

**AGENDA**  
**General Policy Committee Meeting**

**June 12, 2013**

**9:00 a.m.**

**Location**

**SANBAG**

*Super Chief Conference Room*  
1170 W. 3<sup>rd</sup> Street, 2<sup>nd</sup> Floor  
San Bernardino, CA

***General Policy Committee Membership***

**Chair – SANBAG Vice President**

Council Member Mike Leonard  
City of Hesperia

**SANBAG President**

Supervisor Janice Rutherford  
County of San Bernardino

**SANBAG Past President**

Mayor Larry McCallon  
City of Highland

**Mt./Desert Representatives**

Mayor Julie McIntyre (*Chair-MDC*)  
City of Barstow

Council Member Jim Harris  
City of Twentynine Palms

Supervisor Robert Lovingood  
County of San Bernardino

**East Valley Representatives**

Mayor Patrick Morris (*Chair-CRTC*)  
City of San Bernardino

Council Member Dick Riddell (*Chair-MVSS*)  
City of Yucaipa

Supervisor James Ramos  
County of San Bernardino

**West Valley Representatives**

Mayor L. Dennis Michael  
City of Rancho Cucamonga

Vice Mayor Ed Graham  
City of Chino Hills

Mayor Dennis Yates  
City of Chino

Supervisor Gary Ovitt  
County of San Bernardino

*Ray Wolfe*  
*Executive Director*

*Eileen Teichert*  
*SANBAG Counsel*

*San Bernardino Associated Governments (SANBAG) is a council of governments formed in 1973 by joint powers agreement of the cities and the County of San Bernardino. SANBAG is governed by a Board of Directors consisting of a mayor or designated council member from each of the twenty-four cities in San Bernardino County and the five members of the San Bernardino County Board of Supervisors.*

*In addition to SANBAG, the composition of the SANBAG Board of Directors also serves as the governing board for several separate legal entities listed below:*

***The San Bernardino County Transportation Commission***, which is responsible for short and long range transportation planning within San Bernardino County, including coordination and approval of all public mass transit service, approval of all capital development projects for public transit and highway projects, and determination of staging and scheduling of construction relative to all transportation improvement projects in the Transportation Improvement Program.

***The San Bernardino County Transportation Authority***, which is responsible for administration of the voter-approved half-cent transportation transactions and use tax levied in the County of San Bernardino.

***The Service Authority for Freeway Emergencies***, which is responsible for the administration and operation of a motorist aid system of call boxes on State freeways and highways within San Bernardino County.

***The Congestion Management Agency***, which analyzes the performance level of the regional transportation system in a manner which ensures consideration of the impacts from new development and promotes air quality through implementation of strategies in the adopted air quality plans.

***As a Subregional Planning Agency***, SANBAG represents the San Bernardino County subregion and assists the Southern California Association of Governments in carrying out its functions as the metropolitan planning organization. SANBAG performs studies and develops consensus relative to regional growth forecasts, regional transportation plans, and mobile source components of the air quality plans.

*Items which appear on the monthly Board of Directors agenda are subjects of one or more of the listed legal authorities. For ease of understanding and timeliness, the agenda items for all of these entities are consolidated on one agenda. Documents contained in the agenda package are clearly marked with the appropriate legal entity.*

**San Bernardino Associated Governments  
County Transportation Commission  
County Transportation Authority  
Service Authority for Freeway Emergencies  
County Congestion Management Agency**

**AGENDA**

**General Policy Committee Meeting**

**June 12, 2013**

**9:00 a.m.**

**Location:** SANBAG, Super Chief Conference Room, 1170 W. 3<sup>rd</sup> Street, 2<sup>nd</sup> Floor, San Bernardino

CALL TO ORDER 9:00 a.m.  
(Meeting chaired by Mike Leonard)

- I. Pledge of Allegiance
- II. Attendance
- III. Announcements
- IV. Agenda Notices/Modifications – Diane Greve

**Notes/Actions**

- 1. **Possible Conflict of Interest Issues for the General Policy Committee Meeting June 12, 2013** Pg. 8

Note agenda item contractors, subcontractors and agents which may require member abstentions due to conflict of interest and financial interests. Board Member abstentions shall be stated under this item for recordation on the appropriate item.

**Consent Calendar**

Consent Calendar items shall be adopted by a single vote unless removed by member request.

**Administrative Matters**

- 2. **Attendance Register** Pg. 9

A quorum shall consist of a majority of the membership of each SANBAG Policy Committee, except that all County Representatives shall be counted as one for the purpose of establishing a quorum.

- 3. **April 2013 Procurement Report** Pg. 11

Receive May 2013 Procurement Report. **William Stawarski**

**This item is not scheduled for review by any other policy committee or technical advisory committee.**

**Consent Calendar Continued....****Administrative Matters (Cont.)**

4. **Budget to Actual Report for third quarter ending March 31, 2013** Pg. 16

Receive and file Budget to Actual Report for third quarter ending March 31, 2013. **William Stawarski**

**This item is not scheduled for review by any other policy or technical advisory committee.**

**Discussion Items****Administrative Matters**

5. **Award Financial Advisor Services Contract** Pg. 20

That the Committee recommend the Board acting in its capacity as the San Bernardino County Transportation Authority award Contract No. C13109 to Montague DeRose and Associates, LLC for Financial Advisor Services for a five (5) year contract term with two (2) one-year options to extend for an amount not-to-exceed \$600,000 for the initial five (5) year term. **William Stawarski**

**This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel and Contract Administrator have reviewed this item and a draft of the Contract.**

6. **SANBAG Initiatives and Action Plan for Fiscal Year 2013/2014** Pg. 26

Review and provide direction as necessary on the major initiatives and related action plan for SANBAG for the coming fiscal year. **Janice Rutherford**

**This item is not scheduled for review by any other policy committee or technical advisory committee.**

7. **Overview of SANBAG's Procurement Industry Review** Pg. 46

Receive and File. **Kathleen Murphy-Perez**

**This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel and Contract Administrator have approved this item as to form.**

**Discussion Items Continued ....**  
**Transit/Commuter Rail**

**8. Review Financial Audits for Transit Operators Pg. 52**

That the Committee recommend the Board receive:

1. Omnitrans Comprehensive Annual Financial Report (CAFR) on the Annual Financial Audit for Fiscal Year 2011/2012
2. Mountain Area Regional Transit Authority (MARTA) Basic Financial Statements for Fiscal Year 2011/2012
3. Valley Transportation Services (Vtrans) Basic Financial Statements for Fiscal Year 2011/2012. **Monica Morales**

**This item is scheduled for review by the Commuter Rail and Transit Committee on June 20, 2013. The finance department has reviewed and approved this item.**

**Transportation Fund Administration**

**9 Allocation of Transportation Development Act Funds for Fiscal Year 2013/2014 Pg. 139**

That the Committee recommend the Board, acting as the San Bernardino County Transportation Commission, adopt Resolution No. 13-083 authorizing the allocation of Local Transportation Funds and State Transit Assistance Funds for Fiscal Year 2013/2014. **Philip Chu**

**This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel has reviewed this item and a draft of the Resolution.**

**10. Measure I Population Estimates for Measure I Allocations Pg. 143**

That the Committee recommend the Board acting in its capacity as the San Bernardino County Transportation Authority:

Adopt the 2013 Population Estimates for use in the allocation of Measure I Local Street Program Funds. **Ellen Pollema**

**This item is not scheduled for review by any other policy or technical advisory committee.**

**Discussion Items Continued ....**  
**Council of Governments**

- 11. Agreement with San Bernardino County for the Collection of Special Taxes, Fees and Assessments, and Memorandum of Understanding for the Electronic Recording of Documents Related to the Home Energy and Renovation Opportunity (HERO) Program** Pg. 149

That the Committee recommend the Board approve the following related to the HERO Program:

1. Approve Agreement C13157 with San Bernardino County for the collection of special taxes, fees and assessments.
2. Approve Memorandum of Understanding (MOU) C13156 with San Bernardino County for the electronic recording of documents. **Duane Baker**

**This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel and Contract Administrator have reviewed this item, the contract and Memorandum of Understanding.**

- 12. Legislative Update** Pg. 167

That the Committee recommend the Board receive:

1. State Update and adopt the following position on State Legislation:
  - a. Support AB 1081 (Medina, D-Riverside)
2. Federal Update and adopt the following positions on Federal Legislation:
  - a. Support H.R. 974, the MOVE Freight Act of 2013 (Rep. Sires, D-New Jersey)
  - b. Support H.R. 2084, Partnership to Build America Act (Rep. Delaney, D-MD). **Wendy Strack**

**This item is not scheduled for review by any other policy committee or technical advisory committee.**

- 13. State and Federal Legislative Platform Update** Pg. 248

That the Committee recommend the Board adopt the proposed schedule and process for update to the State and Federal Legislative Platforms. **Wendy Strack**

**This item is not scheduled for review by any other policy committee or technical advisory committee.**

**Discussion Items Continued ....****Regional/Subregional Planning**

14. **Transportation Development Act (TDA) Award of Article 3 Pedestrian and Bicycle Facilities and Transit Stop Access Improvement Projects** Pg. 256

That the Committee recommend the Board approve the award of TDA Article funds for:

1. Pedestrian and Bicycle Facilities projects in the amount of \$2,997,017 as identified in Attachment A to this item.
  2. Transit Stop Access Improvement projects in the amount of \$755,721 as identified in Attachment B to this item.
- Tim Byrne**

**This item is not scheduled for review by any other policy committee. The material in this item was also presented to the Transportation Technical Advisory Committee on June 3, 2013.**

**Comments from Committee Members**

**Brief Comments from Committee Members**

**Public Comment**

**Brief Comments by the General Public**

**ADJOURNMENT**

**There is no General Policy Committee meeting scheduled in July.**

**Additional Information**

**Acronym List**

**Pg. 263**

Complete packages of the SANBAG agenda are available for public review at the SANBAG offices. Staff reports for items may be made available upon request. For additional information call (909) 884-8276.

## Meeting Procedures and Rules of Conduct

### **Meeting Procedures**

The Ralph M. Brown Act is the state law which guarantees the public's right to attend and participate in meetings of local legislative bodies. These rules have been adopted by the Board of Directors in accordance with the Brown Act, Government Code 54950 et seq., and shall apply at all meetings of the Board of Directors and Policy Committees.

### **Accessibility**

The SANBAG meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or services are needed in order to participate in the public meeting, requests should be made through the Clerk of the Board at least three (3) business days prior to the Board meeting. The Clerk's telephone number is (909) 884-8276 and office is located at 1170 W. 3<sup>rd</sup> Street, 2<sup>nd</sup> Floor, San Bernardino, CA.

**Agendas** – All agendas are posted at 1170 W. 3<sup>rd</sup> Street, 2<sup>nd</sup> Floor, San Bernardino at least 72 hours in advance of the meeting. Complete packages of this agenda are available for public review at the SANBAG offices and our website: [www.sanbag.ca.gov](http://www.sanbag.ca.gov). Staff reports for items may be made available upon request. For additional information call (909) 884-8276.

**Agenda Actions** – Items listed on both the "Consent Calendar" and "Items for Discussion" contain suggested actions. The Board of Directors will generally consider items in the order listed on the agenda. However, items may be considered in any order. New agenda items can be added and action taken by two-thirds vote of the Board of Directors.

**Closed Session Agenda Items** – Consideration of closed session items *excludes* members of the public. These items include issues related to personnel, pending litigation, labor negotiations and real estate negotiations. Prior to each closed session, the Chair will announce the subject matter of the closed session. If action is taken in closed session, the Chair may report the action to the public at the conclusion of the closed session.

**Public Testimony on an Item** – Members of the public are afforded an opportunity to speak on any listed item. Individuals wishing to address the Board of Directors or Policy Committee Members should complete a "Request to Speak" form, provided at the rear of the meeting room, and present it to the Clerk prior to the Board's consideration of the item. A "Request to Speak" form must be completed for *each* item an individual wishes to speak on. When recognized by the Chair, speakers should be prepared to step forward and announce their name and address for the record. In the interest of facilitating the business of the Board, speakers are limited to three (3) minutes on each item. Additionally, a twelve (12) minute limitation is established for the total amount of time any one individual may address the Board at any one meeting. The Chair or a majority of the Board may establish a different time limit as appropriate, and parties to agenda items shall not be subject to the time limitations.

The Consent Calendar is considered a single item, thus the three (3) minute rule applies. Consent Calendar items can be pulled at Board member request and will be brought up individually at the specified time in the agenda allowing further public comment on those items.

**Agenda Times** – The Board is concerned that discussion take place in a timely and efficient manner. Agendas may be prepared with estimated times for categorical areas and certain topics to be discussed. These times may vary according to the length of presentation and amount of resulting discussion on agenda items.

**Public Comment** – At the end of the agenda, an opportunity is also provided for members of the public to speak on any subject within the Board's authority. *Matters raised under "Public Comment" may not be acted upon at that meeting. "Public Testimony on any Item" still apply.*

**Disruptive Conduct** – If any meeting of the Board is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, the Chair may recess the meeting or order the person, group or groups of person willfully disrupting the meeting to leave the meeting or to be removed from the meeting. Disruptive conduct includes addressing the Board without first being recognized, not addressing the subject before the Board, repetitiously addressing the same subject, failing to relinquish the podium when requested to do so, or otherwise preventing the Board from conducting its meeting in an orderly manner. *Please be aware that a NO SMOKING policy has been established for meetings. Your cooperation is appreciated!*

**SANBAG General Practices for Conducting Meetings  
of  
Board of Directors and Policy Committees**

**Basic Agenda Item Discussion.**

- The Chair announces the agenda item number and states the subject.
- The Chair calls upon the appropriate staff member or Board Member to report on the item.
- The Chair asks members of the Board/Committee if they have any questions or comments on the item. General discussion ensues.
- The Chair calls for public comment based on “Request to Speak” forms which may be submitted.
- Following public comment, the Chair announces that public comment is closed and asks if there is any further discussion by members of the Board/Committee.
- The Chair calls for a motion from members of the Board/Committee.
- Upon a motion, the Chair announces the name of the member who makes the motion. Motions require a second by a member of the Board/Committee. Upon a second, the Chair announces the name of the Member who made the second, and the vote is taken.

**The Vote as specified in the SANBAG Bylaws.**

- Each member of the Board of Directors shall have one vote. In the absence of the official representative, the alternate shall be entitled to vote. (Board of Directors only.)
- Voting may be either by voice or roll call vote. A roll call vote shall be conducted upon the demand of five official representatives present, or at the discretion of the presiding officer.

**Amendment or Substitute Motion.**

- Occasionally a Board Member offers a substitute motion before the vote on a previous motion. In instances where there is a motion and a second, the maker of the original motion is asked if he would like to amend his motion to include the substitution or withdraw the motion on the floor. If the maker of the original motion does not want to amend or withdraw, the substitute motion is not addressed until after a vote on the first motion.
- Occasionally, a motion dies for lack of a second.

**Call for the Question.**

- At times, a member of the Board/Committee may “Call for the Question.”
- Upon a “Call for the Question,” the Chair may order that the debate stop or may allow for limited further comment to provide clarity on the proceedings.
- Alternatively and at the Chair’s discretion, the Chair may call for a vote of the Board/Committee to determine whether or not debate is stopped.
- The Chair re-states the motion before the Board/Committee and calls for the vote on the item.

**The Chair.**

- At all times, meetings are conducted in accordance with the Chair’s direction.
- These general practices provide guidelines for orderly conduct.
- From time-to-time circumstances require deviation from general practice.
- Deviation from general practice is at the discretion of the Board/Committee Chair.

**Courtesy and Decorum.**

- These general practices provide for business of the Board/Committee to be conducted efficiently, fairly and with full participation.
- It is the responsibility of the Chair and Members to maintain common courtesy and decorum.

*Adopted By SANBAG Board of Directors January 2008*



- San Bernardino County Transportation Commission
- San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency
- Service Authority for Freeway Emergencies

***Minute Action***

AGENDA ITEM:   1  

**Date:** June 12, 2013

**Subject:** Information Relative to Possible Conflict of Interest

**Recommendation\*:** Note agenda items and contractors/subcontractors which may require member abstentions due to possible conflicts of interest.

**Background:** In accordance with California Government Code 84308, members of the Board may not participate in any action concerning a contract where they have received a campaign contribution of more than \$250 in the prior twelve months from an entity or individual. This agenda contains recommendations for action relative to the following contractors:

Item No.	Contract No.	Contractor/Agents	Subcontractors
5	C13109	Montague DeRose and Associates <i>Douglas Montague</i>	None

**Financial Impact:** This item has no direct impact on the budget.

**Reviewed By:** This item is prepared monthly for review by the Board of Directors and Policy Committee members.

\*

	<p><i>Approved</i>                  General Policy Committee</p> <p>Date: _____</p> <p>Moved: _____ Second: _____</p> <p>In Favor: _____ Opposed: _____ Abstained: _____</p> <p>Witnessed: _____</p>
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COG	X	CTC	X	CTA	X	SAFE	X	CMA	X
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*Check all that apply.*

## GENERAL POLICY COMMITTEE ATTENDANCE RECORD – 2013

Name	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
<b>Ed Graham</b> City of Chino Hills	X	X	X	X	X							
<b>Jim Harris</b> City of Twentynine Palms	X	X	X	X	X							
<b>Mike Leonard</b> City of Hesperia	X	X	X	X	X							
<b>Robert Lovingood</b> Board of Supervisors		X	X		X							
<b>Larry McCallon</b> City of Highland	X		X	X	X							
<b>Julie McIntyre</b> City of Barstow		X	X	X	X							
<b>L. Dennis Michael</b> City of Rancho Cucamonga												
<b>Patrick Morris</b> City of San Bernardino	X	X	X	X	X							
<b>Gary Ovitt</b> Board of Supervisors	X	X	X	X	X							
<b>Dick Riddell</b> City of Yucaipa	X	X	X	X	X							
<b>Janice Rutherford</b> Board of Supervisors	X	X	X	X	X							
<b>James Ramos</b> Board of Supervisors	X	X	X	X	X							
<b>Dennis Yates</b> City of Chino	X	X	X	X	X							

X = Member attended meeting.

Empty box = Member did not attend meeting

Crossed out box = Not a member at the time.

**\*\*\*GENERAL POLICY COMMITTEE ATTENDANCE RECORD – 2012**

Name	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
<b>Rick Roelle</b> Town of Apple Valley	X	X	X			X						
<b>Julie McIntyre</b> City of Barstow							X	X		X		
<b>Bill Jahn</b> City of Big Bear Lake		X										
<b>Dennis Yates</b> City of Chino	X		X	X	X							X
<b>Mike Leonard</b> City of Hesperia	X		X	X	X	X	X	X		X	X	X
<b>Larry McCallon</b> City of Highland	X	X	X	X	X	X		X	X		X	X
<b>Rhodes Rigsby</b> City of Loma Linda	X	X	X	X	X	X						
<b>Ed Scott</b> City of Rialto	X	X	X	X	X							
<b>Ed Graham</b> City of Chino Hills	X	X	X	X	X	X	X	X	X	X	X	X
<b>L. Dennis Michael</b> City of Rancho Cucamonga							X	X		X		X
<b>Patrick Morris</b> City of San Bernardino		X	X	X	X	X		X	X	X	X	
<b>Jim Harris</b> City of Twentynine Palms		X	X	X	X	X	X	X	X	X	X	X
<b>Dick Riddell</b> City of Yucaipa		X	X		X	X	X	X		X	X	
<b>Janice Rutherford</b> Board of Supervisors	X		X	X		X		X	X	X	X	X
<b>Josie Gonzales</b> Board of Supervisors	X	X	X	X	X	X						
<b>Brad Mitzelfelt</b> Board of Supervisors	X		X		X			X	X	X	X	
<b>Robert Lovingood</b> Board of Supervisors												X
<b>Gary Ovitt</b> Board of Supervisors	X	X	X	X		X	X	X	X	X	X	
<b>Neil Derry</b> Board of Supervisors	(Self-Suspension as of 5/3/11)	X	X				X	X				
<b>James Ramos</b> Board of Supervisors												X

X = Member attended meeting.

Empty box = Member did not attend meeting

Crossed out box = Not a member at the time.

\*\*\*On October 3, 2012 the Board approved changing the name of the Administrative Committee to the General Policy Committee



- San Bernardino County Transportation Commission
- San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency
- Service Authority for Freeway Emergencies

*Minute Action*

AGENDA ITEM: 3

**Date:** June 12, 2013

**Subject:** May 2013 Procurement Report

**Recommendation:**\* Receive May 2013 Procurement Report

**Background:** The Board of Directors adopted the Contracting and Procurement Policy (Policy No. 11000) on January 3, 1997, and approved the last revision on May 1, 2013. On February 6, 2013, the Board of Directors authorized the Executive Director, or designee, to approve: a) contracts and purchase orders up to \$100,000; b) amendments with a zero dollar value; c) amendments to exercise the option term if the option term was approved by the Board of Directors in the original contract; and d) amendments that cumulatively do not exceed 50% of the original contract value or \$100,000, whichever is less and to release Request for Proposal (RFP), Request for Quote (RFQ) and Invitation for Bid (IFB) for proposed contracts from which funding has been approved in San Bernardino Associated Governments (SANBAG's) Annual Budget, and which are estimated not-to-exceed \$1,000,000. SANBAG staff has compiled this report that summarizes all contract actions approved by the Executive Director, or designee.

On July 11, 2012, the Board of Directors authorized SANBAG's General Counsel to award and execute legal services contracts up to \$50,000 with outside counsel as needed on behalf of SANBAG and its authorities organized under the umbrella

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*Approved*  
 General Policy Committee

*Date:* \_\_\_\_\_

*Moved:* \_\_\_\_\_ *Second:* \_\_\_\_\_

*In Favor:* \_\_\_\_\_ *Opposed:* \_\_\_\_\_ *Abstained:* \_\_\_\_\_

*Witnessed:* \_\_\_\_\_

COG	X	CTC	X	CTA	X	SAFE	X	CMA	X
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Check all that apply.

GPC1306a-www

Attachment:

<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1305/AgendaItems/GPC1306a1-www.docx>

<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1305/AgendaItems/GPC1306a2-www.docx>

of the Council of Governments. Also, periodically notify the Board after exercising such authority.

A list of all Contracts and Purchase Orders that were executed by the Executive Director and/or General Counsel during the month of May is presented herein as Attachment A, and all RFPs and IFBs are presented in Attachment B.

**Financial Impact:** This item imposes no impact on the Fiscal Year 2012/2013 budget. Presentation of the monthly procurement report demonstrates compliance with the Contracting and Procurement Policy (Policy No. 11000).

**Reviewed By:** This item is not scheduled for review by any other policy committee or technical advisory committee.

**Responsible Staff:** William Stawarski, Chief Financial Officer

**Attachment A**  
**May 1-28 Contract/Purchase Order Actions**

**Contracts Executed:**

Contract No.	Description of Specific Service	Vendor Name	Dollar Amount	Description of Overall Program
None				
<b>Total</b>				<b>\$0</b>

**Contract Amendments Executed:**

Contract No. & Amendment No.	Reason for Amendment	Vendor Name	Dollar Amount of Amendment	Amended Contract Total
C05002 Amendment 4	Amend the term and increase contract amount	AT&T	\$98,000.00	\$977,426.00
C08165 Amendment 3	Increase the contract amount	Berg & Associates	\$50,000.00	\$4,444,989.00
C13047 Amendment 1	Increases SANBAG's Contribution for the project	City of Yucaipa	\$0.00	\$0.00
<b>Total Amount of Amendments</b>				<b>\$5,422,415.00</b>

**Attachment A**  
**May 1-28 Contract/Purchase Order Actions**

**Purchase Orders:**

PO No.	PO Issue Date	Vendor Name	Description of Services	Dollar Amount
4000993	05/02/13	G/M Business Interiors	Purchase two new L-shaped desk units including seating and accessory trays.	\$10,375.98
4000997	05/13/13	Mobility 21 Transportation, Coalition	Annual partner membership dues for 2013.	\$20,000.00
4000998	05/15/13	SELF-HELP Counties Coalition	Annual membership dues for Fiscal Year 2013/2014.	\$5,700.00
<i>*Note: Sole Source justification is noted in the Purpose statement, if applicable.</i>				<b>Total</b>
				<b>\$36,075.98</b>

**Attachment B**  
**May 1-28 RFPs and IFBs**

**Release of RFP's and IFB's**

<b>Release Date</b>	<b>RFP/IFB No.</b>	<b>Description of Services</b>	<b>Anticipated Dollar Amount</b>	<b>Anticipated Award Date</b>	<b>Description of Overall Program and Program Budget</b>
None					
				<b>Total</b>	<b>\$0</b>



- San Bernardino County Transportation Commission
- San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency
- Service Authority for Freeway Emergencies

*Minute Action*

AGENDA ITEM: 4

**Date:** June 12, 2013

**Subject:** Budget to Actual Report for third quarter ending March 31, 2013

**Recommendation:**\* Receive and file Budget to Actual Report for third quarter ending March 31, 2013.

**Background:** SANBAG's Budget for Fiscal Year 2012/2013 for new activity was adopted by the Board of Directors on June 6, 2012. This report provides a summary of program activity and task activity compared to budget. Budgetary information includes the original and revised budgets, and year to date expenditures.

**Financial Impact:** This item reports the status of expenditures against budget and imposes no financial impact on the Fiscal Year 2012/2013 Budget.

**Reviewed By:** This item is not scheduled for review by any other policy or technical advisory committee.

**Responsible Staff:** William Stawarski, Chief Financial Officer

\*

*Approved*  
*General Policy Committee*

*Date:* \_\_\_\_\_

*Moved:*      *Second:*

*In Favor:*      *Opposed:*      *Abstained:*

*Witnessed:* \_\_\_\_\_

COG	X	CTC	X	CTA	X	SAFE	X	CMA	X
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*Check all that apply.*

San Bernardino Associated Governments  
 Budget to Actual Report: July 2012 - March 2013  
 Fiscal Year 2012/2013  
 ATTACHMENT A

**AIR QUALITY & TRAVELER SERVICES PROGRAM**

TASK#	TASK DESCRIPTION	ORIGINAL			REVISED		TASK BALANCE	% OF BUDGET EXPENDED
		BUDGET	AMENDMENTS	ENCUMBRANCES	BUDGET	EXPENDITURES		
0102	Air Quality Activities	3,457,701	178,110	-	3,635,811	1,128,885	2,506,926	31.05%
0406	Rideshare Management	2,224,957	19,375	6,443	2,250,775	672,970	1,577,805	29.90%
0702	Call Box System	1,026,258	-	-	1,026,258	544,603	481,655	53.07%
0704	Freeway Service Patrol/State	1,914,260	28,751	-	1,943,011	1,091,770	851,241	56.19%
0706	Intelligent Transportation Systems	96,587	-	-	96,587	150	96,437	0.16%
<b>TOTAL AIR QUALITY &amp; TRAVELER SERVICES PROGRAM</b>		<b>8,719,763</b>	<b>226,236</b>	<b>6,443</b>	<b>8,952,442</b>	<b>3,438,377</b>	<b>5,514,065</b>	<b>38.41%</b>

**TRANSPORTATION PLANNING & PROGRAMMING PROGRAM**

TASK#	TASK DESCRIPTION	ORIGINAL			REVISED		TASK BALANCE	% OF BUDGET EXPENDED
		BUDGET	AMENDMENTS	ENCUMBRANCES	BUDGET	EXPENDITURES		
0110	Regional Transportation Planning	489,687	68,400	-	558,087	284,509	273,578	50.98%
0203	Congestion Management	100,865	-	-	100,865	44,255	56,610	43.88%
0213	High Desert Corridor Studies	228,191	-	-	228,191	5,151	223,040	2.26%
0373	Federal/State Fund Administration	979,994	-	34,160	1,014,154	576,645	437,509	56.86%
0404	Subregional Transportation Planning	1,092,886	100,000	-	1,192,886	833,779	359,107	69.90%
0500	Transportation Improvement Program	358,424	-	-	358,424	270,144	88,280	75.37%
0609	Strategic Planning/Delivery Planning	365,824	-	7,760	373,584	97,751	275,833	26.17%
0701	Valley Signal Coordination	1,478,995	-	-	1,478,995	210,920	1,268,075	14.26%
0941	Mt./Desert Planning & Project Development	227,201	-	-	227,201	98,943	128,258	43.55%
<b>TOTAL TRANSPORTATION PLANNING &amp; PROGRAMMING PROGR.</b>		<b>5,322,067</b>	<b>168,400</b>	<b>41,920</b>	<b>5,532,387</b>	<b>2,422,095</b>	<b>3,110,292</b>	<b>43.78%</b>

**MAJOR PROJECT DELIVERY PROGRAM**

TASK#	TASK DESCRIPTION	ORIGINAL			REVISED		TASK BALANCE	% OF BUDGET EXPENDED
		BUDGET	AMENDMENTS	ENCUMBRANCES	BUDGET	EXPENDITURES		
0803	SR 210 Baseline Road Interchange	-	320,000	-	320,000	-	320,000	0.00%
0815	Measure I Program Management	5,120,049	(26,000)	62,249	5,156,298	2,366,961	2,789,336	45.90%
0817	SR-60 Sound Wall	71,163	-	16,321	87,484	45,889	41,595	52.45%
0819	Hwy 62 & Rotary Way Traffic Signal Project	450,000	-	-	450,000	-	450,000	0.00%
0820	SR 210 Final Design	245,170	-	-	245,170	9,044	236,126	3.69%
0822	SR 210 Right of Way Acquisition	3,298,494	-	-	3,298,494	(1,202,616) *	4,501,110	-36.46%
0824	SR 210 Construction	8,947,468	-	-	8,947,468	3,503,818	5,443,650	39.16%
0825	I-10 Corridor Project Development	4,123,966	-	-	4,123,966	2,840,152	1,283,814	68.87%
0826	I-10 Citrus/Cherry Interchanges	71,708,739	(991,009)	-	70,717,730	19,324,513	51,393,217	27.33%
0830	I-215 San Riv Project Development	15,804	-	-	15,804	-	15,804	0.00%
0834	I-215 Final Design	366,579	-	-	366,579	15,748	350,831	4.30%
0836	I-215 Right of Way Acquisition	2,901,919	75,000	-	2,976,919	313,283	2,663,636	10.52%
0838	I-215 Construction	79,699,415	1,852,020	-	81,551,435	28,169,957	53,381,478	34.54%
0839	I-215 Bi- County HOV Gap Closure Project	18,844,743	(1,000,000)	1,388	17,846,131	6,753,051	11,093,080	37.84%
0840	I-215 Barton Road Interchange	10,771,111	-	-	10,771,111	268,025	10,503,086	2.49%
0841	I-10 Riverside Interchange	3,200,247	-	-	3,200,247	573,416	2,626,831	17.92%
0842	I-10 Tippecanoe Interchange	39,604,394	450,000	-	40,054,394	3,385,310	36,669,084	8.45%

San Bernardino Associated Governments  
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**MAJOR PROJECT DELIVERY PROGRAM, Continued**

TASK#	TASK DESCRIPTION	BUDGET	AMENDMENTS	ENCUMBRANCES	BUDGET	EXPENDITURES	BALANCE	EXPENDED
0845	Mt. Vernon/Washington Interchange	466,087	-	-	466,087	300,172	165,915	64.40%
0850	Alternative Project Financing	3,661,056	-	-	3,661,056	1,182,663	2,478,393	32.30%
0862	I-10 Westbound Lane Addition - Yucaipa	9,906,181	-	-	9,906,181	4,161,551	5,744,630	42.01%
0869	Glen Helen Parkway Grade Separation	4,400,356	-	-	4,400,356	1,671,602	2,728,754	37.99%
0870	Hunts Lane Grade Separation	12,584,715	1,147,980	-	13,732,695	6,503,973	7,228,722	47.36%
0871	State St./University Parkway Grade Separation	328,306	-	-	328,306	8,420	319,886	2.56%
0874	Palm Avenue Grade Separation	9,899,031	(47,000)	5,000	9,857,031	7,235,899	2,621,132	73.41%
0876	South Milliken Avenue Grade Separation	6,840,456	-	-	6,840,456	3,660,562	3,179,894	53.51%
0877	Vineyard Avenue Grade Separation	1,732,673	-	-	1,732,673	804,096	928,577	46.41%
0879	Colton Crossing BNSF/UPRR Grade Separation	91,530,337	1,000	-	91,531,337	5,085,980	86,445,357	5.56%
0880	I-15/I-215 Devore Interchange	22,086,076	-	14,085	22,100,161	2,911,017	19,189,144	13.17%
0881	Lenwood Avenue Grade Separation	4,688,881	-	-	4,688,881	2,226,435	2,462,446	47.48%
0882	North Milliken Avenue Grade Separation	17,119,616	(2,000)	8,011,113	25,128,729	7,042,080	18,086,650	28.02%
0883	SR 210 Pepper Avenue Interchange	2,277,989	-	-	2,277,989	452,158	1,825,831	19.85%
0884	Laurel Avenue Grade Separation	15,864,368	74,000	-	15,938,368	3,851,456	12,086,912	24.16%
0885	9th Street Rail Improvements	4,216,173	(75,000)	-	4,141,173	140,753	4,000,420	3.40%
0886	Colton Quiet Zone Project	3,147,427	-	-	3,147,427	44,814	3,102,613	1.42%
0887	SR 210 Lane Addition	1,063,515	-	-	1,063,515	725,182	338,333	68.19%
0888	I-15 La Mesa/Nisqualli Interchange	16,184,871	12,600,269	50,000	28,835,140	14,995,962	13,839,178	52.01%
0889	Yucca Loma Bridge	7,062,129	-	-	7,062,129	-	7,062,129	0.00%
0890	I-15 Rancho Interchange	13,351,699	65,757	-	13,417,456	5,467,690	7,949,766	40.75%
0892	I-15 Baseline Interchange Improvement	-	100,000	-	100,000	652	99,348	0.65%
0896	I-10 Pepper Avenue Interchange	-	400,000	-	400,000	-	400,000	0.00%
0965	2012 A Sales Tax Revenue Bond	5,916,411	-	-	5,916,411	3,851,087	2,065,324	0.00%
<b>TOTAL MAJOR PROJECT DELIVERY PROGRAM</b>		<b>503,697,614</b>	<b>14,945,017</b>	<b>8,160,156</b>	<b>526,802,786</b>	<b>138,690,751</b>	<b>388,112,035</b>	<b>26.33%</b>

**TRANSIT & PASSENGER RAIL PROGRAM**

TASK#	TASK DESCRIPTION	ORIGINAL			REVISED		TASK		% OF BUDGET
		BUDGET	AMENDMENTS	ENCUMBRANCES	BUDGET	EXPENDITURES	BALANCE	EXPENDED	
0309	General Transit	872,459	210,915	7,333	1,090,707	819,943	270,764	75.18%	
0310	Transit Operating	8,823,072	154,600	-	8,977,672	5,566,164	3,411,508	62.00%	
0311	Transit Capital	5,332,307	5,032,135	-	10,364,442	2,850,822	7,513,620	27.51%	
0352	General Commuter Rail	800,797	-	187	800,984	315,285	485,699	39.36%	
0377	Commuter Rail Operating Expenses	12,133,858	(2,590,000)	18,312	9,562,170	6,557,084	3,005,086	68.57%	
0379	Commuter Rail Capital Expenses	23,416,568	15,480,896	57,247	38,954,711	18,387,844	20,566,867	47.20%	
0501	Federal Transit Act Programming	96,969	-	-	96,969	15,223	81,746	15.70%	
<b>TOTAL TRANSIT &amp; PASSENGER RAIL PROGRAM</b>		<b>51,476,030</b>	<b>18,288,546</b>	<b>83,079</b>	<b>69,847,655</b>	<b>34,512,363</b>	<b>35,335,292</b>	<b>49.41%</b>	

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**TRANSPORTATION FUND ADMINISTRATION PROGRAM**

TASK#	TASK DESCRIPTION	ORIGINAL			REVISED		TASK BALANCE	% OF BUDGET EXPENDED
		BUDGET	AMENDMENTS	ENCUMBRANCES	BUDGET	EXPENDITURES		
0502	TDA Administration	470,005	359,700	-	829,705	334,988	494,717	40.37%
0504	Measure I Administration	426,634	-	-	426,634	249,168	177,466	58.40%
0506	Local Transportation Fund	83,337,751	(800,000)	-	82,537,751	41,133,403	41,404,348	49.84%
0507	State Transit Assistance Fund	26,330,985	(788,975)	-	25,542,010	11,908,901	13,633,109	46.62%
0515	Measure I Valley Apportionment & Allocation	4,427,761	-	4,779,611	9,207,372	1,114,277	8,093,095	12.10%
0516	Measure I Mountain/Desert Apportionment & Allocation	-	1,975,000	-	1,975,000	-	1,975,000	0.00%
0610	Measure I 2010-2040 Project Advancement	16,846,857	-	655,517	17,502,374	8,378,138	9,124,236	47.87%
0615	Measure I Local Stimulus	-	-	8,110,653	8,110,653	6,773,020	1,337,633	83.51%
0918	Measure I Local Pass-through	34,453,800	-	-	34,453,800	22,001,086	12,452,714	63.86%
<b>TOTAL TRANSPORTATION FUND ADMINISTRATION PROGRAM</b>		<b>166,293,793</b>	<b>745,725</b>	<b>13,545,781</b>	<b>180,585,299</b>	<b>91,892,981</b>	<b>88,692,318</b>	<b>50.89%</b>

**GENERAL - COUNCIL OF GOVERNMENTS SUPPORT PROGRAM**

TASK#	TASK DESCRIPTION	ORIGINAL			REVISED		TASK BALANCE	% OF BUDGET EXPENDED
		BUDGET	AMENDMENTS	ENCUMBRANCES	BUDGET	EXPENDITURES		
0104	Intergovernmental Relations	442,441	-	-	442,441	275,033	167,408	62.16%
0490	Council of Governments New Initiatives	80,585	(16,678)	-	63,907	5,432	58,475	8.50%
0492	Joint Solar Purchase Agreement	176,732	16,678	-	193,410	30,598	162,812	15.82%
0495	Green House Gas	495,481	38,385	-	533,866	197,182	336,684	36.93%
0503	Legislation	613,473	-	-	613,473	313,534	299,939	51.11%
0601	County Transportation Commission-General	483,591	-	-	483,591	114,530	369,061	23.68%
0605	Publications & Public Outreach	576,842	-	-	576,842	235,227	341,615	40.78%
0708	Property Assessed Clean Energy	141,514	-	-	141,514	27,057	114,457	19.12%
0805	Building Operations	89,115	-	-	89,115	30,253	58,862	33.95%
0942	Financial Management	228,102	-	-	228,102	70,313	157,789	30.83%
<b>TOTAL COUNCIL OF GOVERNMENTS SUPPORT PROGRAM</b>		<b>3,327,876</b>	<b>38,385</b>	<b>-</b>	<b>3,366,261</b>	<b>1,299,158</b>	<b>2,067,103</b>	<b>38.59%</b>

<b>GRAND TOTAL ALL PROGRAMS</b>	<b>738,837,143</b>	<b>34,412,309</b>	<b>21,837,379</b>	<b>795,086,830</b>	<b>272,255,727</b>	<b>522,831,104</b>	<b>34.24%</b>
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**CONSOLIDATED BY PROGRAM**

PROGRAM DESCRIPTION	ORIGINAL BUDGET	AMENDMENTS	ENCUMBRANCES	REVISED BUDGET	EXPENDITURES	PROGRAM BALANCE	% OF BUDGET EXPENDED
AIR QUALITY & TRAVELER SERVICES PROGRAM	8,719,763	226,236	6,443	8,952,442	3,438,377	5,514,065	38.41%
TRANSPORTATION PLANNING & PROGRAMMING PROGRAM	5,322,067	168,400	41,920	5,532,387	2,422,095	3,110,292	43.78%
MAJOR PROJECT DELIVERY PROGRAM	503,697,614	14,945,017	8,160,156	526,802,786	138,690,751	388,112,035	26.33%
TRANSIT & PASSENGER RAIL PROGRAM	51,476,030	18,288,546	83,079	69,847,655	34,512,363	35,335,292	49.41%
TRANSPORTATION FUND ADMINISTRATION PROGRAM	166,293,793	745,725	13,545,781	180,585,299	91,892,981	88,692,318	50.89%
GENERAL - COUNCIL OF GOVERNMENTS SUPPORT PROGRAM	3,327,876	38,385	-	3,366,261	1,299,158	2,067,103	38.59%
<b>GRAND TOTAL ALL PROGRAMS</b>	<b>738,837,143</b>	<b>34,412,309</b>	<b>21,837,379</b>	<b>795,086,830</b>	<b>272,255,727</b>	<b>522,831,104</b>	<b>34.24%</b>

\* Expenditure amount is negative due to reimbursements from legal firm and insurance company for the Colonies lawsuit.



- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

*Minute Action*

AGENDA ITEM:   5  

**Date:** June 12, 2013

**Subject:** Award Financial Advisor Services Contract

**Recommendation:**\* That the Committee recommend the Board acting in its capacity as the San Bernardino County Transportation Authority award Contract No. C13109 to Montague DeRose and Associates, LLC for Financial Advisor Services for a five (5) year contract term with two (2) one-year options to extend for an amount not-to-exceed \$600,000 for the initial five (5) year term.

**Background:** The San Bernardino Associated Governments acting in its capacity as the San Bernardino County Transportation Authority (SANBAG) requires the services of a Financial Advisor. The Financial Advisor will be responsible for reviewing the existing strategic plan in association with SANBAG's staff and consultants, and recommending financial strategy revisions. The firm will balance short- and long-term financial needs to determine financing options, alternative debt structures, computer model support, and financing timetables. The firm will assist SANBAG in determining whether a competitive or negotiated bond sale would most benefit SANBAG.

The Financial Advisor will also provide advice on the appropriate time to enter the bond market, preparation of the Preliminary and Final Official Statement, bond credit rating presentations, and other supporting documentation.

\*

*Approved*  
 General Policy Committee

Date: \_\_\_\_\_

Moved: \_\_\_\_\_ Second: \_\_\_\_\_

In Favor: \_\_\_\_\_ Opposed: \_\_\_\_\_ Abstained: \_\_\_\_\_

Witnessed: \_\_\_\_\_

COG	X	CTC	X	CTA	X	SAFE	X	CMA	X
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Check all that apply.

GPC1306c-wws

<http://portal.sanbag.ca.gov/mgmt/APOR-Mgmt/Shared%20Documents/C13109.docx>

On March 21, 2013, the SANBAG Board of Directors approved the release of a Request for Proposals (RFP) 13109 for Financial Advisor Services. The RFP was posted on SANBAG's website, published in the *Sun* newspaper and RFP notifications were sent to approximately one hundred twenty-three (123) vendors who specialize in these services. A pre-proposal meeting was conducted on March 26, 2013, and five (5) firms were in attendance. One (1) Addendum was issued to respond to questions received prior to the question deadline and during the pre-proposal meeting. On April 16, 2013, five (5) proposals were received by the date and time specified in the RFP. A responsive review was conducted for the five (5) proposals received on time. All of the proposals were found to be responsive to the RFP.

An Evaluation Committee consisting of staff members from City of Rialto, San Diego Associated Governments, and SANBAG's Chief Financial Officer and Accounting Manager reviewed the proposals. The proposals were evaluated based on the criteria identified in the RFP:

1. Qualifications of the firm
2. Related experience and client references
3. Qualifications and experience of the proposed staff
4. Work plan
5. Pricing

Four (4) firms demonstrated significant experience in providing financial advisor services to the public sector including transportation. The Evaluation Committee agreed to interview the four (4) firms (listed in alphabetical order):

FIELDMAN ROLAPP & ASSOCIATES  
KNN PUBLIC FINANCE  
MONTAGUE DEROSE AND ASSOCIATES, LLC  
THE PFM GROUP

On May 2, 2013, the Evaluation Committee conducted oral interviews with the four (4) firms. The interviews were allotted fifty (50) minutes and consisted of an opening presentation followed by thirty (30) minutes of questions and answers. Each firm had an overall understanding of SANBAG's scope of work and requirements.

