

**1995 Amended
Measure A Transportation Expenditure Agreement**

This AGREEMENT is made and entered in this 9th day of March, 1995 by and between the Sacramento Transportation Authority, a public entity formed under the provisions of Division 19, commencing with Section 180000 of the Public Utilities Code, hereinafter called "Authority"; the Sacramento Regional Transit District, a district formed for the local performance of governmental functions under the provisions of the Sacramento Regional Transit District Act, hereinafter called "District"; the Cities of Sacramento and Folsom, chartered municipal corporations hereinafter called "Sacramento" and "Folsom"; the Cities of Galt and Isleton, general law municipal corporations, hereinafter called "Galt", and "Isleton", respectively; and the County of Sacramento, a chartered county constituting a political subdivision of the State of California, hereinafter called "County".

WITNESSETH

RECITALS

1. **Definitions.** Unless the context dictates a different common usage meaning, as used in this Agreement, the following terms shall be ascribed the following meanings:
 - a. "Act"--shall mean the provisions of the Local Transportation Authority and Improvement Act embodied in Division 19, commencing at Section 180000 of the Public Utilities Code, added by Statues 1987, Chapter 786, as said enactment may be hereafter amended.
 - b. "Consolidated Transportation Services Agency" or "CTSA"--shall mean that agency designated pursuant to subdivision (a) of Section 15975 of the Government Code providing service to the geographical area of Sacramento County.
 - c. "County Transportation Expenditure Plan" or "CTEP"--shall mean that Plan adopted by the Authority and approved by Cities and County pursuant to Section 180206 of the Act, subject to amendment by the Authority under Section 180207 thereof.
 - d. "Elderly and Handicapped Transportation Functions" or "EHT Functions"--shall mean all activities associated with operating, maintaining, and acquiring vehicles, real property, or other property and the construction of buildings or other improvements for, or reasonably associated with, specialized paratransit operations for the elderly and disabled.
 - e. "Entity" shall mean the County, Sacramento, Folsom, Galt, Isleton, Future Cities, the District, and the Consolidated Transportation Services Agency, either individually or collectively.
 - f. "Entity Annual Expenditure Plan"--means those plans formulated and filed by the District, Sacramento, Folsom, Galt, Isleton, Future cities, the County and the Consolidated Transportation Services Agency pursuant to Paragraphs 18 and 19 below.
 - g. "Future City"--shall mean any municipal corporation that is established within Sacramento County following the date of this Agreement.

- h. "Maintenance"--shall mean the preservation and keeping of rights-of-way and each type of roadway, structure, safety convenience or device, planting, illumination equipment and other facility, in the safe and usable condition to which it has been improved or constructed, including patching, repairing, surface treating, and joint filling on bituminous surfacing with added materials to provide a total thickness of less than three (3) inches; scarifying, reshaping and restoring material losses; repair of traveled way and shoulders; cleaning, painting and repairing bridges and structures; repainting of pavements, stripings and markings to the same standards; patching operations including base restoration; applying dust palliatives; jacking concrete pavements; resealing street or road shoulders and side street and road approaches; reshaping of drainage channels and side slopes; restoration of erosion controls; cleaning culverts and drains; removing slides and restoring facilities damaged by slides; mowing and watering; replacing top soil, sod, shrubs, trees, irrigation facilities on street and roadside; repairing curb, gutter, rip-rap, underdrain and culverts and drains; repainting and repairing of signs, guardrails, traffic signals, lighting standards, etc.; servicing lighting systems and street or road traffic control devices; and furnishing of power for street and road lighting and traffic control devices.
 - i. "Public Road Improvements"--shall mean environmental review and mitigation, engineering, design and inspection for; acquisition of rights-of-way or other property interests for; transportation system management measures for; appurtenance and incidental facilities, such as traffic signs, traffic signals, bicycle lanes, medians, landscaping, curbs, gutters, sidewalks and bridges for; and labor, paving and materials and supplies required for the construction of new public roads, streets, highways or freeways, or the addition of lanes to, or other expansion, upgrading, resurfacing, reconstruction, efficiency measures, major road surface maintenance, or other improvements of, existing public roads, streets, highways or freeways. Transportation System Management means all activities associated with the planning, design, implementation, and evaluation of measure to improve the efficiency and effectiveness of the transportation system.
 - j. "Public Transit Functions"--means all activities authorized to be carried out by Chapter 5 (commencing with Section 102200) of Part 14, Division 10 of the Public Utilities Code, including operating, maintaining, and acquisition of vehicles, land, or other property, and the construction of buildings, fixed guideway, light rail, or other improvements for, or reasonably associated with, public transit operations.
 - k. "Sales Tax"--means that Retail Transactions and Use Tax increase imposed within incorporated and unincorporated areas of Sacramento County by the Authority following voter approval pursuant to the provisions of Chapter 5, Division 19, commencing with Section 180200 of the Act.
2. **Purposes.** Under Section 180001 of the Act, it is the legislative intent to permit implementation of local funding programs that go significantly beyond other available revenues for highway and transportation purposes; and to permit voters of the County to raise Sales Taxes to meet local transportation needs in a timely manner.

