

# Napa Valley Transportation Authority

625 Burnell Street  
Napa, CA 94559



## Agenda - Final

**Wednesday, February 20, 2019  
1:30 PM**

**NVTA Conference Room**

### **NVTA Board of Directors**

All materials relating to an agenda item for an open session of a regular meeting of the NVTA Board of Directors are posted on the NVTA website at <https://nctpa.legistar.com/Calendar.aspx> at least 72 hours prior to the meeting and will be available for public inspection, on and after at the time of such distribution, in the office of the Secretary of the NVTA Board of Directors, 625 Burnell Street, Napa, California 94559, Monday through Friday, between the hours of 8:00 a.m. and 4:30 p.m., except for NVTA Holidays. Materials distributed to the present members of the Board at the meeting will be available for public inspection at the public meeting if prepared by the members of the NVTA Board or staff and after the public meeting if prepared by some other person. Availability of materials related to agenda items for public inspection does not include materials which are exempt from public disclosure under Government Code sections 6253.5, 6254, 6254.3, 6254.7, 6254.15, 6254.16, or 6254.22.

Members of the public may speak to the Board on any item at the time the Board is considering the item. Please complete a Speaker's Slip, which is located on the table near the entryway, and then present the slip to the Board Secretary. Also, members of the public are invited to address the Board on any issue not on today's agenda under Public Comment. Speakers are limited to three minutes.

This Agenda shall be made available upon request in alternate formats to persons with a disability. Persons requesting a disability-related modification or accommodation should contact Karrie Sanderlin, NVTA Board Secretary, at (707) 259-8633 during regular business hours, at least 48 hours prior to the time of the meeting.

This Agenda may also be viewed online by visiting the NVTA website <https://legistar.com/Calendar.aspx>

Note: Where times are indicated for agenda items, they are approximate and intended as estimates only, and may be shorter or longer as needed.

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Adoption of the Agenda
5. Public Comment
6. Chairperson's, Board Members', Metropolitan Transportation Commissioner's (MTC), and Association of Bay Area Governments (ABAG) Update
7. Director's Update
8. Caltrans' Update

## **9. PRESENTATIONS**

### **9.1 CASA Compact (MTC Staff)**

**Recommendation:** Information only. The Board will receive a presentation on the draft recommendations to addressing the housing crisis.

**Estimated Time:** 1:45 p.m.

Note: Where times are indicated for the agenda item, they are approximate and intended as estimates only and may be shorter or longer as needed.

## **10. CONSENT AGENDA ITEMS (10.1 - 10.4)**

### **10.1 Meeting Minutes of January 16, 2019 (Karrie Sanderlin) (Pages 12-20)**

**Recommendation:** Board action will approve the regular and special meeting minutes of January 16, 2019.

**Estimated Time:** 2:00 p.m.

**Attachments:** [Draft Minutes](#)  
[Draft Special Meeting Minutes](#)

**10.2                      Resolution No. 19-02 Authorizing the Destruction of Certain Agency Records (Karrie Sanderlin) (Pages 21-27)**

**Recommendation:** Board action will authorize the Destruction of Certain Agency Records as Provided by Section 34090 of the Government Code of the State of California.

**Estimated Time:** 2:00 p.m.

**Attachments:**     [Staff Report](#)

**10.3                      Resolution No. 19-03 Adopting the Transportation Fund for Clean Air (TFCA) Program Manager Expenditure Plan for Fiscal Year End (FYE) 2020 (Diana Meehan) (Pages 28-47)**

**Recommendation:** Board action will approve the TFCA Program Manager Expenditure Plan FYE 2020.

**Estimated Time:** 2:00 p.m.

**Attachments:**     [Staff Report](#)

**10.4                      Authorize the Executive Director to Execute and Take all Actions Necessary to Grant Avigation and Hazard Easement Deeds for Parcels 057-250-025-000 and 057-250-036-000 (Rebecca Schenck) (Pages 48-69)**

**Recommendation:** Board action will authorize the Executive Director to execute and take all actions necessary to grant Avigation and Hazard Easement Deeds for parcels 057-250-025-000 and 057-250-036-000.

**Estimated Time:** 2:00 p.m.

**Attachments:**     [Staff Report](#)

**11. REGULAR AGENDA ITEMS**

**11.1 Napa Valley Transportation Authority (NVTA) Second Quarter Fiscal Year (FY) 2018-19 Financial Statements, 5-Year Forecast, and Delegated Authority Matrix (Justin Paniagua) (Pages 70-76)**

**Recommendation:** Information only. The Board will receive the agency's financial performance compared to budget for the second quarter of FY 2018-19, 5-year financial forecast and delegated authority matrix.

**Estimated Time:** 2:00 p.m.

**Attachments:** [Staff Report](#)

**11.2 NVTA Policy Manual Chapter 7: Financial Management Policies, Practices, and Procedures Manual (Antonio Onorato) (Pages 77-166)**

**Recommendation:** Board action will approve the revised Financial Management Policies, Practices, and Procedures manual.

**Estimated Time:** 2:10 p.m.

**Attachments:** [Staff Report](#)

**11.3 Draft Countywide Bicycle Plan (Diana Meehan) (Pages 167-171)**

**Recommendation:** Board action will release the 2019 Draft Countywide Bicycle Plan to the public for comments.

**Estimated Time:** 2:20 p.m.

**Attachments:** [Staff Report](#)



**11.4                    Approval of Memorandum of Understanding (MOU) for the Resilient State Route 37 Program between Bay Area Toll Authority, California Department of Transportation, Solano Transportation Authority, Transportation Authority of Marin, Napa Valley Transportation Authority (Danielle Schmitz) (Pages 172-182)**

**Recommendation:** Board action will approve the MOU for the Resilient State Route 37 (SR 37) Program.

**Estimated Time:** 2:30 p.m.

**Attachments:**        [Staff Report](#)

**11.5                    Financing Options and Funding Alternatives for the Vine Transit Maintenance Facility (Kate Miller) (Pages 183-193)**

**Recommendation:** Board action will consider funding scenarios proposed for the new Vine Maintenance Facility and provide staff direction on a preferred approach.

**Estimated Time:** 2:40 p.m.

**Attachments:**        [Staff Report](#)

**11.6                    State Legislative Update and State Bill Matrix (Kate Miller) (Pages 194-204)**

**Recommendation:** The Board will receive the State Legislative update prepared by Platinum Advisors and approve board position recommendations for bills on the State Bill Matrix.

**Estimated Time:** 2:50 p.m.

**Attachments:**        [Staff Report](#)

**12. FUTURE AGENDA ITEMS**

**13. CLOSED SESSION**

**13.1****CONFERENCE WITH REAL PROPERTY NEGOTIATOR**

(Government Code Section 54956.8)

Property: APN 020-180-046

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: Silver Oak Wine Cellars, LLC

Under Negotiation: Price and Terms

Property: APN 020-320-016

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: PD Properties LLC

Under Negotiation: Price and Terms

Property: APN 020-282-001

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: Tucker Farm Center Corp.

Under Negotiation: Price and Terms

Property: APN's 022-010-007, 022-240-001, 022-034-005, and 022-010-006

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: State of California

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Agency Negotiator: Kate Miller, Executive Director

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Property: APN 022-010-017

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Agency Negotiator: Kate Miller, Executive Director

Negotiating Parties: William Laurence Turley & Suzanne Chambers

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Property: APN 022-100-030

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Negotiating Party: De Coninck Vineyards, Ca Corp.

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Agency Negotiator: Kate Miller, Executive Director

Negotiating Parties: Treasury Wine Estates Americas Company

Under Negotiation: Price and Terms

Property: APN's 020-150-050 and 020-210-020

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: Realty Income Properties LLC

Under Negotiation: Price and Terms

Property: APN 022-070-025

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: St. Helena Purlieu LLC

Under Negotiation: Price and Terms

Property: APN 022-070-028

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: Stacia L Dowdell

Under Negotiation: Price and Terms

Property: APN 022-130-014

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: Albert Michael Ahern Trust Etal

Under Negotiation: Price and Terms

Property: APN's 022-130-022, 022-130-023, 022-130-024, and 022-130-028

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: Jackson Family Investments LLC

Under Negotiation: Price and Terms

Property: APN 022-010-023

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: Collins Family Vineyards, LLC

Under Negotiation: Price and Terms

Estimated Time: 3:00 p.m.

#### **14. ADJOURNMENT**

##### **14.1 Approval of Next Regular Meeting of Wednesday, March 20, 2019 and Adjournment.**

Estimated Time: 3:30 p.m.

I hereby certify that the agenda for the above stated meeting was posted at a location freely accessible to members of the public at the NVTA Offices, 625 Burnell Street, Napa, CA by 5:00 p.m. on Friday, February 15, 2019.

*Karalyn E. Sanderlin (e-sign) February 14, 2019*  
Karalyn E. Sanderlin, NVTA Board Secretary

## Glossary of Acronyms

<b>AB 32</b>	Global Warming Solutions Act	<b>GTFS</b>	General Transit Feed Specification
<b>ABAG</b>	Association of Bay Area Governments	<b>HBP</b>	Highway Bridge Program
<b>ADA</b>	American with Disabilities Act	<b>HBRR</b>	Highway Bridge Replacement and Rehabilitation Program
<b>ATAC</b>	Active Transportation Advisory Committee	<b>HIP</b>	Housing Incentive Program
<b>ATP</b>	Active Transportation Program	<b>HOT</b>	High Occupancy Toll
<b>BAAQMD</b>	Bay Area Air Quality Management District	<b>HOV</b>	High Occupancy Vehicle
<b>BART</b>	Bay Area Rapid Transit District	<b>HR3</b>	High Risk Rural Roads
<b>BATA</b>	Bay Area Toll Authority	<b>HSIP</b>	Highway Safety Improvement Program
<b>BRT</b>	Bus Rapid Transit	<b>HTF</b>	Highway Trust Fund
<b>BUILD</b>	Better Utilizing Investments to Leverage Development	<b>HUTA</b>	Highway Users Tax Account
<b>CAC</b>	Citizen Advisory Committee	<b>IFB</b>	Invitation for Bid
<b>CAP</b>	Climate Action Plan	<b>ITIP</b>	State Interregional Transportation Improvement Program
<b>Caltrans</b>	California Department of Transportation	<b>ITOC</b>	Independent Taxpayer Oversight Committee
<b>CEQA</b>	California Environmental Quality Act	<b>IS/MND</b>	Initial Study/Mitigated Negative Declaration
<b>CIP</b>	Capital Investment Program	<b>JARC</b>	Job Access and Reverse Commute
<b>CMA</b>	Congestion Management Agency	<b>LIFT</b>	Low-Income Flexible Transportation
<b>CMAQ</b>	Congestion Mitigation and Air Quality Improvement Program	<b>LOS</b>	Level of Service
<b>CMP</b>	Congestion Management Program	<b>LS&amp;R</b>	Local Streets & Roads
<b>CalSTA</b>	California State Transportation Agency	<b>MaaS</b>	Mobility as a Service
<b>CTP</b>	Countywide Transportation Plan	<b>MAP 21</b>	Moving Ahead for Progress in the 21 <sup>st</sup> Century Act
<b>COC</b>	Communities of Concern	<b>MPO</b>	Metropolitan Planning Organization
<b>CTC</b>	California Transportation Commission	<b>MTC</b>	Metropolitan Transportation Commission
<b>DAA</b>	Design Alternative Analyst	<b>MTS</b>	Metropolitan Transportation System
<b>DBB</b>	Design-Bid-Build	<b>ND</b>	Negative Declaration
<b>DBF</b>	Design-Build-Finance	<b>NEPA</b>	National Environmental Policy Act
<b>DBFOM</b>	Design-Build-Finance-Operate-Maintain	<b>NOAH</b>	Natural Occurring Affordable Housing
<b>DED</b>	Draft Environmental Document	<b>NOC</b>	Notice of Completion
<b>EIR</b>	Environmental Impact Report	<b>NOD</b>	Notice of Determination
<b>EJ</b>	Environmental Justice	<b>NOP</b>	Notice of Preparation
<b>FAS</b>	Federal Aid Secondary	<b>NVTA</b>	Napa Valley Transportation Authority
<b>FAST</b>	Fixing America's Surface Transportation Act	<b>NVTA-TA</b>	Napa Valley Transportation Authority-Tax Agency
<b>FHWA</b>	Federal Highway Administration	<b>OBAG</b>	One Bay Area Grant
<b>FTA</b>	Federal Transit Administration	<b>PA&amp;ED</b>	Project Approval Environmental Document
<b>FY</b>	Fiscal Year	<b>P3 or PPP</b>	Public-Private Partnership
<b>GHG</b>	Greenhouse Gas	<b>PCC</b>	Paratransit Coordination Council
<b>GGRF</b>	Greenhouse Gas Reduction Fund		

## Glossary of Acronyms

<b>PCI</b>	Pavement Condition Index	<b>STA</b>	State Transit Assistance
<b>PCA</b>	Priority Conservation Area	<b>STIC</b>	Small Transit Intensive Cities
<b>PDA</b>	Priority Development Areas	<b>STIP</b>	State Transportation Improvement Program
<b>PID</b>	Project Initiation Document	<b>STP</b>	Surface Transportation Program
<b>PMS</b>	Pavement Management System	<b>TAC</b>	Technical Advisory Committee
<b>Prop. 42</b>	Statewide Initiative that requires a portion of gasoline sales tax revenues be designated to transportation purposes	<b>TCM</b>	Transportation Control Measure
<b>PSE</b>	Plans, Specifications and Estimates	<b>TCRP</b>	Traffic Congestion Relief Program
<b>PSR</b>	Project Study Report	<b>TDA</b>	Transportation Development Act
<b>PTA</b>	Public Transportation Account	<b>TDM</b>	Transportation Demand Management Transportation Demand Model
<b>RACC</b>	Regional Agency Coordinating Committee	<b>TE</b>	Transportation Enhancement
<b>RFP</b>	Request for Proposal	<b>TEA</b>	Transportation Enhancement Activities
<b>RFQ</b>	Request for Qualifications	<b>TEA 21</b>	Transportation Equity Act for the 21 <sup>st</sup> Century
<b>RHNA</b>	Regional Housing Needs Allocation	<b>TFCA</b>	Transportation Fund for Clean Air
<b>RM2</b>	Regional Measure 2 (Bridge Toll)	<b>TIGER</b>	Transportation Investments Generation Economic Recovery
<b>RM3</b>	Regional Measure 3	<b>TIP</b>	Transportation Improvement Program
<b>RMRP</b>	Road Maintenance and Rehabilitation Program	<b>TLC</b>	Transportation for Livable Communities
<b>ROW</b>	Right of Way	<b>TLU</b>	Transportation and Land Use
<b>RTEP</b>	Regional Transit Expansion Program	<b>TMP</b>	Traffic Management Plan
<b>RTIP</b>	Regional Transportation Improvement Program	<b>TMS</b>	Transportation Management System
<b>RTP</b>	Regional Transportation Plan	<b>TNC</b>	Transportation Network Companies
<b>SAFE</b>	Service Authority for Freeways and Expressways	<b>TOAH</b>	Transit Oriented Affordable Housing
<b>SAFETEA-LU</b>	Safe, Accountable, Flexible, and Efficient Transportation Equity Act-A Legacy for Users	<b>TOD</b>	Transit-Oriented Development
<b>SB 375</b>	Sustainable Communities and Climate Protection Act 2008	<b>TOS</b>	Transportation Operations Systems
<b>SB 1</b>	The Road Repair and Accountability Act of 2017	<b>TPA</b>	Transit Priority Area
<b>SCS</b>	Sustainable Community Strategy	<b>TPI</b>	Transit Performance Initiative
<b>SHA</b>	State Highway Account	<b>TPP</b>	Transit Priority Project Areas
<b>SHOPP</b>	State Highway Operation and Protection Program	<b>VHD</b>	Vehicle Hours of Delay
<b>SNCI</b>	Solano Napa Commuter Information	<b>VMT</b>	Vehicle Miles Traveled
<b>SNTDM</b>	Solano Napa Travel Demand Model		
<b>SR</b>	State Route		
<b>SRTS</b>	Safe Routes to School		
<b>SOV</b>	Single-Occupant Vehicle		

**Napa Valley Transportation  
Authority  
Meeting Minutes - Draft  
NVTA Board of Directors**

February 20, 2019  
NVTA Agenda Item 10.1  
Continued From: New  
**Action Requested: APPROVE**

625 Burnell Street  
Napa, CA 94559

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Wednesday, January 16, 2019

1:30 PM

NVTA Conference Room

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**1. Call to Order**

Chair Canning called the meeting to order at 2:10 p.m.

**2. Pledge of Allegiance**

Chair Canning led the Pledge of Allegiance.

**3. Roll Call**

Attendance was confirmed [from the NVTA-TA meeting] with the addition of Beth Kahiga.

Leon Garcia  
Chris Canning  
Jill Techel  
Alfredo Pedroza  
Paul Dohring  
Mark Joseph  
Doris Gentry  
Kerri Dorman  
Belia Ramos  
Beth Kahiga  
John F. Dunbar  
Geoff Ellsworth  
Gary Kraus

**4. Adoption of the Agenda**

Motion MOVED by GARCIA, SECONDED by DOHRING to APPROVE adoption of the agenda.  
Motion carried by the following vote.

**Aye:** 21 - Garcia, Canning, Techel, Pedroza, Dohring, Joseph, Gentry, Dorman, and Ramos

**Absent:** 3 - Dunbar, Ellsworth, and Kraus

**5. Public Comment**

None

**6. Chairperson's, Board Members', Metropolitan Transportation Commissioner's,  
and Association of Bay Area Governments Update**

**MTC Commissioners' Update**  
Alfredo Pedroza reported on recent MTC activities.

**ABAG Update**  
Leon Garcia reported on recent ABAG activities.



## 7. Director's Update

Kate Miller, Executive Director

- Reported that staff will be providing a comprehensive review of the CASA compact at the February meeting.
- Reported that most agencies within the department of DOT are affected by the federal government partial shutdown. As the FTA [Federal Transit Administration] is one of the agencies affected by the federal government partial shutdown, all FTA reimbursements and approvals have stopped. NVTA operating funds (5307) have been drawn down for the year. However, if pending capital grant approvals associated Imola P&R project is not formally approved, NVTA will not be able to award the design contract that is currently out to bid. Also, NVTA has not received formal notification of approval on the federal categorical exemption for the maintenance facility environmental phase.
- Reported that Bus 163 which is an ARBOC (smaller vehicle) caught fire at the intersection of Foster and Imola yesterday around noon. No injuries were sustained but the bus is a total loss. The fire started in the engine compartment and is still being investigated. Given the agency's severe shortage of buses, staff will be meeting to identify short term affordable alternatives to bring additional vehicles into the county.