The Evaluation Committee selected Montague DeRose and Associates LLC (MDA) due to extensive experience in transportation and public sector financing. This includes knowledge of self-help (sales tax) agencies, Transportation Infrastructure Finance and Innovation Act (TIFIA), Public-Private Partnership (P3) and toll revenue bond financing. MDA is also capable of assisting SANBAG

in selecting a finance team (investment bankers) for future revenue bond offerings.

The contract is for a five (5) year term with two (2) one-year options to extend. The initial cost for five (5) years is \$600,000 (based on an estimated amount for each year).

**Financial Impact:** This item is consistent with SANBAG's Fiscal Year 2013/2014 budget. Financial Advisor activities are budgeted under Capital Projects – Bond Funds, Task No. 0942 Financial Management. The costs of the Financial Advisor will be financed with future bond issuances.

**Reviewed By:** This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel and Contract Administrator have reviewed this item and a draft of the Contract.

**Responsible Staff:** William Stawarski, Chief Financial Officer



# CONTRACT SUMMARY SHEET

Contract No. C 13109 Amendment No. \_\_\_\_\_

By and Between

SANBAG and Montague DeRose and Associates

Contract Description Financial Advisor Services

**Board of Director's Meeting Date:** 7/3/13  
**Overview of BOD Action:** Award Contract No. C13109 to Montague DeRose and Associates, LLC for Financial Advisor Services for a five (5) year contract term with two (2) one-year options to extend for an amount not-to-exceed \$600,000 for the initial five (5) year term.  
**Is this a Sole-Source procurement?**  Yes  No

CONTRACT OVERVIEW					
Original Contract Amount	\$	600,000	Original Contingency Amount	\$	0
Revised Contract Amount <i>Inclusive of prior amendments</i>	\$	0	Revised Contingency Amount <i>Inclusive of prior amendments</i>	\$	0
Current Amendment Amount	\$	0	Contingency Amendment	\$	0
<b>TOTAL CONTRACT VALUE</b>	<b>\$</b>	<b>600,000</b>	<b>TOTAL CONTINGENCY VALUE</b>	<b>\$</b>	<b>0</b>
<b>TOTAL BUDGET AUTHORITY (contract value + contingency)</b>					<b>\$ 600,000</b>

<b>Contract Start Date</b> 7/3/13	<b>Current Contract Expiration Date</b> 7/3/18	<b>Revised Contract Expiration Date</b>
Has the contract term been amended? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes - please explain.		

FINANCIAL INFORMATION					
<input checked="" type="checkbox"/> Budget authority for this contract currently exists in Task No. <u>0942</u> .					
<input type="checkbox"/> A Budget Amendment is required.					
How are we funding current FY? FY 2013/14 _____ : Bond Funds					
<input type="checkbox"/> Federal Funds	<input type="checkbox"/> State Funds	<input type="checkbox"/> Local Funds	<input type="checkbox"/> TDA Funds	<input type="checkbox"/> Measure I Funds	
Provide Brief Overview of the <b>Overall</b> Funding for the duration of the Contract: MSI Valley Administration and Bond Funds					
<input checked="" type="checkbox"/> Payable <input type="checkbox"/> Receivable					

CONTRACT MANAGEMENT INFORMATION	
<b>Check all applicable boxes:</b>	
<input type="checkbox"/> Retention? If yes, indicate % _____.	
<input type="checkbox"/> Disadvantaged Business Enterprise (DBE) Goal _____ %	

<u>Hilda Flores</u> Project Manager (Print Name)	 Signature	<u>5/13/13</u> Date
<u>W. STAWARSKI</u> Task Manager (Print Name)	 Signature	<u>5/14/13</u> Date
<u>Andrea Zureick</u> Dir. of Fund Admin. & Programming (Print Name)	 Signature	<u>5/13/13</u> Date
<u>Jeffery Hill</u> Contract Administrator (Print Name)	 Signature	<u>5/8/13</u> Date
<u>W. STAWARSKI</u> Chief Financial Officer (Print Name)	 Signature	<u>5/14/13</u> Date

**ATTACHMENT A – SCOPE OF WORK**

The Consultant shall provide the following services:

1. Review the existing strategic plan in association with SANBAG's staff and selected external consultants and make recommendations in revising the financial strategy, taking into account:
  - a) The short and long-term financial needs of SANBAG.
  - b) Financing options and alternative debt structures.
  - c) Needed computer model support.
  - d) Financing timetables.
  - e) Revenue forecast.
  - f) Current and projected interest rates.
2. For each bond sale, assist SANBAG in determining whether a competitive or negotiated bond sale would most benefit SANBAG.
3. Provide independent advice with respect to the appropriate time to enter the bond market.
4. Assist with preparation of the Preliminary and Final Official Statements.
5. Assist in presentations to the rating agencies.
6. For competitive bond sales:
  - a) Assist SANBAG and bond counsel with appropriate advertising and public notices for the sale.
  - b) Assist with the distribution of the Preliminary Official Statement to potential bidders and investors.
  - c) For refunding issues, provide the refunding analysis on which SANBAG will rely for the execution of the transaction, as well as structure the refunding escrow, if necessary, which will defease the refunded bonds.
  - d) Assist SANBAG with the acceptance and verification of competitive bids for the bonds.
7. Review the marketing and sale of any debt prior to, during, and after the pricing of the bonds, including the comparison of the interest rates, takedown expenses, underwriter's risk, and management fees of managing underwriters.
8. Assist in the evaluation of swaps and other derivative products that SANBAG may consider to meet its financing objectives. Assist SANBAG in the preparation, documentation, negotiation, bidding, execution, closing and monitoring of swaps and derivatives.
9. Assist investment banker(s) during the underwriting process.
10. Review and comment on follow-up analysis of the sale provided by the underwriter and the final terms of the bond sale.
11. Assist SANBAG in meeting SEC disclosure requirements.
12. As asked, from time to time or on a regular basis, render advice and/or formally issue opinions as to the propriety and legal adherence of acts and policies of SANBAG to the original Measure I and the Measure I extension and applicable state and federal statutes and case law, as well as generally accepted financial practices.



- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

*Minute Action*

AGENDA ITEM: 6

**Date:** June 12, 2013

**Subject:** SANBAG Initiatives and Action Plan for Fiscal Year 2013/2014

**Recommendation:\*** Review and provide direction as necessary on the major initiatives and related action plan for SANBAG for the coming fiscal year.

**Background:** The Executive Director has prepared this table of major initiatives and related action plans for the coming fiscal year. These initiatives were developed with the input of each of the Department Directors and in response to policy direction provided by the Board of Directors. This document will serve to clearly set the expectations for the entire organization and the executive team in particular.

**Financial Impact:** This item is consistent with the adopted SANBAG budget.

**Reviewed By:** This item is not scheduled for review by any other policy committee or technical advisory committee.

**Responsible Staff:** Raymond Wolfe, Executive Director

\*

*Approved*  
*General Policy Committee*

Date: \_\_\_\_\_

Moved: \_\_\_\_\_ Second: \_\_\_\_\_

In Favor: \_\_\_\_\_ Opposed: \_\_\_\_\_ Abstained: \_\_\_\_\_

Witnessed: \_\_\_\_\_

COG	X	CTC	X	CTA	X	SAFE	X	CMA	X
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Check all that apply.

GPC1306a-rw

<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1306/AgendaItems/GPC1306A1-RW.docx>

**San Bernardino Associated Governments  
Fiscal Year 2013/2014 Initiatives and Action Plan**

<b>Initiative #1: Focus on creating and strengthening collaborative partnerships with governmental and business entities</b>								
1A	Division Strategy	Action Plan	Milestones	Primary Division	Support Division(s)	Timetable and Status		
	Create Vision in Action Awards to recognize “Business Friendly”, “Cradle to Career”, and regional collaboration. Make the awards part of the General Assembly.	Work with Vision Element Groups to identify exemplary programs for this year’s awards. Develop full program of criteria and nomination process for next year. Business Friendly award can be similar to Orange County Business Council “Red Tape to Red Carpet” awards.	Identify award recipients in concert with Vision element groups.	COG				
			Develop nomination submittal and vetting process in concert with Vision element groups for next year.	COG				
	Status Notes				Schedule Notes			
Working with business leaders, County, education leaders and Vision element groups to initiate a reduced-order awards program for this year’s General Assembly as a start to a broader program. IEEP stated recently that it is planning an awards program in September modeled after Orange County Business Council. We will work with IEEP as necessary to assist their efforts.								
1B	Division Strategy	Action Plan	Milestones	Primary Division	Support Division(s)	Timetable and Status		
	Evolve General Assembly into a regional “must attend” destination event	Work closely with incoming Board President to set focus, and then secure support to deliver as appropriate	Outline plans including speaker by mid-January 2014	COG	Public Affairs/Legislative Affairs			
			Coordinate external team by mid-January 2014					
			Secure facilities and speaker by early February					

Fiscal Year 2013/2014 Work Goals

1B (Cont.)	Status Notes				Schedule Notes		
1C	<b>Division Strategy</b>	<b>Action Plan</b>	<b>Milestones</b>	<b>Primary Division</b>	<b>Support Division(s)</b>	<b>Timetable and Status</b>	
	Create regional forums to discuss issues of regional concern throughout the County	Actively seek issues of regional concern, coordinate meetings with key stakeholders including legislators	Conduct West Valley regional forum in Q1	COG	Legislative Affairs		
			Conduct East Valley regional forum by Q3				
			Conduct Mountain/Desert regional forum by Q4				
Status Notes				Schedule Notes			
Currently planning for a May/June event in the Morongo Basin focused on court closures. The new County Sheriff will also be introduced. A May/June event may also occur in the West Valley regarding the proposed San Gabriel Mountains National Recreation Area.							
1D	<b>Division Strategy</b>	<b>Action Plan</b>	<b>Milestones</b>	<b>Primary Division</b>	<b>Support Division(s)</b>	<b>Timetable and Status</b>	
	Enhance COG role	Coordinate role in implementing Countywide Vision	Conduct meeting with school districts and other stakeholders to discuss the primary goal of "cradle to career"	COG	Legislative Affairs/Public Affairs		
			Participate in Vision Element Groups and integrate SANBAG as appropriate	COG	TBD		
			Develop "Business Friendly Best Practices" inventory	COG			

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Fiscal Year 2013/2014 Work Goals

ID (Cont.)	Status Notes				Schedule Notes		
1E	Division Strategy	Action Plan	Milestones	Primary Division	Support Division		Timetable and Status
	Provide leadership and assistance to our members in implementing clean energy and energy conservation projects to reduce utility bills and greenhouse gas emissions.	Continue to work on providing information and regional programs to all SANBAG members that reduce utility bills and greenhouse gas through energy efficiency and clean energy.	Conduct a joint Solar Power Procurement with cities that are interested in solar power for their facilities.	COG			
	Initiate a Property Assessed Clean Energy program for all of San Bernardino County so property owners can access capital to install energy conservation and clean energy projects.			COG			
Status Notes				Schedule Notes			

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<b>Initiative #2: Accelerate delivery of capital projects</b>							
2A	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Effectively advocate to maintain historic funding levels provided by state and federal governments	Work with regional and statewide entities to ensure that MAP-21 is implemented consistent with SANBAG's goals and policy priorities	Q2 - Primary Freight Network designations expected to be released	Legislative Affairs			
			Q2 – Passage of any state legislation in 2013, taking effect in 2014	Legislative Affairs			
			<b>Status Notes</b>		<b>Schedule Notes</b>		
2B	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Deliver all highway/interchange commitments listed in FY 2013/2014 budget	Commence construction of Lenwood Grade Separation	CTC allocation May 2013	Major Projects			
			Contract bid August 2013				
			Contract award October 2013				

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Fiscal Year 2013/2014 Work Goals

2B (Cont.)	<i>Division Strategy</i>	<i>Action Plan</i>	<i>Milestones</i>	<i>Primary Division</i>	<i>Support Division</i>	<i>Timetable and Status</i>
		Commence construction of Palm Avenue Grade Separation	CTC allocation March 2013	Major Projects		
			Contract bid July 2013			
			Contract award Sept. 2013			
		Commence construction of Baseline Avenue Interchange Improvement	CTC allocation June 2013			
			Contract bid Oct. 2013			
			Contract award December 2013			
	Commence construction of I-10 Tippecanoe, Phase II	Federal Allocation October 2013	Major Projects			
		Contract bid November 2013				
		Contract Award January 2014				
	Complete construction of La Mesa/Nisquali Interchange	Construction completion (open to traffic) Dec. 2013	Major Projects			
	Commence construction of Laurel Street Grade Separation	CTC allocation June 2013	Major Projects			
		Contract bid July 2013				
Contract award Sept. 2013						
Complete construction of La Mesa/Nisquali Interchange	Construction completion (open to traffic) July 2013	Major Projects				
Complete I-215 Segments 1 & 2 construction	Construction completion (open to traffic) January 2014	Major Projects				

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Fiscal Year 2013/2014 Work Goals

2B (Cont.)	<i>Division Strategy</i>	<i>Action Plan</i>	<i>Milestones</i>	<i>Primary Division</i>	<i>Support Division</i>	<i>Timetable and Status</i>		
		Complete Northbound Milliken Grade Separation construction	Construction completion (open to traffic) July 2013	Major Projects				
		Complete alternatives analysis of I-10/I-15 Corridor improvements	Board decision on including Express Lanes as an alternative October 2013	Major Projects				
	<b>Status Notes</b>				<b>Schedule Notes</b>			
32 2C	<i>Division Strategy</i>	<i>Action Plan</i>	<i>Milestones</i>	<i>Primary Division</i>	<i>Support Division</i>	<i>Timetable and Status</i>		
	Deliver all transit and rail project commitments listed in the FY 2013/2014 budget	Commence construction on Downtown San Bernardino Passenger Rail and Transit Center Projects	Award contract by beginning of Q3	Transit and Rail				
		Complete Redlands Rail PA&ED	Before the end of Q3					
		Study alternatives to provide Metrolink service into Ontario Airport	Develop and award RFP by end of Q2					

Fiscal Year 2013/2014 Work Goals

2C (Cont.)	<i>Division Strategy</i>	<i>Action Plan</i>	<i>Milestones</i>	<i>Primary Division</i>	<i>Support Division</i>	<i>Timetable and Status</i>
		On-Call RFP for Transit and Rail Services (Studies, Capital Projects and Operations)	Develop and award RFP by end of Q1	Transit and Rail		
		FTA Grantees	Work with SANBAG departments to comply with FTA guidelines to submit to FTA by end of Q3	Transit and Rail	Fund Administration and Programming, Planning, Procurement, Legal, Legislative Affairs	
<b>Status Notes</b>					<b>Schedule Notes</b>	
33 2D	<i>Division Strategy</i>	<i>Action Plan</i>	<i>Milestones</i>	<i>Primary Division</i>	<i>Support Division</i>	<i>Timetable and Status</i>
	Deliver the highest quality and most cost effective rail & transit projects and service possible in San Bernardino County	Explore consolidation of various regional transit agencies to provide greater efficiencies and more coordinated service and project delivery	Study consolidation of Victor Valley Transit Agency (VVTA), Barstow Area Transit, Needles Area Transit to a single transit provider	Transit and Rail	Fund Administration and Programming, Legislative Affairs	
			Study consolidation of Omnitrans and SANBAG to a single transit agency	Transit and Rail	Fund Administration and Programming, Legislative Affairs	
			Study consolidation of Mountain Area Regional Transit Agency (MARTA) and Omnitrans	Transit and Rail	Fund Administration and Programming, Legislative Affairs	

Fiscal Year 2013/2014 Work Goals

2D (Cont.)	Status Notes				Schedule Notes		
2E	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Manage TDA funds in accordance with SANBAG Board priorities	Complete Omnitrans COA	Work with joint ad hoc committee and SANBAG Board to resolve outstanding issues by Q2	Transit and Rail			
		Develop long-term plan to ensure cost projections do not exceed revenues for Valley Apportionment (this requires a review of Omnitrans as well as Metrolink expenditures)	Complete by April 2014	Transit and Rail	Fund Administration and Programming		
Status Notes				Schedule Notes			

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<b>Initiative #3: Maximize funding opportunities</b>							
3A	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Use strategic programming to ensure that no funds are lost	Manage projects closely with Caltrans to ensure adequate review resources available when projects ready	May 1 is Caltrans' deadline for guaranteed access to federal OA	Fund Administration and Programming	Major Projects/Transit and Rail		
			June 30 is CTC deadline for project allocation or extension requests				
	Status Notes				Schedule Notes		
3B	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Protect San Bernardino County's equitable share of available state and federal funds	Develop funding strategies that result in opportunities to seize additional state and federal funds	Use more than 100% federal OA each fiscal year to be candidate for additional OA through August redistribution – Q4	Fund Administration and Programming	Major Projects/Transit and Rail		
		Promote policies to garner more state and federal funding	Ongoing as issues arise	Fund Administration and Programming	Legislative Affairs		
		Advocate legislation that protects and grows state and federal funds	Evaluate results of prior year advocacy efforts – Q2	Legislative Affairs	Fund Administration and Programming		
Develop platform for next fiscal year – Q2			Legislative Affairs	Fund Administration and Programming			

Fiscal Year 2013/2014 Work Goals

3B (Cont.)	Status Notes				Schedule Notes		
3C	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Develop long-term bonding needs to help leverage other funds and deliver projects	Name financial advisor, bond and disclosure counsel, and investment bankers	Completed by September 2013	Finance			
		Establish 2014 sales tax revenue bond program	Update Ten-Year Delivery Plan – Q2	Fund Administration & Programming	Finance/Planning/Major Projects/Transit and Rail		
Status Notes				Schedule Notes			
Finance team will be instrumental in developing bonding needs and in the sale of bonds. October 2013–March 2014							
3D	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Complete analysis of Valley freeway interchange phasing program	Identify opportunities to meet current project goals with reduced project scoping	Devise phasing concepts by Q3	Planning	Major Projects		
			Revise financial plan for interchange program by Q4	Planning	Fund Administration		
Status Notes				Schedule Notes			
Analysis has been completed of existing conditions at selected interchanges. Phasing opportunities are being identified through collaboration with the Transportation Technical Advisory Committee and City/County Manager TAC.							

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<b>Initiative #4: Transparent and accountable allocation strategies</b>						
4A	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status
	Manage geographic equity in fund distribution across the County	Define equity, create tracking database, run through committee and Board, and post on external (Board) website	Develop policies to define geographic areas to be tracked and "equity" by fund source – Q1	Fund Administration and Programming	Planning (database development)	
			Compile data that will allow for funds to be tracked per policy – Q2			
			Present findings to Committees/Board and provide link to real-time "dashboard" on external Board website – Q3			
Status Notes				Schedule Notes		
Staff has developed a spreadsheet that calculates distribution of STP, CMAQ, and STIP funds since 2009. Staff will work to develop an automated method of tracking funds that will provide the Board access to a real-time "dashboard" of fund distribution status.						
4B	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status
	Monitor SANBAG cash accounts	Reconcile various bank accounts with general ledger on a monthly basis	Q4 with annual audit report	Finance		
	Status Notes				Schedule Notes	

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4C	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Monitor SANBAG fixed assets	Record fixed assets transactions and depreciation quarterly	Q4 with annual audit report	Finance			
		Develop Right-of-Way (ROW) asset management program		Finance	Rail and Transit		
	Status Notes					Schedule Notes	
<b>Initiative #5: Develop marketing strategies to highlight system use and Measure I successes</b>							
5A	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Broadcast Measure I project successes	Identify key local and regional projects	Ongoing	Public Affairs	COG, Legislative Affairs		
		Create media to display at the Depot, train and bus platforms, and in other media across the County					
		Highlight projects and benefits of each in local and regional publications					
Leverage other social media resources to broadcast the message							
Status Notes					Schedule Notes		

Fiscal Year 2013/2014 Work Goals

5B	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status
	Highlight transit options to key events across San Bernardino County	Identify events such as NASCAR at the Speedway, 66er's and Quakes games, Ontario Reign games, as well as events at the Orange Show and elsewhere across the County	<ul style="list-style-type: none"> <li>• As needed in advance of key events</li> <li>• Consider participation in the MSRC's Major Event Transportation Program to large events throughout San Bernardino County</li> </ul>	Public Affairs	COG	
		Determine transit options to these events (work with Metrolink and local transit providers)				
		Create media to educate the public on alternative transportation options to attend events as well as promoting events themselves (work directly with event sponsors)				
<b>Status Notes</b>			<b>Schedule Notes</b>			

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<b>Initiative #6: Engender public trust</b>								
40 6A	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status		
	Continue working with Independent Taxpayer Oversight Committee (ITOC) to secure finding of compliance for Measure I	Provide ITOC with information and convene annual meetings with report out to the Board on findings	Annual	Administration				
	Status Notes				Schedule Notes			
6B	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status		
	Promote use of public transit by large employers and educational facilities	Identify large employers and educational facilities to participate in rail & transit pass programs	Work with Metrolink, Omnitrans and the other transit providers to explore options for developing an employer/educational rail & transit pass program	Rail and Transit	Public Affairs			
	Status Notes				Schedule Notes			

Fiscal Year 2013/2014 Work Goals

6C	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Provide safe public transit facilities	Evaluate security at Metrolink stations and for future DSBPRP/ RPRP. Educate SANBAG staff regarding safety around Santa Fe Depot	Through the on-call RFP, study possible consolidation of security for the existing seven Metrolink stations as well as for the San Bernardino Transit Center	Transit and Rail			
			Conduct training sessions at staff meetings and through other communications regarding safety around the Depot during construction of the DSBPRP and post construction.				
	Status Notes				Schedule Notes		
6D	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Secure an unqualified opinion of annual financial statements		Due Q4 annually	Finance			
	Status Notes				Schedule Notes		

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Fiscal Year 2013/2014 Work Goals

6E	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Complete timely audits of all TDA recipients	Manage audit consultant to ensure completion of all seven audits	<ul style="list-style-type: none"> <li>• Meet with Operators and Auditors to develop a time table and action plan for milestones</li> <li>• Work closely with Operators and Auditors to ensure work begins quickly after the end of fiscal year</li> <li>• Provide assistance and direction quickly on critical issues</li> </ul> Due end of Q2 annually	Transit and Rail	Finance		
		Educate transit operators on expectations for audits					
		Provide update of audits to Board and local Transit Boards					
<b>Status Notes</b>					<b>Schedule Notes</b>		
6F	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status	
	Update SANBAG budget document	Evaluate current and future changes to budget document working in concert with ad hoc (need direction from ad hoc for changes by October Board meeting to implement in following FY budget)	Review current budget document with to-date changes	Finance			
			Identify short-term improvements and changes to current budget document				
			Identify long-term structural improvements and changes to budget document				

6F (Cont.)	Status Notes			Schedule Notes		

**Initiative #7: Develop information for 2015 re-evaluation of Measure I Expenditure Plan and to feed 2016 SCAG RTP/SCS**

7A	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status
	Develop Countywide Transportation Plan (CTP)	Work with SCAG and local jurisdictions on 2040 growth forecasts.	Tentative city-level growth forecast by Q2	Planning	All	
			Tentative TAZ-level and adjusted city-level forecast by Q3			
		Identify transportation and land use scenarios for evaluation.	Develop base network by Q2			
			Develop scenarios for analysis by Q3			
Status Notes			Schedule Notes			
Scope of work for CTP was developed and existing conditions are being documented in FY 2012-2013. The Measure I 2010-2040 Ordinance states: "Beginning in 2015 and at least every ten years thereafter, the Authority shall review and, where necessary, propose revision to the Expenditure Plan." The purpose of this strategy is to lay the foundation for the re-evaluation of the Expenditure Plan required in 2015.						
7B	Division Strategy	Action Plan	Milestones	Primary Division	Support Division	Timetable and Status
	Identify issues and develop data for consideration in 2015 re-evaluation of the Measure I Expenditure Plan	Hold discussions with Board members and TACs regarding issues that should be addressed in re-evaluation.	Develop "Issues Paper" by Q2 and review with Board and TACs.	Planning	All	
		Provide analysis of issues and options for further review by Board.	Develop "Options Paper" by Q4			

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Fiscal Year 2013/2014 Work Goals

7B (Cont.)	Status Notes				Schedule Notes		
7C	<b>Division Strategy</b>	<b>Action Plan</b>	<b>Milestones</b>	<b>Primary Division</b>	<b>Support Division</b>	<b>Timetable and Status</b>	
	Develop draft freight strategy for County	Collaborate with public agency partners and stakeholders from industry to identify freight mobility goals, strategies, and projects.	Conduct interviews with local government and industry stakeholders in Q1	Planning	Major Projects/Fund Administration, Legislative Affairs		
			Prepare "white paper" of current freight issues in Q2				
			Prepare draft freight strategy in Q3				
			Finalize freight strategy in Q4				
Status Notes				Schedule Notes			
7D	<b>Division Strategy</b>	<b>Action Plan</b>	<b>Milestones</b>	<b>Primary Division</b>	<b>Support Division</b>	<b>Timetable and Status</b>	
	Define a realistic strategy for sustainability in land use and development for the County, in the context of the SCAG RTP/SCS	Develop sustainability alternatives for consideration by jurisdictions and the Board	Document existing sustainability initiatives in Q1	Planning	Transit and Rail		
Identify sustainability options by Q3							

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7D (Cont.)	<b>Status Notes</b>				<b>Schedule Notes</b>		
	SCAG, County Transportation Commissions, and local governments are responsible for implementing the 2012 RTP/SCS. SCAG has a working group to facilitate implementation regionally. This activity reflects SANBAG's role to facilitate and coordinate implementation at the county level, as appropriate.						
7E	<b>Division Strategy</b>	<b>Action Plan</b>	<b>Milestones</b>	<b>Primary Division</b>	<b>Support Division</b>	<b>Timetable and Status</b>	
	Define San Bernardino County strategy for Active Transportation (AT)	Develop alternatives and determine funding options	Define AT initiatives for FY 13-14 by Q1	Planning	Transit and Rail/Major Projects/Fund Administration		
			Identify funding options by Q2				
Define implementation strategy and update NMTP accordingly in Q3							
<b>Status Notes</b>				<b>Schedule Notes</b>			
SANBAG previously developed and approved the Countywide Non-Motorized Transportation Plan (NMTP). This activity seeks to coordinate implementation of the NMTP and related active transportation strategies with local governments and other stakeholders.							

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- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

*Minute Action*

AGENDA ITEM: 7

**Date:** June 12, 2013

**Subject:** Overview of SANBAG's Procurement Industry Review

**Recommendation:**\* Receive and File

**Background:** In August 2012, San Bernardino Associated Governments (SANBAG) Board of Directors President, appointed a Contract Ad Hoc Committee ("Committee") chaired by Director Michael Tahan. The focus of the Committee is to have a forum for dialogue between Committee members and SANBAG staff regarding procurement related matters. The discussion between the Committee and staff over the last several months included proposed procurement policy changes. One of the key points was to garner information from the consultant community regarding SANBAG's procurement process and the policy changes. The Committee suggested that SANBAG should hold an Industry Review and hear directly from consultants regarding SANBAG's process. The Committee provided staff with some guidelines on developing the event. This included reaching out to a wide range of firms with at least some exposure to SANBAG's procurement process. This did not mean that the firms had to be awarded a contract with SANBAG, but the firms should at least have had experience with SANBAG's procurement process in order to provide useful information.

In response to the Committee's direction, staff developed a list of 24 potential firms who had procurement-related knowledge and willingness to provide honest

\*

*Approved*  
*General Policy Committee*

*Date:* \_\_\_\_\_

*Moved:* \_\_\_\_\_ *Second:* \_\_\_\_\_

*In Favor:* \_\_\_\_\_ *Opposed:* \_\_\_\_\_ *Abstained:* \_\_\_\_\_

*Witnessed:* \_\_\_\_\_

COG	X	CTC	X	CTA	X	SAFE	X	CMA	X
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Check all that apply.

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<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1306/AgendaItems/GPC1306a1-kmp.docx>

<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1306/AgendaItems/GPC1306a2-kmp.docx>

and direct feedback. The selection included firms from Orange, Riverside and San Bernardino counties that specialize in design, engineering, construction management, right-of-way, environmental. Also invited were firms that provide communication and community outreach services and professional organizations such as WTS International, American Society of Civil Engineers (ASCE), Institute of Transportation Engineers, and the Business Development Association of the Inland Empire. The list of firms in attendance is provided as Attachment A to this report. The Committee approved the invitation list as well as the date and time on which the Industry Review was to be held.

On March 29, 2013, 20 firms attended SANBAG's first Procurement Process Focus Group. The Board President followed by the Executive Director opened the meeting. The response from the consultant community was overwhelmingly positive. Participants were also very appreciative to SANBAG for holding such a forum. Discussion included an overview of recent changes to SANBAG's procurement policy and procedures, vendor registration and bidding, as well as what firms focus on when considering submittal of proposals. Participants were also asked to divulge any possible concerns they had with SANBAG's current procurement process. Participants were also asked questions about SANBAG's ability to pay invoices in a timely manner. The information received from participants was detailed and extensive. Though this meeting was scheduled for two hours, participants had an abundance of information that they wanted to share. It became clear that a second session would be required in order to complete this process. The consultants unanimously agreed to reconvene for a second session to continue the discussion.

On April 19<sup>th</sup>, a second session was held and included topics such as the negotiation of fees, contract changes and overruns, and SANBAG's management of contracts. A brief overview of the items discussed during both meetings as well as the information provided by the participants is presented in Attachment B to this report. The majority of the information provided by the participants was very positive in regards to how SANBAG conducts procurements. Overall, the consultants felt that SANBAG does a very good job in the management and award of contracts. However, there were areas that participants felt SANBAG could improve upon or refine. One area in particular was that firms wanted advance notice of upcoming projects. Providing as much notice as possible assists firms in managing staffing requirements and they are better able to respond to the Request For Proposals when they are released.

Staff has taken this information back to the Committee for consideration. Once the Committee has reviewed the information and identified possible areas in need of refinement, staff will prepare an Agenda Item(s) identifying specific areas that require Board discussion and will include recommendations for the Board of Directors consideration.

**Financial Impact:** This item has no financial impact on the SANBAG 2012/2013 Budget.

**Reviewed By:** This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel and Contract Administrator have approved this item as to form.

**Responsible Staff:** Kathleen Murphy-Perez, Contracts Manager

## **Attachment A–Attendees List**

ACEC  
Arcadis  
ASCE–Inland Empire  
ASCE–Orange County  
Business Development Association of Inland Empire  
Caltrop  
Epic Land Solutions  
Harris & Associates  
HDR  
HNTB  
Jacobs  
Overland, Pacific & Cutler  
Parsons Brinckerhoff  
Towill  
Transystems  
URS  
Vandermost Consulting Services  
Westbound Communications  
WTS–Inland Empire  
WTS–Orange County

## Attachment B

Topic	Feedback
Use of online vendor registration.	Very positive. SANBAG should consider implementation of an online vendor registration system. Would also consider using an online proposal or bid submittal process with limitations.
How do firms learn of upcoming procurements?	Generally, firms follow Board Agenda items and organizations' web sites. They rarely get information from newspapers or trade journals. Strongly recommended that SANBAG provide a "look ahead" of upcoming projects on website.
What were the firms thoughts regarding the revised RFP and IFB templates?	Firms were very positive regarding the recent changes to the templates. Firms like the consistency in all the documents as it makes it much easier to review and analyze.
How is SANBAG in regards to our procurement timelines?	Mostly positive. The firms made it clear that ideally they need 30 calendar days from the release of the RFP/IFB. Again stressed having advanced notice of the release to prepare.
How does the consultant community feel about the use of pre-qualified or on-call type contracts?	Mostly positive with several exceptions. First, there needs to be a reasonable chance of the selected firms getting work. Secondly, they would prefer that the award of work be done on a rotational basis and not competed on price. Also, only certain types of projects would lend itself to this type of contracting.
How should SANBAG follow up with firms who showed an interest in an RFP or IFB but ultimately did not submit a proposal or bid?	Unanimously, the firms would prefer a phone call rather than responding to an e-mail or filling out a form.
<p>What are some of the issues prime firms face when developing their team?</p> <ul style="list-style-type: none"> <li>• Keeping the team intact when there is a delay in the start of the project.</li> <li>• Keeping the "key personnel" for the duration of the contract.</li> </ul>	<p>Will always tend to use subcontractors that they know and that can meet the contract terms and conditions such as licensing and insurance. If they do not meet the requirements or they have not worked together before they are hesitant to team with them. Often agencies say that "we" (meaning the firms), should team with small businesses but does not offer assistance or alleviate some of the contractual requirements to allow this to happen.</p> <ul style="list-style-type: none"> <li>• If SANBAG delays the start of a project by more than a reasonable period of time, it is very difficult to keep the team intact.</li> <li>• Firms should be allowed to keep star performers but run into issues when they either; cannot offer personnel a rate increase or the rate increase is limited by the terms of the contract.</li> </ul>
<p>Selection Process:</p> <ul style="list-style-type: none"> <li>• Evaluation Criteria and Weights.</li> <li>• Use of consultant to assist in reviewing other consultants' proposals.</li> </ul>	<ul style="list-style-type: none"> <li>• It is important for firms to know how the proposal is going to be evaluated. The more information identified in the RFP the better. It is important to identify the weights between the technical proposal and the interview.</li> <li>• Expressed concern that SANBAG consultants have access to other consultants' pricing information. Expressed a strong concern that there is a perception of SANBAG's management consultants having unfair advantage when competing with other firms in the market place.</li> </ul>

Interviews.	<ul style="list-style-type: none"> <li>• Consultants prefer to know in advance who they should bring to the interview.</li> <li>• They like that SANBAG is now showing the questions asked on a big screen. It aids in ensuring that the entire question gets addressed.</li> <li>• Prefer more questions and answers rather than including a presentation as part of the interviews.</li> </ul>
Contract Terms and Conditions: <ul style="list-style-type: none"> <li>• Payment - Time and Materials vs. Fixed Price.</li> <li>• Retention.</li> </ul>	<ul style="list-style-type: none"> <li>• If the Scope is well defined, firms prefer a fixed price payment provision compared to time and materials. If it is a fixed price contract, the firm should manage how the work gets done.</li> <li>• Would prefer not to have retention, but understand why it's required; requests SANBAG release retention at certain milestones.</li> </ul>
Prompt Payment.	Unanimously, the firms felt that SANBAG pays their consultants timely.
Insurance Requirements.	Small businesses have a hard time meeting some of the insurance requirements. Uncomfortable to ask for a reduction in certain limits.
For Architectural and Engineering procurements, when would you (consultant) prefer to submit your cost proposal? <ul style="list-style-type: none"> <li>• When you have been invited to the interview.</li> <li>• Or when you have been selected as the top ranked firm.</li> </ul>	Putting together a price proposal is a lot of work for a firm and if it is requested in advance of the final selection of the firm, it's more work for a lot of firms. Also, do not like that SANBAG has access to other firms' pricing. Would prefer to submit the price proposal after the firm has been selected and after the Scope of Work has been finalized.
Negotiations: <ul style="list-style-type: none"> <li>• Overhead Rates.</li> <li>• Scope of Work.</li> <li>• Hourly Rates and Escalation.</li> </ul>	<ul style="list-style-type: none"> <li>• Firms do not like "caps" on overhead rates. It is not fair to the firm to demand lowering of the rates that have been audited.</li> <li>• All felt that SANBAG should be negotiating the Scope of Work before asking for a price proposal. Once the Scope is defined it can be priced more accurately.</li> <li>• In order for firms to retain top talent, firms need the flexibility to pay them what the market requires. Firms do understand that there are difficult economic times and try to be sensitive to that. Escalation is important and firms like in theory, the idea of tying escalation to an index as long as it is identified in the RFP.</li> </ul>
Amendments.	All felt that almost every project will have changes. Often times it is due to changes with other project partners such as Caltrans. Firms feel that they are blamed for the changes that occur when that is not the case.



- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

*Minute Action*

AGENDA ITEM: 8

**Date:** June 12, 2013

**Subject:** Review Financial Audits for Transit Operators

**Recommendation:**\* That the Committee recommend the Board receive:

1. Omnitrans Comprehensive Annual Financial Report (CAFR) on the Annual Financial Audit for Fiscal Year 2011/2012
2. Mountain Area Regional Transit Authority (MARTA) Basic Financial Statements for Fiscal Year 2011/2012
3. Valley Transportation Services (Vtrans) Basic Financial Statements for Fiscal Year 2011/2012

**Background:** Public Utility Code 99245.2, Single Audit Act, and the U.S. Office of Management and Budget (OMB) require an annual audit be conducted of SANBAG and its affiliated organizations; Barstow Area Transit (BAT), Mountain Area Regional Transit Authority (MARTA), Morongo Basin Transit Authority (MBTA), Needles Area Transit (NAT), Omnitrans, Valley Transportation Services (Vtrans) and Victor Valley Transit Authority (VVTA). This item presents the results of audits performed on Omnitrans, MARTA, and Vtrans. The audit of the financial statements for Fiscal Year 2011/2012 was completed by two different firms. Mayer Hoffman McCann performed the annual audit for

*Approved*  
*General Policy Committee*

Date: \_\_\_\_\_

Moved: \_\_\_\_\_ Second: \_\_\_\_\_

In Favor: \_\_\_\_\_ Opposed: \_\_\_\_\_ Abstained: \_\_\_\_\_

Witnessed: \_\_\_\_\_

COG	<input type="checkbox"/>	CTC	<input type="checkbox"/>	X	CTA	<input checked="" type="checkbox"/>	SAFE	<input type="checkbox"/>	CMA	<input type="checkbox"/>
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*Check all that apply.*

Omnitrans and Vavrinek Trine and Day Co., LLC performed the annual audits for MARTA and Vtrans.

Each financial audit is included as additional material with the board packet and includes the following reports:

1. Audit of Operators Basic Financial Statements or CAFR
2. Single Audit Compliance Reports in accordance with Budget and Management (OMB) Circular A-133
3. Statement on Auditing Standards 114 (SAS 114)
4. Statement on Auditing Standards 115 (SAS 115)
5. National Transit Database (NTD)

Report/Letter	Omnitrans	MARTA	Vtrans
Basic Financial Report CAFR		x	x
Single Audit Report	x		
TDA/Prop 1B Report	x		
SAS 114 Letter	x	x	x
SAS 115 Letter	x		
NTD Report	x		

A management letter from Mayer Hoffman McCann for Omnitrans is attached (Attachments A1). It provides recommendations to improve the following controls:

- Enhance procedures over subrecipient monitoring and reporting to ensure information required by OMB Circular A-133 is obtained and key data elements are provided to subrecipients.
- Enhance security controls over information technology systems which include removing accounts for former employees.

Audit requirement SAS 114 (The Auditor’s Communication with Those Charged with Governance) establishes standards and guidance on the auditor’s communication with those charged with governance in relation to an audit of financial statements. It describes the role of communication, legal considerations, those who are charged with governance, management, matters to be communicated, the communication process, and documentation.

Audit requirement SAS 115 (Communicating Internal Control Related Matters Identified in an Audit) establishes standards and provides guidance on communicating matters related to an entity’s internal control over financial

reporting identified in an audit of financial statements. It is applicable whenever an auditor expresses or disclaims an opinion on financial statements. The section defines the terms deficiency in internal control, significant deficiency, and material weakness; provides guidance on evaluating the severity of deficiencies in internal control identified in an audit of financial statements; and requires the auditor to communicate in writing, to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

The SAS 114 and SAS 115 findings are indicated below. Attachments for each operator are also referenced:

- MARTA - Deficit unrestricted net assets of \$56,715 primarily due to long term insurance liability. The deficit is expected to be funded through future earnings and no impact to operations is anticipated (Attachment B1). Additional findings identified related to Financial Statements, and Policies and Procedures.
- Vtrans – Significant deficiency related to Internal Control (Attachment C1).
- Omnitrans - no significant matters to report (Attachment A1).

Single audit report includes report of internal control over financial reporting, Compliance, and schedule of expenditures of Federal Awards. The following significant deficiency and material weaknesses were identified by the Auditors:

- MARTA – Did not have formal year-end closing procedures. Subsequent to June 30, 2012, management implemented written procedures for year-end closing. Material weaknesses include documentation review or approval demonstrating performance of the control, implement policies and procedures for each of the key internal control system, bank reconciliations should be prepared reviewed, and approved timely, and adopt a comprehensive equipment management policy.
- Omnitrans – Develop and implement application and award procedures to ensure that the information required by OMB is obtained from all subrecipients during the application and award process. Additionally, all key data elements will be transmitted and reported to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

NTD report is an agreed upon procedure on data contained in the Federal Funding Allocation Statistics Form for Omnitrans to evaluate compliance with the standards established by the Federal Transit Administration and

NTD Form is in conformity with the requirements of Uniform System of Accounts and Records and reporting System, Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993, and as presented in the 2012 Reporting Manual. The results of finding includes:

- Omnitrans - Develop and implement procedures to ensure that purchased transportation passenger miles entered into Trip Sheet Data Entry Database (Transtrack) are in agreement with the supporting trip sheets.

The financial statements for the transit operators includes an Independent Auditors' Report. Each transit operator received an unqualified opinion. The CAFR for Omintrans provides not only the basic financial statements, but also management discussion and analysis, required supplementary information, and supplementary information.

Effective Audit Fiscal Year 2011/2012, SANBAG procured Vavrinek Trine and Day Co., LLC as the new auditor for the transit operators (excluding Omnitrans). The previous auditor Miers & Miers provided audit services since 1992. This change created challenges for the operators since it was a new process for them. Typically the audits are completed within 180 days after the end of the fiscal year. The transition to the new auditor required a 90 day extension. The Omnitrans audit was completed by the December deadline. MARTA and Vtrans were able to meet this extension deadline.

Barstow Area Transit, Needles Area Transit, Morongo Basin Transit Authority and Victor Valley Transit Authority are still in the process of completing their financial reports. Barstow Area Transit and Needles Area Transit audits are in process, MBTA financial statements are in the draft form, and VVTA financial reports are in draft form and single audit is in progress. Once these audits are completed, SANBAG staff will present and report them to SANBAG Board.

- Financial Impact:** This item has no financial impact to the SANBAG Fiscal Year 2012/2013 budget.
- Reviewed By:** This item is scheduled for review by the Commuter Rail and Transit Committee on June 20, 2013. The finance department has reviewed and approved this item.
- Responsible Staff:** Monica Morales, Transit Specialist and Hilda Flores, Accounting Manager

**OMNITRANS**

Single Audit Report on  
Federal Awards

Year Ended June 30, 2012



**Mayer Hoffman McCann P.C.**  
An Independent CPA Firm

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Board of Directors  
Omnitrans  
San Bernardino, California

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of Omnitrans as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the management of Omnitrans. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of Omnitrans for the year ended June 30, 2011 and, in our report dated October 31, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Omnitrans on June 30, 2012, and the respective changes in financial position and cash flows of Omnitrans for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described further in note 1 to the financial statements, the accompanying financial statements reflect certain changes for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures due to the implementation of Governmental Accounting Standards Board Statement No. 63.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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 the 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 regarding the methods of preparing the information and comparing the information

continued on next page

Board of Directors  
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San Bernardino, California

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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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Omnitrans' basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012 on our consideration of Omnitrans' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over the financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Irvine, California  
October 31, 2012



**Mayer Hoffman McCann P.C.**

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Board of Directors  
Omnitrans  
San Bernardino, California

**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**

We have audited the basic financial statements of Omnitrans as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 2012. 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.

Internal Control Over Financial Reporting

Management of Omnitrans is responsible for maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Omnitrans' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Omnitrans' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Omnitrans' internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or

Board of Directors  
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San Bernardino, California

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material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Omnitrans' financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of Omnitrans' in a separate letter dated October 31, 2012.

This report is intended solely for the information and use of the Board of Directors, Omnitrans' management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Manya Uotter McCann P.C.*

Irvine, California  
October 31, 2012



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Board of Directors  
Omnitrans  
San Bernardino, California

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Independent Auditors' Report**

**Compliance and Other Matters**

We have audited Omnitrans' compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on Omnitrans' major federal programs for the year ended June 30, 2012. Omnitrans' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Omnitrans' management. Our responsibility is to express an opinion on Omnitrans' compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 Omnitrans' 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. Our audit does not provide a legal determination on Omnitrans' compliance with those requirements.