The primary purposes of this Agreement are: (i) to express the following objectives relating to transportation planning and revenue expenditures in the implementation thereof to govern allocation of the Sales Taxes during the entire twenty-year term thereof; and (ii) to inalterably prescribe the basic allocation apportionments as defined by Paragraphs 10 and 13 below, by which those objective will be achieved during the twenty-year term.

These purposes are expressed by contract in order to offer for community consensus through voter approval of the Sales Tax an integrated program for transportation improvement and management during the entire twenty-year term. This Agreement is made in contemplation of the requirements imposed by Sections 1800051, 180206, 180201, and 180203(c) of the Act that City approval of the overall local program concept be given before the voters have an opportunity to approve or defeat the Sales Tax. The ultimate purposes of this Agreement are to:

- a. Promote the safe, convenient and efficient utilization of State, County and City freeways, highways, roads and streets within Sacramento County; and
- b. Improve air quality within the County.
- c. To improve and expand Public Transit and EHT functions within Sacramento County.

3. **Objectives.** The objectives of allocations and expenditures of Sales Tax revenues shall be to:

- a. Assess, plan and finance necessary improvements and maintenance of freeways, highway, road and street systems on a regional basis in a manner that maximizes Sales Tax expenditures for the greatest public benefit;
- b. Encourage the utilization of public transportation conveyances by expanding public transportation services, promoting convenient use by private citizens of public transportation resources, and underwriting operating deficit costs;
- c. Respect the desire of Folsom, Galt and Isleton to participate in the program by way of a guarantee of Sales Tax revenues based on population, to be expended for public road improvements and maintenance that are primarily of local benefit; and
- d. Maximize transportation improvement benefits from the Sales Tax revenue by: (i) insuring that the Authority does not hire professional or technical staff that wastefully duplicates staffing resources available within the County and Cities; and (ii) establishing procedures to ensure that allocated Sales Tax revenues are expended for purposes contemplated by the County Transportation Expenditure Plan and this Agreement; and (iii) facilitating achievement of the mandate prescribed by Sections 180001(e) and 180200 of the Act that Sales Tax revenues be expended to supplement and not replace other local revenues available for transportation purposes.

AGREEMENT

FOR AND IN CONSIDERATION OF THE PROMISES, TERMS AND CONDITIONS SET FORTH HEREIN, THE PARTIES HERETO DO MUTUALLY AGREE AS FOLLOWS;

4. **Staffing.** The Authority shall be authorized to expend Sales Tax revenues as follows:
 - a. Subject to the expenditure limitations imposed by Section 180109(b) of the Act and Paragraph 10-a below, the Authority may: (i) employ administrative and clerical staff to manage the governmental affairs of the Authority; (ii) appoint the County Treasurer, County Auditor-Controller, and Clerk of the County Board of Supervisors to serve, respectively, as ex officio Treasurer, Auditor-Controller and Clerk of the Authority, and shall reimburse the County for the direct and indirect costs of services rendered to the Authority by those officials; (iii) pay costs of space for its operations, for office equipment, and for office operations; and (iv) incur such other administrative expenses as the Governing body deems appropriate;
 - b. The Authority shall be empowered to contract for the services of retained legal counsel;
5. **Technical Services.** The Authority shall be empowered to: (i) contract with the County or Sacramento for the delivery of expert consulting services necessary for the conduct and preparation of environmental analysis that is legally required to be undertaken by the Authority in connection with discretionary decision-making by the Authority; and (ii) contract with the County or Sacramento for engineering, traffic surveying, land use planning, air quality monitoring and transportation emissions estimating, transportation systems management planning, and other similar expert services required by the Authority to assist it in the formulation of discretionary decisions concerning the prioritization for funding allocation purposes of Public Road Improvement projects that are regional in character
6. **Reserved.**
7. **Allocation of Sales Taxes.** Except as hereinafter provided by Paragraph 8 below, and subject to the limitations prescribed by Paragraphs 10 through 25 below, Sales Tax revenues and all Federal or State grants, funding and other revenues received by the Authority for transportation purposes, shall be expended for implementation of the purposes and objectives of the Act, the County Transportation Expenditure Plan, and this Agreement through annual allocations by the Authority to the County, District, Sacramento, Folsom, Galt, Isleton, Future cities and the Consolidated Transportation Services Agency. The revenues shall be expended by the recipient Entities for specific purposes approved by the Authority. Expenditures by recipient Entities for purposes approved by the Authority shall be guaranteed by contracts between the Authority and each recipient Entity made pursuant to the provisions of Paragraphs 22 through 25 below. All expenditures of revenues for Public Road Improvements and Maintenance, Public Transit Functions, EHT Functions, and mitigation of air contaminant emissions or evaluation of the effectiveness of mitigation shall be made by the recipient Entities, including but not limited to expenditures for environmental review, planning and design of projects, system operations, the purchase of equipment, materials, supplies and labor, acquisition of right-of-way and other property interests, and the letting and supervision of contracts for construction projects. Except as provided by Paragraph 8 below, the Authority shall not be empowered to make purchases of equipment, materials, supplies or labor; to acquire by eminent domain negotiated acquisition or otherwise interests in real property for CTEP project completion; to engage in planning and design activities; or to let or supervise construction contracts.

