

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 15 | 12/11/17 | Open | Action | 12/05/17 |

Subject: Approve the Project List and Recipient Certifications and Assurances for Funding Under the Roadway Repair and Accountability Act (SB1) State of Good Repair Program.

ISSUE

Whether to approve the Project List and Recipient Certifications and Assurances for the Roadway Repair and Accountability Act of 2017 (SB1) State of Good Repair Program.

RECOMMENDED ACTION

Adopt Resolution No. 17-12-_____, Approving the Project List and Recipient Certifications and Assurance for Funding Under the Roadway Repair and Accountability Act (SB1) State of Good Repair Funds.

FISCAL IMPACT

Funding in the amount of \$2,306,188 is estimated for the State of Good Repair program in FY 2018.

DISCUSSION

The Roadway Repair and Accountability Act of 2017 (SB1) was signed by Governor Brown on April 28, 2017. This bill included an estimated \$5.2 Billion per year for State-wide transportation improvements raised via a variety of transportation related taxes and fees. One of the revenue sources is named the Transportation Improvement Fee (TIF) which will be assessed when vehicles are renewed starting on January 1, 2018. The TIF is anticipated to raise an average of \$1.6 Billion per year. Of this amount, approximately \$105 Million per year is slated to bolster State Transit Assistance (STA) funding provided it is used for state of good repair (SGR) items consisting of either capital projects or applicable operating expenses (such as preventative maintenance). SacRT's share of these funds is estimated at approximately \$2.3 Million.

In order to receive this funding, the SacRT Board must adopt Recipient Certifications and Assurances and a Project List, which are included as Exhibit A and B to the Resolution, respectively.

The other funding source that will bolster STA funding is derived from an additional 20¢ Diesel Excise Tax, which started being collected on November 1, 2017. This excise tax is anticipated to raise \$175 Million for FY18 and \$265 Million for FY19 and beyond. These funds can be used for operating or capital. SacRT's share of these funds is estimated at approximately \$3.2 Million. Combined with the SGR funds, the total additional STA funding from SB1 for SacRT for FY18 is estimated at \$5.5 Million.

Approved:

Presented:

Final 12/6/17
General Manager/CEO

Director, Office of Management & Budget
J:\Board Meeting Documents\2017\17 December 11, 2017\SB1 State of Good Repair.doc

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\$3 Million of SB1 related funds were budgeted in the operating budget with the remaining \$2.5 Million used to fund capital projects. Of the \$3 Million SB1 operating funds, \$2.3 Million consists of SGR, which will be used to help cover preventative maintenance expenses, and \$0.7 Million consists of non-SGR.

Table 1 (Millions of dollars)

| | SGR | Non-SGR | Total |
|------------------|--------|---------|--------|
| Operating | \$ 2.3 | \$ 0.7 | \$ 3.0 |
| Capital | \$ - | \$ 2.5 | \$ 2.5 |
| Total | \$ 2.3 | \$ 3.2 | \$ 5.5 |

SacRT’s estimated annual preventative maintenance costs are \$40 Million. We anticipate receiving \$30 Million of Federal preventative maintenance funds to support SacRT’s preventative maintenance activities; however, these funds require a 20% or \$7.5 Million match, which is currently being funded out of other state and local revenues. Using SB1 SGR funding for this match will free up other state and local revenue sources which do not have the same restrictions as SGR.

The approved Project List and Recipient Certificates and Assurances document is due to CalTrans by January 31, 2018.

Staff recommends adoption of the Project List and Recipient Certifications and Assurances which is necessary to receive funding for the Roadway Repair and Accountability Act (SB1) State of Good Repair Program.

RESOLUTION NO. 17-12-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 11, 2017

APPROVING THE PROJECT LIST AND RECIPIENT CERTIFICATIONS AND ASSURANCE FOR FUNDING UNDER THE ROADWAY REPAIR AND ACCOUNTABILITY ACT (SB1) STATE OF GOOD REPAIR PROGRAM

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, Sacramento Regional Transit District (SacRT) is an eligible project sponsor and may receive State Transit Assistance funding from the State of Good Repair Account (SGR) now or sometime in the future for transit projects.

THAT, the Statutes related to state-funded projects require a local or regional implementing agency to abide by various regulations.

THAT, Senate Bill 1 (2017) named the Department of Transportation (Department) as the administrative agency for the SGR.

THAT, the Department has developed guidelines for the purpose of administering and distributing SGR funds to eligible project sponsors (local agencies).

THAT, the Board of Directors for the Sacramento Regional Transit District (Board) wishes to delegate authority to execute these documents and any amendment thereto to the General Manager/CEO.

THAT, the Board resolves that SacRT as the fund recipient agrees to comply with all conditions and requirements set forth in the Certification and Assurances document (Exhibit A) and applicable statutes, regulations, and guidelines for all SGR funded transit projects.

THAT, the Board resolves that the General Manager/CEO be authorized to execute all required documents of the SGR program and any Amendments thereto with the California Department of Transportation.

THAT, the Board authorizes the list of SacRT projects for which SGR funding is hereby committed (Exhibit B).

ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

State Transit Assistance State of Good Repair Program

Recipient Certifications and Assurances

Recipient: Sacramento Regional Transit District.

Effective Date: December 11, 2017.

