Title: Measure A: Acceptance of Fiscal Year 2017-18 Measure A Construction Interest Allocation and Execution of Memorandum of Understanding with Sacramento Transportation Authority

Location: Citywide

Recommendation: Pass a Resolution: 1) accepting the Fiscal Year (FY) 2017-18 Measure A Construction interest allocation of $265,548 (Fund 2001) from the Sacramento Transportation Authority (STA); 2) increasing the revenue and expense budgets of the North 12th Complete Street Project (T15165000) by $265,548 (Fund 2001); 3) authorizing the City Manager or the City Manager’s designee to submit the FY 2017-18 Measure A Construction interest allocation funding plan to STA; and 4) authorizing the City Manager or the City Manager’s designee to execute the Memorandum of Understanding with STA for Measure A (Ongoing Annual Programs).

Contact: Dustin Purinton, Senior Accountant/Auditor (916) 808-5587; April Lu, Supervising Financial Analyst, (916) 808-2680, Department of Public Works

Presenter: None

Attachments:
1-Description/Analysis
2-Resolution
3-Exhibit A – Sacramento Transportation Authority Memorandum of Understanding
Description/Analysis

**Issue Detail:** Transportation projects can take many years to move from inception to construction. As a result, the City continues to maintain a balance of Old Measure A funds (Fund 2001) for funds budgeted in existing Capital Improvement Projects (CIPs) that have not yet been fully expended. Old Measure A funds are managed by the Sacramento Transportation Authority (STA), which reimburses the City after expenditures are made. The balance of unexpended funds held by STA accrues interest. Staff recommends accepting the FY 2017-18 Measure A Construction interest allocation in the amount of $265,548 (Fund 2001) as determined by STA and appropriating it in the North 12th Complete Street Project (T15165000) to address project funding needs.

Additionally, the City is periodically required to enter into an agreement with STA to receive its ongoing allocations of New Measure A funds (Funds 2026, 2038 & 2039) and expend those funds exclusively on eligible activities. On August 13, 2018, the STA Board approved the agreement; this agreement will remain in effect through June 30, 2023. Staff recommends Council approve the Memorandum of Understanding with STA to receive its ongoing allocations of New Measure A funds.

**Policy Considerations:** Receipt of these funds provides funding for transportation improvements which support the City’s General Plan goals to improve and expand public safety and mobility.

**Economic Impacts:** Not applicable.

**Environmental Considerations:** California Environmental Quality Act (CEQA): Acceptance of the interest allocations and entering into an MOU are administrative activities that are not a "project" as defined by the California Environmental Quality Act (CEQA) Guidelines section 15378, because it does not involve an activity that will cause a direct or indirect change in the environment. Each project and program to which these funds may be allocated is subject to individual environmental review.

**Sustainability:** Not applicable.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** Accepting and budgeting the Measure A Construction interest allocation will allow the City to expend those funds on eligible activities. Appropriation of the interest into the North 12th Complete Street Project will allow the City to spend down this funding.

Approval of the Memorandum of Understanding with STA is necessary to allow the City to use its Measure A funds on eligible activities as budgeted in the approved Operating Budget and Capital Improvement Program.
Financial Considerations: Appropriating the City’s Measure A Construction FY2017-18 interest allocation of $265,548 (Fund 2001) to the North 12th Complete Street Project (T15165000) will provide needed funding for the design phase of the project.

Local Business Enterprise (LBE): Not applicable.
RESOLUTION NO.
Adopted by the Sacramento City Council

ACCEPTANCE OF THE FISCAL YEAR 2017-18 MEASURE A CONSTRUCTION INTEREST ALLOCATION AND EXECUTION OF MEMORANDUM OF UNDERSTANDING WITH SACRAMENTO TRANSPORTATION AUTHORITY

BACKGROUND

A. For Fiscal Year (FY) 2017-18, the Measure A Construction interest allocation determined by the Sacramento Transportation Authority (STA) for the City of Sacramento was $265,548 (Fund 2001). Budgeting this revenue will allow it to be used for eligible transportation projects.