8. **Independent Project Selection and Implementation.** By, in each instance, the affirmative votes of not less than nine of the members of the Governing Body of the Authority, the Authority shall be empowered to:

- a. Select for funding with Sales Tax or other revenues Public Road Improvement Projects that have not been proposed by the County or any City pursuant to the procedures prescribed by Paragraphs 14 through 22 below, and allocate to the County or to any City within whose territorial jurisdiction the Project would be located funds with which to undertake and complete the Project pursuant to a contract let under paragraphs 22 through 25 below; and
- b. Acquire by eminent domain, negotiated purchase or otherwise rights-of-way or other property interests necessary for; purchase materials, supplies and labor for; and let contracts for and supervise the construction of Public Road Improvement Projects that are regional in character in circumstances under which the Authority has allocated Sales Tax or other revenues for the Project and the County or City within whose territorial jurisdiction the Project would be located has refused to execute a contract with the Authority to undertake and complete the Project pursuant to Paragraphs 22 through 25 below.
- c. The Authority shall not select or construct any major road improvement project pursuant to this paragraph unless the Authority certifies that the project conforms to the mandated requirements of any then-applicable locally adopted Air Quality Maintenance Plan as approved or amended under Section 110 of the Clean Air Act. For the purposes of this section, a "major road improvement project" is defined as construction of new bridges, interchanges, streets, or highways, and any improvements on existing bridges, interchanges, streets or highways that increase the vehicle capacity of the existing facility by 20% or more. If the Authority is unable to certify that the project conforms to the local Air Quality Maintenance Plan, the Authority shall reject or modify the project to achieve conformity, or shall make a determination of overriding public necessity.

A determination of overriding public necessity shall include a finding that the project incorporates measure that offset, to the maximum extent feasible, the additional emissions associated with the project that cause it to be inconsistent with the local Air Quality Maintenance Plan. The sole discretion for making such findings or determination of overriding public necessity shall rest with the Authority.

In connection with the selection or construction of any Public Road Improvement Project authorized by subparagraphs "a" and "b" above, the Authority shall be empowered to conduct environmental analyses therefor, planning and design, and otherwise empowered to make all expenditures necessary to accomplish the objects thereof.

9. **Reserved.**

10. **Allocation for Administration, Air Quality and Local Projects.** Subject to the terms, conditions and restrictions prescribed by Paragraphs 7 and 8 above and Paragraphs 16 through 25 below, the Authority shall allocate estimated revenues from the Sales Tax for an initial period of fifteen calendar months and thereafter on a fiscal year basis, as follows:

- a. Not to exceed 1% of the gross estimated revenues for administrative purposes, as defined by Paragraph 4-a above;