In order to receive State of Good Repair Program (SGR) funds from the California Department of Transportation (Department), recipients must agree to following terms and conditions:

A. General

- (1) The recipient agrees to abide by the State of Good Repair Guidelines as may be updated from time to time.
- (2) The potential recipient must submit to the Department a State of Good Repair Program Project List annually, listing all projects proposed to be funded by the SGR program. The project list should include the estimated SGR share assigned to each project along with the total estimated cost of each project.
- (3) The recipient must submit a signed Authorized Agent form designating the representative who can submit documents on behalf of the recipient and a copy of the board resolution authorizing the agent.

B. Project Administration

- (1) The recipient certifies that required environmental documentation will be completed prior to expending SGR funds. The recipient assures that each project approved for SGR funding comply with Public Resources Code § 21100 and § 21150.
- (2) The recipient certifies that SGR funds will be used for transit purposes and SGR funded projects will be completed and remain in operation for the estimated useful lives of the assets or improvements.
- (3) The recipient certifies that it has the legal, financial, and technical capacity to deliver the projects, including the safety and security aspects of each project.

- (4) The recipient certifies that there is no pending litigation, dispute, or negative audit findings related to any SGR project at the time an SGR project is submitted in the annual list.
- (5) Recipient agrees to notify the Department immediately if litigation is filed or disputes arise after submission of the annual project list and to notify the Department of any negative audit findings related to any project using SGR funds.
- (6) The recipient must maintain satisfactory continuing control over the use of project equipment and/or facilities and will adequately maintain project equipment and/or facilities for the estimated useful life of each project.
- (7) Any and all interest the recipient earns on SGR funds must be reported to the Department and may only be used on approved SGR projects or returned to the Department.
- (8) The recipient must notify the Department of any proposed changes to an approved project list by submitting an amended project list.
- (9) Funds will be expended in a timely manner.

C. Reporting

- (1) Per Public Utilities Code § 99312.1 (e) and (f), the recipient must submit the following SGR reports:
 - a. Annual Expenditure Reports within six months of the close of the fiscal year (by December 31st) of each year.
 - b. The annual audit required under the Transportation Development Act (TDA), to verify receipt and appropriate expenditure of SGR funds. A copy of the audit report must be submitted to the Department within six months of the close of each fiscal year in which SGR funds have been received or expended.

D. Cost Principles

- (1) The recipient agrees to comply with Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
- (2) The recipient agrees, and will assure that its contractors and subcontractors will be obligated to agree, that (a) Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allowability of individual project cost items and (b) those parties shall

comply with Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

- (3) Any project cost for which the recipient has received payment that are determined by subsequent audit to be unallowable under 2 CFR, Part 200, are subject to repayment by the recipient to the State of California (State). Should the recipient fail to reimburse moneys due to the State within thirty (30) days of demand, or within such other period as may be agreed in writing between the Parties hereto, the State is authorized to intercept and withhold future payments due the recipient from the State or any third-party source, including but not limited to, the State Treasurer and the State Controller.

E. Record Retention

- (1) The recipient agrees, and will assure that its contractors and subcontractors shall establish and maintain an accounting system and records that properly accumulate and segregate incurred project costs and matching funds by line item for the project. The accounting system of the recipient, its contractors and all 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. All accounting records and other supporting papers of the recipient, its contractors and subcontractors connected with SGR funding shall be maintained for a minimum of three (3) years from the date of final payment and shall be held open to inspection, copying, and audit by representatives of the State and the California State Auditor. Copies thereof will be furnished by the recipient, its contractors, and subcontractors upon receipt of any request made by the State or its agents. In conducting an audit of the costs claimed, the State will rely to the maximum extent possible on any prior audit of the recipient pursuant to the provisions of federal and State law. In the absence of such an audit, any acceptable audit work performed by the recipient's external and internal auditors may be relied upon and used by the State when planning and conducting additional audits.
- (2) For the purpose of determining compliance with Title 21, California Code of Regulations, Section 2500 et seq., when applicable, and other matters connected with the performance of the recipient's contracts with third parties pursuant to Government Code § 8546.7, the recipient, its contractors and subcontractors and the Department shall each maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts. All of the above referenced parties shall make such materials available at their respective offices at all reasonable times during the entire project period and for three (3) years from the date of final payment. The State, the California State Auditor, or any duly authorized representative of the State, shall each have access to any books, records, and documents that are pertinent to a

project for audits, examinations, excerpts, and transactions, and the recipient shall furnish copies thereof if requested.

- (3) The recipient, its contractors and subcontractors will permit access to all records of employment, employment advertisements, employment application forms, and other pertinent data and records by the State Fair Employment Practices and Housing Commission, or any other agency of the State of California designated by the State, for the purpose of any investigation to ascertain compliance with this document.

F. Special Situations

- (1) Recipient acknowledges that if a project list is not submitted timely, the recipient forfeits its apportionment for that fiscal year.
- (2) Recipients with delinquent expenditure reports may risk future eligibility for future SGR funding.
- (3) Recipient acknowledges that the Department shall have the right to perform an audit and/or request detailed project information of the recipient's SGR funded projects at the Department's discretion from SGR award through 3 years after the completion and final billing of any SGR funded project.. Recipient agrees to provide any requested project information.

I certify all of these conditions will be met.

Sacramento Regional Transit District

BY: _____
Henry Li, General Manager