## 8. Caltrans' Update

No oral report was provided by Caltrans, however, the January 2019 Caltrans reporting memo was provided for review in the meeting handout packet.

## **9. CONSENT AGENDA ITEMS (9.1 - 9.4)**

At the request of staff, Item 9.2 was pulled from the agenda and will be brought back for approval at a future date.

Motion **MOVED** by DOHRING, **SECONDED** by JOSEPH to **APPROVE** Consent Items 9.1, 9.3-9.4.  
Motion carried by the following vote:

**Aye:** 21 - Garcia, Canning, Techel, Pedroza, Dohring, Joseph, Gentry, Dorman, and Ramos

**Absent:** 3 - Dunbar, Ellsworth, and Kraus

### **9.1 Meeting Minutes of November 16, 2018 (Karrie Sanderlin) (Pages 10-15)**

**Attachments:** [Draft Minutes](#)

Board action approved the meeting minutes of November 16, 2018.

### **9.2 Second Amendment to Napa Valley Transportation Authority (NVTA) Agreement No. 17-07 with DoubleMap Incorporated (Matthew Wilcox) (Pages 16-27)**

**Attachments:** [Staff Report](#)

Item pulled from the agenda and will be brought back for approval at a future date.

**9.3 Approval of Resolution No. 19-01 Adopting the Revised Napa Valley Transportation Authority (NVTB) Title VI Program Policy for Fiscal Years 2017-2019 (Rebecca Schenck) (Pages 28-93)**

Attachments: [Staff Report](#)

Board action approved the revised Title VI Program Policy for FY 2017-2019.

**9.4 Active Transportation Advisory Committee (ATAC) Member Appointment (Diana Meehan) (Pages 94-100)**

Attachments: [Staff Report](#)

Board action approved the appointment of Frances Knapczyk as representative for the City of Napa to the ATAC.

**10. REGULAR AGENDA ITEMS**

**10.1 Annual Financial Statement with Independent Auditor's Report for the Years Ended June 30, 2018 and 2017 and Single Audit Report of Uniform Guidance (Antonio Onorato) (Pages 101-195)**

Attachments: [Staff Report](#)

Staff reviewed the annual audit reports. The audit did not identify any deficiencies in internal controls and no findings or recommendations were noted.

Motion MOVED by GARCIA, SECONDED by RAMOS to (1) Accept and file the Financial Statements with Independent Auditor's Report for Fiscal Years Ending June 30, 2018 and 2017 and the NVTB Single Audit Report of the Uniform Guidance (formerly Office of Management and Budget (OMB) Circular A-133) for the Year Ended June 30, 2018; and (2) Return an allocation surplus of \$1,598,602 to the Local Transportation Fund (LTF) Trust Fund administered by the Metropolitan Transportation Commission. Motion carried by the following vote:

**Aye:** 21 - Garcia, Canning, Techel, Pedroza, Dohring, Joseph, Gentry, Dorman, and Ramos

**Absent:** 3 - Dunbar, Ellsworth, and Kraus

**10.2 Vine Service Update (Matthew Wilcox) (Pages 196-218)**

Attachments: [Staff Report](#)

Information Only / No Action Taken

The Board received information on the state of the operations for Vine Transit Services.

**10.3 State Legislative Update and State Bill Matrix (Kate Miller) (Pages 219-226)**

Attachments: [Staff Report](#)

The Board received the State Legislative update and took the following action on the recommended proposed legislation included in the State Bill Matrix.

Motion MOVED by JOSEPH, SECONDED by GARCIA to APPROVE a Watch Position on AB 11 (Chiu D), SB 5 (Beal D) and SB 50 (Wiener D). Motion carried by the following vote:

Aye: 21 - Garcia, Canning, Techel, Pedroza, Dohring, Joseph, Gentry, Dorman, and Ramos

Absent: 3 - Dunbar, Ellsworth, and Kraus

Motion MOVED by DOHRING, SECONDED by JOSEPH to APPROVE, with GENTRY OPPOSED, a Support Position, on ACA 1 (Aguilar-Curry D). Motion carried by the following vote:

Aye: 16 - Garcia, Canning, Techel, Pedroza, Dohring, Joseph, Dorman, and Ramos

Nay: 5 - Gentry

Absent: 3 - Dunbar, Ellsworth, and Kraus

Absent: 3 - Dunbar, Ellsworth, and Kraus

**11. FUTURE AGENDA ITEMS**

None

**12. CLOSED SESSION**

Chair Canning announced that Item 12.2 was being pulled from closed session and will be brought back at a later date.

DeeAnne Gillick, NVTA Legal Counsel announced that the Board would be adjourning to closed session for the items noted on the agenda and on the special meeting agenda, and that no reportable action is expected.

Adjourned to Closed Session at 3:10 p.m.

**12.1 CONFERENCE WITH REAL PROPERTY NEGOTIATOR** (Government Code Section 54956.8)

Property: APN 020-180-046

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: Silver Oak Wine Cellars, LLC

Under Negotiation: Price and Terms

Property: APN 020-320-016

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This Closed Session was no reportable action.

**12.2 PUBLIC EMPLOYEE PERFORMANCE EVALUATION** (Government Code Section 54957(B)(1))

Title: Executive Director

This Closed Session was withdrawn.

Re-Convened to Open Session at 3:41 p.m.

Chair Canning reported that there was no reportable action associated with the closed session items.

**13. ADJOURNMENT**

**13.1 Approval of Next Regular Meeting of Wednesday, February 20, 2019 and Adjournment.**

The next regular meeting will be held on Wednesday, February 20, 2019 at 1:30 p.m.

Chair Canning adjourned the meeting at 3:41 p.m.

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Karalyn E. Sanderlin, NVTA Board Secretary

**Napa Valley Transportation  
Authority  
Meeting Minutes - Draft  
NVTB Board of Directors**

February 20, 2019  
NVTB Agenda Item 10.1  
Continued From: New  
**Action Requested: APPROVE**

625 Burnell Street  
Napa, CA 94559

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Wednesday, January 16, 2019

1:30 PM

NVTB Conference Room

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**\*\*\*\*Special Meeting\*\*\*\***

**1. CLOSED SESSION**

DeeAnne Gillick, NVTB Legal Counsel announced that the Board would be adjourning to closed session for the items noted on the [regular] agenda and on the special meeting agenda, and that no reportable action is expected.

Adjourned to Closed Session at 3:10 p.m.

**1.1 CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Government Code Section 54956.8)**

Property: APN's 020-150-050 and 020-210-020

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: Realty Income Properties LLC

Under Negotiation: Price and Terms

Property: APN 022-070-025

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: St. Helena Purlieu LLC

Under Negotiation: Price and Terms

Property: APN 022-070-028

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: Stacia L Dowdell

Under Negotiation: Price and Terms

Property: APN 022-130-014

Agency Negotiator: Kate Miller, Executive Director

Negotiating Party: Albert Michael Ahern Trust Etal

Under Negotiation: Price and Terms

Property: APN's 022-130-022, 022-130-023, 022-130-024, and 022-130-028

Agency Negotiator: Kate Miller, Executive Director  
Negotiating Party: Jackson Family Investments LLC  
Under Negotiation: Price and Terms

Property: APN 022-010-023  
Agency Negotiator: Kate Miller, Executive Director  
Negotiating Party: Collins Family Vineyards, LLC  
Under Negotiation: Price and Terms

**Re-Convened to Open Session at 3:41 p.m.**

Chair Canning reported that there were no reportable action associated with the closed session items.

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Karalyn E. Sanderlin, NVTB Board Secretary





February 20, 2019  
Board Agenda Item 10.2  
Continued From: New  
**Action Requested: APPROVE**

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## NAPA VALLEY TRANSPORTATION AUTHORITY

### Board Agenda Letter

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**TO:** Board of Directors  
**FROM:** Kate Miller, Executive Director  
**REPORT BY:** Karrie Sanderlin, Program Manager – Administration & Human Resources  
(707) 259-8633 / Email: [ksanderlin@nvta.ca.gov](mailto:ksanderlin@nvta.ca.gov)  
**SUBJECT:** Resolution No. 19-02 Authorizing the Destruction of Certain Agency Records

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#### **RECOMMENDATION**

That the Napa Valley Transportation Authority (NVRTA) Board approve Resolution No. 19-02 (Attachment 1) authorizing the Destruction of Certain Agency Records as Provided by Section 34090 of the Government Code of the State of California.

#### **COMMITTEE RECOMMENDATION**

None

#### **EXECUTIVE SUMMARY**

On November 17, 2010, the Board of Directors approved Resolution No. 10-31, adopting by reference the State's "Local Government Records Management Guidelines" as NVRTA's Official Records Retention Schedule. The Records Retention Schedule is the agency's most effective control over managing and destroying paper records. It is a NVRTA written policy governing the period of retention, or the life span, of all types of records which facilitates adherence to a planned, systematic, and consistent disposition of paper records.

#### **PROCEDURAL REQUIREMENTS**

1. Staff Report
2. Public Comment
3. Motion, Second, Discussion and Vote

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**FISCAL IMPACT**

Is there a Fiscal Impact? Yes, the cost to shred the designated documents is approximately \$400.

Is it currently budgeted? Yes

Where is it budgeted? 52325 Waste Disposal Services

Future fiscal impact: None

Consequences if not approved: Agency records will not be destroyed.

**CEQA REQUIREMENTS**

**ENVIRONMENTAL DETERMINATION:** The proposed action is not a project as defined by 14 California Code of Regulations 15378 (California Environmental Quality Act (CEQA) Guidelines) and therefore CEQA is not applicable.

**BACKGROUND AND DISCUSSION**

Staff has identified records that no longer have sufficient historical, legal, fiscal or reference value to retain in original form, and is requesting the Board of Directors authorization to destroy such records. These records are identified in the Documents for Destruction Inventory List (Exhibit A to Attachment 1).

The proposed destruction follows the Records Retention Schedule and is consistent with Section 34090 of the Government Code of the State of California. Section 34090 provides for the destruction of any agency record, document, instrument, book, paper, etc., without making a copy thereof, after the same is no longer required, if done with the approval of the Board of Directors and the written consent of the Board Secretary and Legal Counsel. Section 34090 does not authorize the destruction of records affecting the title to real property or liens thereon, court records, records required to be kept by statute, records less than two years old, and the minutes, ordinances, or resolutions of the Board.

In accordance with the law, Legal Counsel has reviewed the list of records and has given consent for destruction of the records.

**SUPPORTING DOCUMENTS**

Attachment: (1) Resolution No. 19-02

**RESOLUTION No. 19-02**

**A RESOLUTION OF THE  
NAPA VALLEY TRANSPORTATION AUTHORITY (NVTA)  
AUTHORIZING THE DESTRUCTION OF CERTAIN AGENCY RECORDS  
AS PROVIDED BY SECTION 34090 OF THE  
GOVERNMENT CODE OF THE STATE OF CALIFORNIA**

**WHEREAS**, the retention of records is not required after a certain period of time for the effective and efficient operation of NVTA's governmental responsibilities; and

**WHEREAS**, Section 34090 of the Government Code of the State of California provides a procedure whereby any agency record which has served its purpose and is no longer required may be destroyed, providing the destruction of said records will not interfere with the services and functions of the NVTA.

**NOW THEREFORE BE IT RESOLVED** by the Napa Valley Transportation Authority Board of Directors as follows:

1. The records of the Napa Valley Transportation Authority as set forth in Exhibit "A", which is incorporated herein by this reference, are hereby authorized to be destroyed as provided by Section 34090 of the Government Code of the State of California, and in accordance with the provisions of the Records Destruction Certificate and with the consent in writing of Legal Counsel, without further action by the Napa Valley Transportation Authority Board of Directors.

2. The provisions of Section 1 above do not authorize the destruction of:
- A. Records affecting the title to real property or liens thereon.
  - B. Court records.
  - C. Records required to be kept by statute.
  - D. Records less than two (2) years old.
  - E. The minutes, ordinances, or resolutions of the Board of Directors.

3. Notwithstanding the provisions of Section 2, the duplicates of records not less than two (2) years old that are no longer required are hereby authorized to be destroyed as set forth in the attached report.

4. The destruction of any record as provided for herein shall be by shredding or other effective method of destruction and said destruction shall be witnessed by the Board Secretary or authorized representative.

5. The term “records” as used herein shall include document instruments, books, microfilm or papers.

6. This Resolution shall be in full force and effect immediately upon the passage and adoption thereof.

Passed and adopted this 20<sup>th</sup> day of February, 2019

\_\_\_\_\_  
Chris Canning, NVTA Chair

Ayes:

Nays:

Absent:

ATTEST:

\_\_\_\_\_  
Karalyn E. Sanderlin, NVTA Board Secretary

APPROVED:

\_\_\_\_\_  
DeeAnne Gillick, NVTA General Counsel

**Exhibit “A”**

## Documents for Destruction Inventory

<b>Name:</b>	<b>Napa Valley Transportation Authority (NVTA)</b>	<b>Date: 02/20/19</b>
<b>Performed By</b>	<b>NVTA Staff</b>	<b>Agency: NVTA</b>

<b>Department</b>	<b>Document Title</b>	<b>Year</b>
Admin	Chron Files: Jun, Jul, Aug, Oct Nov, Dec	2006
Admin	Chron File, NCTPA VINE Freedom Passes #248-500, NCTPA VINE Trainer passes #446-500; NCTPA VINE Lifetime Passes #159-500	2015-16
Admin	CAC Agendas	Dec 2014 - June 2016
Finance	DKS Associates	FY 06/07
Finance	Vine Deposits	Jul-Oct 2006
Finance	Veolia Monthly Invoice	Aug 2008
Finance	Veolia Monthly Invoice	Sep 2008
Finance	Disadvantage Business Enterprise (DBE) Reports	FY's: 2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09
Finance	Williams Rick Consulting	FY 2007-08
Finance	PeopleSoft Entry Detail Reports	2011
Finance	Daily Summary Reports	2014
Finance	United Transmission Exchange	FY 2010-11
Finance	Shared Vehicle Program	2012
Finance	FTA Triennial Review	2008
Finance	Veolia RFP	2009
Finance	NCTPA Triennial Review	FY 2006-08

<b>Department</b>	<b>Document Title</b>	<b>Year</b>
Finance	Delivery Receipt	2011
Finance	Wells Fargo AP	FY 2007-08
Finance	Delivery Receipt	2011
Finance	Wells Fargo AP	FY 2007-08
Finance	Vintage Janitorial Supplies	FY 2007-08
Finance	Vehicle Tech Support	
Finance	Timesheets (copies): DBrunner; EHurwitz; MMendez; DSchwarzbach; JPonte; ACardoza; TGeraghty	2008
Finance	TDA Disbursements	FY 2006-07
Finance	NCTPA Issued Invoices	FY 2006-07
Finance	Misc Journals	FY 2006-07
Finance	NCTPA Deposits	FY 2006-07
Finance	Monthly VineGo Reconciliation	Feb-Jun, Oct-Dec 2010
Finance	RFP 09-03 Classification & Comp Study	2009
Finance	Monthly VineGo Deposits	Jul-Sep 2010
Finance	MIV Insurance Service Contract	1998-2010
Finance	Daily Transaction Reports	2012 & 2013
Finance	Inventory Reduction Analysis	Aug 2009
Finance	Daily Transit Reports	Feb-May 2008 Jul-Dec 2008 Jan-May 2009 Oct-Dec 2009 Jan-Jun 2010
Finance	Garda Deposit Slips	2008, 2009
Finance	End of Year Audit Prep	2009

Department	Document Title	Year
Finance	Monthly GFI Reconciliation	Jul-Sep & Dec 2009 Mar & May 2010 Jul-Dec 2010
Finance	RPF 09-10 Transit Ops Cost Schedules; MV & Veolia	May 2009
Finance	RFP 09-03 Comprehensive Comp Study; CPS, Renee Sloan, Hay, Gillman	Nov 2009
Finance	Accounts Payable	FY 2012-13



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## NAPA VALLEY TRANSPORTATION AUTHORITY Board Agenda Letter

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**TO:** Board of Directors  
**FROM:** Kate Miller, Executive Director  
**REPORT BY:** Diana Meehan, Senior Program Planner/Administrator  
(707) 259-8327 / Email: [dmeehan@nvta.ca.gov](mailto:dmeehan@nvta.ca.gov)  
**SUBJECT:** Resolution No. 19-03 Adopting the Transportation Fund for Clean Air (TFCA) Program Manager Expenditure Plan for Fiscal Year Ending (FYE) 2020

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### **RECOMMENDATION**

That the Napa Valley Transportation Authority (NVRTA) Board approve Resolution No. 19-03 (Attachment 1) adopting the Fiscal Year Ending (FYE) 2020 Transportation Fund for Clean Air (TFCA) Program Manager Expenditure Plan (Attachment 1, Exhibit B).

### **COMMITTEE RECOMMENDATION**

The Technical Advisory Committee (TAC) recommends that the NVRTA Board approve Resolution No. 19-03 adopting the TFCA FYE 2020 Expenditure Plan and programming additional available revenue to the Imola Park and Ride Express Bus Improvement Phase II project.

### **EXECUTIVE SUMMARY**

The Napa Valley Transportation Authority (NVRTA) must annually allocate TFCA funds which are generated from a four-dollar vehicle license fee authorized under Assembly Bill 434 (AB 434) administered by the Bay Area Air Quality Management District (BAAQMD).

The Draft FYE 2020 Expenditure Plan provides information on updated program revenues (Attachment 1, Exhibit B). Due to projects and administration completed under budget, and with the addition of interest, the FYE 2020 estimated program revenues for projects are \$248,966. The additional amount available is \$68,966 higher than the original estimate for the three year program cycle adopted by the NVRTA Board at its May, 2018 meeting.

The funds must be programmed annually, therefore staff is recommending the additional revenue be programmed to the Imola Park and Ride Express Bus Improvement Phase II



project to cover shortfalls in project funding. The project still meets cost effectiveness requirements with the added funds.

### **PROCEDURAL REQUIREMENTS**

1. Staff Report
2. Public Comments
3. Motion, Second, Discussion and Vote

### **FISCAL IMPACT**

Is there a Fiscal Impact? Yes. Approximately \$ 248,966 in TFCA Program Manager Funds

### **BACKGROUND AND DISCUSSION**

At the April 2018 TAC meeting, NVTA staff recommended the TAC collectively plan the TFCA program manager funds over a three-year rolling period in order to use the funds more efficiently, especially for larger projects. Jurisdictions were requested to submit projects for three years from FYE 2019-21. Two projects were submitted by NVTA, no projects were received from any of the jurisdictions. The final list of projects for FYE 2019 through FYE 2021 is shown in Table 1 below. The NVTA Board adopted the three-year program of projects in May 2018.