In our opinion, Omnitrans complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures

disclosed an immaterial instance of noncompliance with those requirements and which is described in the accompanying Schedule of Findings and Questioned Costs as Item 2012-1.

#### Internal Control Over Compliance

Management of Omnitrans is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Omnitrans' internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Omnitrans' 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Omnitrans as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise Omnitrans' basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of expenditures of

Board of Directors  
Omnitrans  
San Bernardino, California

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Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Omnitrans' response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Omnitrans' response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, Omnitrans' management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffmann & Co. P.C.*

Irvine, California  
October 31, 2012

**OMNITRANS**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Federal Grantor/Pass-through Grantor Program Title	Federal Domestic Assistance Number	Grant Number	Federal Financial Assistance Expenditures	Amount Provided to Subrecipients
<b>U.S. Department of Transportation:</b>				
<u>Direct Assistance:</u>				
Federal Transit - Capital Investment Grants	20.500	CA-03-0624-00	\$ 4,613	\$ -
Federal Transit - Capital Investment Grants	20.500	CA-03-0699-00	86,833	86,832
Federal Transit - Capital Investment Grants	20.500	CA-03-0816-00	14,329,026	-
Federal Transit - Capital Assistance	20.500	CA-04-0035-01	6,976	6,976
Federal Transit - Capital Assistance	20.500	CA-04-0123-00	17,563	17,562
Federal Transit - Capital Assistance	20.500	CA-04-0152-00	6,540	6,540
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-X929-00	6,739	3,785
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-96-X058-00	60,096	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-95-X124-00	(14,139)	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y064-00	330	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y098-00	1,776	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y164-00	150,550	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y251-00	38,809	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y333-00	87,397	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y396-00	23,387	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y495-00	216,740	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y602-00	1,488,161	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y681-00	1,706,687	6,395
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y775-00	931,646	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y850-00	584,404	14,532
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-96-Y156-00	9,220,955	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y939-00	10,585,337	-
FTA Insurance Reimbursement	20.507	CA-90-Y973-00	107,462	-
FTA Insurance Reimbursement	20.507	CA-90-X822-00	66,298	-
Subtotal			39,714,186	142,622
New Freedom Program	20.521	CA-57-X017-00	168,234	100,236
Job Access Reverse Commute	20.516	CA-37-X090-00	107,161	107,136
Total expenditures of federal awards			<u>\$ 39,989,581</u>	<u>\$ 349,994</u>

## OMNITRANS

### Note to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

(1) **Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by Omnitrans that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by Omnitrans from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Under the accrual basis of accounting, expenditures are recognized when Omnitrans becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

(c) Subrecipients

During the fiscal year ended June 30, 2012, Omnitrans provided \$349,994 in federal awards to subrecipients from funding provided by the U.S. Department of Transportation – Federal Transit – Capital Investment Grants Program (CFDA Nos. 20.500 and 20.507), 5317 New Freedom Program (CFDA No. 20.521) and JARC Capital Program (CFDA 20.516).

## OMNITRANS

### Schedule Findings and Questioned Costs

Year Ended June 30, 2012

#### (A) Summary of Auditors' Results

1. An unqualified report was issued by the auditors on the financial statements of the auditee.
2. No material weaknesses or significant deficiencies in internal control over financial reporting were reported.
3. The audit disclosed no instances of noncompliance which are material to the financial statements of the auditee.
4. No material weaknesses or significant deficiencies in internal control over compliance with the major program of the auditee were reported.
5. An unqualified report was issued by the auditors on compliance for the major program.
6. There was one immaterial instance of noncompliance reported under OMB Circular A-133 and is described in the accompanying Section C as Item 2012-1.
7. The major programs of the auditee were:
  - CFDA No. 20.500 U.S. Department of Transportation – Federal Transit – Capital Investment Grants, and
  - CFDA No. 20.507, U.S. Department of Transportation – Federal Transit – Formula Grants (Urbanized Area Formula Program).
8. The dollar threshold used to distinguish Type A and Type B programs was \$1,199,687.
9. The auditee met the criteria to be considered a low risk auditee for the year ended June 30, 2012 for the purpose of major program determination.

#### (B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

There are no auditors' findings required to be reported in accordance with GAGAS.

## OMNITRANS

### Schedule of Findings and Questioned Costs

(Continued)

#### (C) Findings and Questioned Costs for Federal Awards

##### 2012-1: Subrecipient Monitoring and Reporting

FEDERAL AGENCY: U.S. Department of Transportation

CFDA No.: 20.500 and 20.507

FEDERAL PROGRAM NAME: Federal Transit – Capital Investment Grants Program, and Federal Transit – Formula Grants (Urbanized Area Formula Program)

FEDERAL AWARD PROGRAM NO.: Various

FEDERAL AWARD YEAR: Various

CONTROL CATEGORY: Subrecipient Monitoring & Reporting

QUESTIONED COSTS: \$0

**Condition:** For all federal sub-awards, Omnitrans did not provide pertinent federal award information details (CFDA Title and number, award name and number, etc.) to its subrecipients.

For sub-awards made on or after October 1, 2010, Omnitrans did not obtain the subrecipient's DUNS number during the subrecipient application and award process.

For non-ARRA sub-awards in excess of \$25,000, Omnitrans did not enter key data elements of the sub-award into the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

**Criteria:** In accordance with OMB Circular A-133 §\_\_\_400(d)(1), pass-through entities must inform subrecipients of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency.

For subawards made on or after October 1, 2010, an applicant for a non-ARRA award must provide a DUNS number as part of the application or before getting the award (2CFR section 25.110 and Appendix A to 2CFR part 25).

A requirement under the Federal Funding Accountability and Transparency Act (Transparency Act), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008) is that non-ARRA subawards over \$25,000 must be reported in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). The Information is to be reported in FSRS no later than the last day of the month following the month in which the award or the modification was signed.

**Cause:** Program personnel were not aware of these recently implemented reporting requirements.

**Effect:** Failure to obtain the DUNS number and ensure that all subrecipients are entered into FSRS could result in inaccurate reporting of subrecipient awards and expenditures.

## OMNITRANS

### Schedule of Findings and Questioned Costs

(Continued)

#### (C) Findings and Questioned Costs for Federal Awards (Continued)

##### 2012-1: Subrecipient Monitoring and Reporting (Continued)

**Recommendation:** We recommend that Omnitrans develop and implement subrecipient application and award procedures to ensure that the information required by OMB Circular A-133 is obtained from the subrecipient during the application process, and that the key data elements are transmitted and reported in FSRS by the subrecipient by the end of the month following the month in which the award was made.

**Questioned Costs:** None

**Management's Response:** As recommended, Omnitrans will develop and implement application and award procedures to ensure that the information required by OMB Circular A-133 is obtained from all subrecipients during the application and award process. Additionally, all key data elements will be transmitted and reported on the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

## OMNITRANS

### Summary Schedule of Prior Audit Findings

Year Ended June 30, 2012

#### **2011-1: Need to Charge Salary Costs Based Upon Actual**

**Recommendation:** We recommended that Omnitrans implement procedures to ensure salary costs were based upon actual time worked.

**Current Year Status:** Omnitrans implemented procedures to ensure salary costs are based upon actual time worked. As such, this finding has been resolved.

#### **2011-2: Data Quality Review of the ARRA 1512 Report**

**Recommendation:** We recommended that Omnitrans develop and implement a data quality review process for the ARRA 1512 reports, following the guidance at OMB Memorandum number M-09-21 section 4.2.

**Current Year Status:** Omnitrans has successfully implemented data quality review processes for the ARRA 1512 reports. As such, this finding has been resolved.

**OMNITRANS**

Report on Transportation  
Development Act and  
Proposition 1B

Year Ended June 30, 2012

# OMNITRANS

Report on Transportation Development Act and Proposition 1B

Year Ended June 30, 2012

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Board of Directors  
Omnitrans  
San Bernardino, California

**INDEPENDENT AUDITORS' 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**

We have audited the basic financial statements of Omnitrans as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 2012. 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.

**Internal Control over Financial Reporting**

Management of Omnitrans is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Omnitrans' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Omnitrans' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Omnitrans' internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Omnitrans' financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Omnitrans' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6667 of Part 21 of the California Code of Regulations, Section 8879.50 et seq of the California Government Code, and the fifteen tasks contained in the "SANBAG Transportation Development Act 2005 Compliance Guide", published by the San Bernardino Associated Governments (see Exhibit A), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*, including Section 6667 of Part 21 of the California Code of Regulations, Section 8879.50 et seq of the California Government Code, and the fifteen tasks contained in the "SANBAG Transportation Development Act 2005 Compliance Guide", published by the San Bernardino Associated Governments. See Exhibit B for a Schedule of Receipts and Disbursements of Proposition 1B funds as required by Section 8879.50 et seq of the California Government Code.

We noted certain other matters that we reported to management of Omnitrans in a separate letter dated October 31, 2012.

This report is intended solely for the information and use of the Board of Directors of Omnitrans, its management, the San Bernardino Associated Governments, the California State Department of Transportation and the California State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman DeCen P.C.

Irvine, California  
October 31, 2012



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Board of Directors  
Omnitrans  
San Bernardino, California

### **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

We have audited the basic financial statements of Omnitrans as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 2012. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Receipts and Disbursements of Proposition 1B Funds (Exhibit B) is presented for purposes of additional analysis as required by Section 8879.50 et seq of the California government Code 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 Schedule of Receipts and Disbursements of Proposition 1B Funds is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, Omnitrans' management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman McCann P.C.*

Irvine, California  
October 31, 2012

**OMNITRANS**  
 Transportation Development Act  
 Compliance Requirements

Task Number	Task Description
<p align="center">1 (All Claimants)</p>	<p>Determine that Claimant is eligible under one of the following TDA Articles:</p> <ol style="list-style-type: none"> <li>1. Article 3 (SB821) – Pedestrian and Bicycle Facilities</li> <li>2. Article 4 – Public Transportation Systems</li> <li>3. Article 4.5 – Community Transit Services</li> <li>4. Article 4.5 – Consolidated Transportation Services Agencies</li> <li>5. Article 6.5 (SB620) – State Transit Assistance Fund</li> <li>6. Article 8 – Pedestrian and Bicycle Facilities</li> <li>7. Article 8 – Public Transit Services</li> <li>8. Article 8 – Local Streets and Roads</li> <li>9. Article 8 – Multi-Modal Transportation Services</li> </ol>
<p align="center">2 (All Transit Claimants)</p>	<p>Determine that claimant has maintained accurate and complete records and has prepared and submitted an annual report of its operations in accordance with the Uniform System of Accounts and Records adopted by the State Controller.</p>
<p align="center">3 (All Transit Claimants)</p>	<p>Determine that claimant did not receive TDA funds in excess of the amount claimant was eligible for. If it is found that excess funds have been received, determine that they have been properly accounted for. Identify by footnote to the financial statement the manner in which the agency has treated the excess.</p> <p>Determine that claimant has not recorded as income or as an account receivable any TDA allocations being reserved in the Local Transportation Fund (LTF) or committed in the State Transit Assistance Fund (STAF). If either case is determined, the financial statement should be footnoted.</p>
<p align="center">4 (Article 6.5 Claimants Only)</p>	<p>Determine that claimant was eligible to receive State Transit Assistance.</p> <p>Determine that claimant was eligible to receive State Transit Assistance for operating assistance, including but not limited to verifying the operators' operating cost per revenue hour does not exceed the prior year operating cost per revenue hour adjusted by the Consumer Price Index (CPI) or the average cost per revenue hour of the past three years adjusted by CPI.</p> <p>The actual cost per revenue hour comparison must be calculated in footnotes.</p>
<p align="center">5 (All Claimants)</p>	<p>Determine that funds expended were eligible for expenditures under the provisions of the TDA. Determine that proposed budgets contained within the claim for the audit year are consistent with the audited financial statements and the Short Range Transit Plan or Transit Operating and Capital Plan. If an excess exists, refer to Task 3.</p>

**OMNITRANS**  
 Transportation Development Act  
 Compliance Requirements (Continued)

Task Number	Task Description
6 (All Claimants)	Determine that claimant has expended funds in accordance with the terms of the allocation instructions of SANBAG. Verification of the expenditure of funds in conformance with the instructions should be on the basis of material conformance.
7 (Article 6.5 Claimants Only)	Determine the amount of STA funds apportioned and received by the operator.
8 (All Transit Claimants)	<p>Include in the footnotes a detailed breakdown of TDA funds held by the claimant in its own account. For each unspent dollar in claimant's account, determine:</p> <ul style="list-style-type: none"> <li>• The years in which the funds were authorized for allocation and subsequently received by the claimant (include original allocation numbers);</li> <li>• The identification of obligations and commitments to spend such funds.</li> </ul>
9 (All Transit Claimants)	<p>Determine whether claimant has met the applicable fare ratio requirement.</p> <p>Financial statements should be footnoted as to which section is applicable to claimant. If subject to fare ratio, the required ratio should be stated in the footnote.</p>
10 (Article 4 Claimants Only)	Determine that the employee retirement system or pension plan is in conformance.
11 (All Claimants)	Determine that interest earned on TDA funds allocated is properly accounted for and was expended only for those purposes for which the funds were allocated.
12 (All Transit Claimants)	Determine if claimant received support services and, if so, did claimant comply with the requirements of the State Controller's Uniform System of Accounts through identifying the value of such services provided.
13 (All Transit Claimants with Charter Services)	Determine if the claimant has met the minimums and rates specified in PUC §99250.
14 (All Transit Claimants)	Determine that the claimant is in compliance with PUC §99155 and §99155.5 concerning reduced fares for seniors, handicapped and disabled veterans; identification cards; service area residency requirement prohibition; dial-a-ride; and Paratransit services.

**OMNITRANS**  
 Transportation Development Act  
 Compliance Requirements (Continued)

Task Number	Task Description
15 (All Claimants)	Determine that claimant has complied with legislative or regulatory code changes that have occurred subsequent to the publication of the SANBAG Compliance Audit Guide and to additional provisions of the TDA that are specifically applicable to claimant.

## OMNITRANS

## Schedule of Receipts and Disbursements of Proposition 1B Funds

Year Ended June 30, 2012

	<u>PTMISEA Program</u>	<u>CTSG Program</u>	<u>CAL EMA Program</u>	<u>Total</u>
Unspent Proposition 1B Funds as of June 30, 2011	\$ 3,891,063	\$ 3,229,819	\$ -	\$ 7,120,882
Proposition 1B Funds collected during the year ended June 30, 2012	-	-	128,566	128,566
Proposition 1B expenses incurred during the year ended June 30, 2012	(2,071,118)	(346,996)	-	(2,418,114)
Interest revenue earned on unspent Proposition 1B funds during the year ended June 30, 2012	<u>2,413</u>	<u>2,757</u>	<u>-</u>	<u>5,170</u>
Unspent Proposition 1B funds as of June 30, 2012	<u>\$ 1,822,358</u>	<u>\$ 2,885,580</u>	<u>\$ 128,566</u>	<u>\$ 4,836,504</u>

**OMNITRANS**

Annual National Transit Database Reporting

For the Period  
July 1, 2011 through June 30, 2012



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Board of Directors  
Omnitrans  
San Bernardino, California

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below on the data contained in the Federal Funding Allocation Statistics Form for Omnitrans for the fiscal year ended June 30, 2012, solely to assist the management of Omnitrans in evaluation of whether Omnitrans and First Transit, Inc. (Contractor) have complied with the standards described below, and that the information included in the National Transit Database (NTD) Report Federal Funding Allocation Statistics Form is presented in conformity with the requirements of the Uniform System of Accounts and Records and Reporting System, Final Rule, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the 2012 Reporting Manual (Reporting Manual). Omnitrans' management is responsible for the Federal Funding Allocation Statistics Form.

We understand that Omnitrans is eligible to receive grants under the Urbanized Area Formula Program (formerly known as Section 9) of the Federal Transit Act, as amended, and in connection therewith, Omnitrans is required to report certain information to the Federal Transit Administration (FTA). Furthermore, we understand that Omnitrans has contracted with First Transit, Inc. for the purchase of specific mass transportation services.

The FTA has established the following standards with regard to the data reported in the Federal Funding Allocation Statistics Form of Omnitrans' annual NTD Report:

- Assurance that a system exists to record and gather data on a continuing basis.
- Assurance that a system exists, and is maintained, for recording data in accordance with NTD definitions.
- Assurance that source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD Annual report.
- Assurance that there is a system of internal controls to ensure the accuracy of the data collection process and recording system and that reported documents are not altered.
- Assurance that a supervisor reviews and signs documents as required.

- Assurance that the data collection methods are those suggested by the FTA; or have been approved by the FTA or a qualified statistician as being equivalent in quality and precision. The collection methods must be documented and followed.
- Assurance that the deadhead miles appear to be accurate.
- Documentation that reported data have undergone analytic review to ensure that they are consistent with prior reporting periods and other facts known about transit agency operations.
- Documentation of the specific documents reviewed and tests performed.
- Documentation of how purchased transportation (PT) fare revenues and contract expenditures are reported; i.e., PT fare revenues should include all fare revenues pertaining to the PT service, and buyer's contract expenditures are reported net of (not including) the PT fare revenues.

This engagement to apply agreed upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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.

The procedures described below were applied separately to the information systems used to develop the reported vehicle revenue miles, passenger miles and operating expenses of Omnitrans for the fiscal year ended June 30, 2012, for the following transportation modes:

<u>Mode</u>	<u>Type of Service</u>
Motor bus	Directly operated (MBDO)
Motor bus	Purchased transportation (MBPT)
Demand response	Purchased transportation (DRPT)

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on Omnitrans' Federal Funding Allocation Statistics Form for the fiscal year ended June 30, 2012, which is presented in conformity with the requirements of the Uniform System of Accounts and Records and Reporting Systems, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the 2012 Reporting Manual. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the information described above and does not extend to Omnitrans' financial statements, or the forms in Omnitrans' NTD Report, other than the Federal Funding Allocation Statistics Form, for any date or period.

The procedures performed and the results of those procedures were as follows:

- a. We obtained and read a copy of Omnitrans' written procedures related to the system for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR part 630, Federal Register, January 15, 2991 and as presented in the 2012 Reporting Manual.

Results: Omnitrans' written procedures are in accordance with NTD requirements.

- b. We discussed with Omnitrans' personnel the procedures related to the system for preparing and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1991 and as presented in the 2012 Reporting Manual.

Results: The following is a listing of the individuals interviewed with the assigned responsibility of supervising the preparation and maintenance of the data:

- Directly operated services:
  - Gabriel Serna, Operations Analyst
  - Carolann Williams, Operations Analyst
  - Jeremiah Bryant, Manager of Planning
  - Elena Fitts, Senior Financial Analyst
- Purchased transportation services:
  - Frank Quass, Operations Services Supervisor

We discussed the procedures in place for purchased transportation with Omnitrans' personnel assigned with the responsibility of supervising the preparation and maintenance of NTD data. Omnitrans has adequate procedures for accumulating and reporting purchased transportation data. Omnitrans believes its procedures are in accordance with NTD requirements.

- c. We inquired of Omnitrans regarding the retention policy that is followed with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics Form (FFA-10).

Results: We obtained Omnitrans' records retention policy and noted that it includes provisions for maintaining source documents supporting NTD data for 11 years.

- d. Based upon the description of procedures referenced in Procedures a. and b. above, we identified the source documents that are to be retained for a minimum of three years. We selected the months of July 2011, August 2011 and November 2011, for directly operated services, and purchased transportation services and validated whether the documents were retained as required. The following is a listing of the source documents and other records (such as Data Summaries) which are to be retained:

- Access Core Trip Sheets
- Omni Link Trip Sheets
- Monthly Performance Indicator Reports
- Monthly Transit Agency Services Form
- Monthly Service Change Summary
- Coach Operators Seniority List – Full Time
- Part Time Coach Operator List
- Coach Operators Inactive List

- Daily Vehicle Surveying Reports
- Daily Driver Manifests
- Monthly Trip Log
- Service Interruptions Report
- Training/Absenteeism/Personnel Count Report
- Fixed Route Schedule
- Mandatory Federal Transit Administration NTD Survey

Results: No exceptions were noted as a result of our procedures.

- e. We inquired of Omnitrans personnel whether individuals independent of preparing source documents and posting data summaries and reviewing the source documents and data summaries for completeness, accuracy and reasonableness.

Results: No exceptions were noted as a result of our procedures.

- f. We randomly selected a sample of Bus Trip Sheets and Contractor's Trip Sheet Data Entry Database Print Screens for the months of July 2011, August 2011 and November 2011 for purchased transportation services to determine whether supervisors' signatures are present as required by the system of internal controls. Our sample included 58 trip sheets.

Results: No exceptions were noted as a result of our procedures.

- g. We obtained the worksheets utilized by Omnitrans, including documents obtained from the Contractor, to prepare the final data that is transcribed onto the Federal Funding Allocation Statistics Form. We compared the data included on the worksheets to periodic summaries prepared by Omnitrans and the Contractor, and verified the mathematical accuracy of the summarization for the months of July 2011, August 2011 and November 2011 for directly operated services, and purchased transportation services.

Results: No exceptions were noted as a result of our procedures.

- h. We discussed with Omnitrans management as to its procedures for accumulating and recording passenger mile data in accordance with NTD requirements.

Results: We noted that Omnitrans uses an estimate of passenger miles based upon a statistical sampling method that is in accordance with FTA C2710.1A, "Sampling Procedures For Obtaining Fix Route Bus Operating Data Required under the Section 15 Reporting System" for the directly operated program, and FTA C2710.2A "Sampling Techniques For Obtaining Demand Responsive Bus System Operating Data required Under the Section 15 Reporting System" for the purchased transportation program. No exceptions were noted as a result of our procedures.

- i. We discussed with Omnitrans management as to its eligibility to conduct statistical sampling for passenger mile data every third year.

Results: This procedure was not applicable. Omnitrans did not meet the criteria established by the FTA to conduct statistical sampling for passenger mile data every third year.

- j. We discussed with Omnitrans management as to the statistical sampling procedure used for the estimation of passenger mile data.

Results: We noted that Omnitrans obtains an estimate of passenger boarding based upon a statistical sampling method that is in accordance with FTA C2710.1A and meets the FTA's 95% confidence level and 10% precision requirements. We obtained a copy of Omnitrans' working papers to estimate passenger miles and noted that Omnitrans selects its sample from the universe of runs. We further noted that Omnitrans' policy is to randomly select more than the required amount to ensure the sample size will always consist of vehicles with a properly functioning Automatic Passenger Count (APC) fare box. No exceptions were noted as a result of our procedures.

- k. We selected a random sample of the source documents for accumulating passenger mileage data and determined that they are complete (all required data are recorded) and that the computations are accurate. We selected a random sample of the accumulation periods and recomputed the accumulations for each of the selected periods. We listed the accumulation periods that were tested, and verified the mathematical accuracy of the summarization.

Results: We reviewed the accumulation of passenger mileage data by judgmentally selecting a sample of 58 bus trip surveys for the months of July 2011, August 2011 and November 2011 for purchased transportation services. We also reviewed a sample of 135 trip surveys for the months of July 2011, August 2011 and November 2011 for directly operated services. We verified that all required data was recorded on the trip surveys and/or supporting documentation that were used for the calculation of passenger mileage, and ensured that the computations were mathematically accurate. We verified the mathematical accuracy of the accumulation of the passenger mileage data on the Daily Summary Report and the summarization of the passenger mileage data on the Monthly Ridership Summary Report for the items selected. No exceptions were noted as a result of our procedures.

- l. We discussed with Omnitrans management as to its procedures for the systematic exclusion of charter school bus and other ineligible vehicle miles from the calculation of vehicle revenue miles.

Results: This procedure was not applicable as Omnitrans does not operate school buses, charter services or other ineligible vehicles.

- m. We discussed with Omnitrans management as to its treatment of deadhead miles for directly operated services and purchased transportation services.

Results: Trip sheets are not prepared for directly operated services. Instead, directly operated bus routes are fixed and have scheduled revenue miles that exclude deadhead miles. Deadhead miles include mileage from the garage to the first pick-up, and from the last drop-off to the garage. Mileage driven during lunch, although rare, is also considered deadhead miles. We further noted that purchased transportation deadhead miles are similar to directly operated services deadhead miles and is excluded from the calculation of purchased transportation services. Purchased transportation miles are recorded on daily trip sheets and revenue mileage is derived by calculating the total mileage from the point of passenger pickup to the point of drop-off for each trip. The Contractor's vehicle revenue miles are calculated, recorded and reported directly to Omnitrans on a monthly basis.

We selected 58 purchased transportation trip sheets from the months of July 2011, August 2011 and November 2011 and agreed the reported mileage to print screens from the Trip Sheet Data Entry Database (Transtak) to ensure that reported mileage was reported accurately and excluded deadhead miles. In comparing amounts reported on the trip sheets to the Transtak Surveying Sheets we noted passenger mile variances on 12 of the 58 selected for testing. For the months selected, Transtak reported a total of 7,524 passenger miles while a total of 7,469 passenger miles were reported on the trip sheets. This resulted in 55 excess passenger miles reported in the Data Entry System.

Recommendation:

We recommend that Omnitrans develop and implement procedures to ensure that purchased transportation passenger miles entered into Transtak are in agreement with the supporting trip sheets.

Management Response:

Contractor audited and found clerical transcription errors occurred when the survey sheets were prepared. Contractor has added additional oversight by their Assistant General Manager and/or designee designed to review and verify the accuracy of the survey reporting. Omnitrans Operations has added additional oversight by the Operations Services Supervisor or designee to validate the monthly survey report to the original trip sheet data.

- n. We inquired as to whether Omnitrans provides rail service so that we could determine whether vehicle revenue miles were properly accumulated.

Results: This procedure was not applicable as Omnitrans does not provide rail service.

- o. We discussed with Omnitrans personnel as to the treatment of fixed guideway directional route miles in order to determine that reporting procedures meet the NTD service requirements. We discussed bus service operating over exclusive or controlled access rights-of-way. We discussed restricted access of High Occupancy Vehicles (HOV) and High Occupancy/Toll (HO/T) lanes.

Results: This procedure was not applicable as Omnitrans does not provide any fixed guideway, bus service over controlled access rights-of-way, or HOV lane services.

- p. We discussed with Omnitrans personnel as to the measurement of fixed guideway directional route miles in order to determine if the mileage reported is computed in accordance with NTD requirements. We also inquired as to whether a service change occurred during the year resulting in an increase or decrease in directional route miles.

Results: This procedure was not applicable as Omnitrans does not provide fixed guideway services.

- q. We inquired as to whether there were any interruptions in service for fixed guideway directional route miles.

Results: This procedure was not applicable as Omnitrans does not provide fixed guideway services.

- r. We measured the fixed guideway directional route miles from maps or by retracing the routes.

Results: This procedure was not applicable as Omnitrans does not provide fixed guideway services.

- s. We discussed with Omnitrans' personnel whether other public transit agencies operate service over the same fixed guideway segment.

Results: This procedure was not applicable as Omnitrans does not provide fixed guideway services.

- t. We performed an analysis of the Fixed Guideway Segment Form S-20. This procedure required comparing the 2010 S-20 to the 2011 S-20 to determine if the information reported was consistent. Additionally, this procedure required ensuring that the correct fixed guideway commencement date was reported.

Results: This procedure was not applicable as Omnitrans does not provide fixed guideway services.

- u. We reconciled operating expenses reported on the NTD Form F-40, Operating Expense Summary to the audited financial statements of Omnitrans.

Results: The operating expenses as reported on NTD Form F-40 agreed to the audited financial statements of Omnitrans without exception.

- v. We inquired as to whether Omnitrans purchased transportation services during the period July 1, 2011 through June 30, 2012. If so, we agreed purchased transportation (PT) revenues as reported on the Contractual Relationship Identification Form (B-30) to the audited financial statements.

Results: Omnitrans purchased transportation services from First Transit, Inc. during the period July 1, 2011 through June 30, 2012. PT fare revenues, as reported on Form B-30, agreed to the audited financial statements of Omnitrans. No exceptions were noted as a result of our procedures.

- w. We discussed with Omnitrans' management and First Transit, Inc. management, the reporting of the PT data.

Results: We noted that First Transit, Inc. does not operate in excess of 100 vehicles. As such, they are not required to have an Independent Auditor Statement for Federal Funding Allocation Data.

- x. We obtained a copy of the PT contract between Omnitrans and First Transit, Inc. and verified that it contained the following information as required by NTD guidelines: (1) specifies the specific public transportation services to be provided; (2) specifies the monetary consideration obligated by Omnitrans; (3) specifies the period covered by the contract and that this period is the same as, or a portion of, the period covered by Omnitrans' NTD report; and (4) is signed by representatives of both parties to the contract. We interviewed the person responsible for maintaining the NTD data regarding the retention of the executed contract, and determined that copies of the contracts are retained for three years.

Results: No exceptions were noted as a result of our procedures.

- y. We discussed with Omnitrans management and the Contractor regarding the allocation of statistical information over urbanized and/or non-urbanized areas.

Results: We noted that Omnitrans does provide service to more than one urbanized area, or an urbanized area and non-urbanized area. However, they do not perform an allocation of statistics between urbanized areas and non-urbanized areas. The allocation is provided by the San Bernardino Associated Governments (SANBAG) and the Southern California Association of Governments (SCAG). As such, no exceptions were noted as a result of our procedures.

- z. We compared the vehicle revenue miles, passenger miles and operating expense data reported on Form FFA-10 to comparable data for the prior year's Form FFA-10, and calculated the percentage change from the prior year to the current year.

Results: We performed the above procedure and noted the following changes (increases or decreases) in excess of 10%:

- MBPT – Vehicle Revenue Mileage (VRM) – Increase of 29.31%
- MBPT – Operating Expenses – Increase of 22.87%
- DRPT – Vehicle Revenue Mileage – Increase of 10.14%
- DRPT – Operating Expenses – Increase of 10.57%

The MBPT program began in September 2010, and the current fiscal year was the first full year of operations which adequately explain the increase in Vehicle Revenue Mileage and Operating Expenses. For DRPT, we noted an increase in ridership from 454,274 in fiscal year 2010-11 to 478,342 in fiscal year 2011-12, which accounts for the increases in Vehicle Revenue Miles and Operating Expenses.

This report is intended solely for the information and use of the Board of Directors and management of Omnitrans and its Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Irvine, California  
October 19, 2012

**MOUNTAIN AREA REGIONAL  
TRANSIT AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY

JUNE 30, 2012

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Mountain Area Regional Transit Authority  
Big Bear Lake, California

We have audited the accompanying financial statements of the Mountain Area Regional Transit Authority (MARTA) as of and for the year ended June 30, 2012. These financial statements are the responsibility of MARTA's management. Our responsibility is to express an opinion on these financial statements based upon 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 of material misstatement. An audit 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 MARTA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of MARTA as of June 30, 2012 and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2013, on our consideration of MARTA's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Vavrinek, Trine, Day & Co., LLP*

Rancho Cucamonga, California  
March 22, 2013

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2012**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 877,919
Accounts receivable	609
Operating grants receivable	255,226
Capital grants receivable	19,094
Prepaid expenses	169
Total Current Assets	<u>1,153,017</u>

**CAPITAL ASSETS**

Nondepreciable - land	542,457
Depreciable	4,827,062
Accumulated depreciation	(3,110,254)
Capital assets, net	<u>2,259,265</u>
TOTAL ASSETS	<u>3,412,282</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable	55,702
Accrued liabilities	102,558
Deferred revenue	609,432
Total Current Liabilities	<u>767,692</u>

**NONCURRENT LIABILITIES**

Self-insurance liabilities	442,040
TOTAL LIABILITIES	<u>1,209,732</u>

**NET ASSETS:**

Invested in capital assets	2,259,265
Unrestricted	(56,715)
TOTAL NET ASSETS	<u>\$ 2,202,550</u>

The accompanying notes are an integral part of these financial statements.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2012**

**OPERATING REVENUES:**

Fares \$ 300,053

**OPERATING EXPENSES:**

Operations 1,270,430

Maintenance 175,863

General and administration 792,199

Depreciation 420,134

Total Operating Expense 2,658,626

**OPERATING (LOSS)** (2,358,573)

**NON-OPERATING REVENUES AND EXPENSES:**

Operating Assistance:

Federal Transit Administration Section 5311 306,251

Local Transportation Fund Article 4 1,483,842

Measure I 110,066

Interest income 226

Reimbursement 4,601

Other 6,235

Interest expense (650)

Total Non-operating Revenues (Expenses) 1,910,571

**NET (LOSS) BEFORE CAPITAL CONTRIBUTIONS** (448,002)

**CAPITAL CONTRIBUTIONS:**

Federal Transit Administration Section 5311 186,530

State Transit Assistance Fund 48,672

Congestion Mitigation and Air Quality Improvement Program 198,316

CTGSP 36,333

PTMISEA 124,308

Total Capital Contributions 594,159

**CHANGE IN NET ASSETS** 146,157

**NET ASSETS, Beginning of year** 2,056,393

**NET ASSETS, End of year** \$ 2,202,550

The accompanying notes are an integral part of these financial statements.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2012**

<b>Cash flows from operating activities:</b>	
Cash received from fares	\$ 301,216
Payments to employees	(1,420,020)
Payments to vendors for services	(884,087)
	<u>(2,002,891)</u>
<b>Cash flows from non-capital financing activities:</b>	
Payments, line of credit	(150,000)
Interest payments	(650)
Operating grants received	2,212,614
	<u>2,061,964</u>
<b>Cash flows from capital and related financing activities:</b>	
Capital grants received	543,878
Purchase of capital assets	(571,690)
	<u>(27,812)</u>
<b>Cash flows from investing activities:</b>	
Interest received	226
	<u>31,487</u>
Net increase in cash and cash equivalents	846,432
Cash and cash equivalents, beginning of year	877,919
Cash and cash equivalents, end of year	<u>\$ 877,919</u>
<b>Reconciliation of operating (loss) to net cash used in operating activities:</b>	
Operating income (loss)	\$ (2,358,573)
Adjustments to reconcile operating (loss) to net cash used in operating activities:	
Depreciation expense	420,134
Changes in assets and liabilities:	
Decrease in assets:	
Accounts receivable	1,164
(Decrease) in liabilities:	
Accounts payable and accrued liabilities	(41,127)
Self-insurance liabilities	(24,489)
	<u>355,682</u>
Total Adjustments	<u>355,682</u>
Net cash used in operating activities	<u>\$ (2,002,891)</u>

The accompanying notes are an integral part of these financial statements.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

*NOTE 1 – ORGANIZATION*

Mountain Area Regional Transit Authority (MARTA) is a joint powers authority whose members are the City of Big Bear and the County of San Bernardino. MARTA provides bus services to the Big Bear Lake and Crestline Communities, off-the-mountain bus services, and Dial-a-Ride services. MARTA is governed by a Board of Directors comprised of representatives of the member jurisdictions and a member-at-large.

*NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

*The Financial Reporting Entity* - MARTA meets the criteria as a stand-alone government, and accordingly, is accounted for and reported on as though it were a primary government.

*Basis of Accounting* - MARTA is a single enterprise fund and maintains its records on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of related cash flows. MARTA has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. MARTA has elected not to follow subsequent private sector guidance.

*Cash and cash equivalents* includes demand deposits and amounts invested in savings accounts. For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as short-term deposits with original maturities of three months or less from the date of acquisition.

*Grants* for operating assistance and capital acquisitions are included in revenue in the period in which the grant was earned. Federal capital grant funds claimed on a reimbursement basis have receivables for grant funds recorded as the related obligations are incurred. Capital grant funds advanced but not yet earned are treated as deferred revenues. Also, operating funds advanced from San Bernardino Associated Governments for working capital are treated as deferred revenues until earned. Operating assistance grants are included in non-operating revenues in the year in which the grant is applicable and the related expenses are incurred. Revenue earned under capital grants are recorded as capital contributions.

*Capital assets* are stated at cost and depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15 to 30 years
Passenger facilities	5 to 10 years
Shop, office, and other equipment	5 to 10 years

MARTA's capitalization threshold is \$1,000. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the useful lives are not capitalized.

## MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

#### *NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

*Self-Insurance Liabilities* – Claims liabilities, including claims incurred but not reported, are measured based on the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that would modify past experience.

*Compensated Employee Absences* – Compensated employee absences (vacation leave) are accrued as an expense and liability.

*Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

*Operating and Non-Operating Revenue* – MARTA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from directly providing services in connection with MARTA's principal operation of bus transit services. These revenues are primarily passenger fares. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. Non-operating revenues consist of federal, state and local operating grants and investment income. Operating expenses include operations, maintenance, and administrative expenses and depreciation on capital assets.

Expenses not meeting this definition are reported as non-operating expenses. Non-operating expenses consist of interest expense.

Capital contributions consist of grants that are legally restricted for capital expenses by federal, state, or local law that established those charges.

When both restricted and unrestricted resources are available for use, it is MARTA's policy to use restricted resources first, and then unrestricted resources as they are needed.

#### *NOTE 3 – TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS*

MARTA is subject to the provisions pursuant to Section 6634 of the California Code of Regulations and Sections 99268.4 and 99313.3 of the Public Utilities Code.

MARTA receives allocations of local transportation funds pursuant to the Transportation Development Act of 1971. These funds are generated within San Bernardino County and are allocated based on annual claims filed by MARTA and approved by SANBAG.

MARTA also receives allocated Federal operating assistance funds pursuant to Section 5311 of the Federal Transit Act of 1964. Such funds are apportioned to the local urbanized area by the Federal Transit Authority (FTA). Expenditures of Federal operating assistance funds are subject to final audit and approval by the FTA.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

*NOTE 3 – TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS (CONTINUED)*

A. Section 6634

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the local transportation fund and the State Transit Assistance Fund in an amount which exceeds the claimant's costs less the sum of fares received, local support required to meet the fare ratio, federal operating assistance, and the amount received during the year from a city or county to which the operator has provided service beyond its boundaries.

The computation of deferred revenue for 2012 is as follows:

	Operating Funds	Capital Funds	Total
Beginning balance, July 1, 2011	\$ 1,628	\$ 448,731	\$ 450,359
Gross receipts			
State Transit Assistance Fund		48,672	48,672
Local Transportation Fund, Article 4	1,729,271		1,729,271
Federal Transportation Admin, Section 5311	306,251	186,530	492,781
Measure I	110,066		110,066
Interest income	226	440	666
Fares	297,816		297,816
Prepaid Fares*	473		473
CMAQ		198,316	198,316
CTGSP		75,000	75,000
Reimbursements	4,601		4,601
Proceeds from disposal of assets	898		898
Other	5,337	5,358	10,695
Total gross receipts	2,454,939	514,316	2,969,255
Operating expenses, less depreciation	(2,210,667)	(27,825)	(2,238,492)
Capital acquisitions		(571,690)	(571,690)
Receipts over (under) expenses in current period	244,272	(85,199)	159,073
Amounts received in excess of costs as of June 30, 2012	<u>\$ 245,900</u>	<u>\$ 363,532</u>	
Amount deferred at June 30, 2012 *	<u>\$ 245,900</u>	<u>\$ 363,532</u>	<u>\$ 609,432</u>

\* Prepaid fares are not considered revenue until earned and are reflected as deferred revenue in the Statement of Net Assets

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

*NOTE 3 – TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS (CONTINUED)*

**B. Section 99268.4**

Section 99268.4 indicates that in the case of an operator which is serving a non-urbanized area, the operator shall be eligible for local transportation funds in any fiscal year if it maintains, for the fiscal year, a ratio of fare revenues to operating cost at least equal to 10%.

The fare ratio as of June 30, 2012, is calculated as follows:

Operating expenses	\$ 2,658,626
Less depreciation	(420,134)
Adjusted operating expenses	<u>\$ 2,238,492</u>
Fare revenue	<u>\$ 300,053</u>
Fare ratio	<u>13.40%</u>

*NOTE 4 – CASH AND CASH EQUIVALENTS*

Deposits as of June 30, 2012, consist of the following:

Demand accounts	\$ 328,272
Savings accounts	549,647
Total	<u>\$ 877,919</u>

*Policies and Practices*

MARTA is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations as specified in Section 53600. MARTA does not have a formal policy for investments that is more restrictive than the noted Government Code.

*Custodial Credit Risk - Deposits*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, MARTA 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. MARTA does not have a policy of custodial credit risk for deposits. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

*NOTE 5 – CAPITAL ASSETS*

Capital asset activity for the fiscal years ended June 30, 2012, is as follows:

	Beginning Balance July 1, 2011	Additions	Deletions	Ending Balance June 30, 2012
Nondepreciable assets				
Land	\$ 542,457			\$ 542,457
Depreciable assets				
Buildings and improvements	1,697,098	\$ 235,380		1,932,478
Passenger facilities	11,979			11,979
Shop, office and other equipment	2,553,533	336,310	\$ (7,238)	2,882,605
subtotal depreciable assets	<u>4,262,610</u>	<u>571,690</u>	<u>(7,238)</u>	<u>4,827,062</u>
Accumulated depreciation				
Buildings and improvements	(1,108,131)	(53,183)		(1,161,314)
Passenger facilities	(11,979)			(11,979)
Shop, office and other equipment	(1,577,248)	(366,951)	7,238	(1,936,961)
subtotal accumulated depreciation	<u>(2,697,356)</u>	<u>(420,134)</u>	<u>7,238</u>	<u>(3,110,254)</u>
Net depreciable assets	<u>1,565,254</u>	<u>151,556</u>	<u>-</u>	<u>1,716,808</u>
Total capital assets	<u>\$ 2,107,711</u>	<u>\$ 151,556</u>	<u>\$ -</u>	<u>\$ 2,259,265</u>

*NOTE 6 – LINE OF CREDIT*

MARTA has an unsecured line of credit with First Mountain Bank in the amount of \$250,000. The line of credit specifies that MARTA will pay the loan amount in full immediately upon the Bank's demand. In addition MARTA will pay regular monthly payments of all accrued interest. The interest rate on the line of credit is variable and is the Wall Street Journal Prime Rate plus .750 percent; but in no case will the rate be less than six percent, or more than the maximum rate allowed by law.

Line of credit, June 30, 2011	\$ 150,000
Payments	(150,000)
Balance, June 30, 2012	<u>\$ -</u>

*NOTE 7 – RISK MANAGEMENT*

MARTA is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 121 California public entities, and is organized under a joint powers agreement-pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

## MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

#### *NOTE 7 – RISK MANAGEMENT (CONTINUED)*

Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter, until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. As of June 30, 2012, the retrospective deposit calculation resulted in a liability of \$442,040. MARTA has had no settled claims resulting from these risks that exceeded its coverage in any of the past three fiscal years.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk sharing pool. Additional information regarding the cost allocation methodology is provided below.

**General Liability** – In the liability program, claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000, up to the reinsurance attachment point of \$5 million, are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of: (a) \$5 million retained within the pool's Self Insured Retention (SIR), (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

**Workers' Compensation** – In the workers' compensation program, the payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000, up to the reinsurance attachment point of \$2 million, are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

*NOTE 8 – COMPENSATED ABSENCES*

Accumulated unpaid personal leave consisting of vacation pay, has been accrued at June 30, 2012 in the amount of \$47,481. MARTA's liability for compensated absences typically is liquidated within one year. MARTA accrued \$64,505 and paid \$70,423 during fiscal year 2012. The balance related to compensated absences is included in accrued liabilities in the Statement of Net Assets.

*NOTE 9 – EMPLOYEES' RETIREMENT PLAN*

MARTA contributes to the Western Conference of Teamsters Pension Plan Trust Fund (WCTPTF) administered by Trustees of the Western Conference of Teamsters Pension Plan. WCTPTF acts as a common investment and administrative agent for various employers in 13 Western states. WCTPTF provides retirement benefits based on two different defined benefit formulas, one for service prior to 1987 and the other for service after 1986. Employees vest after five years of service. The Trustees may amend the Plan at any time and in any respect, retroactively or otherwise.

The Western Conference of Teamsters Pension Plan issues publicly financial statements. A copy of that report may be obtained online at <http://www.wctpension.org/>.

