



A G E N D A

MEASURE A – INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

SACRAMENTO TRANSPORTATION AUTHORITY
431 I STREET, SUITE 106
SACRAMENTO, CALIFORNIA

THURSDAY

APRIL 7, 2011

4:00 P.M.

MEMBERS: MATTHEW KELLY; JOHN van BERKEL (Chair); MAUREEN ZAMARRIPA (Vice Chair);
JULIE VALVERDE; BRIAN WILLIAMS; JIMMIE YEE

1. **Call to Order / Introductions**
2. **Comments from the Public Regarding Matters Not on the Agenda**
3. **Status Report of Measure A On-going Programs, 2nd Quarter FY 2010-11 ***
4. **Status Report of Measure A Capital Projects, 2nd Quarter FY 2010-11 ***
5. **3rd Quarter FY 2010-11 Measure A Revenue Report ***
6. **Preliminary FY 2011-12 Measure A Revenue Forecast ***
7. **Draft FY 2011-12 STA Budget ***
8. **Request for Proposals: Independent Auditing Services for FY 2010-11 ***
9. **Selection of Preferred Consultant to Provide Financial Advisory Services Related to the Measure A Transportation Sales Tax Program ***
10. **Assessment of Measure A Program Performance During FY 2009-10 Relative to Adopted Performance Standards ***
11. **Discussion on the Function & Objectives of the Independent Taxpayers Oversight Committee ***
12. **Comments from Committee Members**

* Staff report and associated materials can be viewed or downloaded at www.sacta.org
For a paper copy of all associated materials, please contact Gloria Busby: 916-323-0897; gloria@sacta.org

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 7, 2011
Item # 3

Subject: Status Report of Measure A On-Going Programs, 2nd Quarter FY 2010-11

Recommendation

Receive Measure A on-going annual program status reports for the quarter ended December 31, 2010.

Discussion

Contracts between the STA and Measure A entities require that the entities submit quarterly status reports. The purpose of these reports is to provide the STA Board and the public with timely information on the progress of Measure A projects and programs.

The status reports attached hereto show revenues and expenditures for on-going Measure A programs for the quarter ended December 31, 2010. The effected funds are distributed to local transportation agencies according to the formula set forth in the Measure A Ordinance. The funds are distributed monthly as they are received from the Board of Equalization. A summary sheet of all related expenditures (green) is followed by individual reports for each of the Measure A entities.

Attachments

Staff Contact: Lisa Chandler

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 7, 2011
Item # 4

Subject: Status Reports of Measure A Capital Projects, 2nd Quarter FY 2010-11

Recommendation

Receive and file status reports of active Measure A capital projects.

Discussion

Status reports of Measure A capital projects currently in progress are attached hereto. The reports provide an overview of the delivery and construction status for each of the “active” Measure A capital projects effective December 31, 2010. The project summaries were prepared by the project managers at the responsible local agencies, and reviewed by STA staff.

The status reports are preceded by a one-page summary (green) of the allocation and expenditure progress of pay-go revenues and Measure A bond proceeds (Series 2009) for all active capital projects. The summary sheet is current through January 31. All remaining proceeds from the Series 2006 & 2007 Measure A Bond Anticipation Notes (BANS) have been expended.

Attachments

Staff Contact: Lisa Chandler

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 7, 2011
Item # 5

Subject: 3rd Quarter FY 2010-11 Measure A Revenue Report

Recommendation

Receive and file a summary report of cumulative 3rd quarter FY 2010-11 Measure A sales tax revenues along with a review of revenue trends from recent years.

Discussion

The monthly Measure A sales tax revenue and distribution report for March is attached. March completes three-quarters of the STA's fiscal year, so this report also provides cumulative first, second, and third quarter revenue and distribution figures. At the top half of the page, the first two columns show the proportional allocation of sales tax revenue to each Measure A program. The first two columns at the bottom half of the page break out the allocations among the County and cities for the *Traffic Control & Safety*, *Streetscaping*, *Bike, Ped*, and *Road Maintenance* programs. The far right column shows the distribution of Measure A revenues for the month of March, while the second column from the right depicts cumulative distributions through the end of the prior month. Lastly, cumulative FY 2011 Measure A distributions to date are shown in the middle column.

The second attachment hereto presents monthly Measure A revenue figures for the past 5+ years. After peaking in the 2nd quarter of 2006 at \$29,214,160, quarterly Measure A sales tax revenues steadily declined to approximately \$20 million before rebounding somewhat during the past three quarterly reporting periods.

Attachments

Staff Contact: *Lisa Chandler*

Measure A Sales Tax Revenue & Distribution - March 2011

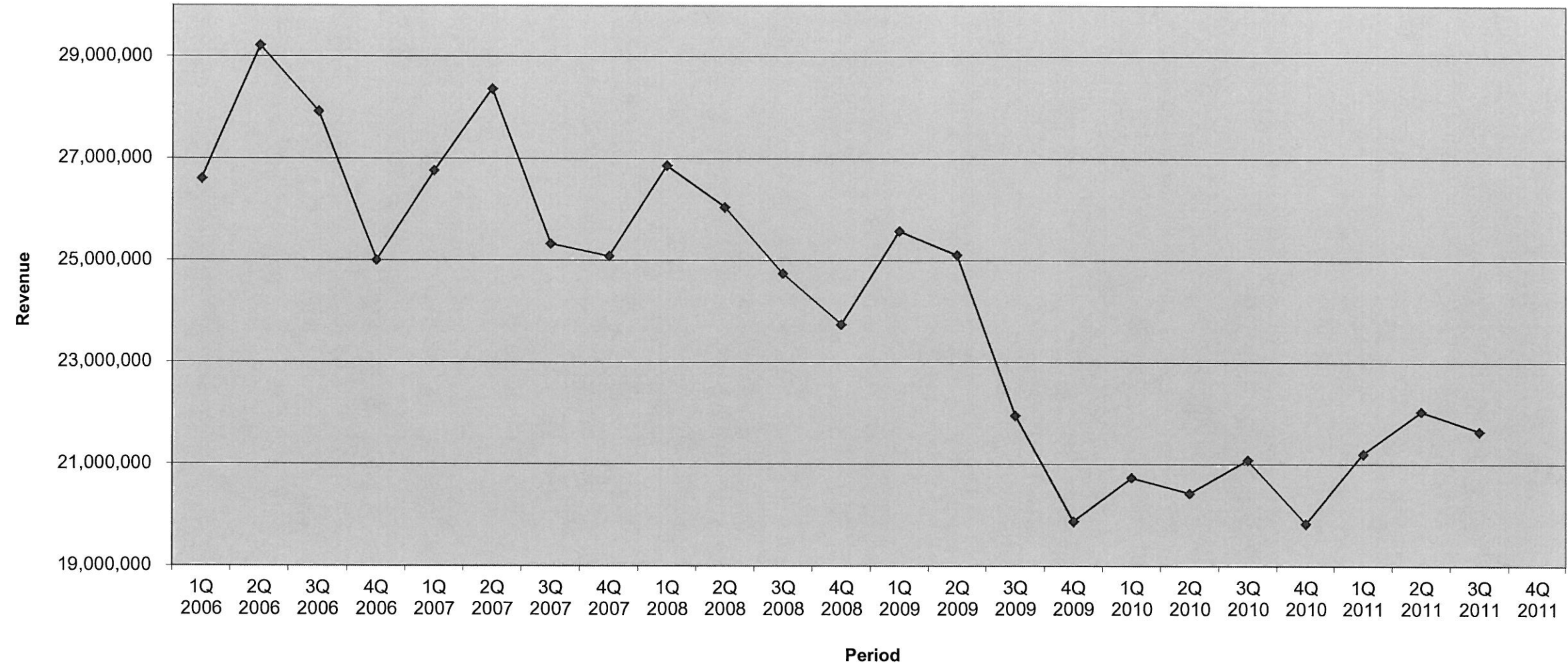
<u>Measure A</u>		<u>2010/11</u>	YTD thru Feb 11	<u>Mar 11</u>
Cumulative Measure A Gross Revenue		\$ 64,863,475	\$ 58,257,867	\$ 6,605,608
Isleton	0.04%	\$ 25,945	\$ 23,303	2,644
Galt	1.00%	\$ 648,635	\$ 582,579	66,056
Neighborhood Shuttle	\$ 1,000,000	\$ 750,000	\$ 666,667	83,333
Subtotal		\$ 63,438,895	\$ 56,985,319	\$ 6,453,575
Sac Cnty Regl Parks Dept	\$ 1,000,000	\$ 750,000	\$ 666,667	83,333
Capital Projects	20.75%	\$ 13,163,571	\$ 11,824,454	1,339,117
		\$ 49,525,324	\$ 44,494,198	\$ 5,031,125
-				
Program Administration	0.75%	\$ 475,792	\$ 427,390	48,402
SMAQMD	1.50%	\$ 951,583	\$ 854,780	96,803
Traffic Control & Safety	3.00%	\$ 1,903,167	\$ 1,709,560	193,607
Paratransit (CTSA)	3.50%	\$ 2,220,361	\$ 1,994,486	225,875
CTSA Set Aside	1.00%	\$ 634,389	\$ 569,853	64,536
Safety, Streetscaping				
Pedestrian & Bike Facilities	5.00%	\$ 2,421,945	\$ 2,182,599	239,346
Street & Road Maintenance	30.00%	\$ 19,031,669	\$ 17,095,596	1,936,073
SRTD	34.50%	\$ 21,886,419	\$ 19,659,935	2,226,484
Net Revenue	78.25%	\$ 49,525,324	\$ 44,494,198	\$ 5,031,125

<u>Traffic Control & Safety</u>		2010/11	2010/11	
Citrus Heights	5.59%	\$ 106,387	\$ 95,564	10,822
Elk Grove	10.05%	\$ 191,268	\$ 171,811	19,457
Folsom	5.40%	\$ 102,771	\$ 92,316	10,455
Rancho Cordova	4.54%	\$ 86,404	\$ 77,614	8,790
Sacramento	32.40%	\$ 616,626	\$ 553,897	62,729
County	42.02%	\$ 799,711	\$ 718,357	81,354
Total	100.00%	\$ 1,903,167	\$ 1,709,560	\$ 193,607

<u>Safety, Streetscaping, Pedestrian & Bike Facilities</u>		2010/11	2010/11	
Citrus Heights	5.59%	\$ 135,387	\$ 122,007	13,380
Elk Grove	10.05%	\$ 243,405	\$ 219,351	24,054
Folsom	5.40%	\$ 130,785	\$ 117,860	12,925
Rancho Cordova	4.54%	\$ 109,956	\$ 99,090	10,866
Sacramento	32.40%	\$ 784,710	\$ 707,162	77,548
County	42.02%	\$ 1,017,701	\$ 917,128	100,573
Total	100.00%	\$ 2,421,945	\$ 2,182,599	\$ 239,346

<u>Street & Road Maintenance</u>		2010/11	2010/11	
Citrus Heights	5.59%	\$ 1,063,870	\$ 955,644	108,225
Elk Grove	10.05%	\$ 1,912,683	\$ 1,718,107	194,576
Folsom	5.40%	\$ 1,027,710	\$ 923,162	104,548
Rancho Cordova	4.54%	\$ 864,038	\$ 776,140	87,898
Sacramento	32.40%	\$ 6,166,261	\$ 5,538,973	627,288
County	42.02%	\$ 7,997,107	\$ 7,183,569	813,538
Total	100.00%	\$ 19,031,669	\$ 17,095,596	\$ 1,936,073

Sacramento Transportation Authority
Sales Tax Revenue Comparison By Quarter
FY 2006 through 2011



MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 7, 2011
Item # 6

Subject: Preliminary FY 2011-12 Measure A Revenue Forecast

Recommendation

Review preliminary FY 2011-12 revenue forecast for the Measure A transportation sales tax program; authorize distribution to Measure A entities.

Discussion

Staff has generated a preliminary estimate of Measure A revenues for FY 2011-12. Taxable retail sales in Sacramento County recently showed an incremental 4-year decline. Measure A revenues declined from a high of \$108.7 million in 2006 to \$82.1 million in 2010. During the first nine months of FY 2011, however, that trend has reversed, with Measure A sales tax receipts running 4.2 percent above the same period last year. Staff forecasts that the upward trend will continue through June so that actual revenues this year will be \$85,538,280.