**Table 1:** Three-year Cycle FYE 2019-2021 TFCA Program Manager Fund Projects

<b>FYE 2019-2021 TFCA Expenditures</b>	<b>Amount</b>
Administration Costs for FYE 2019	\$12,931
Imola Park and Ride Express Bus Improvements Phase I(FYE 2019)	\$201,296
Imola Park and Ride Express Bus Improvements Phase II (FYE 2020)	\$180,000
Napa Valley Vine Trail Calistoga to St. Helena (FYE 2021*)	\$200,000
<b>TOTAL</b>	<b>\$ 594,227</b>

\*The FYE 2021 Estimate is \$200,000 and will be updated when the annual fund estimate is received.

Funds programmed in the first year of the three-year cycle have a firm commitment under the annually adopted expenditure plan. Funds in years two and three are flexible based on project status and actual available revenues generated by the program. NVTA, as the program manager, reviews the program and trues up funding annually.

---

Forty percent of the AB 434 funds generated in Napa County are returned to NVTA for distribution to local projects. Projects must be beneficial to air quality and be cost effective. The remaining 60% is allocated by the BAAQMD on an air district-wide competitive basis. Beginning in the FYE 2019 cycle, NVTA programmed projects for a three-year period with a commitment to review the program annually and make adjustments if needed. The Program Expenditure Plan for the Program Manager Funds is due to the Air District by March 1, 2019.

In general, the BAAQMD TFCA policies only allow funds to be retained for two (2) years unless NVTA originally requests additional time or the project is making reasonable progress and is granted a one (1) year extension. If funds are not programmed annually, they could be reallocated to projects in another county. **Bicycle projects must be completed in two (2) years and will not be granted a time extension beyond this limit.**

Updated program guidance for FYE 2020 is available for review on the NVTA Website: <http://www.nvta.ca.gov/sites/default/files/FYE%202020%20TFCA%20County%20Program%20Manager%20Guidance%20clean.pdf>

### **SUPPORTING DOCUMENTS**

Attachment: (1) Resolution No. 19-03

**RESOLUTION No. 19-03**

**A RESOLUTION OF THE  
NAPA VALLEY TRANSPORTATION AUTHORITY (NVTa)  
ADOPTING THE TRANSPORTATION FUND FOR CLEAN AIR (TFCA)  
PROGRAM MANAGER EXPENDITURE PROGRAM FOR  
FISCAL YEAR END (FYE) 2020**

**WHEREAS**, the Bay Area Air Quality Management District (BAAQMD) has imposed a vehicle license fee as allowed under Assembly Bill 434 to implement actions that will help reduce harmful auto emissions; and

**WHEREAS**, that program is known as the Transportation Fund for Clean Air Program Manager funds; and

**WHEREAS**, Assembly Bill 434 calls for the designation of an overall program manager to receive forty percent of the fees generated in the county to be expended for the improvement of air quality; and

**WHEREAS**, the Napa Valley Transportation Authority (NVTa) has been designated the overall program manager for Napa County; and

**WHEREAS**, the TFCA Program requires at least one public meeting each year for the purpose of adopting criteria for the expenditure of funds consistent with BAAQMD's Adopted TFCA County Program Manager Fund Policies; and

**WHEREAS**, the NVTa held a public meeting on February 20, 2019, to adopt the criteria for the expenditure of TFCA funds.

**NOW THEREFORE BE IT RESOLVED** by the Board of Directors that

1. The foregoing recitals are true and correct.
2. The criteria in Exhibit A, consistent with the BAAQMD Board Adopted TFCA County Program Manager Fund Policies for FYE 2020, are hereby adopted.
3. Staff is directed to finalize and submit the FYE 2020 Expenditure Plan for Napa County, as shown in Exhibit B.

4. The Executive Director or her designee is authorized to submit to or request all necessary information from other agencies on behalf of the NVTa, and to execute any other documents or certifications to gain and expend these funds.

Passed and adopted this 20th day of February, 2019.

Ayes

\_\_\_\_\_  
Chris Canning, NVTa Chair

Nays:

Absent:

ATTEST:

\_\_\_\_\_  
Karalyn E. Sanderlin, NVTa Board Secretary

APPROVED:

\_\_\_\_\_  
DeeAnne Gillick, NVTa General Counsel

**EXHIBIT "A"**



Guide for the  
Transportation Fund for Clean Air Program  
(TFCA) for Napa County Program Manager Funds



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

NVTA  
625 Burnell Street  
Napa, CA 94559  
Phone: 707-259-8631  
Fax: 707-259-8638  
[www.nvta.net](http://www.nvta.net)

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February 20, 2019

**Greetings!**

The Transportation Fund for Clean Air (TFCA) is a grant program, funded by a \$4 surcharge on motor vehicles registered in the Bay Area. This generates approximately \$22 million per year in revenues. The purpose of the TFCA program is to provide grants to implement the most cost-effective projects in the Bay Area that will decrease motor vehicle emissions, and thereby improve air quality. Projects must be consistent with the 1988 California Clean Air Act and the Bay Area Ozone Strategy.

The TFCA program can fund a wide range of project types, including the construction of new bicycle lanes; shuttle and feeder bus services to train stations; ridesharing programs to encourage carpool, vanpool and transit use; bicycle facility improvements such as bicycle racks and lockers and new bicycle purchases; arterial management projects that reduce traffic congestion such as signal interconnect projects.

NVTA has prepared this packet to help guide you in submitting a successful application for funding in the next three-year funding cycle.

The available funding for Napa County TFCA for FYE 2020 will be approximately \$248,966 dollars. The TFCA Applications for FYE 2020 were approved by the NVTA Board in May 2018 during the last three-year cycle call for projects. The next three-year cycle call for projects will be held in February 2020 for FYE 2021-23.

If you have any questions, you may contact Diana Meehan, TFCA Program Manager at:

NVTA TFCA Program  
625 Burnell Street  
Napa, CA 94559  
Phone: 707-259-8327

Sincerely,

Kate Miller  
Executive Director  
Napa Valley Transportation Authority

## **Introduction**

On-road motor vehicles, including cars, trucks, and buses, constitute the most significant source of air pollution in the Bay Area. Vehicle emissions contribute to unhealthy levels of ozone (summertime "smog") and particulate matter.

To protect public health, the State Legislature enacted the California Clean air Act in 1988. Pursuant to this law, the Bay Area Air Quality Management District (Air District) has adopted the 2017 Clean Air Plan (CAP), which describes how the region will work toward compliance with State and Federal ambient air quality standards and make progress on climate protection. To reduce emissions from motor vehicles, the 2017 CAP includes transportation control measures (TCM's) and mobile source measures (MSM's). A TCM is defined as "any strategy to reduce vehicle trips, vehicle use, vehicle miles traveled, vehicle idling, or traffic congestion for the purpose of reducing motor vehicle emissions." MSMs encourage the retirement of older, more polluting vehicles and the introduction of newer, less polluting motor vehicle technologies.

## **The TFCA Program**

To fund the implementation of TCMs and MSMs, the State Legislature authorized the Air District to impose a \$4 surcharge on motor vehicle registration fees paid within the nine-county Bay Area. These revenues are allocated by the Air District through the Transportation Fund for Clean Air (TFCA). TFCA grants are awarded to public and private entities to implement eligible projects.

TFCA-funded projects have many benefits, including the following:

- Reducing air pollution, including air toxics such as benzene and diesel particulates
- Conserving energy and helping to reduce greenhouse gas emissions
- Improving water quality by decreasing contaminated runoff from roadways
- Improving transportation options
- Reducing traffic congestion

Forty percent (40%) of these funds are allocated to the designated program manager within each of the nine counties within the Air Districts jurisdiction. This allocation is referred to as the TFCA Program Manager Fund. NVTa is the program manager for Napa County. The remaining sixty percent (60%) of these funds are directed to Air District sponsored programs and to Air District-administered TFCA Regional Fund.



### **Your Responsibilities as Project Sponsor:**

1. Submit projects to the Program Manager that comply with Air District policies.
2. Prepare and submit your project's information form and cost-effectiveness worksheet to the Program Manager.
3. Adhere to the Program Manager's timeline and submit deliverables on time.
4. Submit project status report forms on time, May 20 and October 20.
5. Complete your TFCA project two years from the effective date of the Master Agreement between the Program Manager and the Air District (July 2021).
6. Provide proof of Air District credit for vehicles purchased, published materials, and construction funded or partially funded through the TFCA program.
7. Provide itemized invoices to the Program Manager for reimbursement of your project.
8. Provide proof of general liability insurance with a limit of not less than \$1,000,000 per occurrence.

### **NVTA's Responsibilities as Program Manager:**

1. Provide guidance, offer technical support to project sponsors.
2. Review Project Sponsor's Project Information forms, cost-effectiveness sheets, and reporting forms.
3. Administer program in accordance with applicable legislation, including Health and Safety Code Sections 44233, 44241, and 44242, and with Air District Board-Adopted TFCA County Program Manager Fund Policies
4. Hold one or more public meeting each year for the purpose of adopting criteria for the expenditure of the funds and to review expenditure of revenues received.
5. Provide funds only to projects that comply with Air District Policies and Procedures.
6. Encumber and expend funds within two years of the receipt of funds.
7. Provide information to the Air District and to auditors on the expenditures of TFCA funds.

## **Basic Eligibility**

**Reduction of Emissions:** Only projects that result in the reduction of motor vehicle emissions within the Air District's jurisdiction are eligible. Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and the Air District Board of Directors adopted TFCA County Program Manager Fund Policies for FYE 2019. Projects must achieve surplus emission reductions, i.e., reductions that are beyond what is required through regulations, ordinances, contracts, and other legally binding obligations at the time of the execution of a grant agreement between the County Program Manager and the grantee. Projects must also achieve surplus emission reductions at the time of an amendment to a grant agreement if the amendment modifies the project scope or extends the project completion deadline.

**TFCA Cost-Effectiveness:** Projects must achieve TFCA cost-effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total emissions reduced, unless a different value is specified in the policy for that project type. (See "Eligible Project Categories" below.) Cost-effectiveness is based on the ratio of TFCA funds divided by the sum total tons of reactive organic gases (ROG), oxides of nitrogen (NOx), and weighted particulate matter 10 microns in diameter and smaller (PM10) reduced (\$/ton). All TFCA-generated funds (e.g., TFCA Regional Funds, reprogrammed TFCA funds) that are awarded or applied to a project must be included in the evaluation. For projects that involve more than one independent component (e.g., more than one vehicle purchased, more than one shuttle route, etc.), each component must achieve this cost-effectiveness requirement.

**Eligible Projects, and Case-by-Case Approval:** Eligible projects are those that conform to the provisions of the HSC section 44241, Air District Board adopted policies and Air District guidance. On a case-by-case basis, County Program Managers must receive approval by the Air District for projects that are authorized by the HSC section 44241 and achieve Board-adopted TFCA cost-effectiveness but do not fully meet other Board-adopted Policies.

**Consistent with Existing Plans and Programs:** All projects must comply with the transportation control measures and mobile source measures included in the Air District's most recently approved plan for achieving and maintaining State and national ambient air quality standards, which are adopted pursuant to HSC sections 40233, 40717 and 40919, and, when specified, with other adopted State, regional, and local plans and programs.

**Eligible Recipients:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District.

- A. Public agencies are eligible to apply for all project categories.
- B. Non-public entities are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).

**Readiness:** Projects must commence by the end of calendar year 2018. For purposes of this policy, “commence” means a tangible action taken in connection with the project’s operation or implementation, for which the grantee can provide documentation of the commencement date and action performed. “Commence” can mean the issuance of a purchase order to secure project vehicles and equipment, commencement of shuttle/feeder bus and ridesharing service, or the delivery of the award letter for a construction contract.

**Maximum Two Years Operating Costs:** Projects that provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible to apply for a period of up to two (2) years. Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

### **APPLICANT IN GOOD STANDING**

**Independent Air District Audit Findings and Determinations:** Grantees who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project awarded by either County Program Managers or the Air District are excluded from receiving an award of any TFCA funds for five (5) years from the date of the Air District’s final audit determination in accordance with HSC section 44242, or duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means a final audit report that includes an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the program or project was not implemented in accordance with the applicable Funding Agreement or grant agreement.

A failed fiscal or performance audit of the County Program Manager or its grantee may subject the County Program Manager to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC section 44242(c)(3).

**Authorization for County Program Manager to Proceed:** Only a fully executed Funding Agreement (i.e., signed by both the Air District and the County Program Manager) constitutes the Air District’s award of County Program Manager Funds. County Program Managers may only incur costs (i.e., contractually obligate itself to allocate County Program Manager Funds) after the Funding Agreement with the Air District has been executed.

**Insurance:** Both the County Program Manager and each grantee must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with required coverage amounts provided in Air District guidance and final amounts specified in the respective grant agreements.

## **Use of TFCA Funds**

- 1. Cost of Developing Proposals:** The costs of developing grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.
- 2. Combined Funds:** TFCA County Program Manager Funds may NOT be combined with TFCA Regional Funds for the funding.
- 3. Expend Funds within Two Years:** County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year. A County Program Manager may, if it finds that significant progress has been made on a project, approve a (1-year) extension. **Bicycle Projects must be completed in 2 years and will not be granted a time extension beyond this limit.**

*Beginning in FYE 2017, the Air District and the County Program Managers are directed to enforce the two-year time limit for bicycle projects (i.e., any projects under Policy # 29), the County Program Managers should cancel any projects that are not completed within the two-year time limit, and the Air District will not consider any extension requests for bicycle projects that have already been granted a two-year extension from the County Program Manager.*

## **TFCA Project Types**

- 1. Ridesharing projects**
- 2. Shuttle/Feeder Bus**
- 3. Bicycle Facility Improvements**
- 4. Smart Growth**
- 5. Clean Air Vehicle Purchase**
- 6. Arterial Management**

## **Ineligible Project Types**

- 1. Duplication:** Grant applications for projects that duplicate existing TFCA-funded projects (including Bicycle Facility Program projects) and therefore do not achieve additional emission reductions are ineligible.
- 2. Planning Activities:** Feasibility studies are not eligible, nor are projects that only involve planning activities and that do not include an implementation phase.
- 3. Employee Subsidies:** Projects that provide a direct or indirect financial transit or rideshare subsidy or shuttle/feeder bus service exclusively to employees of the project sponsor are not eligible.

### **Recent Project Examples in Napa County**

<u>Project Name</u>	<u>Sponsor</u>	<u>TFCA Funds</u>	<u>Total Project \$</u>
SR 29 Undercrossing Project	City of Napa	\$161,000	\$595,760
Riverside Class I Path	City of Calistoga	\$101,500	\$800,000
Imola P&R Express Bus Improvements Phase I	NVTA	\$201,296	\$830,000

### **Dates of Importance**

**March 1, 2019**      **TFCA Expenditure Plan Due to Air District**

**July 1, 2019**      Deadline: Within three months of Board approval, Program Manager submits request for Air District approval of any projects that do not conform to TFCA policies (date tentative)

**November 2, 2019**      Deadline: Within six months of Board approval, Program Manager (NVTA) provides Cost-Effectiveness Worksheets and Project Information forms for new FYE 2020 projects to the Air District (date tentative)

### **Project Selection Process**

The project selection process is as follows (Three year program cycle). The NVTA Technical Advisory Committee (TAC), with representation from all six Napa County jurisdictions, will serve as the selection and prioritization committee. NVTA staff will run the prospective projects through an initial qualification process based on project eligibility, and present their findings to the TAC. TAC's recommendations will be forwarded to the NVTA Board.

Projects will be evaluated on a cost effective and project readiness basis.

### **TFCA Program Manager Selection Criteria for Napa County**

- 1) The proposed project must improve the quality of the air as determined by the BAAQMD.
- 2) The project must fall into one or more of the statutory expenditure categories, which are:

- The implementation of ridesharing programs.
- The purchase or lease of clean fuel buses for school districts and transit operators.
- The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
- Implementation and maintenance of local arterial traffic management.
- Implementation of rail-bus integration and regional transit information systems.
- Implementation of low-emission and zero-emission vehicle programs and of demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit.
- Implementation of a smoking vehicles program (Air District project).
- Implementation of an automobile buy-back scrappage program operated by a governmental agency (Air District project).
- Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.
- The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions.
- Implementation of vehicle-based projects to reduce mobile source emissions, including but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations.

### **TFCA Do's and Don'ts**

#### **Do**

- Establish a clear link to the air quality benefits of your project
- Provide clear and detailed cost estimates
- Have good back-up documentation including maps and pictures
- Have a clearly defined project scope and timeline
- Keep NVTA in “the loop” the greater understanding the Program Manager has of your project, the better

#### **Don't**

- Bite off more than you can chew – if the project cannot be completed in two years apply for funding in phases, it will not hurt your chances of eligibility
- Scope creep – when you fill out your **Project Information Form** this is your application. You have to adhere to the project description you write on this form
- Forget to ask for help – NVTA is here as a resource, do not assume, rather ask for clarification
- Apply for the TFCA funds now, and figure out where the rest of your project's funding is going to come from later

### **Frequently Asked Questions**

#### **1. Is there a local match requirement to apply for TFCA funding?**

No, there is no requirement for a local match.

**2. Can TFCA Program Manager Funds be combined with TFCA Regional Funds?**

No, TFCA funds cannot be combined with TFCA Regional funds but may be combined with other funding sources, local, federal, state.

**3. What is the TFCA funding limit for alternative fuel vehicles?**

TFCA funds awarded to alternative fuel vehicle projects may not exceed incremental cost after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the vehicle and/or retrofit and its new conventional vehicle counterpart that meets, but does not exceed 2011 emissions standards.