MARTA's participation is limited to making required contributions to the plan which are established through a Memorandum of Understanding (MOU) between MARTA and Teamsters Local 572. Under this MOU, MARTA is required to contribute \$0.25 per hour for all hours worked by represented employees. For the fiscal year ended June 30, 2012, MARTA contributed \$10,116.

*NOTE 10 – DEFERRED COMPENSATION PLAN*

MARTA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all non-represented MARTA employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

MARTA has adopted the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*. Management believes that MARTA has no fiduciary role under the plan, and plan funds are not available to MARTA's general creditors. Accordingly, MARTA has not reported plan assets in the accompanying financial statements.

*NOTE 11 – 401(a) RETIREMENT PLAN*

MARTA administers a defined contribution pension plan, the MARTA 401(a) Plan (Plan), which is available to nonrepresented employees who have attained 21 years of age and completed 500 hours of service. Plan provisions may be amended by MARTA under the provisions of Internal Revenue Code Section 401(a).

Participants may make after-tax contributions to the Plan. MARTA's Plan contributions include matching 50% of elective deferral contributions to the employee's 457 plan and nonelective employer contributions. MARTA's contributions to the Plan totaled \$17,790 during the fiscal year ended June 30, 2012.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

*NOTE 12 – DEFICIT UNRESTRICTED NET ASSETS*

MARTA's financial statements reflect deficit unrestricted net assets of \$56,715. Management of MARTA asserts that the deficit is primarily due to the long term insurance liability described in Note 7. The deficit is expected to be funded through future earnings. No impact to operations is anticipated.

**MOUNTAIN AREA REGIONAL  
TRANSIT AUTHORITY**

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2012

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**INDEPENDENT AUDITORS' 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**

To the Board of Directors  
Mountain Area Regional Transit Authority  
Big Bear Lake, California

We have audited the basic financial statements of the Mountain Area Regional Transit Authority (MARTA) as of and for the year ended June 30, 2012 and have issued our report thereon dated March 22, 2013. Our report included an explanatory paragraph regarding MARTA's omission of management's discussion and analysis. 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.

Internal Control Over Financial Reporting

Management of MARTA is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered MARTA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MARTA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MARTA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02, and 2012-04 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-03 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MARTA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6667 of Part 21 of the California Code of Regulations and the allocation instructions of San Bernardino Associated Governments, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

MARTA's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit MARTA's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of MARTA's Board, management, federal agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vermire, Tami, Day, Co., LLP*

Rancho Cucamonga, California  
March 22, 2013



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM,  
INTERNAL CONTROL OVER COMPLIANCE AND THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Mountain Area Regional Transit Authority  
Big Bear Lake, California

Compliance

We have audited the Mountain Area Regional Transit Authority's (MARTA) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of MARTA's major federal programs for the year ended June 30, 2012. MARTA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of MARTA's management. Our responsibility is to express an opinion on MARTA's compliance based on our audit.

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 OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 MARTA'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. Our audit does not provide a legal determination of MARTA's compliance with those requirements.

In our opinion, MARTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-05.

Internal Control Over Compliance

Management of MARTA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered MARTA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 MARTA'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-05. *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.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of MARTA as of and for the year ended June 30, 2012, and have issued our report thereon dated March 22, 2013, which contained an unqualified opinion on those financial statements. Our report included an explanatory paragraph regarding MARTA's omission of management's discussion and analysis. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise MARTA's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

MARTA's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit MARTA's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of MARTA's Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vermile, Tami, Day, Co., LLP*

Rancho Cucamonga, California  
March 22, 2013

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor Program Title (Direct or Indirect)	Federal CFDA Number	Pass-Through Entity's Identifying Number	Pass-Through Entity's Name	Federal Expenditures
<b>Department of Transportation</b>				
<b>Federal Transit Administration</b>				
ARRA - Formula Grants for Other than Urbanized Areas (Indirect)	20.509	649866	State of California Department of Transportation	\$ 186,530
Formula Grants for Other than Urbanized Areas (Indirect)	20.509	640205	State of California Department of Transportation	198,316
Formula Grants for Other than Urbanized Areas (Indirect)	20.509	642152	State of California Department of Transportation	214,235
Formula Grants for Other than Urbanized Areas (Indirect)	20.509	648437	State of California Department of Transportation	63,213
Formula Grants for Other than Urbanized Areas (Indirect)	20.509	640407	State of California Department of Transportation	28,803
Total Expenditures of Federal Awards				<u>\$ 691,097</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**JUNE 30, 2012**

***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

**A. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal award programs of the Mountain Area Regional Transit Authority's (MARTA). MARTA's reporting entity is defined in Note 1 of MARTA's financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included on the Schedule of Expenditures of Federal Awards.

**B. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of MARTA's Financial Statements.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

**I. SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material Weakness(es) identified?	<u>Yes</u>
Significant Deficiency(ies) identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material Weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	
Identification of major programs:	<u>Yes</u>

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.509</u>	<u>Formula Grants for Other than Urbanized Areas (includes ARRA)</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**II. FINANCIAL STATEMENT FINDINGS**

**Finding 2012-01**

**INTERNAL CONTROLS**

**Criteria:**

For certain internal controls, such as a review or an approval, a signature demonstrating the performance of the control should be evident.

**Condition:**

While testing various transaction cycles, we noted that certain internal controls were asserted by management to be implemented; however the evidence that the internal control was performed could not be presented.

**Context:**

The conditions noted above were identified during testing of various transaction cycles and inquiry with personnel throughout the engagement.

**Effect:**

The internal control environment is weakened.

**Cause:**

The performance of certain internal controls were not documented.

**Recommendation:**

MARTA should document the performance of internal controls through a signature, initial, date, or other method to ensure that the control was performed and to demonstrate the timing of the completion of the control.

**View of Responsible Official and Planned Corrective Actions:**

To better improve the performance of internal controls and to provide evidence that a review or approval of a document has taken place, management has implemented the practice whereby employees performing these reviews, approvals and data entry of financial documents will include their signature or initials and date that the action took place.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**II. FINANCIAL STATEMENT FINDINGS**

**Finding 2012-02**

**POLICIES AND PROCEDURES**

**Criteria:**

MARTA should have policies and procedures for each of the key internal control systems. These policies should address:

- Control Environment; tone at the top, including the oversight of those charged with governance.
- Risk Assessment, the identification of risk, the process and/or procedures to address and manage risks (including fraud risks).
- Information and Communication; the policies should address how information is captured for financial reporting; and how MARTA will ensure effective communication will be maintained at all levels relating to the flow of information for financial and/or compliance reporting.
- Control Activities; outlining the specific and detailed procedures which will be followed for each internal control system.

**Condition:**

MARTA does not have a comprehensive set of formal policies and procedures. We have noted that many of the specific procedures followed by MARTA are based upon historical processes passed down verbally from employee to employee. Some of the specific areas which will need to have formal policies and procedures developed include: fraud, ethics, cash receipting, disbursements, payroll, budget, information technology, disaster recovery, capital assets, federal and state grant reporting, financial reporting, and year end closing. We noted the processes with formal written policies and procedures include capital assets and procurement which have not been updated since 1999 and 2001, respectively. As such policies and procedures over capital assets and procurement should be reviewed and updated as necessary.

**Context:**

The conditions noted above were identified during testing of various transaction cycles and inquiry with personnel throughout the engagement.

**Effect:**

The internal control environment is weakened. MARTA is at risk if certain employees were to leave as many of the processes are focused around specific employees that possess the detailed understanding of the systems.

**Cause:**

MARTA has not reviewed and/or documented in writing several of the key business processes. In addition, MARTA has not provided cross training for some of these areas.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

**II. FINANCIAL STATEMENT FINDINGS**

**Recommendation:**

MARTA should begin the process of the review, development, documentation and implementation of policies and procedures. In addition, personnel should work through the same process to ensure that all business practices address appropriate risks, internal controls are properly designed and documented, staff are properly trained, and that cross training is taking place.

**View of Responsible Official and Planned Corrective Actions:**

MARTA management is committed to improving control environment, risk management, communication and training of policy and procedures in key areas and thereby improving MARTA's systems and procedures. Subsequent to June 30, 2012, various policies and procedures including ethics, cash handling, disbursements, payroll, budget, capital assets, financial reporting and year-end closing have been written and implemented. Staff has received copies and training in these policies and procedures. Annually, management will perform a review of the procedures and processes making updates as necessary.

**Finding 2012-03**

**FINANCIAL REPORTING**

**Criteria:**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein and for the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. This requires management to work through a year-end closing process to accumulate, reconcile, and summarize information for inclusion in the annual financial statements. The year-end closing process includes the review and/or reconciliation of all balances within MARTA's general ledger. Accounts must be reviewed for proper cutoff, classification and presentation. These processes should be complete before the external auditors begin the final fieldwork.

**Condition:**

MARTA did not have formal year-end closing procedures. As a result, the following deficiencies in the year end closing process were identified and recorded in the general ledger eight months after the fiscal year end, as follows:

- Compensated absences were not calculated correctly as of June 30, 2012.
- MARTA did not reconcile risk management liabilities relating to general liability and risk management per the general ledger to statements from the California Joint Powers Insurance Authority identifying liability balances at June 30, 2012.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

**II. FINANCIAL STATEMENT FINDINGS**

**Context:**

The condition noted above was identified during testing of various accounts related to MARTA's year-end balances. MARTA did not have a comprehensive year-end closing process. In addition, personnel were not adequately trained on the year-end closing process.

**Effect:**

As a result of the year-end closing process that was used by MARTA, the financial information provided contained several material misstatements.

**Cause:**

MARTA does not perform a complete year-end close on a timely basis and does not maintain a comprehensive closing checklist or formalized policies and procedures to ensure that year-end accounting entries have been reported.

**Recommendation:**

As a result of the audit fieldwork MARTA began to address the above noted items. MARTA must continue to develop a comprehensive year-end closing process. This process should include detailed checklists to ensure that each financial statement area is reconciled, balanced and reviewed during the closing process. The closing process manual should also detail specific assignments, staff and timelines to complete the process. After each area has been closed by staff it should go through a review process to ensure accuracy. Each of these steps should be documented and signed off on the comprehensive checklist. In addition MARTA should provide staff training on the year-end closing process to ensure that all areas have been adequately addressed.

**View of Responsible Official and Planned Corrective Actions:**

Subsequent to June 30, 2012, management has implemented written procedures for year-end closing, which includes a checklist for review and entries. Staff has reviewed and has been trained on the detail of the steps specific to completing the process

**Finding 2012-04**

**BANK RECONCILIATIONS**

**Criteria:**

Bank reconciliations, reconciling the bank statements to the general ledger should be prepared, reviewed, and approved timely.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

**II. FINANCIAL STATEMENT FINDINGS**

**Condition:**

We noted the bank reconciliations included items listed as reconciling that appeared to have cleared previously. We also noted that, in certain instances, the reconciled balance did not agree to the corresponding general ledger account balance.

**Context:**

MARTA maintains multiple bank accounts. The total cash balance on the reconciliation agreed to the total cash balance in the general ledger however, as noted in the condition above, the balances of certain individual accounts did not agree. The reconciliations also included detail that had cleared previously however had not been removed from the reconciliation.

**Effect:**

The risk of misstatement related to cash reconciliations is heightened.

**Cause:**

MARTA's procedures did not accurately reconcile cash to individual accounts and the review of the reconciliations was not documented.

**Recommendation:**

MARTA should enhance procedures to accurately reconcile cash to individual accounts and document the preparation, review, and approval of the reconciliations.

**View of Responsible Official and Planned Corrective Actions:**

A CPA firm has been hired by MARTA to do bank statement reconciliation of all accounts on a monthly basis, with documentation and review and approval being completed by the General Manager. This change is reflected in MARTA's Accounting Procedures.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2012-05**

**Program:** Formula Grants for Other Than Urbanized Areas (includes ARRA)

**CFDA No.:** 20.509

**Federal Grantor:** U.S. Department of Transportation

**Passed-through:** State of California – California Department of Transportation

**Award No.:** Various

**Award Year:** Various

**Compliance Requirement:** Equipment and Real Property Management

**Criteria:**

The June 2012 Office of Budget and Management (OMB) Circular A-133 Compliance Supplement suggests that auditors obtain the entity's policies and procedures for equipment management and ascertain if they comply with the State's policies and procedures.

**Condition:**

MARTA does not have a comprehensive equipment management policy.

**Questioned Costs:**

None

**Context:**

The condition noted above was identified during our examination of the equipment management requirements of the program.

**Effect:**

As a result of the condition, there is an increased risk of noncompliance with equipment management provisions.

**Cause:**

MARTA does not have a comprehensive equipment management policy.

**Recommendation:**

We recommend that MARTA adopt a comprehensive equipment management policy.

**Views of Responsible Officials and Planned Corrective Actions:**

Management has implemented written policies and procedures for asset management (procurement policy, disposition of assets policy, and inventory tracking procedures) subsequent to June 30, 2012.

**MOUNTAIN AREA REGIONAL TRANSIT AUTHORITY**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED JUNE 30, 2012**

Summarized below is the current status of all audit findings reported in the prior year audit's schedule of audit findings and questioned costs.

**Financial Statement Findings**

<b>Finding No.</b>	<b>Area</b>	<b>Status of Corrective Action</b>
2011-01	Internal Controls	Partially implemented. See current year finding 2012-01
2011-02	Policies and Procedures	Not implemented. See current year finding 2012-02
2011-03	Financial Reporting	Partially implemented. See current year finding 2012-03
2011-04	Capital Assets	Partially implemented. See current year finding 2012-02
2011-05	Risk Management	Not implemented. See current year finding 2012-03
2011-06	Bank Reconciliations	Not implemented. See current year finding 2012-04
2011-07	Statement of Economic Interests	Implemented

**Federal Awards Findings**

<b>Finding No.</b>	<b>Program</b>	<b>CFDA No.</b>	<b>Compliance Requirement</b>	<b>Status of Corrective Action</b>
2011-08	Formula Grants for Other than Urbanized Areas (Indirect)	20.509	Reporting	Implemented
2011-09	Formula Grants for Other than Urbanized Areas (Indirect)	20.509	Equipment and Real Property Management	Not implemented. See current year finding at 2012-05
2011-10	Formula Grants for Other than Urbanized Areas (Indirect)	20.509	Reporting	Implemented

**VALLEY TRANSPORTATION SERVICES  
(A California Non-Profit Organization)**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED JUNE 30, 2012**

**VALLEY TRANSPORTATION SERVICES  
(A California Nonprofit Organization)**

**JUNE 30, 2012**

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Board of Directors  
Valley Transportation Services  
Upland, California

We have audited the financial statements of the Valley Transportation Services (VTrans) (a California nonprofit organization) for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by VTrans are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by VTrans during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the depreciation of capital assets is based upon the estimated useful lives of the related capital assets.

We evaluated the key factors and assumptions used to develop depreciation estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 13, 2013.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as VTrans' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of SANBAG, the Board of Directors and management of VTrans and is not intended to be and should not be used by anyone other than these specified parties.

*Vermire, Tami, Day, Co., LLP*

Rancho Cucamonga, California  
March 13, 2013

**VALLEY TRANSPORTATION SERVICES  
(A California Non-Profit Organization)**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED JUNE 30, 2012**

**VALLEY TRANSPORTATION SERVICES  
(A California Nonprofit Organization)**

**JUNE 30, 2012**

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Valley Transportation Services  
Upland, California

We have audited the accompanying statement of financial position of Valley Transportation Services (V-Trans), (a California nonprofit organization), as of June 30, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of V-Trans' management. Our responsibility is to express an opinion on these financial statements based upon our audits.

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 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 of material misstatement. An audit 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 V-Trans' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of V-Trans as of June 30, 2012, and the respective changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2013, on our consideration of V-Trans' internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Vavrinek, Trine, Day & Co., LLP*

Rancho Cucamonga, California  
March 13, 2013

**VALLEY TRANSPORTATION SERVICES  
(A California Nonprofit Organization)**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2012**

**ASSETS**

Cash	\$ 140,608
Investments	2,734,553
Prepaid expenses	721
Total Current Assets	<u>2,875,882</u>

Furniture and equipment	25,377
Less: Accumulated depreciation	<u>(2,371)</u>
Total Non-Current Assets	23,006
Total Assets	<u>\$ 2,898,888</u>

**LIABILITIES AND NET ASSETS**

Accrued expenses	\$ 51,013
Total Liabilities	<u>51,013</u>

**NET ASSETS**

Unrestricted	2,847,875
Total Net Assets	<u>2,847,875</u>
Total Liabilities and Net Assets	<u>\$ 2,898,888</u>

See accompanying notes to financial statements.

**VALLEY TRANSPORTATION SERVICES**  
**(A California Nonprofit Organization)**

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2012**

<b>REVENUES</b>	
Measure I	\$ 1,750,250
Interest income	<u>6,221</u>
Total Revenues	<u>1,756,471</u>
<b>EXPENSES</b>	
Program services:	
Community service	50,332
Support services:	
Administrative	<u>388,825</u>
Total Expenses	<u>439,157</u>
Change in Net Assets	1,317,314
Net Assets, Beginning of Year	<u>1,530,561</u>
Net Assets, End of Year	<u>\$ 2,847,875</u>

See accompanying notes to financial statements.

**VALLEY TRANSPORTATION SERVICES**  
**(A California Nonprofit Organization)**

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2012**

Change in Net Assets	\$ 1,317,314
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	2,359
Increase in Prepaid Expenses	(721)
Increase in Accrued Expenses	37,199
Net Cash Provided by Operating Activities	<u>1,356,151</u>
Cash Flows from Investing Activities:	
Purchase of Property and Equipment, Net	<u>(22,789)</u>
Net Cash Used in Investing Activities	<u>(22,789)</u>
Net Increase in Cash and Cash Equivalents	1,333,362
Cash and Cash Equivalents, beginning of year	<u>1,541,799</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 2,875,161</u></u>

See accompanying notes to financial statements.

**VALLEY TRANSPORTATION SERVICES  
(A California Nonprofit Organization)**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2012**

	<u>Program Services</u>	<u>Administrative</u>	<u>Total</u>
Community Support:			
Pomona Valley	\$ 31,459		\$ 31,459
Central City Lutheran	18,873		18,873
Support Services:			
Staff salaries and benefits		\$ 102,365	102,365
Professional and technical services		207,754	207,754
Materials and supplies		33,910	33,910
Insurance		1,843	1,843
Taxes		10	10
Leases and rentals		32,068	32,068
Depreciation and amortization		2,359	2,359
Travel		3,937	3,937
Professional development		1,450	1,450
Dues and memberships		549	549
Miscellaneous		2,579	2,579
Total	<u>\$ 50,332</u>	<u>\$ 388,825</u>	<u>\$ 439,157</u>

See accompanying notes to financial statements.

**VALLEY TRANSPORTATION SERVICES  
(A California Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

**NOTE 1 – ORGANIZATION**

Valley Transportation Services (V-Trans) is a new nonprofit 501 (c)(3) corporation created and designated in October 2010 by SANBAG as the Consolidated Transportation Services Agency eligible to receive 2% of the Measure I Senior/Disabled funds collected in the Valley portion of San Bernardino County. Valley Transportation Services' mission is to improve mobility for seniors, persons with disabilities and persons of low income.

County voters approved Measure I, supporting the half-cent sales tax in the incorporated and unincorporated areas of the County for the 20 year period between April 1, 1990 and March 31, 2010. On November 4, 2004, the voters of San Bernardino County approved San Bernardino County Transportation Authority Ordinance 04-01, extending the half cent sales tax for 30 years to March 31, 2040.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*The Financial Reporting Entity* – Under FASB ASC 958-210-50, V-Trans is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, V-Trans is required to present a statement of cash flows.

*Basis of Accounting* – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

*Cash and Cash Equivalents* includes all unrestricted and highly liquid investments with an initial maturity of three months or less to be cash.

*Grants* for operating assistance are included in revenue in the period in which the grant was earned.

*Property, plant, and equipment* is stated at cost and depreciated using the straight-line mid-month method over the following estimated useful lives:

Computer Equipment	5 years
Office Equipment	7 years

V-Trans' capitalization threshold is \$500.

*Functional Allocation of Expenses* – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, management has allocated certain costs among the programs and supporting services benefited.

*Prepaid Expenses* consist of funds disbursed for deposits required in advance of a training event that did not occur until the following fiscal year.

**VALLEY TRANSPORTATION SERVICES  
(A California Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

*Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Income Taxes* – V-Trans is a nonprofit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been recorded in the financial statements. Income tax returns for 2009 and forward may be audited by regulatory agencies; however, V-Trans is not aware of any such actions at this time.

V-Trans has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

*Fair Value Measurements* – V-Trans determines the fair market values of certain financial instruments based on a fair value hierarchy established in FASB ASC 820-10-50, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

V-Trans used the market approach to determine fair value for all investment assets.

**VALLEY TRANSPORTATION SERVICES  
(A California Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

**NOTE 3 – CASH**

Cash consisted of the following at June 30, 2012:

Cash in Banks	<u>\$ 140,608</u>
TOTAL	<u><u>\$ 140,608</u></u>

V-Trans has exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2012, V-Trans had no amount over the FDIC Limit.

**NOTE 4 – INVESTMENTS**

Investments are comprised of the following at June 30, 2012:

	<u>Fair Value</u>	<u>Cost</u>
Money Market Accounts	\$ 2,634,386	\$ 2,634,386
Certificate of Deposit	<u>100,167</u>	<u>100,167</u>
	<u><u>\$ 2,734,553</u></u>	<u><u>\$ 2,734,553</u></u>

Investment income is comprised of the following at June 30, 2012:

Interest Income	<u>\$ 6,221</u>
	<u><u>\$ 6,221</u></u>

**NOTE 5 – FAIR VALUE MEASUREMENT**

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2012, is set forth in the following table. V-Trans did not have any liabilities measured at fair value on a recurring basis as of June 30, 2012.

ASSETS	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Accounts	\$ 2,634,386	\$ -	\$ -	\$ 2,634,386
Certificate of Deposit	-	<u>100,167</u>	-	<u>100,167</u>
Total	<u><u>\$ 2,634,386</u></u>	<u><u>\$ 100,167</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,734,553</u></u>

**VALLEY TRANSPORTATION SERVICES  
(A California Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

**NOTE 6 – CONCENTRATION OF INCOME SOURCES**

During 2012, V-Trans received all of its revenue from the local sales tax measure, Measure I. V-Trans receives 2% of the revenues collected within the San Bernardino Valley. Currently SANBAG and V-Trans have a 3 year agreement setting out roles and responsibilities and set levels of funding for FY10/11, FY11/12 and FY12/13 which is approximately \$1.7 million per year. Additional revenue sources such as federal grants have been budgeted and may be available for future years.

**NOTE 7 – PROPERTY AND EQUIPMENT**

A schedule of changes in Property and Equipment and Accumulated Depreciation for the year ended June 30, 2012 is as follows:

	Beginning Balance July 01, 2011	Additions	Retirements	Ending Balance June 30, 2012
Furniture and Equipment	\$ 2,588	\$ 22,789	\$ -	\$ 25,377
Total Fixed Assets	2,588	22,789	-	25,377
Less accumulated depreciation for:				
Furniture and Equipment	12	2,359	-	2,371
Total Accumulated Depreciation	12	2,359	-	2,371
Fixed Assets, net	<u>\$ 2,576</u>	<u>\$ 20,430</u>	<u>\$ -</u>	<u>\$ 23,006</u>

**NOTE 8 – VACATION AND SICK LEAVE**

At June 30, 2012, V-Trans had \$3,480 in unpaid accumulated personal leave balances, consisting of vacation and sick pay. These amounts are included in the Accrued Expenses on the Statement of Financial Position.

**NOTE 9 – OPERATING LEASES**

V-Trans entered into an office space lease agreement on June 15, 2011 with 2 years lease term. V-Trans' office is located at 299 W. Foothill Blvd, Suite 202 in Upland, California. Rental expenditures for the year ended June 30, 2012 were \$27,185. The following is the amount due under the lease agreement.

2013	<u>\$ 33,924</u>
Total	<u>\$ 33,924</u>

**VALLEY TRANSPORTATION SERVICES  
(A California Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012**

**NOTE 10 – EMPLOYEES’ RETIREMENT PLAN**

V-Trans currently has a 457(b) Private Non-Qualified Deferred Compensation Plan for eligible employees. The plan was formed late in the fiscal year and consequently no contributions were made during the year. The unpaid obligation for V-Trans as of June 30, 2012 was \$2,954. The plan also allows for matching funds for employees who have made eligible salary deferrals during the years. As of June 30, 2012, there were no such salary deferrals and consequently, no matching obligations for V-Trans.

**NOTE 11 – SUBSEQUENT EVENTS**

V-Trans’ management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheets date through March 13, 2013, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.



**INDEPENDENT AUDITORS' 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 Directors  
Valley Transportation Services  
Upland, California

We have audited the financial statements of the Valley Transportation Services (V-Trans), (a California nonprofit organization), (V-Trans) as of June 30, 2012, and have issued our report thereon, dated March 13, 2013. 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.

**Internal Control over Financial Reporting**

Management of V-Trans is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered V-Trans' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of V-Trans' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of V-Trans' internal control over financial reporting.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies that we consider to be material weaknesses.

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. We consider the deficiency described in the accompany schedule of finding and response as item 2012-01 to be a significant deficiency.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether V-Trans' financial statements are free of 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 determination of financial statement amounts. 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*.

V-Trans' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit V-Trans' response and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the SANBAG, the Board of Directors, management, others within V-Trans, and officials of applicable state grantor agencies and is not intended to be, and should not be used by anyone other than these specified parties.

*Vawter, Tami, Day, Co., LLP*

Rancho Cucamonga, California  
March 13, 2013

**VALLEY TRANSPORTATION SERVICES  
(A California Nonprofit Organization)**

**SCHEDULE OF FINDING AND RESPONSE  
JUNE 30, 2012**

The following finding represents a significant deficiency, material weakness, and/or instance of noncompliance related to the financial statements that are required to be reported in accordance with *Government Audit Standards*.

**Finding 2012-01**

***Significant Deficiency***

**INTERNAL CONTROL – LACK OF SEGREGATION OF DUTIES**

**Criteria or Specific Requirement:**

An element of effective internal controls is the proper segregation of duties. The basic premise of segregating duties is to prevent situations where an employee has the ability to perpetrate an error or irregularity and to conceal it as well. Proper segregation of duties provides for a system of checks and balances such that the functions by one employee are subject to review through the performance of the interrelated functions of another employee or management.

**Condition Found:**

We noted a lack of segregation of duties in the preparation of year end closing and adjusting journal entries, as no additional review are imposed on the prepared and posted journal entries in the general ledger. The monthly bank reconciliation process is also lacking adequate segregation of duties, as the external consultant is assigned with the task of compiling the bank reconciliations and booking the interest income journal entries in the general ledger without further management approval.

**Context:**

A fundamental concept in the design of an effective system of internal control is the segregation of duties.

**Effect:**

V-Trans' internal control system is weakened and adequate safeguards in preventing material misstatements in the financial statements are missing.

**Cause:**

V-Trans' current internal control system is not adequately designed to maintain a sufficient and effective level of segregation of duties.

**Recommendation:**

To strengthen the internal control system, we recommended that V-Trans implement procedures to ensure adequate of management review and approval for all accounting related processes.

**VALLEY TRANSPORTATION SERVICES  
(A California Nonprofit Organization)**

**SCHEDULE OF FINDING AND RESPONSE  
JUNE 30, 2012**

**Views of Responsible Officials and Planned Corrective Action:**

V-Trans has relied on professional consultants to assist in administrative functions to minimize its overhead and add desired expertise to the organization in its formative years. V-Trans agrees that an additional review would be beneficial and will immediately implement procedures in which the Chief Executive Officer will review and sign-off on all bank reconciliations and journal entries.



- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

*Minute Action*

AGENDA ITEM: 9

**Date:** June 12, 2013

**Subject:** Allocation of Transportation Development Act Funds for Fiscal Year 2013/2014

**Recommendation:\*** That the Committee recommend the Board, acting as the San Bernardino County Transportation Commission, adopt Resolution No. 13-083 authorizing the allocation of Local Transportation Funds and State Transit Assistance Funds for Fiscal Year 2013/2014.

**Background:** Section 99214 of the California Public Utilities Code designates the San Bernardino County Transportation Commission as the Regional Transportation Planning Agency (RTPA) for the purpose of administering the Transportation Development Act (TDA) funds. This responsibility includes the adoption of the Local Transportation Fund (LTF) apportionments, approval of all LTF and State Transit Assistance Fund (STA) claims, and issuance of LTF and STA allocation and disbursement instructions.

In March 2013, the Board approved the Fiscal Year 2013/2014 LTF apportionment. The apportionment was subsequently incorporated into the Fiscal Year 2013/2014 Budget. Throughout the course of the year, staff receives claims from eligible TDA claimants and verifies the claims against planning documents. The planning documents that are used as the basis for approving the statutory claims of TDA funding includes the

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*Approved*  
*General Policy Committee*

Date: \_\_\_\_\_

Moved: \_\_\_\_\_ Second: \_\_\_\_\_

In Favor: \_\_\_\_\_ Opposed: \_\_\_\_\_ Abstained: \_\_\_\_\_

Witnessed: \_\_\_\_\_

COG		CTC	X	CTA		SAFE		CMA	
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Check all that apply.

GPC1306a-pc

RES13083: <http://portal.sanbag.ca.gov/mgmt/APOR-Mgmt/Shared%20Documents/RES13083.doc>

transit operator Short Range Transit Plans and the SANBAG 10-Year Delivery Plan.

Following approval of a transit claim, staff issues allocation instructions to the County Auditor/Controller's office authorizing the use of the funds by the claimant. This is a staff task that is on-going throughout the year. For staff to fulfill this responsibility, Section 6659 and Section 6753 of Title 21 of the California Code of Regulations require that the governing body adopt a resolution authorizing the issuance of LTF and STA allocation instructions, respectively.

The attached Resolution No. 13-083 fulfills the requirements of Title 21 of the California Code of Regulations Section 6659 and Section 6753.

***Financial Impact:***

This item has no impact on the current year budget. Adoption of the resolution by the Board will authorize the issuance of LTF and STA allocation instructions for the Commission's TDA administration functions, transportation planning and programming functions, and commuter rail operating and capital assistance as approved in the Fiscal Year 2013/2014 Budget.

***Reviewed By:***

This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel has reviewed this item and a draft of the Resolution.

***Responsible Staff:***

Philip Chu, Transportation Programming Analyst

**RESOLUTION NO. 13-083**

**RESOLUTION OF THE  
SAN BERNARDINO COUNTY TRANSPORTATION COMMISSION  
AUTHORIZING THE ALLOCATION OF  
LOCAL TRANSPORTATION FUNDS AND  
STATE TRANSIT ASSISTANCE FUNDS  
FOR FISCAL YEAR 2013/2014**

WHEREAS, the San Bernardino County Transportation Commission (SANBAG) is the designated transportation planning agency for the administration of the Transportation Development Act funds within San Bernardino County; and

WHEREAS, the Southern California Association of Governments Executive Committee has adopted a Regional Transportation Plan directed toward the achievement of a coordinated and balanced transportation system; and

WHEREAS, the SANBAG Board of Directors adopts Short Range Transit Plans for each of the San Bernardino County transit operators; and

WHEREAS, the SANBAG Board of Directors has adopted the SANBAG 10-Year Delivery Plan documenting anticipated capital expenditures for SANBAG's rail program; and

WHEREAS, the Short Range Transit Plans and the SANBAG 10-Year Delivery Plan include planned expenditures of transportation funds, including Local Transportation Funds and State Transit Assistance Funds; and

WHEREAS, claims may be submitted under the Transportation Development Act for allocations from the Local Transportation Fund and State Transit Assistance Funds consistent with the adopted plans, apportionments, and allocations; and

WHEREAS, SANBAG has incorporated the amount to be allocated to each of the transit operators and SANBAG into its Fiscal Year 2013/2014 Budget;

NOW THEREFORE BE IT RESOLVED that the San Bernardino County Transportation Commission hereby approves the allocation of Local Transportation Funds and State Transit Assistance Funds for Fiscal Year 2013/2014 subject to those claims conforming to adopted apportionments and all other requirements of the Transportation Development Act, including but not limited to the following determinations:

1. The claimant's proposed expenditures are in conformity with the Regional Transportation Plan, the claimant's Short Range Transit Plan, and SANBAG's 10-Year Delivery Plan, as applicable, and as amended through subsequent Board action.
2. The level of passenger fares and charges is sufficient to enable the operator or transit service claimant to meet the applicable fare revenue to operating expense (operating ratio) requirements as required by the Transportation Development Act.
3. The claimant is making full use of federal funds available pursuant to the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users and Moving Ahead for Progress in the 21st Century.

4. The sum of the claimant's allocations from the State Transit Assistance Fund and Local Transportation Fund does not exceed the amount the claimant is eligible to receive during the fiscal year.
5. Priority consideration has been given to claims to offset reductions in federal operating assistance and the unanticipated increase in the cost of fuel, to enhance existing public transportation services, and to meet high priority regional, countywide, or area-wide public transportation needs.
6. The claimant has made reasonable effort to implement the productivity improvements recommended pursuant to Public Utilities Code Section 99244, including the specific reference to the improvements recommended and the efforts made by the claimant to implement them.
7. The claimant submits a certification issued by the Department of California Highway Patrol within the last 13 months verifying that the claimant is in compliance with Section 1808.1 of the Vehicle Code (Drivers Pull Notice Program), as required by Public Utilities Code Section 99251.
8. The claimant is in compliance with the qualifying criteria pursuant to Public Utilities Code Section 99314.6 (use of State Transit Assistance Fund for operating purposes).
9. The transportation services contracted for under Public Utilities Code Section 99400(c) are responding to a transportation need not otherwise being met within the community or jurisdiction of the claimant and that, where appropriate, the services are coordinated with the existing transportation service.

BE IT FURTHER RESOLVED that such approval does not include allocations for local street and roads unless the provisions of Sections 99401.5 and 99401.6 of the Public Utilities Code have been met; and

BE IT FURTHER RESOLVED that the Executive Director or his designee is authorized to transmit allocation instructions to the San Bernardino County Auditor/Controller, having first determined that the required allocation meets all requirements of this Resolution and the Transportation Development Act.

Approved by the San Bernardino County Transportation Commission at its regular meeting thereof held this 3<sup>rd</sup> day of July 2013.\*

\*

	<p><i>Approved</i></p> <p><i>San Bernardino County Transportation Commission</i></p> <p><i>Date:</i> _____</p> <p><i>Moved:</i> _____ <i>Second:</i> _____</p> <p><i>In Favor:</i> _____ <i>Opposed:</i> _____ <i>Abstained:</i> _____</p> <p><i>Witnessed:</i> _____</p>
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- San Bernardino County Transportation Commission
- San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency
- Service Authority for Freeway Emergencies

*Minute Action*

AGENDA ITEM: 10

**Date:** June 12, 2013

**Subject:** Measure I Population Estimates for Measure I Allocations

**Recommendation:\*** That the Committee recommend the Board acting in its capacity as the San Bernardino County Transportation Authority:

Adopt the 2013 Population Estimates for use in the allocation of Measure I Local Street Program Funds.

**Background:** Population estimates for the cities and unincorporated territory within each Measure I Subarea are used in the allocation of Measure I Local Street Program funds, commonly referred to as local pass-through funds. The Valley distribution formula for local pass-through funds is based strictly upon population, while the Mountain/Desert formula contains both population and point of generation components. The formulas are updated annually using the State Department of Finance population estimates for January 1 of each year. The San Bernardino County Demographic Research Unit disaggregates the unincorporated population by Measure I Subarea based on the building permit activity and controlled by the Department of Finance unincorporated total.

The January 1 population estimates (see Attachment #1) are recommended for approval and use in allocation of Measure I Local Street Program funds. Both the 2013 population estimates and the 2012 population estimate are attached to this agenda item for comparison purposes. As there were only minor fluctuations in the population statistics, there should be no significant shift in Measure I fund

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*Approved*  
 General Policy Committee

Date: \_\_\_\_\_

Moved:                      Second:

In Favor:      Opposed:      Abstained:

Witnessed: \_\_\_\_\_

COG	CTC	CTA	X	SAFE	CMA
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Check all that apply.

GPC1306a-ep

Attachment 1: <http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1306/AgendaItems/GPC1306a1-ep.pdf>

allocations related to population. The distribution of Measure I funds will be adjusted retroactively to January 1, 2013, to reflect each jurisdiction's relative proportion of population within the Measure I Subarea.

***Financial Impact:*** This item has no direct impact on the SANBAG budget. The adopted population estimates are incorporated into the allocation formula for distribution to local jurisdictions.

***Reviewed By:*** This item is not scheduled for review by any other policy or technical advisory committee.

***Responsible Staff:*** Ellen Pollema, Transportation Planning Analyst

MEASURE I 2013 POPULATION SUMMARY  
 PREPARED BY SAN BERNARDINO COUNTY PLANNING

PLANNING REGION	(1) DOF/CO 2013	(2) ADJUSTMENT	2013 TOTAL	PERCENT OF SUBAREA	PERCENT OF COUNTY TOTAL
<b>WEST VALLEY</b>					
HINO	79,873		79,873	5.30%	3.847%
HINO HILLS	76,033		76,033	5.04%	3.662%
ONTANA	200,974		200,974	13.33%	9.680%
IONTCLAIR	37,311		37,311	2.48%	1.797%
NTARIO	166,866		166,866	11.07%	8.037%
ANCHO CUCAMONGA	171,058		171,058	11.35%	8.239%
PLAND	74,907		74,907	4.97%	3.608%
NINCORPORATED	43,409		43,409	2.88%	2.091%
<b>TOTAL WEST VALLEY</b>			<b>850,431</b>	<b>56.42%</b>	<b>40.959%</b>
<b>EAST VALLEY</b>					
OLTON	52,956		52,956	3.51%	2.551%
RAND TERRACE	12,270		12,270	0.81%	0.591%
IGHLAND	53,926		53,926	3.58%	2.597%
OMA LINDA	23,476		23,476	1.56%	1.131%
EDLANDS	69,813		69,813	4.63%	3.362%
IALTO	101,275		101,275	6.72%	4.878%
AN BERNARDINO	212,639		212,639	14.11%	10.241%
UCAIPA	52,549		52,549	3.49%	2.531%
NINCORPORATED	77,982		77,982	5.17%	3.756%
<b>TOTAL EAST VALLEY</b>			<b>656,886</b>	<b>43.58%</b>	<b>31.638%</b>
<b>TOTAL VALLEY</b>			<b>1,507,317</b>	<b>100.00%</b>	<b>72.597%</b>
<b>MOUNTAINS</b>					
IG BEAR LAKE	5,111		5,111	10.22%	0.246%
NINCORPORATED	44,909	(3)	44,909	89.78%	2.163%
<b>TOTAL MOUNTAINS</b>			<b>50,020</b>	<b>100.00%</b>	<b>2.409%</b>
<b>NORTH DESERT</b>					
ARSTOW	23,168		23,168	41.10%	1.116%
NINCORPORATED	33,197		33,197	58.90%	1.599%
<b>TOTAL NORTH DESERT</b>			<b>56,365</b>	<b>100.00%</b>	<b>2.715%</b>

**MEASURE I 2013 POPULATION SUMMARY  
PREPARED BY SAN BERNARDINO COUNTY PLANNING**

<b>PLANNING REGION</b>	<b>(1) DOF/CO 2013</b>	<b>(2) ADJUSTMENT</b>	<b>2013 TOTAL</b>	<b>PERCENT OF SUBAREA</b>	<b>PERCENT OF COUNTY TOTAL</b>
<b>OLORADO RIVER</b>					
EEDLES	4,912		4,912	69.37%	0.237%
NINCORPORATED	2,169		2,169	30.63%	0.104%
<b>TOTAL COLORADO RIVER</b>			<b>7,081</b>	<b>100.00%</b>	<b>0.341%</b>
<b>MORONGO BASIN</b>					
TWENTYNINE PALMS	26,084	(4)	26,084	36.26%	1.256%
UCCA VALLEY	21,030		21,030	29.23%	1.013%
NINCORPORATED	24,828		24,828	34.51%	1.196%
<b>TOTAL MORONGO BASIN</b>			<b>71,942</b>	<b>100.00%</b>	<b>3.465%</b>
<b>VICTOR VALLEY</b>					
DELANTO	31,289	(5)	31,289	8.16%	1.507%
APPLE VALLEY	70,436	(5)	70,436	18.36%	3.392%
ESPERIA	91,400	(5)	91,400	23.83%	4.402%
VICTORVILLE	120,368	(5)	120,368	31.38%	5.797%
NINCORPORATED (3)	70,056	(5)	70,056	18.27%	3.374%
<b>TOTAL VICTOR VALLEY</b>			<b>383,549</b>	<b>100.00%</b>	<b>18.473%</b>
<b>TOTAL DESERT</b>			<b>518,937</b>		
<b>TOTAL MOUNTAIN/DESERT</b>			<b>568,957</b>		<b>27.403%</b>
<b>SUMMARY:</b>					
<b>TOTAL INCORPORATED</b>	<b>1,779,724</b>		<b>1,779,724</b>		<b>85.717%</b>
<b>TOTAL UNINCORPORATED</b>	<b>296,550</b>		<b>296,550</b>		<b>14.283%</b>
<b>TOTAL COUNTY</b>	<b>2,076,274</b>		<b>2,076,274</b>		<b>100.000%</b>

- CITY FIGURES FROM DOF JANUARY 1, 2013 ESTIMATES; UNINCORPORATED FIGURES FROM PLANNING DEPARTMENT ESTIMATES CONTROLLED TO DOF UNINCORPORATED TOTAL.
- THIS COLUMN CONTAINS ADJUSTMENTS NECESSARY TO MODIFY CITY TOTALS AS SPECIFIED IN MEASURE I.
- THE WRIGHTWOOD COMMUNITY AND AREAS NORTH OF LONE PINE CANYON ROAD WERE EXCLUDED FROM THE MOUNTAIN AREA AND INCLUDED IN THE VICTOR VALLEY AS SPECIFIED IN MEASURE I.
- THE POPULATED PORTIONS OF THE TWENTYNINE PALMS MARINE BASE HAVE BEEN ANNEXED BY THE CITY OF TWENTYNINE PALMS.
- WITH THE CLOSING OF GEORGE AIR FORCE BASE, THERE IS NO LONGER AN ALLOCATION OF POPULATION TO THE CITIES IN THE VICTOR VALLEY.

MEASURE I 2012 POPULATION SUMMARY  
 PREPARED BY SAN BERNARDINO COUNTY PLANNING

PLANNING REGION	(1) DOF/CO 2012	(2) ADJUSTMENT	2012 TOTAL	PERCENT OF SUBAREA	PERCENT OF COUNTY TOTAL
<b>WEST VALLEY</b>					
CHINO	79,171		79,171	5.28%	3.836%
CHINO HILLS	75,655		75,655	5.05%	3.666%
FONTANA	199,898		199,898	13.34%	9.685%
MONTCLAIR	37,163		37,163	2.48%	1.801%
ONTARIO	166,134		166,134	11.09%	8.049%
RANCHO CUCAMONGA	169,498		169,498	11.31%	8.212%
UPLAND	74,568		74,568	4.98%	3.613%
UNINCORPORATED	43,216		43,216	2.88%	2.094%
<b>TOTAL WEST VALLEY</b>			<b>845,303</b>	<b>56.40%</b>	<b>40.956%</b>
<b>EAST VALLEY</b>					
COLTON	52,690		52,690	3.52%	2.553%
GRAND TERRACE	12,157		12,157	0.81%	0.589%
HIGHLAND	53,664		53,664	3.58%	2.600%
LOMA LINDA	23,389		23,389	1.56%	1.133%
REDLANDS	69,498		69,498	4.64%	3.367%
RIALTO	100,606		100,606	6.71%	4.875%
SAN BERNARDINO	211,674		211,674	14.12%	10.256%
YUCAIPA	52,100		52,100	3.48%	2.524%
UNINCORPORATED	77,636		77,636	5.18%	3.762%
<b>TOTAL EAST VALLEY</b>			<b>653,414</b>	<b>43.60%</b>	<b>31.659%</b>
<b>TOTAL VALLEY</b>			<b>1,498,717</b>	<b>100.00%</b>	<b>72.615%</b>
<b>MOUNTAINS</b>					
BIG BEAR LAKE	5,088		5,088	10.22%	0.247%
UNINCORPORATED	44,709	(3)	44,709	89.78%	2.166%
<b>TOTAL MOUNTAINS</b>			<b>49,797</b>	<b>100.00%</b>	<b>2.413%</b>
<b>NORTH DESERT</b>					
BARSTOW	23,019		23,019	41.05%	1.115%
UNINCORPORATED	33,050		33,050	58.95%	1.601%
<b>TOTAL NORTH DESERT</b>			<b>56,069</b>	<b>100.00%</b>	<b>2.717%</b>

MEASURE I 2012 POPULATION SUMMARY  
 PREPARED BY SAN BERNARDINO COUNTY PLANNING

PLANNING REGION	(1) DOF/CO 2012	(2) ADJUSTMENT	2012 TOTAL	PERCENT OF SUBAREA	PERCENT OF COUNTY TOTAL
<b>COLORADO RIVER</b>					
NEEDLES	4,894		4,894	69.38%	0.237%
UNINCORPORATED	2,160		2,160	30.62%	0.105%
<b>TOTAL COLORADO RIVER</b>			<b>7,054</b>	<b>100.00%</b>	<b>0.342%</b>
<b>MORONGO BASIN</b>					
TWENTYNINE PALMS	25,713	(4)	25,713	36.04%	1.246%
YUCCA VALLEY	20,916		20,916	29.32%	1.013%
UNINCORPORATED	24,717		24,717	34.64%	1.198%
<b>TOTAL MORONGO BASIN</b>			<b>71,346</b>	<b>100.00%</b>	<b>3.457%</b>
<b>VICTOR VALLEY</b>					
ADELANTO	31,066	(5)	31,066	8.16%	1.505%
APPLE VALLEY	70,033	(5)	70,033	18.38%	3.393%
HESPERIA	91,033	(5)	91,033	23.90%	4.411%
VICTORVILLE	119,059	(5)	119,059	31.25%	5.769%
UNINCORPORATED (3)	69,745	(5)	69,745	18.31%	3.379%
<b>TOTAL VICTOR VALLEY</b>			<b>380,936</b>	<b>100.00%</b>	<b>18.457%</b>
<b>TOTAL DESERT</b>			<b>515,405</b>		
<b>TOTAL MOUNTAIN/DESERT</b>			<b>565,202</b>		<b>27.385%</b>
<b>SUMMARY:</b>					
<b>TOTAL INCORPORATED</b>	<b>1,768,686</b>		<b>1,768,686</b>		<b>85.696%</b>
<b>TOTAL UNINCORPORATED</b>	<b>295,233</b>		<b>295,233</b>		<b>14.304%</b>
<b>TOTAL COUNTY</b>	<b>2,063,919</b>		<b>2,063,919</b>		<b>100.000%</b>

- (1) - CITY FIGURES FROM DOF JANUARY 1, 2012 ESTIMATES; UNINCORPORATED FIGURES FROM PLANNING DEPARTMENT ESTIMATES CONTROLLED TO DOF UNINCORPORATED TOTAL.
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- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

***Minute Action***

AGENDA ITEM:     11    

**Date:** June 12, 2013

**Subject:** Agreement with San Bernardino County for the Collection of Special Taxes, Fees and Assessments, and Memorandum of Understanding for the Electronic Recording of Documents Related to the Home Energy and Renovation Opportunity (HERO) Program

**Recommendation:\*** That the Committee recommend the Board approve the following related to the HERO Program:

1. Approve Agreement C13157 with San Bernardino County for the collection of special taxes, fees and assessments.
2. Approve Memorandum of Understanding (MOU) C13156 with San Bernardino County for the electronic recording of documents.

**Background:** On March 6, 2013, the SANBAG Board of Directors held a public hearing and then adopted Resolution 13-044 creating the HERO Program that allows a jurisdiction and an interested property owner to enter into a contractual agreement to finance the installation of eligible renewable energy, energy efficiency, or water efficiency improvements that are permanently affixed to the property. SANBAG loans the property owner the funds for the improvements. The amount of the loan plus a fixed interest amount is repaid through an assessment on the property tax bill for the property. The term of the loan is typically 20 years.

\*

*Approved  
 General Policy Committee*

*Date:* \_\_\_\_\_

*Moved:* \_\_\_\_\_ *Second:* \_\_\_\_\_

*In Favor:* \_\_\_\_\_ *Opposed:* \_\_\_\_\_ *Abstained:* \_\_\_\_\_

*Witnessed:* \_\_\_\_\_

COG	X	CTC		CTA		SAFE		CMA	
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Check all that apply.

GPC1306a-dab

<http://portal.sanbag.ca.gov/mgmt/APOR-Mgmt/Shared%20Documents/C13156.pdf>

<http://portal.sanbag.ca.gov/mgmt/APOR-Mgmt/Shared%20Documents/C13157.pdf>

SANBAG gets the funds to loan by selling bonds to private investors secured by the property tax assessments paid by the property owners.

Agreement C13157 is required by the County before the County will collect the voluntary contractual assessment from property owners as required for the HERO Program.

MOU C13156 is required to allow SANBAG and its agents to electronically record the necessary documents. The MOU sets out the procedures that must be used to record documents electronically in San Bernardino County.

***Financial Impact:*** This item is consistent with the adopted SANBAG budget.

***Reviewed By:*** This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel and Contract Administrator have reviewed this item, the contract and Memorandum of Understanding.

***Responsible Staff:*** Duane A. Baker, Director of Management Services.

## CONTRACT SUMMARY SHEET

Contract No. C 13156 Amendment No. \_\_\_\_\_

By and Between

County of San Bernardino and SANBAG

Contract Description HERO Electronic Recording Delivery Systems with County of San Bernardino

**Board of Director's Meeting Date: July 3, 2013**  
**Overview of BOD Action:** That the Committee recommend the Board approve the following related to the HERO program: Memorandum of Understanding (MOU) C13156 with San Bernardino County for the electronic recording of documents.  
**Is this a Sole-Source procurement?**  Yes  No

CONTRACT OVERVIEW			
Original Contract Amount	\$	0.00	Original Contingency Amount
Revised Contract Amount <i>Inclusive of prior amendments</i>	\$		Revised Contingency Amount <i>Inclusive of prior amendments</i>
Current Amendment Amount	\$		Contingency Amendment
<b>TOTAL CONTRACT VALUE</b>	<b>\$</b>		<b>TOTAL CONTINGENCY VALUE</b>
<b>TOTAL BUDGET AUTHORITY (contract value + contingency)</b>			<b>\$ 0.00</b>

<b>Contract Start Date</b> 7/3/13	<b>Current Contract Expiration Date</b> Until terminated July 2018	<b>Revised Contract Expiration Date</b> 
Has the contract term been amended? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes - please explain.		

**FINANCIAL INFORMATION**

Budget authority for this contract currently exists in Task No. 0708.  
 A Budget Amendment is required.  
 How are we funding current FY?  
 Federal Funds  State Funds  Local Funds  TDA Funds  Measure I Funds

*Provide Brief Overview of the Overall Funding for the duration of the Contract:*  
 This is a no cost contract and provides only for the requirements necessary for SANBAG to file HERO Program assessments electronically.  
 Payable  Receivable

**CONTRACT MANAGEMENT INFORMATION**

**Check all applicable boxes:**  
 Retention? If yes, indicate % \_\_\_\_\_.  
 Disadvantaged Business Enterprise (DBE) Goal \_\_\_\_\_ %

<u>Duane A. Baker</u> Project Manager (Print Name)	<u>Duane A. Baker</u> 5-23-13 Signature Date
<u>Duane A. Baker</u> Task Manager (Print Name)	<u>Duane A. Baker</u> 5-23-13 Signature Date
<u>Andrea Zuneida</u> Dir. of Fund Admin. & Programming (Print Name)	<u>Andrea Zuneida</u> 5/24/13 Signature Date
<u>Jeffery Hill</u> Contract Administrator (Print Name)	<u>Jeffery Hill</u> 5/27/13 Signature Date
<u>W. STUMRSKI</u> Chief Financial Officer (Print Name)	<u>W. Stumrski</u> 6/3/13 Signature Date

**MEMORANDUM OF UNDERSTANDING BETWEEN  
THE COUNTY OF SAN BERNARDINO AND**

THIS MEMORANDUM OF UNDERSTANDING (hereinafter "MOU") is made and executed as of this \_\_\_\_ day of \_\_\_\_\_, 2012, by and between the COUNTY OF **SAN BERNARDINO** (hereinafter referred to as "RECORDER"), and \_\_\_\_\_ (hereinafter referred to as "SENDER").

The purpose of this MOU is to outline the agreement and procedures required to record documents electronically in RECORDER's County (the "COUNTY"). The responsibilities established by this MOU are intended to assure that the Electronic Recording Delivery System ("ERDS"), as implemented and maintained by the California Electronic Recording Transaction Network Authority ("CERTNA") is secure and that ERDS operating procedures are sufficient to assure the continuing security and lawful operation of the ERDS as provided for in the Electronic Recording Delivery Act of 2004 ("ERDA"), set forth at California Government Code section 27390 et seq., and regulations promulgated thereunder, set forth at California Code of Regulations ("CCR"), Title 11, Division 1, Chapter 18, Articles 1 through 9.

NOW, THEREFORE, RECORDER and SENDER hereby agree as follows:

**ARTICLE I -- DEFINITIONS**

Terms defined in Government Code Section 27390 and/or California Code of Regulations Section 999.108 shall have the same meaning when used in this MOU.

**ARTICLE II -- GENERAL DUTIES AND RESPONSIBILITIES**

A. SENDER acknowledges that it is a voluntary participant in ERDS.

B. If SENDER is one of the types of entities described in Government Code section 27391(b), or an authorized agent of such an entity, then SENDER is authorized under this MOU to deliver to RECORDER for recording, and return to the

1 party requesting recording, a digitized electronic record that is an instrument affecting a  
2 right, title, or interest in real property.

3 C. If SENDER is one of the types of entities described in Government  
4 Code section 27397.5(b), or an authorized agent of such an entity, then SENDER is  
5 authorized under this MOU to deliver to RECORDER for recording, and return to the  
6 party requesting recording, a digital or digitized electronic record that is an instrument of  
7 reconveyance, substitution of trustee, or assignment of deed of trust.

8 D. SENDER is wholly responsible for the scanning, transmission, and  
9 submission of documents. SENDER agrees to abide by the procedures for ERDS as set  
10 forth by CERTNA and RECORDER. RECORDER shall provide a copy of the current  
11 procedures to SENDER. CERTNA and RECORDER each reserve the right to modify  
12 its own procedures at any time, and a copy of any revised procedures will be provided  
13 to SENDER.

14 E. SENDER shall mail recorded documents to applicable parties together  
15 with a copy of a recorded electronic document to the address specified in the  
16 instructions for mailing upon completion of recording pursuant to Government Code  
17 Section 27391(d).

18 F. All hardware and software used by SENDER in the ERDS scanning and  
19 submitting process and any additional uses for the scan/submit stations must be  
20 approved by RECORDER prior to installation.

21 G. SENDER shall provide to RECORDER guidelines for any specific  
22 software/hardware configuration required to install ERDS on SENDER's network. The  
23 SENDER shall provide, at no cost to RECORDER or CERTNA, any and all specific  
24 software/hardware identified as required by SENDER.

25 H. Access to the ERDS software, scan, and transmission process shall be  
26 governed by an authentication system approved by CERTNA and RECORDER. All  
27 administrative access to the authentication system shall be restricted to RECORDER

1 employees and CERTNA employees only. SENDER and any agents of SENDER shall  
2 not perform any authentication administration.

3 I. SENDER agrees to notify RECORDER of system users who leave  
4 employment of SENDER or who change office locations. RECORDER shall delete or  
5 modify security access for those individuals.

6 J. SENDER-controlled remote access to the ERDS system shall be  
7 provided to CERTNA and RECORDER for system administration and maintenance  
8 purposes.

9 K. SENDER shall provide CERTNA and RECORDER with physical access  
10 during normal business hours to all of SENDER'S hardware and software interacting  
11 with the ERDS system.

12 L. SENDER shall provide first-level technical support to its users for the  
13 ERDS hardware and software. SENDER agrees to perform basic maintenance of its  
14 hardware on a regular basis.

15 M. CERTNA retains ownership of the ERDS software and is responsible  
16 for any modifications, upgrades, or enhancements. RECORDER shall provide  
17 SENDER access to ERDS on an as-is basis. SENDER may remit suggestions for  
18 enhancements to CERTNA or RECORDER for consideration. CERTNA alone has final  
19 authority on the functionality, enhancements, or upgrades of the ERDS software.

20 N. SENDER is expressly prohibited from making any software/hardware  
21 modification to the ERDS system without written consent of CERTNA.

22 O. CERTNA or RECORDER may terminate access to ERDS, or any part  
23 thereof, or may terminate access of any authorized submitter, or any authorized staff, at  
24 any time it deems it necessary to protect ERDS, to protect the public interest, to protect  
25 the integrity of public records, or to protect homeowners or real property owners from  
26 financial harm. No cause of action or liability against the RECORDER or CERTNA or  
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1 any government agency shall arise from any decision of the RECORDER or CERTNA  
2 to terminate or deny access of any person or entity to ERDS.

3 P. SENDER and Agent, if any, shall be limited to those privileges granted  
4 by RECORDER. The SENDER and Agent are strictly prohibited from submitting ERDS  
5 payloads on behalf of another SENDER or Agent except as provided for in this MOU. In  
6 no event shall shared user accounts be issued or ERDS authentication credentials be  
7 shared. In the event that RECORDER or CERTNA determines that any provisions or  
8 procedures have been or are imminently in danger of being violated, RECORDER or  
9 CERTNA may revoke immediately and without prior notice all electronic submission  
10 privileges of SENDER and Agent.

### 11 ARTICLE III – TECHNICAL REQUIREMENTS

12 A. SENDER and Agent (if any) hereby certify that all users, equipment  
13 (owned by Sender or Agent), and software interacting with the ERDS shall meet all  
14 requirements as set forth in the ERDA and associated regulations, including but not  
15 limited to the followings:

16 1. Scanner Requirements

- 17 i. See county-specific requirements set forth in guidelines provided by  
18 RECORDER.

19 2. Payloads

- 20 i. Type 1 and Type 2 Instruments.  
21 ii. The ERDA refers to two types of instruments that may be delivered  
22 and, when applicable, returned as digital electronic records and/or  
23 digitized electronic records. For the purposes of an ERDS, these  
24 instruments are categorized as "Type 1" and "Type 2." As defined  
25 in Cal. Code of Regs. § 999.109(26), a "Type 1" instrument is an  
26 instrument affecting a right, title, or interest in real property, and a  
27  
28

1 "Type 2" instrument is an instrument of reconveyance, substitution  
2 of trustee, or assignment of deed of trust. Type 1 and Type 2  
3 documents shall NOT be mixed within a single payload.

4 iii. The content of Type 1 and Type 2 instruments shall be as follows:

- 5 1. Type 1 Instruments: those affecting a right, title, or interest in  
6 real property, shall be delivered as digitized electronic  
7 records.
- 8 2. Type 2 Instruments: instruments of reconveyance,  
9 substitution of trustee, or assignment of deed of trust, shall  
10 be delivered as digitized electronic records or digital  
11 electronic records.

12 B. Additional specifications shall be set forth in Attachment A hereto,  
13 which is hereby incorporated by reference. Attachment A shall include specifications for  
14 the following:  
15

- 16 1. File Type
- 17 2. DPI
- 18 3. Index Information
- 19 4. Priority Levels Available
- 20 5. Submission Cut-Off Times
- 21 6. Support Procedure and Contact Information

22 In the event Attachment A does not list File Type, the File Type is assumed to be TIFF.

23 In the event Attachment A does not list DPI, the DPI is assumed to be 300.

#### 24 ARTICLE IV – MANDATORY PROVISIONS PER CCR

25 A. Pursuant to CCR 999.138, RECORDER shall ensure that all endpoints  
26 are secure. Workstations used to submit, retrieve, or, when applicable, return ERDS  
27

1 payloads shall be protected from unauthorized use and access. At a minimum,  
2 SENDER's and/or SENDER's Agents' workstations shall meet all of the following  
3 requirements:

- 4 1. Anti-malware software configured to start on system boot-up.
- 5 2. Operating system software with the most up-to-date patches and  
6 hot-fixes.
- 7 3. Host based firewall configured to restrict inbound and outbound  
8 connections.

9 Installed applications shall be limited to the purpose of performing the necessary  
10 operational needs of the recording process as defined by RECORDER. SENDER shall  
11 ensure that all of SENDER's Agents comply with the provisions of this paragraph A.

12 B. Pursuant to CCR 999.131 and 999.146(b), RECORDER shall establish  
13 ERDS operating procedures.

14 C. Pursuant to CCR 999.142, ERDS access shall be controlled by  
15 RECORDER using a role-based access control system. RECORDER shall also be  
16 responsible for controlling the assignment of user accounts and identity credentials.

#### 17 ARTICLE V – GENERAL PROVISIONS

18 A. In the performance of the MOU, SENDER shall act in an independent  
19 capacity and not as an officer, employee, or agent of RECORDER or CERTNA.

20 B. SENDER or designee (AGENT) must respond to RECORDER or  
21 CERTNA inquiries within one (1) business hour.

22 C. No AGENT shall be a computer security auditor or a vendor of ERDS  
23 or any other electronic recording delivery system.

24 D. SENDER shall notify the COUNTY in writing, of any change in mailing  
25 address within ten (10) business days of the change.

26 E. SENDER shall not enter into any subcontract for services covered by  
27 this MOU without first obtaining written approval from RECORDER. Any subcontract  
28

1 shall be subject to the same terms and conditions as this MOU. SENDER shall be fully  
2 responsible for the performance and payment of any subcontractor's contract.

3 F. Without the prior written consent of the RECORDER, this MOU shall  
4 not be assigned by SENDER either in whole or in part.

5 G. This MOU is intended by the parties hereto as a final expression of  
6 their understanding with respect to the subject matter hereof and supersedes any and  
7 all prior or contemporaneous MOUs or understandings or contracts. This MOU may be  
8 changed or modified only upon the written consent of the parties hereto. Any alteration,  
9 variation, modification, amendment or waiver of the provisions of this MOU shall be  
10 valid only when reduced to writing and signed by the parties hereto.

11 H. SENDER shall ensure that it has all necessary licenses and permits  
12 required by applicable federal, state, and local laws, ordinances, rules and regulations.  
13 The SENDER shall maintain these licenses and permits in effect for the duration of this  
14 MOU. SENDER will notify RECORDER immediately of any loss or suspension of any  
15 such licenses and permits. Failure of SENDER to maintain all required licenses and  
16 permits constitutes a material breach of this MOU and in the event of any such failure  
17 RECORDER may immediately terminate this MOU and pursue all other available  
18 remedies.

19 I. In the event of a problem or potential problem that could impact the  
20 quality or quantity of work, services, or the level of performance under this MOU, the  
21 SENDER shall notify the RECORDER within one (1) working day, in writing and by  
22 telephone.

23 J. SENDER shall not offer (either directly or through an intermediary) any  
24 improper consideration such as, but not limited to, cash, discounts, service, the  
25 provision of travel or entertainment, or any items of value to any officer, employee or  
26 agent of RECORDER or CERTNA in an attempt to secure favorable treatment  
27 regarding this MOU. The RECORDER, by written notice, may immediately terminate  
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1 any MOU if it determines that any improper consideration as described in this paragraph  
2 was offered to any officer, employee or agent of the RECORDER or CERTNA with  
3 respect to the proposal and award process. This prohibition shall apply to any  
4 amendment, extension or evaluation process once an MOU has been awarded.  
5 SENDER shall immediately report any attempt by a RECORDER officer, employee or  
6 agent to solicit (either directly or through an intermediary) improper consideration from  
7 SENDER. The report shall be made to CERTNA or to the supervisor or manager  
8 charged with supervision of the employee or to the RECORDER's County  
9 Administrative Office.

10 K. No news releases, advertisements, public announcements or  
11 photographs arising out of this MOU or the SENDER's relationship with RECORDER  
12 may be made or used without prior written approval of the RECORDER.

13 L. This MOU shall be governed by the laws of the State of California.

14 M. The RECORDER and CERTNA shall each have the absolute right to  
15 review and audit any aspect of the ERDS system, security, all records, books, papers,  
16 documents, and other pertinent items as requested, and shall have absolute right to  
17 monitor the performance of SENDER in the delivery of services provided under this  
18 MOU. SENDER shall give full cooperation, in any auditing or monitoring conducted.  
19 SENDER shall cooperate with RECORDER and CERTNA in the implementation,  
20 monitoring and evaluation of this MOU and comply with any and all reporting  
21 requirements established by RECORDER and CERTNA. All records pertaining to  
22 services under this MOU shall be available for examination and audit by RECORDER  
23 and CERTNA representatives for a period of one year.

24 N. The SENDER agrees to indemnify, defend and hold harmless  
25 RECORDER and CERTNA, their authorized officers, employees, agents and volunteers  
26 from any and all claims, actions, losses, damages and/or liability arising from  
27 SENDER's acts, errors or omissions and for any costs or expenses incurred by  
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1 RECORDER or CERTNA on account of any claim therefor, except where such  
2 indemnification is prohibited by law.

3 O. SENDER is responsible for the accuracy and completeness of the  
4 recording transactions. RECORDER and CERTNA are expressly not liable for damages  
5 resulting from the recording or ERDS transactions or processes.

6 P. SENDER shall carefully monitor and control use of the system,  
7 ensuring compliance with procedural safeguards. SENDER assumes full responsibility  
8 for any malicious act that harms, damages or has a damaging effect to the  
9 RECORDER's system or databases. RECORDER and CERTNA assume no liability for  
10 electronically transmitted records that do not adhere to Government Code section  
11 27201. RECORDER and CERTNA assume no liability for any information transmitted  
12 electronically by a SENDER.

13 Q. RECORDER and CERTNA assume no liability for any breach of  
14 security, fraud, or deceit as a result of ERDS. In the event of fraud impacting the value  
15 of or title to real estate, SENDER bears the financial responsibility for transactions in  
16 which the SENDER engages. This responsibility lies with the SENDER notwithstanding  
17 contrary waiver and/or disclaimer language that may be present in any title insurance  
18 policy, escrow instruction, or other document pertaining to the real estate transaction  
19 associated with said fraud.

20 ARTICLE VI – NOTICES AND REPORTS

21 Any notice or report desired to be served by either party upon the other  
22 shall be addressed, personally delivered, or mailed to the respective parties as set forth  
23 below:

24 RECORDER:

Dennis Draeger  
San Bernardino County  
Assessor-Recorder-Clerk  
222 W. Hospitality Lane  
San Bernardino, CA 92415-0022

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SENDER:

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CONTACT NAME  
  
\_\_\_\_\_  
Company Name  
  
\_\_\_\_\_  
Street/ Mailing Address  
  
\_\_\_\_\_  
City, ST Zip

AGENT (if any):

\_\_\_\_\_  
CONTACT NAME  
  
\_\_\_\_\_  
Company Name  
  
\_\_\_\_\_  
Street/ Mailing Address  
  
\_\_\_\_\_  
City, ST Zip

ARTICLE VII – TERM AND TERMINATION

A. This MOU shall take effect on the date it is signed by the RECORDER and shall continue in force and effect until terminated hereunder.

B. Either party may terminate this MOU for any reason by serving the other party with prior written notice of at least fifteen (15) business days.

C. Upon termination, all ERDS software and/or equipment owned by RECORDER or CERTNA must be returned to its owner within thirty (30) days of termination.

D. In addition to other termination provisions contained herein, in the event that RECORDER determines that SENDER’S performance of its duties or other terms of

1 this MOU are deficient in any manner, RECORDER may notify SENDER of such  
2 deficiency in writing or orally, provided written confirmation is provided five (5) days  
3 thereafter. SENDER shall remedy any deficiency within forty-eight (48) hours of such  
4 notification, or RECORDER may, at its option, terminate this MOU immediately upon  
5 written notice.

6 IN WITNESS WHEREOF, the parties hereto have executed this MOU as  
7 of the day and year first above written.

8  
9 RECORDER

10  
11 By: \_\_\_\_\_  
12 Dan Harp  
Assistant Assessor Recorder

13 SENDER:

14  
15  
16 BY: \_\_\_\_\_

17  
18 Agent (if any):

19 Name of Agent:

20  
21  
22 BY: \_\_\_\_\_

23

24

25

26

27

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## CONTRACT SUMMARY SHEET

Contract No. C 13157 Amendment No. \_\_\_\_\_

By and Between

SANBAG and County of San Bernardino

Contract Description Agreement for Hero Program for Collection of Special Taxes

**Board of Director's Meeting Date: July 3, 2013**

**Overview of BOD Action:** That the Committee recommend the Board approve the following related to the HERO Program:

Agreement C13157 with San Bernardino County for the collection of special taxes.  
**Is this a Sole-Source procurement?**  Yes  No fees and assessments.

### CONTRACT OVERVIEW

Original Contract Amount	\$	0.00	Original Contingency Amount	\$	
Revised Contract Amount <i>Inclusive of prior amendments</i>	\$		Revised Contingency Amount <i>Inclusive of prior amendments</i>	\$	
Current Amendment Amount	\$		Contingency Amendment	\$	
<b>TOTAL CONTRACT VALUE</b>	<b>\$</b>		<b>TOTAL CONTINGENCY VALUE</b>	<b>\$</b>	
<b>TOTAL BUDGET AUTHORITY (contract value + contingency)</b>					<b>\$ 0.00</b>

<b>Contract Start Date</b> 7/3/2013	<b>Current Contract Expiration Date</b> Until terminated July 2018	<b>Revised Contract Expiration Date</b>
--	---	---

Has the contract term been amended?  No  Yes - please explain.

### FINANCIAL INFORMATION

Budget authority for this contract currently exists in Task No. 0708.

A Budget Amendment is required.

How are we funding current FY?

Federal Funds  
  State Funds  
  Local Funds  
  TDA Funds  
  Measure I Funds

*Provide Brief Overview of the Overall Funding for the duration of the Contract:*

No dollar contract covering the terms for the County to collect assessments for the HERO program.

Payable    Receivable

### CONTRACT MANAGEMENT INFORMATION

**Check all applicable boxes:**

Retention? If yes, indicate % \_\_\_\_\_.

Disadvantaged Business Enterprise (DBE) Goal \_\_\_\_\_ %

Duane A. Baker  
Project Manager (Print Name)

Duane A. Baker  
Task Manager (Print Name)

Andrea Zureick  
Dir. of Fund Admin. & Programming (Print Name)

Jeffery Hill  
Contract Administrator (Print Name)

W. STANESKI  
Chief Financial Officer (Print Name)

[Signature] 5-23-13  
Signature Date

[Signature] 5-23-13  
Signature Date

[Signature] 5/24/13  
Signature Date

[Signature] 5/29/13  
Signature Date

[Signature] 4/3/13  
Signature Date

AGREEMENT FOR COLLECTION OF SPECIAL  
TAXES, FEES, AND ASSESSMENTS

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the COUNTY OF SAN BERNARDINO, hereinafter referred to as "County" and the \_\_\_\_\_, hereinafter referred to as "District".

WITNESSETH:

WHEREAS, Government Code Sections 29304 and 51800 authorize the County to recoup its collection costs when the County collects taxes, fees, or assessments for any school district, special district, zone or improvement district thereof; and

WHEREAS, the District and County have determined that it is in the public interest that the County, when requested by District, collect on the County tax rolls the special taxes, fees, and assessments for District.

NOW, THEREFORE, IT IS AGREED by and between the parties hereto as follows:

1. County agrees, when requested by District as hereinafter provided to collect on the County tax rolls the special taxes, fees, and assessments of District, and of each zone or improvement District thereof.

2. When County is to collect District's special taxes, fees, and assessments, District agrees to notify in writing the Auditor-Controller (222 W. Hospitality Lane, San Bernardino, CA 92415) of the County on or before the 10<sup>th</sup> day of August of each fiscal year of the Assessor's parcel numbers and the amount of each special tax, fee, or assessment to be so collected. Any such notice, in order to be effective, must be received by the Auditor-Controller by said date.

3. County may charge District an amount per parcel for each special tax, fee, or assessment that is to be collected on the County tax rolls by the County for the District, not to exceed County's actual cost of collection..

4. District warrants that the taxes, fees, or assessments imposed by District and collected pursuant to this Agreement comply with all requirements of state law, including but not limited to, Articles XIII C and XIII D of the California Constitution (Proposition 218).

5. District hereby releases and forever discharges County and its officers, agents and employees from any and all claims, demands, liabilities, costs and expenses, damages, causes of

action, and judgments, in any manner arising out of District's responsibility under this agreement, or other action taken by District in establishing a special tax, fee, or assessment and implementing collection of special taxes, fees or assessments as contemplated in this agreement.

6. The County Auditor/Controller has not determined the validity of the taxes or assessments to be collected pursuant to this contract, and the undersigned District hereby assumes any and all responsibility for making such a determination. The undersigned District agrees to indemnify, defend and hold harmless the County and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of this contract or the imposition of the taxes or assessments collected pursuant to this contract, and for any costs or expenses incurred by the County on account of any claim therefore, except where such indemnification is prohibited by law. If any judgment is entered against County or any other indemnified party as a result of action taken to implement this Agreement, District agrees that County may offset the amount of any judgment paid by County or by any indemnified party from any monies collected by County on District's behalf, including property taxes, special taxes, fees, or assessments. County may, but is not required to, notify District of its intent to implement any offset authorized by this paragraph.

7. District agrees that its officers, agents and employees will cooperate with County by answering inquiries made to District by any person concerning District's special tax, fee, or assessment, and District agrees that its officers, agents and employees will not refer such individuals making inquiries to County officers or employees for response.

8. District shall not assign or transfer this agreement or any interest herein and any such assignment or transfer or attempted assignment or transfer of this agreement or any interest herein by District shall be void and shall immediately and automatically terminate this agreement

9. This agreement shall be effective for the 20\_\_\_\_ fiscal year and shall be automatically renewed for each fiscal year thereafter unless terminated as hereinafter provided.

10. Either party may terminate this agreement for any reason upon thirty days written notice to the other party. The County Auditor/Controller shall have the right to exercise County's right and authority under this contract including the right to terminate the contract.

11. County's waiver of breach of any one term, covenant, or other provision of this agreement, is not a waiver of breach of any other term, nor subsequent breach of the term or provision waived.

12. Each person signing this agreement represents and warrants that he or she has been fully authorized to do so.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

District: \_\_\_\_\_

By: \_\_\_\_\_

Printed or typed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

SAN BERNARDINO COUNTY  
AUDITOR/CONTROLLER  
Property Tax Division

By: \_\_\_\_\_

Printed or typed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## *Minute Action*

AGENDA ITEM: 12

**Date:** June 12, 2013

**Subject:** Legislative Update

**Recommendations:** That the Committee recommend the Board receive:

1. State Update and adopt the following position on State Legislation:
  - a. Support AB 1081 (Medina, D-Riverside)
2. Federal Update and adopt the following positions on Federal Legislation:
  - a. Support H.R. 974, the MOVE Freight Act of 2013 (Rep. Sires, D-New Jersey)
  - b. Support H.R. 2084, Partnership to Build America Act (Rep. Delaney, D-MD)

**Background:** State Update

Legislation recommended for consideration

*AB 1081 Economic Development: goods-movement-related-infrastructure (Medina, D-Riverside)*  
*Recommend: Support*

AB 1081 (Medina, D-Riverside) would require the State's 5 year infrastructure plan to specifically address goods movement related infrastructure needs and includes air, water, land, and sea port of entry facilities, as well as roads, rail, and other projects related to goods movement. The plan would be required to address existing projects in need of improvement or upgrade, as well as new projects and facilities. AB 1081 also would require the infrastructure plan to include recommendations for bringing private sector financing options to the table.

SANBAG is also presently underway or will soon be underway on \$1.03 billion in goods movement related projects include 8 grade separations, 4 goods movement related interchanges, 1 major highway project, and a major rail-to-rail grade separation project. To the extent AB 1081 can help provide justification for

GPC1306a-wvs

<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1306/AgendaItems/GPC1306a1-wvs.docx>

<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1306/AgendaItems/GPC1306a2-wvs.docx>

<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1306/AgendaItems/GPC1306a3-wvs.doc>

<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1306/AgendaItems/GPC1306a4-wvs.pdf>

<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1306/AgendaItems/GPC1306a5-wvs.pdf>

an increased state funding role or provide the information necessary to advocate for an enhanced federal funding role, this would be beneficial to SANBAG.

Staff recommends that the Board of Directors adopt a "Support" position. This recommendation is consistent with SANBAG's 2013-2014 adopted State Legislative Platform under the provision, "Support legislation that reduces freight-related impacts to San Bernardino County, including disparate impacts to disadvantaged communities."

An analysis of this bill is provided in Attachment 1.

A matrix of legislation of interest to SANBAG is also included as Attachment 2. Bills that have not met the appropriations and house of origin deadlines, with the exception of those bills with a SANBAG position, are not shown.

#### San Bernardino County Delegation Special Election

On May 14, 2013, then-Assembly Member Norma Torres (D-Pomona) was elected to the State Senate District 32 seat in a special election. This seat was left vacant by Gloria Negrete McLeod following her election to Congress in November 2012. An election has been set for July 23, 2013 for the now vacant Assembly seat. A runoff for this seat, if needed, would be on September 24, 2013.

#### California Environmental Quality Act (CEQA) Reform Update

The 2013 legislative session began with over two dozen CEQA reform bills. After the May appropriations and house of origin deadlines, less than a handful remain under consideration. On May 29, 2013, the State Senate passed SB 731 (Steinberg, D-Sacramento). SB 731 is largely considered the primary bill under consideration for reforms to CEQA. The bill will now move to the Assembly for consideration. The latest amendments to SB 731 still do not achieve the kind of sweeping reform initially hoped for early in the session. Transit priority project areas were established under SB 375 (Chapter 728, Statutes of 2008) and were given special streamlining provisions under that legislation. SB 731 expands the reforms for these areas including setting thresholds for noise and traffic as well as limiting lawsuits based on aesthetic issues. The bill also establishes new requirements for noticing and the preparation of the administrative record, streamlined processes for clean energy projects, requires an annual report on CEQA related lawsuits, and other minor modifications. SB 731 is far from the reforms originally discussed and it remains to be seen if additional changes will be made as the bill moves through the Assembly. SB 731 is currently supported by CalChamber and has been publicly supported by Governor Brown.

### State Budget Negotiations Underway

At the time of the writing of this report, negotiations were well underway on the fiscal year 2013-2014 State Budget. A verbal update on status of the budget will be provided at the General Policy Committee meeting.

### Federal Update

#### Update on Panel on 21st Century Infrastructure

In May, the House Transportation and Infrastructure Committee's (T&I) Panel on 21st Century Freight Transportation held two meetings, a roundtable discussion titled "Coordinating Federal Efforts to Improve Freight Transportation" and a hearing in San Bernardino entitled "How Southern California's freight challenges impact the nation"

The roundtable discussion mainly focused on freight investments through the Transportation Investment Generating Economic Recovery (TIGER) grant program, how the Department of Transportation can work to reduce project delivery time, how state freight plans will feed into the development of the national freight plan, and how the National Freight Network will be designated. In Moving Ahead for Progress in the 21st Century (Map-21), the designation of the network is limited to 27,000 centerline miles and in Southern California, the parallel highway networks may not be captured appropriately. The Panel noted the need to address this issue going forward.

The hearing in San Bernardino focused on the particular needs in the Southern California region, the need for a federal government role in building freight capacity and mitigation, potential revenue sources for a dedicated freight trust fund, and project prioritization.

With respect to funding, a variety of potential sources were discussed, noting that Congress needs to focus on who benefits versus who pays. They also discussed streamlining project delivery, remaining competitive in a global market, and the need to include input from environmental stakeholders.

#### Update on Transportation Secretary Confirmation

On May 22, 2013, the Senate Commerce, Science, and Transportation held a hearing regarding the nomination of Anthony Foxx for Transportation Secretary. If confirmed, Mr. Foxx, the current Mayor of Charlotte, North Carolina, will replace current Secretary Ray LaHood. Mr. Foxx's comments centered mainly around the safety, efficiency, and performance of the nation's transportation

system and the need to continue building an infrastructure system for the future. The next step will be a hearing before the Senate Environment and Public Works Committee.

#### Federal Streamlining Initiatives

On May 17, 2013, the President Obama issued a Presidential Memorandum which is intended to build upon efficiencies being achieved by Executive Order 13604 issued on March 22, 2012. Together, the White House anticipates federal infrastructure permitting process times can be cut by as much as half for major infrastructure projects. The newly issued memorandum requires specific federal agencies to prioritize and create a plan to implement efforts identified through the previous Executive Order. These initiatives include early coordination and project review, evaluation of innovative project mitigation mechanisms, and increased use of technology to speed project review time.

Map-21 also included a number of provisions designed to streamline the project approval process. A memo regarding the status of the implementation of these provisions prepared by our Federal Advocate, Van Scoyoc Associates, is attached for information as Attachment 3. As the document outlines, only 5 of the streamlining initiatives have been completed, with 34 underway, and 3 yet to have begun. Many of the programs underway have estimated completion times of Summer/Fall 2013 to June 2014.

#### Federal legislation recommended for consideration

*Multimodal Opportunities Via Enhanced Freight Act of 2013 (H.R. 974) (Sires, D-New Jersey)*

*Recommend: Support*

H.R. 974, the Multimodal Opportunities Via Enhanced Freight Act of 2013 (MOVE Freight Act of 2013), defines the "national freight network" as a network composed of highways, railways, navigable waterways, seaports, airports, freight intermodal connectors, and urban transportation systems most critical to the multimodal movement of freight.

The bill would:

- Re-characterize the primary freight network as multimodal corridors, including critical rail corridors, critical intermodal connections, and critical inland port, seaport, and airport infrastructure.
- Require state freight plans to consider multistate network continuity and connectivity.

- Establish a competitive grant program. This grant program would limit the federal share of the project's capital costs to 80% and would require a project management plan and/or annual financial plan depending on project size.

Defining the primary freight network in terms of corridors benefits the Southern California region where multiple transportation networks exist in close proximity to one another. In addition, Southern California projects are likely to compete well nationally given the volume of freight moving through the region onto the rest of the nation. Clarifications are needed to ensure that grade separation projects are eligible and should be included in any final version of the language.

Staff's support recommendation is consistent with SANBAG's 2013-2014 adopted Federal Platform under the provision, "Support development of a national/regional freight movement plan with clearly defined ports and corridors and inland improvement needs to provide for timely, reliable freight transport, timely implementation of freight-related strategies needed for attainment of federal health-based air quality standards and mitigation of freight-related impacts in communities". This bill is included as Attachment 4. Representatives Janice Hahn (D-CD 44), Grace Napolitano (D-CD 32), Alan Lowenthal (D-CD 47), John Garamendi (D-CD 3), Gloria Negrete McLeod (D-CD 35), and Adam Schiff (D-CD 28) are listed co-sponsors from California.

*Partnership to Build America Act (H.R. 2084) (Delaney, D-Maryland)*

*Recommendation: Support*

H.R. 2084 proposes to create a \$50 billion dollar infrastructure loan program that is stated to be able to leverage up to \$750 billion for projects. This fund will be initially created with the sale of 50-year bonds to private entities with a 1% interest rate return. These bonds would not be guaranteed by the Federal government. The program is designed to incentivize the return of overseas earnings to the U.S. by allowing corporations to repatriate a specified amount of overseas earnings tax-free for every \$1 they invest in the bonds. The fund will then provide loans or loan guarantees to state and local governments to finance transportation, energy, communications, water, and education infrastructure projects.

Staff participated in a conference call with the Coalition for America's Gateways and Trade Corridors and Representative Delaney's office. On the call Rep. Delaney expressed the bill aims to create a large-scale infrastructure finance authority with no federal appropriations, pre-fund the program upfront, and allow the private sector to engage more in infrastructure financing. The bill is

co-sponsored by 13 Republicans and 13 Democrats, including Ami Bera (D-CD 7) and Scott Peters (D-CD 52) from California.

Staff's recommendation is consistent with SANBAG's 2013-2014 adopted Federal Platform under the provision, "SANBAG will advocate for the protection of current transportation revenues and accelerated national investment in infrastructure". This bill is included as Attachment 5.

***Financial Impact:*** This item has no fiscal impact on the FY2012/2013 SANBAG Budget.

***Reviewed By:*** This item is not scheduled for review by any other policy committee or technical advisory committee.

***Responsible Staff:*** Wendy Strack, Director of Legislative Affairs



## Bill Analysis

Bill Number: AB 1081	Author: Medina (D-Riverside)
Title: Economic development: goods-movement-related infrastructure	

Summary

Current law requires that the Governor, in conjunction with the release of the Governor's budget, submit a five-year infrastructure plan to the Legislature for consideration. This plan is to designate priorities for funding and outline the state's infrastructure needs. Infrastructure needed by state agencies; transportation projects included in the State Transportation Improvement Program; K-12 infrastructure needs; and projects needed for the Community College, California State University, and University of California systems are presently included in the State's 5 year infrastructure plan.

AB 1081 would require this plan to specifically address goods movement related infrastructure needs and includes air, water, land, and sea port of entry facilities, as well as roads, rail, and other projects related to goods movement. The plan would address existing projects in need of improvement or upgrade, as well as new projects and facilities. AB 1081 also would require the infrastructure plan to include recommendations for bringing private sector financing options to the table.

Impact on SANBAG

With 40% of nation's containerized goods coming through the Ports of Los Angeles and Long Beach and 80% of those coming through San Bernardino County, this region is uniquely impacted by goods movement. Southern California also will need to reduce NOx emissions by two-thirds by 2023 and three-quarters by 2032 to meet federal ozone standards, with projected emissions by goods movement sources alone exceeding those standards. Without a state and federal role in regulating, funding, and facilitating goods movement projects, the currently overburdened system will increasingly impact local communities.

SANBAG is also presently underway or will soon be underway on \$1.03 billion in goods movement related projects include 8 grade separations, 4 goods movement related interchanges, 1 major highway project, and a major rail-to-rail grade separation project. To the extent AB 1081 can help provide justification for an increased state funding role or provide the information necessary to advocate for an enhanced federal funding role, this would be beneficial to SANBAG.

Recommendation: SUPPORT

Staff recommends that the Board of Directors adopt a "Support" position. This recommendation is consistent with SANBAG's 2013-2014 adopted State Legislative Platform under the provision, "Support legislation that reduces freight-related impacts to San Bernardino County, including disparate impacts to disadvantaged communities."

Attachment #1

Bill History
Introduced: February 22, 2013
Amended: April 3, 2013 May 24, 2013
Current Disposition: Pending Committee assignment in the Senate Passed Assembly Floor, 78-0 Passed Assembly Appropriations Committee, 17-0 Passed Assembly Transportation Committee, 15-0 Passed Assembly Jobs, Economic Development, and the Economy Committee, 9-0

**CA AB 14** SANBAG Position: Support in Concept

**AUTHOR:** Lowenthal B (D)  
**TITLE:** State Freight Plan  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 12/03/2012  
**LAST AMEND:** 05/06/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE  
**SUMMARY:** Requires the Transportation Agency to prepare a state freight plan with specified elements to govern the immediate and long-range planning activities and capital investments of the state with respect to the movement of freight. Requires the agency to establish a freight advisory committee.  
**STATUS:** 05/28/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (59-18)

**CA AB 21**

**AUTHOR:** Alejo (D)  
**TITLE:** Safe Drinking Water Small Community Grant Fund  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 12/03/2012  
**LAST AMEND:** 02/14/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE  
**SUMMARY:** Authorizes the assessment of a specified annual charge in lieu of interest on loans for water projects made pursuant to the Safe Drinking Water State Revolving Fund, and the deposit of that money into the Safe Drinking Water State Small Community Emergency Grant Fund. Authorizes the expending of the money in the fund for grants for specified water projects that serve disadvantaged and severely disadvantaged communities.  
**STATUS:** 05/28/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (77-0)

**CA AB 39**

**AUTHOR:** Skinner (D)  
**TITLE:** Proposition 39: Implementation  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 12/03/2012  
**LAST AMEND:** 05/24/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE  
**SUMMARY:** Requires that of the revenues deposited into the Clean Energy Job Creation Fund, a percentage of those revenues be provided to eligible institutions for grants for eligible projects; requires the State Department of Education to administer a percentage of those

Attachment #2

revenues for local educational agencies for the purposes of eligible projects; provides moneys for job training, workforce development and public-private partnerships to be available from the Clean Energy Job Creation Fund.

**STATUS:**

05/29/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (76-2)

**CA AB 114**

**AUTHOR:** Salas (D)  
**TITLE:** Proposition 39: Implementation: Workforce Development  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 01/14/2013  
**LAST AMEND:** 05/08/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE

**SUMMARY:**

Requires the Labor and Workforce Development Agency to develop and implement the Clean Energy Jobs and Workforce Development Program to award grants for projects to provide job training on energy efficiency and clean energy projects that are located in economically disadvantaged communities. Requires a review and evaluation of the program and to develop improvement solutions. Provides for a specified percentage of the Clean Energy Job Creation Fund be made available for purposes of providing grants.

**STATUS:**

05/28/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (75-2)

**CA AB 164**

**AUTHOR:** Wieckowski (D)  
**TITLE:** Infrastructure Financing  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 01/23/2013  
**LAST AMEND:** 05/13/2013  
**DISPOSITION:** Pending  
**COMMITTEE:** Senate Governance and Finance Committee  
**HEARING:** 06/12/2013 9:30 am, Room 112

**SUMMARY:**

Requires a lease agreement between a governmental agency undertaking an infrastructure project and a private entity to include performance bonds as security to ensure the completion of the construction of the facility and payment bonds to secure the payment of claims of laborers, mechanics, and materialmen employed on the work under contract.

**STATUS:**

05/30/2013 To SENATE Committee on GOVERNANCE AND FINANCE.

**CA AB 179**

**AUTHOR:** Bocanegra (D)  
**TITLE:** Electronic Transit Fare Collection Systems  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no

Attachment #2

**INTRODUCED:**01/24/2013

**LAST AMEND:** 04/24/2013

**DISPOSITION:** Pending

**LOCATION:** SENATE

**SUMMARY:** Amends existing law that prohibits a transportation agency from selling or providing personally identifiable information to a person through the person's participation in an electronic toll collection system or use of a toll facility that uses such system and requires the discarding of such information within a specified time period. Makes these and other provisions applicable to an agency that uses such system for payment of transit fares.

**STATUS:**  
05/24/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (70-1)

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**CA AB 19**

**AUTHOR:** Hall (D)

**TITLE:** Counties: Construction Projects: Design-Build

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:**01/28/2013

**LAST AMEND:** 05/20/2013

**DISPOSITION:** Pending

**LOCATION:** SENATE

**SUMMARY:** Extends provisions of existing law that authorizes counties to use alternative procedures, known as design-build, for bidding on specified types of construction projects in the county in excess of a specified amount, in accordance with specified procedures, and provides that the procedures include a requirement for contracts awarded after a certain date that a county board of supervisors pay a fee into the State Public Works Enforcement Fund.

**STATUS:**  
05/24/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (59-9)

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**CA AB 20**

**AUTHOR:** Pan (D)

**TITLE:** Public Employees' Retirement: Pension Fund

**FISCAL COMMITTEE:** no

**URGENCY CLAUSE:** no

**INTRODUCED:**01/30/2013

**DISPOSITION:** Pending

**COMMITTEE:** Senate Public Employment and Retirement Committee

**HEARING:** 06/10/2013 2:00 pm, Rose Ann Vuich Hearing Room (2040)

**SUMMARY:** Extends the authorization to prioritize investment in an in-state infrastructure project to the board of retirement or the board of investments of a retirement system established pursuant to the County Employees Retirement Law of 1937.

**STATUS:**  
05/23/2013 To SENATE Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

Attachment #2

**CA AB 229**

**AUTHOR:** Perez J (D)  
**TITLE:** Infrastructure and Revitalization Financing Districts  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/04/2013  
**LAST AMEND:** 04/08/2013  
**DISPOSITION:** Pending  
**COMMITTEE:** Senate Governance and Finance Committee  
**HEARING:** 06/05/2013 9:30 am, Room 112  
**SUMMARY:** Authorizes the creation of an infrastructure and revitalization financing district and the issuance of debt with voter approval. Authorizes the creation of a district for up to 40 years and the issuance of debt with a final maturity date of up to 30 years. Authorizes a district to finance projects in redevelopment project areas and former redevelopment project areas and former military bases.  
**STATUS:** 05/23/2013 To SENATE Committee on GOVERNANCE AND FINANCE.

**CA AB 243**

**AUTHOR:** Dickinson (D)  
**TITLE:** Local Government: Infrastructure Financing Districts  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/06/2013  
**DISPOSITION:** Pending  
**COMMITTEE:** Senate Governance and Finance Committee  
**HEARING:** 06/12/2013 9:30 am, Room 112  
**SUMMARY:** Authorizes the creation of an infrastructure and revitalization financing district and the issuance of debt with voter approval. Authorizes a district to finance projects in redevelopment project areas and former redevelopment project areas and former military bases if special conditions are met. Authorizes a district to fund various projects, including watershed land used for the collection and treatment of water for urban uses, flood management, open space, habitat restoration and development purposes.  
**STATUS:** 05/23/2013 To SENATE Committee on GOVERNANCE AND FINANCE.

**CA AB 250**

**AUTHOR:** Holden (D)  
**TITLE:** State Innovation Initiatives  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/06/2013  
**LAST AMEND:** 05/24/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE  
**SUMMARY:** Creates the State Innovation Hub Program, which requires the Governor's Office of Business and Economic Development to designate Innovation Hubs. Authorizes the office

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to use vacant or underused state-owned or leased property that is controlled by the Department of General Services. Authorizes specified state property, when authorized by law, to be used as matching funds to meet federal funding requirements. Requires the office to issue a request for proposals. Relates to iHub partnerships.

**STATUS:** 05/30/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (73-5)

**CA AB 266**

**AUTHOR:** Blumenfield (D)  
**TITLE:** Vehicles: High-Occupancy Vehicle Lanes  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/07/2013  
**LAST AMEND:** 04/09/2013  
**DISPOSITION:** Pending  
**LOCATION:** Senate Transportation and Housing Committee  
**SUMMARY:** Extends the operation of existing law that authorizes the Department of Transportation to designate certain lanes for the exclusive use of high-occupancy vehicles, which lanes may also be used by certain low-emission or alternative fuel vehicles not carrying the requisite number of passengers otherwise required for the use of an HOV lane for certain low-emission vehicles, and extends those provisions for other specified low-emission vehicles or, in either case, until a specified notice is received.  
**STATUS:** 05/30/2013 To SENATE Committee on TRANSPORTATION AND HOUSING.

**CA AB 268**

**SANBAG Position: Pending**

**AUTHOR:** Holden (D)  
**TITLE:** Transit: Metro Gold Line Extension  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/07/2013  
**LAST AMEND:** 04/16/2013  
**DISPOSITION:** Pending  
**LOCATION:** Assembly Rules Committee  
**SUMMARY:** States the intent of the Legislature to enact legislation that would enable the Metro Gold Line extension to be completed at the terminus of Ontario Airport with intermediate stops in San Dimas, La Verne, Pomona, Claremont, and Montclair, and for regional cooperation to continue.  
**STATUS:** 04/18/2013 Re-referred to ASSEMBLY Committee on RULES.

**CA AB 380**

**AUTHOR:** Dickinson (D)  
**TITLE:** California Environmental Quality Act: Notice  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/14/2013

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**LAST AMEND:** 05/24/2013

**DISPOSITION:** Pending

**LOCATION:** SENATE

**SUMMARY:** Amends the California Environmental Quality Act. Requires that notices regarding environmental impact reports filed by lead agencies need to be filed with the Office of Planning and Research and the county clerk and posted by the clerk for public review. Provides notice requirements for projects that are determined to be exempted from the Act.

**STATUS:**

05/29/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (53-23)

**CA AB 392**

**AUTHOR:** Jones-Sawyer (D)

**TITLE:** State Mandates: Prorated Claims

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/15/2013

**DISPOSITION:** Pending

**COMMITTEE:** Senate Governance and Finance Committee

**HEARING:** 06/12/2013 9:30 am, Room 112

**SUMMARY:** Amends existing law requiring the Controller to prorate mandated claims, including school claims, if the amount appropriated for reimbursement is not sufficient to pay all of the claims approved by the Controller, and requiring the controller to report to the Department of Finance when it is necessary to prorate claims. Deletes that reporting requirement. Requires the Controller to determine the most cost-effective allocation method if a specified amount is appropriated.

**STATUS:**

05/23/2013 To SENATE Committee on GOVERNANCE AND FINANCE.

**CA AB 405**

**AUTHOR:** Gatto (D)

**TITLE:** High-Occupancy Vehicle Lanes: County of Los Angeles

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/15/2013

**LAST AMEND:** 04/18/2013

**DISPOSITION:** Pending

**LOCATION:** SENATE

**SUMMARY:** Prohibits the establishment of any high-occupancy land on specified state highway routes in the County of Los Angeles, unless the lane is established as such land only during the hours of heavy commuter traffic. Requires any such lane to be modified to conform to those requirements. Authorizes the Department of Transportation to reinstate 24-hour high-occupancy vehicle lanes on the specified portions of these routes if the department makes a specified determination. Requires a related report.

**STATUS:**

05/30/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (72-0)

**CA AB 431** **SANBAG Position: Pending**

**AUTHOR:** Mullin (D)  
**TITLE:** Transportation: Sustainable Communities: Funding  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/15/2013  
**LAST AMEND:** 04/15/2013  
**DISPOSITION:** Pending  
**LOCATION:** Assembly Transportation Committee  
 Authorizes a transportation planning agency that is designated as a metropolitan planning organization to impose a transactions and use tax at a rate that is no more than a specified percentage, if certain requirements are met. Require a related ordinance to contain a specified expenditure plan to be spent on each of three categories of transportation, affordable housing, and parks and open space, with remaining net revenues to be spent to attain sustainable communities strategy.

**SUMMARY:**

**STATUS:** 04/15/2013 In ASSEMBLY. Read second time and amended. Re-referred to Committee on TRANSPORTATION.

**CA AB 466** **SANBAG Position: Pending**

**AUTHOR:** Quirk-Silva (D)  
**TITLE:** Federal Transportation Funds  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/19/2013  
**LAST AMEND:** 03/14/2013  
**DISPOSITION:** Pending  
**LOCATION:** Senate Transportation and Housing Committee  
 Requires the Department of Transportation to allocate federal transportation funds to regional agencies under the federal Congestion Mitigation and Air Quality Improvement Program based on a weighted formula that considers population and pollution in a given area.

**SUMMARY:**

**STATUS:** 05/23/2013 To SENATE Committee on TRANSPORTATION AND HOUSING.

**CA AB 481**

**AUTHOR:** Lowenthal B (D)  
**TITLE:** High-Speed Rail.  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/19/2013  
**LAST AMEND:** 04/01/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE  
 Enacts exceptions and authorizations relative to real property obtained for high-speed rail purposes by the High-Speed Rail Authority. Enacts new provisions governing acquisition or disposal of right-of-way property by the authority. Requires payments for leases or other

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conveyances of property controlled by the authority to be deposited in the High-Speed Rail Property Fund created by the bill, and would provide that the funds shall be available to the authority upon appropriation for specified purposes.

**STATUS:** 05/23/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (51-21)

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**CA AB 493**

**AUTHOR:** Daly (D)  
**TITLE:** Toll Facilities  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/20/2013  
**LAST AMEND:** 04/17/2013  
**DISPOSITION:** Pending  
**COMMITTEE:** Senate Transportation and Housing Committee  
**HEARING:** 06/04/2013 1:30 pm, Room 113  
**SUMMARY:** Authorizes operators of toll facilities on federal-aid highways to fully implement technologies or business practices that provide for the interoperability of electronic toll collection programs on and after the date specified in the Moving Ahead for Progress in the 21st Century Act. Limits the information that may be disclosed through participation in an interoperability program.  
**STATUS:** 05/09/2013 To SENATE Committee on TRANSPORTATION AND HOUSING.

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**CA AB 528**

**AUTHOR:** Lowenthal B (D)  
**TITLE:** State Rail Plan: High-Speed Rail Authority  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/20/2013  
**LAST AMEND:** 04/25/2013  
**DISPOSITION:** Pending  
**LOCATION:** Senate Transportation and Housing Committee  
**SUMMARY:** Revises and recasts certain items required to be in the elements of the State Rail Plan and the business plan. Eliminates the current timeframe for the plan. Changes the date by which the High-Speed Rail Authority is required to prepare, publish, adopt, and submit the business plan to the Legislature. Repeals provisions regarding the identification of specified areas or conditions, and costs of specified types of service improvements needed.  
**STATUS:** 05/30/2013 To SENATE Committee on TRANSPORTATION AND HOUSING.

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**CA AB 564**

**AUTHOR:** Mullin (D)  
**TITLE:** Community Redevelopment: Successor Agencies  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/20/2013

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**LAST AMEND:** 03/12/2013

**DISPOSITION:** Pending

**LOCATION:** SENATE

**SUMMARY:** Amends existing law that dissolved redevelopment agencies and community development agencies and provides for the designation of successor agencies. Prohibits the Department of Finance from taking any future action to modify the enforceable obligations described in existing law following the effective date of the approval of those obligations after review by an oversight board and the department, and from taking action to modify the transfer of property, if the transfer is in an approved transfer plan.

**STATUS:**

05/30/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (77-0)

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**CA AB 574**

**SANBAG Position:** *Pending*

**AUTHOR:** Lowenthal B (D)

**TITLE:** Greenhouse Gas Reduction Fund: Sustainable Communities

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/20/2013

**LAST AMEND:** 04/15/2013

**DISPOSITION:** Pending

**LOCATION:** Assembly Appropriations Committee

**SUMMARY:** Requires the State Air Resources Board to establish standards for the use of moneys allocated in the Greenhouse Gas Reduction Fund for sustainable communities projects. Requires the board to establish the criteria for the development and implementation of regional grant programs. Requires the State Transportation Commission to designate the regional granting authority within each region of the state to administer the allocated moneys for regional grant programs.

**STATUS:**

05/24/2013 In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.

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**CA AB 66**

**AUTHOR:** Atkins (D)

**TITLE:** Local Government: Infrastructure Financing Districts

**FISCAL COMMITTEE:** yes

**URGENCY CLAUSE:** no

**INTRODUCED:** 02/21/2013

**LAST AMEND:** 05/24/2013

**DISPOSITION:** Pending

**COMMITTEE:** Senate Governance and Finance Committee

**HEARING:** 06/05/2013 9:30 am, Room 112

**SUMMARY:** Deletes a prohibition on the inclusion of redevelopment project areas in infrastructure financing districts. Relates to the dissolution of redevelopment and community development agencies and designation of successor agencies. Authorizes a successor agency to enter into contracts, make land use decisions, and administer certain projects if the project will not commit new tax funds or affect the flow of tax increment to taxing agencies. Authorizes a successor agency to schedule certain obligation payments.

**STATUS:**

05/24/2013 From SENATE Committee on GOVERNANCE AND FINANCE with

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author's amendments.

05/24/2013

In SENATE. Read second time and amended. Re-referred to Committee on GOVERNANCE AND FINANCE.

**CA AB 701**

**AUTHOR:** Perez J (D)  
**TITLE:** California Infrastructure and Economic Development Bank  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/21/2013  
**DISPOSITION:** Pending  
**COMMITTEE:** Senate Governance and Finance Committee  
**HEARING:** 06/12/2013 9:30 am, Room 112  
Relates to the Infrastructure and Economic Development Bank and board of directors. Adds a Member of the Assembly and a Member of the Senate as advisory members of the board. Requires the bank to serve as the primary state agency for purposes of developing an application for any federal infrastructure bank or financing authority. Incorporates additional changes made by the Governor's Reorganization Plan No. 2 of 2012.  
**SUMMARY:**  
**STATUS:** 05/09/2013 Re-referred to SENATE Committee on GOVERNANCE AND FINANCE.

**CA AB 749**

**SANBAG Position: Work With Author**

**AUTHOR:** Gorell (R)  
**TITLE:** Public-Private Partnerships  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/21/2013  
**LAST AMEND:** 04/11/2013  
**DISPOSITION:** Pending  
**LOCATION:** Assembly Transportation Committee  
Amends existing law that authorizes the State Department of Transportation and regional transportation agencies to enter into comprehensive development lease agreements with public and private entities, or consortia of those entities, for certain transportation projects that may charge certain users tolls and user fees and calls those arrangements public-private partnerships. States the intent of the Legislature for a project developed under these provisions to have specified characteristics.  
**SUMMARY:**  
**STATUS:** 04/29/2013 In ASSEMBLY Committee on TRANSPORTATION: Not heard.

**CA AB 797**

**AUTHOR:** Gordon (D)  
**TITLE:** Transit Districts: Contracts  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/21/2013  
**LAST AMEND:** 04/15/2013  
**DISPOSITION:** Pending

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**LOCATION:** Senate Transportation and Housing Committee  
Authorizes the Santa Clara County Valley Transportation Authority and the San Mateo County Transit District to utilize the Construction Manager/General Contractor project delivery contract method for transit projects within their jurisdictions. Requires the Authority or the district to reimburse the Department of Industrial Relations for costs of performing wage monitoring and enforcement on projects using such contracting methods. Requires those funds to be for enforcement of prevailing wage requirements.

**SUMMARY:**

**STATUS:** 05/23/2013 To SENATE Committee on TRANSPORTATION AND HOUSING.

**CA AB 863**

SANBAG Position: Work With Author

**AUTHOR:** Torres (D)  
**TITLE:** Transit Projects: Environmental Review Process  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/21/2013  
**DISPOSITION:** Pending  
**LOCATION:** Assembly Transportation Committee  
Authorizes the Department of Transportation to assume responsibilities for federal review and clearance under the National Environmental Policy Act for a transit project that is subject to the act. Provides that the state consents to the jurisdiction of the federal courts in that regard, and provides that the department may not assert immunity from suit under the U.S. Constitution with regard to actions brought relative to those responsibilities under federal law.

**SUMMARY:**

**STATUS:** 03/04/2013 To ASSEMBLY Committees on TRANSPORTATION and NATURAL RESOURCES.

**CA AB 906**

**AUTHOR:** Pan (D)  
**TITLE:** Personal Services Contracts  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/22/2013  
**LAST AMEND:** 05/24/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE  
Relates to the State Civil Service Act and personal services contracts. Limits the term of certain personal services contracts. Prohibits a contracting agency from executing certain contracts until the State Personnel Board has contacted all organizations that represent state employees who perform the type of work to be contracted.

**SUMMARY:**

**STATUS:** 05/29/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (49-27)

**CA AB 1046**

**AUTHOR:** Gordon (D)  
**TITLE:** Department of Transportation: Innovative Delivery  
**FISCAL COMMITTEE:** yes

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**URGENCY** no  
**CLAUSE:**  
**INTRODUCED:**02/22/2013  
**LAST AMEND:** 03/21/2013  
**DISPOSITION:** Pending  
**LOCATION:** Senate Transportation and Housing Committee  
Authorizes the Department of Transportation's District 4 director to direct existing district resources to the Innovative Delivery Team Demonstration Program. Authorizes department  
**SUMMARY:** staff to perform reimbursed work for projects on and off the state highway system within the boundaries of the County of Santa Clara pursuant to the master agreement and accompanying work programs.  
**STATUS:**  
05/23/2013 To SENATE Committee on TRANSPORTATION AND HOUSING.

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**CA AB 1070**

**AUTHOR:** Frazier (D)  
**TITLE:** California Transportation Financing Authority  
**FISCAL**  
**COMMITTEE:** yes  
**URGENCY** no  
**CLAUSE:**  
**INTRODUCED:**02/22/2013  
**LAST AMEND:** 04/03/2013  
**DISPOSITION:** Pending  
**LOCATION:** Senate Transportation and Housing Committee  
Relates to the Transportation Financing Authority Act and the Transportation Financing  
**SUMMARY:** Authority. Provides for the roles of the authority and an issuer of bonds under the act if the project sponsor, rather than the authority, is the issuer of bonds.  
**STATUS:**  
05/23/2013 To SENATE Committees on TRANSPORTATION AND HOUSING  
and GOVERNANCE AND FINANCE.

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**CA AB- 080**

**AUTHOR:** Alejo (D)  
**TITLE:** Community Revitalization & Investment Authorities  
**FISCAL**  
**COMMITTEE:** yes  
**URGENCY** no  
**CLAUSE:**  
**INTRODUCED:**02/22/2013  
**LAST AMEND:** 05/20/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE  
Authorizes certain public entities of a community revitalization and investment area to  
**SUMMARY:** form a community revitalization plan within a community revitalization and investment authority to carry out the Community Redevelopment Law in a specified manner. Requires the authority to adopt a community revitalization plan for a community revitalization and investment area and authorizes the authority to include in that plan a provision for the receipt of tax increment funds.  
**STATUS:**  
05/24/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To  
SENATE. (54-16)

**CA AB 108**

**AUTHOR:** Medina (D)  
**TITLE:** Economic Development: Goods-Movement Infrastructure  
**FISCAL**  
**COMMITTEE:** yes  
**URGENCY**  
**CLAUSE:** no  
**INTRODUCED:** 02/22/2013  
**LAST AMEND:** 05/24/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE

**SUMMARY:** Amends existing law that requires the Governor to submit to the Legislature a proposed infrastructure plan containing specified information concerning infrastructure needed by specified entities and a proposal for funding the needed infrastructure. Requires the plan to include information related to infrastructure identified by state and federal transportation authorities and a recommendation for public sector financing.

**STATUS:** 05/30/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (78-0)

**CA AB 1140**

**AUTHOR:** Daly (D)  
**TITLE:** Public Works: Prevailing Wages  
**FISCAL**  
**COMMITTEE:** yes  
**URGENCY**  
**CLAUSE:** no  
**INTRODUCED:** 02/22/2013  
**LAST AMEND:** 05/24/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE

**SUMMARY:** States that if the Director of Industrial Relations determines, within a semiannual period, that there is a change in any prevailing rate of per diem wages in a locality, that determination applies to any public works. Authorizes any contractor, awarding body, or representative affected by a change in rates to file with the director a verified petition to review the determination of that rate. Requires the initiation of an investigation or hearing to make a final determination.

**STATUS:** 05/30/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (54-24)

**CA AB 1194**

**AUTHOR:** Ammiano (D)  
**TITLE:** Safe Routes to School Program  
**FISCAL**  
**COMMITTEE:** yes  
**URGENCY**  
**CLAUSE:** no  
**INTRODUCED:** 02/22/2013  
**LAST AMEND:** 05/24/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE

**SUMMARY:** Requires a specified percent of Safe Routes to School Program to be used for

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noninfrastructure activities to encourage walking and bicycling to school. Authorizes the transfer of the responsibility for selecting projects and awarding grants from the Department of Transportation to the State Transportation Commission.

**STATUS:**  
05/30/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (76-2)

**CA AB 1290** **SANBAG Position: Work With Author**

**AUTHOR:** Perez J (D)  
**TITLE:** Transportation Planning  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/22/2013  
**LAST AMEND:** 04/23/2013  
**DISPOSITION:** Pending  
**LOCATION:** SENATE

**SUMMARY:** Provides for 2 additional voting members of the State Transportation Commission to be appointed by the Legislature. Provides for the Secretary of the Transportation Agency, the Chairperson of the State Air Resources Board, and the Director of Housing and Community Development to serve as ex officio members without a vote. Requires the Governor to make sure the transportation community is represented on the board with future appointments.

**STATUS:**  
05/29/2013 In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE. (53-25)

**CA ACA**

**AUTHOR:** Donnelly (R)  
**TITLE:** Administrative Regulations: Legislative Approval  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 12/03/2012  
**DISPOSITION:** Pending  
**LOCATION:** Assembly Accountability and Administrative Review Committee

**SUMMARY:** Requires an administrative agency to submit all regulations to the Legislature for approval. Authorizes the Legislature, by means of a concurrent resolution, to approve a regulation adopted by an administrative agency of the state.

**STATUS:**  
05/01/2013 In ASSEMBLY Committee on ACCOUNTABILITY AND ADMINISTRATIVE REVIEW: Failed passage.

**CA ACA 3**

**AUTHOR:** Campos (D)  
**TITLE:** Local Government Finance: Public Safety Services  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 01/22/2013  
**DISPOSITION:** Pending

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**LOCATION:** Assembly Local Government Committee  
Authorizes the imposition, extension, or increase of a special tax for funding fire, emergency response, police, or sheriff services, upon the approval of 55% of the voters voting.

**SUMMARY:** Creates an additional exception to the 1% limit for a rate imposed by a city, county, or special district to service bonded indebtedness incurred to fund certain fire, emergency response, police, or sheriff buildings or facilities, and equipment that is approved by 55% of the voters of the city, county, or special district.

**STATUS:** 04/04/2013 To ASSEMBLY Committees on LOCAL GOVERNMENT and APPROPRIATIONS.

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**CA ACA 8**

**AUTHOR:** Blumenfield (D)  
**TITLE:** Local Government Financing: Voter Approval  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/13/2013  
**LAST AMEND:** 04/04/2013  
**DISPOSITION:** Pending  
**LOCATION:** Assembly Local Government Committee  
Proposes an amendment to the Constitution to create an additional exception to the 1% limit for an ad valorem tax rate imposed by a city, county, city and county, or special district, to service bonded indebtedness incurred to fund specified public improvements and facilities, or buildings used primarily to provide sheriff, police, or fire protection services, that is approved by 55% of the voters of the city, county, city and county, or special district.

**SUMMARY:**

**STATUS:**

04/04/2013 To ASSEMBLY Committees on LOCAL GOVERNMENT and APPROPRIATIONS.

04/04/2013 From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.

04/04/2013 In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.

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**CA SB 1**

**AUTHOR:** Steinberg (D)  
**TITLE:** Sustainable Communities Investment Authority  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 12/03/2012  
**LAST AMEND:** 05/02/2013  
**DISPOSITION:** Pending  
**LOCATION:** ASSEMBLY  
Authorizes certain public entities of a Sustainable Communities Investment Area to form a Sustainable Communities Investment Authority to carry out the Community Redevelopment Law. Provides for tax increment funding receipt under certain economic development and planning criteria. Establishes prequalification requirements for receipt of funding. Requires monitoring and enforcement of prevailing wage requirements within the area.

**SUMMARY:**

**STATUS:**

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05/28/2013

In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (27-11)

**CA SB 1**

**AUTHOR:** Pavley (D)  
**TITLE:** Alternative Fuel: Vehicle Technologies: Funding Program  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** yes  
**INTRODUCED:** 12/03/2012  
**LAST AMEND:** 05/28/2013  
**DISPOSITION:** Pending  
**LOCATION:** ASSEMBLY

**SUMMARY:** Provides the State Air Resources Board has no authority regarding publicly available hydrogen fueling stations. Requires funding for such stations. Provides loan and grant preferences. Requires hydrogen fueling network loans and grants. Relates to the smog abatement fee, the state tire fee, and vehicle registration charge in a specified county. Expands the state air quality standards program to fund a broader range of projects.

**STATUS:** 05/29/2013 In SENATE. Read third time, urgency clause adopted. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (32-5)

**CA SB 33**

**AUTHOR:** Wolk (D)  
**TITLE:** Infrastructure Financing Districts: Voter Approval  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 12/03/2012  
**LAST AMEND:** 03/06/2013  
**DISPOSITION:** Pending

**COMMITTEE:** Assembly Local Government Committee  
**HEARING:** 06/12/2013 1:30 pm, Room 444

**SUMMARY:** Revises provisions governing infrastructure financing districts. Eliminates the requirement of voter approval for creation of the district and for bond issuance, and authorizes the legislative body to create the district subject to specified procedures. Authorizes the creation of such district subject to specified procedures. Authorizes a district to finance specified actions and project. Prohibits the district from providing financial assistance to a vehicle dealer or big box retailer.

**STATUS:** 05/16/2013 To ASSEMBLY Committee on LOCAL GOVERNMENT.

**CA SB 64**

**AUTHOR:** Corbett (D)  
**TITLE:** Proposition 39: Implementation  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 01/10/2013  
**LAST AMEND:** 05/28/2013  
**DISPOSITION:** Pending

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**LOCATION:** ASSEMBLY  
Requires the State Energy Resources Conservation and Development Commission to a program of financial assistance for energy efficiency and clean energy onsite generation projects that includes hospitals, wastewater facilities, and school districts. Appropriates funds from the Clean Energy Job Creation Fund to the commission therefor.

**SUMMARY:**

**STATUS:**

05/29/2013 In SENATE. Read second time. To third reading.  
05/29/2013 In SENATE. Senate Rule 29.3 suspended.  
05/29/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (30-7)

**CA SB 110**

**AUTHOR:** Steinberg (D)  
**TITLE:** California Transportation Commission: Guidelines  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 01/14/2013  
**DISPOSITION:** Pending  
**LOCATION:** Assembly Transportation Committee  
Establishes specified procedures that the Transportation Commission would be required to utilize when it adopts guidelines relative to its programming and allocation policies.  
**SUMMARY:** Exempts the adoption of those guidelines from the requirements of the Administrative Procedure Act.  
**STATUS:** 05/09/2013 To ASSEMBLY Committees on TRANSPORTATION and ACCOUNTABILITY AND ADMINISTRATIVE REVIEW.

**CA SB 133**

**AUTHOR:** DeSaulnier (D)  
**TITLE:** Enterprise Zones: Applications  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 01/28/2013  
**DISPOSITION:** Pending  
**LOCATION:** Assembly Jobs, Economic Development, and The Economy Committee  
Provides that, for any application for an enterprise zone designation submitted on or after January 1, 2014, if any portion of the proposed zone is within, or was previously within, the boundaries of a previously designated zone, of if any portions of the proposed zone are within, or previously were within, the boundaries of 2 or more previously designated enterprise zones, the bill prohibits the proposed enterprise zone from exceeding a specified aggregate size.  
**SUMMARY:**  
**STATUS:** 05/09/2013 To ASSEMBLY Committee on JOBS, ECONOMIC DEVELOPMENT AND THE ECONOMY.

**CA SB 142**

**AUTHOR:** DeSaulnier (D)  
**TITLE:** Public Transit  
**FISCAL** yes

**COMMITTEE:**

**URGENCY** no  
**CLAUSE:**

**INTRODUCED:**01/30/2013

**LAST AMEND:** 05/07/2013

**DISPOSITION:** Pending

**LOCATION:** ASSEMBLY

**SUMMARY:** Repeals existing law providing for creation of one or more special benefit districts within a transit or rapid transit district regarding issuance of bonds to be repaid through special assessments levied on property within the special benefit district. Amends district areas. Enacts provisions authorizing a transit district, municipal operator, other other public agency operating or contracting for the operation of transit, commuter rail, or intercity rail service to create one or more special districts.

**STATUS:** 05/28/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (24-11)

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**CA SB 176**

**AUTHOR:** Galgiani (D)  
**TITLE:** Administrative Procedures

**FISCAL**  
**COMMITTEE:** yes

**URGENCY** no  
**CLAUSE:**

**INTRODUCED:**02/06/2013

**LAST AMEND:** 05/28/2013

**DISPOSITION:** Pending

**LOCATION:** ASSEMBLY

**SUMMARY:** Expands the public discussion requirement to require a state agency proposing to adopt regulations, prior to publication of a notice of proposed adoption, amendment, or repeal of a regulations, to involve parties that would be subject to the proposed regulations in public discussions regarding those proposed regulations, without regard to the complexity of number of proposals.

**STATUS:** 05/29/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (39-0)

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**CA SB 236**

**AUTHOR:** Yee (D)  
**TITLE:** Vehicles: High-Occupancy Vehicle Lanes

**FISCAL**  
**COMMITTEE:** yes

**URGENCY** no  
**CLAUSE:**

**INTRODUCED:**02/14/2013

**LAST AMEND:** 03/18/2013

**DISPOSITION:** Pending

**LOCATION:** Assembly Transportation Committee

**SUMMARY:** Extends the operation of existing law that authorizes the Department of Transportation to designate certain lanes for the exclusive use of high-occupancy vehicles, which lanes may also be used by certain low-emission or alternative fuel vehicles not carrying the requisite number of passengers otherwise required for the use of an HOV lane. Permits the department to issue a valid identifier to a vehicle that meets the state's transitional zero emission standard.

**STATUS:**

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05/16/2013

To ASSEMBLY Committee on TRANSPORTATION.

**CA SB 28**

**AUTHOR:** Knight (R)  
**TITLE:** Counties: Public Works Contracts  
**FISCAL**  
**COMMITTEE:** yes  
**URGENCY**  
**CLAUSE:** no  
**INTRODUCED:**02/19/2013  
**LAST AMEND:** 04/09/2013  
**DISPOSITION:** Pending  
**COMMITTEE:** Assembly Local Government Committee  
**HEARING:** 06/12/2013 1:30 pm, Room 444

**SUMMARY:** Authorizes a county to utilize construction manager at-risk construction contracts for the erection, construction, alteration, repair, or improvement of any building owned or leased by the county. Provides that a construction manager at-risk contract may be awarded using the lowest responsible bidder or the best value method. Requires subcontractors not listed as partners, general partners, or association members be awarded certain work by the construction manager at-risk.

**STATUS:** 05/16/2013 To ASSEMBLY Committees on LOCAL GOVERNMENT and ACCOUNTABILITY AND ADMINISTRATIVE REVIEW.

**CA SB 125**

**AUTHOR:** DeSaulnier (D)  
**TITLE:** Public Works: the Public Works Peer Review Act of 2013  
**FISCAL**  
**COMMITTEE:** yes  
**URGENCY**  
**CLAUSE:** no  
**INTRODUCED:**02/21/2013  
**LAST AMEND:** 05/07/2013  
**DISPOSITION:** Pending  
**LOCATION:** ASSEMBLY

**SUMMARY:** Allows a public agency, principally tasked with administering, planning, developing, and operating a public works project, to establish a specified peer review group. Requires the administering agency, if a peer group is established, to draft a charter, published on the agency's Internet Web site, related to the duties of the peer review group.

**STATUS:** 05/24/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (35-0)

**CA SB 436**

**AUTHOR:** Jackson (D)  
**TITLE:** California Environmental Quality Act: Notice  
**FISCAL**  
**COMMITTEE:** yes  
**URGENCY**  
**CLAUSE:** no  
**INTRODUCED:**02/21/2013  
**LAST AMEND:** 04/03/2013  
**DISPOSITION:** Pending  
**LOCATION:** ASSEMBLY

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**SUMMARY:** Relates to the California Environmental Quality Act. Requires a lead agency to conduct at least one public scoping meeting for the specified projects and to provide notice to the specified entities of at least one public scoping meeting. Revises the meeting notice requirements to requires the notice be given to a list of specified parties including the State Clearinghouse and project applicants.

**STATUS:** 05/28/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (28-10)

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**CA SB 454**

**AUTHOR:** Corbett (D)  
**TITLE:** Public Resources: Electric Vehicle Charging Stations  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/21/2013  
**LAST AMEND:** 05/24/2013  
**DISPOSITION:** Pending  
**LOCATION:** ASSEMBLY

**SUMMARY:** Creates the Electric Vehicle Charging Stations Open Access Act. Prohibits the charging of a subscription fee on persons desiring to use an electric vehicle charging station. Prohibits a requirement for persons to obtain membership in any club, association, or organization as a condition of using the station. Requires the total actual charges for the use of a station to be disclosed at the point of sale. Requires a provider of certain equipment or a station to disclose certain information.

**STATUS:** 05/29/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (28-11)

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**CA SB 513**

**AUTHOR:** Hancock (D)  
**TITLE:** Diversion Programs: Sealed Records  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/21/2013  
**LAST AMEND:** 04/01/2013  
**DISPOSITION:** Pending  
**LOCATION:** ASSEMBLY

**SUMMARY:** Provides that in any case where a person is arrested and successfully completes a diversion program administered by a prosecuting attorney in lieu of filing an accusatory pleading, the person may petition the Superior Court that would have had jurisdiction over the matter for an order to seal the records of the arresting agency and related court files and records, and the court may issue that order if the court finds that doing so will be in furtherance of justice.

**STATUS:** 05/28/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (33-5)

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**CA SB 557**

**AUTHOR:** Hill (D)  
**TITLE:** High-Speed Rail

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**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/22/2013  
**LAST AMEND:** 05/02/2013  
**DISPOSITION:** Pending  
**LOCATION:** ASSEMBLY  
**SUMMARY:** Relates to existing law that appropriates specified funds from the High Speed Passenger Train Bond Fund and from federal funds for high-speed rail and connecting rail projects. Adds detail to provisions governing the expenditure of certain of those appropriated funds. Specifies that of the moneys appropriated for early high-speed rail improvement projects in the Budget Act of 2012, a specified amount shall be allocated solely for purposes of specified memoranda of understanding.  
**STATUS:** 05/24/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (30-5)

**CA SB 628**

**AUTHOR:** Beall (D)  
**TITLE:** Infrastructure Financing: Transit Priority Projects  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/22/2013  
**LAST AMEND:** 05/14/2013  
**DISPOSITION:** Pending  
**LOCATION:** ASSEMBLY  
**SUMMARY:** Eliminates the requirement of voter approval for the adoption of an infrastructure financing plan, the creation of an infrastructure financing district, and the issuance of bonds with respect to a transit priority project. Requires a specified percentage of the revenue for increasing, improving, and preserving the supply of lower and moderate-income housing. Requires a low-income housing replacement ordinance. Requires projects to be consistent with the sustainable communities strategy.  
**STATUS:** 05/20/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (24-11)

**CA SB 73**

**SANBAG Position: Work With Auto**

**AUTHOR:** Steinberg (D)  
**TITLE:** Environment: California Environmental Quality Act  
**FISCAL COMMITTEE:** yes  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 02/22/2013  
**LAST AMEND:** 05/24/2013  
**DISPOSITION:** Pending  
**LOCATION:** ASSEMBLY  
**SUMMARY:** Relates to the state environmental quality act. Provides that aesthetic impacts of a residential, mixed-use residential, or employment center project within a transit priority area shall not be considered significant impacts on the environment. Requires guidelines for thresholds of significance and the transportation and parking impacts to be made available to the public. Requires preparation of environmental impact reports. Extends

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tolling agreements for judicial actions and mitigation measures.

**STATUS:**

05/29/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To  
ASSEMBLY. (39-0)

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**CA SB 751**

**AUTHOR:** Yee (D)  
**TITLE:** Meetings: Publication of Action Taken  
**FISCAL**  
**COMMITTEE:** yes  
**URGENCY**  
**CLAUSE:** no

**INTRODUCED:**02/22/2013

**LAST AMEND:** 05/02/2013

**DISPOSITION:** Pending

**LOCATION:** ASSEMBLY

**SUMMARY:** Amends the Ralph M. Brown Act that requires all meetings of the legislative body of a local agency to be open and public and prohibits that body from taking action by secret ballot, whether preliminary or final. Requires that the legislative body of a local agency to publicly report any action taken and the vote or abstention of that action of every member present.

**STATUS:**

05/28/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To  
ASSEMBLY. (39-0)

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**CA SB 780**

**AUTHOR:** Senate Transportation and Housing Committee  
**TITLE:** Transportation  
**FISCAL**  
**COMMITTEE:** yes  
**URGENCY**  
**CLAUSE:** no

**INTRODUCED:**02/22/2013

**LAST AMEND:** 04/18/2013

**DISPOSITION:** Pending

**LOCATION:** ASSEMBLY

**SUMMARY:** Defines the term highway for these exemption purposes under the CEQA. Relates to the prepayment of retail sales tax on aircraft jet fuel. Authorizes relinquishment of certain highways. Modifies bikeway provisions. Revises the definition of logging dolly. Relates to Olympic license plates. Extends provisions of existing law regarding medical requirements for commercial driver's licensing.

**STATUS:**

05/16/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To  
ASSEMBLY. (37-0)

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**CA SB 811**

**AUTHOR:** Lara (D)  
**TITLE:** State Highway Route 710  
**FISCAL**  
**COMMITTEE:** yes  
**URGENCY**  
**CLAUSE:** no

**INTRODUCED:**02/22/2013

**LAST AMEND:** 05/28/2013

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**DISPOSITION:** Pending  
**LOCATION:** ASSEMBLY  
**SUMMARY:** Imposes various requirements on the Department of Transportation with respect to the I-710 expansion project in the County of Los Angeles. Requires the lead agency to consider, within the environmental review process for the process, alternatives to address the air quality, public health, and mobility impacts the project will have on neighboring communities. Requires the EIR to contain information on investments in mitigation for those communities and the Los Angeles River.  
**STATUS:** 05/29/2013 In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY. (28-10)

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**CA SCA 3**

**AUTHOR:** Leno (D)  
**TITLE:** Taxation: Educational Entities: Parcel Tax  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 12/03/2012  
**LAST AMEND:** 05/21/2013  
**DISPOSITION:** Pending  
**LOCATION:** Senate Elections and Constitutional Amendments Committee  
**SUMMARY:** Proposes an amendment to the Constitution to condition the imposition, extension, or increase of a parcel tax by a school district, community college district, or county office of education upon the approval of voters if the proposition meets specified requirements.  
**STATUS:** 05/21/2013 In SENATE. Read second time and amended. Re-referred to Committee on ELECTIONS AND CONSTITUTIONAL AMENDMENTS.

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**CA SCA 4**

**AUTHOR:** Liu (D)  
**TITLE:** Local Government Transportation Project: Voter Approval  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 12/03/2012  
**LAST AMEND:** 05/21/2013  
**DISPOSITION:** Pending  
**LOCATION:** Senate Transportation and Housing Committee  
**SUMMARY:** Proposes an amendment to the Constitution to provide the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of a related proposition that includes certain requirements. Prohibits the local government from expending any revenues derived from a special transportation tax approved by the voters at any time prior to the completion of a identified capital project funded by specified revenues.  
**STATUS:** 05/29/2013 Re-referred to SENATE Committee on TRANSPORTATION AND HOUSING.

**CA SCA 8**

**AUTHOR:** Corbett (D)  
**TITLE:** Transportation Projects: Special Taxes: Voter Approval  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 12/14/2012  
**LAST AMEND:** 05/21/2013  
**DISPOSITION:** Pending  
**LOCATION:** Senate Transportation and Housing Committee  
**SUMMARY:** Proposes an amendment to the Constitution to provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for transportation projects requires the approval of 55% of its voters voting on the proposition, if the proposition includes certain requirements.  
**STATUS:** 05/29/2013 Re-referred to SENATE Committee on TRANSPORTATION AND HOUSING.

**CA SCA 9**

**AUTHOR:** Corbett (D)  
**TITLE:** Local Government: Economic Development: Special Taxes  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 12/18/2012  
**LAST AMEND:** 05/21/2013  
**DISPOSITION:** Pending  
**LOCATION:** Senate Elections and Constitutional Amendments Committee  
**SUMMARY:** Proposes an amendment to the Constitution to provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for community and economic development projects requires the approval of a specified percentage of its voters voting on the proposition, if the proposition contains specified requirements.  
**STATUS:** 05/21/2013 In SENATE. Read second time and amended. Re-referred to Committee on ELECTIONS AND CONSTITUTIONAL AMENDMENTS.

**CA SCA 11**

**AUTHOR:** Hancock (D)  
**TITLE:** Local Government: Special Taxes: Voter Approval  
**FISCAL COMMITTEE:** no  
**URGENCY CLAUSE:** no  
**INTRODUCED:** 01/25/2013  
**LAST AMEND:** 05/21/2013  
**DISPOSITION:** Pending  
**LOCATION:** Senate Elections and Constitutional Amendments Committee  
**SUMMARY:** Proposes an amendment to the Constitution to condition the imposition, extension, or increase of a special tax by a local government upon the approval of 55% of the voters

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voting on the proposition, if the proposition proposing the tax contains specified requirements.

**STATUS:**

05/21/2013

In SENATE. Read second time and amended. Re-referred to Committee on ELECTIONS AND CONSTITUTIONAL AMENDMENTS.

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**TO:** Ray Wolfe  
**FROM:** Steve Palmer, Jackie Schmitz, and David Haines  
**DATE:** May 31, 2013  
**SUBJECT:** Status of Environmental Streamlining Provisions in MAP-21

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This memo is intended to provide an overview of the status of key environmental streamlining and project expediting provisions included in MAP-21 to give a full picture of DOT's implementation work.

### **Overview of DOT's Implementation Progress**

The Department of Transportation has developed a 42-part action plan to implement the full requirements of Subtitle C of MAP-21, regarding the acceleration of project delivery. As of March 27, 2013, five of the 42 actions had been completed, 34 actions are underway, and three actions are not yet underway. For the major provisions that require rulemakings, they will not be in effect until the rulemaking process is complete.

The five completed actions include completing rulemaking on the use of categorical exclusions after a disaster or other emergency; issuing question and answer guidance on innovations to improve project delivery; conducting a survey and report to Congress on the use of categorical exclusions; completing interim guidance on accelerated decision making for environmental reviews; and publishing an initial report to Congress on the status of environmental studies.

### **Status of Key Project Expediting Provisions**

#### **NEPA delegation**

**Summary:** The bill makes permanent the ability of the Secretary to delegate NEPA authority to States, and removes the limitation that only five States may receive this authority. This authority is expanded to transit, rail, and multi-modal projects, but provides the option for transit agencies to request a waiver to the Secretary. The bill does not allow for reciprocity between NEPA and State environmental processes.

**Status:** FHWA is required to do a rulemaking to implement this provision by the end of June, 2013. FHWA will not meet this deadline, and is anticipating a final rule by the end of September, 2013. There will also be guidance issued, for which there is not a current timeframe.

### **Advance Acquisition of Real Property Interests**

**Summary:** Right-of-way can be acquired prior to the completion of NEPA, provided that it does not have an adverse environmental impact, limit the choice of alternatives, or prevent the lead agency from making impartial decisions. The land cannot be developed prior to the completion of NEPA, and if the land is purchased with federal funds and is not used for a federal transportation projects, the State will refund FHWA from its apportionments.

**Status:** FHWA is in the early stages of drafting both guidance and a proposed rulemaking to implement this provision. It anticipated a Notice of Proposed Rulemaking will be issued in October of 2013.

### **Letting of Contracts**

**Summary:** State DOTs can award a two-phase contract to a construction manager or general contractor for preconstruction and construction services, and this may be done prior to the completion of NEPA.

**Status:** FHWA is currently drafting a proposed rulemaking to implement this provision. FHWA anticipates a Notice of Proposed Rulemaking will be issued in August of 2013.

### **Innovative Project Delivery**

**Summary:** For projects funded under the National Highway Performance Program, the Surface Transportation Program, and the Metropolitan Planning Program, the State may choose a 100 percent federal share for projects with activities that speed construction and project delivery, including 3-D modeling technology. The Secretary must approve activities to qualify and the federal share increase can only equal up to 5 percent of the project cost. The State may only apply this increased share for ten percent of the total funds in the three affected programs.

**Status:** This provision is in effect and DOT completed guidance as part of its "Q&A" documentation in October of 2012.

### **Efficient Environmental Reviews for Project Decisionmaking**

**Summary:** This section of the bill allows DOT to use programmatic approaches to environmental reviews, in order to minimize repeated discussions of the same topic. It also allows DOT to select a single DOT modal agency to serve as lead agency for environmental review of projects where multiple modes are involved. The provision also requires concurrence of participating agencies for environmental review schedules developed by DOT.

**Status:** FHWA is required by law to undertake a rulemaking to implement this section, and also plans to create three separate guidance documents. FHWA is still determining whether the rulemaking should be a standalone rule, or incorporated into a broader rulemaking. At this time, FHWA anticipates a Notice of Proposed Rulemaking will not be issued until June of 2014. There is no scheduled timeframe for the three guidance documents, but they are each in various stages of drafting and review.

### **Accelerated Decisionmaking**

**Summary:** The bill includes new environmental dispute resolution authority for the Secretary. It also includes financial penalties for any agency that does not approve permits or licenses within a certain period of time.

**Status:** This section requires that DOT report to Congress every 120 days on major projects that require a financial plan—DOT has implemented this and issued its first report in February of 2013. DOT also plans to issue guidance on dispute resolutions—this guidance has been drafted and is currently in review. Finally, DOT may also issue a formal rule on dispute resolution. This rule may be packaged with the rulemaking noted in the previous section on Efficient Environmental Reviews, with an estimated Notice of Proposed Rulemaking being issued in June of 2014.

### **Limitations on Claims**

**Summary:** The bill shortens the window when legal disputes may be brought against a project from 180 days to 150 days.

**Status:** FHWA will issue a rulemaking, which may be part of the previously noted broader package of rulemaking with an estimated Notice of Proposed Rulemaking planned for June of 2014. There will also be guidance issued, for which there is not a current timeframe.

### **Acceleration of Completion of Complex Projects**

**Summary:** The bill requires the Secretary to complete complex projects within four years, and includes financial penalties for a failure to meet this deadline.

**Status:** FHWA will issue a rulemaking, which may be part of the previously noted broader package of rulemaking with an estimated Notice of Proposed Rulemaking being issued in June of 2014. There will also be guidance issued, for which there is not a current timeframe.

### **Categorical Exclusions for Projects**

**Summary:** The bill would categorically exclude from NEPA a number of types of projects, including: projects within the operational right-of-way, those impacted by emergencies and disasters, projects with less than \$5 million in federal funds, and projects with total project costs of less than \$30 million with less than 15 percent federally funded.

**Status:** FHWA completed rulemaking in February of 2013 on creating CEs for projects impacted by emergencies or disasters. FHWA was required to create CEs for projects operating within the right-of way and projects with limited federal assistance by the end of March 2013; in February of 2013 they issued a Notice of Proposed Rulemaking on these new CEs and do not have an estimated timeframe for the final rule.

### **Survey of Categorical Exclusions**

**Summary:** The Secretary is directed to consult with transportation and transit agencies at all levels to make recommendations on new activities to be categorically excluded.

**Status:** FHWA conducted a review of how existing CEs are used and solicited suggestions for new CEs, completing their report in December of 2012. FHWA was required to issue a notice of proposed rulemaking by January of 2013, but is behind schedule and estimates an NPRM will be issued in August of 2013.

### **Accelerated Decisionmaking in Environmental Reviews**

**Summary:** This provision allows for the use of errata sheets to correct minor errors in the Final Environmental Impact Statement, rather than necessitating the rewriting of the Draft Environmental Impact Statement. It also calls for the consolidation of the Final Environmental Impact Statement and the Record of Decision when possible.

**Status:** FHWA and FTA completed joint guidance on this topic in January of 2014. FHWA may issue a rulemaking, which may be part of the previously noted broader package of rulemaking with an estimated Notice of Proposed Rulemaking being issued in June of 2014.

113TH CONGRESS  
1ST SESSION

# H. R. 974

To amend titles 23 and 49, United States Code, to establish national policies and programs to strengthen freight-related infrastructure, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 2013

Mr. SIRES (for himself, Mr. SMITH of Washington, Mr. BLUMENAUER, Ms. HAHN, Ms. BROWN of Florida, and Mrs. NAPOLITANO) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

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## A BILL

To amend titles 23 and 49, United States Code, to establish national policies and programs to strengthen freight-related infrastructure, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Multimodal Opportunities Via Enhanced Freight Act of  
6 2013” or the “MOVE Freight Act of 2013”.

7 (b) TABLE OF CONTENTS.—The table of contents for  
8 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.

TITLE I—NATIONAL AND STATE FREIGHT POLICY AND  
PLANNING

- Sec. 101. National freight policy.
- Sec. 102. State freight plans.

TITLE II—NATIONAL FREIGHT INFRASTRUCTURE INVESTMENT

- Sec. 201. National freight infrastructure investment grants.

**1 SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) The rapid and cost efficient movement of  
4 goods throughout the United States supply chain,  
5 and particularly through United States trade gate-  
6 ways and corridors, is vital to securing the Nation’s  
7 economic future and maintaining the Nation’s com-  
8 petitiveness in world markets.

9 (2) More than \$16 trillion worth of freight was  
10 moved in the United States in 2010, accounting for  
11 \$13 trillion in domestic shipments and \$3 trillion in  
12 international exports and imports.

13 (3) Freight is forecasted to grow, with indica-  
14 tors showing that United States shipments will more  
15 than double between 2010 and 2040 to roughly  
16 \$39.5 trillion annually, with an estimated \$10.3 tril-  
17 lion worth of goods using multiple modes of trans-  
18 portation each year.

19 (4) By 2020, the Nation’s projected surface  
20 transportation infrastructure deficiencies are ex-

1       pected to cost the national economy cumulatively al-  
2       most \$900 billion in gross domestic product, rising  
3       to \$2.7 billion through 2040.

4           (5) It is the responsibility of the Federal Gov-  
5       ernment to support business by helping to ensure  
6       multimodal freight networks that will provide reli-  
7       able, efficient, and safe transportation, allowing  
8       cost-effective transport of goods to markets near and  
9       far.

10          (6) A national campaign of strategic investment  
11       to expand capacity and increase efficiency can cir-  
12       cumvent the projected loss in United States produc-  
13       tivity and decline in global competitiveness.

14          (7) In establishing national policies and pro-  
15       grams to strengthen freight-related infrastructure,  
16       the President, Federal officials, and other relevant  
17       stakeholders should consider the critical importance  
18       of freight to United States businesses and global  
19       economic competitiveness.

20          (8) Under the Constitution, it is the role of the  
21       Federal Government to protect and promote com-  
22       merce with foreign nations and among the States  
23       through all reasonable means, including through in-  
24       vestment in goods movement infrastructure.

1 **TITLE I—NATIONAL AND STATE**  
 2 **FREIGHT POLICY AND PLAN-**  
 3 **NING**

4 **SEC. 101. NATIONAL FREIGHT POLICY.**

5 (a) NATIONAL FREIGHT NETWORK DEFINED.—Sec-  
 6 tion 101(a) of title 23, United States Code, is amended—

7 (1) by redesignating paragraphs (15) through  
 8 (34) as paragraphs (16) through (35), respectively;  
 9 and

10 (2) by inserting after paragraph (14) the fol-  
 11 lowing:

12 “(15) NATIONAL FREIGHT NETWORK.—The  
 13 term ‘national freight network’ means a network  
 14 composed of highways, railways, navigable water-  
 15 ways, seaports, airports, freight intermodal connec-  
 16 tors, and aerotropolis transportation systems most  
 17 critical to the multimodal movement of freight.”

18 (b) ESTABLISHMENT AND DESIGNATION OF NA-  
 19 TIONAL FREIGHT NETWORK.—Subsections (c) and (d) of  
 20 section 167 of title 23, United States Code, are amended  
 21 to read as follows:

22 “(c) ESTABLISHMENT OF NATIONAL FREIGHT NET-  
 23 WORK.—

24 “(1) IN GENERAL.—The Secretary shall estab-  
 25 lish a national freight network in accordance with

1 this section to assist States in strategically directing  
2 resources toward improved system performance for  
3 efficient movement of freight—

4 “(A) on highways (including highways on  
5 the national highway system), railways, navi-  
6 gable waterways, freight intermodal connectors,  
7 and aerotropolis transportation systems; and

8 “(B) into and out of inland ports, sea-  
9 ports, and airports.

10 “(2) NETWORK COMPONENTS.—The national  
11 freight network shall consist of multimodal transpor-  
12 tation infrastructure, including—

13 “(A) the primary freight network, as des-  
14 ignated by the Secretary under subsection (d)  
15 (referred to in this section as the ‘primary  
16 freight network’) as the network composed of  
17 highways, railways, navigable waterways, sea-  
18 ports, airports, freight intermodal connectors,  
19 and aerotropolis transportation systems most  
20 critical to the multimodal movement of freight;

21 “(B) the portions of the Interstate System  
22 not designated as part of the primary freight  
23 network; and

24 “(C) critical rural freight corridors estab-  
25 lished under subsection (e).

1       “(d) DESIGNATION OF PRIMARY FREIGHT NET-  
2 WORK.—

3               “(1) INITIAL DESIGNATION OF PRIMARY  
4 FREIGHT NETWORK.—

5                       “(A) DESIGNATION.—Not later than 1  
6 year after the date of enactment of this section,  
7 the Secretary shall designate a multimodal pri-  
8 mary freight network—

9                               “(i) based on an inventory of national  
10 freight volume conducted by the Secretary,  
11 in consultation with stakeholders, including  
12 system users, transport providers, and  
13 States;

14                               “(ii) that shall be comprised of—

15                                       “(I) not more than 27,000 miles  
16 of existing major freight corridors  
17 that are most critical;

18                                       “(II) critical rail corridors;

19                                       “(III) critical intermodal connec-  
20 tions; and

21                                       “(IV) critical inland port, sea-  
22 port, and airport infrastructure, at  
23 the discretion of the Secretary.

1           “(B) FACTORS FOR DESIGNATION.—In  
2           designating the primary freight network, the  
3           Secretary shall consider—

4                   “(i) the generation of national eco-  
5                   nomic benefits, including job creation, ex-  
6                   panded business opportunities, and bene-  
7                   fits to the gross domestic product;

8                   “(ii) the origins and destinations of  
9                   freight movement in the United States;

10                   “(iii) the total freight tonnage and  
11                   value of freight moved;

12                   “(iv) the percentage of annual average  
13                   daily traffic;

14                   “(v) land and maritime ports of entry;

15                   “(vi) access to energy exploration, de-  
16                   velopment, installation, or production  
17                   areas;

18                   “(vii) population centers; and

19                   “(viii) network connectivity.

20           “(2) ADDITIONAL MILES ON MULTIMODAL PRI-  
21           MARY FREIGHT NETWORK.—In addition to the miles  
22           of existing major freight corridors initially des-  
23           ignated under paragraph (1), the Secretary may in-  
24           crease the number of miles designated as part of the  
25           primary freight network by not more than 3,000 ad-

1       ditional miles of freight corridors (which may include  
2       existing or planned corridors) critical to future effi-  
3       cient movement of goods on the primary freight net-  
4       work.

5           “(3) REDESIGNATION OF PRIMARY FREIGHT  
6       NETWORK.—Effective beginning 10 years after the  
7       designation of the primary freight network and every  
8       10 years thereafter, using the designation factors de-  
9       scribed in paragraph (1), the Secretary shall redesi-  
10      gnate the primary freight network (including addi-  
11      tional mileage described in paragraph (2)).”.

12 **SEC. 102. STATE FREIGHT PLANS.**

13       Section 1118(a) of MAP-21 (23 U.S.C. 167 note;  
14 126 Stat. 473) is amended—

15           (1) by striking “encourage” and inserting “re-  
16       quire”; and

17           (2) by adding at the end the following: “Each  
18       State shall coordinate with neighboring states to en-  
19       sure multistate network continuity and connectivi-  
20       ty.”.

1     **TITLE II—NATIONAL FREIGHT**  
2     **INFRASTRUCTURE INVESTMENT**

3     **SEC. 201. NATIONAL FREIGHT INFRASTRUCTURE INVEST-**  
4             **MENT GRANTS.**

5             (a) ESTABLISHMENT OF PROGRAM.—Chapter 55 of  
6 title 49, United States Code, is amended by adding at the  
7 end the following:

8             “SUBCHAPTER III—FINANCIAL ASSISTANCE  
9     “§ 5581. **National freight infrastructure investment**  
10             **grants**

11             “(a) ESTABLISHMENT OF PROGRAM.—The Secretary  
12 of Transportation shall establish a competitive grant pro-  
13 gram to provide financial assistance for capital invest-  
14 ments that improve the efficiency of the national transpor-  
15 tation system to move freight.

16             “(b) ELIGIBLE PROJECTS.—An applicant is eligible  
17 for a grant under this section for—

18             “(1) a port development or improvement  
19 project;

20             “(2) a multimodal terminal facility project;

21             “(3) a land port of entry project;

22             “(4) a freight rail improvement or capacity ex-  
23 pansion project;

1           “(5) an intelligent transportation system  
2 project primarily for freight benefit that reduces  
3 congestion or improves safety;

4           “(6) a project that improves access to a port or  
5 terminal facility;

6           “(7) an aerotropolis system, which for purposes  
7 of this section is a planned and coordinated  
8 multimodal freight and passenger transportation  
9 network that, as determined by the Secretary, pro-  
10 vides efficient, cost-effective, sustainable, and inter-  
11 modal connectivity to a defined region of economic  
12 significance centered around a major airport; or

13           “(8) planning, preparation, or design of any  
14 project described in this subsection.

15           “(c) PROJECT SELECTION CRITERIA.—In deter-  
16 mining whether to award a grant to an eligible applicant  
17 under this section, the Secretary shall consider the extent  
18 to which the project—

19           “(1) supports the objectives of the national  
20 freight strategic plan developed under section 167(f)  
21 of title 23;

22           “(2) leverages Federal investment by encour-  
23 aging non-Federal contributions to the project, in-  
24 cluding contributions from public-private partner-  
25 ships;

1           “(3) improves the mobility of goods and com-  
2           modities;

3           “(4) incorporates new and innovative tech-  
4           nologies, including freight-related intelligent trans-  
5           portation systems;

6           “(5) improves energy efficiency or reduces  
7           greenhouse gas emissions;

8           “(6) helps maintain or protect the environment,  
9           including reducing air and water pollution;

10          “(7) reduces congestion;

11          “(8) improves the condition of the freight infra-  
12          structure, including bringing it into a state of good  
13          repair;

14          “(9) improves safety, including reducing trans-  
15          portation accidents, injuries, and fatalities;

16          “(10) demonstrates that the proposed project  
17          cannot be readily and efficiently realized without  
18          Federal support and participation; and

19          “(11) enhances national or regional economic  
20          development, growth, and competitiveness.

21          “(d) LETTERS OF INTENT.—

22                 “(1) ISSUANCE.—The Secretary may issue a  
23                 letter of intent to an applicant announcing an inten-  
24                 tion to obligate, for a major capital project under  
25                 this subsection, an amount from future available

1 budget authority specified in law that is not more  
2 than the amount stipulated as the financial partici-  
3 pation of the Secretary in the project.

4 “(2) NOTICE TO CONGRESS.—At least 30 days  
5 before issuing a letter under paragraph (1), the Sec-  
6 retary shall notify in writing the Committee on Com-  
7 merce, Science, and Transportation of the Senate  
8 and the Committee on Transportation and Infra-  
9 structure of the House of Representatives of the  
10 proposed letter or agreement. The Secretary shall in-  
11 clude with the notification a copy of the proposed  
12 letter or agreement, the criteria used under sub-  
13 section (c) for selecting the project for a grant  
14 award, and a description of how the project meets  
15 such criteria.

16 “(3) LIMITATION.—An obligation or adminis-  
17 trative commitment may be made only when  
18 amounts are made available. The letter of intent  
19 shall state that the contingent commitment is not an  
20 obligation of the Federal Government, and is subject  
21 to the availability of funds under Federal law and to  
22 Federal laws in force or enacted after the date of  
23 the contingent commitment.

24 “(e) FEDERAL SHARE OF NET PROJECT COST.—

1           “(1) ESTIMATE OF NET PROJECT COST.—Based  
2           on engineering studies, studies of economic feasi-  
3           bility, and information on the expected use of equip-  
4           ment or facilities, the Secretary shall estimate the  
5           net project cost.

6           “(2) FEDERAL SHARE.—The Federal share of a  
7           grant for the project shall not exceed 80 percent of  
8           the project net capital cost.

9           “(3) PRIORITY.—The Secretary shall give pri-  
10          ority in allocating future obligations and contingent  
11          commitments to incur obligations to grant requests  
12          seeking a lower Federal share of the project net cap-  
13          ital cost.

14          “(f) COOPERATIVE AGREEMENTS.—

15                 “(1) IN GENERAL.—An applicant may enter  
16                 into an agreement with any public, private, or non-  
17                 profit entity to cooperatively implement any project  
18                 funded with a grant under this subchapter.

19                 “(2) FORMS OF PARTICIPATION.—Participation  
20                 by an entity under paragraph (1) may consist of—

21                         “(A) ownership or operation of any land,  
22                         facility, vehicle, or other physical asset associ-  
23                         ated with the project;

1           “(B) cost sharing of any project expense or  
2 non-Federal share of the project cost, including  
3 in-kind contributions;

4           “(C) carrying out administration, construc-  
5 tion management, project management, project  
6 operation, or any other management or oper-  
7 ational duty associated with the project; and

8           “(D) any other form of participation ap-  
9 proved by the Secretary.

10       “(g) OVERSIGHT PROGRAM.—

11       “(1) ESTABLISHMENT.—

12           “(A) IN GENERAL.—The Secretary shall  
13 establish an oversight program to monitor the  
14 effective and efficient use of funds authorized to  
15 carry out this section.

16           “(B) MINIMUM REQUIREMENT.—At a min-  
17 imum, the program shall be responsive to all  
18 areas relating to financial integrity and project  
19 delivery.

20       “(2) FINANCIAL INTEGRITY.—

21           “(A) FINANCIAL MANAGEMENT SYS-  
22 TEMS.—The Secretary shall perform annual re-  
23 views that address elements of the applicant’s  
24 financial management systems that affect  
25 projects approved under subsection (a).

1           “(B) PROJECT COSTS.—The Secretary  
2           shall develop minimum standards for estimating  
3           project costs and shall periodically evaluate the  
4           practices of applicants for estimating project  
5           costs, awarding contracts, and reducing project  
6           costs.

7           “(3) PROJECT DELIVERY.—The Secretary shall  
8           perform annual reviews that address elements of the  
9           project delivery system of an applicant, which ele-  
10          ments include one or more activities that are in-  
11          volved in the life cycle of a project from conception  
12          to completion of the project.

13          “(4) RESPONSIBILITY OF THE APPLICANTS.—

14                 “(A) IN GENERAL.—Each applicant shall  
15                 submit to the Secretary for approval such  
16                 plans, specifications, and estimates for each  
17                 proposed project as the Secretary may require.

18                 “(B) APPLICANT SUBRECIPIENTS.—The  
19                 applicant shall be responsible for determining  
20                 that a subrecipient of Federal funds under this  
21                 section has—

22                         “(i) adequate project delivery systems  
23                         for projects approved under this section;  
24                         and

1                   “(ii) sufficient accounting controls to  
2                   properly manage such Federal funds.

3                   “(C) PERIODIC REVIEW.—The Secretary  
4                   shall periodically review the monitoring of sub-  
5                   recipients by the applicant.

6                   “(5) SPECIFIC OVERSIGHT RESPONSIBIL-  
7                   ITIES.—Nothing in this section shall affect or dis-  
8                   charge any oversight responsibility of the Secretary  
9                   specifically provided for under this title or other  
10                  Federal law.

11                  “(h) MAJOR PROJECTS.—

12                  “(1) IN GENERAL.—A recipient of a grant for  
13                  a project under this section with an estimated total  
14                  cost of \$500,000,000 or more, and a recipient for  
15                  such other projects as may be identified by the Sec-  
16                  retary, shall submit to the Secretary for each  
17                  project—

18                         “(A) a project management plan; and

19                         “(B) an annual financial plan.

20                  “(2) PROJECT MANAGEMENT PLAN.—A project  
21                  management plan shall document—

22                         “(A) the procedures and processes that are  
23                         in effect to provide timely information to the  
24                         project decisionmakers to effectively manage the

1 scope, costs, schedules, quality of, and the Fed-  
2 eral requirements applicable to, the project; and

3 “(B) the role of the agency leadership and  
4 management team in the delivery of the project.

5 “(3) FINANCIAL PLAN.—A financial plan  
6 shall—

7 “(A) be based on detailed estimates of the  
8 cost to complete the project; and

9 “(B) provide for the annual submission of  
10 updates to the Secretary that are based on rea-  
11 sonable assumptions, as determined by the Sec-  
12 retary, of future increases in the cost to com-  
13 plete the project.

14 “(i) OTHER PROJECTS.—A recipient of Federal fi-  
15 nancial assistance for a project under this section with an  
16 estimated total cost of \$100,000,000 or more that is not  
17 covered by subsection (h) shall prepare an annual financial  
18 plan. Annual financial plans prepared under this sub-  
19 section shall be made available to the Secretary for review  
20 upon the request of the Secretary.

21 “(j) OTHER TERMS AND CONDITIONS.—The Sec-  
22 retary shall determine what additional grant terms and  
23 conditions are necessary and appropriate to meet the re-  
24 quirements of this section.

1       “(k) REGULATIONS.—Not later than 1 year after the  
2 date of enactment of this section, the Secretary shall pre-  
3 scribe regulations to implement this section.

4       “(l) APPLICANT DEFINED.—In this section, the term  
5 ‘applicant’ includes a State, a political subdivision of a  
6 State, government-sponsored authorities and corporations,  
7 and the District of Columbia.

8       “(m) SECRETARIAL OVERSIGHT.—

9           “(1) CONSTRUCTION OVERSIGHT.—The Sec-  
10 retary may use no more than 1 percent of amounts  
11 made available in a fiscal year for capital projects  
12 under this section to enter into contracts to oversee  
13 the construction of such projects.

14           “(2) COMPLIANCE REVIEWS AND AUDITS.—The  
15 Secretary may use amounts available under para-  
16 graph (1) to make contracts for safety, procurement,  
17 management, and financial compliance reviews and  
18 audits of a recipient of amounts under paragraph  
19 (1).

20           “(3) FEDERAL COSTS.—The Federal Govern-  
21 ment shall pay the entire cost of carrying out a con-  
22 tract under this subsection.”.

23       “(b) CONFORMING AMENDMENT.—The analysis for  
24 chapter 55 of title 49, United States Code, is amended  
25 by adding at the end the following:

"SUBCHAPTER III—FINANCLAL ASSISTANCE

"5581. National freight infrastructure investment grants."

○

113TH CONGRESS  
1ST SESSION

# H. R. 2084

To establish the American Infrastructure Fund, to provide bond guarantees and make loans to States, local governments, and non-profit infrastructure providers for investments in certain infrastructure projects, and to provide equity investments in such projects, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2013

Mr. DELANEY (for himself, Mr. BARR, Mr. BERA of California, Mr. CARNEY, Mr. COLE, Mr. CONNOLLY, Mr. RODNEY DAVIS of Illinois, Mr. FITZPATRICK, Ms. GABBARD, Mr. GARCIA, Mr. GIBSON, Mr. JOHNSON of Ohio, Mr. JOYCE, Mr. KENNEDY, Mr. KIND, Mr. KINZINGER of Illinois, Mr. MESSER, Mr. MORAN, Mr. MURPHY of Florida, Mr. PETERS of California, Mr. PITTENGER, Mr. POLIS, Mr. RUPPERSBERGER, Ms. SINEMA, Mr. STIVERS, Mr. TURNER, and Mr. YOHO) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To establish the American Infrastructure Fund, to provide bond guarantees and make loans to States, local governments, and non-profit infrastructure providers for investments in certain infrastructure projects, and to provide equity investments in such projects, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Partnership to Build  
5 America Act of 2013”.

6 **SEC. 2. AMERICAN INFRASTRUCTURE FUND.**

7 (a) AMERICAN INFRASTRUCTURE FUND.—

8 (1) IN GENERAL.—There is established a wholly  
9 owned Government corporation to be called the  
10 American Infrastructure Fund (“AIF”)—

11 (A) which shall be headed by the Board of  
12 Trustees established under subsection (b);

13 (B) which may have separate sub-accounts  
14 or subsidiaries for funds used to make loans,  
15 bond guarantees, and equity investments under  
16 this section and funds used to make bond guar-  
17 antees under this section;

18 (C) which shall be available to the AIF to  
19 pay for the costs of carrying out this section,  
20 including the compensation of the Board and  
21 other employees of the AIF; and

22 (D) the funds of which may be invested by  
23 the Board in such manner as the Board deter-  
24 mines appropriate.

1           (2) DEPOSITS TO AIF.—All funds received from  
2           bond issuances, loan payments, bond guarantee fees,  
3           and any other funds received in carrying out this  
4           section shall be held by AIF.

5           (3) LIMITATIONS.—The charter of the AIF  
6           shall limit its activities to those activities described  
7           as the mission of the Board under subsection (b)(2).

8           (4) OVERSIGHT.—The AIF shall register with  
9           the Securities and Exchange Commission and the  
10          Secretary shall report to Congress annually as to  
11          whether the AIF is fulfilling the mission of the  
12          Board under subsection (b)(2).

13          (5) TREATMENT OF AIF.—Title 31, United  
14          States Code, is amended in each of sections  
15          9107(e)(3) and 9108(d)(2)—

16                 (A) by inserting “the American Infrastruc-  
17                 ture Fund,” after “the Regional Banks for Co-  
18                 operatives,”; and

19                 (B) by striking “those banks” and insert-  
20                 ing “those entities”.

21          (b) BOARD OF TRUSTEES.—

22                 (1) IN GENERAL.—There is established a Board  
23                 of Trustees of the AIF (the “Board”), which shall  
24                 be composed of 11 members, of which at least 4  
25                 must be risk management experts, as certified by

1 the Board, having substantial experience in bond  
2 guarantees or municipal credit.

3 (2) MISSION.—The Mission of the Board is—

4 (A) to operate the AIF and its subsidiaries  
5 to be a low cost provider of bond guarantees,  
6 loans, and equity investments to State and local  
7 governments and non-profit infrastructure pro-  
8 viders for both urban and rural non-profit in-  
9 frastructure projects that provide a positive eco-  
10 nomic impact and to meet such other standards  
11 as the Board may develop;

12 (B) to operate the AIF in a self-sustaining  
13 manner so as to allow the AIF to repay its in-  
14 frastructure bonds when due;

15 (C) to not have a profit motive, but seek  
16 at all times to pursue its mission of providing  
17 low cost bond guarantees and loans while cov-  
18 ering its costs, reserves as may be needed, and  
19 applying prudent underwriting standards;

20 (D) to only consider projects put forth by  
21 State and local governments and not to seek  
22 projects directly;

23 (E) to at all times make clear that no tax-  
24 payer money supports the AIF or ever will; and

1 (F) to engage in no other activities other  
2 than those permitted under this section.

3 (3) MEMBERSHIP.—

4 (A) PRESIDENTIALLY-APPOINTED MEM-  
5 BERS.—Except as provided under subparagraph  
6 (C), 4 members of the Board shall be appointed  
7 by the President, by and with the advice and  
8 consent of the Senate, and serve for a term of  
9 7 years.

10 (B) ADDITIONAL MEMBERS.—Except as  
11 provided under subparagraph (C), 7 members  
12 of the Board shall be appointed by the current  
13 members of the Board appointed pursuant to  
14 this subparagraph or subparagraph (C)(ii), and  
15 serve for a term of 7 years.

16 (C) INITIAL MEMBERS.—The Board shall  
17 initially consist of the following members, who  
18 shall be appointed not later than the end of the  
19 60-day period beginning on the date that bonds  
20 are issued under subsection (e):

21 (i) Four members, appointed by the  
22 President, by and with the advice and con-  
23 sent of the Senate.

24 (ii) Seven additional members, ap-  
25 pointed one each by the seven entities pur-

1           chasing the largest amount of bonds (by  
2           aggregate face amount of bonds pur-  
3           chased) under subsection (e).

4           (D) STAGGERED TERMS.—The members of  
5           the Board shall serve staggered terms, with 2  
6           each of the initial members of the Board serv-  
7           ing for terms of 4, 5, 6, 7, and 8 years, respec-  
8           tively, and the initial Chair selected under sub-  
9           paragraph (E) serving for 9 years. The decision  
10          of which Board members, other than the Chair,  
11          serve for which initial terms shall be made by  
12          the members of the Board drawing lots.

13          (E) CHAIR.—The members of the Board  
14          shall choose 1 member to serve as the Chair of  
15          the Board for a term of 7 years, except that the  
16          initial Chair shall serve for a term of 7 years,  
17          as described under subparagraph (D).

18          (F) VACANCIES.—Any member of the  
19          Board appointed to fill a vacancy occurring be-  
20          fore the expiration of the term to which that  
21          member's predecessor was appointed shall be  
22          appointed only for the remainder of the term.

23          (G) CONTINUATION OF SERVICE.—Each  
24          member of the Board may continue to serve  
25          after the expiration of the term of office to

1           which that member was appointed until a suc-  
2           cessor has been appointed.

3           (H) CONFLICTS OF INTEREST.—No mem-  
4           ber of the Board may have a financial interest  
5           in, or be employed by, a Qualified Infrastruc-  
6           ture Project (“QIP”) related to assistance pro-  
7           vided under this section or any entity that has  
8           purchased bonds under subsection (e). Owning  
9           municipal credit of any State or local govern-  
10          ment or owning the securities of a diversified  
11          company that engages in infrastructure activi-  
12          ties, provided those activities constitute less  
13          than 20 percent of the company’s revenues, or  
14          investing in broadly held investment funds shall  
15          not be deemed to create a conflict of interest.  
16          The Board may issue regulations to define  
17          terms used under this subparagraph.

18          (4) COMPENSATION.—The members of the  
19          Board shall be compensated at an amount to be set  
20          by the Board, but under no circumstances may such  
21          compensation be higher than the rate prescribed for  
22          level IV of the Executive Schedule under section  
23          5315 of title 5, United States Code.

24          (5) STAFF.—The Board shall employ and set  
25          compensation for such staff as the Board determines

1 as is necessary to carry out the activities and mis-  
2 sion of the AIF, and such staff may be paid without  
3 regard to the provisions of chapter 51 and sub-  
4 chapter III of chapter 53, United States Code, relat-  
5 ing to classification and General Schedule pay rates.

6 (6) PROCEDURES.—The Board shall establish  
7 such procedures as are necessary to carry out this  
8 section.

9 (7) CORPORATE GOVERNANCE STANDARDS.—

10 (A) BOARD COMMITTEES GENERALLY.—

11 The Board shall maintain all of the committees  
12 required to be maintained by the board of direc-  
13 tors of an issuer listed on the New York Stock  
14 Exchange as of the date of the enactment of  
15 this section.

16 (B) RISK MANAGEMENT COMMITTEE.—The  
17 Board shall maintain a risk management com-  
18 mittee, which shall—

19 (i) consist of 4 members of the Board,  
20 with the initial 4 members consisting of 2  
21 members appointed under paragraph  
22 (3)(C)(i) and 2 members appointed under  
23 paragraph (3)(C)(ii);

24 (ii) employ additional staff who are  
25 certified by the Board as having significant

1 and relevant experience in insurance un-  
 2 derwriting and credit risk management;  
 3 and

4 (iii) establish the risk management  
 5 policies used by the Board.

6 (C) STANDARDS.—The Board shall, to the  
 7 extent practicable, follow all standards with re-  
 8 spect to corporate governance that are required  
 9 to be followed by the board of directors of an  
 10 issuer listed on the New York Stock Exchange  
 11 as of the date of the enactment of this section.

12 (c) INFRASTRUCTURE INVESTMENT.—

13 (1) IN GENERAL.—The AIF shall provide bond  
 14 guarantees to debt issued by State and local govern-  
 15 ments and non-profit infrastructure providers, make  
 16 loans to States, local governments, and non-profit  
 17 infrastructure providers, and make equity invest-  
 18 ments in projects sponsored by State and local gov-  
 19 ernments and non-profit infrastructure provider to  
 20 help Qualified Infrastructure Projects (“QIPs”).  
 21 The AIF may not make any loans or provide bond  
 22 guaranties to for-profit entities.

23 (2) QUALIFIED INFRASTRUCTURE PROJECTS.—

24 A project qualifies as a QIP under this section if—

1 (A) the project involves the construction,  
2 maintenance, improvement, or repair of a trans-  
3 portation, energy, water, communications, or  
4 educational facility; and

5 (B) the recipient of bond guarantees,  
6 loans, equity investments, or any other financ-  
7 ing technique authorized under this Act pro-  
8 vides written assurances prescribed by the AIF  
9 that the project will be performed in compliance  
10 with the requirements of all Federal laws that  
11 would otherwise apply to similar projects to  
12 which the United States is a party.

13 (3) APPLICATION FOR ASSISTANCE.—

14 (A) IN GENERAL.—A State or local gov-  
15 ernment that wishes to receive a loan or bond  
16 guarantee under this section shall submit an  
17 application to the Board in such form and man-  
18 ner and containing such information as the  
19 Board may require.

20 (B) REQUIREMENT FOR NON-PROFIT IN-  
21 FRASTRUCTURE PROVIDERS TO APPLY  
22 THROUGH STATE OR LOCAL GOVERNMENTS.—A  
23 non-profit infrastructure provider may only re-  
24 ceive a bond guarantee, loan, or equity invest-  
25 ment under this section if the State or local

1 government for the jurisdiction in which the  
2 non-profit infrastructure provider is located  
3 submits an application pursuant to subpara-  
4 graph (A) on behalf of such non-profit infra-  
5 structure provider.

6 (4) LIMITATIONS ON SINGLE STATE AWARDS.—

7 (A) ANNUAL LIMITATION.—The Board  
8 shall set an annual limit, as a percentage of  
9 total assistance provided under this section dur-  
10 ing a year, on the amount of assistance a single  
11 State (including local governments and other  
12 non-profit infrastructure providers within such  
13 State) may receive in assistance provided under  
14 this section.

15 (B) CUMULATIVE LIMITATION.—The  
16 Board shall set a limit, as a percentage of total  
17 assistance provided under this section out-  
18 standing at any one time, on the amount of as-  
19 sistance a single State (including local govern-  
20 ments and other non-profit infrastructure pro-  
21 viders within such State) may receive in assist-  
22 ance provided under this section.

23 (5) LOAN SPECIFICATIONS.—Loans made under  
24 this section shall have such maturity and carry such  
25 interest rate as the Board determines appropriate.

1           (6) BOND GUARANTEE.—The Board shall  
2 charge such fees for Bond guarantees made under  
3 this section as the Board determines appropriate.

4           (7) EQUITY INVESTMENTS.—With respect to a  
5 QIP, the amount of an equity investment made by  
6 the AIF in such QIP may not exceed 20 percent of  
7 the total cost of the QIP.

8           (8) PUBLIC-PRIVATE PARTNERSHIP REQUIRE-  
9 MENTS.—At least 25 percent of the assistance pro-  
10 vided under this section shall be provided to QIPs  
11 for which at least 20 percent of the financing for  
12 such QIPs comes from private debt or equity.

13           (9) PROHIBITION ON PRINCIPAL FORGIVE-  
14 NESS.—With respect to a loan made under this sec-  
15 tion, the Board may not forgive any amount of prin-  
16 cipal on such loan.

17           (d) AMERICAN INFRASTRUCTURE BONDS.—

18           (1) IN GENERAL.—The Secretary shall, not  
19 later than the end of the 90-day period following the  
20 date of the enactment of this section and acting  
21 through the AIF, issue bonds, to be called “Amer-  
22 ican Infrastructure Bonds”, the proceeds from which  
23 shall be deposited into the AIF.

24           (2) FORMS AND DENOMINATIONS; INTEREST.—  
25 American Infrastructure Bonds shall—

1 (A) be in such forms and denominations as  
2 determined by the Secretary, and shall have a  
3 50-year maturity; and

4 (B) bear interest of 1 percent.

5 (3) NO FULL FAITH AND CREDIT.—Interest  
6 and principal payments paid to holders of American  
7 Infrastructure Bonds shall be paid from the AIF, to  
8 the extent funds are available, and shall not be  
9 backed by the full faith and credit of the United  
10 States.

11 (4) AMOUNT OF BONDS.—The aggregate face  
12 amount of the bonds issued under this subsection  
13 shall be \$50,000,000,000.

14 (5) SALE OF AMERICAN INFRASTRUCTURE  
15 BONDS.—

16 (A) COMPETITIVE BIDDING PROCESS.—  
17 The Secretary shall sell the \$50,000,000,000 of  
18 American Infrastructure Bonds—

19 (i) through a competitive bidding  
20 process that encourages aggressive bidding;

21 (ii) in a manner so as to ensure that  
22 there are at least 7 different un-affiliated  
23 purchasers; and

24 (iii) with prospective purchasers bid-  
25 ding on how low of a multiplier they will

1 accept (for purposes of subsection (b)(1) of  
2 section 966 of the Internal Revenue Code  
3 of 1986) when purchasing the American  
4 Infrastructure Bonds, for purposes of ap-  
5 plying the foreign earnings exclusion de-  
6 scribed under that section.

7 (B) LIMITATION.—The multiplier de-  
8 scribed under subparagraph (A)(iii) may not be  
9 greater than 6.

10 (6) REIMBURSEMENT OF COSTS.—The Board  
11 shall repay the Secretary, from funds in the AIF, for  
12 the costs to the Secretary in carrying out this sub-  
13 section.

14 (e) ADDITIONAL BONDS.—

15 (1) IN GENERAL.—The Board may issue such  
16 other bonds as the Board determines appropriate,  
17 the proceeds from which shall be deposited into the  
18 AIF.

19 (2) NO FULL FAITH AND CREDIT.—Interest  
20 and principal payments paid to holders of bonds  
21 issued pursuant to paragraph (1) shall be paid from  
22 the AIF, to the extent funds are available, and shall  
23 not be backed by the full faith and credit of the  
24 United States.

25 (f) DEFINITIONS.—For purposes of this section:

1           (1) BOND GUARANTEE.—The term “bond guar-  
2           antee” has the meaning given the term “loan guar-  
3           antee” under section 502 of the Federal Credit Re-  
4           form Act of 1990 (2 U.S.C. 661a).

5           (2) COST.—With respect to a loan or a bond  
6           guarantee, the term “cost” has the meaning given  
7           such term under section 502 of the Federal Credit  
8           Reform Act of 1990 (2 U.S.C. 661a).

9           (3) NON-PROFIT INFRASTRUCTURE PRO-  
10          VIDER.—The term “non-profit infrastructure pro-  
11          vider” means a non-profit entity that seeks to fi-  
12          nance a QIP.

13          (4) LOAN.—The term “loan” has the meaning  
14          given the term “direct loan” under section 502 of  
15          the Federal Credit Reform Act of 1990 (2 U.S.C.  
16          661a).

17          (5) SECRETARY.—The term “Secretary” means  
18          the Secretary of the Treasury.

19          (6) STATE.—The term “State” means each of  
20          the several States, the District of Columbia, any ter-  
21          ritory or possession of the United States, and each  
22          federally recognized Indian tribe.

1 **SEC. 3. FOREIGN EARNINGS EXCLUSION FOR PURCHASE OF**  
 2 **INFRASTRUCTURE BONDS.**

3 (a) **IN GENERAL.**—Subpart F of part III of sub-  
 4 chapter N of chapter 1 of the Internal Revenue Code of  
 5 1986 is amended by adding at the end the following new  
 6 section:

7 **“SEC. 966. FOREIGN EARNINGS EXCLUSION FOR PURCHASE**  
 8 **OF INFRASTRUCTURE BONDS.**

9 “(a) **EXCLUSION.**—In the case of a corporation which  
 10 is a United States shareholder and for which the election  
 11 under this section is in effect for the taxable year, gross  
 12 income does not include an amount equal to the qualified  
 13 cash dividend amount.

14 “(b) **QUALIFIED CASH DIVIDEND AMOUNT.**—For  
 15 purposes of this section, the term ‘qualified cash dividend  
 16 amount’ means an amount of the cash dividends which  
 17 are received during a taxable year by such shareholder  
 18 from controlled foreign corporations equal to—

19 “(1) the multiplier determined under section  
 20 2(d)(5) of the Partnership to Build America Act of  
 21 2013 for such shareholder, multiplied by

22 “(2) the face amount of qualified infrastructure  
 23 bonds acquired at its original issue (directly or  
 24 through an underwriter) by such shareholder.

25 “(c) **LIMITATIONS.**—

1           “(1) IN GENERAL.—The amount of dividends  
2 taken into account under subsection (a) for a tax-  
3 able year shall not exceed the lesser of—

4                   “(A) the cash dividends received by the  
5 taxpayer for such taxable year, or

6                   “(B) the amount shown on the applicable  
7 financial statement as earnings permanently re-  
8 invested outside the United States.