- b. Exactly 1.5% of gross estimated revenues to implement mitigation of the regional impacts of motor vehicle emissions or to evaluate the effectiveness of mitigation, the allocation to be made to the Sacramento County Air Pollution Control District for direct expenditure or reallocation pursuant to procedures and contracts that insure that the funds are expended solely for the purposes prescribed herein;
- c. A reasonable reserve for contingencies to cover litigation costs, monetary liability risks, and normal operating uncertainties such as revenue overestimates.
- d. For local Public Road Improvement/Maintenance Projects that are of benefit primarily to its citizens, the Authority shall allocate to Folsom, Isleton, and Galt a percentage of the gross estimated revenues remaining after allocations pursuant to subparagraph "a", "b", and "c" equal to the ratio that the population of the municipality bears to the total incorporated and unincorporated area populations of the County, as such populations are shown in the latest population estimates by the State of California Department of Finance pursuant to Section 2227 of the Revenue and Taxation Code received by the County on or before that March 1 preceding the beginning of the fiscal year during which the allocations are made for any allocation period during which Public Transit Functions are not performed within its municipal boundaries. For any allocation period during which Public Transit Functions are performed within its municipal boundaries, 2.0% of the amount that the City would otherwise receive shall be allocated to the Consolidated Transportation services Agency for EHT functions and 35.0% of the amount that the City would otherwise receive shall be allocated to the District for Public Transit Functions.

In the event that non-Sales Tax funding becomes available to Folsom as the result of the District's transfer of a District funding allocation to another entity in exchange for that entity's transfer of the alternative funding to Folsom, and in the further event that the alternative funding will be used by Folsom for the same purposes which Folsom's Sales Tax allocation could be used, then all or that portion of the Sales Tax allocation to which Folsom is entitled hereunder which would fairly compensate the District for its contribution toward obtaining the alternative funding may be allocated by the Authority, with Folsom's consent and pursuant to an agreement among the affected parties, to the District in accordance with Paragraph 7 of this Agreement.

Currently the allocations to Folsom, Galt and Isleton constitute a relatively low percentage of the total revenues from the Sales Tax. However, the allocation provisions of subparagraph "d" shall be applicable regardless of how high a percentage of total revenues from the Sales Tax might be allocable to Folsom, Galt and Isleton during the term of this Agreement.

11. **Reserved.**

12. **Public Transit Services.** Within the meaning of subparagraph "d" of Paragraph 10 above, the District shall not be deemed to "perform Public Transit Functions" within the municipal boundaries of either Folsom, Galt or Isleton unless: (i) the City has adopted a resolution inviting the District to perform Public Transit Functions within the boundaries thereof; and (ii) the District actually performs Public Transit Functions within such boundaries. For purposes of the allocations prescribed by subparagraph "d" of Paragraph 10 above, Public Transit Functions shall not be deemed to be performed within the City until that fiscal year (commencing July 1st) following the fiscal year during which the last of the conditions prescribed by conditions "(i)" and "(ii)" above for the particular City has been fulfilled.

13. **Allocations for Transit and Regional Projects.** The balance of estimated revenues from the Sales Tax remaining following application of the allocation priorities prescribed by Paragraph 10 above shall, subject to the terms, conditions and restrictions prescribed by Paragraphs 7 and 8 above and Paragraphs 16 through 25 below, be allocated by the Authority for an initial period of fifteen (15) calendar months and thereafter on a fiscal year basis as follows:
 - a. Exactly 2.0% of such remaining balance to the Consolidated Transportation Services Agency for EHT functions;
 - b. Exactly 35.0% of such remaining balance to the District for Public Transit Functions;
 - c. Exactly 35.0% of such remaining balance for Public Road Improvement Projects that are regional in character and of primary benefit to the metropolitan population of the County, whether situated within incorporated or unincorporated areas.
 - d. Exactly 28.0% of such remaining balance for Maintenance of existing local streets, roads, and highways.

14. **Objectives of Allocations.** The Authority shall allocate revenue derived from the levy of the Sales Tax and other revenues to the county, Cities, the District, and the CTSA for the cost of Public Road Improvements, Maintenance of existing local streets, roads, and highways, Public Transit Functions, and EHT Functions in a manner that improves the vehicular traffic circulation system and mitigates the air quality and other regional environmental impacts of traffic within the County by:
 - a. Facilitating the efficient movement of vehicular traffic to, through, or around cities;
 - b. Facilitating the efficient movement of commuter vehicular traffic from residential areas to centers of employment;
 - c. Facilitating the efficient movement of shopper vehicular traffic from residential areas to centers of retail commerce;
 - d. Relieving congestion of roads, streets, and highways by promoting development, expansion, and utilization of public transit;
 - e. Providing for the known, unmet demand the projected growth in demand for EHT Functions by the promotion, development, expansion, and utilization of specialized paratransit services.