**Contact Information**

Napa County TFCA Program Manager:

Diana Meehan

625 Burnell Street

Napa, CA 94559

Phone: (707) 259-8327

[dmeehan@nvta.ca.gov](mailto:dmeehan@nvta.ca.gov)

NVTA Main Office

625 Burnell Street

Napa, CA 94559

Phone: (707) 259-8631

Fax: (707) 259-8638

[www.nvta.ca.gov](http://www.nvta.ca.gov)

Bay Area Air Quality Management District:

Strategic Incentives Division

Karen Schkolnick

Phone: (415) 749-5070

[kschkolnick@baaqmd.gov](mailto:kschkolnick@baaqmd.gov)

## Appendix A

### PROJECT INFORMATION

A. Project Number: 19XX01

*Use consecutive numbers for projects funded, with year, county code, and number, e.g., 19NAP01, 19NAP02 for Napa County. Zero (e.g., 19NAP00) is reserved for County Program Manager TFCA funds allocated for administration costs.*

B. Project Title: \_\_\_\_\_

*Provide a concise, descriptive title for the project (e.g., "Elm Ave. Signal Interconnect" or "Purchase Ten Gasoline-Electric Hybrid Light-Duty Vehicles").*

C. TFCA County Program Manager Funds Allocated: \$ \_\_\_\_\_

D. TFCA Regional Funds Awarded (if applicable):\$ \_\_\_\_\_

E. Total TFCA Funds Allocated (sum of C and D):\$ \_\_\_\_\_

F. Total Project Cost: \$ \_\_\_\_\_

*Indicate the TFCA dollars allocated (C, D and E) and total project cost (D). Data from Line E (Total TFCA Funds) should be used to calculate C-E.*

G. Project Description:

Grantee will use TFCA funds to \_\_\_\_\_. *Include information sufficient to evaluate the eligibility and cost-effectiveness of the project. Ex. of the information needed include*



*but are not limited to: what will be accomplished by whom, how many pieces of equipment are involved, how frequently it is used, the location, the length of roadway segments, the size of target population, etc. Background information should be brief. For shuttle/feeder bus projects, indicate the hours of operation, frequency of service, and rail station and employment areas served.*

H. Final Report Content: Final Report form and final Cost Effectiveness Worksheet

*Reference the appropriate Final Report form that will be completed and submitted after project completion. See <http://www.baaqmd.gov/Divisions/Strategic-Incentives/Funding-Sources/TFCA/County-Program-Manager-Fund.aspx> for a listing of the following forms:*

- ☐ *Form for Ridesharing, Shuttles, Transit Information, Rail/Bus Integration, Smart Growth, and Traffic Calming Projects. (Includes Transit Bus Signal Priority.)*
- ☐ *Form for Clean Air Vehicle and Infrastructure Projects*
- ☐ *Form for Bicycle Projects*
- ☐ *Form for Arterial Management Projects*

I. Attach a completed Cost-effectiveness Worksheet and any other information used to evaluate the proposed project. *For example, for vehicle projects, include the California Air Resources Board Executive Orders for all engines and diesel emission control systems. Note, Cost-effectiveness Worksheets are not needed for TFCA County Program Managers' own administrative costs.*

J. Comments (if any):  
*Add any relevant clarifying information in this section.*

**SUMMARY INFORMATION****ATTACHMENT 1\_EXHIBIT B**  
**Board Agenda Item 10.3**  
**February 20, 2019**County Program Manager Agency Name: Napa Valley Transportation AuthorityAddress: 625 Burnell St., Napa, CA 94559**PART A: NEW TFCA FUNDS**

1. Estimated FYE 2020 DMV revenues (based on projected CY2018 revenues): Line 1: \$203,000
2. Difference between prior-year estimate and actual revenue: Line 2: \$10,169
- a. Actual FYE 2018 DMV revenues (based on CY2017): \$202,669
- b. Estimated FYE 2018 DMV revenues: \$192,500
- (*'a' minus 'b' equals Line 2.*)
3. Estimated New Allocation for projects and administration (*Sum of Lines 1 and 2*): Line 3: \$213,169

**PART B: INTEREST FOR PROGRAMMING AND TFCA FUNDS AVAILABLE FOR REPROGRAMMING**

4. Total available for programming/reprogramming to other projects. Line 4: \$51,578
- a. Amount available from previously funded projects: \$30,532
- (*Note: Reprogrammed funds originating from pre-2006 projects are not subject to the six-month allocation deadline.*)
- b. Interest income earned on TFCA funds in CY 2018: \$21,046
- (*'a' plus 'b' equals Line 4.*)

**PART C: TOTAL AVAILABLE TFCA FUNDS**

5. Total Available TFCA Funds (*Sum of Lines 3 and 4*) Line 5: \$264,747
- a. Estimated TFCA funds budgeted for administration:<sup>1</sup> \$15,781
- (*Note: This amount may not exceed 6.25% of Line 3.*)
- b. Estimated Total TFCA funds available for projects \$248,966
- (*Line 5 minus Line 5.a.*)

I certify that, to the best of my knowledge, the information contained in this application is complete and accurate.

Executive Director Signature: \_\_\_\_\_

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

<sup>1</sup> The "Estimated TFCA funds budgeted for administration" amount is listed for informational purposes only. Per California Health and Safety Code Section 44233, County Program Managers must limit their administrative costs to no more than 6.25% of the actual total revenue received from the Air District.

## SUMMARY INFORMATION - ADDENDUM

**Complete if there are TFCA Funds available for reprogramming.**

[illegible]

### TOTAL TFCA FUNDS AVAILABLE FOR REPROGRAMMING

**\$30,531.61**

**TOTAL PAYMENTS AVAILABLE FOR REFINANCING**  
(Enter this amount in Part B, Line 4.a. of Summary Information form)

\* Enter UB (for projects that were completed under budget) and CP (for cancelled project).



## **NAPA VALLEY TRANSPORTATION AUTHORITY Board Agenda Letter**

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**TO:** NVRTA Board of Directors  
**FROM:** Kate Miller, Executive Director  
**REPORT BY:** Rebecca Schenck, Senior Program Planner/Administrator  
(707) 259-8636 / Email: [rschenck@nvta.ca.gov](mailto:rschenck@nvta.ca.gov)  
**SUBJECT:** Authorize the Executive Director to Execute and Take all Actions Necessary to Grant Avigation and Hazard Easement Deeds for Parcels 057-250-025-000 and 057-250-036-000

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### **RECOMMENDATION**

That the Napa Valley Transportation Authority (NVRTA) Board authorize the Executive Director to execute and take all actions necessary to grant Avigation and Hazard Easement Deeds for parcels 057-250-025-000 (Attachment 1) and 057-250-036-000 (Attachment 2).

### **COMMITTEE RECOMMENDATION**

None

### **EXECUTIVE SUMMARY**

NVRTA owns parcels 057-250-025-000 and 057-250-036-000 within the Napa County Airport Safety Zone. Prior to building the proposed Vine Transit Bus Maintenance Facility on these parcels, NVRTA must execute an Avigation and Hazard Easement Deed for each parcel.

### **PROCEDURAL REQUIREMENTS**

1. Staff Report
2. Public Comments
3. Motion, Second, Discussion and Vote

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**FISCAL IMPACT**

Is there a Fiscal Impact? No

**CEQA REQUIREMENTS**

**ENVIRONMENTAL DETERMINATION:** The proposed action is not a project as defined by 14 California Code of Regulations 15378 (California Environmental Quality Act (CEQA) Guidelines) and therefore CEQA is not applicable.

**BACKGROUND AND DISCUSSION**

In September of 2016, NVRTA purchased two parcels (057-250-036-000 and 057-250-025-000) in Napa County in the Napa Valley Gateway Business Park. These parcels are within the Napa County Airport Safety Zone. Since NVRTA purchased the property, it was known that the project would need to comply with existing and future Napa County Airport land use polices to allow the safe passage of aircraft and NVRTA planned accordingly.

All buildings constructed in the Napa County Airport Influence zones must comply with these land use regulations outlined in Chapter 11 of the Napa County Code and execute an Avigation and Hazard Easement Deed. NVRTA staff and the architecture and engineering team on the Vine Transit Bus Maintenance Facility Project have reviewed the Deed for compliance and have sent the project's design plans to the Napa County Airport for review. All parties believe the Vine Transit Bus Maintenance Facility complies with the noise, height, and communication regulations. The Napa County Airport will sign-off on the 100% plans before Napa County issues a building permit for the project.

Once the Executive Director executes the Avigation and Hazard Easement Deeds, the documents will be presented the Napa County Board of Supervisors for Approval.

**SUPPORTING DOCUMENTS**

Attachments: (1) Avigation and Hazard Easement Deed 057-250-036-000  
(2) Avigation and Hazard Easement Deed 057-250-025-000

RECORDING REQUESTED BY AND  
PLEASE RETURN TO:

Clerk, Board of Supervisors  
for Napa County  
1195 Third Street, Suite 310  
Napa, California 94559

Exempt from recording fees,  
Gov. Code § 27383

APN: 057-250-036-000

**AVIGATION AND HAZARD  
EASEMENT DEED**

FOR GOOD AND SUFFICIENT CONSIDERATION, the receipt of which is hereby acknowledged, **NAPA VALLEY TRANSPORTATION AUTHORITY, A JOINT POWERS AGENCY OF THE STATE OF CALIFORNIA**, ("Grantor"), hereby grants to NAPA COUNTY ("Grantee"), a political subdivision of the State of California, an easement and right-of-way (the "Easement") appurtenant to the Napa County Airport ("the Airport") for the unobstructed passage of aircraft in the airspace within those imaginary approach, transition, horizontal and conical zones, as defined and described in Chapter 11.08 of the Napa County Code and depicted on those diagrams attached hereto as Exhibits "A", "B", and "C", and incorporated by reference herein. In the event of discrepancy between Chapter 11.08 and said Exhibits, the text of the former shall govern. For the purpose of this instrument, (the "Deed") the term "aircraft" shall refer to any contrivance, by whomsoever owned or operated, which is designed or used for navigation in the air.

Said Easement extends over all of the following real property ("the property") owned by Grantor, which is illustrated on Exhibit "D" attached hereto and incorporated by reference herein:

All that certain real property situated in the County of Napa, State of California, described as follows:

BEGINNING at a point that intersects the southern right-of-way line of Sheehy Court and the eastern line of the Lands of Pacheco Co, Inc. as described in the deed recorded on September 15, 2006 as Series Number 2006-0032125, Napa County Records, said point also being the beginning of a curve concave to the north having a radius of 60.00 feet and to which point a radial line bears South 24° 11' 17" West; thence, along said right-of-way line, easterly 64.13 feet along said curve through a central angle of 61° 14' 08" to the beginning of a reverse curve concave to the southeast having a radius of 90.00 feet; thence easterly 59.89 feet along said curve through a central angle of 38° 07' 29"; thence South 88° 55'

22" East 184.55 feet; thence leaving said southern right-of-way line, South 01° 04' 38" West 275.72 feet to a point on the centerline of Sheehy Creek, said point also lies on the northern line of Parcel 9 as shown on that certain map entitled "Final Map of Napa Valley Gateway Unit Three Phase Five" recorded on June 7, 1999 in Book 21 of Record Maps at Pages 52 through 56, Napa County Records; thence along the northern line of said Parcel 9, South 74° 27' 27" West 24.13 feet; thence South 89° 24' 56" West 60.64 feet; thence South 74° 37' 51" West 51.34 feet; thence South 56° 48' 23" West 82.01 feet to the northeastern corner of the Lands of Creekside Gateway Business Park, LLC as described in the deed recorded on November 1, 2002 as Series Number 2002-0044430, Napa County Records; thence along the northern line of said Lands of Creekside Gateway Business Park, LLC, North 77° 27' 06" West 27.31 feet; thence North 39° 04' 35" West 54.97 feet; thence North 31° 25' 35" West 92.60 feet to the northeastern corner of Parcel 3 as shown on the map entitled "Final Map of Napa Valley Gateway Unit Four" recorded on November 28, 2005 in Book 25 of Record Maps at Pages 67 through 70, Napa County Records; thence along the northeastern line of said Parcel 3, North 31° 25' 35" West 15.39 feet; thence North 43° 44' 24" West 68.71 feet to the southwestern corner of said Lands of Pacheco Co., Inc.; thence leaving the centerline of Sheehy Creek and along the eastern line of said Lands of Pacheco Co., Inc., North 28° 44' 14" East 146.99 feet to the POINT OF BEGINNING.

EXCEPTING THEREFROM one-half of all oil, oil rights, minerals, mineral rights, natural gas, natural gas rights and other hydrocarbons, by whatever name known, below a depth of 500 feet under the property (collectively "mineral rights") without the right of surface entry and without causing subsidence or other injury to the property and improvements now or hereafter constructed thereon, as reserved in the Deeds from Herbert Gunn, Jr., Trustee under that agreement dated July 17, 1989, recorded September 22, 2000 as Series Number 2000-0024252 and recorded June 15, 2001 as Series Number 2001-0019353 of Official Records of Napa County.

Also known as Assessor's Parcel Number 057-250-036-000 on the Assessor's Maps in effect on the date of the execution of this Deed, a portion of which is attached as Exhibit "D".

In the event of discrepancy between the foregoing description of the property and the map set forth in Exhibit "D", the foregoing description shall govern.

Said Easement includes the right to cause noise, vibrations, fumes, dust, and the emission of fuel particles by the operation of aircraft in the airspace and on the ground, but shall not include the right of any aircraft to dump or otherwise release onto the property any non-combusted fuel or other hazardous substances.

Said Easement also includes the continuing right of Grantee to prevent the erection or growth upon the property and permit the removal of any building, structure, tree, or other object extending into the prohibited airspace to the extent and with the exceptions described in Chapter

11.12 of Title 11 of the Napa County Code, together with the right of ingress to, egress from, and passage over the property for the purpose of exercising said rights.

Grantor hereby covenants:

1. That during the life of the Easement Grantor will not erect or permit the erection or growth of, or permit to remain upon said property any building, structure, tree, or other object extending into said prohibited airspace, except to the extent permitted by Chapter 11.12 of Title 11 of the Napa County Code.

2. That within a reasonable time after written notice from Grantee to Grantor which specifies with particularity the interfering use, Grantor will discontinue or modify to the reasonable satisfaction of the County the use of the property in any manner that in the reasonable opinion of the County: creates electrical interference with radio communication between any installation upon the Airport and aircraft operating in or around the Airport; interferes with the ability of the operators of such aircraft to distinguish between Airport lights and other lights; impairs visibility in the vicinity of the Airport; or otherwise endangers the landing, take off, or maneuvering of aircraft in or around the Airport.

3. That Grantor hereby fully waives and releases any right to any cause of action that it has or may have in the future against Grantee arising out of noise, vibrations, fumes, dust or the emission of fuel particles that may be caused by the operation of aircraft in or around the Airport, other than release onto the property of non-combusted fuel or other hazardous substances.

Grantor expressly reserves all rights and privileges in said property that may be exercised and enjoyed without interference with the Easement and the foregoing covenants.

This grant of the Easement shall not operate to deprive the Grantor, his successors or assigns, of any rights which any of them may from time to time have against any carrier, private operator or the County of Napa in relation to negligent or unlawful operation of aircraft or the Airport.

[REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]



This grant of the Easement and all rights, covenants, waivers, and reservations pertaining thereto or reserved therefrom shall bind Grantor and its heirs, executors, administrators, successors and assigns, and shall inure to the Grantee, its successors and assigns, for the use and benefit of the public until such time as the Airport shall cease to be used for public Airport purposes.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

NAPA VALLEY TRANSPORTATION  
AUTHORITY, A JOINT POWERS AGENCY OF  
THE STATE OF CALIFORNIA

By: \_\_\_\_\_

CATHERINE MILLER  
Executive Director

“Grantor”

<b>APPROVED AS TO FORM</b> Office of County Counsel By: <u>Thomas S. Capriola</u> Date: <u>January 11, 2019</u>
--

[illegible]

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

01/14/2019

APN: 057-250-036-000

**CERTIFICATE OF ACCEPTANCE**

This is to certify that the interest in real property conveyed by that certain AVIGATION AND HAZARD EASEMENT DEED dated \_\_\_\_\_, 2019, from NAPA VALLEY TRANSPORTATION AUTHORITY, to NAPA COUNTY, a political subdivision of the State of California, is hereby accepted by order of the Board of Supervisors of said Napa County on \_\_\_\_\_, 2019, and Grantee consents to recordation thereof by its duly authorized officer.

Dated \_\_\_\_\_, 2019

\_\_\_\_\_  
RYAN GREGORY, Chair of the Board of Supervisors

APPROVED AS TO FORM Office of County Counsel  By: <u>Thomas S. Capriola</u> Deputy County Counsel  Date: <u>January 11, 2019</u>	APPROVED BY THE NAPA COUNTY BOARD OF SUPERVISORS  Date: _____ Processed By: _____  Deputy Clerk of the Board	ATTEST: JOSE LUIS VALDEZ Clerk of the Board of Supervisors  By: _____
--	--	--

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA    )  
  ) ss.  
COUNTY OF NAPA        )

On \_\_\_\_\_, 2019 before me, \_\_\_\_\_ Notary Public, personally appeared RYAN GREGORY, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public