B. STA requires the City to enter into a memorandum of understanding (MOU) to receive and expend New Measure A Ongoing Annual Programs – Measure A Maintenance (Fund 2026), Traffic Control and Safety (Fund 2038) and Safety, Streetscape, Pedestrian, Bicycle (Fund 2039).

C. On August 13, 2018, the STA Board approved the MOU that identifies eligible activities for each program.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City accepts the FY 2017-18 Measure A Construction interest allocation in the amount of $265,548 (Fund 2001) as determined by STA.

Section 2. The City Manager or City Manager’s designee is authorized to increase the revenue and expenditure budgets in the North 12th Complete Street Project (T15165000) by $265,548 (Fund 2001).

Section 3. The City Manager or the City Manager’s designee is authorized to submit the FY 2017-18 Measure A Construction interest allocation funding plan to STA.

Section 4. The City Manager or City Manager’s designee is authorized to execute the Memorandum of Understanding with STA for New Measure A Ongoing Annual Programs.
Section 5. Exhibit A is incorporated into and made part of this resolution.

Table of Contents:

Exhibit A – Sacramento Transportation Authority Memorandum of Understanding
MEASURE A
ONGOING ANNUAL PROGRAMS

This Memorandum of Understanding (MOU) is made as of August 13, 2018 by and between the Sacramento Transportation Authority, a local transportation authority formed pursuant to the provisions of Public Utilities Code 180000 et seq., hereinafter called "Authority", and the City of Sacramento, hereinafter called "Entity." This MOU is effective through June 30, 2023.

THE PARTIES AGREE AS FOLLOWS:

1. **Purpose.** The purpose of this Memorandum of Understanding is to provide for the allocation by the Authority of sales tax revenue for Ongoing Annual Programs and the expenditure thereof by Entity.

2. **Definitions.** Unless the context otherwise requires, as used in this MOU, the following terms shall have the following meanings:
   
a. "Act" means the Local Transportation Authority and Improvement Act set forth in the provisions of the Public Utilities Code commencing with Section 180000.

b. "Board" means the Governing Board of the Sacramento Transportation Authority.

c. "Ongoing Annual Programs" means the following programs established by Measure A and included in the Measure A Expenditure Plan:

   i. City Street and County Road Maintenance
   ii. Traffic Control and Safety Program
   iii. Safety, Streetscaping, Pedestrian and Bicycle Facilities
   iv. Transit Operations and Safety
   v. Neighborhood Shuttle System
   vi. Transportation-Related Air Quality Program

d. "Distribution Factor" means the percentage of Formula-Based program sales tax revenue to be allocated to Entity, set by the Board annually based on the Ordinance requirement that funding to the County and cities for Ongoing Annual Programs be distributed based 75% on relative population and 25% on total maintained street/road mileage.

e. "Measure A or "Ordinance" means Sacramento Transportation Authority Ordinance No. STA 04-01.
3. **Revenue Allocations.** The amount of sales tax revenue allocated to each entity shall be determined annually by the Board and based on net Measure A sales tax revenue projections, requirements of the Ordinance, and, where applicable, the Distribution Factor.

4. **Disbursements.** Allocations of sales tax revenue for Ongoing Annual Programs shall be disbursed monthly as funds are received from the California Department of Tax and Fee Administration.

5. **Entity Obligations.**

   a. Allocations for each Ongoing Annual Program shall be expended by Entity only for purposes that are consistent with this MOU and the attached Definitions of Eligible Expenditures. See attachment A.

   b. Entity shall keep a separate account for each Ongoing Annual Program. Interest earned on unexpended funds in each account shall be retained in the account and expended only on qualified expenditures for that Program.

   c. The use and expenditure of Measure A sales tax revenue by Entity shall be in full compliance with the provisions of the Act, the Ordinance, applicable resolutions of the Board, this MOU, and all other applicable contractual and legal requirements.

   d. Entity shall file a pavement and bridge maintenance system report with the Authority on a biennial basis using the Authority’s reporting template. The report shall be due by December 31 on even number years and summarize the progress in maintaining local streets and roads.

   e. Entity shall file with the Authority an annually updated five-year program for expenditure of the sales tax revenue allocations. This report is due annually by March 31.

