination was based on our initial analysis of their cost proposed in response to our request for bids.

Recommendation

Staff recommends the Board approve the three (3) Year Service Agreement with Connexionz in an amount not to exceed \$159,000 and authorize the Executive Director to sign the Agreement.

5. DECLARE ANDROIDS SURPLUS (Angie Dow):

In June of 2019, KCAPTA purchased 6 Android tablets that were used with the Flex Route Service. In 2020 KCAPTA, transitioned this service to our Paratransit Service software. These Android tablets are no longer needed by the KCAPTA and have not been used since November 2019. The cost of each device was \$128.69 each.

Because these are used units, with no real value, Staff is proposing these tablets be “raffled” to MV Transit Operational employees.

Recommendation

Staff recommends the Board declare the 6 Android devices surplus and authorize the Executive Director to work with MV Staff to raffle these devices to MV Operational Staff.

6. ADOPT RESOLUTION 21-01, SB 1 STATE OF GOOD REPAIR FUNDING (Heather Corder):

On April 28, 2017, Governor Brown signed Senate Bill (SB) 1, known as the Road Repair and Accountability Act of 2017. Senate Bill 1 will provide over \$50 billion in new transportation funding over the next decade to repair highways, bridges and local roads, to make strategic investments in congested commute and freight corridors, and to improve transit services. Approximately \$105 million annually will be allocated to transit operators in California for eligible transit maintenance, rehabilitation, and capital projects. This investment in public transit is referred to as the State of Good Repair (SGR) Program.

The State of Good Repair Program is funded from a portion of the new Transportation Improvement Fee on vehicle registrations. The SGR Program will benefit the public by providing public transportation agencies with a consistent and dependable revenue source to invest in the upgrade, repair, and improvement of their agency's transportation infrastructure, improving transportation service.

The State Controllers Office (SCO) has tasked California Division of Rail and Mass Transportations (Caltrans) with the management and administration of the SGR Program. Annual Transportation planning agencies, such as KCAG, will be required to submit a list of projects proposed to which will be funded with SGR apportionment.

On January 31, 2020, the SCO released the 2020 apportionments; KCAPTA will receive a total of \$203,557. As required, KCAPTA Staff has submitted the proposed projects for the funding, 1 – Report and Analytics Software in the amount of \$175,000. This software will assist in the KCAPTA in streamlining the process associated with collecting, reporting and analyzing real-time operations and performance data. The system will allow data to be imported from the County financial system and other tracking systems to consolidate the data in one place. This will also enable increased transparency with the board and the public by allowing KCAPTA to post updated matrixes on the website. The software can assist in contract monitoring and grant reporting requirements. The second project will be the repower the CNG buses, which will use \$28,557 of the SGR funds.

As an eligible recipient of the SGR Program funds, KCAPTA must submit a Resolution (21-01) that the Board agrees to comply with all conditions and requirements outlined in the Certification and Assurance and authorizes the Executive Director to execute all required documents of the SGR program.

Recommendation

Staff recommends that the Board Approve Resolution 21-01.

7. AUTHORIZE THE EXECUTIVE DIRECTOR TO REQUEST KCAG BEGIN THE PROCESS TO WITHDRAW FROM CALVANS (ANGIE DOW):

In May of 2011, KCAPTA began the process of separating the vanpool programs from KCAPTA to CalVans. This was done by creating two budget units, one for the public transit system and one for the vanpool programs allowing Staff to track expenditures and revenues separately.

In June of 2011, KCAPTA transferred \$500,000 to the newly created CalVans budget unit. This was the first of three transfers; the funds transferred were reserves generated from the vanpool program.

In November of 2011, KCAPTA paid off all outstanding lease payments; this would allow KCAPTA to transfer the vans to CalVans. KCAPTA transferred 498 vehicles with a booked value of \$6,214,096 and van related equipment with a book value of \$538,618. All of these assets were transferred to CalVans debt-free.

In December halfway through the budget year, just before the separation of the vanpool program, KCAPTA approved a reduction in Staff related to the Vanpool Program. The adopted budget projected steady growth in the number of vanpools placed in the outlying areas and that although there had been some growth, there was not enough to cover the cost to maintain these areas as they were currently staffed. To keep the program financially sound, Staff recommended a reduction in Staff so that the overall expense of the program did not exceed the revenue received from the riders, and to ensure continued positive cash flow.

After the closing of the 2010/2011 financials, all expenditures and revenues posted. The vanpool program had a positive cash flow of an additional \$291,154. These funds were transferred to CalVans, making the total transfer by KCAPTA \$791,154 in cash and assets with a value of \$6,752,714.

The vanpool program, under KCAPTA's watch, operated with positive cash flow. When projected revenues were not enough to cover the projected expenditures, KCAPTA took immediate action to protect the financial stability of the program.

CalVans has lost money every year since they took over the program; I spoke at their board meetings many times and voiced my concerns regarding their financial stability. In March 2020, CalVans released their Fiscal Year 2018/2019 Financial Audit. After reviewing their Financial Report, I noted that they had a significant loss and did not have enough funds to pay their expenditures. This led me to ask questions at their Technical Advisory Committee meeting, and it was discovered that CalVans had received grant-funded vehicles in which they made a Lease Back arrangement for One Million Dollars. According to CalVans staff, this was necessary because they needed the funds to pay their expenditures, and it had been done in the past to generate additional funds need to operate the program. In both cases, the Board had not approved these transactions, nor did they have any idea there was this severe of a problem. CalVans staff has incurred a total of 1.6 million dollars in debt that has not been approved by their Board.