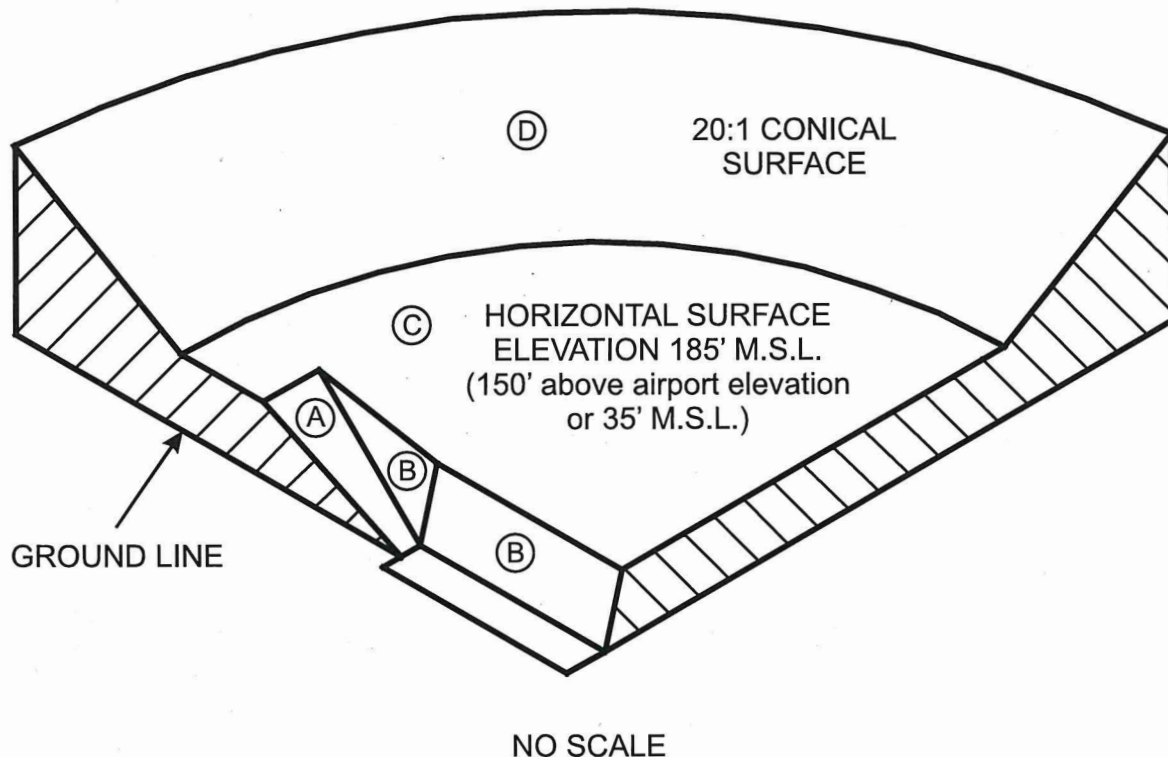


**EXHIBIT - A**  
**NAPA COUNTY AIRPORT**  
 NAPA, CALIFORNIA

**AIRSPACE PLAN**





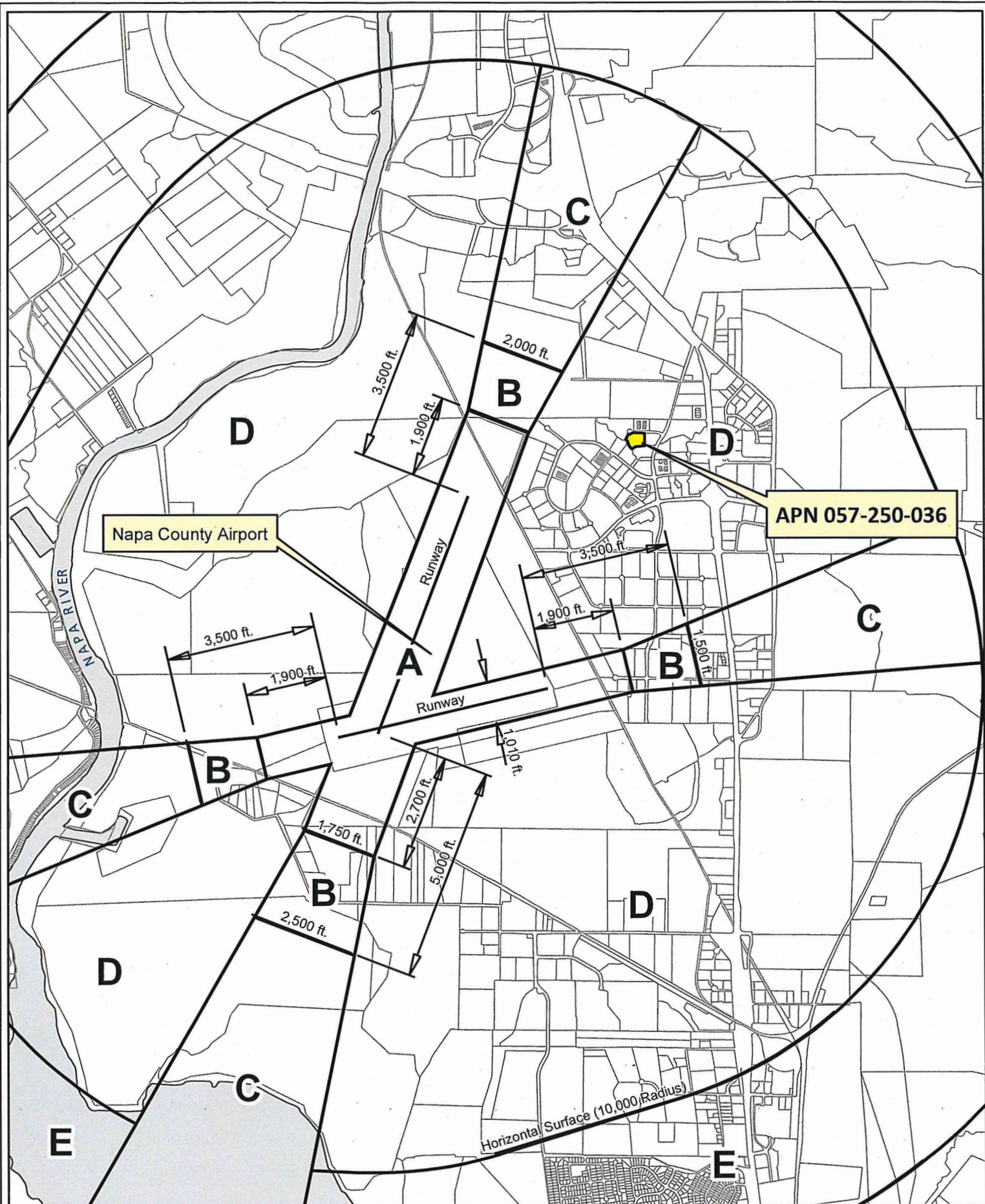


- A - PRECISION INSTRUMENT APPROACH ZONE - SLOPE 50:1  
NON-PRECISION INSTRUMENT APPROACH ZONE - SLOPE 34:1
- B - TRANSITION ZONES - SLOPE 7:1 - EXTENDS 5,000' FROM EDGE OF OUTER SECTION
- C - HORIZONTAL ZONE EXTENDS 10,000' FROM END OF RUNWAYS
- D - CONICAL ZONE EXTENDS 4,000' FROM EDGE OF HORIZONTAL ZONE

## EXHIBIT - C

### ISOMETRIC VIEW OF AIRPORT SAFETY ZONES





Horizontal Datum: NAD 83,  
CA State Plane Coordinates,  
Zone 12, feet

Disclaimer: This map was prepared for informational  
purposes only. No liability is assumed for the accuracy  
of the data delineated hereon.

# **Compatibility Plan** **Napa County Airport** **Exhibit "D"**



0 700 1,400 2,800'

County of Napa, PBES Dept. [ 2018-12-19 ]

RECORDING REQUESTED BY AND  
PLEASE RETURN TO:

Clerk, Board of Supervisors  
for Napa County  
1195 Third Street, Suite 310  
Napa, California 94559

Exempt from recording fees,  
Gov. Code § 27383

APN: 057-250-025-000

**AVIGATION AND HAZARD  
EASEMENT DEED**

FOR GOOD AND SUFFICIENT CONSIDERATION, the receipt of which is hereby acknowledged, **NAPA VALLEY TRANSPORTATION AUTHORITY, A JOINT POWERS AGENCY OF THE STATE OF CALIFORNIA**, ("Grantor"), hereby grants to NAPA COUNTY ("Grantee"), a political subdivision of the State of California, an easement and right-of-way (the "Easement") appurtenant to the Napa County Airport ("the Airport") for the unobstructed passage of aircraft in the airspace within those imaginary approach, transition, horizontal and conical zones, as defined and described in Chapter 11.08 of the Napa County Code and depicted on those diagrams attached hereto as Exhibits "A", "B", and "C", and incorporated by reference herein. In the event of discrepancy between Chapter 11.08 and said Exhibits, the text of the former shall govern. For the purpose of this instrument, (the "Deed") the term "aircraft" shall refer to any contrivance, by whomsoever owned or operated, which is designed or used for navigation in the air.

Said Easement extends over all of the following real property ("the property") owned by Grantor, which is illustrated on Exhibit "D" attached hereto and incorporated by reference herein:

All that certain real property situated in the County of Napa, State of California, described as follows:

BEGINNING at the northeast corner of the land described in Series Number 2002-0036221 filed on September 12, 2002 Official Records of Napa County; thence North 89° 12' 54" West 587.43 feet along the northern line of said land as shown on that certain map entitled "Final Map of Napa Valley Gateway, Unit Three Phase Six" filed June 14, 2000 in Book 22 of Maps on Pages 5 to 9, Official Records of Napa County; thence North 00° 33' 18" East 20.00 feet; thence North 89° 12' 55" West 280.10 feet; thence leaving said northern line South 00° 47' 06" East 86.24 feet to a point on the center line of Sheehy Creek as shown on said Final Map; thence along the center line of Sheehy Creek the



following courses and distances: South 60° 07' 07" East 118.58 feet; South 84° 51' 32" East 135.30 feet; South 19° 10' 48" East 153.52 feet; South 73° 08' 10" East 123.19 feet; South 31° 40' 37" East 133.82 feet to the northern line of the land described in Series Number 2000-0024257 filed on September 22, 2000 Official Records of Napa County; thence along said northern line the following courses and distances: South 60° 44' 38" East 161.21 feet; North 75° 47' 09" East 66.53 feet; thence leaving said northern line and running along the eastern boundary of the land described in Series Number 2000-0024257 filed on September 22, 2000 Official Records of Napa County, the following courses and distances: North 28° 44' 14" East 146.99 feet to the beginning of a non tangent curve concave to the east having a radius of 60.00 feet and to which said point a radial line bears South 24° 11' 17 West; thence northwesterly and southeasterly 204.22 feet along said curve through a central angle of 195° 00' 51" to the beginning of a reverse curve concave to the northeast having a radius of 90.00 feet; thence westerly 54.88 feet along said curve through a central angle of 34° 56' 23"; thence North 00° 47' 06" East 272.55 feet to the POINT OF BEGINNING.

EXCEPTING THEREFROM one-half of all oil, oil rights, minerals, mineral rights, natural gas, natural gas rights and other hydrocarbons, by whatever name known, below a depth of 500 feet under the property (collectively "mineral rights") without the right of surface entry and without causing subsidence or other injury to the property and improvements now or hereafter constructed thereon, as reserved in the Deed from Herbert Gunn, Jr., Trustee under that agreement dated July 17, 1989, recorded June 15, 2001 under Series Number 2001-0019395 of Official Records of Napa County.

Also known as Assessor's Parcel Number 057-250-025-000 on the Assessor's Maps in effect on the date of the execution of this Deed, a portion of which is attached as Exhibit "D".

In the event of discrepancy between the foregoing description of the property and the map set forth in Exhibit "D", the foregoing description shall govern.

Said Easement includes the right to cause noise, vibrations, fumes, dust, and the emission of fuel particles by the operation of aircraft in the airspace and on the ground, but shall not include the right of any aircraft to dump or otherwise release onto the property any non-combusted fuel or other hazardous substances.

Said Easement also includes the continuing right of Grantee to prevent the erection or growth upon the property and permit the removal of any building, structure, tree, or other object extending into the prohibited airspace to the extent and with the exceptions described in Chapter 11.12 of Title 11 of the Napa County Code, together with the right of ingress to, egress from, and passage over the property for the purpose of exercising said rights.

///  
///  
///

Grantor hereby covenants:

1. That during the life of the Easement Grantor will not erect or permit the erection or growth of, or permit to remain upon said property any building, structure, tree, or other object extending into said prohibited airspace, except to the extent permitted by Chapter 11.12 of Title 11 of the Napa County Code.
2. That within a reasonable time after written notice from Grantee to Grantor which specifies with particularity the interfering use, Grantor will discontinue or modify to the reasonable satisfaction of the County the use of the property in any manner that in the reasonable opinion of the County: creates electrical interference with radio communication between any installation upon the Airport and aircraft operating in or around the Airport; interferes with the ability of the operators of such aircraft to distinguish between Airport lights and other lights; impairs visibility in the vicinity of the Airport; or otherwise endangers the landing, take off, or maneuvering of aircraft in or around the Airport.
3. That Grantor hereby fully waives and releases any right to any cause of action that it has or may have in the future against Grantee arising out of noise, vibrations, fumes, dust or the emission of fuel particles that may be caused by the operation of aircraft in or around the Airport, other than release onto the property of non-combusted fuel or other hazardous substances.

Grantor expressly reserves all rights and privileges in said property that may be exercised and enjoyed without interference with the Easement and the foregoing covenants.

This grant of the Easement shall not operate to deprive the Grantor, his successors or assigns, of any rights which any of them may from time to time have against any carrier, private operator or the County of Napa in relation to negligent or unlawful operation of aircraft or the Airport.

[REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

This grant of the Easement and all rights, covenants, waivers, and reservations pertaining thereto or reserved therefrom shall bind Grantor and its heirs, executors, administrators, successors and assigns, and shall inure to the Grantee, its successors and assigns, for the use and benefit of the public until such time as the Airport shall cease to be used for public Airport purposes.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

NAPA VALLEY TRANSPORTATION  
AUTHORITY, A JOINT POWERS AGENCY OF  
THE STATE OF CALIFORNIA

By: \_\_\_\_\_

CATHERINE MILLER  
Executive Director

“Grantor”

<b>APPROVED AS TO FORM</b> Office of County Counsel By: <u>Thomas S. Capriola</u> Date: <u>January 11, 2019</u>
--

[illegible]

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Notary Public



APN: 057-250-025-000

**CERTIFICATE OF ACCEPTANCE**

This is to certify that the interest in real property conveyed by that certain AVIGATION AND HAZARD EASEMENT DEED dated \_\_\_\_\_, 2019, from NAPA VALLEY TRANSPORTATION AUTHORITY, to NAPA COUNTY, a political subdivision of the State of California, is hereby accepted by order of the Board of Supervisors of said Napa County on \_\_\_\_\_, 2019, and Grantee consents to recordation thereof by its duly authorized officer.

Dated \_\_\_\_\_, 2019

\_\_\_\_\_  
RYAN GREGORY, Chair of the Board of Supervisors

APPROVED AS TO FORM Office of County Counsel  By: <u>Thomas S. Capriola</u> Deputy County Counsel  Date: <u>January 11, 2019</u>	APPROVED BY THE NAPA COUNTY BOARD OF SUPERVISORS  Date: _____ Processed By: _____  _____ Deputy Clerk of the Board	ATTEST: JOSE LUIS VALDEZ Clerk of the Board of Supervisors  By: _____
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A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA   )  
  ) ss.  
COUNTY OF NAPA        )

On \_\_\_\_\_, 2019 before me, \_\_\_\_\_ Notary Public, personally appeared RYAN GREGORY, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

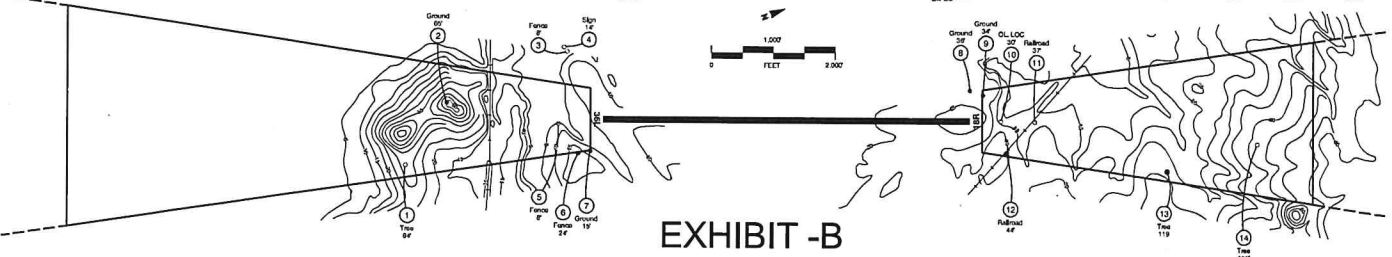
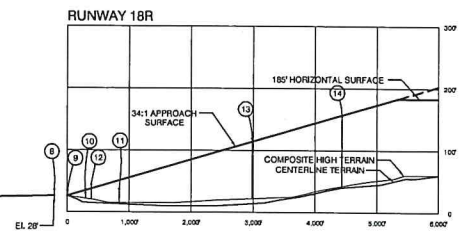
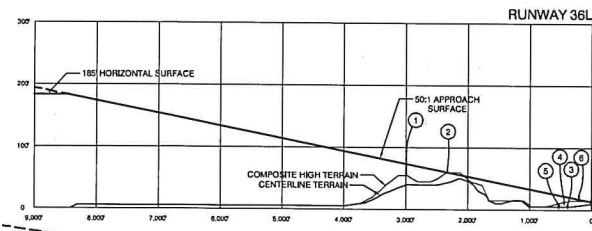
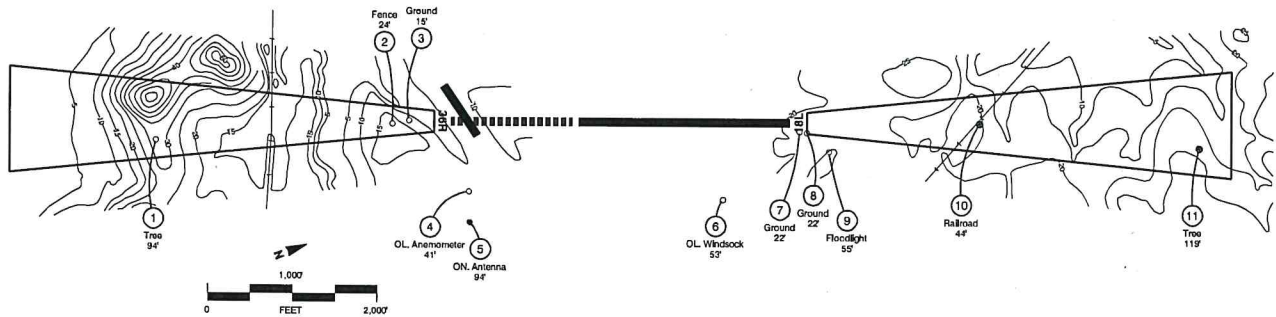
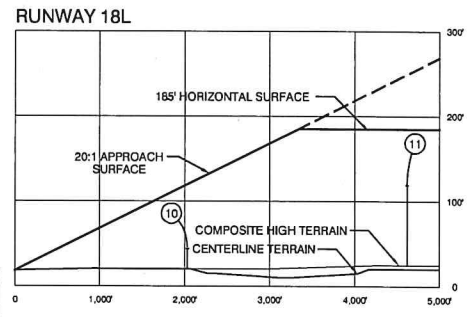
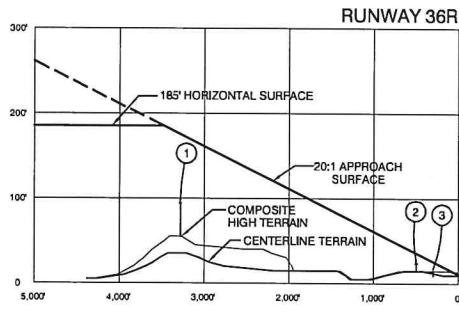
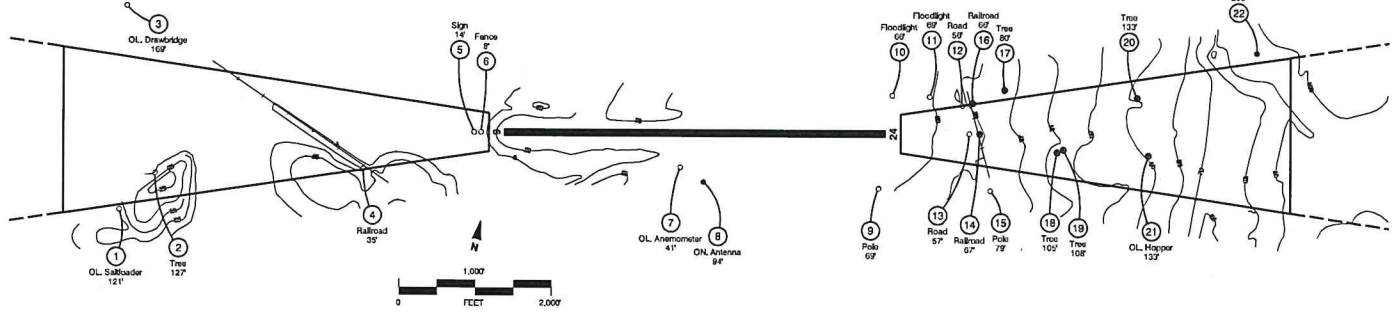
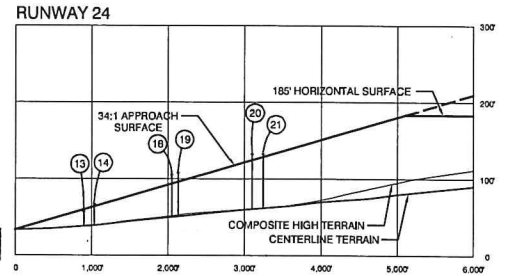
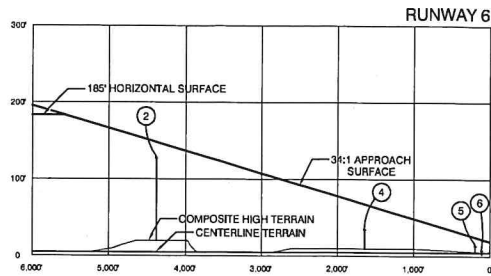
\_\_\_\_\_  
Notary Public