Consumer confidence in the Sacramento region has markedly improved since last Fall, and the unemployment rate, though high at over 12%, has stabilized. Two pending issues, however, threaten the continued recovery of the Sacramento region's consumer economy and warrant a conservative outlook on near-term retail sales activity. First, the State faces the further possibility of draconian budget cuts if the Legislature and voters decide not to extend existing revenue sources that are set to expire this year. This would likely result in another round of furloughs and layoffs affecting the region's expansive State and local public employment sector, along with private-sector vendors to the State. Second, on-going political unrest in the Middle East temporarily threatens the supply of oil to world markets. Motor fuel prices in the Sacramento region have risen markedly in the last two months, and some market watchers forecast gas prices of \$4.50 to \$5.00 per gallon later this year. Such a spike in the price of oil will reduce the demand for retail goods and services.

Staff recommends that the STA Board assume no change (**\$85,538,280**) in Measure A sales tax revenues during FY 2011-12. We also recommend that estimated revenues from the Measure A countywide transportation impact fee during FY 2011-12 hold steady at **\$3,000,000**.

A five-year Measure A sales tax revenue allocation schedule is attached hereto. If approved, the FY 2011-12 schedule (left column) will be incorporated into the draft STA Budget. The remaining columns represent staff's preliminary estimate of annual Measure A revenues from FY 2013 to FY 2016. For now we are assuming moderate growth of 3% to resume in FY 2013. The Measure A entities will use this table to update their 5-year Measure A spending plans, which will be presented for consideration by the taxpayers oversight committee and STA Board in June or July.

Attachment

Staff Contact: Brian Williams

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 7, 2011
Item # 7

Subject: Draft FY 2011/12 STA Budget

Recommendation

Receive staff presentation on the Draft FY 2011/12 STA budget.

Discussion

Staff will present the preliminary draft FY 2011/12 STA budget for review and discussion. Associated budget elements include Measure A/Administration Operating Detail, STA Administration Operating Detail, Contributions to Measure A Entities, Freeway Service Patrol (FSP) Operating Detail, and the Sacramento Abandoned Vehicle Service Authority (SAVSA) Operating Detail.

Attachment

Staff Contact: Lisa Chandler

**SACRAMENTO TRANSPORTATION AUTHORITY
MEASURE A/ADMINISTRATION OPERATING DETAIL
PROPOSED
2011-12**

	Actual 2009-10	Budgeted 2010-11	Estimated Actual 2010-11	Proposed Budget 2011-12
BEGINNING FUND BALANCE AVAILABLE				
Bonded Capital Funds	23,815,777	106,681,828	103,507,342	47,704,044
Mitigation Fees	-	-	3,100,360	6,100,360
Operating Fund Excess	1,246,142	7,759,261	5,740,109	7,012,934
TOTAL BEGINNING FUND BALANCE AVAILABLE	25,061,919	114,441,089	112,347,811	60,817,338
AVAILABLE REVENUES				
Sales Tax	82,090,480	78,240,200	85,538,280	85,538,280
Mitigation Fees	3,073,658	4,500,000	3,000,000	3,000,000
Interest	573,462	600,000	600,000	600,000
Total Revenues	85,737,600	83,340,200	89,138,280	89,138,280
OTHER SOURCES				
Bond issuance	318,300,000	-	-	-
Transfer from SAVSA	32,306	34,000	34,000	34,000
	-	-	-	-
Total Other Sources	318,332,306	34,000	34,000	34,000
TOTAL ESTIMATED AVAILABLE FUNDS	429,131,824	197,815,289	201,520,091	149,989,618
APPROPRIATIONS				
Administration	599,423	608,025	569,119	661,365
Debt Issue Costs	2,321,216	-	-	-
Contributions to Measure A Entities	119,544,245	146,458,502	123,518,112	121,949,516
Total Appropriations	122,464,884	147,066,527	124,087,231	122,610,881
OTHER USES				
Transfer to debt service	11,999,130	15,520,844	16,615,522	16,615,522
Bond Refunding - Series 2006 & 2007	182,320,000	-	-	-
TOTAL ESTIMATED OUTFLOWS	316,784,014	162,587,371	140,702,753	139,226,403
ESTIMATED ENDING AVAILABLE FUND BALANCE	112,347,811	35,227,918	60,817,338	10,763,215

**SACRAMENTO TRANSPORTATION AUTHORITY
ADMINISTRATION OPERATING DETAIL
PROPOSED
2011-12**

	Actual	Budgeted	Estimated	Proposed
	2009-10	2010-11	Actual	Budget
			2010-11	2011-12
Revenues				
Measure A	615,679	574,025	602,076	627,365
Transfer from SAVSA	32,306	34,000	34,000	34,000
Total revenues	647,985	608,025	636,076	661,365
APPROPRIATIONS				
Administration				
Salaries and Benefits	366,446	352,000	352,000	367,000
General Office	7,957	10,000	6,130	10,000
Rent	46,188	49,000	34,340	34,586
Utilities	2,927	5,000	2,700	5,000
Conferences and Travel	7,870	7,500	11,000	13,000
Insurance - Liability / Property	27,296	32,000	27,449	30,000
Professional Services	78,705	60,000	60,000	80,000
New Measure A Oversight Committee	45,395	65,500	65,500	75,000
Other Operating Expenditures	16,639	27,025	10,000	46,779
Total Administration	599,423	608,025	569,119	661,365
Excess revenues over Expenditures	\$ 48,562	\$ -	\$ 66,957	\$ 0

SACRAMENTO TRANSPORTATION AUTHORITY
Contributions to Measure A Entities
PROPOSED
2011-12

	Actual 2009-10	Budgeted 2010-11	Estimated Actual 2010-11	Proposed Budget 2011-12
Contributions to Measure A Entities				
Original Measure A				
SMAQMD	1,229,908			
Folsom	1,516,970			
City of Rancho Cordova	427,575			
Galt	4,377,756			
Isleton	-			
Paratransit	-			
Regional Transit	2,279,018			
City of Citrus Heights	1,320,697			
City of Elk Grove	1,588,032			
City of Sacramento	11,506,706			
County of Sacramento	15,743,667			
Original Contributions to Measure A Entities	39,990,329			
On-Going Measure A				
Isleton	32,835	31,296	34,215	34,215
Galt	820,800	782,402	855,383	855,383
SMAQMD	1,203,395	1,146,398	1,254,730	1,254,730
Traffic Control & Safety	2,406,790	2,292,795	2,509,460	2,509,460
Paratransit	2,807,922	2,674,928	2,927,704	2,927,704
Sac Cnty Regl Parks Dept	1,000,000	1,000,000	1,000,000	1,000,000
Safety, Streetscaping				
Pedestrian & Bike Facilities	3,011,317	2,821,324	3,182,434	3,182,434
Street & Road Maintenance	24,067,901	22,927,951	25,094,605	25,094,605
SRTD	27,678,086	26,367,143	28,858,795	28,858,795
Neighborhood Shuttle Set Aside	1,000,000	1,000,000	1,000,000	1,000,000
CTSA Set Aside	802,264	764,265	836,487	836,487
Capital Projects	54,712,935	84,650,000	55,964,299	54,395,703
New Measure A	119,544,245	146,458,502	123,518,112	121,949,516
Total Contributions to Measure A Entities	159,534,574	146,458,502	123,518,112	121,949,516

**SACRAMENTO TRANSPORTATION AUTHORITY
FREEWAY SERVICE PATROL OPERATING DETAIL**

**PROPOSED
2011-12**

	Actual 2009-10	Budgeted 2010-11	Estimated Actual 2010-11	Proposed Budget 2011-12
BEGINNING FUND BALANCE AVAILABLE	404,399	436,290	396,339	439,089
AVAILABLE REVENUES				
State Grant - FSP	988,962	959,293	1,122,358	1,122,000
SAFE	706,000	706,000	706,000	732,250
Misc	2,475	-		
Yolo County	130,832	141,597	93,483	140,000
	1,828,269	1,806,890	1,921,841	1,994,250
Total Available Funds	2,232,668	2,243,180	2,318,180	2,433,339
APPROPRIATIONS				
Administration				
Salaries and Benefits	125,999	140,100	140,100	140,100
General Office	1,987	4,000	1,570	2,000
Rent	15,396	18,647	14,026	14,127
Utilities	1,388	-	-	-
Conferences and Travel	416	1,000	600	1,000
Uniform Patches / Signs		2,500	3,049	3,500
Communications	15,790	30,000	32,873	55,000
Driver Incentive Program	900	1,000	1,000	1,000
Professional and Legal Services	136,000	136,000	136,000	136,000
Public Relations	16,347	15,000	14,100	10,000
Other Operating Expenditures	763	1,000	290	1,000
Total Administration	314,986	349,247	343,608	363,727
Operations				
Contractors	1,521,343	1,650,000	1,535,483	1,650,000
Total Operations	1,521,343	1,650,000	1,535,483	1,650,000
TOTAL APPROPRIATIONS	1,836,329	1,999,247	1,879,091	2,013,727
ESTIMATED ENDING FUND BALANCE	396,339	243,933	439,089	419,612

SACRAMENTO TRANSPORTATION AUTHORITY
Sacramento Abandoned Vehicle Service Authority
OPERATING DETAIL
PROPOSED
2011-12

	Actual 2009-10	Budgeted 2010-11	Estimated Actual 2010-11	Proposed Budget 2011-12
BEGINNING FUND BALANCE AVAILABLE	349,268	0	369,217	(0)
AVAILABLE REVENUES				
Vehicle License Fees	1,106,169	1,092,075	1,115,483	1,140,024
Interest	3,753	4,000	2,339	2,340
TOTAL ESTIMATED AVAILABLE FUNDS	1,459,190	1,096,075	1,487,039	1,142,364
APPROPRIATIONS				
Contributions to SAVSA Entities				
County of Sacramento	298,188	356,307	473,662	313,157
City of Sacramento	480,815	456,640	611,256	499,014
City of Galt	42,885	32,214	70,564	51,183
City of Isleton	325	317	431	678
City of Folsom	68,285	62,439	81,253	68,950
City of Elk Grove	97,590	95,016	133,747	105,395
City of Citrus Heights	69,579	59,142	82,126	69,987
Total Contributions to SAVSA Entities	1,057,667	1,062,075	1,453,039	1,108,364
TOTAL APPROPRIATIONS	1,057,667	1,062,075	1,453,039	1,108,364
TRANSFER TO STA GENERAL FUND	32,306	34,000	34,000	34,000
ESTIMATED ENDING FUND BALANCE AVAILABLE	369,217	0	(0)	0

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 7, 2011
Item # 8

Subject: Request for Proposals: Independent Auditing Services for FY 2010-11

Recommendation

Review the attached Request for Proposals (RFP) for independent auditing services, and recommend that it be distributed.

Discussion

Section 180105(c) of the California Public Utilities Code requires transportation authorities to “cause a post-audit of the financial transaction and records of the authority to be made at least annually by a certified public accountant.” The contract term with our current auditing firm (Richardson & Company) has expired, and thus a new solicitation for these services is required. The incumbent firm is ineligible to participate in this procurement.

Staff anticipates bringing a contract recommendation to the ITOC at the June 2, 2011 meeting. The contract will cover FY 2010-11 transactions with options to renew for FY 2012 and FY 2013 based on satisfactory performance.

Attachment

Staff Contact: Lisa Chandler

SACRAMENTO TRANSPORTATION AUTHORITY
431 I STREET, SUITE 106
SACRAMENTO, CA 95814
(916) 323-0080
(916) 323-0850 fax
www.sacta.org

REQUEST FOR PROPOSALS
INDEPENDENT AUDITING SERVICES

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

SACRAMENTO TRANSPORTATION AUTHORITY
SACRAMENTO ABANDONED VEHICLE SERVICE AUTHORITY

REQUEST FOR PROPOSAL
FOR INDEPENDENT AUDITING SERVICES

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SECTION 1 - INTRODUCTION

1.1 The Sacramento Transportation Authority (hereinafter referred to as "STA") is requesting proposals from qualified certified public accounting firms (hereinafter referred to as "Firms") to audit its annual financial statements, and perform agreed upon procedures on Measure A and SAVSA entities for the fiscal year ending June 30, 2011.

1.2 Proposals should respond to the specific scope of services described in Section 3 below.

1.3 Evaluation of proposals and selection of qualified firms will be performed as described in section 4 below.

SECTION 2 - GENERAL INFORMATION

2.1 **MEASURE A TRANSPORTATION SALES TAX PROGRAM**

2.1.1 A sales tax increase of one-half of one percent for transportation improvements was approved by Sacramento County voters in 1988 upon the passage of "Measure A". It was authorized for a period of 20 years under provisions of Division 19 of the California Public Utilities Code.

2.1.2 In November 2004 the voters approved a 30-year extension of Measure A, effective April 2009. This program is currently referred to as **New** Measure A.

2.1.3 The Sacramento Transportation Authority oversees the collection and distribution of the sales tax in accordance with the Measure A Ordinance and Expenditure Plan (attached).

2.1.4 Using the Expenditure Plan as a strategic guide, the STA Governing Board annually adopts 5-year expenditure programs and enters into contracts with "Measure A" entities for the design and construction of specific projects, operations and maintenance.

2.1.5 The recipient Measure A entities are the County of Sacramento; the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Isleton, Rancho Cordova, and Sacramento; the Sacramento Regional Transit District; Paratransit, Inc.; Sacramento Metropolitan Air Quality Management District; Caltrans; and the Capital Southeast Connector Authority.

2.1.6 To accelerate delivery and construction of **New** Measure A capital projects, the STA issued debt in the form of variable rate sales tax revenue bonds in October 2009. These bonds mature on October 1, 2038.

2.2 FREEWAY SERVICE PATROL

2.2.1 In November, 1992 the Freeway Service Patrol (FSP) began operation in Sacramento County. FSP is a partnership among the STA, Caltrans, and the California Highway Patrol. FSP provides a special team of tow trucks that continuously patrol Sacramento area freeways during commute hours to reduce congestion. The STA administers this program which is funded by Caltrans (State Highway Account) and the Capital Valley Regional Service Authority for Freeways and Expressways (SAFE).

2.3 SACRAMENTO TRANSPORTATION AUTHORITY

2.3.1 The Finance Director of the County of Sacramento (hereinafter referred to as "COUNTY") serves as the STA's Treasurer. The COUNTY invests STA funds in the COUNTY investment pool and in the State LAIF fund. The STA uses an in house accounting system for financial reporting purposes. The STA utilizes the COUNTY for payment of transactions over \$10,000, payroll, and wire transfer services.

2.3.2 Proceeds from the Measure A bonds are invested with the California Asset Management Program (hereinafter referred to as "CAMP"). Deutsche Bank serves as the trustee for debt service on the notes.

2.3.3 The last independent audit was for the fiscal year ended June 30, 2010.

2.3.4 The STA Governing Board currently consists of 15 members:

- 5 representatives of the Sacramento County Board of Supervisors
- 5 representatives of the Sacramento City Council
- 1 representative of the City of Citrus Heights
- 1 representative of the City of Elk Grove
- 1 representative of the City of Folsom
- 1 representative for the Cities of Isleton and Galt
- 1 representative of the City of Rancho Cordova

2.3.5 The STA's administrative office is located in Sacramento. The Executive Director and the office address are as follows:

Brian Williams, Executive Director
Sacramento Transportation Authority
431 I Street, Suite 106
Sacramento, CA 95814-2320
(916) 323-0080

2.4 SACRAMENTO ABANDONED VEHICLE SERVICE AUTHORITY

2.4.1 In 1991, legislation was passed which enabled a county to levy a \$1 registration fee on automobiles to fund an abandoned vehicle service authority. The STA Board serves concurrently as the governing board of the Sacramento Abandoned Vehicle Service Authority (SAVSA). The Executive Director of the STA is also the Executive Director of SAVSA.

2.4.2 SAVSA contracts with the STA for administrative services. SAVSA provides funding to the County of Sacramento and to the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Isleton, and Sacramento for the abatement of abandoned vehicles.

2.4.3 The STA includes SAVSA as a component unit in its Comprehensive Annual Financial Report.

SECTION 3 - SCOPE OF SERVICES

3.1 The STA is soliciting the services of a qualified certified public accounting firm to make an examination of its financial statements for the fiscal year ending June 30, 2011. The resultant contract will include an option of extending the contract for each of the two subsequent fiscal years based on satisfactory performance as determined by the Executive Director and Governing Board. The examination shall be made in accordance with generally accepted auditing standards, and will include all procedures necessary for the rendition of an opinion regarding the fairness of the financial statements in accordance with generally accepted accounting principles.

3.2 The examination shall also include a determination of compliance within the terms and definitions of the applicable laws, rules and/or regulations of PUC Division 19, the Measure A Ordinance & Expenditure Plan, California Vehicle Code Section 22710, and all applicable contracts.

3.3 The performance of agreed upon procedures related to Measure A entities and SAVSA entities will be made to the extent considered necessary to ensure compliance with applicable laws and contracts. The procedures will include:

a. a review of each entity's accounting system as it specifically relates to the accounting for and control over Original, New, and Capital Measure A, and SAVSA receipts and expenditures.

b. selection of a sample of the entities' expenditures for Original Measure A, New Measure A, Capital-project Measure A, and SAVSA to ensure the expenditures are appropriate and allowable.

3.4 Additionally, the STA is seeking support in maintaining the GFOA Certificate of Achievement for Excellence in Financial Reporting. As such, a review of the STA's CAFR based on the requirements for the certificate shall be included as part of the review process.

3.5 Work Papers Availability

Auditors shall make the work papers available during the audit and for a period of three years thereafter to representatives of any federal, state, and local agency that provides funding to the STA and SAVSA.

3.6 Schedule of Work and Due Dates of Required Products

3.6.1 Audit work will begin in mid to late September.

3.6.2 Agreed upon procedures work will begin in mid October.

3.6.3 Draft copies of the audit reports, internal control reports, management letters, and agreed-upon-procedures report are required by November 21, 2011.

3.6.4 Three copies of the final reports shall be delivered to the STA no later than December 1, 2011.

3.7 STA and Entity Assistance Available to the Auditor

3.7.1 STA staff will be available to be interviewed during the course of the audit, will prepare trial balances, schedules, account analyses and data as required. STA staff will also prepare the CAFR.

3.7.2 For the agreed upon procedures, auditors will coordinate all entity fieldwork schedules with STA staff. STA staff will set all initial appointments.

3.7.3 Entity staff will be available during scheduled times to be interviewed during the course of the agreed upon procedures, and will reproduce and/or pull documents as required.

SECTION 4 - EVALUATION PROCESS

4.1 Review Committee

The STA will establish an ad hoc review committee to evaluate proposals.

4.2 In the evaluation process, emphasis will be placed upon each Firm's qualifications and experience to perform the services and work described in Section 3 of this RFP. Proposers will be evaluated on the following criteria according to the weights assigned below. If oral interviews are conducted, they will be worth 25 points. The STA reserves the right to add the proposers' interview scores into the evaluation criteria or to select proposers based solely upon their written proposal or oral interview.

4.3 Proposers will be evaluated on the following criteria:

A. Cost or Best Value

Proposals will be evaluated for providing the best methodology and services at the lowest cost and with the least amount of risk.

B. Project Experience

Qualified consultants will have a variety of experience in performing similar studies with public, government, private, not-for-profit, and/or other agencies as specified in this RFP. The STA's inability to obtain positive feedback on a proposer during reference checks or to confirm a proposer's history of financial responsibility will affect the assessment of that proposer's suitability.

C. Proposed Methodology and Approach to Work

Proposers must demonstrate the ability to carry out the project by meeting the proposal requirements identified in the RFP. High quality, clear, and complete proposals showing proposer's understanding of the project and willingness to comply with standard contract requirements will receive more favorable consideration. While proposers are required to meet the goals and deadlines for the project as described in this RFP, proposers are encouraged to demonstrate innovative, advanced and/or well-thought-out methodologies that may not be specifically set forth in this RFP.

D. Staff Qualifications

Project staff qualifications include a combination of experience, education and background in local public agencies, performance measurements, etc.

4.4 The committee will recommend up to 3 finalists to the Executive Director for consideration. Based on evaluation of all responses and presentation to the review committee, the STA Executive Director will recommend to the STA Board the proposal determined to be to the best advantage to the STA. Final approval will be made by the STA Governing Board at its June 9, 2011 meeting.

SECTION 5 - PROPOSAL CONTENTS

To demonstrate qualifications and ability to perform the services described in Section 3, proposers shall submit the following information:

5.1 **APPROACH**

Each proposal shall include a summary of the proposed technical and management approach to the services contemplated in this RFP, reflecting an understanding of the STA and SAVSA programs and the services required. This section should include a schedule to demonstrate how the services will be met and a management plan describing how the services will be organized among key personnel.

5.2 DISCUSSION OF ISSUES

Each proposal shall include a discussion of the issues outlined in Section 3 to set the context for the scope of work proposed. The discussion of issues shall be concise and shall also provide significant insight into the course of action recommended.

5.3 FIRM INFORMATION

Each firm shall present the information requested below, demonstrating its experience on work similar to that contemplated in this RFP. Information presented shall be brief, shall not include unnecessary promotional material, and shall be presented in the sequence listed herein.

5.3.1 Legal name of firm.

5.3.2 Location(s) and telephone number(s).

5.3.3 Date firm established.

5.3.4 Type of organization (partnership, corporation, etc.), and where incorporated, if applicable.

5.3.5 Firm organization chart.

5.3.6 Names and resumes of firm's officers, principals, and other key personnel applicable to this engagement.

5.3.7 Types of services normally provided by subconsultants.

5.3.8 A brief description of similar projects for which the Firm has provided services during the past 5 years, including the following information:

- Client name
- Project description and location
- Description of services provided
- Total value of services provided
- Budget performance
- Schedule performance
- Key personnel involved
- Subconsultants employed

5.3.9 A list of from three to five former clients (include addresses and phone numbers and a brief description of work performed) for whom the Firm has performed services similar to those described in this RFP. Samples of previous reports on closely related projects, if available, are requested as well.

5.3.10 Current and future Firm and personnel commitments to other projects in sufficient detail to confirm the Firm's ability to commit to the STA.

5.3.11 Lists of contracts terminated (partially or completely) by clients for convenience or default within the past three years. Include contract value, description of work, sponsoring organization, contract number, and name and telephone number of contracting entity.

5.3.12 A statement of the Firm's local experience in auditing a GFOA award winning CAFR and any assistance available to the STA in this endeavor.

5.3.13 A statement of the Firm's current equal opportunity policy.

5.3.14 Additional pertinent information to aid the STA in assessing the Firm's qualifications and experience.

5.4 **COST PROPOSAL**

A cost proposal shall be submitted which describes the total (not to exceed) price for which the Firm will commit to complete the scope of services.

SECTION 6 - PROPOSAL SUBMITTAL PROCEDURE

Proposals shall be submitted in accordance with the following requirements:

6.1 The proposal shall be transmitted with a cover letter which conforms to the following:

6.1.1 Signed by an officer authorized to bind the Firm contractually.

6.1.2 Confirms the receipt of the RFP and all addenda thereto.

6.1.3 States that the proposal is valid for a 90-day period from the due date of the proposal.

6.1.4 Provides the name, title, address and telephone number of the individual to whom correspondence and other contacts should be directed during the selection process.

6.1.5 Provides the name, title and telephone number of the individual who will negotiate with the STA and is authorized to contractually bind the firm.

6.2 The proposals shall be submitted as one original signed copy, plus three (3) photocopies.

6.3 The proposal shall be addressed to:

Lisa Chandler, Senior Accountant
Sacramento Transportation Authority
431 I Street, Suite 106
Sacramento, CA 95814-2320

6.4 The proposal shall be received at the above address **no later than 5:00 p.m. on Monday May 16, 2011** .

6.5 If interviews are to be conducted, the STA shall notify Firm of its selection for interviewing after May 19, 2011. If needed, interviews with the review committee will begin on May 31, 2011.

6.6 Any questions regarding this RFP must be received **in writing** by May 4, 2011. No phone questions will be taken. Responses will be sent to all proposers of record by May 9, 2011. A proposer of record will be any firm to whom this RFP was directly mailed by the STA and any firm specifically requesting a copy of the RFP. Questions shall be directed to *Lisa Chandler* at the aforementioned address.

SECTION 7 - ADDITIONAL INFORMATION

7.1 RIGHT TO REJECT

The STA reserves the right to reject any and all proposals submitted and to request additional information from any or all proposers.

7.2 LIMITATIONS

This RFP does not commit the STA to award a contract, to pay any costs incurred in the preparation of the proposal in response to this request, or to procure or contract for services or supplies.

7.3 CHANGES AND EXTRA SERVICES

The STA reserves the right to order changes on the services to be performed by the Firm. All such changes shall be incorporated in written change orders executed by the Executive Director of the STA and the Firm. Any changes to compensation will be made in the same fashion. No claim for additional compensation or extension of time shall be recognized unless contained in a duly executed change order.

7.4 EQUAL EMPLOYMENT OPPORTUNITY

In connection with the carrying out of this project, the Firm shall comply with Title VI of the Civil Rights Act of 1964 (as amended) and not discriminate against any employee or applicant for employment because of race, age, religion, sex, sexual orientation, color, or national origin,

ancestry, disability, medical condition, or marital status. The Firm shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code Section 12900 et seq.) and the applicable regulations promulgated thereunder (Cal. Code of Regulations, Title 2, Section 7285.0 et seq.).

7.5 RIGHT TO WAIVE IRREGULARITIES

The STA reserves the right to waive irregularities in the proposal process.

7.6 PUBLIC RECORD

All proposals are deemed a public record subject to public disclosure upon request after the procurement process has concluded.

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MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 7, 2011
Item # 9

Subject: Selection of Preferred Consultant to Provide Financial Advisory Services Related to the Measure A Transportation Sales Tax Program

Recommendation

1. Certify that the consulting teams identified on page 2 below are responsive and qualified to conduct the tasks set forth in the Request for Proposals for Financial Advisory Services (2/14/2011).
2. Recommend that the STA Governing Board authorize execution of the attached contract with the preferred consulting team, led by **Public Financial Management, Inc.**

Discussion

On February 10, the STA Board authorized distribution of a Request for Proposals (RFP) to consulting financial advisors for on-going financial advice and monitoring associated with the Measure A transportation sales tax program. The RFP asked interested consulting firms to submit proposals for performing the following key tasks:

- Prepare an updated and amended Measure A Capital Allocation Plan (CAP) that sets forth an anticipated schedule of Measure A revenues, cash flow, and distributions to eligible capital projects
- Evaluate alternative financing mechanisms and prepare a preferred financing strategy, as appropriate, to accelerate the delivery of Measure A capital projects
- Provide on-going advice, facilitation, management, and reporting as needed to implement the preferred financing strategy

Proposals were due from interested consulting firms on March 23, 2011. We received four submittals. The following table identifies the lead consulting firm along with other firms associated with each respective proposal:

Lead Consultant	Associated Subconsultants	Fee Proposal for Cap Allocation Plan	Hourly Rates
Backstrom McCarley Berry & Co., LLC	Scott Balice Strategies, LLC	\$97,500 + \$15,000 contingency	Managing Dir – \$285 VP - \$245
Fieldman Rolapp & Associates	- -	\$126,800 + \$11,700 contingency	Principal - \$290 VP - \$225
KNN Public Finance	- -	\$95,000 + \$25,000 contingency	Managing Dir - \$295 VP - \$275
Public Financial Management, Inc.	The Pineapple Group, LLC	\$50,000 / no contingency	Managing Dir - \$270 Sr Managing Consultant - \$225

A review panel of finance managers from three of the Measure A entities plus STA¹ was convened to assist staff in identifying a preferred consultant(s). The review panelists were

¹ Dee Brookshire – CFO; Brent Bernegger – Finance/Treasury Director, SRTD

asked to evaluate the proposals relative to the information set forth in the RFP, and to winnow the candidate list of qualified firms according to the following screening criteria:

- Experience and expertise of the consulting firm(s) relative to the Scope of Services
- Relevant experience of consulting personnel to be assigned to the project
- Recommended approach
- Demonstrated understanding of the STA's needs and of the financial challenges facing transportation agencies in Sacramento County

The review panel recommended that the following consulting teams be certified as responsive to the RFP and qualified to perform the key tasks associated with this project:

- Fieldman, Rolapp & Associates
- KNN Public Finance
- Public Financial Management, Inc.

In subsequent discussion, the panel determined that one team's experience, recommended approach, and fee proposal is particularly amenable to this project. **Public Financial Management, Inc. (PFM)** is a leading national independent financial advisory firm that exclusively serves public agencies. It is the STA's incumbent consulting financial advisor, having prepared the initial Measure A Plan of Finance and successfully facilitated the STA's initial and two subsequent issuances of public debt. During the past decade, PFM has assisted a half-dozen local transportation sales tax agencies in California to develop and implement prudent financing strategies that maximize the performance of the sales tax revenue streams.

PFM's proposal demonstrates a unique understanding of the Measure A transportation sales tax program and of the financial circumstances of the STA. Its approach recognizes and builds upon the tremendous progress that STA has made during the past few years in developing and managing a Measure A financing plan and strategy. As shown in the table above, PFM's proposed fee to update and amend the Measure A Capital Allocation Plan is less than half of the other proposers. Its hourly labor rates are consistently lower, as well.

Staff recommends that the Executive Director be authorized to execute the attached contract with **Public Financial Management, Inc.** It calls for all tasks related to updating and amending the Measure A Capital Allocation Plan to be completed for an amount not to exceed \$50,000. Expenditures for on-going financial advisory services will not exceed \$5,000 per month.

Attachments

Staff Contact: Brian Williams

AGREEMENT FOR FINANCIAL CONSULTING SERVICES

THIS AGREEMENT is made and entered into this 14th day of April 2011, by and between the **SACRAMENTO TRANSPORTATION AUTHORITY** (hereinafter called "AUTHORITY"), and **PUBLIC FINANCIAL MANAGEMENT, INC.** (hereinafter called "CONSULTANT").

Recitals:

WHEREAS, the AUTHORITY, a California local transportation authority, exists under the authority of Section 180000 et seq. of the California Public Utilities Code;

WHEREAS, the AUTHORITY requires the services of a **consulting financial advisor** to update and amend the Measure A Capital Allocation Plan; facilitate and implement a preferred financing strategy; and provide on-going advisory services.

WHEREAS, the AUTHORITY has determined that CONSULTANT is best qualified to perform the required services;

WHEREAS, CONSULTANT is able and willing to perform these services under the terms and conditions of this Agreement;

NOW, THEREFORE, for the consideration hereinafter stated, the parties agree as follows:

1. SCOPE OF SERVICES

AUTHORITY hereby engages CONSULTANT, and CONSULTANT agrees to complete the scope of services attached hereto as Exhibit A, and incorporated herein by reference, in accordance with the terms of this Agreement.

2. COMPENSATION

Compensation for updating/amending the Measure A Capital Allocation Plan and providing on-going advisory services (Exhibit A: Tasks 1-7) shall be determined using the labor rates shown in the project cost estimate attached hereto as Exhibit B: "Hourly Rate Schedule" and incorporated herein by reference. Compensation for updating/amending the Measure A Capital Allocation Plan (Exhibit A: Tasks 1-6) shall not exceed fifty thousand dollars (\$50,000). Compensation for on-going advisory services (Exhibit A: Task 7) shall not exceed five thousand dollars (\$5,000) per month without prior written approval of the Executive Director. Consultant shall also be compensated for actual costs incurred for reimbursable expenses including: communication, reproduction, and travel expenses.

Compensation for facilitation and management of specific financing transactions (Exhibit A: Task 8), if any, is set forth in Exhibit B: "Bond Transactions Fee Schedule."

3. PAYMENT

Upon submission of invoices by CONSULTANT and upon approval by the Executive Director, AUTHORITY shall pay CONSULTANT in arrears for costs incurred and for payment of work performed. Invoices submitted by CONSULTANT shall itemize out-of-pocket costs incurred in relation to work tasks. Each invoice shall be accompanied by a progress report of work performed during the period for which payment is claimed.

Payment shall be made on the following schedule:

For on-going advice and updating/amending the Capital Allocation Plan, CONSULTANT will be paid no more frequently than monthly and no less frequently than quarterly. CONSULTANT shall submit all receipts and documentation for reimbursable expenses with its invoice.

For successful sale of securities and/or execution of a related financial transaction, CONSULTANT will be paid a single lump sum from bond proceeds or other available funds at closing. CONSULTANT will submit an itemized report of costs incurred and work performed in support of the issuance for review and approval by the Executive Director.

4. TIME OF COMMENCEMENT AND COMPLETION OF WORK

The contract period will commence on July 1, 2011. The contract period will end June 30, 2016.

5. MODIFICATION OR TERMINATION

This Agreement may be modified or amended only by written instrument signed by both parties hereto. CONSULTANT'S compensation and the time of performance of the Agreement shall be adjusted by mutual written agreement of the parties if they are materially affected by such modifications or amendment.

This Agreement may be terminated, without cause, by either party upon thirty (30) days written notice to the other party. Upon termination and upon compliance with Clause 16, Ownership of Work Product, CONSULTANT will be paid for all costs incurred in good faith in accordance with the terms of this Agreement that are unpaid on the effective date of termination.

6. DISPUTES

If a question of fact in connection with the work described herein cannot be resolved between CONSULTANT and the Executive Director, the question shall be submitted to the AUTHORITY'S Governing Board for resolution. If the Governing Board cannot develop a mutually satisfactory resolution, the dispute will be brought before a

disinterested third party, agreed upon by both parties to this Agreement. The resolution recommended by the disinterested third party shall be final.

7. BEST EFFORTS OF CONSULTANT

CONSULTANT agrees to assign primary responsibility for managing the work performed under this Agreement to Peter Shellenberger, Managing Director – San Francisco. CONSULTANT further agrees that assigned personnel, including subcontractors, will at all times faithfully, industriously, and to the best of their ability, experience, and talent, perform all of the duties that may be required of or from them, pursuant to the express and implicit terms of this Agreement, to the reasonable satisfaction of the AUTHORITY. AUTHORITY may reject the assignment of any tasks performed under this Agreement to a subcontractor it deems inadequate or otherwise inappropriate for this project.

8. STANDARD OF CARE

AUTHORITY has relied upon the professional ability and training of CONSULTANT as represented by CONSULTANT as a material inducement to enter into this Agreement. CONSULTANT hereby agrees that all of its work will be performed, at a minimum, in accordance with generally accepted professional practices and standards.

9. INDEMNITY AND HOLD HARMLESS

CONSULTANT will indemnify, hold harmless and assume defense of, in any actions at law or in equity, the AUTHORITY, its officers, directors, employees, agents, and member jurisdictions from claims, losses, actions, causes of action, damage, including property damage, personal injury, including death, and liability of every kind, nature, and description, including reasonable attorney's fees, consultant and expert witness fees, and cost of litigation, to the extent arising from the negligent acts, errors, or omissions of CONSULTANT or of any persons directly or indirectly employed by or acting on behalf of, or as agent for CONSULTANT, in its performance of work hereunder or its failure to comply with any obligations contained in the Agreement, but not including the negligence or willful misconduct of the AUTHORITY. This indemnification shall extend to claims, losses, actions, causes of action, damages, injury, death, and any type of liability occurring after completion of but arising out of the aforementioned operations. Acceptance of insurance certificates required under this Agreement does not relieve CONSULTANT from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to all damages and claims for damages of every kind suffered by reason of any of CONSULTANT'S operations regardless of whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

10. INSURANCE REQUIREMENTS FOR CONSULTANT

CONSULTANT shall procure and maintain for the duration of the contract, insurance against claims for injuries to person or damages to property which may arise from or in connection with the performance of work hereunder by the CONSULTANT, his agents, representatives, employees or subcontractors.

A. Minimum Scope of Insurance:

Coverage shall be at least as broad as:

- 1.) Insurance Services Office Commercial General Liability coverage (“occurrence” form CG 0001).
- 2.) Insurance Services Office form number CA 0001 covering Automobile Liability, code 1 (any auto).
- 3.) Workers’ Compensation insurance as required by the State of California and Employer’s Liability insurance.

B. Minimum Limits of Insurance:

Consultant shall maintain limits no less than:

- 1.) General Liability: \$1,000,000 per occurrence for bodily injury, personal injury, and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this location or the general aggregate limit shall be twice the required occurrence limit.
- 2.) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
- 3.) Employer’s Liability: \$1,000,000 per accident for bodily injury or disease.

C. Deductibles and Self-Insurance Retentions:

Any deductibles or self-insured retention must be declared to and approved by the AUTHORITY. At the option of the AUTHORITY, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the AUTHORITY, its officers, officials, employees and volunteers; or the CONSULTANT shall provide a financial guarantee satisfactory to the AUTHORITY guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

D. Other Insurance Provisions:

The general liability policies are to contain, or be endorsed to contain, the following provisions:

- 1.) The AUTHORITY, its officers, officials, employees and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the CONSULTANT, and with respect to liability arising out of work or operations by or on behalf of the CONSULTANT including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the CONSULTANT'S insurance or as a separate owner's policy.
- 2.) For any claims related to this project, the CONSULTANT'S insurance coverage shall be primary insurance as respects the AUTHORITY, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the AUTHORITY, its officers, officials, employees and volunteers shall be excess of the CONSULTANT'S insurance and shall not contribute with it.
- 3.) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the AUTHORITY.

E. Acceptability of Insurers:

All insurance, with the exception of workers' compensation coverage, is to be placed with insurers currently admitted in California with a current A.M. Best's rating of no less than A:VII. Workers' compensation coverage is to be placed with insurers currently admitted in California.

F. Verification of Coverage:

CONSULTANT shall furnish the AUTHORITY with original certificate and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the AUTHORITY or on other than AUTHORITY'S forms, provided those endorsements or policies conform to the requirements stated in this clause. All certificates and endorsements are required to be received and approved by the AUTHORITY before work commences. The AUTHORITY reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting coverage required by these specifications at any time.

All insurance documents shall be submitted to:

Brian A. Williams
Executive Director
Sacramento Transportation Authority
431 I Street, Suite 106
Sacramento, CA 95814

G. Subcontractors

CONSULTANT shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all requirements stated above.

11. DISCRIMINATION

Services under this Agreement shall be rendered without discrimination on the basis of age, ancestry, color, gender, marital status, medical condition, national origin, physical or mental disability, race, religion or sexual orientation. Further, there shall be no discrimination against any employee who is employed in the work covered by this Agreement because of age, ancestry, color, gender, marital status, medical condition, national origin, physical or mental disability, race, religion or sexual orientation. This includes, but is not limited to employment upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

12. COMPLIANCE WITH THE LAW

CONSULTANT shall be subject to and comply with all federal, state, and local laws and regulations applicable with respect to its performance under this agreement, including but not limited to, licensing, employment, and purchasing practices; and wages, hours, and conditions of employment.

13. INSPECTION

CONSULTANT'S performance, place of business, and records pertaining to this Agreement are subject to monitoring, inspection, review, and audit by authorized representatives of AUTHORITY.

14. RECORDS

CONSULTANT shall keep and make available for inspection and copying by authorized representatives of AUTHORITY, the CONSULTANT'S regular business and financial records and such additional records pertaining to this Agreement for at least three years after final payment to CONSULTANT.

15. SUBCONTRACT AND ASSIGNMENT

This Agreement binds the heirs, successors, assigns, and representatives of CONSULTANT. CONSULTANT shall not enter into subcontracts for any work contemplated under this Agreement except as shown in Exhibit B (Project Cost Estimate) and shall not assign this Agreement or monies due or to become due, without the prior written consent of the AUTHORITY.

16. OWNERSHIP OF WORK PRODUCT

AUTHORITY shall be the owner of, the owner of the copyright with respect to, and shall be entitled to possession of any computations, plans, correspondence, and other pertinent data and information gathered by, computed by, or prepared by CONSULTANT pursuant to this Agreement and prior to termination of this Agreement by either party or upon completion of the work pursuant to this Agreement.

17. INDEPENDENT CONTRACTOR STATUS

This Agreement is by and between two independent entities and is not intended to, and shall not be construed to, create the relationship of agent, servant, employee, partnership, joint venture, or association between and among the parties hereto.

18. NOTIFICATION

Any notices hereunder and communications regarding interpretation of the terms of this Agreement or changes thereto, shall be effected by the mailing thereof by registered or certified mail, return receipt requested, postage pre-paid, and addressed as follows:

AUTHORITY

Brian Williams
Executive Director
Sacramento Transportation Authority
431 I Street, Suite 106
Sacramento, CA 95814

CONSULTANT

Peter Shellenberger
Managing Director
Public Financial Management, Inc.
50 California Street, Suite 2300
San Francisco, CA 94111

19. COMPONENT PARTS OF THE AGREEMENT

The Agreement entered into consists of the following contract documents, all of which are component parts of the contract and which are incorporated herein by reference:

- A. This Agreement.
- B. Scope of Services, attached hereto as Exhibit A
- C. Project Costs, attached hereto as Exhibit B.

20. NON-WAIVER OF BREACH

CONSULTANT agrees that any waiver of any breach or violation of any term or condition of this Agreement, or failure to enforce any term or condition of this Agreement, shall not be deemed to be a waiver of any other term or condition contained herein, or a waiver of any subsequent breach or violation of the same or any other term or condition. The acceptance by the AUTHORITY of the performance of any work or services by CONSULTANT shall not be deemed to be a waiver of any term or condition of this Agreement.

21. GOVERNING LAW

The validity of this Agreement and of any of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be governed by the laws of the State of California.

22. COUNTERPARTS TO AGREEMENT

This Agreement may be executed simultaneously or in any number of counterparts, each of which shall be deemed an original, equally admissible in evidence, but all of which together shall constitute one and the same Agreement, notwithstanding that the signatures of each party or their respective representatives do not appear on the same page of this agreement.

23. SEVERABILITY

If any provision or any part of any provision of this Agreement is, for any reason, held to be invalid, unenforceable, or contrary to any public policy, law, statute, regulation or ordinance, the remainder of this agreement shall not be affected thereby and shall remain valid and fully enforceable.

24. ENTIRE AGREEMENT

This Agreement, and any attachments or documents incorporated herein by inclusion or by reference, constitutes the complete and entire Agreement between the parties hereto, and there are no inducements, promises, terms, conditions, or obligations made or entered into by the AUTHORITY or CONSULTANT other than those contained herein. The foregoing provisions are understood and agreed to by CONSULTANT.

IN WITNESS WHEREOF, the parties hereto have executed this AGREEMENT the day and year first above written.

SACRAMENTO TRANSPORTATION
AUTHORITY

PUBLIC FINANCIAL
MANAGEMENT, INC

BY _____
Brian A. Williams,
Executive Director

BY _____
Peter Shellenberger,
Managing Director

APPROVED AS TO FORM:

AUTHORITY COUNSEL

SCOPE OF SERVICES

- 1. Refine Measure A Revenue Projections and Assumptions:** Consultant will develop a methodology for estimating Measure A sales tax and development fee revenues for each year of the sales tax term. It will be designed so that STA staff can update it as needed to reflect changing assumptions.
- 2. Update Project Scopes and Cost Estimates:** Consultant—in coordination with STA staff—will confer with transportation and/or finance staff from the sponsoring transportation entities as needed to update the scope, estimated cost, and delivery schedule of the projects set forth in the Measure A Capital Allocation Plan.
- 3. Determine Cash Flow Requirements:** Consultant will determine the amount of cash that must be available at specified intervals to maintain the project delivery schedules prepared per Task #2. The revenue forecasting tool developed per Task #1 will be used to re-evaluate cash flow requirements as revenue and other assumptions change over time. Consultant will perform a financial capacity analysis of the capital improvement categories set forth in the Expenditure Plan.
- 4. Identify Types and Scheduling of Financing Mechanisms:** Based on the cash flow requirements and on the revenue projections and assumptions developed per Tasks #1 and #2, Consultant will prepare a matrix of alternate financing mechanisms for accelerating Measure A and other revenues. The matrix will include the costs and benefits of each alternative approach. Consultant will prepare a financing strategy that sets forth the most appropriate financing mechanism(s) and schedules relative to the cash flow requirements and the STA’s financial outlook, credit quality, and other relevant circumstances. Consultant will also identify those projects that should be funded “pay-as-you-go.”
- 5. Prepare Draft Update of the Measure A Capital Allocation Plan:** Consultant will present updated policy recommendations and creative funding, financing, and cash flow strategies to facilitate effective and equitable delivery of the Measure A capital program. The product will be an updated Capital Allocation Plan that includes, but is not limited to, the following elements:
 - Executive Summary
 - Policies for Effective and Equitable Project Delivery
 - Proposed Schedule of Measure A Distributions for Each Capital Project during Each Year of the Program Term
 - Schedule and Recommended Type(s) of Financing Mechanism(s)
 - Other Funding Issues and Recommendations

Consultant will review the Draft Capital Allocation Plan with STA staff, the Measure A Independent Taxpayers Oversight Committee (ITOC), and STA Governing Board.

- 6. Prepare Final Measure A Capital Allocation Plan:** The Consultant will use technical and policy comments received on the draft (Task #5) to prepare a Final Measure A Capital Allocation Plan. The Plan will be presented to the STA Governing Board for adoption at a regular meeting thereof.
- 7. Provide On-Going Financial Advice:** Consultant will provide on-going financial advice to STA as requested by the Executive Director.
- 8. Implement Financing Strategy and Facilitate Financial Transactions:** Consultant will advise and assist Authority in implementing the preferred financing strategy(ies) identified in the updated Capital Allocation Plan and will facilitate specific financing transactions as approved by the Authority governing board.

Exhibit B

PROJECT COSTS

HOURLY RATE SCHEDULE	
Capital Allocation Plan & Financial Advisory Services	
<i>PFM, Inc.</i>	<i>Hourly Fee</i>
Managing Director or Engagement Manager	\$270
Senior Managing Consultant	\$225
Consultant	\$180
<i>The Pineapple Group</i>	<i>Hourly Fee</i>
Mark Harris	\$270
Maia Johnson	\$180

BOND TRANSACTIONS FEE SCHEDULE	
<i>Transaction Type</i>	<i>Fee</i>
Notes – subsequent series	\$67,500 (NTE)
Sales Tax Bond – subsequent transactions	\$90,000 (NTE)

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 7, 2011
Item # 10

Subject: Assessment of Measure A Program Performance During FY 2009-10 Relative to Adopted Performance Standards

Recommendation

Receive and file the attached report on the implementation of the Measure A program during FY 2009-10 relative to adopted program performance standards. Direct staff to ensure resolution of findings.

Background

The **New** Measure A Ordinance requires that the STA Board adopt and implement **performance** standards to guide the expenditure of transportation sales tax funds. Last year, the Board adopted a set of “baseline” performance standards. The baseline standards are organized into three themes: Maintenance of Effort; Planning and Programming; and Reporting. The **Maintenance of Effort** (MOE) standards address several provisions in the Measure A ordinance that require local jurisdictions to maintain their existing commitments of discretionary local transportation funds. The Ordinance prohibits recipient entities from using Measure A funds to displace other discretionary local transportation revenues. The MOE standards will ensure that Measure A funds are used solely for transportation projects and services that local jurisdictions could not otherwise provide if the transportation sales tax program were not in place. These standards only apply to discretionary local transportation revenues, because the cyclical nature of federal and state transportation subventions and local development impact fee collections is beyond the control of local policymakers.

The **Planning and Programming** standards ensure that Measure A funds are expended solely on eligible projects and services as set forth in the Measure A expenditure plan, as interpreted by the STA Board. These standards also facilitate an understanding by local transportation providers and the interested public as to when—and how much—Measure A funds are expected to be available for transportation services and specific capital improvements.

The **Reporting** standards ensure that the progress in delivering Measure A-funded transportation services and projects is clearly documented. This will allow policy makers and the general public to track the improvements promised in the Measure A Expenditure Plan, and, working with the local project sponsors, to adjust the delivery strategy in portions of the program where insufficient progress is being made.

Discussion

The Measure A ITOC is charged with conducting performance audits and reporting on progress in meeting the performance standards, as well as making recommendations for improving overall program performance. For your information, staff has compiled the attached report to assess the performance of the STA and the Measure A entities during FY 2009-10 relative to the baseline performance standards. All of the affected entities, except the City of Isleton, satisfied both the Planning & Programming and the Reporting standards. There is one

finding for the County of Sacramento and two findings for the City of Sacramento related to the Maintenance of Effort standard (page 1 of attachment).

Please note that *program* performance standards differ from *accounting and auditing* standards. Staff has already implemented accounting, auditing, and reporting processes to comply with generally accepted accounting practices (GAAP) and Government Accounting Standards Board (GASB) protocols. These accounting and auditing processes also satisfy new financial reporting requirements associated with the STA's 2009 bond issue. The practices of all Measure A entities except the City of Isleton currently conform to STA's accounting and auditing standards.

Attachment

Staff Contact: Brian Williams

I. MAINTENANCE OF EFFORT

A. Local Transportation Funding

Each year, the County and each City must commit discretionary **local** funds (excluding Measure A) for street/road maintenance and cumulatively for street/road maintenance, operations, and construction in amounts at least equal to the average annual amount that each respective jurisdiction committed to such purposes during the five years (2005-2009) immediately preceding the commencement of the New Measure A program. The following tables compare affected FY 2010 expenditures with the adopted standard for these performance criteria:

Street/Road Maintenance

	Adopted Standard	FY 2010 Expenditures
Citrus Heights	\$0	\$0
Elk Grove	\$4,060	\$65,865
Folsom	\$1,640,003	\$1,692,663
Galt	\$0	\$0
Isleton	<i>No data</i>	<i>No data</i>
Rancho Cordova	\$29,173	\$54,010
Sacramento	\$1,334,174	\$757,539
Unincorporated County	\$6,046,668	\$6,694,296

All but two of the jurisdictions met the threshold for local (non-Measure A) maintenance expenditures during FY 2010. The City of Sacramento spent considerably less than its adopted standard, and the City of Isleton did not respond to the request for data.

Street/Road Maintenance, Operations, & Construction

	Adopted Standard	FY 2010 Expenditures
Citrus Heights	\$0	\$0
Elk Grove	\$4,060	\$65,865
Folsom	\$1,640,003	\$1,692,663
Galt	\$0	\$0
Isleton	<i>No data</i>	<i>No data</i>
Rancho Cordova	\$157,265	\$161,308
Sacramento	\$1,602,867	\$951,982
Unincorporated County	\$10,225,152	\$6,910,122

Five jurisdictions achieved the performance threshold for cumulative local (non-Measure A) expenditures for maintenance, operations, and construction during FY 2010. Related expenditures in the City of Sacramento and the unincorporated County were less than the adopted standards. The City of Isleton did not respond to the request for data.

B. Local Transportation Impact Fee Rate Schedule

The County and each City is required to impose a **local** transportation impact fee program on new property development. The local fee program is separate and in addition to the Measure A Countywide impact fee program (Sacramento County Transportation Mitigation Fee Program). The local impact fee rates must remain at least equal to the impact fee rates imposed by each respective jurisdiction at the time the New Measure A program commenced on April 1, 2009. A jurisdiction can only reduce its local transportation impact fee rate schedule relative to the adopted standard if such a reduction is supported by an impact fee study approved by the affected policy board. The following tables compare FY 2010 transportation impact fee rates for each jurisdiction with the adopted standards for this performance criterion:

City of Citrus Heights Road & Transit Fee

Land Use	Adopted Standard		FY 2010 Rate Schedule	
	District 1 <i>W of I-80</i>	District 3 <i>E of I-80</i>	District 1 <i>W of I-80</i>	District 3 <i>E of I-80</i>
Single-family residential (unit)	\$790.50	\$1,434.12	\$790.50	\$1,434.12
Multi-family residential (unit)	715.02	1,312.74	715.02	1,312.74
Commercial (sq ft)	2.44	4.45	2.44	4.45
Office – bus/prof (sq ft)	2.00	3.64	2.00	3.64
Church (sq ft)	0.80	1.44	0.80	1.44
Private School (sq ft)	139.74	253.98	139.74	253.98
Gas Station (pump)	3,190.56	5,729.34	3,190.56	5,729.34
Child Care Center (sq ft)	0.40	0.72	0.40	0.72
Care Facility (room)	358.02	656.88	358.02	656.88
Utility Building (sq ft)	0.07	0.12	0.07	0.12

The Citrus Heights impact fee schedule is unchanged and is thus consistent with the adopted performance standard.

City of Folsom Road & Light Rail Transit Fee

Land Use	Adopted Standard		FY 2010 Rate Schedule	
	Road Fee	Light Rail Fee	Road Fee	Light Rail Fee
Single-family residential (unit)	\$7,153	\$634	\$7,153	\$634
Multi-family residential (unit)	5,007	436	5,007	436
Mobile Home (unit)	5,007	436	5,007	436
South Lexington Hills (unit)	6,336		6,336	
Office (sq ft)	4.67	0.084	4.67	0.084
Commercial / Retail (sq ft)	10.74	0.202	10.74	0.202
Hospital (sq ft)	10.74		10.74	
Hotel / Motel (sq ft)	10.74		10.74	
Industrial (sq ft)	4.67	0.084	4.67	0.084

The Folsom impact fee schedule is unchanged and is thus consistent with the adopted performance standard.

City of Elk Grove Roadway Impact Fee

Land Use	Adopted Standard				
	1-Elk Grove	2-Laguna	3-LagunaWest	4-Lakeside	5-Stonelake
Single-family residential (unit)	9,289	8,198	7,467	6,012	9,137
Multi-family residential (unit)	6,409	5,549	5,152	4,148	6,304
Age Restricted residential (unit)	2,787	2,412	2,240	1,804	2,741
Shopping Center / General Commercial (sq ft)	11.24	9.51	9.34	7.02	11.05
Restaurant w/o drive-thru (sq ft)	25.92	21.92	21.54	16.18	25.47
Restaurant w/ drive-thru (sq ft)	40.13	33.94	33.36	25.05	39.44
Car Sales (sq ft)	16.26	13.75	13.51	10.15	15.98
Gas Station (fueling position)	12,169	10,291	10,115	7,598	11,958
Office (sq ft)	9.85	8.20	8.59	6.15	9.68
Industrial (sq ft)	5.02	4.18	4.15	3.13	4.90
Hotel (room)	5,388	5,257	4,478	3,364	5,295

Land Use	FY 2010 Rate Schedule				
	1-Elk Grove	2-Laguna	3-LagunaWest	4-Lakeside	5-Stonelake
Single-family residential (unit)	7,551	6,346	5,539	3,932	7,382
Multi-family residential (unit)	5,247	4,296	3,859	2,750	5,130
Age Restricted residential (unit)	2,927	2,513	2,324	1,842	2,877
Shopping Center / General Commercial (sq ft)	6.10	4.20	4.01	1.45	5.90
Restaurant w/o drive-thru (sq ft)	20.97	16.55	16.14	10.21	20.48
Restaurant w/ drive-thru (sq ft)	33.28	26.44	25.81	16.63	33.28
Car Sales (sq ft)	9.47	7.42	7.24	4.50	9.25
Gas Station (fueling position)	10,109	8,036	7,841	5,061	9,876
Office (sq ft)	7.19	5.37	5.81	3.11	7.01
Industrial (sq ft)	5.16	4.23	4.20	3.07	5.04
Hotel (room)	3,659	3,514	2,653	1,424	3,556

Except for the “age-restricted residential” and the “industrial” land use categories, all of the Elk Grove impact fee rates are below the adopted standards. The City remains in compliance with the Measure A maintenance of effort performance standard, however, because the reduced rates are the product of a formal impact fee study performed by an experienced infrastructure financing consultant and adopted by the City Council (July 2009).

City of Galt Traffic Circulation Fee

Land Use	Adopted Standard		FY 2010 Rate Schedule	
	Citywide	NE Specific Plan	Citywide	NE Specific Plan
Single-family residential (unit)	\$13,984	\$7,703	\$11,743	\$10,405
Multi-family residential (unit)	9,688	5,753	8,136	7,517
Retail Store (sq ft)	18.36	7.11	15.42	14.48
Office (sq ft)	9.76	1.30	8.20	7.47
Industrial (sq ft)	4.43	2.89	3.73	3.00
Institutional (trip)	1,462	689	877	680

Galt's citywide impact fee rates are consistently lower than the adopted Measure A maintenance of effort performance standard, while the NE Specific Plan fees (except for "Industrial") are consistently higher. The City remains in compliance with the Measure A maintenance of effort performance standard, however, because the modified fee rate structure is the product of a formal impact fee study prepared by an experienced infrastructure finance consultant and adopted by the City Council (March 2010).

City of Rancho Cordova Transportation Impact Fee

Land Use	Adopted Standard		FY 2010 Rate Schedule	
	Area 1	Area 2	Area 1	Area 2
Detached Dwelling (unit)	8,899.52	18,915.31	8,899.52	18,915.31
Attached Dwelling (unit)	5,941.40	12,629.18	5,941.40	12,629.18
Mobile Home in park (unit)	4,655.50	9,895.41	4,655.50	9,895.41
Commercial Lodging (unit)	4,681.77	5,896.53	4,681.77	5,896.53
Commercial (sq ft)	8.36	14.04	8.36	14.04
Office (sq ft)	8.10	10.78	8.10	10.78
Industrial/Manufacturing (sq ft)	5.49	5.49	5.49	5.49

The Rancho Cordova transportation impact fee schedule is unchanged and is thus consistent with the adopted maintenance of effort performance standard.

City of Sacramento Transportation Fee Programs

North Natomas

Land Use	Adopted Standard			FY 2010 Fee Rate Schedule		
	Major Street Constr Tax (% of const value)	N. Natomas Public Financing Fee	N. Natomas Transit	Major Street Constr Tax (% of const value)	N. Natomas Public Financing Fee	N. Natomas Transit
Single Family res (unit)	0.8%	0	3,877	0.8%	0	3,877
Multi-family res (unit)	0.8%	0	2,736	0.8%	0	2,736
Retail (sq ft)	0.8%	11.03	1.36	0.8%	11.03	1.36
Office (sq ft)	0.8%	5.69	0.64	0.8%	5.69	0.64

Downtown

Land Use	Adopted Standard		FY 2010 Fee Rate Schedule	
	Major Street Constr Tax (% of const value)	Richards / Railyards/ Downtown	Major Street Constr Tax (% of const value)	Richards / Railyards/ Downtown
Single-family res (unit)	0.8%	810	0.8%	810
Multi-family res (unit)	0.8%	811	0.8%	811
Retail (sq ft)	0.8%	1.70	0.8%	1.70
Office (sq ft)	0.8%	1.54	0.8%	1.54

The Sacramento transportation impact fee schedule is unchanged and is thus consistent with the adopted maintenance of effort performance standard.

City of Isleton

The City of Isleton is in violation of the Measure A maintenance of effort standard, because it did not submit its FY 2009-10 impact fee rate schedule, nor has it submitted the data required to calculate a local impact fee performance standard. At this time, Isleton is ineligible to receive Measure A funds.

County of Sacramento Transportation Development Fee

The local transportation impact fee rate schedule for the unincorporated County area is shown on the following two pages. Table B-1 depicts the Measure A performance standard, which is the rate schedule that was in effect at the commencement of the New Measure A program on April 1, 2009. Table B-2 depicts the current impact fee rate schedule. For all land use categories in all of the County fee district areas, the current rates are below the adopted standard. The County remains in compliance with the Measure A maintenance of effort performance standard, however, because the modified fee rate structure is the product of an updated impact fee study adopted by the Board of Supervisors (March 2010). The updated fee study resulted in an *average* fee reduction of 5.3 percent across all land uses and fee districts. The County's fee program also provides for an automatic annual adjustment to the rate structure consistent with annual changes in the Caltrans highway construction cost index. That index declined 7.6 percent last year.

II. PLANNING & PROGRAMMING

Five-Year Programming

The Measure A planning and programming standard requires that affected local transportation agencies submit five-year programs of anticipated expenditures within the following Measure A program components:

- Transit Congestion Relief Program
- Local Arterial Program
- Traffic Control & Safety Program
- Safety, Streetscaping, Pedestrian & Bicycle Facilities Program
- Senior & Disabled Transportation Services Program
- Transportation-Related Air Quality Program

The stated level of expenditures during the programming period is based on STA revenue estimates for each Measure A program. During FY 2010, all of the affected local entities submitted their required 5-year programs, which were subsequently reviewed by the Measure A Independent Taxpayers Oversight Committee (ITOC) and approved by the STA Governing Board.

III. REPORTING

A. Quarterly Status Report – Capital Projects

Each recipient transportation agency is required to submit a quarterly status report of its progress delivering and constructing Measure A Capital projects. The reports are due to STA within 30 days after the end of each calendar quarter, and must include the following information:

- General description of project
- Total anticipated project cost and proportional contribution from Measure A
- Amount of Measure A funds expended during the reporting period and cumulatively to date
- Amount of Measure A funds earmarked for the project still unexpended
- Current project implementation phase
- Statement of how the project's design and construction will accommodate bicyclists and pedestrians

All of the entities receiving Measure A capital funds submitted the required quarterly status reports during FY 2010. The reports were subsequently reviewed by the ITOC and the STA Governing Board.

B. Quarterly Status Reports – On-going Operations & Maintenance Programs

Each recipient entity is required to submit a quarterly status report of its progress delivering the on-going annual (*non-capital*) Measure A programs. The reports are due within 30 days after the end of each calendar quarter, and must include the following information for each affected Measure A program during the reporting period:

- Amount of Measure A funds received
- Amount of interest earned
- Amount of Measure A funds expended
- Listing of specific expenditures (type of expenditure and location, if applicable)

All of the local entities receiving Measure A funding for on-going annual programs submitted the required quarterly status reports during FY 2010. The reports were subsequently reviewed by the ITOC and presented to the STA Governing Board. The City of Isleton did not receive Measure A distributions during FY 2010, and thus did not submit quarterly status reports. Isleton is currently ineligible to receive its Measure A funds, because it has not acknowledged or addressed the Measure A performance and accounting standards.

SACRAMENTO COUNTY TRANSPORTATION DEVELOPMENT FEES (33%)
02/17/2009

DISTRICT	Infrastructure Type	L A N D U S E T Y P E																			
		Single Family less than 1,200 sf (DU)	Single Family 1,200 to 2,499 sf (DU)	Single Family 2,500 sf or more (DU)	Multi-Family (DU)	Residential Accessory Unit (DU)	Residential Age-Restricted (DU)	General Commercial less than 175,000 sf (SF)	General Commercial 175,000 sf or more (SF)	Car Sales (SF)	Hotel/Motel (Room)	General Office (SF)	General Industrial (SF)	Warehousing (SF)	Church (SF)	Private School (Student)	Gas Station (Fueling Pos.)	Convalescent Hospital (SF)	Child Care Center (SF)	Congregate Care (DU)	Golf Course (Hole)
1	Transportation	\$2,560.46	\$2,909.61	\$3,404.24	\$1,774.86	\$872.88	\$756.50	\$3.26	\$4.74	\$2.76	\$1,542.09	\$3.35	\$2.65	\$1.28	\$1.34	\$349.15	\$3,025.99	\$0.49	\$4.57	\$203.67	\$10,096.35
	Adm.(2%)	\$51.21	\$58.19	\$68.08	\$35.50	\$17.46	\$15.13	\$0.07	\$0.09	\$0.06	\$30.84	\$0.07	\$0.05	\$0.03	\$0.03	\$6.98	\$60.52	\$0.01	\$0.09	\$4.07	\$201.93
	Total	\$2,611.67	\$2,967.80	\$3,472.33	\$1,810.36	\$890.34	\$771.63	\$3.32	\$4.84	\$2.82	\$1,572.94	\$3.41	\$2.70	\$1.31	\$1.37	\$356.14	\$3,086.51	\$0.50	\$4.66	\$207.75	\$10,298.27
2	Transportation	\$3,427.01	\$3,894.33	\$4,556.37	\$2,375.54	\$1,168.30	\$1,012.53	\$4.36	\$6.35	\$3.70	\$2,063.99	\$4.48	\$3.54	\$1.71	\$1.79	\$467.32	\$4,050.10	\$0.66	\$6.11	\$272.60	\$13,513.33
	Adm.(2%)	\$68.54	\$77.89	\$91.13	\$47.51	\$23.37	\$20.25	\$0.09	\$0.13	\$0.07	\$41.28	\$0.09	\$0.07	\$0.03	\$0.04	\$9.35	\$81.00	\$0.01	\$0.12	\$5.45	\$270.27
	Total	\$3,495.55	\$3,972.22	\$4,647.49	\$2,423.05	\$1,191.66	\$1,032.78	\$4.45	\$6.47	\$3.77	\$2,105.27	\$4.57	\$3.61	\$1.75	\$1.83	\$476.67	\$4,131.11	\$0.68	\$6.24	\$278.06	\$13,783.59
3	Transportation	\$3,652.07	\$4,150.08	\$4,855.59	\$2,531.55	\$1,245.02	\$1,079.02	\$4.65	\$6.76	\$3.94	\$2,199.54	\$4.77	\$3.78	\$1.83	\$1.91	\$498.01	\$4,316.08	\$0.71	\$6.52	\$290.51	\$14,400.78
	Adm.(2%)	\$73.04	\$83.00	\$97.11	\$50.63	\$24.90	\$21.58	\$0.09	\$0.14	\$0.08	\$43.99	\$0.10	\$0.08	\$0.04	\$0.04	\$9.96	\$86.32	\$0.01	\$0.13	\$5.81	\$288.02
	Total	\$3,725.11	\$4,233.08	\$4,952.71	\$2,582.18	\$1,269.92	\$1,100.60	\$4.74	\$6.90	\$4.02	\$2,243.53	\$4.87	\$3.85	\$1.86	\$1.95	\$507.97	\$4,402.40	\$0.72	\$6.65	\$296.32	\$14,688.79
4	Transportation	\$3,204.56	\$3,641.55	\$4,260.61	\$2,221.35	\$1,092.47	\$946.80	\$4.08	\$5.94	\$3.46	\$1,930.02	\$4.19	\$3.31	\$1.60	\$1.68	\$436.99	\$3,787.21	\$0.62	\$5.72	\$254.91	\$12,636.18
	Adm.(2%)	\$64.09	\$72.83	\$85.21	\$44.43	\$21.85	\$18.94	\$0.08	\$0.12	\$0.07	\$38.60	\$0.08	\$0.07	\$0.03	\$0.03	\$8.74	\$75.74	\$0.01	\$0.11	\$5.10	\$252.72
	Total	\$3,268.66	\$3,714.38	\$4,345.83	\$2,265.77	\$1,114.31	\$965.74	\$4.16	\$6.05	\$3.53	\$1,968.62	\$4.27	\$3.38	\$1.63	\$1.71	\$445.73	\$3,862.96	\$0.63	\$5.83	\$260.01	\$12,888.90
5	Transportation	\$1,722.07	\$1,956.90	\$2,289.57	\$1,193.71	\$587.07	\$508.79	\$2.19	\$3.19	\$1.86	\$1,037.16	\$2.25	\$1.78	\$0.86	\$0.90	\$234.83	\$2,035.18	\$0.33	\$3.07	\$136.98	\$6,790.44
	Adm.(2%)	\$34.44	\$39.14	\$45.79	\$23.87	\$11.74	\$10.18	\$0.04	\$0.06	\$0.04	\$20.74	\$0.05	\$0.04	\$0.02	\$0.02	\$4.70	\$40.70	\$0.01	\$0.06	\$2.74	\$135.81
	Total	\$1,756.51	\$1,996.04	\$2,335.36	\$1,217.58	\$598.81	\$518.97	\$2.24	\$3.25	\$1.90	\$1,057.90	\$2.30	\$1.82	\$0.88	\$0.92	\$239.52	\$2,075.88	\$0.34	\$3.13	\$139.72	\$6,926.25
6	Transportation	\$1,894.28	\$2,152.59	\$2,518.53	\$1,313.08	\$645.78	\$559.67	\$2.41	\$3.51	\$2.04	\$1,140.87	\$2.48	\$1.96	\$0.95	\$0.99	\$258.31	\$2,238.69	\$0.37	\$3.38	\$150.68	\$7,469.49
	Adm.(2%)	\$37.89	\$43.05	\$50.37	\$26.26	\$12.92	\$11.19	\$0.05	\$0.07	\$0.04	\$22.82	\$0.05	\$0.04	\$0.02	\$0.02	\$5.17	\$44.77	\$0.01	\$0.07	\$3.01	\$149.39
	Total	\$1,932.16	\$2,195.64	\$2,568.90	\$1,339.34	\$658.69	\$570.87	\$2.46	\$3.58	\$2.09	\$1,163.69	\$2.52	\$2.00	\$0.97	\$1.01	\$263.48	\$2,283.47	\$0.37	\$3.45	\$153.69	\$7,618.88
East Antelope	Transportation	\$1,313.48	\$1,492.59	\$1,746.33	\$910.48	\$447.78	\$388.07	\$1.67	\$2.43	\$1.42	\$791.07	\$1.72	\$1.36	\$0.66	\$0.69	\$179.11	\$1,552.29	\$0.25	\$2.34	\$104.48	\$5,179.29
	Adm.(2%)	\$26.27	\$29.85	\$34.93	\$18.21	\$8.96	\$7.76	\$0.03	\$0.05	\$0.03	\$15.82	\$0.03	\$0.03	\$0.01	\$0.01	\$3.58	\$31.05	\$0.01	\$0.05	\$2.09	\$103.59
	Total	\$1,339.75	\$1,522.44	\$1,781.26	\$928.69	\$456.73	\$395.83	\$1.71	\$2.48	\$1.45	\$806.89	\$1.75	\$1.39	\$0.67	\$0.70	\$182.69	\$1,583.34	\$0.26	\$2.39	\$106.57	\$5,282.87
Vineyard	Transportation	\$1,730.49	\$1,966.47	\$2,300.77	\$1,199.55	\$589.94	\$511.28	\$2.20	\$3.21	\$1.87	\$1,042.23	\$2.26	\$1.79	\$0.87	\$0.90	\$235.98	\$2,045.13	\$0.33	\$3.09	\$137.65	\$6,823.65
	Adm.(2%)	\$34.61	\$39.33	\$46.02	\$23.99	\$11.80	\$10.23	\$0.04	\$0.06	\$0.04	\$20.84	\$0.05	\$0.04	\$0.02	\$0.02	\$4.72	\$40.90	\$0.01	\$0.06	\$2.75	\$136.47
	Total	\$1,765.10	\$2,005.80	\$2,346.79	\$1,223.54	\$601.74	\$521.51	\$2.25	\$3.27	\$1.91	\$1,063.07	\$2.31	\$1.83	\$0.88	\$0.92	\$240.70	\$2,086.03	\$0.34	\$3.15	\$140.41	\$6,960.12
North Vineyard Station	Transportation	\$620.29	\$704.88	\$824.71	\$429.98	\$211.46	\$183.27	\$0.79	\$1.15	\$0.67	\$373.59	\$0.81	\$0.64	\$0.31	\$0.32	\$84.59	\$733.08	\$0.12	\$1.11	\$49.34	\$2,445.93
	Adm.(2%)	\$12.41	\$14.10	\$16.49	\$8.60	\$4.23	\$3.67	\$0.02	\$0.02	\$0.01	\$7.47	\$0.02	\$0.01	\$0.01	\$0.01	\$1.69	\$14.66	\$0.00	\$0.02	\$0.99	\$48.92
	Total	\$632.70	\$718.98	\$841.20	\$438.58	\$215.69	\$186.93	\$0.81	\$1.17	\$0.68	\$381.06	\$0.83	\$0.65	\$0.32	\$0.33	\$86.28	\$747.74	\$0.12	\$1.13	\$50.33	\$2,494.85
Mather	Transportation	\$30.78	\$34.98	\$40.93	\$21.34	\$10.49	\$9.09	\$0.04	\$0.06	\$0.03	\$18.54	\$0.04	\$0.03	\$0.02	\$0.02	\$4.20	\$36.38	\$0.01	\$0.05	\$2.45	\$121.38
	Adm.(2%)	\$0.62	\$0.70	\$0.82	\$0.43	\$0.21	\$0.18	\$0.00	\$0.00	\$0.00	\$0.37	\$0.00	\$0.00	\$0.00	\$0.00	\$0.08	\$0.73	\$0.00	\$0.00	\$0.05	\$2.43
	Total	\$31.40	\$35.68	\$41.75	\$21.76	\$10.70	\$9.28	\$0.04	\$0.06	\$0.03	\$18.91	\$0.04	\$0.03	\$0.02	\$0.02	\$4.28	\$37.11	\$0.01	\$0.06	\$2.50	\$123.81

SFR = AR-10 thru RD-7 and RM-2

MFR = RD-10 thru RD-40

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 7, 2011
Item # 11

Subject: Discussion on the Function & Objectives of the Independent Taxpayers Oversight Committee

Recommendation

Review the ITOC Functional Guidelines document, and discuss the Committee's overall purpose, objectives, and procedures.