I spoke at the April CalVans Board meeting, this was the first time this Board had been informed that there was a deficit, and their prior and current Executive Director had mortgaged assets without Board approval. CalVans formed a Finance Committee to look into the matter. During this meeting, the Staff addressed my questions raised; despite COVID19, Staff implied that they continued to grow.

Despite not knowing the full extent of the Agency's debt or financial position, the Board still authorized more debt to be incurred authorizing the purchase of 3 travel trailers to house employees and lease additional properties in which these trailers would be placed.

CalVans board continues to be miss informed by the Staff and continues to authorize additional debt. At their August 2020 Board meeting, they were going to discuss the recommendation to "temporarily" stop reporting into the National Transit Database (NTD). Some transit agencies expressed concern and stated they would be willing to provide additional funds to CalVans so they could keep reporting NTD data. This item will be brought back on a future CalVans Agenda.

Although CalVans is classified as a voluntary reporter and is not required to report, it is questionable if NTD will allow them to report again in the future. This is because the numbers generated from this data are used to calculate Federal 5307 Funding Apportionments. The effect on KCAPTA is a loss of 1.3 million dollars in Federal 5307 Funding. KCAPTA will see this reduction in funding in FY2023 Federal Funding Apportionments.

In addition, during the August meeting, Staff had requested CalVans provide an update on how much the Agency lost during the fiscal year that just closed in June 2020. According to CalVans staff, the Agency has lost approximately 1 million dollars for the fiscal year ending 19/20.

KCAG is the member agency of CalVans. Staff is requesting that this Board authorize the Executive Director, to speak at KCAG Board meeting today and ask the KCAG Board to begin the process to withdraw from CalVans. My request is based on the following issues with CalVans.

- They have issued over 1.6 million dollars in debt that was not approved by the CalVans Board. The obligation for these debts is unclear because the Staff has not produced any loan documents; the loans were also missing from their Annual Financial Reports.

- Despite the Agency's unstable financial condition, the Board approved the FY 20/21 Budget, which included adding additional debt to purchase three employee housing travel trailers and to lease additional properties in which these trailers will be set-up.
- Approximately 21% (\$2,838,154) of their annual budget is associated with loan payments. All of the costs incurred by the vanpool program are charged to the users of the system. This has caused CalVans to raise their rates; CalVans rates are more than double of the standard rates charged by the private sector.
- The significant shortfall in revenues has CalVans searching for other funding options, with little luck, they are looking at Transit Funds, and this would require an amendment to their JPA. However, in 2012, an investigation by the Assembly Committee on Accountability & Administrative Review wanted to verify if CalVans used grant funds to compete with the private sector. In CalVans response, they assured the committee no grant funds or funds received from the sale of grant-funded vehicles are used to support the vanpool operational cost. To avoid these issues and not unfairly "prop" up or subsidize CalVans, they would be limited to the Kings County's Local Transportation Funds (LTF).
- I am concerned with the inaccuracy of CalVans' NTD reporting and that they are over-reporting in the UZA areas. When reviewing the latest NTD data available, I noticed CalVans did not report any service in the rural areas, and that they are using actual data to report NTD numbers. This is not correct; CalVans does provide services in rural areas. This can only mean they are reporting rural area data to a UZA. These numbers are directly tied to KCAPTA's Federal 5307 funds. If the amount of FTA funds we received were due to incorrect NTD reporting, FTA could withhold future funds in the amount received related to the inaccurate reporting.
- Early this year, Staff released an RFP to subsidize vanpools, this allows KCAPTA to use our Federal Funds to provide subsidies to CalVans and Enterprise. CalVans chose not to participate. CalVans rates to users are set to cover all of the operational costs of their Agency; this included NTD reporting.

If approved, Staff will present our request at the KCAG Board Meeting under public comments. This item would need to be on a future agenda before the KCAG Board can consider the request.

If KCAG's Board approves the withdrawal, it will take six (6) months per their JPA for the withdrawal process to be completed. During the withdrawal process, KCAPTA will need to identify how many Kings County residents use agricultural vanpools and how many commuter vans are used by Kings County residents. The commuter vans would be transitioned to KCAPTA's program with Enterprise. The agricultural vanpools could not transition into the current vanpool program with Enterprise. Staff is currently working with Enterprise to determine if we could use the Government Fleet Program for the agricultural vanpool portion of the program. This will allow users only to get vans when they need them. During the "off" season, these vans would be returned to Enterprise, and KCAPTA would not incur any cost. Based on the number of agricultural vanpools, Staff will develop a budget, the cost of the van, after the KCAPTA approved subsidy, will be covered by the users.

Enterprise would provide all of the required data KCAPTA will need to complete the NTD Report; this will allow us to validate the data and secure Federal 5307 funding.

Recommendation

Staff recommends the Board authorized the Executive Director to request KCAG withdraw from CalVans.

8. MISCELLANEOUS COMMENTS FROM STAFF: