

## **Support Material Agenda Item No. 6**

### **Mountain/Desert Policy Committee**

**February 19, 2021**

**9:30 AM**

**MEETING ASSESSIBLE VIA ZOOM AT: <https://gosbcta.zoom.us/j/91262422168>**

#### **Teleconference**

Dial: 1-669-900-6833

Meeting ID: 912 6242 2168

### **DISCUSSION ITEMS**

#### **Discussion - Transportation Programming and Fund Administration**

##### **6. Revisions to Measure I Strategic Plan Policies - Local Street Program**

That the Mountain/Desert Policy Committee recommend the Board, acting as the San Bernardino County Transportation Authority:

- A. Approve revision to Measure I 2010-2040 Strategic Plan Policy 40012 – Victor Valley Local Street Program.
- B. Approve revision to Measure I 2010-2040 Strategic Plan Policy 40016 – Rural Mountain/Desert Local Street Program.

***Measure I 2010-2040 Strategic Plan Policies 40012 – Victor Valley Local Street Program and 40016 – Rural Mountain/Desert Local Street Program are attached.***

San Bernardino County Transportation Authority	<b>Policy</b>	<b>40012</b>
Adopted by the Board of Directors April 1, 2009	Revised	
<b>Victor Valley Local Street (VVLS) Program Measure I 2010-2040 Strategic Plan</b>	Revision No.	6

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## I. PURPOSE

The purpose of this policy is to establish requirements for the Victor Valley Local Street Program, including project eligibility, adoption of Five Year Plans by local jurisdictions, accounting requirements, and development mitigation requirements.

## II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.

SBCTA Congestion Management Program

## III. DEFINITIONS

**Local Street Program:** Measure I program in all subareas that provides funds through a pass-through mechanism directly to local jurisdictions for expenditure on street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Program funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including Local Street, major highways, state highway improvements, freeway interchanges, transit, and other improvements/programs to maximize use of transportation facilities.

**Allocation:** An action by the SBCTA Board of Directors to assign a specific amount of Measure I funds from a Measure I program to a project. Allocations of Local Street Program funds occur monthly as a direct pass-through to local jurisdictions.

**Five-Year Plan:** A plan of projected local jurisdiction expenditures for the next five years on local projects eligible for Local Street Program funds, updated annually and submitted to SBCTA by local jurisdictions.

**Independent Taxpayer Oversight Committee:** A “Mandated Taxpayer Safeguard” established by Ordinance 04-01 for Measure I 2010-2040 to provide citizen review and to ensure that all Measure I funds are spent in accordance with provisions of the Measure I Expenditure Plan and Ordinance.

**Maintenance of Effort:** The requirement that Measure I funding will supplement and not replace the existing local discretionary funding being used for street and highway purposes.

**Maintenance of Effort Base Year Level:** The amount of General Fund used for street and highway purposes in Fiscal Year 2008/2009, prior to Measure I 2010-2040 as adopted by the SBCTA Board of Directors.

## IV. POLICIES FOR THE VICTOR VALLEY LOCAL STREET PROGRAM

### A. Local Street Allocation

Policy VVLS-1 70% of revenue collected in the Victor Valley subarea shall be apportioned for Local Street Projects. After reservation of 2% collected in the subarea for Project Development and Traffic Management Systems, each jurisdiction shall receive an allocation from 68% of the Measure I revenue. The allocation methodology is determined based on:

- 50% population. The population estimate for making the per capita calculation shall be determined by SBCTA each year based on the State Department of Finance population estimate. Annual adjustments to the population estimates are made mid-year, based on availability of DOF estimates. Following approval of the population estimates by the Board, adjustments will be made to the local pass-through fund allocations retroactive to January 1 of the year.
- 50% return to source. The sales tax estimates provided by the State Board of Equalization, updated quarterly based on the prior quarter's financial data, shall be used as the basis for making the return to source calculations.

Policy VVLS-2: Local jurisdictions shall not receive their Local Street allocation until they have submitted their annual adopted update of their Five-Year Plan. The due date to submit the Five-Year Plan to SBCTA is September 1 of each year. If the Five-Year Plan has not been received by the due date, the pass-through payments will be withheld. All withheld pass-through payments will be released upon receipt of the local jurisdiction governing body's adopted Five-Year Plan.

Policy VVLS-3: The Local Street allocation shall be remitted to local jurisdictions monthly.

Policy VVLS-4: Local Street Allocations remitted from January 1 until such time as the State Department of Finance has issued their population figures and SBCTA has made the per capita calculation, shall be based on the prior year's calculation. Once the per capita calculation has been made, the calculation will be applied retroactively to January 1 and amounts received by local jurisdictions will be adjusted to account for the difference in the amount remitted during the retroactive period and the amount that should have been remitted adjusted for the new per capita calculation.

Policy VVLS-5: Local Street Allocations sales tax generation portion will be based on the prior quarter's data. Because of the lag in receiving sales tax data from the Board of Equalization, the Sales Tax Generation calculations for that portion of the Local Street Allocation will be calculated using the data from the prior quarter. (Example: During the months of January, February and March SBCTA will use the local sales tax generation figure derived from the fourth quarter of the previous calendar year.)

Policy VVLS-6: SBCTA will make the monthly allocations using the following procedure:

- Determine total amount of Measure I Sales Tax generated in the subarea from information submitted by the State Board of Equalization.
- Multiply the total Measure I Sales Tax received for the month by 0.68 to arrive at the total amount of Local Street Program funds available for distribution to local jurisdictions.
- Divide the Local Street Program fund into two 50% pools of funding: Allocate the two pools of funding based on:
  - 1) a jurisdiction's population share of the entire subarea population.
  - 2) jurisdiction's share of sales tax generation within the total subarea.
- Add the population based component and the sales tax based component of each jurisdiction's allocation to arrive at the total Local Street Allocation for each jurisdiction.
- Remit payment of Local Street Program fund to local jurisdiction.

Policy VVLS-7: The Local Street program allocation will be decreased by 0.5% beginning in 2015 with additional decreases of 0.5% every five years thereafter to a maximum of 2.5% to be allocated to the Senior and Disabled Transit Service Program. This change in allocation will occur automatically unless each jurisdiction in the subarea makes a finding that such increase in Senior and Disabled Transit Service Program is not needed to address unmet transit needs of senior and disabled transit users.

## **B. Development Fair Share Contribution**

Policy VVLS-8: A development mitigation fair share contribution is required by Measure I 2010-2040 for all capacity improvement projects on the Nexus Study Network contained in the most recent Board-adopted version of the Nexus Study approved for jurisdictions in the urbanized Victor Valley and funded all or in part with Local Street Program allocations. The urbanized Victor Valley is defined as the cities of Adelanto, Hesperia, Victorville, Town of Apple Valley and their spheres of influence.

Policy VVLS-9: A development mitigation fair share contribution is required by Measure I 2010-2040 for all capacity improvement projects funded all or in part with Local Street Program allocations as identified by Traffic Impact Analysis (TIA) reports as required by the Congestion Management Program in the non-urban areas. The amount of the Development Fair Share Contribution for each project is defined by the traffic mitigation measures identified in the related TIA reports.

Policy VVLS-10: Annually as part of its audit of each jurisdictions' use of Measure I funds, SBCTA will specifically review development mitigation contribution records for capacity improvements to Nexus Study Network facilities that were funded all or in part by Local Street Program allocations. If a material finding is made in the audit showing that the development fair share contribution was not made, SBCTA may, as the agency responsible for the Congestion Management Program, withhold Section 2105 Gas Tax funds or Measure I Local Street allocations until the jurisdiction shows that they are in compliance with the Congestion Management Program.

Policy VVLS-11: Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the required development fair share. Jurisdictions will maintain a record of borrowing between internal accounts. The internal accounts shall be reimbursed by development mitigation as development occurs.

### C. Five-Year Plan

Policy VVLS-12: Each local jurisdiction is required to annually adopt a Five-Year Capital Improvement Plan which details the specific projects to be funded using Measure I Local Pass-Through Funds. Expenditures of Measure I Local Pass-Through Funds must be detailed in the Five-Year Capital Improvement Plan and adopted by resolution of the governing body. Expenditures can only be made on projects listed in the current Five Year Capital Improvement Plan.

Policy VVLS-13: Five-Year Capital Improvement Plans shall:

- a. Specifically identify "Named Projects" ~~by~~ by street name, boundaries, and project type, subject to eligibility requirements listed in Section D below.
- b. Specifically identify "Categorical Projects" which are defined as a program of work without any identified streets, such as a pavement management program, transportation system improvements, routine roadway maintenance or other miscellaneous transportation-related expenditures as identified in Policy VVLS-16.