Discussion

During its first several meetings, the ITOC spent considerable time reviewing and discussing matters that helped familiarize members with the STA and the Measure A transportation sales tax program. The Chair proposes that members now conduct an informal assessment of the ITOC's mission and purpose, and discuss the most appropriate roles and responsibilities of Committee members.

Attachment

Staff Contact: *Brian Williams*



Measure A INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE FUNCTIONAL GUIDELINES

INTRODUCTION

The **New** Measure A Ordinance and Expenditure Plan, approved by Sacramento County voters in November 2004, establishes an Independent Taxpayer Oversight Committee (ITOC). The ITOC provides taxpayers with an increased level of accountability for **New** Measure A expenditures, beyond the annual fiscal and compliance audits already performed for the existing Measure A program. The ITOC functions in an independent, open and transparent manner to ensure that voter mandates are implemented as required by the Ordinance and Expenditure Plan and to generate constructive recommendations to enhance the financial integrity and performance of the **New** Measure A program. The ITOC makes recommendations and reports to the STA Governing Board, which has ultimate responsibility for policies related to implementation of **New** Measure A.

ROLES AND RESPONSIBILITIES

The **New** Measure A Ordinance sets forth the general responsibility of the ITOC *“to supervise fiscal and performance audits regarding the use of all sales tax funds and provide for independent review to ensure that all Measure funds are spent in accordance with provisions of the Expenditure Plan and Ordinance as approved by the voters.”*

Specific ITOC responsibilities include:

- Conduct an annual fiscal and compliance audit of all **New** Measure A-funded activities using the services of an independent fiscal auditing firm to assure compliance with the Ordinance and Expenditure Plan.
- Prepare and present an annual report to the Governing Board on the results of the annual audit process.
- Develop program performance standards related to project delivery, cost control, schedule adherence, and other applicable activities for consideration by the Governing Board.
- Conduct periodic (e.g. triennial) performance audits of STA and recipient Measure A entities relative to adopted performance standards.
- Review and report on the delivery status of **New** Measure A capital projects and on-going programs on a quarterly basis.
- Provide recommendations as part of the required 10-year Expenditure Plan review process. This process affords the STA an opportunity to undertake a comprehensive review of the **New** Measure A program after ten years to make recommendations for improving the program during the subsequent ten years.
- Review proposed debt financings to ensure that the benefits of accelerated project delivery exceed the cost of debt issuance.

The Committee is a functional partner to the STA Governing Board in the ongoing implementation of the **New** Measure A program. The ITOC will conduct sufficient analyses to prepare objective recommendations and to provide the Governing Board and public with pertinent information about the implementation of the **New** Measure A program. ITOC members and their designated auditors shall have complete and timely access to all public documents, records, and data associated with **New** Measure A revenues and expenditures. The ITOC will conduct its affairs in a manner that does not cause unnecessary delays in project and program delivery.

The following narrative provides general guidance for how the ITOC and Governing Board should interact as the ITOC performs its duties:

Advisory Resource – It is intended that the ITOC will function as an independent resource to assist STA in implementing **New** Measure A projects and programs. The Committee’s membership is designed to provide to STA a group of professionals who can collectively offer STA the experience and expertise to advance the timely and efficient implementation of the affected projects and programs. All deliberations will be conducted in an open manner, and the ITOC will provide regular reports to the public and to the Governing Board regarding project delivery and overall program performance.

Productivity & Cost Savings – It is intended that the ITOC will rely upon data and processes available at STA and the recipient Measure A entities, analyses and studies initiated by the ITOC, and other relevant information generated by reliable sources. The STA will continuously strive to improve the reliability and usefulness of its analytical processes. The ITOC will be kept abreast of such efforts, and will be invited to contribute to their development and assessment. It is intended that the ITOC not result in increased costs to deliver the **New** Measure A program. Rather, through a cooperative and complementary working relationship between the ITOC and Governing Board, it is anticipated that a savings in delivery costs will ultimately be realized.

Flexibility – It is intended that the ITOC will assist the STA in monitoring changing situations and technologies, and will make recommendations, as appropriate, for improving the financial integrity and performance of the **New** Measure A program.

IMPLEMENTATION PROCEDURES

Implementation procedures for each of the basic ITOC responsibilities set forth above will be developed by the ITOC and updated from time to time, as necessary. The implementation procedures will provide some detail on how the ITOC will approach each area of responsibility, along with a schedule or general timing for when each activity should be performed and reported. Implementation procedures may not contradict the Ordinance language.

MEMBERSHIP

There shall be three voting members of the ITOC with the characteristics described below. The criteria established for voting ITOC members are intended to provide the breadth of skills and experience needed for the ITOC to perform its duties and to function as a constructive partner in the on-going implementation of the **New** Measure A program. For each of the areas of expertise, an individual representing one of the colleges or universities in the County with a comparable level of academic experience shall be eligible for consideration. Interested persons will be requested to submit applications as part of an open, publicly-noticed solicitation process.

The three voting members are:

- A professional—active or retired—in the field of municipal audit, finance and/or budgeting with a minimum of 5 years in a relevant and senior decision-making position in the public or private sector.
- A licensed civil engineer or trained transportation planner—active or retired—with at least five years of demonstrated experience in the field of transportation in government and/or the private sector.
- A current or retired manager of major public and/or privately financed development or construction projects, who by training and experience would understand the complexity, costs and implementation issues involved in building large-scale infrastructure improvements.

The ITOC also includes three non-voting, ex officio members:

- The current Chair of the STA Governing Board
- The Executive Director of the STA
- The County of Sacramento Auditor-Controller, or his/her designee

SELECTION OF MEMBERS

Technical Screening Committee

A technical screening committee shall be established to review applications received from interested persons. The screening committee will consist of four high-level professional staff persons recruited by the Executive Director from local, regional, or state transportation or finance agencies that do not receive Measure A funds and/or from the region's colleges or universities. The committee will generate a list of candidates qualified to serve on the ITOC according to the membership eligibility criteria. It will forward up to 3 candidates for each open position for consideration by the ITOC selection committee. The technical screening committee will endeavor to submit its recommendations within 45 days of the noticed closing date for submittal of applications.

Selection Committee

A selection committee shall be established to select recommended ITOC members from the lists of qualified candidates forwarded by the technical screening committee. The selection committee shall consist of the following members of the STA Governing Board:

- 1 representative of the County Board of Supervisors
- 1 representative of the Sacramento City Council who sits concurrently on the governing board of the Sacramento Regional Transit District
- the representative of the Citrus Heights City Council
- 1 representative of the Elk Grove City Council
- the representative of the Folsom City Council

- the concurrent representative of the city councils of Galt and Isleton
- the representative of the Rancho Cordova City Council

The selection committee will endeavor to select its three preferred candidates within 45 days of receiving the technical committee's candidate lists. Should the selection committee be unable to agree on a preferred candidate(s), it will direct the technical screening committee to submit up to two additional candidates for each applicable position(s). The selection committee's recommendation will be presented to the governing board for confirmation at the next scheduled board meeting.

TERMS AND CONDITIONS FOR ITOC MEMBERSHIP

Term

Voting members of the ITOC shall serve terms of 4 years. The Governing Board may stagger initial appointments with terms of 2 or 4 years to preclude complete turnover at any one time. A voting member who desires to serve a second 4-year term must submit an application for re-appointment during the open application period for that position, which will begin 90 days prior to the end of the term. No voting member may serve more than two consecutive terms (8 years) on the ITOC. A committee member who has served two terms may re-apply for membership after a 2-year hiatus. The Governing Board may waive this 2-year requirement to fill an unexpected vacancy.

Removal from Membership / Vacancies

The Governing Board may remove a member for cause including, but not limited to, failure to attend at least 50% of regular ITOC meetings during a 2-year period or failure to comply with conflict of interest provisions. The Executive Director will notify the Governing Board when an ITOC member has failed to satisfy the attendance standard. The Governing Board will consider any appeal or review of extenuating circumstances prior to removing the member.

If a mid-term vacancy occurs, the process for replacement will be that set forth above for selection of members. The selection committee may modify the process to accommodate particular circumstances. The Governing Board will endeavor to fill an ITOC vacancy within 90 days.

Chair and Vice-Chair

The ITOC will select a Chair and Vice-Chair, both of whom must be voting members. Selection will occur at the first regular ITOC meeting following the beginning of STA's fiscal year. The Chair and Vice Chair will serve 2-year terms.

The Chair will run the ITOC meetings, coordinate with staff on meeting agendas, and serve as the primary ITOC spokesperson before the Governing Board and public. The Vice-Chair assumes the Chair's functions when the Chair is unavailable.

Conflict of Interest

The three voting ITOC members shall be subject to the STA's conflict of interest policy. Members are prohibited from participating in any commercial activity directly or indirectly involving the STA during their tenure. ITOC members shall have no direct commercial interest or employment with any public or private entity that receives **New Measure A** funds,

and shall not serve in elective office within Sacramento County. Each voting ITOC member will receive AB 1234 ethics training, and will be required to submit an initial and annual statement of economic interests (FPPC Form 700).

Compensation

ITOC members shall serve without compensation except for direct expenses incurred in related ITOC activities.

ITOC FUNDING AND ADMINISTRATION

Annual Funding

Beginning with the effective date of the **New** Measure A sales tax program on April 1, 2009, costs incurred in administering the ITOC, including related fiscal and performance audit costs, shall be derived annually from the 0.75% of **New** Measure A proceeds set aside for STA administration. Funds earmarked specifically for the ITOC shall not exceed \$150,000 per year, adjusted annually for inflation during the 30-year term. Any earmarked ITOC funds not expended for this purpose during a fiscal year will be distributed in a supplemental allocation to the Measure A entities for expenditure on eligible on-going programs.

ITOC expenditures incurred prior to the formal commencement of **New** Measure A will be accommodated within the 1% administrative cap of the current (*old*) Measure A program. Staff will coordinate with the ITOC on key activities that will become ITOC responsibilities after April 1, 2009, and will consult with the ITOC as appropriate during the transition period.

Budgets / Audits

An annual ITOC operating budget shall be prepared and submitted to the Governing Board as part of the cumulative STA administrative budget. ITOC expenditures shall be audited annually as part of the same fiscal audit process required of all other **New** Measure A expenditures.

Meetings

The ITOC will meet quarterly during the fiscal year. The Chair may schedule additional meetings or may cancel meetings as needed. The ITOC shall conduct its meetings according to generally accepted parliamentary procedures based on the principles set forth in *Roberts Rules of Order*. A quorum of the ITOC shall consist of two voting members. Actions and recommendations of the ITOC must be approved by at least two voting members.

All ITOC meetings shall be publicly noticed, and conducted in full compliance with the Brown Act open meeting requirements. STA will assist the ITOC in complying with public meeting laws, including posting meeting notices and agendas and recording ITOC actions. The STA will maintain a list of interested persons to whom ITOC meeting agendas and associated materials will be distributed. An Internet webpage containing ITOC agenda materials, reports, and related information will be developed and maintained as part of the STA website. Staff will strive to distribute agendas and related materials one week prior to scheduled ITOC meetings.

Consultants

Consultants recommended by the ITOC shall be selected based on an open and competitive solicitation of proposals from the widest possible number of qualified firms. The scope of work for all consultant activities shall be developed by the ITOC prior to any such solicitation. All consultant contracts valued at \$10,000 or more must be approved by the Governing Board.

ITOC STAFFING AND SUPPORT

General Support

STA shall provide reasonable staff support and technical assistance, and shall arrange adequate, accessible space for regularly scheduled meetings. STA will provide supplies and incidental materials needed for the ITOC to conduct its affairs.

The costs associated with such staffing and administrative support will be charged against the \$150,000 cap on annual funding set aside for ITOC administration. Under no circumstances will ITOC activities result in the hiring of additional administrative staff.

Independence

The Governing Board and staff will fully cooperate and provide necessary support to the ITOC. STA will limit its direct involvement to the provision of information and assistance requested by the ITOC in order to promote the ITOC's independence as it conducts its fiscal and performance assessments of the **New** Measure A program and develops recommendations for improved implementation.

EFFECTIVE DATES AND AMENDMENTS

These Functional Guidelines will become effective upon adoption by the Governing Board. As it conducts its affairs, the ITOC may recommend amendments for subsequent consideration by the Governing Board.