15. **Allocation Considerations.** In selecting Public Road Improvement Projects and Maintenance Projects, the Authority shall consider all of the following:
 - a. The objects of vehicular traffic circulation system improvement prescribed by Paragraph 14; and
 - b. The annual revenue derived by each City and the County from levy by that jurisdiction of the special tax or imposition of the fee for road improvement purposes described by Paragraph 16 below, and the Projects or other objects upon which such taxes or fees will be expended by that jurisdiction during each year the Authority selects Public Road Improvement Projects; and

- c. The revenue available to each jurisdiction for Road Improvements and Maintenance Projects from all other sources, including revenues derived from the Highway Users Tax Account in the Transportation Tax Fund pursuant to Chapter 3 (commencing with Section 2100) of Division 3 of the Streets and Highways Code.

The Authority shall select Public Road Improvement Projects and Maintenance Projects in a manner that maximizes the efficient and effective expenditure of all revenues available to the Cities and the County for Road Improvement and Maintenance Projects and ensures that each jurisdiction lawfully expends all revenues available to it for those purposes.

16. **Minimum Qualifications--Road Taxes or Fees.** Notwithstanding the provisions of Paragraphs 7 through 15 above, the Authority shall not allocate any Sales Tax revenues for expenditure by Folsom, Galt, or Isleton for the 1990-91 or following fiscal years unless the recipient Entity has, not later than July 1, 1990, and for the year for which the allocation is made, at a rate and in amounts that the Authority determines to be reasonable, either: (i) levied a special tax for road improvement purposes in connection with land development on a uniform basis throughout the entire jurisdiction; or (ii) imposed a fee for road improvement purposes in connection with land development within geographical zones throughout the entire jurisdiction established in order to relate fee revenue expenditures to traffic generated by the development for which the fee is imposed.

Notwithstanding the provisions of Paragraphs 7 through 15 above, the authority shall not allocate any Sales Tax revenues for expenditure by the County, Sacramento, or any Future City unless the County and Sacramento has, for the year for which the allocation is made and the Future City has, not later than two years following its effective date of incorporation and thereafter, at a rate and in amounts that the Authority determines to be reasonable; either: (i) levied a special tax for road improvement purposes in connection with land development on a uniform basis throughout the entire jurisdiction; or (ii) imposed a fee for road improvement purposes in connection with land development within geographical zones throughout the entire jurisdiction established in order to relate fee revenue expenditures to traffic generated by the development for which the fee is imposed.

17. **Same - Financial Commitments.** Notwithstanding the provisions of Paragraphs 7 through 15 above, the Authority shall not allocate any Sales Tax revenues for expenditure by the County or Sacramento unless each such recipient entity has, for the year for which the allocation is made, paid to the consolidated Transportation Services Agency for EHT Functions an amount at least equal to that paid by the Entity for the 1986-87 fiscal years.

The County, Sacramento, Folsom, Galt, Isleton and Future Cities shall, except to the extent of any transfer of such funds by those Entities to the District for Public Transit Functions or to the CTSA for EHT Functions, commit to the combined funding of Road Improvement Projects and Maintenance Projects all revenue for such purposes derived from the special tax or road improvement fees described above, and all revenue available to the Entity exclusively for road improvements and road maintenance from all other sources including, but not limited to, revenues derived from the Highway Users Tax Account in the Transportation Tax Fund pursuant to Chapter 3 (commencing with Section 2100), Division 3 of the Streets and Highways Code. Any Sales Tax allocations for expenditure by the Entity for such purposes shall be applied solely to Public Road Improvement Projects and Maintenance Projects for which such revenues, following any such transfers, are not sufficient.

18. **Annual Allocations.** Allocation of Sales Tax and other revenues received by the Authority shall be made by the Authority on a fiscal year basis, commencing each July 1 and ending the next succeeding June 30; provided that the first allocation shall be for a fifteen-month period commencing April 1, 1989 and ending June 30, 1990.

The gross amount of Sales Tax available for allocation for any particular allocation period shall equal the revenue estimates for that period made by the Executive Director of the Authority. Allocations shall be adjusted during the next succeeding allocation period to account for differences between actual revenue receipts and estimates during the immediately preceding allocation period.

Allocations shall be made to:

- a. The CTSA for EHT Functions in accordance with Paragraph 13-a above, pursuant to an Entity Annual Expenditure Plan filed by the CTSA;
- b. The District for Public Transit Functions in accordance with Paragraph 13-b above, pursuant to an Entity Annual Expenditure Plan filed by the District;
- c. To Folsom, Isleton and Galt in accordance with subparagraph "d" of Paragraph 10 above, pursuant to Entity Annual Expenditure Plans filed by those Cities;
- d. To the county, Sacramento, Folsom, Isleton, and Galt and future cities in accordance with Paragraph 13-c above, pursuant to Entity Annual Expenditure Plans filed by those Entities; to County, Sacramento and future cities in accordance with Paragraph 13-d; and
- e. To the Authority, pursuant and subject to the limitations contained in Paragraphs 8 and 13-c above.