**EXHIBIT - A**  
**NAPA COUNTY AIRPORT**  
 NAPA, CALIFORNIA

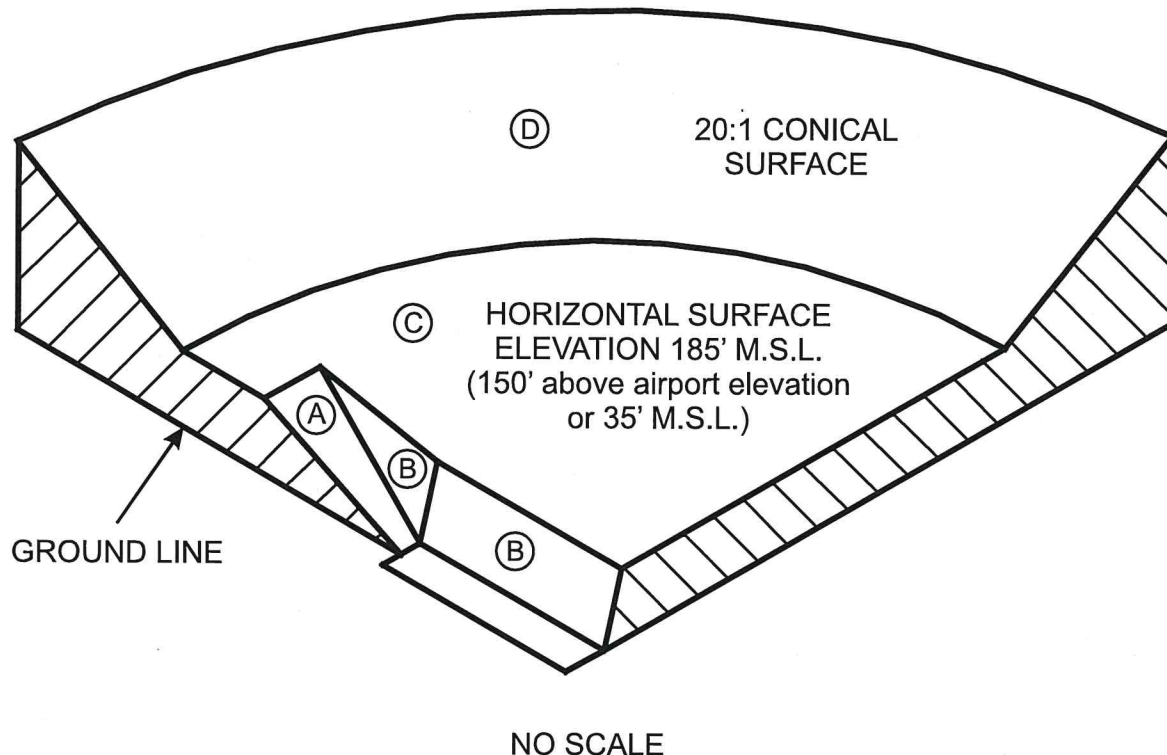
**AIRSPACE PLAN**





**EXHIBIT -B**  
**NAPA COUNTY AIRPORT**  
**NAPA, CALIFORNIA**

**APPROACH SURFACE DETAIL**

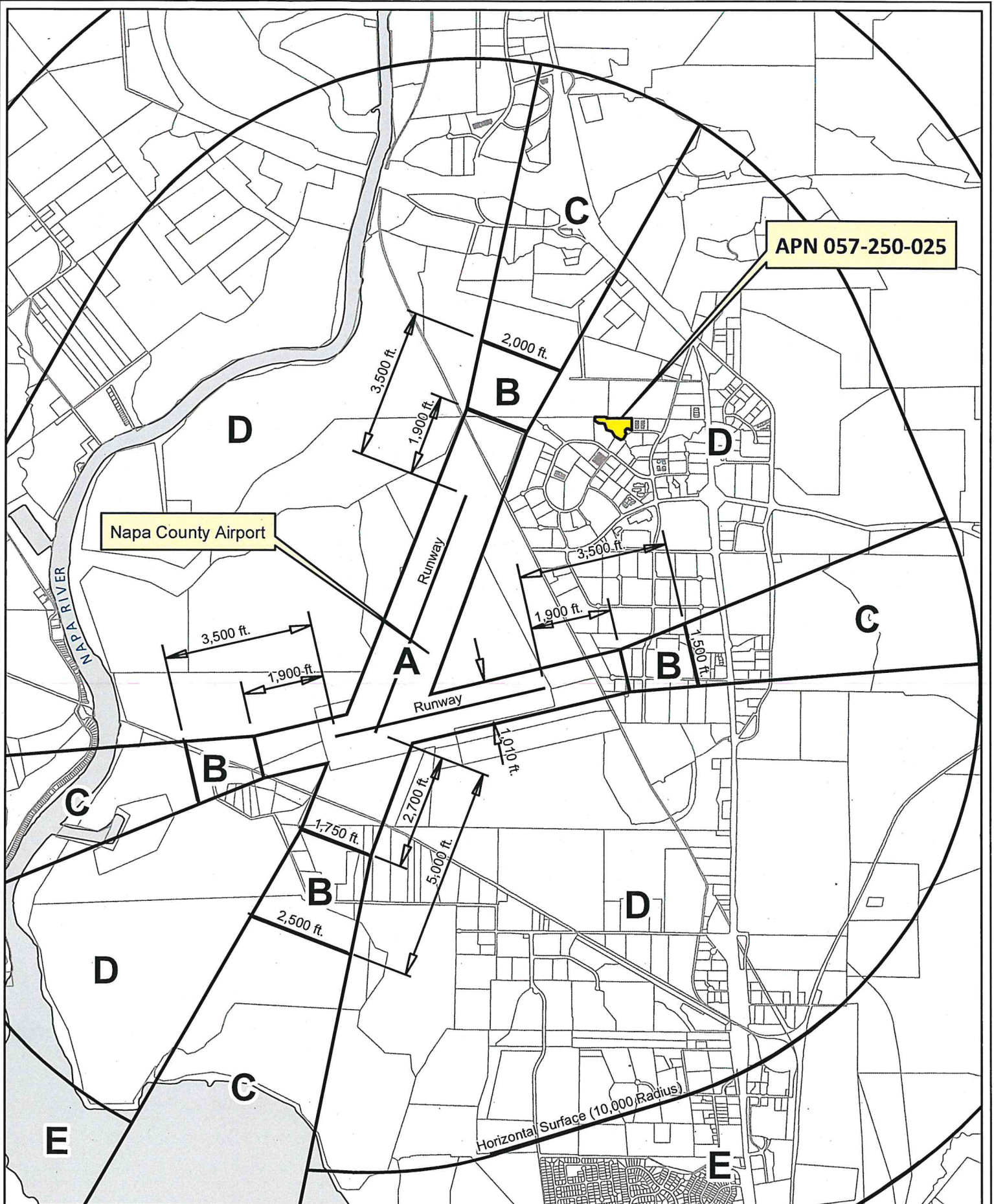


- A - PRECISION INSTRUMENT APPROACH ZONE - SLOPE 50:1  
NON-PRECISION INSTRUMENT APPROACH ZONE - SLOPE 34:1
- B - TRANSITION ZONES - SLOPE 7:1 - EXTENDS 5,000' FROM EDGE OF OUTER SECTION
- C - HORIZONTAL ZONE EXTENDS 10,000' FROM END OF RUNWAYS
- D - CONICAL ZONE EXTENDS 4,000' FROM EDGE OF HORIZONTAL ZONE

## EXHIBIT - C

### ISOMETRIC VIEW OF AIRPORT SAFETY ZONES

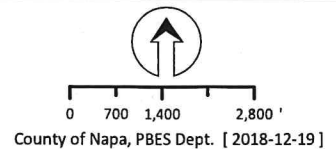




# **Compatibility Plan** **Napa County Airport** **Exhibit "D"**



Horizontal Datum: NAD 83,  
 CA State Plane Coordinates,  
 Zone II, feet  
 Disclaimer: This map was prepared for informational  
 purposes only. No liability is assumed for the accuracy  
 of the data delineated herein.





## **NAPA VALLEY TRANSPORTATION AUTHORITY Board Agenda Letter**

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**TO:** Board of Directors  
**FROM:** Kate Miller, Executive Director  
**REPORT BY:** Justin Paniagua, Senior Finance/Policy Analyst  
(707) 259-8781 / Email: [jpaniagua@nvta.ca.gov](mailto:jpaniagua@nvta.ca.gov)  
**SUBJECT:** Napa Valley Transportation Authority (NVRTA) Second Quarter (Q2)  
Fiscal Year (FY) 2018-19 Financial Statements, 5-Year Forecast and  
Delegated Authority Matrix

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### **RECOMMENDATION**

That the Napa Valley Transportation Authority (NVRTA) Board receive the financial performance compared to budget (Attachment 1) for the second quarter of FY 2018-19 and 5-year financial forecast.

### **COMMITTEE RECOMMENDATION**

None

### **EXECUTIVE SUMMARY**

This report provides NVRTA's first quarter update on its financial performance and long-term budget forecast over the next five (5) years. Attachment 1 summarizes the financial performance and includes detailed financial information assessing the agency's performance to budget.

### **PROCEDURAL REQUIREMENTS**

1. Staff Report
2. Public Comment

### **FINANCIAL IMPACT**

Is there a fiscal impact? No

**CEQA REQUIREMENTS**

**ENVIRONMENTAL DETERMINATION:** The proposed action is not a project as defined by 14 California Code of Regulations 15378 (California Environmental Quality Act (CEQA) Guidelines) and therefore CEQA is not applicable.

**BACKGROUND AND DISCUSSION**

The NVTA financial records are comprised of four (4) funds; the Planning fund also known as the Congestion Management Agency (CMA) or the General Fund, the Transit Fund, and two (2) fiduciary funds - the Transportation for Clean Air (TFCA) and the Abandoned Vehicle Abatement Authority (AVAA). Fiduciary funds do not contribute to the agency financial performance and are included for informational purposes only.

**Financial Performance:*****Congestion Management Agency - Budget vs. Actuals***

The General Fund (CMA) recognized \$2,278,777 in revenues for the quarter. Fiscal year-to-date, the CMA has recognized approximately 37% of its total budgeted revenues. The main source was NVTA's Transportation Development Act (TDA) disbursements of \$2,184,935. Other revenues are salary charge backs to the Public Transit fund, interest, and refunds. The first quarter projections for sales tax revenue were higher than projected. Second quarter adjustments were lower than projected. Recognized revenues are also trending below budget due to the delay inherent in funding that is paid on a reimbursement basis. The second largest funding source for the CMA fund is NVTA's annual Federal Highway Administration grant for which we request reimbursements quarterly and as of December 31, 2018 NVTA had not received reimbursement for the first quarter expenses.

Planning fund expenses totaled \$1,635,477. Fiscal year-to-date, approximately 24% of the fiscal year budget has been expended. Personnel costs were \$543,029 for Q2 and 39% of salaries and benefits have been expended to date. The salaries and benefits expenses are trending below budget due to the way paid leave is accounted for during and at the end of the year. Paid leave is accrued by staff throughout the year but at the end of the fiscal year that accrual must be expensed for financial reporting purposes then re-accrued at the beginning of the new fiscal year. The re-accrual of paid leave at the start of Fiscal Year 2018-2019 was \$118,874 this will cause a mismatch between actuals and budget until the end of the year when the accrued paid leave is expensed on June 30, 2019. Agency administration and consulting services accounted for \$1,092,448 in expenses. By the end of the quarter 19% of the administration and consulting budget was expended. The low expenditure rate for administrative and consulting expenses is due to the fact NVTA front loads the planning budget in the first year of the biennial budget as it is quite difficult to predict the timing of expenses for planning projects as they can be impacted quite substantially by the work load of NVTA staff. Any funds remaining in the consulting services budget will be carried over through NVTA's budget amendment process at the beginning of Fiscal Year 2019-2020.

### *Public Transit (Transit Fund) - Budget vs. Actuals*

Transit operating revenues were \$3,764,695 for the quarter. The fund has received a majority of the annual Transportation Development Act (TDA) operating allocation for the fiscal year. Through the second quarter transit operating revenues are 44% of budget and will remain below budget until the end of the fiscal year when federal funds are accrued for the year. The delay in receipt of State Transit Assistance also contributes to the difference between budget and actuals.

Overall, operating expenses in the Public Transit fund totaled \$2,888,307. The primary expense categories were purchased transportation at \$2,318,582 and fuel at \$391,663. Total public transit expenditures to date amount to 47% of the fiscal year budget. Fuel cost for the fiscal year through the second quarter is on average \$3.04 per gallon, an increase of 11% over the previous fiscal year. Public transit expenses are largely where they should be for the year. The largest expense at about 80% of the budget is contracted service for operations and is currently at 49% of budget. The second largest expense is fuel which at the end of the second quarter is at 38% of budget. NVT A expects fuel expenses to remain below budget as prices have fallen from a high of \$3.26 per gallon in October to \$2.64 per gallon in December.

### *Capital Purchases*

In the second quarter, NVT A replaced the engine in the Yountville Trolley and purchased bus stop signs. Total capital expenses in Q2 were \$11,686.

### **5-Year Forecast:**

Staff has updated the 5-year forecast to include the recently approved FY 2018-19 and FY 2019-20 biennial budget. The forecast for expenses is based on inflationary projections of approximately three percent (3%) per year from current budget, pricing from our contract with Transdev for transit service, and current service levels. Revenue forecasts are based largely based on inflationary expectations of three percent (3%) per year as well except in regards to certain funding sources that are expected to remain flat without any legislative or policy changes. NVT A does not anticipate any substantial new revenue sources for operations in the next five (5) years. There are and will be increases to current and new funding sources for capital coming in the next five (5) years but they are not reflected in the forecast as they are discretionary and/or project based.

*Note that the information summarized in this memo and contained in the attached report has not been audited and should be used for informational purposes only.*

**Executive Director Delegated Authority**

The Board authorizes the Executive Director up to \$49,999 in delegated authority for any single purchase and up to \$175,000 for construction expenses. Staff provides quarterly updates on delegated authority expenses over \$5,000. Table 1 presents delegated authority expenditures as of September 30, 2018.

**Table 1: Executive Director Delegated Authority**

QUARTERLY DELEGATED AUTHORITY SMALL CLAIMS REPORT (\$5K > 50K )						FY 18-19	
CON NO.	VENDOR	DESCRIPTION	QTR 1 JUL-SEP	QTR 2 OCT-DEC	QTR 3 JAN-MAR	QTR 4 APR-JUN	TOTAL \$
1841	SHERWOOD	ADA ASSIST (SGTC BOARD RM)	\$ 6,200				
1842	PFAL	FINANCIAL ADVISORY SVCS	\$ 49,999				
181006	PENINSULATORS	OFFICE SHADES	\$ 29,988				
181008	UTA	APCs (3 EA)	\$ 15,822				
181011	SMITH's	STORAGE RM CABINETS	\$ 24,680				
181012	SIGN DIMENSIONS	BUS STOP SIGNS		\$ 8,566			
181014	TOLAR	BUS SHELTERS		\$ 49,175			
181015	ABBEY	STORAGE RM CARPET		\$ 10,520			
1850	RIDEAMIGOS	TRAVEL DEMAND MGMT SVCS		\$ 17,885			
	MOODY INVESTORS	CREDIT RATING ANALYTICS	\$ 6,000				
	CHICOBAG	MARKETING FREEBIES		\$ 13,976			
	COAST LANDSCAPE	MULCH / WEED ABATEMENT		\$ 6,962			
	FLUID NRG	WEBSITE		\$ 19,100			
	REMIX	SOFTWARE		\$ 41,000			
		<b>TOTAL</b>	<b>\$ 132,689</b>	<b>\$ 167,184</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SUPPORTING DOCUMENTS**

Attachment: (1) Fiscal Year 2018-19 Second Quarter Financial Statements and 5-Year Forecast