9           “(2) DIVIDENDS MUST BE EXTRAORDINARY.—  
10 The amount of dividends taken into account under  
11 subsection (a) shall not exceed the excess (if any)  
12 of—

13                   “(A) the cash dividends received during  
14 the taxable year by such shareholder from con-  
15 trolled foreign corporations, over

16                   “(B) the annual average for the base pe-  
17 riod years of the cash dividends received during  
18 each base period year by such shareholder from  
19 controlled foreign corporations.

20           “(3) REDUCTION OF BENEFIT IF INCREASE IN  
21 RELATED PARTY INDEBTEDNESS.—The amount of  
22 dividends which would (but for this paragraph) be  
23 taken into account under subsection (a) shall be re-  
24 duced by the excess (if any) of—

1           “(A) the amount of indebtedness of the  
2           controlled foreign corporation to any related  
3           person (as defined in section 954(d)(3)) as of  
4           the close of the taxable year for which the elec-  
5           tion under this section is in effect, over

6           “(B) the amount of indebtedness of the  
7           controlled foreign corporation to any related  
8           person (as so defined) as of the close of the pre-  
9           ceding taxable year.

10       All controlled foreign corporations with respect to  
11       which the taxpayer is a United States shareholder  
12       shall be treated as 1 controlled foreign corporation  
13       for purposes of this subsection. The Secretary may  
14       prescribe such regulations as may be necessary or  
15       appropriate to prevent the avoidance of the purposes  
16       of this subsection, including regulations which pro-  
17       vide that cash dividends shall not be taken into ac-  
18       count under subsection (a) to the extent such divi-  
19       dends are attributable to the direct or indirect trans-  
20       fer (including through the use of intervening entities  
21       or capital contributions) of cash or other property  
22       from a related person (as so defined) to a controlled  
23       foreign corporation.

24       “(d) DEFINITIONS AND SPECIAL RULES.—For pur-  
25       poses of this section—

1 “(1) QUALIFIED INFRASTRUCTURE BONDS.—

2 The term ‘qualified infrastructure bond’ means a  
3 bond issued under section 2(d) of the Partnership to  
4 Build America Act of 2013.

5 “(2) APPLICABLE FINANCIAL STATEMENT.—

6 The term ‘applicable financial statement’ means,  
7 with respect to a taxable year—

8 “(A) with respect to a United States  
9 shareholder which is required to file a financial  
10 statement with the Securities and Exchange  
11 Commission (or which is included in such a  
12 statement so filed by another person), the most  
13 recent audited annual financial statement (in-  
14 cluding the notes which form an integral part  
15 of such statement) of such shareholder (or  
16 which includes such shareholder)—

17 “(i) which was so filed for such tax-  
18 able year, and

19 “(ii) which is certified as being pre-  
20 pared in accordance with generally accept-  
21 ed accounting principles, and

22 “(B) with respect to any other United  
23 States shareholder, the most recent audited fi-  
24 nancial statement (including the notes which  
25 form an integral part of such statement) of

1 such shareholder (or which includes such share-  
2 holder)—

3 “(i) which is certified as being pre-  
4 pared in accordance with generally accept-  
5 ed accounting principles, and

6 “(ii) which is used for the purposes of  
7 a statement or report—

8 “(I) to creditors,

9 “(II) to shareholders, or

10 “(III) for any other substantial  
11 nontax purpose.

12 “(3) BASE PERIOD YEARS.—

13 “(A) IN GENERAL.—The base period years  
14 are the 3 taxable years—

15 “(i) which are among the 5 most re-  
16 cent preceding taxable years ending before  
17 the taxable year, and

18 “(ii) which are determined by dis-  
19 regarding—

20 “(I) 1 taxable year for which the  
21 amount described in subsection  
22 (c)(2)(B) is the largest, and

23 “(II) 1 taxable year for which  
24 such amount is the smallest.

1           “(B) SHORTER PERIOD.—If the taxpayer  
2           has fewer than 5 taxable years ending before  
3           the taxable year, then in lieu of applying sub-  
4           paragraph (A), the base period years shall in-  
5           clude all the taxable years of the taxpayer end-  
6           ing before such taxable year.

7           “(C) MERGERS, ACQUISITIONS, ETC.—

8           “(i) IN GENERAL.—Rules similar to  
9           the rules of subparagraphs (A) and (B) of  
10          section 41(f)(3) shall apply for purposes of  
11          this paragraph.

12          “(ii) SPIN-OFFS, ETC.—If there is a  
13          distribution to which section 355 (or so  
14          much of section 356 as relates to section  
15          355) applies during the 5-year period re-  
16          ferred to in subparagraph (A)(i) and the  
17          controlled corporation (within the meaning  
18          of section 355) is a United States share-  
19          holder—

20                 “(I) the controlled corporation  
21                 shall be treated as being in existence  
22                 during the period that the distributing  
23                 corporation (within the meaning of  
24                 section 355) is in existence, and

1           “(II) for purposes of applying  
2           subsection (c)(2) to the controlled cor-  
3           poration and the distributing corpora-  
4           tion, amounts described in subsection  
5           (c)(2)(B) which are received or includ-  
6           ible by the distributing corporation or  
7           controlled corporation (as the case  
8           may be) before the distribution re-  
9           ferred to in subclause (I) from a con-  
10          trolled foreign corporation shall be al-  
11          located between such corporations in  
12          proportion to their respective interests  
13          as United States shareholders of such  
14          controlled foreign corporation imme-  
15          diately after such distribution.

16           Subclause (II) shall not apply if neither  
17           the controlled corporation nor the distrib-  
18           uting corporation is a United States share-  
19           holder of such controlled foreign corpora-  
20           tion immediately after such distribution.

21           “(4) DIVIDEND.—The term ‘dividend’ shall not  
22           include amounts includible in gross income as a divi-  
23           dend under section 78, 367, or 1248. In the case of  
24           a liquidation under section 332 to which section  
25           367(b) applies, the preceding sentence shall not

1 apply to the extent the United States shareholder  
2 actually receives cash as part of the liquidation.

3 “(5) COORDINATION WITH DIVIDEND RECEIVED  
4 DEDUCTION.—No deduction shall be allowed under  
5 section 243 or 245 for any dividend which is ex-  
6 cluded from income by subsection (a).

7 “(6) CONTROLLED GROUPS.—All United States  
8 shareholders which are members of an affiliated  
9 group filing a consolidated return under section  
10 1501 shall be treated as one United States share-  
11 holder.

12 “(7) REPORTING.—The Secretary shall require  
13 by regulation or other guidance the reporting of  
14 such information as the Secretary may require to  
15 carry out this section.

16 “(e) DENIAL OF FOREIGN TAX CREDIT; DENIAL OF  
17 CERTAIN EXPENSES.—

18 “(1) FOREIGN TAX CREDIT.—

19 “(A) IN GENERAL.—No credit shall be al-  
20 lowed under section 901 for any taxes paid or  
21 accrued (or treated as paid or accrued) with re-  
22 spect to the excluded portion of any dividend.

23 “(B) DENIAL OF DEDUCTION OF RELATED  
24 TAX.—No deduction shall be allowed under this

1 chapter for any tax for which credit is not al-  
2 lowable by reason of the preceding sentence.

3 “(2) EXPENSES.—No deduction shall be al-  
4 lowed for expenses directly allocable to the exclud-  
5 able portion described in paragraph (1).

6 “(3) EXCLUDABLE PORTION.—For purposes of  
7 paragraph (1), unless the taxpayer otherwise speci-  
8 fies, the excludable portion of any dividend or other  
9 amount is the amount which bears the same ratio to  
10 the amount of such dividend or other amount as the  
11 amount excluded from income under subsection (a)  
12 for the taxable year bears to the amount described  
13 in subsection (c)(2)(A) for such year.

14 “(4) COORDINATION WITH SECTION 78.—Sec-  
15 tion 78 shall not apply to any tax which is not allow-  
16 able as a credit under section 901 by reason of this  
17 subsection.

18 “(f) ELECTION TO HAVE SECTION APPLY.—A tax-  
19 payer may elect to have this section apply for any taxable  
20 year.”.

21 (b) CLERICAL AMENDMENT.—The table of sections  
22 for subpart F of part III of subchapter N of chapter 1  
23 of such Code is amended by adding at the end the fol-  
24 lowing new item:

“Sec. 966. Foreign earnings exclusion for purchase of infrastructure bonds.”.

1       (c) **EFFECTIVE DATE.**—The amendments made by  
2 this section shall apply to dividends received for taxable  
3 years ending after the date of the enactment of this Act.

○



- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

*Minute Action*

AGENDA ITEM: 13

**Date:** June 12, 2013

**Subject:** State and Federal Legislative Platform Update

**Recommendation:**\* That the Committee recommend the Board adopt the proposed schedule and process for an update to the State and Federal Legislative Platforms

**Background:** SANBAG's 2013-2014 State and Federal Legislative Platforms were adopted on November 7, 2012 in preparation for the 2013-2014 State Legislative Session and the 113<sup>th</sup> Congress. In recognition of the two-year legislative cycle, the platforms were adopted with the intent to guide staff's analyses and recommendations on legislative and regulatory items under consideration through November 2014.

The platforms have served as the foundation for understanding the perspective of the SANBAG Board of Directors on various key issues that are anticipated to be considered during the course of the legislative session. A number of issues have arisen in the current session that may require some updates to the platforms so that they can continue to guide staff recommendations on policy items. To conduct this update, staff proposes the following process for consideration.

Staff would work internally to prepare revised, draft State and Federal Legislative Platforms to be presented to the General Policy Committee (Committee) for feedback. After making changes requested by the Committee, staff will distribute the draft documents to additional stakeholders for input. As part of this update, SANBAG plans to outreach to Local, State and Federal Elected Officials;

\*

*Approved*  
*General Policy Committee*

*Date:* \_\_\_\_\_

*Moved:* \_\_\_\_\_ *Second:* \_\_\_\_\_

*In Favor:* \_\_\_\_\_ *Opposed:* \_\_\_\_\_ *Abstained:* \_\_\_\_\_

*Witnessed:* \_\_\_\_\_

COG	X	CTC	X	CTA	X	SAFE	X	CMA	X
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Check all that apply.

GPC1306b-wvs

<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1306/AgendaItems/GPC1306b1-wvs.pdf>

<http://portal.sanbag.ca.gov/mgmt/committee/gpc/gpc2013/gpc1306/MeetingMinutes/GPC1306b2-wvs.pdf>

the City/County Technical Advisory Committee (TAC); and the Public and Specialized Transportation Advisory and Coordination Council (PASTACC). This process will allow for feedback on existing platform items and for consideration of any new proposed additions to the platforms.

Following this outreach, Proposed Final Platforms will be presented to the General Policy Committee and Board of Directors for consideration.

In order to ensure that the platforms are revised and updated in time for the second half of the legislative sessions, staff is proposing the update occur with the following schedule in mind.

- |                             |  |
|-----------------------------|--|
| June 12                     | General Policy considers adoption of update schedule and process.  |
| July 3                      | Board of Directors considers adoption of update schedule and process.  |
| August 14                   | Present Draft Revised Platforms to the General Policy Committee for review and comment. Request General Policy Committee approval for distribution for stakeholder feedback. |
| August 14 –<br>September 13 | Distribute Draft Platforms to stakeholders for feedback.   |
| October 9                   | Present Proposed Final Platforms to the General Policy Committee.  |
| November 6                  | Present Proposed Final Platforms to the Board of Directors.  |

The 2013-2014 State Legislative Platform is included as Attachment A and the 2013-2014 Federal Legislative Platform is included as Attachment B.

**Financial Impact:** This item has no fiscal impact on the FY2012/2013 SANBAG Budget.

**Reviewed By:** This item is not scheduled for review by any other policy or technical advisory committee.

**Responsible Staff:** Wendy Strack, Director of Legislative Affairs

## **SANBAG 2013-2014 State Legislative Platform**

### **Funding**

**SANBAG will advocate for stable State funding, indexed for population growth, for transportation projects in San Bernardino County; and request that the State honor all of its previous commitments without imposing unfunded mandates:**

- Support priority state funding for projects supported by voter-approved transportation local sales tax measures.
- Oppose the diversion of transportation revenues for non-transportation purposes.
- Support budget and California Transportation Commission (CTC) allocations to fully fund projects for San Bernardino County included in the State Transportation Improvement Program (STIP), State Highway Operation and Protection Program (SHOPP), bond programs, and the Measure I Expenditure Plan.
- Support continued regional decision making governing the use of all current funding sources.
- Oppose legislative or regulatory actions that rely on regional transportation agencies to sponsor ballot measures to raise revenue for transportation or planning purposes.
- Oppose legislative or regulatory actions that require the payment of interest on State General Obligation (GO) bonds out of the State Highway Account.
- Participate in studies of market-based pricing measures to relieve traffic congestion, improve air quality and/or fund transportation alternatives.
- Support legislation to provide funding for innovative, intelligent/advanced transportation, goods movement, demand management and air quality programs which relieve congestion, improve air quality and enhance economic development.
- Support efforts for Council of Government development and funding.

### **Goods Movement**

- Support legislation that reduces freight-related impacts to San Bernardino County, including disparate impacts to disadvantaged communities (e.g. grade separations and clean fuel or Tier IV locomotives).
- Monitor any state container fee legislation to ensure:
  - San Bernardino County goods movement projects are funded; and
  - San Pedro Bay Ports are not placed at a competitive disadvantage that would harm the overall Southern California economy.
- Oppose legislation that allows triple trailers in urbanized areas of San Bernardino County because of safety concerns with the exception of border cities and/or bump stations, or dedicated truck lanes (e.g. Barstow/Needles).
- Support legislation to reduce road damage from heavy trucks by reduced axle loading rather than an exclusive focus on gross vehicle weight.

### **Local Control on Ontario International Airport**

**The Inland Empire has taken a large economic hit over the past three years as air service and passenger traffic at the Ontario International Airport has plummeted to levels not seen since the 1980s. Under absentee ownership, the severe decline in activity has cost our region \$400 million annually and 8,000 jobs. The City of Ontario proposes to return the airport to local control to work towards improved operations and protect the local economy.**

- Support local control of the Ontario International Airport in recognition of its goods movement and passenger impacts on San Bernardino County and the Inland Empire.

## **Self-Help Counties**

**SANBAG will actively participate with the 18 other “self-help” counties in California:**

- Support continuance of the statutory 1.5 percent of revenue cap on administrative fees levied by the Board of Equalization (BOE) for the collection and administration of county transportation sales tax measures.
- Support legislation that will incentivize counties without a voter approved tax measure for transportation to become “self-help” counties.
- Oppose any redistribution of funds away from Self-Help Counties.
- Seek state preference of projects that ensure state funding equity for self-help counties, thus ending the indirect subsidization of the thirty-nine non self-help counties.

## **Project Delivery, Finance, Innovation & Maintenance**

**SANBAG will advocate that innovative financing opportunities remain available for county transportation commissions to leverage local dollars, accelerate construction and job creation, and provide mobility options for the traveling public:**

- Support state policies that assure timely allocation of transportation revenue, including allocations of new funds available to the STIP and SHOPP major rehabilitation projects as soon as they are available.
- Support the consideration of public-private partnerships (P3s) in the development of transportation improvements.

**SANBAG will work to ensure that existing innovative project delivery tools are available and effective:**

- Support measures that expand the use of design-build and P3s.
- Support continued delegation to Caltrans of National Environmental Policy Act (NEPA) oversight.

**SANBAG will advocate for reforms to ensure projects are delivered faster with more coordination:**

- Support legislation and/or administrative reforms to enhance Caltrans project delivery, including contracting out of appropriate activities to the private sector.

**In addition, SANBAG will:**

- Support current program funding for Freeway Service Patrol (FSP), ride-sharing and call boxes, consistent with the level of growth and utilization.
- Support equitable funding and resources for San Bernardino County freeway landscaping and maintenance.

## **Energy & Alternative Fuels**

**SANBAG will support incentives to transition to alternative fuels and electric vehicles (EVs) that will clean our air and reduce our dependency on foreign oil:**

- Support tax benefits and incentives that encourage use of clean alternative fuel vehicles.
- Support cost effective conversion and replacement of public transit fleets to alternative fuels

and EVs.

- Support programs to provide refueling/recharging infrastructure for alternative fuel or electric vehicles.
- Support Property Assessed Clean Energy (PACE) financing.
- Support utility planning and upgrades to electrical infrastructure in support of fleet conversion and possible rail electrification programs.
- Monitor regional proposals aimed at Cap and Trade and its focus on infrastructure impacts.

### **Transit & Commuter Rail**

**SANBAG will advocate that transit be funded as a vital service that improves mobility and helps meet federal and state mandates:**

- Support equitable distribution of the funding for bus and rail services in California.

**SANBAG will advocate for a safe, funded, and growing rail system in Southern California:**

- Support state funding for Positive Train Control (PTC).
- Increase state funding recognizing Metrolink's high ridership from inland counties.
- Support legislation and programs that facilitate (or remove obstacles to) transit oriented development near rail and bus rapid transit stations.

**SANBAG will advocate for high speed, and higher speed rail investment in San Bernardino County and connectivity with local and regional transit:**

- Support increased funding for higher speed commuter rail and improved transit connectivity as feeder services for High Speed Rail (HSR).
- Assure a SANBAG role in the planning for HSR and advocate for the full evaluation of a I-215/HSR route that serves San Bernardino County.
- Advocate priority for the L.A.-San Diego via the Inland Empire HSR route.
- Advocate to secure regional funding for the completion of all connectivity projects complementary to the development of HSR.

### **Air Quality**

- Continue to support the independence of the Mobile Source Air Pollution Reduction Review Committee (MSRC), and the protection of AB 2766 funding.
- Oppose legislative action that would reduce SANBAG's discretion in allocating Congestion Mitigation and Air Quality (CMAQ) funds.
- Support partnership with the South Coast Air Quality Management District (SCAQMD), and the Mojave Desert Air Quality Management District (MDAQMD), and advocate to protect the health of residents in San Bernardino County.

### **Coalitions**

Gain support for SANBAG's program through participation in the Southern California Consensus Group, Mobility 21, California Councils of Governments (CALCOG) in addition to the Self-Help Counties Coalition, the Southern California Regional Rail Authority, Southern California National Freight Gateway Collaboration, and the High Desert Corridor Joint Powers Authority.

## **SANBAG 2013-2014 Federal Legislative Platform**

### **Funding**

#### **SANBAG will seek:**

- The highest level of federal transportation dollars to California and San Bernardino County.
- Early action on extending and expanding the federal Surface Transportation bill (MAP-21).

#### **SANBAG will support funding including, but not limited to:**

- Federal investment in interstate highways, transit, and intercity, commuter, and higher speed rail.
- Goods movement projects addressing community impacts and the environment.
- Intelligent Transportation System (ITS) and new technologies that maximize the productivity of existing infrastructure.
- The safe development and operation of all transportation modes in San Bernardino County.
- Airport ground access and other airport development needs in San Bernardino County.
- Support efforts for Council of Government development and funding.

#### **SANBAG will advocate for the protection of current transportation revenues and accelerated national investment in infrastructure:**

- Support regional consensus building efforts for potential new funding strategies for transportation, including strategies modeled on California State Local Partnership Program (SLPP).
- Oppose efforts to eliminate or erode contract authority for the Highway Trust Fund and support efforts to maintain the principle that transportation-based revenue should be reserved only for transportation purposes.
- Support the Transportation Infrastructure Finance and Innovation Act (TIFIA) program which provides Federal credit assistance in the form of direct Treasury loans, loan guarantees, and lines of credit to finance highway, rail, and green energy projects of national and regional significance.
- Support Build America Bonds program to help states and localities pursue needed capital projects which build infrastructure.

### **Goods Movement**

- SANBAG will advocate for federal investment in goods movement infrastructure, and policies that properly recognize Southern California and San Bernardino County's role as the nation's premier containerized freight gateway.
- Support targeted funding for goods movement projects of national significance that are beyond the funding capacity of local and state transportation programs and budgets (e.g. dedicated exclusive clean truck lanes).
- Advocate that any federal goods movement program is funded at a level that is commensurate with national needs.
- Ensure that revenues generated by any fee that is levied on freight be specifically designated to fund projects that mitigate congestion, air quality, and community impacts directly associated with the movement of freight, and a clear causal relationship should exist between the freight system on which fees are levied and the impacts to be mitigated.
- Ensure that revenue collected on freight be administered in partnership with local and regional

elected officials and entities impacted by freight movement. SANBAG should be included in any governance structure dealing with revenue collected from freight moved through San Bernardino County.

- Support development of a national/regional freight movement plan with clearly defined ports and corridors and inland improvement needs to provide for timely, reliable freight transport, timely implementation of freight-related strategies needed for attainment of federal health-based air quality standards and mitigation of freight-related impacts in communities.
- Ensure that federal goods movement legislation imposes no unfunded mandates for administration or oversight regarding new revenue mechanisms.
- Oppose legislation that allows triple trailers in urbanized areas of San Bernardino County because of safety concerns with the exception of border cities and/or bump stations, or dedicated truck lanes (e.g. Barstow/Needles).
- Support legislation to reduce road damage from heavy trucks by reduced axle loading rather than an exclusive focus on gross vehicle weight.
- Participate in national dialogue on freight policy and its focus on improving the performance of the freight network and advocate for improving Southern California's freight strategy.

### **Project Delivery & Innovation**

**SANBAG will advocate for reforms that will accelerate project procurement and promote flexibility and innovation in financing, while respecting local control:**

- Support the use of design-build project delivery.
- Support the streamlining of federal reporting/monitoring requirements.
- Support regional transportation entities implementing pricing measures on federal-aid highways.
- Support local options to privatize various aspects of transportation that would maximize available federal funding (e.g. P3s).
- Support continued delegation to Caltrans of National Environmental Policy Act (NEPA) oversight.
- Support streamlined environmental revisions that remove duplication of state and federal processes when state regulations exceed federal requirements.

### **Local Control on Ontario International Airport**

**The Inland Empire has taken a large economic hit over the past three years as air service and passenger traffic at the Ontario International Airport has plummeted to levels not seen since the 1980s. Under absentee ownership, the severe decline in activity has cost our region \$400 million annually and 8,000 jobs. The City of Ontario proposes to return the airport to local control to work towards improved operations and protect the local economy.**

- SANBAG will work with the Congressional delegation and local stakeholders to aggressively advocate for legislation, budget actions or proposals that transfer Ontario International Airport to local control.

### **Energy**

- Support legislation and administrative actions that enable the implementation of the Property Assessed Clean Energy (PACE) program in San Bernardino County.

- Advocate that any federal revenue generated from taxes or fees on energy products used for transportation are utilized for transportation purposes.
- Support utility planning and upgrades of electrical infrastructure to support fleet conversion and possible rail electrification programs.
- Monitor national Cap and Trade policies as they relate to infrastructure impacts.

### **Transit & Commuter Rail**

**SANBAG will advocate for policies that keep our rail systems safe and increase federal investment in commuter rail services:**

- Support federal funding of Positive Train Control (PTC) and rail safety programs.
- Advocate that the appropriate local or regional entity, such as SANBAG, be partners in on-going federal policy discussions to alter the liability cap for commuter rail accidents.
- Support legislation to change and/or exempt level boarding access requirements for existing commuter rail systems.
- Support policies that recognize the importance and fund commuter rail and transit connectivity to High Speed Rail (HSR).

### **Air Quality**

**SANBAG will vigorously protect funding sources for congestion relief and pollution reduction related to the transportation sector:**

- Support efforts to secure funds to facilitate the conversion of public sector fleets to alternative fuels to meet local, state and federal fleet conversion mandates, and provide for the replacement of aging alternative fuel fleets.
- Support tax benefits and/or incentives for private sector transportation demand management programs and alternative fuel programs.
- Ensure that federal goods movement legislation considers and underscores federal responsibilities for facilitation of international trade and interstate commerce, and regulation of interstate commerce in ways consistent with attainment of federal air quality standards and NEPA.
- Support efforts to increase the amount and proportion of Congestion Mitigation and Air Quality (CMAQ) funds received by SANBAG and the South Coast and Mojave Desert Air Basins.
- Assure that CMAQ funding continues to be allocated directly to transportation commissions, such as SANBAG.
- Participate in the development of livability and sustainability programs for the citizens of San Bernardino County.

### **Coalitions**

**SANBAG will continue to partner with public and private sector entities to support common objectives in Washington:**

- Foster the unity of the Southern California Consensus Group.
- Gain support for SANBAG's program through participation in the Coalition for America's Gateways and Trade Corridors (CAGTC), Mobility 21 on a national freight system, and the High Desert Corridor Joint Powers Authority.



- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

*Minute Action*

AGENDA ITEM: 14

**Date:** June 12, 2013

**Subject:** Transportation Development Act (TDA) Award of Article 3 Bicycle and Pedestrian Facilities and Transit Stop Access Improvement Projects

**Recommendation:\*** That the Committee recommend the Board approve the award of TDA Article funds for:

1. Bicycle and Pedestrian Facilities projects in the amount of \$2,997,017 as identified in Attachment A to this item.
2. Transit Stop Access Improvement projects in the amount of \$755,721 as identified in Attachment B to this item.

**Background:** On March 6, 2013 the SANBAG Board authorized the release of the TDA Article 3 Call for Projects for 1) Bicycle and Pedestrian Facilities projects and 2) Transit Access Improvement Projects. The amount of Article 3 funds anticipated to be available for award was \$3,069,621 and \$767,405 respectively for a total of \$3,837,026. In addition to the approval of the Call for Projects by the Board, staff discussed the Call with the Transportation Technical Advisory Committee (TTAC) on February 4, 2013 and on June 3, 2013. The closing date for the Call for Projects was May 8, 2013.

The TDA provides that 2% of the Local Transportation Funds (LTF) be made available to counties and cities for facilities for the exclusive use of bicyclists and pedestrians, known as TDA Article 3 Program. In August 1999 the SANBAG Board approved a policy that 20% of the Article 3 program would be made

\*

*Approved*  
 General Policy Committee

Date: \_\_\_\_\_

Moved: \_\_\_\_\_ Second: \_\_\_\_\_

In Favor: \_\_\_\_\_ Opposed: \_\_\_\_\_ Abstained: \_\_\_\_\_

Witnessed: \_\_\_\_\_

COG	CTC	X	CTA		SAFE	CMA	
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Check all that apply

available for projects that improve access to transit stops for pedestrians and persons with disabilities. The remaining 80% would be available for bicycle and pedestrian projects.

#### Bicycle and Pedestrian Facilities Applications

In total, seventeen (17) Bicycle and Pedestrian Facilities project applications from twelve (12) jurisdictions were submitted for a total funding request of \$5,171,751.50. An evaluation panel comprised of representatives from SANBAG, the Inland Empire Biking Alliance, Riverside County Transportation Commission (RCTC), San Bernardino County Department of Public Works, the City of Hesperia, the City of Redlands, the City of Fontana and the City of Big Bear Lake scored the projects using the evaluation criteria below. The local jurisdiction representatives are generally rotated for each TDA Article 3 call for projects so that there is broad geographic representation over time.

Attachment A provides the Bicycle/Pedestrian Facilities scoring results in descending order and identifies seven projects as recommended for funding, sponsored by the Cities of Big Bear Lake, Rancho Cucamonga, Highland, Fontana, Redlands, Yucaipa, and Town of Apple Valley. The only Bicycle and Pedestrian Facilities project award recommendation that deviates from the applicant's request is the Town of Apple Valley's Ramona Road Class II Bikeway application. The application requested \$510,000 in TDA Article 3 funds for roadway reconstruction and widening to accommodate bike lanes. TDA funds must be used specifically for bicycle or pedestrian facilities and not utilized to supplement roadway improvements. A share of the total project cost commensurate with the proportional share of bike lane pavement to total roadway pavement was recommended by the evaluation panel for award (12 feet of bike lanes within total roadway width of 36 feet = 1/3 of total project cost).

In addition, the evaluation panel considered recommending that Fontana seek funding for the Juniper Avenue Metrolink At-Grade Crossing pedestrian safety project under the State's Highway Safety Improvement Program (HSIP) to maximize the potential for outside funding for San Bernardino County. This would have made room for the funding of additional projects further down the list. However, based on HSIP eligibility requirements it is not feasible to make the TDA Article 3 Bicycle and Pedestrian Facility award to Fontana contingent on not receiving HSIP funding for the Juniper Avenue Metrolink At-Grade Crossing project. The panel also recommended reconsidering whether railroad safety projects should be eligible to receive bicycle and pedestrian facility funding under the next call for projects. The criteria for the next call for projects will be discussed with the TTAC and SANBAG Board at a future date.

<b>Bicycle and Pedestrian Facilities Application Evaluation Criteria</b>	<b>Possible Score</b>
<b>Overall Quality of Application</b> – Up to ten points will be awarded based on the overall quality of the application submitted for a project.	10
<b>Potential Use</b> – Up to 10 points will be awarded based on the extent of the potential use of a bicycle or pedestrian facility. Provide socioeconomic data, ADT/trip generation information or other data to support the forecasted use and/or need for the project.	10
<b>Connectivity</b> – The relation of the proposed project to the regional and local systems. Proposed projects will receive 5 points if it is linked or connects to two or more existing regional facilities; 5 points if project involves more than one jurisdiction. Five points for Class I projects that are listed included in the list of backbone projects on page 7-2 of the Non-Motorized Transportation Plan and three points for connecting to one of the backbone projects listed on page 7-2.	15
<b>Destinations Served</b> – One point will be awarded for each destination served by the proposed project (e.g., employment center, school or college, retail center and/or downtown area, park and other recreational use, public building, including library, museum, government office) up to a maximum of ten points.	10
<b>Safety</b> – The extent to which the proposed project will increase safety for the non-motorized public. Consideration will be given to number of accidents in a project area, severity of accidents in an area and whether or not the project exceeds the minimum standards identified in the Caltrans Highway Design Manual.	10
<b>Local Matching Funds</b> – Proposed projects will receive the following points based upon the extent of local match provided: 5 points for 15-24%; 10 points for 25-34%; 15 points for 35-49%; and 20 points for 50% or greater.	20
<b>Intermodal Access</b> – Five points will be awarded to proposed projects connecting to park-and-ride lots, major existing intermodal transit stations (bus and rail), and regional airports. Three points will be awarded to proposed projects connecting to future park-and-ride lots, major existing intermodal transit stations (bus and rail), and regional airports and one point will be awarded to proposed projects including an existing bus stop within its limits.	5
<b>Project readiness/Cost Effectiveness</b> – Five points will be awarded where existing roadways, pavement conditions, intersection signalization and other existing infrastructure accelerate project development. Ten points will be awarded where project design and environment clearances are complete and can be verified.	15
<b>Timeliness of Prior Project Completion</b> – Five points will be awarded if the project proponent delivered the project within the two year timeline the last time the agency was awarded TDA funding.	5
<b>Total Possible Score</b>	100

**Transit Stop Access Improvement Applications**

In addition, eleven (11) agencies submitted project applications to improve access to over 150 bus stops as part of the Transit Stop Access Improvement projects for a total funding request of \$790,236.28. Four specific bus stop locations that were submitted for funding consideration were eliminated from consideration due to funds awarded for the same location in the previous cycle of TDA Article 3 grant awards by SANBAG in December 2011. These stops include:

- Rancho Cucamonga – 4<sup>th</sup> Street west of Barrington Avenue
- Omnitrans – 4<sup>th</sup> Street at Baker Street
- Omnitrans – Euclid Avenue at 5<sup>th</sup> Street
- Omnitrans – Riverside Avenue at Senior Way Southbound (awarded with Rialto as lead agency in 2011)

The evaluation panel (same panel as for the Bicycle/Pedestrian Facilities projects) scored the Transit Stop Access Improvement projects using the evaluation criteria below.

<b>Transit Stop Access Improvement Application Evaluation Criteria</b>	<b>Possible Score</b>
Project addresses identified access issues at existing bus stops or fills a gap in available accessibility information to users of a transit system.	25
Project is for access to a new bus stop location.	15
Cost Effectiveness – Shall include consideration of project cost divided by daily boardings and alightings and/or complementary paratransit cost avoidance achieved by making the bus stop location accessible to individuals with disabilities.	20
Matching funds from applicant – Proposed projects will receive the following points based upon the extent of match provided: 5 points for 10-19%; 10 points for 20-29%; 15 points for 30-49%; and 25 points for 50% or greater.	25
Project connects to/or interacts with projects identified in the 2011 Non-Motorized Transportation Plan.	10
Timeliness of Prior Project Completion	5

Attachment B provides the scoring results in descending order and identifies that all requested projects are recommended for funding with the exception of the Bus Stop Virtual Tour project submitted by the Morongo Basin Transit Authority and the four stops noted above.

If approved, the jurisdictions and transit agencies will have three years to spend the awarded grant funds. Jurisdictions and agencies with project awards in excess of \$250,000 may bill SANBAG for progress payments until \$250,000 remains on the allocation. The final payment would then be provided to the agency following documented completion of the project. Jurisdictions with project awards less than \$250,000 will be provided with cost reimbursement following documented completion of the project.

**Financial Impact:** The administration of TDA funds is the responsibility of SANBAG. Expenses associated with this responsibility are included in the adopted budget under Task 0502 – TDA Administration. The funding source is Local Transportation Fund – Administration. The award of \$2,997,017 for Pedestrian and Bicycle Facilities projects and \$755,721 for Transit Stop Access Improvement projects is

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consistent with the amount of Article 3 funds held in Task 0506 – Local Transportation Funds – Pass Through.

**Reviewed By:** This item is not scheduled for review by any other policy committee. The material in this item was also presented to the Transportation Technical Advisory Committee on June 3, 2013.

**Responsible Staff:** Tim Byrne, Chief of Planning

Attachment A  
 Bicycle/Pedestrian Facilities Projects

Jurisdiction	Project	Total Project Cost	Local Match	TDA Request Amount	Local Match %	Average Score	TDA Recommended Award	Cumulative Award Total
Big Bear	Knickerbocker Channel Trail	\$1,370,452	\$860,226	\$510,226	63%	80.6	\$510,226	\$510,226
Rancho Cucamonga	Pacific Electric Trail Connection	\$115,302	\$28,826	\$86,476	25%	69.6	\$86,476	\$596,702
Highland	Base Line Ped Improvements	\$397,600	\$99,400	\$298,200	25%	66.4	\$298,200	\$894,902
Fontana	Juniper Ave @ Metrolink At-Grade Crossing	\$1,000,000	\$250,000	\$750,000	25%	64.4	\$750,000	\$1,644,902
Redlands	Orange Blossom Trail - Mtn View to Calif	\$1,080,850	\$162,128	\$918,722	15%	64.3	\$918,722	\$2,563,624
Yucaipa	Historic Uptown Ped/Bicycle Improvements	\$300,120	\$150,060	\$150,060	50%	61.8	\$150,060	\$2,713,684
Apple Valley <sup>1</sup>	Ramona Road Class II Bikeway	\$850,000	\$340,000	\$510,000	40%	61.6	\$283,333	\$2,997,017
Ontario	G Street, Crosstown Bike Route	\$325,000	\$32,500	\$292,500	10%	60.5	\$0	-----
Yucaipa	California Street Ped/Bicycle Improvements	\$97,608	\$48,804	\$48,804	50%	59.3	\$0	-----
Chino Hills	Grand Avenue Bike Lane Improvements	\$125,000	\$18,750	\$106,250	15%	59.1	\$0	-----
Rialto	Randall Avenue Sidewalk	\$468,467	\$274,279	\$194,188	59%	58.8	\$0	-----
Highland	Sterling Avenue Sidewalk	\$99,200	\$24,800	\$74,400	25%	58.4	\$0	-----
Redlands	Bike Lane Upgrade Project	\$330,000	\$165,000	\$165,000	50%	57.9	\$0	-----
Hesperia	Bear Valley Road Bicycle Bypass - Phase II	\$133,279	\$13,328	\$119,951	10%	57.4	\$0	-----
San Bernardino County	Trona Class I Repair/Connection	\$524,500	\$52,450	\$472,050	10%	46.8	\$0	-----
Rialto	Etiwanda Safety Corridor	\$356,311	\$56,311	\$300,000	16%	45.4	\$0	-----
Rialto <sup>2</sup>	Linden Avenue Sidewalk	\$432,635	\$257,710	\$174,925	60%	N/A	\$0	-----
<b>TOTALS</b>		<b>\$8,006,324</b>	<b>\$2,834,572</b>	<b>\$5,171,752</b>			<b>\$2,997,017</b>	

Notes:

1. TDA Recommended Award amount adjusted from requested amount by evaluation panel to be commensurate with bike lane component of street project
2. Application does not satisfy criteria due to sidewalk fronting undeveloped land exceeding 15% of total project length

**Attachment B**  
**Transit Stop Access Improvement Projects**

Agency	Project	Project Cost	Local Match	Request Amount	Local Match %	Average Score	TDA Recommended Award	Cumulative Award Total
Chino Hills	11 Citywide Bus Stop Locations	\$82,180	\$24,655	\$57,525	30%	70.8	\$57,525	\$57,525
Fontana	28 Citywide Bus Stop Improvements	\$73,314	\$14,663	\$58,651	20%	64.8	\$58,651	\$116,176
Omnitrans	48 Stop Improvements	\$209,042	\$42,899	\$167,252	20%	64.4	\$167,252	\$283,428
Highland	Palm Ave Sidewalk Gap Closure	\$80,000	\$16,000	\$64,000	20%	59.3	\$64,000	\$347,428
Rancho Cucamonga	22 Citywide Bus Stop Improvements	\$93,238	\$18,637	\$74,601	20%	57.9	\$74,601	\$422,029
Chino	Central/7th St Sidewalk Improvements	\$156,280	\$28,632	\$127,648	18%	57.5	\$127,648	\$549,677
Upland	Access Improvements to 3 stops	\$77,250	\$15,450	\$61,800	20%	56.4	\$61,800	\$611,477
Victor Valley Transit Authority	Powhattan @ Navajo, Apple Valley	\$35,000	\$10,500	\$24,500	30%	55.0	\$24,500	\$635,977
Yucaipa	7 Citywide Bus Stop Improvements	\$20,040	\$4,438	\$15,602	22%	52.0	\$15,602	\$651,579
Redlands	10 Citywide Bus Stop Improvements	\$43,692	\$8,742	\$34,950	20%	51.9	\$34,950	\$686,529
Morongo Basin Transit Authority	6 Bus Stop Improvements	\$86,490	\$17,298	\$69,192	20%	49.3	\$69,192	\$755,721
Morongo Basin Transit Authority	Bus Stop Virtual Tours Project	\$20,066	\$2,007	\$18,059	10%	38.1	-----	
Total		\$976,592	\$203,920	\$773,781	21%		\$755,721	

This list provides information on acronyms commonly used by transportation planning professionals. This information is provided in an effort to assist SANBAG Board Members and partners as they participate in deliberations at SANBAG Board meetings. While a complete list of all acronyms which may arise at any given time is not possible, this list attempts to provide the most commonly-used terms. SANBAG staff makes every effort to minimize use of acronyms to ensure good communication and understanding of complex transportation processes.

AB	Assembly Bill
ACE	Alameda Corridor East
ACT	Association for Commuter Transportation
ADA	Americans with Disabilities Act
ADT	Average Daily Traffic
APTA	American Public Transportation Association
AQMP	Air Quality Management Plan
ARRA	American Recovery and Reinvestment Act
ATMIS	Advanced Transportation Management Information Systems
BAT	Barstow Area Transit
CALACT	California Association for Coordination Transportation
CALCOG	California Association of Councils of Governments
CALSAFE	California Committee for Service Authorities for Freeway Emergencies
CARB	California Air Resources Board
CEQA	California Environmental Quality Act
CMAQ	Congestion Mitigation and Air Quality
CMIA	Corridor Mobility Improvement Account
CMP	Congestion Management Program
CNG	Compressed Natural Gas
COG	Council of Governments
CPUC	California Public Utilities Commission
CSAC	California State Association of Counties
CTA	California Transit Association
CTC	California Transportation Commission
CTC	County Transportation Commission
CTP	Comprehensive Transportation Plan
DBE	Disadvantaged Business Enterprise
DEMO	Federal Demonstration Funds
DOT	Department of Transportation
EA	Environmental Assessment
E&D	Elderly and Disabled
E&H	Elderly and Handicapped
EIR	Environmental Impact Report (California)
EIS	Environmental Impact Statement (Federal)
EPA	Environmental Protection Agency
FHWA	Federal Highway Administration
FSP	Freeway Service Patrol
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
FTIP	Federal Transportation Improvement Program
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
HOV	High-Occupancy Vehicle
ICTC	Interstate Clean Transportation Corridor
IEEP	Inland Empire Economic Partnership
ISTEA	Intermodal Surface Transportation Efficiency Act of 1991
IIP/ITIP	Interregional Transportation Improvement Program
ITS	Intelligent Transportation Systems
IVDA	Inland Valley Development Agency
JARC	Job Access Reverse Commute
LACMTA	Los Angeles County Metropolitan Transportation Authority
LNG	Liquefied Natural Gas
LTF	Local Transportation Funds

MAGLEV	Magnetic Levitation
MARTA	Mountain Area Regional Transportation Authority
MBTA	Morongo Basin Transit Authority
MDAB	Mojave Desert Air Basin
MDAQMD	Mojave Desert Air Quality Management District
MOU	Memorandum of Understanding
MPO	Metropolitan Planning Organization
MSRC	Mobile Source Air Pollution Reduction Review Committee
NAT	Needles Area Transit
NEPA	National Environmental Policy Act
OA	Obligation Authority
OCTA	Orange County Transportation Authority
PA&ED	Project Approval and Environmental Document
PASTACC	Public and Specialized Transportation Advisory and Coordinating Council
PDT	Project Development Team
PNRS	Projects of National and Regional Significance
PPM	Planning, Programming and Monitoring Funds
PSE	Plans, Specifications and Estimates
PSR	Project Study Report
PTA	Public Transportation Account
PTC	Positive Train Control
PTMISEA	Public Transportation Modernization, Improvement and Service Enhancement Account
RCTC	Riverside County Transportation Commission
RDA	Redevelopment Agency
RFP	Request for Proposal
RIP	Regional Improvement Program
RSTIS	Regionally Significant Transportation Investment Study
RTIP	Regional Transportation Improvement Program
RTP	Regional Transportation Plan
RTPA	Regional Transportation Planning Agencies
SB	Senate Bill
SAFE	Service Authority for Freeway Emergencies
SAFETEA-LU	Safe Accountable Flexible Efficient Transportation Equity Act – A Legacy for Users
SCAB	South Coast Air Basin
SCAG	Southern California Association of Governments
SCAQMD	South Coast Air Quality Management District
SCRRA	Southern California Regional Rail Authority
SHA	State Highway Account
SHOPP	State Highway Operations and Protection Program
SOV	Single-Occupant Vehicle
S RTP	Short Range Transit Plan
STAF	State Transit Assistance Funds
STIP	State Transportation Improvement Program
STP	Surface Transportation Program
TAC	Technical Advisory Committee
TCIF	Trade Corridor Improvement Fund
TCM	Transportation Control Measure
TCRP	Traffic Congestion Relief Program
TDA	Transportation Development Act
TEA	Transportation Enhancement Activities
TEA-21	Transportation Equity Act for the 21 <sup>st</sup> Century
TMC	Transportation Management Center
TMEE	Traffic Management and Environmental Enhancement
TSM	Transportation Systems Management
TSSDRA	Transit System Safety, Security and Disaster Response Account
USFWS	United States Fish and Wildlife Service
VCTC	Ventura County Transportation Commission
VVTA	Victor Valley Transit Authority
WRCOG	Western Riverside Council of Governments

# ***San Bernardino Associated Governments***



## **MISSION STATEMENT**

To enhance the quality of life for all residents, San Bernardino Associated Governments (SANBAG) will:

- Improve cooperative regional planning
- Develop an accessible, efficient, multi-modal transportation system
- Strengthen economic development efforts
- Exert leadership in creative problem solving

To successfully accomplish this mission, SANBAG will foster enhanced relationships among all of its stakeholders while adding to the value of local governments.

Approved June 2, 1993  
Reaffirmed March 6, 1996