The Governing Body of the Authority shall make for each allocation period those allocations prescribed by subparagraph "d" of Paragraphs 10 and subparagraphs "a" and "b" of Paragraph 13 above, if Entity Annual Expenditure Plans filed by the recipient Entities provide for the expenditure of the allocations for purposes authorized by the Act. The Governing Body of the authority shall be vested with discretion not to allocate all estimated revenues for an allocation period available for purposes prescribed by Paragraphs 8, 13-c, and 13-d above. Notwithstanding any provision to the contrary contained in paragraphs 10 or 13 above, the Authority shall not be empowered to allocate any amount to the County, Sacramento, Folsom, Isleton, Galt, Future Cities, the District or CTSA that is not identified for expenditure by the recipient Entity in an Entity Annual Expenditure Plan filed by the recipient Entity, except pursuant to the provisions of Paragraph 8 above.

19. **Procedural Regulations.** Pursuant to the provisions of Section 180105(b) of the Act, the Governing Body of the Authority shall include within its administrative code procedural regulations that require and require the following:

- a. Transmittal of and notice to the County, Sacramento, Folsom, Isleton, Galt, Future cities, the District and CTSA by a prescribed date certain of the gross amount of revenues that the Executive Director estimates will be received by the Authority for the ensuing allocation period;
- b. The date by which the County, Sacramento, Folsom, Isleton, Galt, Future Cities, the District and CTSA must file Entity Annual Expenditure Plans for an ensuing allocation period;

- c. The types of information, data and other contents that each Entity Annual Expenditure Plan is required to include;
 - d. The preparation and issuance following filing of Entity Annual Expenditure Plans of a written analysis by the Executive Director of the Authority containing his or her recommendations to the Governing Body of allocations for each ensuing allocation period, by recipient Entity, by Public Road Improvement Project, and for other purposes; and
 - e. Such other and further procedural regulations as the governing Body, in its discretion, may deem appropriate.
20. **Public Hearing.** Not later than February 1, 1989, May 1, 1990, and the first day of May of each year thereafter, the Authority shall commence a public hearing on the respective Entity Annual Expenditure Plans filed by the Entities and with respect to the allocation of Sales Tax and other revenues for the ensuing period. Notice of the time, place and purpose of the hearing shall be published in a newspaper of general circulation within the county, and mailed to each filing Entity not later than ten calendar days preceding the date of commencement of the hearing.

Not later than ten calendar days in advance of the commencement of the hearing, the Executive Director of the Authority shall formulate and file as a public record his or her written recommendations concerning allocation of Sales Tax revenues and all other revenues available to the Authority for the applicable allocation period.

21. **Allocation Determinations.** Not later than March 31, 1989, June 30, 1990, and the 30th day of each June thereafter, the Authority shall allocate estimated Sales Tax revenues and all other revenues available to the Authority for the applicable period. The allocations shall be made in accordance with the percentage requirements prescribed by Paragraphs 10 and 13 above; provided that:
- a. No allocation shall be made for expenditure by the county or a City that has failed to fulfill any of the conditions prescribed by Paragraphs 16 and 17 above;
 - b. No allocation shall be made for an expenditure that would not be consistent with the County Transportation Expenditure Plan, as the same may be hereafter amended;
 - c. Except as authorized by Paragraph 8 above, no allocation shall be made to a recipient Entity for an expenditure that is not included within that Entity's Entity Annual Expenditure Plan; nor shall any allocation be made to the County, District, a City or CTSA that has not filed an Entity Annual Expenditure Plan in compliance with regulations adopted by the Authority;
 - (i) No allocation shall be made for a major road improvement project unless the recipient Entity certifies that the project conforms to the mandated requirements of any then-applicable locally adopted Air Quality Maintenance Plan as approved or amended under Section 110 of the Clean Air Act. For the purposes of this section, a "major road improvement project" is defined as construction of new bridge, interchanges, streets, or highways, and any improvements on existing bridges, interchanges, streets or highways that increase the vehicle capacity of the existing facility by 20% or more. If the recipient Entity is unable to certify that the project conforms to the local Air quality Maintenance Plan, the Entity shall reject or modify the project to achieve conformity, or shall make a determination of overriding public necessity.

A determination of overriding public necessity shall include a finding that the project incorporates measures that offset, to the maximum extent feasible, the additional emissions associated with the project that cause it to be inconsistent with the local air Quality Maintenance Plan. The sole discretion for making such findings or determination of overriding public necessity shall rest with the agency originating the project.

- d. Allocations for expenditure by recipient Entities shall be made subject to such conditions, limitations, and affirmative obligations as may be prescribed by the Authority to ensure that the funds allocated by expended for the purposes, objects, projects, and services for which the allocations are made.
22. **Contracts.** All allocations for expenditure by recipient Entities shall be made pursuant to contracts between the Authority and each Entity. The contracts shall provide for all of the following:
- a. Require the County and each City to undertake, construct and complete those Public Road Improvement Projects and Maintenance Projects for which the allocation is made within times certain;
 - b. Require the Consolidated Transportation services Agency to expend the allocation for EHT Functions within the boundaries of the Authority;
 - d. Embody any other conditions, limitations or affirmative obligations prescribed by the Authority; provided that the Authority shall not be empowered to impose conditions, limitations or affirmative obligations that in any manner limit the legislative discretion of an Entity to exercise its power to zone and otherwise regulate land use;
 - e. Provide for the dates of progress or other payments by the Authority to the recipient Entity of the annual allocations; and
 - f. Contain any other provisions determined by the Authority to be necessary to promote the purposes and objects of the Act, the County Transportation Expenditure Plan or this Agreement.
23. **Contract Terms.** Contracts between the Authority and recipient Entities shall be for the following terms and provide for fund disbursements in the following manners;
- a. Contracts with Folsom, Isleton and Galt shall be for a term that is coextensive with the allocation period, and shall either provide for fund disbursements on a progress payment basis in relation to specific Public Road Improvement Projects or Maintenance Projects or provide for fund disbursements on a quarterly or monthly basis, the first disbursement being made at the beginning of the fourth month following commencement of the term of the contract, or provide for a combination of progress payments in relation to specific Projects and quarterly payments.
 - b. Contracts with the District and CTSA that fund operations shall be for a term that is coextensive with the allocation period, and shall provide for fund disbursements on a quarterly or monthly basis, the first disbursement being made at the beginning of the fourth month following the commencement of the contract term.

- c. Contracts with the District and CTSA to fund capital acquisitions or capital improvements shall be for a term that is either coextensive with the period of the acquisition or improvement or with the period of the debt financing thereof, and shall provide for fund disbursements on either a progress payment basis or other basis related to obligations incurred by the Entity.
 - d. Contracts with the County, Sacramento, and Future Cities shall be for a term that is either coextensive with the period of the Public Road Improvement Project or Maintenance Project for which the allocation is made or coextensive with the term of the debt financing therefore, and fund disbursements shall be made on a progress payment basis or other wise in relation to obligations incurred by the recipient Entity.
24. **Reserved.**
25. **Refusal to Contract.** If a recipient Entity is unwilling to enter into a contract offered by the Authority pursuant to Paragraph 23 or such contract is not executed by the recipient Entity within thirty days following the date upon which it is presented to the Entity by the Authority, the Authority may reallocate the funds for any other purpose authorized by this Agreement; provided that: (i) if the refusal of the recipient Entity to execute the contract pertains to a Public Road Improvement Project for which the Authority has allocated funding, that project may, at the election of the Authority, be removed from the contract, the contract executed with the project omitted, and, pursuant to the provisions of Paragraph 8 above, the Authority may undertake and complete the project; and (ii) any allocation to the District or CTSA for which the District or CTSA has declined to sign a contract shall be reserved for future allocation to those Entities.
26. **Reserved.**
27. **Amendment of Expenditure Plan.** It is understood that the terms and conditions contained in this Agreement have constituted a material inducement to the County and City signators to this Agreement in approving the county Transportation Expenditure Plan pursuant to the provisions of Section 180206(b) of the Act. A breach by the Authority of the terms of this Agreement shall be deemed to vitiate the consent by the County and signator Cities of the Plan.
- It is further that the authority shall be empowered, from time to time, to amend the County Transportation Expenditure Plan for the reasons and in accordance with the procedures prescribed by Section 180207 of the Act; provided that it is understood and agreed that there is no unforeseen circumstance or other lawful reason permitting an amendment of the Plan that would be inconsistent with the purposes and objects of this Agreement prescribed by Paragraphs 2 and 3 above, or revision or alteration of the functional allocation percentages prescribed by "a" or "b" of Paragraph 10 or Paragraph 13 above; and no such amendment shall relieve the Authority from the obligation to allocate Sales Tax revenues in accordance with said percentages.
28. **Sales Tax Term.** The effectiveness of the first Sales Tax imposed following voter approval shall commence pursuant to Section 180204 of the Act on the first day of the first calendar quarter commencing more than 120 days after adoption of the Ordinance, and shall continue until and terminate on the earlier of the following two alternative dates;
- a. The date twenty years following the one on which the Sales Tax became effective; or

- b. The date on which a judgment by a Court of competent jurisdiction becomes final that either adjudicated the invalidity of subparagraph "a" or "b" or both of Paragraph 13 above, or declines enforcement relief because of the invalidity thereof; provided that the governing body of the Authority shall be empowered to levy the Sales Tax following the date of such a final adjudication or declination at the voter-approved rate so long as necessary to accumulate revenues sufficient to fulfill the obligations of the Authority under any contract made pursuant to Paragraphs 5, 8, 22 and 23 above, or any bonds or other instrument of indebtedness issued in the name of the Authority that is in effect on the date of such a final adjudication or declination.

The Ordinance enacted by the Governing Body of the Authority pursuant to Section 180201 of the Act shall prescribe the period of effectiveness of the Sales Tax in accordance with the provisions of this Paragraph.

29. **Ordinance and Ballot Measure.** The Sales Tax Ordinance enacted by the Governing Body of the Authority pursuant to the provisions of Section 180201 of the Act and the ballot measure by which the proposition for the Sales Tax is submitted to the voters under Section 180203 of the Act shall, on any short form of ballot card, label or other device, regardless of the system of voting utilized, read substantially as follows:

SACRAMENTO TRANSPORTATION IMPROVEMENT PROGRAM. To help relieve traffic congestion, improve air quality, construct new and repair existing highways, local streets and roads, expand public transit, and increase public safety by providing essential countywide transportation improvement, including:

- . 1.5% of the total revenues for air quality improvements;
- . Air quality impact shall be considered as a major part of project approval;
- . Reduced traffic congestion by widening and improving area highways;
- . Expanded commuter and public transit services, including light rail extensions and purchase of new/additional buses;
- . Expanded transportation service to senior citizens and handicapped people;
- . Construction, repair, and widening of bridges;
- . Construct new and repair existing highways, local streets and roads;
- . A spending limit of no more than 1% for administration of the program;
- . A mandate for collection of separate Developer fees or taxes for new construction that impacts streets and roads.

Shall a one-half of one percent transactions and use tax be approved for a period of twenty years, with no more than 35% for construction of highways, streets, and roads, 28% for maintenance of existing local streets, roads, and highways, 35% for increased bus and light rail services, and 2% for increased transportation services to senior citizens and handicapped persons, with the proceeds placed in a special fund solely for use on transportation purposes, including authorization to issue bonds payable from the proceeds of the tax, with an appropriations limit not to exceed \$69 million?

The tax shall terminate in less than twenty years, continuing only so long as necessary to pay off then-existing obligations if the percentage allocations are found by a court to be unenforceable.

30. **Agreement Term.** The term of this Agreement shall commence July 26, 1988 and this Agreement shall continue in full force and effect until it terminates on the earlier of the following two alternative dates:

- a. The effective date of dissolution of that Authority that is created by Resolution No. 88-200, adopted by the Board of Supervisors of the County on July 26, 1988: or
- b. Following voter approval and subsequent expiration of the Sales Tax, completion of expenditure of all Sales Tax proceeds, and completion of all accounting, auditing, and reporting requirements for those expenditures.

31. **Amendment.** This writing constitutes the sole embodiment of the agreement of the parties hereto. There are no conditions precedent to the effectiveness thereof that are not expressed herein.

This Agreement shall not be amended, modified, or revised except by a writing duly executed in behalf of all of the parties to this Agreement. the allocations prescribed by subparagraphs "a" and "b" of Paragraph 13 above, shall not be subject to amendment by mutual agreement of the parties or otherwise.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day, month and year first above written.

CITY OF SACRAMENTO

By _____

Title _____

CITY OF FOLSOM

By _____

Title _____

CITY OF GALT

By _____

Title _____

COUNTY OF SACRAMENTO

By _____

Title _____

CITY OF ISLETON

By _____

Title _____

SACRAMENTO REGIONAL TRANSIT DISTRICT

By _____

Title _____

SACRAMENTO TRANSPORTATION AUTHORITY

By _____

Title _____