### 5 Year Forecast

74

		Budget			Percent of									
		Adopted Budget	Adjustments	Adjusted Budget	Q1 Actuals	Q2 Actuals	YTD Total	Budget vs Actual	Budget	FY 2019-20 Budget	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Revenues														
41400	Sales and Use Tax	6,344,231	-	6,344,231	1,000,000	2,184,935	3,184,935	3,159,296	50.20%	2,481,900	6,426,200	2,538,600	6,676,700	2,714,300
43790	State-Other Funding	69,000	-	69,000	-	-	-	69,000	0.00%	69,000	69,000	69,000	69,000	69,000
43890	Federal-Other Funding	2,374,000	-	2,374,000	-	39,403	39,403	2,334,597	1.66%	790,000	700,000	700,000	700,000	700,000
43950	Other-Governmental Agencies	10,000	-	10,000	-	1,411	1,411	8,589	14.11%	289,000	289,000	289,000	289,000	289,000
45100	Interest	20,000	-	20,000	1,187	-	1,187	18,813	5.93%	20,000	20,400	20,800	21,200	21,600
46800	Charges for Services	-	-	-	538	602	1,139	(1,139)	0.00%	-	-	-	-	-
49900	Intrafund Revenue	243,500	-	243,500	47,278	52,426	99,704	143,796	40.95%	253,500	258,600	263,800	269,100	274,500
Total Revenues		9,060,731	-	9,060,731	1,049,002	2,278,777	3,327,779	5,732,952	36.73%	3,903,400	7,763,200	3,881,200	8,025,000	4,068,400
Expenses														
51100	Salaries and Wages	1,552,700	-	1,552,700	165,449	422,162	587,611	965,089	37.84%	1,614,400	1,662,800	1,712,700	1,764,100	1,817,000
51110	Extra Help	5,000	-	5,000	2,893	-	2,893	2,107	0.00%	5,000	5,000	5,000	5,000	5,000
51200	457(b) Employer Contribution	24,500	-	24,500	750	1,550	2,300	22,200	9.39%	24,500	24,500	24,500	24,500	24,500
51205	Cell Phone Allowance	3,000	-	3,000	450	750	1,200	1,800	40.00%	3,000	3,100	3,200	3,300	3,400
51300	Medicare	18,000	-	18,000	3,987	5,978	9,965	8,035	55.36%	18,000	18,500	19,100	19,700	20,300
51400	Employee Insurance-Premiums	300,000	-	300,000	67,073	70,102	137,175	162,825	45.72%	321,600	331,200	341,100	351,300	361,800
51405	Workers Compensation	14,400	-	14,400	-	5,963	5,963	8,437	41.41%	14,400	14,800	15,200	15,700	16,200
51410	Unemployment Compensation	-	-	-	161	161	322	(322)	0.00%	-	-	-	-	-
51600	Retirement	166,000	-	166,000	39,683	33,706	73,388	92,612	44.21%	180,000	185,400	191,000	196,700	202,600
51605	Other Post Employment Benefits	25,000	-	25,000	-	-	-	25,000	0.00%	25,000	25,800	26,600	27,400	28,200
51990	Other Employee Benefits	3,000	-	3,000	-	2,657	2,657	343	88.56%	3,000	3,200	3,400	3,600	3,800
Total for: Salaries and Benefits		2,111,600	-	2,111,600	280,444	543,029	823,474	1,288,126	39.00%	2,208,900	2,274,300	2,341,800	2,411,300	2,482,800
52100	Administration Services	10,000	-	10,000	6,195	170	6,365	3,635	63.65%	10,000	10,200	10,400	10,600	10,800
52125	Accounting/Auditing Services	76,000	-	76,000	4,888	3,062	7,950	68,050	10.46%	76,000	77,500	79,100	80,700	82,300
52130	Information Technology Service	68,290	-	68,290	17,073	17,073	34,145	34,145	50.00%	70,400	71,800	73,200	74,700	76,200
52131	ITS-Communication Services	21,741	-	21,741	5,435	5,435	10,871	10,871	0.00%	22,400	22,800	23,300	23,800	24,300
52140	Legal Services	75,000	-	75,000	-	-	-	75,000	0.00%	75,000	76,500	78,000	79,600	81,200
52310	Consulting Services	5,882,100	-	5,882,100	85,283	808,307	893,590	4,988,510	15.19%	926,300	4,705,700	741,000	4,799,800	755,800
52325	Waste Disposal Services	3,500	-	3,500	276	1,105	1,382	2,118	0.00%	3,700	3,800	3,900	4,000	4,100
52335	Security Services	12,000	-	12,000	-	1,700	1,700	10,300	14.17%	12,000	12,000	12,000	12,000	12,000
52340	Landscaping Services	5,000	-	5,000	650	3,800	4,450	550	89.00%	5,200	5,300	5,400	5,500	5,600
52500	Maintenance-Equipment	25,000	-	25,000	2,417	4,335	6,752	18,248	0.00%	25,000	25,500	26,000	26,500	27,000
52505	Maintenance-Buildings/Improvem	53,778	-	53,778	16,570	62,183	78,753	(24,975)	146.44%	75,000	76,500	78,000	79,600	81,200
52515	Maintenance-Software	50,000	-	50,000	21,703	37,764	59,467	(9,467)	118.93%	50,000	51,000	52,000	53,000	54,100
52520	Maintenance-Vehicles	2,000	-	2,000	-	-	-	2,000	0.00%	2,000	2,000	2,000	2,000	2,000
52600	Rents and Leases - Equipment	7,000	-	7,000	967	1,995	2,963	4,037	42.32%	7,000	7,100	7,200	7,300	7,400
52705	Insurance - Premiums	60,000	-	60,000	709	20,542	21,250	38,750	35.42%	60,000	61,200	62,400	63,600	64,900
52800	Communications/Telephone	7,500	-	7,500	595	3,626	4,220	3,280	56.27%	7,500	7,700	7,900	8,100	8,300
52810	Advertising/Marketing	55,000	-	55,000	12,000	32,105	44,105	10,895	80.19%	55,000	56,100	57,200	58,300	59,500
52820	Printing & Binding	15,000	-	15,000	1,268	2,900	4,168	10,832	27.79%	15,000	15,300	15,600	15,900	16,200
52825	Bank Charges	10,000	-	10,000	-	115	115	9,885	1.15%	10,000	10,200	10,400	10,600	10,800
52830	Publications & Legal Notices	15,000	-	15,000	604	2,319	2,922	12,078	19.48%	15,000	15,300	15,600	15,900	16,200
52900	Training/Conference Expenses	40,000	-	40,000	2,786	18,380	21,167	18,833	52.92%	40,000	40,800	41,600	42,400	43,200
52905	Business Travel/Mileage	15,000	-	15,000	693	3,441	4,134	10,866	27.56%	15,000	15,300	15,600	15,900	16,200
53100	Office Supplies	35,000	-	35,000	926	15,270	16,197	18,803	46.28%	35,000	35,700	36,400	37,100	37,800
53110	Freight/Postage	3,000	-	3,000	1,798	878	2,676	324	89.21%	3,000	3,100	3,200	3,300	3,400
53115	Books/Media/Periodicals/Subscr	6,000	-	6,000	3,296	815	4,111	1,889	68.51%	6,000	6,100	6,200	6,300	6,400
53120	Memberships/Certifications	35,000	-	35,000	3,236	27,267	30,503	4,497	87.15%	35,000	35,700	36,400	37,100	37,800
53205	Utilities - Electric	25,000	-	25,000	1,545	13,902	15,447	9,553	61.79%	25,000	25,500	26,000	26,500	27,000
53220	Utilities - Water	12,000	-	12,000	-	3,679	3,679	8,321	30.66%	12,000	12,200	12,400	12,600	12,900
53250	Fuel	1,000	-	1,000	105	281	386	614	38.61%	1,000	1,000	1,000	1,000	1,000
Total for: Services and Supplies		6,625,909	-	6,625,909	191,019	1,092,448	1,283,467	5,342,442	19.37%	1,694,500	5,488,900	1,539,400	5,613,700	1,585,600
54315	Interest on Debt	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
Total for: Other Expenses		-	-	-	-	-	-	-	0.00%	-	-	-	-	-
Total Expenditures		8,737,509	-	8,737,509	471,464	1,635,477	2,106,941	6,630,568	24.11%	3,903,400	7,763,200	3,881,200	8,025,000	4,068,400
Net Surplus (Deficit)		323,222	-	323,222	577,539	643,300	1,220,838			-	-	-	-	-
54600	Depreciation Expense	-	-	-	-	-	-	-	0.00%	-	-	-	-	-

										5 Year Forecast				
		Budget			Percent of Budget									
		Adopted Budget	Adjustments	Adjusted Budget	Q1 Actuals	Q2 Actuals	YTD Total	Budget vs Actual		FY 2019-20 Budget	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Revenues														
41400	Sales and Use Tax (TDA)	5,960,608	-	5,960,608	1,000,000	2,755,374	3,755,374	2,205,234	63.00%	6,594,595	7,522,117	7,624,516	7,728,100	7,833,867
43790	State-Other Funding	1,737,413	-	1,737,413	-	752,634	752,634	984,779	43.32%	1,437,600	1,480,700	1,525,100	1,570,900	1,618,000
43890	Federal-Other Funding	2,085,424	-	2,085,424	-	-	-	2,085,424	0.00%	2,056,600	2,097,700	2,139,700	2,182,500	2,226,200
43950	Other-Governmental Agencies	426,400	-	426,400	-	-	-	426,400	0.00%	426,400	426,400	426,400	426,400	426,400
45100	Interest	26,400	-	26,400	(62)	-	(62)	26,462	-0.24%	27,000	27,300	27,600	27,900	28,200
46800	Farebox Revenue	1,187,100	-	1,187,100	267,948	222,087	490,034	697,066	41.28%	1,271,700	1,297,100	1,323,000	1,349,500	1,376,500
46810	American Canyon Contribution	35,700	-	35,700	7,539	-	7,539	28,161	21.12%	37,700	38,800	40,000	41,200	42,400
46820	Yountville Contribution	38,600	-	38,600	9,800	9,800	19,600	19,000	50.78%	40,000	41,200	42,400	43,700	45,000
46825	St. Helena Contribution	31,655	-	31,655	9,800	9,800	19,600	12,055	61.92%	32,455	33,400	34,400	35,400	36,500
46830	Calistoga & CTBID Contribution	65,100	-	65,100	25,000	15,000	40,000	25,100	61.44%	65,100	67,100	69,100	71,200	73,300
Total Revenues		11,594,400	-	11,594,400	1,320,025	3,764,695	5,084,719	6,509,681	43.85%	11,989,150	13,031,817	13,252,216	13,476,800	13,706,367
Expenses														
52125	Accounting/Auditing Services	19,700	-	19,700	-	462	462	19,238	2.34%	19,700	20,100	20,500	20,900	21,300
52130	Information Technology Service	29,200	-	29,200	7,300	7,300	14,600	14,600	50.00%	31,000	31,600	32,200	32,800	33,500
52140	Legal Services	10,700	-	10,700	-	-	-	10,700	0.00%	10,700	10,900	11,100	11,300	11,500
52150	Temporary/Contract Help	7,500	-	7,500	-	-	-	7,500	0.00%	7,500	7,500	7,500	7,500	7,500
52325	Waste Disposal Services	15,000	-	15,000	1,200	4,798	5,998	9,002	39.99%	15,000	15,000	15,000	15,000	15,000
52335	Security Services	30,000	-	30,000	1,559	6,038	7,598	22,402	25.33%	30,000	30,600	31,200	31,800	32,400
52490	Other Professional Services	9,485,000	-	9,485,000	2,307,777	2,318,582	4,626,358	4,858,642	48.78%	9,800,300	9,996,300	10,196,200	10,400,100	10,608,100
52500	Maintenance-Equipment	107,500	-	107,500	49,085	46,675	95,761	11,739	89.08%	110,000	110,000	110,000	110,000	110,000
52505	Maintenance-Buildings/Improvem	15,000	-	15,000	-	765	765	14,235	0.00%	15,000	15,000	15,000	15,000	15,000
52515	Maintenance-Software	65,500	-	65,500	-	881	881	64,619	0.00%	65,500	66,000	66,000	66,000	66,500
52520	Maintenance-Vehicles	60,000	-	60,000	-	-	-	60,000	0.00%	60,000	60,000	60,000	60,000	60,000
52605	Rents and Leases - Bldg/Land	6,000	-	6,000	-	-	-	6,000	0.00%	6,000	6,000	6,000	6,000	6,000
52705	Insurance - Premiums	15,000	-	15,000	-	7,197	7,197	7,803	47.98%	15,000	15,300	15,600	15,900	16,200
52800	Communications/Telephone	14,000	-	14,000	2,017	5,375	7,392	6,608	52.80%	14,000	14,000	14,000	14,000	14,000
52810	Advertising/Marketing	117,500	-	117,500	-	32,605	32,605	84,895	27.75%	117,500	117,500	117,500	117,500	117,500
52820	Printing & Binding	45,000	-	45,000	9,848	4,368	14,216	30,784	31.59%	45,000	45,000	45,000	45,000	45,000
52825	Bank Charges	4,000	-	4,000	573	559	1,133	2,867	28.32%	4,000	4,000	4,000	4,000	4,000
52830	Publications & Legal Notices	2,500	-	2,500	-	-	-	2,500	0.00%	2,500	2,500	2,500	2,500	2,500
53110	Freight/Postage	1,000	-	1,000	-	-	-	1,000	0.00%	1,000	1,000	1,000	1,000	1,000
53205	Utilities - Electric	6,000	-	6,000	392	1,841	2,233	3,767	37.21%	6,000	6,000	6,000	6,000	6,000
53220	Utilities - Water	13,000	-	13,000	-	6,771	6,771	6,229	52.08%	13,000	13,000	13,000	13,000	13,000
53250	Fuel	1,281,800	-	1,281,800	91,056	391,663	482,719	799,081	37.66%	1,346,950	1,360,400	1,374,000	1,387,700	1,401,600
Total for: Services and Supplies		11,350,900	-	11,350,900	2,470,807	2,835,881	5,306,688	6,044,212	46.75%	11,735,650	11,947,700	12,163,300	12,383,000	12,607,600
54315	Interest on Debt (I-Bank)	-	-	-	-	-	-	-	0.00%	-	549,619	538,697	527,358	515,587
57900	Intrafund Expenditures	243,500	-	243,500	47,277	52,426	99,703	143,797	40.95%	253,500	258,600	263,800	269,100	274,500
Total for: Other Expenses		243,500	-	243,500	47,277	52,426	99,703	143,797	40.95%	253,500	808,219	802,497	796,458	790,087
Total Expenditures		11,594,400	-	11,594,400	2,518,083	2,888,307	5,406,391	6,188,009	46.63%	11,989,150	12,755,919	12,965,797	13,179,458	13,397,687
Net Surplus (Deficit)		-	-	-	(1,198,059)	876,387	(321,671)	321,671		-	275,898	286,419	297,341	308,680
54600	Depreciation Expense	2,852,000	-	2,852,000	-	-	-	2,852,000.00	0.00%	2,857,900	2,915,100	2,973,400	3,032,900	3,093,600
Capital Revenues														
41410	Sales and Use Tax - Capital	2,695,657	-	2,695,657	-	-	-	2,695,657	0.00%	-	7,086,500	6,150,000	350,000	350,000
43790	State-Other Funding	923,742	-	923,742	-	-	-	923,742	0.00%	-	6,000,000	1,000,000	1,000,000	1,000,000
43890	Federal-Other Funding	1,963,789	-	1,963,789	-	20,647	20,647	1,943,142	1.05%	-	13,500	-	-	-
Total Revenues		5,583,188	-	5,583,188	-	20,647	20,647	5,562,541	0.37%	-	13,100,000	7,150,000	1,350,000	1,350,000
Capital Expenses														
55100	Land	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
55200	Construction in Progress	1,075,000	-	1,075,000	-	-	-	1,075,000	0.00%	-	13,100,000	5,900,000	100,000	100,000
55400	Equipment	4,508,188	-	4,508,188	-	11,686	11,686	4,496,502	0.26%	-	-	1,250,000	1,250,000	1,250,000
Total for: Other Expenses		5,583,188	-	5,583,188	-	11,686	11,686	5,571,502	0.21%	-	13,100,000	7,150,000	1,350,000	1,350,000
Total Expenditures		5,583,188	-	5,583,188	-	11,686	11,686	5,571,502	0.21%	-	13,100,000	7,150,000	1,350,000	1,350,000
Net Surplus (Deficit)		-	-	-	-	8,961	8,961			-	-	-	-	-





## NAPA VALLEY TRANSPORTATION AUTHORITY Board Agenda Letter

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**TO:** Board of Directors  
**FROM:** Kate Miller, Executive Director  
**REPORT BY:** Antonio Onorato, Director of Administration, Finance, and Policy  
(707) 259-8779 / Email: [anonorato@nvta.ca.gov](mailto:anonorato@nvta.ca.gov)  
**SUBJECT:** NVRTA Policy Manual Chapter 7: Finance Management Practices  
Policies Practices, and Procedures Manual

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### **RECOMMENDATION**

That the Napa Valley Transportation Authority (NVRTA) Board rescind NVRTA Policy Manual Chapter 7: Financial Matters and adopt the completely revised Chapter 7: Finance Management Policies, Practices and Procedures Manual (Attachment 1).

### **COMMITTEE RECOMMENDATION**

None

### **EXECUTIVE SUMMARY**

The current financial policy manual was approved on April 16, 2014. An overhaul of the financial policy manual is being proposed to better serve the needs of the Agency. The revised manual streamlines processes and procedures and eliminates outdated, unnecessary, or ineffective procedures. The completely revised document is available as Attachment 1 to this memo without showing the specific changes, however, a redlined version of the Finance Management Policies and Procedures Manual is available upon request.

### **PROCEDURAL REQUIREMENTS**

1. Staff Report
2. Public Comment
3. Motion, Second, Discussion and Vote

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**FISCAL IMPACT**

Is there a Fiscal Impact? No.

Consequences if not approved: Additional staff hours would be spent on unnecessary practices.

**CEQA REQUIREMENTS**

**ENVIRONMENTAL DETERMINATION:** The proposed action is not a project as defined by 14 California Code of Regulations 16378 (California Environmental Quality Act (CEQA) Guidelines) and therefore CEQA is not applicable.

**BACKGROUND AND DISCUSSION**

NVRTA's financial policies were last updated and approved by the Board of Directors in 2014. Since then, there have been numerous changes at the agency as well as the regulatory environment at the state and federal levels. The financial policy manual has been completely overhauled to ensure the agency finances operate efficiently and legally.

Every section of the manual has been updated. Several new topic and related procedures have been added, including:

- **Interfund Loans and Transfers:** Policy provides clarity when processing interfund loans or transfers between agency fund balances.
- **Debt Financing and Management:** Policy provides guidance for long term debt management practices. NVRTA currently has a policy for short term debt management.
- **Alternative Fuels and Fleet Replacement:** General policy statement regarding future capital purchases of public transit vehicles transitioning to alternative fuels.
- **Meals and Meeting Expenses:** Establishes guidelines for the purchase of refreshments for activities and events sponsored by the agency.

**SUPPORTING DOCUMENTS**

Attachment: (1) Chapter 7: Financial Management of NVRTA Policies, Practices, and Procedures Manual

## **CHAPTER 7: FINANCIAL MANAGEMENT**

### **POLICIES, PRACTICES AND PROCEDURES MANUAL**

The Napa Valley Transportation Authority (NVTA or the “Authority”) will maintain sound financial practices in accordance with all federal, state and local laws and direct its financial resources towards meeting NVTA’s long-term goals.

NVTA will cultivate and further develop programs to ensure its long-term ability to pay the costs necessary to provide the level and quality of service required by the public.