A Categorical Project may be listed as a Named Project only if a list of potential streets is provided as an attachment to the approved Plan and the actual streets are named in the approved and modified Plan due by the end of the fiscal year, with instructions for preparation identified in Policy VVLS-15.

- c. Constrain the total amount of planned expenditures to 150% of SBCTA's forecasted revenue for Measure I Local Pass-Through Funds, revenue resulting from bonds secured by Measure I revenue, and remaining balances from previous year allocations.
- d. Include no more than 50% of estimated annual new revenue for Categorical Projects. Any carryover fund balance shall not be included in the 50% limit.
- e. For capacity enhancement projects listed in the Nexus Study, limit the use of Measure I local funds to the Measure I public share of the project cost and identify the required development contribution. However, maintenance projects or projects that do not enhance the capacity of a Nexus Study Network roadway do not require a development contribution.
- f. Use the SBCTA-approved forms and/or online database. Instructions will be issued to the City Manager annually prior to the deadline.

Policy VVLS-14: Any single project expenditure in excess of \$100,000 must be listed as a Named Project and not included in a Categorical Projects category. A project is defined as a specific road improvement that is eligible to receive Measure I funding.

Policy VVLS-15: The Five-Year Capital Improvement Plan shall be the basis for the annual audit. Jurisdictions will have flexibility in adding or deleting projects or moving funding between projects in their current Five-Year Capital Improvement Plan based on the necessities of the jurisdiction.

However, in order for a project to be eligible for expenditure of Local Street Program funds, a revised Capital Improvement Plan, adopted by resolution of the governing body, is required and must be provided to SBCTA by August 15th of each fiscal year. The revised Capital Improvement Plan must show any changes to the projects listed or if the amount expended on a project has been increased. If the Capital Improvement Plan is not modified to reflect the changes, an audit finding will result. If the audit finding is not corrected, the project will not be eligible for expenditures of Local Street Program funds.

#### D. Eligible Expenditures

Policy VVLS-16: Eligible expenditures include construction, maintenance, and overhead for transportation related purposes only. Included below are definitions and types of eligible expenditures by category.

##### a. Construction

Construction shall be defined as the building or rebuilding of streets, roads, bridges, and acquisition of rights-of-way or their component parts to a degree that improved traffic service is provided and geometric or structural improvements are effected including allocated administration and engineering necessarily incurred and directly related to the above.

*Construction work* can be separated into four categories:

- 1) **New Construction** – A construction that substantially deviates from the existing alignment and provides for an entirely new street or roadbed for the greater parts of its length.
- 2) **Reconstruction** – A construction involving realignment or the use of standards well above those of the existing element, whereby the type or the geometric and structural features are significantly changed.
- 3) **Preventative Maintenance** – Includes, but is not limited to, roadway activities such as joint and shoulder rehabilitation, heater re-mix, seal coats, corrective grinding of PCC1 pavement, and restoration of drainage systems.
- 4) **3R Work** – All other work that does not fall into the above-defined categories for new construction, reconstruction, or preventative maintenance and typically involves the improvement of highway pavement surfaces through resurfacing, restoration, or rehabilitation. 3R Work is generally regarded as heavy, non-routine maintenance designed to achieve a ten-year service life. Specifically, 3R Work is defined as the following:
  - *Resurfacing* generally consists of placing additional asphalt concrete over a structurally sound highway, street, or bridge that needs treatment to extend its useful service life.
  - *Restoration* means returning a road, street, structure, or collateral facility to the condition existing after original construction.
  - *Rehabilitation* implies providing some betterments, such as upgrading guardrail or widening shoulders.

The following examples of construction expenditures are grouped by types of work:

<i>Expenditures</i>	<i>Types of Work</i>	
Additions	1.	The addition of a frontage street or road
	2.	Addition of auxiliary lanes such as speed change, storage, or climbing lanes
Barriers	3.	Earthwork protective structures within or adjacent to the right-of-way area
	4.	Extensions and new installation of walls
	5.	Replacement of retaining walls to a higher standard
	6.	Extension of new installation of guardrails, fence lines, raised medians, or barriers for traffic safety



Bikeways	7.	Construction of bikeways where they are an integral part of the streets and highway system
	8.	Construction of bicycle or pedestrian underpasses or overhead crossings for the general public use
Bridges	9.	Reconstruction of an existing bridge or installation of a new bridge
	10.	Widening of a bridge
	11.	Replacement of bridge rails and floors to a higher standard
Curbs, etc.	12.	Installation or extension of curbs, gutters, sidewalks, or underdrain (including improvements to handicap ramps to make them ADA compliant).
Drainage	13.	A complete reconstruction or an addition to a culvert including cross culverts regardless of angle of crossing; storm drains, culverts, or drainage channels which are required to be constructed or reconstructed by improvement of the roadway; longitudinal storm drains or other longitudinal culverts, including manholes; cross longitudinal gutters at intersections; and catch basins and related pipes. The term "catch basin" shall include outlet structures or curb openings. An eligible "catch basin" must be located within the road or street system rights-of-way, or as close to the curb return joining the road or street system as practicable, considering the location of obstructions and/or hydraulic considerations.
	14.	Extending old culverts and drains and replacing headwalls
Interagency Projects	15.	Road improvements within an adjoining jurisdiction as long as the improvements are made within the County of San Bernardino
	16.	Road improvements and maintenance on a state highway as long as the appropriate agreement with Caltrans is in place
	17.	Maintenance or construction on alleys that have been formally accepted into the city or county street system
	18.	Development of facilities associated with Metrolink commuter rail operations that are determined to be a local responsibility
Landscaping	19.	Installation or addition to landscape treatment such as sod, shrubs, trees, irrigation, etc. along the street or road right-of-way
	20.	Purchase of land for "greenbelt" if needed to mitigate the environmental impact of a street or road construction project
Layout	21.	Change of alignment, profile, and cross-section
	22.	Reconstruction of an intersection and its approximate approaches to a substantially higher type involving a change in its character and layout including changes from a plain intersection to a major channelized intersection or to a grade separation and ramps
Lighting	23.	Installation, replacement, or expansion of street or road lighting system
Associated Planning and Design	24.	Project development, planning studies, and design for eligible transportation projects
	25.	Expenses incurred in attending or participating in transportation and traffic engineering sponsored programs or training conducted for street or road purposes
	26.	Engineering review of plans for construction of Valley Measure I Major Streets projects
Relocation	27.	The removal of old street and roadbeds and structures, and detour costs when connected with a construction project
	28.	Replacement in kind, when legally required, of structures that are required to be relocated for street and road purposes
Signs and Signals	29.	Installation of original traffic signs and markers on routes
	30.	Replacement of all major signs or traffic control devices on a street or road

	31.	The installation of a new sign or the replacement of an old sign with one of superior design such as increased size, illumination, or overhead installation
	32.	Installation or improvements of traffic signal controls at intersections and protective devices at railroad grade crossings
	33.	Purchase and installation of traffic signal control equipment including traffic actuated equipment, radio or other remote control devices and related computers, software, and that portion of preemption equipment not mounted on motor vehicles
Striping	34.	Painting or rearrangement of pavement striping and markings, or repainting to a higher standard
Surface Work	35.	Original surfacing of shoulders
	36.	Improvement of a surface to a higher type of material
	37.	Placing sufficient new material on soil surface or gravel street or road to substantially improve the quality or the original surface
	38.	Bituminous material of 1" or more placed on bituminous or concrete material - a lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic
	39.	Remix existing bituminous surfacing with added materials to provide a total thickness of one inch or more – a lesser thickness may be considered construction provided the engineer certifies that the resulting pavement is structurally adequate to serve anticipated traffic
	40.	Stabilization of street or road base by additive, such as cement, lime, or asphaltic material
Transit	41.	Public transit systems, including rail, and related purposes
Widening	4241.	Widening of existing street or roadbed or pavement, with or without resurfacing
	4342.	Resurfacing, stabilizing, or widening of shoulders including necessary connections to side streets or road approaches
Other eligible expenditures	4443.	Matching funds to federal or state contributions to a roadway project
	4544.	Park and ride facilities
	4645.	Undergrounding utilities or utility relocation only if part of a new roadway construction or documented as a legal road or street obligation
	4746.	Rubberized railroad grade crossing material or repair of grade crossings
	4847.	Preliminary and construction engineering may be claimed on the percentage basis approved in previous years by Caltrans for contract work
	4948.	Relocation expenses necessitated by right-of-way acquisitions in accordance with the applicable government codes on relocation assistance

b. Maintenance

Maintenance shall be defined as the preservation and upkeep of a street or road to its constructed condition and the operation of a street or road facility and its integral services to provide safe, convenient, and economical highway transportation.