6. **Entity Certifications**

   a. **Maintenance of Effort.** Entity certifies that it is currently in compliance, and will remain in compliance, with the maintenance of effort requirements set forth in the Ordinance:

      i. Entity shall continue to make local (non-federal, non-state, non-Measure A) transportation expenditures consistent with baseline performance standards adopted by the STA Governing Board.

      ii. Entity shall continue to impose its local (non-SCTMFP) transportation mitigation fees at rates that are not less than the local transportation mitigation fees imposed by Entity during Fiscal Year 2008-2009 unless supported by a Fee Study adopted by the City Council.
b. Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP). Entity certifies that it is implementing the SCTMFP in accordance with STA Resolution STA-06-0006 and the SCTMFP Agreement on Operating Protocols.

7. Reporting. Within 30 days after each calendar quarter, Entity shall submit quarterly status reports in approved STA format for each Ongoing Annual Program for which Entity receives funding. Reports shall include:

- Amount of funds received
- Amount of funds expended
- Specific listing of expenditures made, including type of expenditure, quantity of work accomplished, and location of work accomplished, if applicable

8. Audits. Annual audits of the Measure A program will be performed by an independent auditor and reviewed by the Independent Taxpayer Oversight Committee (ITOC). As part of that audit, Entity expenditures will also be audited. Expenditures found to be in noncompliance with this MOU shall be disqualified and an amount equal to the noncompliant expenditure(s) may be withheld from future allocations.

9. Designation of Measure A Manager. Entity shall designate a Measure A program manager who shall be the responsible Entity representative to Authority staff in connection with administration of this MOU.

10. Indemnity and Hold Harmless. Entity shall defend, indemnify and hold harmless STA, its Board of Directors, officers, agents, employees and volunteers from and against all demands, claims, actions, liabilities, losses, damages, and costs, including reasonable attorneys' fees, arising out of or resulting from the performance of the Agreement, caused in whole or in part by the negligent or intentional acts or omissions of Entity's officers, directors, agents, employees, or subcontractors.

STA shall defend, indemnify, and hold harmless Entity, its City Council, officers, directors, agents, employees, subcontractors, and volunteers from and against all demands, claims, actions, liabilities, losses, damages and costs, including reasonable attorneys' fees, arising out of or resulting from the performance of the Agreement, caused in whole or in part by the negligent or intentional acts or omissions of STA'S Board of Directors, officers, agents, employees, or volunteers.

It is the intention of STA and Entity that the provisions of this paragraph be interpreted to impose on each party responsibility to the other for the acts and omissions of their respective officers, directors, agents, employees, volunteers, STA'S Board of Directors, and Entity's City Council. It is also the intention of STA and Entity that, where comparative fault is determined to have been contributory, principles of comparative fault will be followed and each party shall bear the proportionate cost of any damage attributable to the fault of that
11. **Noncompliance.** Noncompliance by Entity with the Measure A Ordinance or the terms of this MOU may result in:

- Withholding or suspension of future revenue allocations until such noncompliance by Entity is satisfactorily corrected;
- Requirement to repay all or a portion of a prior revenue allocation;
- Deduction from future allocation(s) as necessary to make repayment for expenditures outside the scope of the Ordinance or this MOU.
- Imposition of any of these measures must first be approved by the STA Board.

The parties promise and agree to abide by the terms of this MOU as set forth above.

**SACRAMENTO TRANSPORTATION AUTHORITY**

By: ![Signature]

Norman K. Horn, Executive Director

Dated: August 13, 2018

**CITY OF SACRAMENTO**

By: 

Designated Measure A Manager

Printed Name and Title

Date

Legal Counsel

Attachment: Attachment A - Definitions of Eligible Expenditures