*Physical Maintenance* is preservation and upkeep of a highway, including all of its elements, in as nearly as practicable its original condition or its subsequently improved condition.

*Traffic Services* include the operation of a highway facility, and services incidental thereto, to provide safe, convenient, and economic travel.

The following are examples of maintenance expenditures:

1.	Scarifying, reshaping, and restoring material losses
2.	Applying dust palliatives
3.	Patching, repairing, surface treating, and joint filling on bituminous or concrete surfaces
4.	Jacking concrete pavements
5.	Repairing traveled way and shoulders
6.	Adding bituminous material of less than 1" to bituminous material including seal coats
7.	Remixing existing bituminous surfacing with added materials to provide a total thickness of less than 1" (see exception under Construction, example 39)
8.	Patching operations including base restoration
9.	Resealing street or road shoulders and side street and road approaches
10.	Reseeding and resodding shoulders and approaches
11.	Reshaping drainage channels and side slopes
12.	Restoring erosion controls
13.	Cleaning culverts and drains
14.	Removing slides and restoring facilities damaged by slides (additional new facilities shall be considered construction)
15.	Mowing, tree trimming, and watering within the street right-of-way
16.	Replacing topsoil, sod, shrubs, trees, irrigation facilities, etc., on streets and roadsides
17.	Repairing curb, gutter, rip-rap, underdrain, culverts, and drains
18.	Cleaning, painting, and repairing bridges and structures
19.	Performing all snow control operations such as erection of snow fences and the actual removal of snow and ice from the traveled way
20.	Repainting pavements, striping, and markings
21.	Repainting and repairing signs, guard rails, traffic signals, lighting standards, etc.
22.	Adding small numbers of conventional traffic control devices including signs
23.	Servicing street or road lighting and traffic control devices
24.	Furnishing power for street or road lighting and traffic control devices including payment for the cost of power
25.	Developing and maintaining programs that enhance management of transportation facilities such as travel demand models and pavement management programs
26.	Purchase of street-related equipment used exclusively for road maintenance
27.	Purchase of rubberized railroad grade crossing material for repair of grade crossings

c. Administrative Costs

1) Direct Costs



Direct costs are expenditures incurred solely and specifically for eligible street or road purposes or projects. Direct costs include contract payments, right-of-way acquisition, direct material and forced labor costs, and the salaries, wages, fringe benefits and related costs of employees directly participating on street and road purpose projects. Typical direct costs include:

- Compensation of employees for the time devoted and identified specifically to the performance of the eligible street or road project(s). Direct cost typically includes first level of supervision dedicated to the project. Supervisory activities above the first level of supervision may be recoverable as indirect costs.
- Costs of materials consumed or expended specifically for the purpose in which they were authorized.
- Equipment and other approved capital expenditures.
- Expense items or services contracted, or furnished specifically for the project to carry out the purpose in which they were authorized.

## 2) Indirect Costs (Overhead)

Indirect costs shall be defined as those elements of costs that are incurred for eligible street or road purposes that cannot be readily identified to a particular project. Cities and counties are allowed to use Measure I local funds to reimburse for indirect costs provided that there is documentation that amounts reimbursed were fairly and equitable allocated.

Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distribution of overhead among all departments.

Indirect costs typically include:

- Cost of overall supervision of field operations including payroll, facilities, advertising, general government, department or general accounting/finance, procurement, top management, data processing, legal costs and bids
- Cost of shop supplies such as expendable small tools and non-permanent barricades, warning signs, and other devices

## E. Ineligible Expenditures

Policy VVLS-17: Although many types of work may be referred to as "construction", this does not make these costs automatically eligible for expenditures of Measure I funds. To be eligible, the work must be for street or road purposes.

Following is a list of the types of expenditures that are not eligible for financing with Measure funds:

1.	Costs of rearranging non-street or road facilities, including utility relocation, when not a legal road or street obligation
2.	New (first installation of) utilities, including water mains, sanitary sewers, and other non-street facilities
3.	Cost of leasing property or right-of-way, except when required for construction work purposes on a temporary basis
4.	Cost of constructing or improving a street or area for parking purposes, except for the width normally required for parking adjacent to the traveled way and within the right-of-way, or when off-street parking facilities are constructed in lieu of widening a street to improve the flow of traffic
5.	Decorative lighting
6.	Park features such as benches, playground equipment and restrooms
7.	Work outside the right-of-way which is not a specific right-of-way obligation

8.	Equestrian under- and overpasses or other similar structures for any other special interest group unless as a part of a right-of-way obligation
9.	Construction, installation, or maintenance of cattle guards
<del>10.</del>	<del>Acquisition of buses or other mass transit vehicles or maintenance and operating costs for mass transit power systems or passenger facilities (passenger facilities include but are not limited to bus benches, shelters, and bus stop signs, or equipment and services)</del>
<del>104.</del>	Maintenance or construction on alleys that have not been formally designated as part of a jurisdiction's street and road system
<del>112.</del>	Non-street and road-related salaries and benefits
<del>123.</del>	Driveways outside of the street and road right-of-way
<del>134.</del>	Purchase of electronic speed control devices or other non-highway related equipment
<del>145.</del>	Freeway telephone emergency system
<del>156.</del>	Interest charged for non-highway purposes
<del>167.</del>	Grantwriting consultant fees
<del>178.</del>	Debt service payments for non-voter-approved bonds, including Certificates of Participation
<del>189.</del>	Over-expended funds (deficit fund balance)
<del>1920.</del>	Negative interest allocation
<del>204.</del>	The value of park or other city/county owned property rededicated for a street right-of-way

## F. Accounting Requirements

### Policy VVLS-18:

Each local jurisdiction shall establish a Special Measure I 2010-2040 Transportation Sales Tax Fund. This fund is a special revenue fund utilized to account for proceeds of specific revenue sources that are legally restricted to expenditures for street and road purposes. Jurisdictions should use the modified accrual basis of accounting.

Policy VVLS-19: The following requirements are to provide guidance on the specific accounting treatment as it relates to the Special Measure I Transportation Sales Tax Fund.

- All allocations shall be deposited directly into the Special Measure I Transportation Sales Tax Fund.
- Interest received by a jurisdiction from the investment of money in its Special Measure I Sales Tax Fund shall be deposited in the fund and shall be used only for street and road purposes.
- Segregation must be maintained within the Special Measure I Transportation Sales Tax Fund to show separate balances for each subarea (County only).
- If other revenues are commingled in the Special Measure I Transportation Sales Tax Fund, it is the responsibility of the jurisdiction to provide accurate and adequate documentation to support revenue and expenditure allocation, as well as segregated balances.
- It is allowable to fund prior year expenditures with current year revenues and/or fund balance as long as funded projects are included in the current adopted Five-Year Capital Improvement Plan and accounting clearly identifies the project and other pertinent data to establish a clear audit trail.
- If a project is deemed ineligible in the annual Compliance Audit, the Measure I funds used on that project must be repaid to the Special Measure I Transportation Sales Tax Fund in accordance with Policy VVLS-23.

- g. Temporary loans of Measure I local funds can only be made among other Measure I accounts/projects if project and other pertinent data is identified to establish a clear audit trail.
- h. If Measure I funds are used to purchase salable excess right-of-way, any unsold portions should be reported to SBCTA including the reasons for holding it and the anticipated date of disposal.

Policy VVLS-20: Any interest earned on investment of Measure I Transportation Sales Tax Funds must be deposited in the Special Measure I Transportation Sales Tax Fund. Any jurisdiction not electing to invest its Measure I funds but at the same time investing most of its other available funds should deposit the Measure I funds in a separate account to clearly indicate that no such monies were invested. If Measure I Transportation Sales Tax funds are invested, they must receive their equitable proration of interest earned on the total funds invested. Several methods are available to determine an equitable distribution of interest earned. Whatever method is employed, it will be analyzed during audit to determine reasonableness and confirm distribution to the Special Measure I Transportation Sales Tax Fund. It is recommended that a distribution based on average month-end cash balances be employed. In addition, if the interest distribution methodology allows for negative distributions, they will be disallowed. No interest charges based on negative cash and fund balances will be allowed.

Policy VVLS-21:

Reimbursements of Measure I Transportation Sales Tax Funds previously expended for street and road construction or right-of-way purposes, from whatever source, must be deposited in the Special Measure I Transportation Sales Tax Fund. This includes but is not limited to:

- Federal Aid Urban projects
- Redevelopment agencies
- Cooperative agreements
- Equipment use rates for equipment purchased with Measure I funds and used for non-street purposes
- Equipment dispositions
- Right-of-way dispositions
- Federal and safety projects

Policy VVLS-22: Records

- a. Source Documentation - On construction or purchase of right-of-way or equipment, all expenditures charged to the Measure I Transportation Sales Tax Fund must be supported by a warrant or other source document (invoice, requisition, time sheet, equipment rental charge, engineering plans, specifications and other pertinent data) clearly identifying the project and other pertinent data to establish a clear audit trail. If street-related equipment is purchased with Measure I local funds, the jurisdiction must keep accurate records on acquisition cost, use, maintenance, and disposition.
- b. Retention Period - All source documents, together with the accounting records, are deemed to be the official records of the jurisdiction and must be retained by the jurisdiction for five (5) years.

Policy VVLS-23: Compliance Audit Deadline

- a. A jurisdiction's annual Compliance Audit must be completed by December 31st (Compliance Audit Deadline). SBCTA staff shall monitor the scheduling and progress of the audits to ensure prompt communication by the Auditor after information submittals by jurisdiction, and timely completion of the final MSI audit report.
- b. If a jurisdiction is not able to meet the Compliance Audit Deadline, the jurisdiction may submit a letter requesting an extension and specifying the period of the requested extension for consideration by the General Policy Committee at their February meeting and the Board at their March meeting. Letters must be received timely for inclusion in the agenda. If a letter is not submitted and the Compliance Audit has not been completed, notification will be made to the Board at their March meeting that future allocations of Local Pass-Through Funds for the jurisdiction will be withheld until the Compliance Audit has been completed. Upon satisfactory completion of the Compliance Audit, any withheld allocations will be paid to the City including

interest determined using the current LAIF rate. The Board may approve Compliance Audit Deadline extensions, if the Board finds: (1) the Compliance Audit was not completed timely for reasons outside of the jurisdiction's control, such as federal, state, and GASB reporting requirements, or catastrophic events; or (2) it is in the best interests of SBCTA to grant the extension.

- c. SBCTA staff shall be responsible for requesting from the Board any extensions related to Auditor performance.

#### Policy VVLS-24 Remedies

- a. If a jurisdiction's annual Compliance Audit determines that the jurisdiction used Measure I Transportation Sales Tax Funds for ineligible expenses, the jurisdiction shall immediately repay the Measure I Transportation Sales Tax Fund in an equal amount through an internal fund transfer from another source. Repayment will include interest that would have been earned in the Special Measure I Transportation Sales Tax Fund from the time of ineligible expenditure to date of repayment.
- b. If a jurisdiction's annual Compliance Audit fails to be completed with an unmodified opinion by the Compliance Audit Deadline, which may be extended pursuant to Policy VVLS-23, the jurisdiction shall immediately repay the Measure I Transportation Sales Tax Fund through an internal fund transfer from another source, in the amount of the Measure I Local Street allocation for the subject fiscal year of annual Compliance Audit findings of unsubstantiated or questioned costs. Repayment will include interest that would have been earned in the Special Measure I Transportation Sales Tax Fund from the time of ineligible expenditure to date of repayment.
- c. If the jurisdiction is unable to make such immediate repayment under VVLS-24 (a) or (b), the jurisdiction shall not receive its Local Street allocation pass-through payments until the repayment amount of ineligible expenses, unsubstantiated costs, or questioned costs, have been withheld by SBCTA. Repayment will include interest that would have been earned in the Special Measure I Transportation Sales Tax Fund from the time of ineligible expenditure to date of repayment.
- d. If the jurisdiction enters into a Repayment Agreement with SBCTA, as approved by the jurisdiction and the SBCTA Board of Directors, providing for repayment of the amounts owed under VVLS-24 (a) or (b) over a period not to exceed five (5) years, SBCTA will return any pass-through funds withheld. SBCTA will recommence withholding Local Street Allocation pass-through funds if the jurisdiction fails to comply with the terms of the Repayment Agreement.

#### **G. Maintenance of Effort Requirements**

Policy VVLS-25: The SBCTA Board of Directors shall retain authority over actions related to these Maintenance of Effort (MOE) requirements.

Policy VVLS-26: In accordance with California Public Utilities Code 190300 and Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Local Street Program funds shall not be used to supplant existing local discretionary funds being used for street and highway purposes.

Policy VVLS-27: SBCTA shall monitor local agency use of General Fund for street and highway purposes relative to their use prior to Measure I 2010-2040, which shall be referred to as the MOE base year level.

Policy VVLS-28: The following requirements are to provide guidance on the determination of a MOE base year level.

- a. The MOE base year level shall be equivalent to the discretionary General Fund expenditures for transportation-related construction and maintenance activities consistent with Policy VVLS-16 in Fiscal Year 2008/2009.
- b. Jurisdictions may propose deductions to the recorded expenditures for the following:
  - 1) Expenditures for unusual circumstances that increased the MOE base year level arbitrarily outside of the normal on-going General Fund expenditures, e.g. General Fund loans to other transportation-related funds, emergency repairs, or special projects.

- 2) Administrative/overhead costs that were not project-specific, i.e. staff time for transportation staff was charged to a general “program” budget rather than charged directly to specific projects.
- c. The proposed MOE base year level shall be adopted by resolution of the governing body.
- d. The Independent Taxpayer Oversight Committee (ITOC) will review the proposed MOE base year levels, including the proposed deductions, as adopted by resolution of the governing body, and provide a recommendation to the SBCTA Board of Directors for approval.
- e. The MOE base year level as approved by the SBCTA Board of Directors shall remain in effect until the expiration of Measure I 2010-2040.

Policy VVLS-29: Jurisdictions shall annually provide a statement in the resolution of the governing body adopting the Five Year Capital Improvement Plan that acknowledges the jurisdiction will maintain General Fund expenditures for transportation-related construction and maintenance activities at the required MOE base year level in that fiscal year. Jurisdictions whose MOE base year level is determined to be \$0 are not required to provide this statement in the resolution.

Policy VVLS-30: The MOE requirement shall be tracked and verified as part of the annual Measure I Local Street Program audit. This will be accomplished by comparing the discretionary General Fund expenditures for transportation-related construction and maintenance activities consistent with Policy VVLS-16 to the MOE base year level.

Policy VVLS-31: General Fund expenditures in excess of the MOE base year level will carry over to subsequent fiscal years and can be applied in a future year to offset the amount the local agency may need to meet the MOE requirement. Carryover balances will be documented in the annual Measure I Local Street Program audit.

Policy VVLS-32: If the annual Measure I Local Street Program audit indicates that the required MOE base level is not being met, then the jurisdiction has the following four fiscal years to make up the amount. If the audit following those four fiscal years indicates the jurisdiction is still below the MOE base year level, SBCTA will immediately stop disbursing Measure I Local Street Program funds until an amount equivalent to the MOE base year level shortfall has been withheld. The withheld funds will be disbursed to the jurisdiction upon demonstration that the jurisdiction has met the MOE requirements.

Policy VVLS-33: The following provides guidance on resolution of MOE base year level shortfalls at the expiration of Measure I 2010-2040.

- a. If the jurisdiction has not resolved a MOE base year level shortfall within two years after the expiration of Measure I 2010-2040, any withheld funds will be distributed to other compliant jurisdictions within that subarea.
- b. If any Measure I Local Street Program audit after Fiscal Year 2033/2034 indicates that the required MOE base year level was not met, then the jurisdiction has until Fiscal Year 2038/2039 to make up the amount. If the audit of Fiscal Year 2038/2039 indicates the jurisdiction is still below the MOE base level, the jurisdiction must pay the MOE base level shortfall to SBCTA for distribution to other compliant jurisdictions within that subarea.

Policy VVLS-34: Prior to withholding or required repayment of Measure I Local Street Program funds, jurisdictions shall have an opportunity to appeal to the ITOC. The jurisdiction must present evidence to the ITOC demonstrating unusual circumstances or the need for special consideration. The ITOC will be responsible for making a recommendation to the SBCTA Board of Directors to either approve or deny the request for special consideration.

## V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009
1	Revisions adopted by the Board of Directors on Jan. 8, 2014, Agenda Item 14.	01/08/2014



2	Revisions adopted by the Board of Directors on May 6, 2014, Agenda Items 6 & 18.	05/06/2015
3	Amended list of eligible expenses to be more consistent with the list of eligible expenses in the State Controller's Office Gas Tax Fund Guidelines. Modified remedy language in Policy VVLS-24. BOD approved changes 9/6/17, Agenda Item 11.	9/6/2017
4	Addition of due date of Capital Improvement Plan in VVLS-2. BOD approved changes 7/11/18, Agenda Item 25.	7/11/2018
5	Clarified Capital Improvement Plan requirements, amended eligible expenditures to be consistent with current gas tax guidelines, added requirements for tracking equipment purchased with Measure I funds, and updated Compliance Audit Deadline extension requirements.	6/3/2020
<u>6</u>	<u>Moved transit purposes from the ineligible list of projects to the eligible list of projects for consistency with the Expenditure Plan.</u>	

DRAFT

San Bernardino County Transportation Authority	<b>Policy</b>	<b>40016</b>
Adopted by the Board of Directors April 1, 2009	Revised	
<b>Rural Mountain/Desert Subareas Local Street Program (MDLS) Measure I 2010-2040 Strategic Plan</b>	Revision No.	6

**Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SBCTA Intranet.**

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## I. PURPOSE

The purpose of this policy is to establish requirements for the Local Street Programs for the Colorado River, Morongo Basin, Mountains, and North Desert subareas, including project eligibility, adoption of Five Year Plans by local jurisdictions, accounting requirements, and development mitigation requirements.

## II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

SBCTA Congestion Management Program

## III. DEFINITIONS

**Local Street Program:** Measure I program in all subareas that provides funds through a pass-through mechanism directly to local jurisdictions for expenditure on street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Program funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including Local Street, major highways, state highway improvements, freeway interchanges, transit, and other improvements/programs to maximize use of transportation facilities.

**Allocation:** An action by the SBCTA Board of Directors to assign a specific amount of Measure I funds from a Measure I program to a project. The allocation decision is made annually by the Board of Directors by March of each year. Allocation of Local Street Program funds occur monthly as a direct pass-through to local jurisdictions.

**Five-Year Plan:** A plan of projected local jurisdiction expenditures for the next five years on local projects eligible for Local Street Program funds, updated annually and submitted to SBCTA by local jurisdictions.

**Independent Taxpayer Oversight Committee:** A “Mandated Taxpayer Safeguard” established by Ordinance 04-01 for Measure I 2010-2040 to provide citizen review and to ensure that all Measure I funds are spent in accordance with provisions of the Measure I Expenditure Plan and Ordinance.

**Maintenance of Effort:** The requirement that Measure I funding will supplement and not replace the existing local discretionary funding being used for street and highway purposes.

**Maintenance of Effort Base Year Level:** The amount of General Fund used for street and highway purposes in Fiscal Year 2008/2009 prior to Measure I 2010-2040 as adopted by the SBCTA Board of Directors.

## IV. POLICIES FOR THE RURAL MOUNTAIN/DESERT SUBAREAS LOCAL STREET PROGRAM

### A. Local Street Allocation

Policy MDLS-1: 70% of revenue collected in a subarea shall be apportioned for Local Street Projects. After reservation of 2% collected in the subarea for Project Development and Traffic Management Systems, each jurisdiction shall receive an allocation from 68% of the Measure I revenue. The allocation methodology is determined based on:

- 50% population. The population estimate for making the per capita calculation shall be determined by SBCTA each year based on the State Department of Finance population estimate. Annual adjustments to the population estimates are made mid-year, based on availability of DOF estimates. Following approval of the population estimates by the Board, adjustments will be made to the local pass through fund allocations retroactive to January 1 of the year.
- 50% return to source. The sales tax estimates provided by the State Board of Equalization, updated quarterly based on the prior quarter's financial data, shall be used as the basis for making the return to source calculations.

Policy MDLS-2: Local jurisdictions shall not receive their Local Street Program allocation until they have submitted their annual adopted update of their Five-Year Plan. The due date to submit the Five-Year Plan to SBCTA is September 1 of each year. If the Five-Year Plan has not been received by the due date, the pass through payments will be withheld. All withheld pass through payments will be released upon receipt of the local jurisdiction governing body's adopted Five-Year Plan.

Policy MDLS-3: The Local Street Allocation shall be remitted to local jurisdictions monthly.

Policy MDLS-4: Local Street Allocations remitted from January 1 until such time as the State Department of Finance has issued their population figures and SBCTA has made the per capita calculation, shall be based on the prior year's calculation. Once the per capita calculation has been made, the calculation will be applied retroactively to January 1 and amounts received by local jurisdictions will be adjusted to account for the difference in the amount remitted during the retroactive period and the amount that should have been remitted adjusted for the new per capita calculation.

Policy MDLS-5: Local Street Allocations sales tax generation portion will be based on the prior quarter's data. Because of the lag in receiving sales tax data from the Board of Equalization, the Sales Tax Generation calculations for that portion of the Local Street Allocation will be calculated using the data from the prior quarter. (Example: During the months of January, February and March SBCTA will use the local sales tax generation figure derived from the fourth quarter of the previous calendar year.)

Policy MDLS-6: SBCTA will make the monthly allocations using the following procedure:

- a. Determine total amount of Measure I Sales Tax generated in the subarea from information submitted by the State Board of Equalization.
- b. Multiply the total Measure I Sales Tax received for the month by 0.68 to arrive at the total subarea Local Street Allocation.
- c. Divide the Local Street Program fund into two 50% pools of funding: Allocate the two pools of funding based on:
  - 1) a jurisdiction's population share of the entire subarea population.
  - 2) jurisdiction's share of sales tax generation within the total subarea.
- d. Add the population based component and the sales tax based component of each jurisdiction's allocation to arrive at the total Local Street Allocation for each jurisdiction.
- e. Remit payment of Local Street Program fund to local jurisdiction.

Policy MDLS-7: Upon each jurisdiction in a particular subarea making a finding that an increase in Senior and Disabled Transit Service is needed to meet the unmet transit needs of senior and disabled users, the Local Street allocation may be reduced and that allocation may be shifted to the Senior and Disabled Transit Service Program for that subarea.

## **B. Development Fair Share Contribution**

Policy MDLS-8: A development mitigation fair share contribution is required by Measure I 2010-2040 for all capacity improvement projects in the Rural Mountain/Desert subarea for transportation facilities funded all or in part with Local Street Program allocations~~Development mitigation for Local Street~~

~~projects in the Rural Mountain/Desert is required by Measure I 2010-2040 for all capacity improvement projects for transportation facilities funded all or in part with Local Street Program allocations~~ as identified by a Traffic Impact Analysis (TIA) report as required by the Congestion Management Program. The amount of the development mitigation for each project is defined by the traffic mitigation measures identified in the related TIA reports.

Policy MDLS-9: Annually as part of its audit of each jurisdictions' use of Measure I funds, SBCTA will specifically look to make sure that the development mitigation towards capacity improvements identified in TIAs is accounted for. If a material finding is made in the audit showing that a contribution of development mitigation was not made as identified by a TIA, then SBCTA may, as the agency responsible for the Congestion Management Program, withhold Section 2105 Gas Tax funds or Measure I Local Street Allocations until the jurisdiction shows that they are in compliance with the Congestion Management Plan.

### **C. Five-Year Plan**

Policy MDLS-10: Each local jurisdiction is required to annually adopt and submit to SBCTA by September 1 of each year a Five-Year Capital Improvement Plan which details the specific projects to be funded using Measure I Local Pass-Through Funds. Expenditures of Measure I Local Pass-Through Funds must be detailed in the Five-Year Capital Improvement Plan and adopted by resolution of the governing body. Expenditures can only be made on projects listed in the current Five Year Capital Improvement Plan.

Policy MDLS-11: Five-Year Capital Improvement Plans shall:

- a. Specifically identify "Named Projects" ~~by~~ by street name, boundaries, and project type, subject to eligibility requirements listed in Section D below.
- b. Specifically identify "Categorical Projects" which are defined as a program of work without any identified streets, such as a pavement management program, transportation system improvements, routine roadway maintenance or other miscellaneous transportation-related expenditures as identified in Policy MDLS-14.

A Categorical Project may be listed as a Named Project only if a list of potential streets is provided as an attachment to the approved Plan and the actual streets are named in the approved and modified Plan due by the end of the fiscal year, with instructions for preparation identified in Policy MDLS-13.

- c. Constrain the total annual amount of planned expenditures to 150% of SBCTA's forecasted revenue for Measure I Local Pass-Through Funds, revenue resulting from bonds secured by Measure I revenue, and remaining balances from previous year allocations.
- d. Include no more than 50% of estimated annual new revenue for Categorical Projects. Any carryover fund balance shall not be included in the 50% limit.-
- e. Use the SBCTA-approved forms and/or online database. Instructions will be issued to the City Manager annually prior to the deadline.

Policy MDLS-12: Any single project expenditure in excess of \$100,000 must be listed as a Named Project and not included in a Categorical Projects category. A project is defined as a specific road improvement that is eligible to receive Measure I funding.

Policy MDLS-13: The Five-Year Capital Improvement Plan shall be the basis for the annual audit. Jurisdictions will have flexibility in adding or deleting projects or moving funding between projects in their current Five-Year Capital Improvement Plan based on the necessities of the jurisdiction. However, in order for a project to be eligible for expenditure of Local Street funds, a revised Capital Improvement Plan, adopted by resolution of the governing body, is required and must be provided to SBCTA by August 15th of each fiscal year. The revised Capital Improvement Plan must show any changes to the projects listed or if the amount expended on a project has been increased. If the audit finding is not corrected, the project will not be eligible for expenditures of Local Street funds.

### **D. Eligible Expenditures**

Policy MDLS-14: Eligible expenditures include construction, maintenance, and overhead for transportation related purposes only. Included below are definitions and types of eligible expenditures by category.

a. Construction

Construction shall be defined as the building or rebuilding of streets, roads, bridges, and acquisition of rights-of-way or their component parts to a degree that improved traffic service is provided and geometric or structural improvements are effected including allocated administration and engineering necessarily incurred and directly related to the above.

*Construction work* can be separated into four categories:

- 1) New Construction – A construction that substantially deviates from the existing alignment and provides for an entirely new street or roadbed for the greater parts of its length.
- 2) Reconstruction – A construction involving realignment or the use of standards well above those of the existing element, whereby the type or the geometric and structural features are significantly changed.
- 3) Preventative Maintenance – Includes, but is not limited to, roadway activities such as joint and shoulder rehabilitation, heater re-mix, seal coats, corrective grinding of PCC1 pavement, and restoration of drainage systems.
- 4) 3R Work – All other work that does not fall into the above-defined categories for new construction, reconstruction, or preventative maintenance and typically involves the improvement of highway pavement surfaces through resurfacing, restoration, or rehabilitation. 3R Work is generally regarded as heavy, non-routine maintenance designed to achieve a ten-year service life. Specifically, 3R Work is defined as the following:
  - *Resurfacing* generally consists of placing additional asphalt concrete over a structurally sound highway, street, or bridge that needs treatment to extend its useful service life.
  - *Restoration* means returning a road, street, structure, or collateral facility to the condition existing after original construction.
  - *Rehabilitation* implies providing some betterments, such as upgrading guardrail or widening shoulders.

The following examples of construction expenditures are grouped by types of work:

<i>Expenditures</i>	<i>Types of Work</i>	
Additions	1.	The addition of a frontage street or road
	2.	Addition of auxiliary lanes such as speed change, storage, or climbing lanes
Barriers	3.	Earthwork protective structures within or adjacent to the right-of-way area
	4.	Extensions and new installation of walls
	5.	Replacement of retaining walls to a higher standard
Bikeways	6.	Extension of new installation of guardrails, fence lines, raised medians, or barriers for traffic safety
	7.	Construction of bikeways where they are an integral part of the streets and highway system
	8.	Construction of bicycle or pedestrian underpasses or overhead crossings for the general public use
Bridges	9.	Reconstruction of an existing bridge or installation of a new bridge
	10.	Widening of a bridge
Curbs, etc.	11.	Replacement of bridge rails and floors to a higher standard
	12.	Installation or extension of curbs, gutters, sidewalks, or underdrain (including improvements to handicap ramps to make them ADA



		compliant).
Drainage	13.	A complete reconstruction or an addition to a culvert including cross culverts regardless of angle of crossing; storm drains, culverts, or drainage channels which are required to be constructed or reconstructed by improvement of the roadway; longitudinal storm drains or other longitudinal culverts, including manholes; cross longitudinal gutters at intersections; and catch basins and related pipes. The term "catch basin" shall include outlet structures or curb openings. An eligible "catch basin" must be located within the road or street system rights-of-way, or as close to the curb return joining the road or street system as practicable, considering the location of obstructions and/or hydraulic considerations.
	14.	Extending old culverts and drains and replacing headwalls
Interagency Projects	15.	Road improvements within an adjoining jurisdiction as long as the improvements are made within the County of San Bernardino
	16.	Road improvements and maintenance on a state highway as long as the appropriate agreement with Caltrans is in place
	17.	Maintenance or construction on alleys that have been formally accepted into the city or county street system
	18.	Development of facilities associated with Metrolink commuter rail operations that are determined to be a local responsibility
Landscaping	19.	Installation or addition to landscape treatment such as sod, shrubs, trees, irrigation, etc. along the street or road right-of-way
	20.	Purchase of land for "greenbelt" if needed to mitigate the environmental impact of a street or road construction project
Layout	21.	Change of alignment, profile, and cross-section
	22.	Reconstruction of an intersection and its approximate approaches to a substantially higher type involving a change in its character and layout including changes from a plain intersection to a major channelized intersection or to a grade separation and ramps
Lighting	23.	Installation, replacement, or expansion of street or road lighting system
Associated Planning and Design	24.	Project development, planning studies, and design for eligible transportation projects
	25.	Expenses incurred in attending or participating in transportation and traffic engineering sponsored programs or training conducted for street or road purposes
	26.	Engineering review of plans for construction of Valley Measure I Major Streets projects
Relocation	27.	The removal of old street and roadbeds and structures, and detour costs when connected with a construction project
	28.	Replacement in kind, when legally required, of structures that are required to be relocated for street and road purposes
Signs and Signals	29.	Installation of original traffic signs and markers on routes
	30.	Replacement of all major signs or traffic control devices on a street or road
	31.	The installation of a new sign or the replacement of an old sign with one of superior design such as increased size, illumination, or overhead installation
	32.	Installation or improvements of traffic signal controls at intersections and protective devices at railroad grade crossings
	33.	Purchase and installation of traffic signal control equipment including traffic actuated equipment, radio or other remote control devices and related computers, software, and that portion of preemption equipment not mounted on motor vehicles

Striping	34.	Painting or rearrangement of pavement striping and markings, or repainting to a higher standard
Surface Work	35.	Original surfacing of shoulders
	36.	Improvement of a surface to a higher type of material
	37.	Placing sufficient new material on soil surface or gravel street or road to substantially improve the quality or the original surface
	38.	Bituminous material of 1" or more placed on bituminous or concrete material - a lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic
	39.	Remix existing bituminous surfacing with added materials to provide a total thickness of one inch or more – a lesser thickness may be considered construction provided the engineer certifies that the resulting pavement is structurally adequate to serve anticipated traffic
	40.	Stabilization of street or road base by additive, such as cement, lime, or asphaltic material
<u>Transit</u>	<u>41.</u>	<u>Public transit systems, including rail, and related purposes</u>
Widening	<u>4244.</u>	Widening of existing street or roadbed or pavement, with or without resurfacing
	<u>4342.</u>	Resurfacing, stabilizing, or widening of shoulders including necessary connections to side streets or road approaches
Other eligible expenditures	<u>4443.</u>	Matching funds to federal or state contributions to a roadway project
	<u>4544.</u>	Park and ride facilities
	<u>4645.</u>	Undergrounding utilities or utility relocation only if part of a new roadway construction or documented as a legal road or street obligation.
	<u>4746.</u>	Rubberized railroad grade crossing material or repair of grade crossings
	<u>4847.</u>	Preliminary and construction engineering may be claimed on the percentage basis approved in previous years by Caltrans for contract work.
	<u>4948.</u>	Relocation expenses necessitated by right-of-way acquisitions in accordance with the applicable government codes on relocation assistance.

b. Maintenance

Maintenance shall be defined as the preservation and upkeep of a street or road to its constructed condition and the operation of a street or road facility and its integral services to provide safe, convenient, and economical highway transportation.

*Physical Maintenance* is preservation and upkeep of a highway, including all of its elements, in as nearly as practicable its original condition or its subsequently improved condition.

*Traffic Services* include the operation of a highway facility, and services incidental thereto, to provide safe, convenient, and economic travel.

The following are examples of maintenance expenditures:

1.	Scarifying, reshaping, and restoring material losses
2.	Applying dust palliatives
3.	Patching, repairing, surface treating, and joint filling on bituminous or concrete surfaces
4.	Jacking concrete pavements

5.	Repairing traveled way and shoulders
6.	Adding bituminous material of less than 1" to bituminous material including seal coats
7.	Remixing existing bituminous surfacing with added materials to provide a total thickness of less than 1" (see exception under Construction, example 39)
8.	Patching operations including base restoration
9.	Resealing street or road shoulders and side street and road approaches
10.	Reseeding and resodding shoulders and approaches
11.	Reshaping drainage channels and side slopes
12.	Restoring erosion controls
13.	Cleaning culverts and drains
14.	Removing slides and restoring facilities damaged by slides (additional new facilities shall be considered construction)
15.	Mowing, tree trimming, and watering within the street right-of-way
16.	Replacing topsoil, sod, shrubs, trees, irrigation facilities, etc., on streets and roadsides
17.	Repairing curb, gutter, rip-rap, underdrain, culverts, and drains
18.	Cleaning, painting, and repairing bridges and structures
19.	Performing all snow control operations such as erection of snow fences and the actual removal of snow and ice from the traveled way
20.	Repainting pavements, striping, and markings
21.	Repainting and repairing signs, guard rails, traffic signals, lighting standards, etc.
22.	Adding small numbers of conventional traffic control devices including signs
23.	Servicing street or road lighting and traffic control devices
24.	Furnishing power for street or road lighting and traffic control devices including payment for the cost of power
25.	Developing and maintaining programs that enhance management of transportation facilities such as travel demand models and pavement management programs
26.	Purchase of street-related equipment used exclusively for road maintenance
27.	Purchase of rubberized railroad grade crossing material for repair of grade crossings

c. Administrative Costs

1) Direct Costs

Direct costs are expenditures incurred solely and specifically for eligible street or road purposes or projects. Direct costs include contract payments, right-of-way acquisition, direct material and forced labor costs, and the salaries, wages, fringe benefits and related costs of employees directly participating on street and road purpose projects. Typical direct costs include:

- Compensation of employees for the time devoted and identified specifically to the performance of the eligible street or road project(s). Direct cost typically includes first level of supervision dedicated to the project. Supervisory activities above the first level of supervision may be recoverable as indirect costs.
- Costs of materials consumed or expended specifically for the purpose in which they were authorized.
- Equipment and other approved capital expenditures.
- Expense items or services contracted, or furnished specifically for the project to carry

out the purpose in which they were authorized.

## 2) Indirect Costs (Overhead)

Indirect costs shall be defined as those elements of costs that are incurred for eligible street or road purposes that cannot be readily identified to a particular project. Cities and counties are allowed to use Measure I local funds to reimburse for indirect costs provided that there is documentation that amounts reimbursed were fairly and equitably allocated.

Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distribution of overhead among all departments.

Indirect costs typically include:

- Cost of overall supervision of field operations including payroll, facilities, advertising, general government, department or general accounting/finance, procurement, top management, data processing, legal costs and bids
- Cost of shop supplies such as expendable small tools and non-permanent barricades, warning signs, and other devices

## E. Ineligible Expenditures

Policy MDLS-15: Although many types of work may be referred to as “construction”, this does not make these costs automatically eligible for expenditures of Measure I funds. To be eligible, the work must be for street or road purposes.

Following is a list of the types of expenditures that are not eligible for financing with Measure funds:

1.	Costs of rearranging non-street or road facilities, including utility relocation, when not a legal road or street obligation
2.	New (first installation of) utilities, including water mains, sanitary sewers, and other non-street facilities
3.	Cost of leasing property or right-of-way, except when required for construction work purposes on a temporary basis
4.	Cost of constructing or improving a street or area for parking purposes, except for the width normally required for parking adjacent to the traveled way and within the right-of-way, or when off-street parking facilities are constructed in lieu of widening a street to improve the flow of traffic
5.	Decorative lighting
6.	Park features such as benches, playground equipment and restrooms
7.	Work outside the right-of-way which is not a specific right-of-way obligation
8.	Equestrian under- and overpasses or other similar structures for any other special interest group unless as a part of a right-of-way obligation
9.	Construction, installation, or maintenance of cattle guards
<del>10.</del>	<del>Acquisition of buses or other mass transit vehicles or maintenance and operating costs for mass transit power systems</del>
<del>104.</del>	Maintenance or construction on alleys that have not been formally designated as part of a jurisdiction's street and road system
<del>112.</del>	Non-street and road-related salaries and benefits
<del>132.</del>	Driveways outside of the street and road right-of-way
<del>134.</del>	Purchase of electronic speed control devices or other non-highway related equipment
<del>145.</del>	Freeway telephone emergency system
<del>156.</del>	Interest charged for non-highway purposes

167.	Grantwriting consultant fees
178.	Debt service payments for non-voter-approved bonds, including Certificates of Participation
189.	Over-expended funds (deficit fund balance)
1920.	Negative interest allocation
204.	The value of park or other city/county owned property rededicated for a street right-of-way.

#### F. Accounting Requirements

Policy MDLS-16: Each local jurisdiction shall establish a Special Measure I 2010-2040 Transportation Sales Tax Fund. This fund is a special revenue fund utilized to account for proceeds of specific revenue sources that are legally restricted to expenditures for street purposes. Jurisdictions should use the modified accrual basis of accounting.

Policy MDLS-17: The following requirements are to provide guidance on the specific accounting treatment as it relates to the Special Measure I Transportation Sales Tax Fund.

- a. All allocations shall be deposited directly into the Special Measure I Transportation Sales Tax Fund.
- b. Interest received by a jurisdiction from the investment of money in its Special Measure I Sales Tax Fund shall be deposited in the fund and shall only be used for street and road purposes.
- c. Segregation must be maintained within the Special Measure I Transportation Sales Tax Fund to show separate balances for each subarea (County only).
- d. If other revenues are commingled in the Special Measure I Transportation Sales Tax Fund, it is the responsibility of the jurisdiction to provide accurate and adequate documentation to support revenue and expenditure allocation, as well as segregated balances.
- e. It is allowable to fund prior year expenditures with current year revenues and/or fund balance as long as funded projects are included in the current adopted Five-Year Capital Improvement Plan and accounting clearly identifies the project and other pertinent data to establish a clear audit trail.
- f. If a project is deemed ineligible in the annual Compliance Audit, the Measure I funds used on that project must be repaid to the Special Measure I Transportation Sales Tax Fund in accordance with Policy MDLS-21.
- g. Temporary loans of Measure I local funds can only be made among other Measure I accounts/projects if project and other pertinent data is identified to establish a clear audit trail.
- h. If Measure I funds are used to purchase salable excess right-of-way, any unsold portions should be reported to SBCTA including the reasons for holding it and the anticipated date of disposal.

Policy MDLS-18: Any interest earned on investment of Measure I Transportation Sales Tax Funds must be deposited in the Special Measure I Transportation Sales Tax Fund. Any jurisdiction not electing to invest its Measure I funds but at the same time investing most of its other available funds should deposit the Measure I funds in a separate account to clearly indicate that no such monies were invested. If Measure I Transportation Sales Tax funds are invested, they must receive their equitable proration of interest earned on the total funds invested. Several methods are available to determine an equitable distribution of interest earned. Whatever method is employed, it will be analyzed during audit to determine reasonableness and confirm distribution to the Special Measure I Transportation Sales Tax Fund. It is recommended that a distribution based on average monthend cash balances be employed. In addition, if the interest distribution methodology allows for negative distributions, they will be disallowed. No interest charges based on negative cash and fund balances will be allowed.

Policy MDLS-19: Reimbursements of Measure I Transportation Sales Tax Funds previously expended for street and road construction or right-of-way purposes, from whatever source, must be deposited in the Special Measure I Transportation Sales Tax Fund. This includes but is not limited to:



- Federal Aid Urban projects
- Redevelopment agencies
- Cooperative agreements
- Equipment use rates for equipment purchased with Measure I funds and used for non-street purposes
- Equipment dispositions
- Right-of-way dispositions
- Federal and safety projects

#### Policy MDLS-20: Records

- a. Source Documentation - On construction or purchase of right-of-way or equipment, all expenditures charged to the Measure I Transportation Sales Tax Fund must be supported by a warrant or other source document (invoice, requisition, time sheet, equipment rental charge, engineering plans, specifications and other pertinent data) clearly identifying the project and other pertinent data to establish a clear audit trail. If street-related equipment is purchased with Measure I local funds, the jurisdiction must keep accurate records on acquisition cost, use, maintenance, and disposition.
- b. Retention Period - All source documents, together with the accounting records, are deemed to be the official records of the jurisdiction and must be retained by the jurisdiction for five (5) years.

#### Policy MDLS-21: Compliance Audit Deadline

- a. A jurisdiction's annual Compliance Audit must be completed by December 31st (Compliance Audit Deadline). SBCTA staff shall monitor the scheduling and progress of the audits to ensure prompt communication by the Auditor after information submittals by jurisdiction, and timely completion of the final MSI audit report.
- b. If a jurisdiction is not able to meet the Compliance Audit Deadline, the jurisdiction may submit a letter requesting an extension and specifying the period of the requested extension for consideration by the General Policy Committee at their February meeting and the Board at their March meeting. Letters must be received timely for inclusion in the agenda. If a letter is not submitted and the Compliance Audit has not been completed, notification will be made to the Board at their March meeting that future allocations of Local Pass-Through Funds for the jurisdiction will be withheld until the Compliance Audit has been completed. Upon satisfactory completion of the Compliance Audit, any withheld allocations will be paid to the City including interest determined using the current LAIF rate. The Board may approve Compliance Audit Deadline extensions, if the Board finds: (1) the Compliance Audit was not completed timely for reasons outside of the jurisdiction's control, such as federal, state, and GASB reporting requirements, or catastrophic events; or (2) it is in the best interests of SBCTA to grant the extension.
- c. SBCTA staff shall be responsible for requesting from the Board any extensions related to Auditor performance.

#### Policy MDLS-22 Remedies

- a. If a jurisdiction's annual Compliance Audit determines that the jurisdiction used Measure I Transportation Sales Tax Funds for ineligible expenses, the jurisdiction shall immediately repay the Measure I Transportation Sales Tax Fund in an equal amount through an internal fund transfer from another source. Repayment will include interest that would have been earned in the Measure I Transportation Sales Tax Fund from the time of ineligible expenditure to date of repayment.
- b. If a jurisdiction's annual Compliance Audit fails to be completed with an unmodified opinion by the Compliance Audit Deadline, which may be extended pursuant to Policy MDLS-21, the jurisdiction shall immediately repay the Measure I Transportation Sales Tax Fund through an internal fund transfer from another source, in the amount of the Measure I Local Street allocation for the subject fiscal year of annual Compliance Audit findings of unsubstantiated or questioned costs. Repayment will include interest that would have been earned in the Special Measure I Transportation Sales Tax Fund from the time of ineligible expenditure to date of repayment.
- c. If the jurisdiction is unable to make such immediate repayment under MDLS-22 (a) or (b), the jurisdiction shall not receive its Local Street Allocation pass-through payments until the

repayment amount of ineligible expenses, unsubstantiated costs, or questioned costs, have been withheld by SBCTA. Repayment will include interest that would have been earned in the Special Measure I Transportation Sales Tax Fund from the time of ineligible expenditure to date of repayment.

- d. If the jurisdiction enters into a Repayment Agreement with SBCTA, as approved by the jurisdiction and the SBCTA Board of Directors, providing for repayment of the amounts owed under MDLS-22 (a) or (b) over a period not to exceed five (5) years, SBCTA will return any pass-through funds withheld. SBCTA will recommence withholding Local Street Allocation pass-through funds if the jurisdiction fails to comply with the terms of the Repayment Agreement.

#### **G. Maintenance of Effort Requirements**

Policy MDLS-23: The SBCTA Board of Directors shall retain authority over actions related to these Maintenance of Effort (MOE) requirements.

Policy MDLS-24: In accordance with California Public Utilities Code 190300 and Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Local Street Program funds shall not be used to supplant existing local discretionary funds being used for street and highway purposes.

Policy MDLS-25: SBCTA shall monitor local agency use of General Fund for street and highway purposes relative to their use prior to Measure I 2010-2040, which shall be referred to as the MOE base year level.

Policy MDLS-26: The following requirements are to provide guidance on the determination of a MOE base year level.

- a. The MOE base year level shall be equivalent to the discretionary General Fund expenditures for transportation-related construction and maintenance activities consistent with Policy MDLS-14 in Fiscal Year 2008/2009.
- b. Jurisdictions may propose deductions to the recorded expenditures for the following:
  - 1) Expenditures for unusual circumstances that increased the MOE base year level arbitrarily outside of the normal on-going General Fund expenditures, e.g. General Fund loans to other transportation-related funds, emergency repairs, or special projects.
  - 2) Administrative/overhead costs that were not project-specific, i.e. staff time for transportation staff was charged to a general "program" budget rather than charged directly to specific projects.
- c. The proposed MOE base year level shall be adopted by resolution of the governing body.
- d. The Independent Taxpayer Oversight Committee (ITOC) will review the proposed MOE base year levels, including the proposed deductions, as adopted by resolution of the governing body, and provide a recommendation to the SBCTA Board of Directors for approval.
- e. The MOE base year level as approved by the SBCTA Board of Directors shall remain in effect until the expiration of Measure I 2010-2040.

Policy MDLS-27: Jurisdictions shall annually provide a statement in the resolution of the governing body adopting the Five Year Capital Improvement Plan that acknowledges the jurisdiction will maintain General Fund expenditures for transportation-related construction and maintenance activities at the required MOE base year level in that fiscal year. Jurisdictions whose MOE base year level is determined to be \$0 are not required to provide this statement in the resolution.

Policy MDLS-28: The MOE requirement shall be tracked and verified as part of the annual Measure I Local Street Program audit. This will be accomplished by comparing the discretionary General Fund expenditures for transportation-related construction and maintenance activities consistent with Policy MDLS-14 to the MOE base year level.

Policy MDLS-29: General Fund expenditures in excess of the MOE base year level will carry over to subsequent fiscal years and can be applied in a future year to offset the amount the local agency may need to meet the MOE requirement. Carryover balances will be documented in the annual Measure I Local Street Program audit.

Policy MDLS-30: If the annual Measure I Local Street Program audit indicates that the required MOE base level is not being met, then the jurisdiction has the following four fiscal years to make up the amount. If the audit following those four fiscal years indicates the jurisdiction is still below the MOE base year level, SBCTA will immediately stop disbursing Measure I Local Street Program funds until an amount equivalent to the MOE base year level shortfall has been withheld. The withheld funds will be disbursed to the jurisdiction upon demonstration that the jurisdiction has met the MOE requirements.

Policy MDLS-31: The following provides guidance on resolution of MOE base year level shortfalls at the expiration of Measure I 2010-2040.

- a. If the jurisdiction has not resolved a MOE base year level shortfall within two years after the expiration of Measure I 2010-2040, any withheld funds will be distributed to other compliant jurisdictions within that subarea.
- b. If any Measure I Local Street Program audit after Fiscal Year 2033/2034 indicates that the required MOE base year level was not met, then the jurisdiction has until Fiscal Year 2038/2039 to make up the amount. If the audit of Fiscal Year 2038/2039 indicates the jurisdiction is still below the MOE base level, the jurisdiction must pay the MOE base level shortfall to SBCTA for distribution to other compliant jurisdictions within that subarea.

Policy MDLS-32: Prior to withholding or required repayment of Measure I Local Street Program funds, jurisdictions shall have an opportunity to appeal to the ITOC. The jurisdiction must present evidence to the ITOC demonstrating unusual circumstances or the need for special consideration. The ITOC will be responsible for making a recommendation to the SBCTA Board of Directors to either approve or deny the request for special consideration.

#### V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009
1	Revisions adopted by the Board of Directors on January 8, 2014, Agenda Item 14.	01/08/2014
2	Revisions adopted by the Board of Directors on May 6, 2015, Agenda Items 6 & 18.	05/06/2015
3	Amended list of eligible expenses to be more consistent with the list of eligible expenses in the State Controller's Office Gas Tax Fund Guidelines. Modified remedy language in Policy MDLS-22. Approved by the BOD 9/6/17, Agenda Item 11.	09/06/2017
4	Addition of due date of Capital Improvement Plan in MDLS-2. BOD approved changes 7/11/18, Agenda Item 25.	07/11/2018
5	Clarified Capital Improvement Plan requirements, amended eligible expenditures to be consistent with current gas tax guidelines, added requirements for tracking equipment purchased with Measure I funds, and updated Compliance Audit Deadline extension requirements.	6/3/2020
6	<u>Moved transit purposes from the ineligible list of projects to the eligible list of projects for consistency with the Expenditure Plan.</u>	