Board of Directors Approval Date:

Amendment Approval Date:

**Board Approved:**

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## 7.1 FINANCIAL MANAGEMENT

### 7.1.1 RESPONSIBILITY AND AUTHORITY

This policy establishes the general responsibilities and authority of management and staff with regard to the financial operations of the Authority.

NVRTA is subject to the rules and policies established by the Board of Directors to promote efficiency and uniformity. Within the boundaries established by the Board of Directors, the Authority is responsible for managing its own operations. All staff are expected to fulfill the requirements of their positions and to conduct themselves with integrity and professionalism. Staff should also operate within the specific levels of authority that may be established for their positions.

The following define the general responsibilities of managers, supervisors and staff.

**Executive Director (ED)** The Executive Director has the responsibility and authority for the development, resourcing, implementation, review and continuous improvement of NVRTA. The Executive Director is accountable to the Board and the public for the performance of NVRTA and ensures that commitments are delivered. The Executive Director has the overall responsibility to ensure that an accountability process exists at NVRTA so that staff are held accountable for their performance.

**Financial Officer or Equivalent** The financial officer is responsible for managing financial operations, accounting, financial reporting, and audits. The financial officer plans, organizes and directs the finance department; provides assistance to the Executive Director; and performs other related work as required. The financial officer also:

- Maintains and enforces all financial policies and procedures, whether they are developed internally or prescribed by the ED or Board.
- Maintains the integrity of the accounting system and financial records.
- Assures the implementation of a system of financial internal controls.
- Develops the budget process.
- Assures that all funds collected are handled securely, properly recognized, deposited and accurately reported.
- Ensures operations are in compliance with GAAP and Government Accounting Standards Board (GASB) standards, and comply with all statutory and regulatory requirements for grant funding received.
- Monitors budget and actual expenditures to identify variances, determine their cause and implement measures to reduce or eliminate future variances.
- Prepares the financial statements including the quarterly unaudited financial statements.
- Monitors cash flow and projects future cash flow needs to assure the Authority can meet its financial obligations.
- Serves as the primary point of contact in the event of an audit or review.
- Performs other financial duties that may be delegated.

- Files application(s) to receive and administer grant funding as required.
- Maintains inventory record of assets and inventory items.

**Directors/Managers/Supervisors/Project Managers** Managers and supervisors are responsible for ensuring that all financial operations and staff under their direction comply with the policies and procedures.

**Staff** Each staff member is responsible for observing the Authority's rules for ethical behavior and for complying with the policies and procedures.

**Levels of Authority** NVRTA establishes a system of authorization to provide effective management control over its assets, liabilities, revenues and expenditures. Specific levels and scopes of authority are established where appropriate in areas such as procurement, contract approval, payment authorization, etc. The Signature Authorization form dictates the levels of authority for financially related matters. See the Procurements & Contract Administration section for further details.

## 7.1.2 INFORMATION SECURITY

The information security policy is to maintain the confidentiality and security of financial information and its transmission across data lines and the internet.

Security services are essential to maintain the integrity of financial operations. NVRTA has entered into an agreement with the County of Napa that specifies the agreed-upon level of information security services provided, associated costs and payment for services.

## 7.1.3 FINANCIAL MANAGEMENT

This policy establishes uniform guidelines to monitor and control financial operations and account for its performance.

NVRTA will employ sound business, financial and accounting practices to conduct its financial operations. The Authority is responsible for monitoring and controlling its financial operations and accounting publicly for its financial performance through:

- Adherence to the highest ethical standards.
- Developing short and long-range strategic financial plans.
- Use of generally accepted accounting principles.
- Institute a system of internal controls.
- Retain financial and accounting records for appropriate periods.
- The issuance of financial reports that account for the use of public funds.
- Maintain adherence to all applicable state and federal laws and requirements.

**Financial Management Responsibilities** NVRTA is responsible for developing plans, obtaining resources for implementing the plans, monitoring its operations and accounting publicly for its performance. These plans include, but are not limited the biennial budget,

overall work program (OWP), the short range transit plan, the countywide transportation plan and other regulatory strategic plans.

NVRTA is dedicated to providing an environment of openness and transparency. The Authority is responsible for evaluating its needs and providing relevant workload and cost data to establish funding priorities and compete for funds with federal, state, and local programs. It is also the responsibility of the Authority to develop a long-range strategic financial plan for the efficient and effective use of resources, technology and the incorporation of community needs and concerns.

**Accounting System** NVTA will use an efficient and organized accounting system that ensures the accurate reporting of all transactions. The Authority is responsible for assuring that transactions recorded by its accounting system are supported by documentation and evidential matter that can withstand internal or external financial audits.

The key elements of an efficient and organized accounting system include an:

- Efficient method of accumulating, recording and reporting all transactions.
- Effective assignment of authority and responsibility.
- Effective approach to segregation of duties.
- Efficient method of detecting errors and irregularities.

Financial transactions should be executed and accounted for in accordance with generally accepted accounting principles. The Authority complies with the standards and principles established by the GASB, administrative policies and procedures that apply to the Authority's financial management, and regulatory and statutory requirements guiding the administration of grant revenues and eligible expenditures.

**Accounting Records** The financial officer should document its financial activities and maintain sufficient accounting records to:

- Ensure that all transactions are properly and accurately recorded.
- Provide sufficient evidence and justification for all transactions.
- Maintain accountability for assets and resources.
- Document accountability of staff who execute and process financial transactions.
- Permit preparation of accurate, informative and reliable reports that conform to applicable criteria.
- Support management during reviews and audits.

A detailed discussion of record retention procedures is provided in the *Record Retention* section for further information.

**Financial Reporting** NVTA is obligated to account for its use of public funds. To satisfy this obligation, the Authority prepares and issues periodic financial statements. The GASB Concepts Statement 1 defines the objectives of financial reporting as follows:

- Should assist in fulfilling the government's duty to be publicly accountable and should enable users to assess that accountability.
- Should assist users in evaluating the operational results of the governmental entity for the year.
- Should assist users in assessing the level of services that can be provided by the governmental entity and its ability to meet its obligations as they become due.

The primary use of financial reports is to assess accountability in its use of public funds. According to GASB Concepts Statement 1 financial reports accomplish this by:

- Comparing actual financial results with the legally adopted budget.
- Assessing financial condition and results of operations.
- Assisting in determining compliance with finance-related laws, rules and regulations.
- Assisting in evaluating efficiency and effectiveness.

NVRTA acknowledges that reports need to be transparent and understandable to communicate information adequately to the public, elected officials, funding agencies and creditors. To effectively communicate information, NVRTA will publish information in the following forms on its website and written formats as required:

- Publish the biennial budget
- Publish GASB-required audited financial statements.
- Publish an annual report listing the accomplishments and audited financial information
- Present quarterly financial updates to the Board, including any adjustments to the annual budget necessary to carry out the NVRTA's mission
- Publish an Overall Work Program which allocates staff members to the tasks and projects scheduled for the upcoming financial year.

The Financial department's internal financial reporting functions include, but are not limited to, preparation of the following reports:

- Quarterly financial statement reports comparing actual revenues and expenditures to budget items.
- Quarterly cash flow reports to analyze the current position and project future needs.
- Monthly or quarterly reimbursement claims for grants and other state or federal programs.

GAAP, GASB and other government and public entity standards are applied to prepare financial and other required reports. Exceptions should be disclosed in the form of qualifications or footnotes to the financial statements or reports.



## 7.1.4 INTERNAL CONTROLS

NVTA's policy is to maintain effective internal control systems as an integral part of its management practices. NVTA continuously monitors and evaluates internal control systems for the purpose of strengthening existing operational, administrative and accounting controls. The objective of an internal control system is to minimize financial risks and provide reasonable assurance that assets are properly safeguarded.

**Purpose of Internal Controls** As a public sector institution, NVTA must maintain the highest standard of ethics and integrity to inspire confidence and trust. Moreover, some operations include handling large sums of money routinely. The risks associated with such operations are apparent and NVTA must protect its assets from potential acts of impropriety and its reputation from negative public perceptions.

An effective system of internal controls minimizes the Authority's exposure to risks and negative perceptions. A properly designed, implemented and continuously monitored system of internal controls protects the Authority's assets and resources by reducing or eliminating opportunities to commit and conceal errors or fraudulent acts.

**Key Elements of an Effective System of Internal Controls** A system of effective internal controls must be an integral part of Authority management practices. It covers all aspects of the Authority's operations from the overall planning of the organization to the implementation of specific operating and administrative procedures.

The components of an effective system of internal controls include, but are not limited to, the following:

- Appropriate segregation of duties (checks and balances)
- Comprehensive policies and procedures
- Competent personnel
- Continuous monitoring and supervision
- Controlled access to assets
- Proper authorization and documentation
- Sufficient review
- Leave coverage

**Appropriate Segregation of Duties** NVTA has an established organization structure that provides for an appropriate segregation of duties that safeguards assets. Segregation of duties is based on the concept that no one individual controls all phases of an activity or transaction. Segregation of duties provides for a built-in system of checks and balances that is designed to catch and correct errors as soon as they are detected. Another important objective is to eliminate or minimize opportunities to conceal errors and irregularities.

Whenever possible, key duties and functions are assigned to separate staff to minimize the risk of impropriety and establish a system of checks and balances. If segregation of

duties cannot be achieved due to staffing limitations, Authority management must apply alternate control methods to mitigate the risks.

**Supervision** Management should provide appropriate supervision of Authority staff to assure that approved procedures are followed. NVRTA should ensure that all staff apply due care and diligence in the daily performance of their duties.

**Controlled Access to Assets** NVRTA should limit access to its assets to authorized personnel who require these assets to perform their assigned duties. Access includes both direct physical access and indirect access such as preparing and processing documents authorizing transactions that impact resources.

**Proper Authorization and Documentation** NVRTA has established a system of authorization to provide effective management control over its assets, liabilities, revenues and expenditures. The specific levels and scope of authority of executives, directors, managers, supervisors and staff, along with assigned dollar limits are established and documented and provided to applicable staff, County of Napa and relevant parties for reference on a no less than annual basis.

When processing transactions, evidence of authorization should be maintained in the accounting files to document that:

- Proper authorizations are obtained and issued by staff acting within the scope of their authority.
- Transactions conform to the terms of the authorizations.

**Sufficient Internal Review** NVRTA has establish an effective system of internal review to ensure that all financial transactions are properly and accurately recorded and reported.

**Minimum Internal Control Standards** This section provides minimum internal control standards to (1) define its organizational boundaries, (2) monitor and control its financial operations and (3) maintain accountability for its resources. The Authority will continuously assess its system of internal controls against these minimum standards. Areas of weakness must be corrected or, if impractical or cost prohibitive, be properly documented and reported.

**Bank Accounts** To establish the conditions and operational controls under which the Authority may maintain funds outside the County of Napa treasury. NVRTA will:

- Obtain Executive Director's approval before opening or closing any bank account. Authority requests to open or close any bank account must be signed by the Executive Director and Financial Officer.
- Assure that banking relationships do not create any actual or perceived conflict of interest with the Board of Directors, managers or officers.
- Keep detailed records for all money received.
- Provide for the safety and security of staff, employees and funds when making bank deposits.

- Endorse all checks, warrants, money orders, and other negotiable instruments immediately upon receipt.
- Make all disbursements by check, credit card or electronic transfer, except for petty cash disbursements.
- Record all checks issued in a check register (this function is managed by the County of Napa).
- Keep all check stock under locked control.
- Reconcile all bank accounts not administered by the County of Napa at the end of the financial year.
- The annual bank balance and financial accounting cash balance information will be completed for all bank accounts locally operated and reconciled as of June 30.
- Require all withdrawals accompany two (2) signatures- the Executive Director and the Financial Officer.

**Accounting Processes** In order to minimize overpayments and ensure payments adhere to the content of a contract, NVTA will:

- Employ a system that assigns a unique contract number to track the status of each contract, purchase order, work order or agreement.
- Maintain records on payments associated with each contract.
- Seek payment approval from project manager, financial officer and Executive Director.

**Accounts Payable** To process and pay vendor invoices and claims in a timely according to the terms and conditions of the purchase agreements and contracts. All invoices and claims must be supported by appropriate documentation and approved for payment by authorized staff.

NVTA staff should:

- Direct all vendors to submit invoices to accounts payable for processing. Electronic invoices should be sent to [ap@nvta.ca.gov](mailto:ap@nvta.ca.gov).
- Date stamp all invoices upon receipt by Accounts Payable.
- Require that individuals and firms submitting claims within a reasonable period after services are rendered.
- Establish the dollar limits and the scope of authority of staff authorized to approve invoice payment.
- Perform a match of the purchase agreement, invoice and proof of receipt and acceptance of goods or services prior to payment if a purchase order was issued.
- Require that authorized staff review each invoice for appropriateness, accuracy and reasonableness. Invoices should be initialed by the program manager.

## 7.1.5 WIRE TRANSFERS

This policy provides guidance for outgoing or incoming wire transfers, electronic funds transfers (EFT), automated clearing house (ACH) or ECHO drawdowns.

### Wire Payments

**Initiating the Wire** The department creates and prints a journal entry in the enterprise resource planning software. Attach a wire transfer authorization form and supporting documentation (usually an original receipt or vendor's invoice). The payee on the voucher should match the account title on the wire transfer authorization form.

Once voucher and supporting paperwork is complete, the department obtains appropriate signatory approval from the authorized signer. By approving the wire, the signor is authorizing the transaction and attesting that the transaction and supporting documentation is appropriate. Wire payments are subject to the same approval process as other payments.

**Accounting Office Review** The Auditor-Controllers Office (ACO) reviews and approves the wire transfer authorization form and the journal. The document is then taken by staff to the Treasury for processing. After approving the availability of funds, the Treasurer's Office sends the journal entry for payment. **Electronic Funds Transfer (EFT).** Electronic funds transfers (EFT) are defined as a transmission of an electronic message to a financial institution instructing it to make an electronic entry reflecting the transfer of ownership of funds from one depositor to another.

**Automated Clearing House (ACH).** An ACH debit is an electronic transfer of funds directly out of the remitter's bank account which is originated by an outside entity.

The use of the ACH network to initiate payments and to receive funds has become a common business practice. It has also become common for some governments and businesses to require that certain payments be remitted to them electronically.

NVRTA may be required to make certain payments by receiving an ACH debit. In addition there may be certain payment applications which, by nature and under the proper control environment, could be processed more timely and efficiently through the receipt of an ACH debit, without sacrificing audit trail and internal controls otherwise available with warrant, check or ACH credit payment processing.

**General ACH Rules and Procedures.** The receipt of ACH debits to accounts is permissible in the following conditions:

- Where required by federal or state law or associated regulations, or where required by an entity for payment of necessary goods or services.
- Where the County of Napa Treasurer have authorized the receipt of ACH debits after determining that it is in the best interest of NVRTA.

Prior to implementing ACH debits, NVRTA must first notify the Treasurer. The Treasurer will request information on the frequency, timing, volume of transactions and other information as deemed appropriate. This information will assist in determining whether the application is appropriate for receiving ACH debits, and if so, what payment controls and procedures will be utilized.

## **ECHO Drawdown policy**

**Cash Management Requirements.** All eligible FTA grantee organizations or sponsors paid by the requisition method of payment may now apply to be converted to US Treasury's Automated Clearing House (ACH) method of payment, regardless of the money amount involved. ACH electronically sends payment to a payee's bank for deposit to their bank account.

**Guidelines for Disbursements** Disbursement guidelines are in accordance with policies established in U.S. Department of Treasury Circular 1075, Part 205, "Withdrawal of Cash From The Treasury for Advances Under Federal Grant and Other Programs," and by FTA financing agreements. These guidelines state that the recipient organization should commit itself to:

- Initiating cash drawdowns for immediate disbursement needs. This has been defined as three calendar days. Excess federal funds held more than three days must be returned to FTA along with any interest earned.
- Providing control and accountability for all project funds consistent with FTA requirements and procedures for use of the ECHO-Web System.
- Furnishing reports of cash disbursements and balances, when required by means of the Financial Status Report for FTA and the Federal Cash Transaction Report.

The Federal Transit Administration Agreement (Form FTA II (A)), Part II or II Terms and Conditions, dated December 1992, Section 107.a and b. (1), describes the process for requesting payment and the requirement for payment processing under the ECHO System.

## **7.1.6 BUDGET DEVELOPMENT**

The Authority is responsible for developing and managing its budgets so that its resources are utilized efficiently and effectively, in a manner that inspires public confidence. This policy presents uniform guidelines to use in developing and managing its biennial budget cycle. It is the policy of the Authority to comply with applicable legislation and follow the procedures adopted by the Board of Directors for budget development and management.

NVRTA collects fare revenues, receives annual allocations from the Metropolitan Transportation Commission, the State of California, the Federal government, and other entities. The Authority operates on a financial year beginning July 1 and ends June 30 of the year thereafter.

**Sources of Authority Funding** NVRTA receives federal, state, regional, and locally generated funding for specific purposes and Authority may also receive revenues from private contributions. Funding received is deposited into the Governmental, Proprietary, or Fiduciary Funds.

**Authority Funds** Each year, MTC releases a TDA and STA fund estimate to NVRTA for the operations of the Authority. Money disbursed for operations is deposited into one of the Authority's funds.

The Governmental Fund is used for administration, transportation planning, coordination of transportation and land use in the region, and programming of regional funding activities.

The Proprietary Fund is used for transit services and capital projects.

**Authority Budget Cycle and Timelines** There are two major phases of the biennial budget cycle – *development* and *implementation*. The development phase includes evaluation of available revenues, current year activities and performance and planning for future year financial requirements.

The Board also receives quarterly updates that make periodic revenue and expense adjustments to the budget.

**Budget Development Process** The Board of Directors is responsible for adopting the biennial budget and approving any amendments to that budget. The Board of Directors has delegated the responsibility for adopting budgeting policies and procedures and the annual schedule of budget development to the Executive Director. The Authority budget development process, which ends with the Board of Director's approval becomes effective at the beginning of the financial year (July 1), is described in the following table.

### Authority Budget Development Process and Timeline

Activity Purpose Prepared/Issued By When

Activity	Purpose	Prepared/ Issued By	When
Gather information on financial sources of funds	Budget cycle commencement	Finance	December/January
Develop biennial budgets	Input and review initial budget recommendations	Finance	January-March
Budget Committee meeting	Review budgets with Board Chair and Vice Chair and have questions answered	Finance, Board of Directors	February or March

1st reading and comment period	To ensure that the proposed budgets settles all outstanding questions posed by Board and other stakeholders.	Finance	March or April
2 <sup>nd</sup> reading, finalize budget	Complete budget input process	Finance	May
Budget approval	Formalize financial years budgets	Board of Directors	May Board of Directors meeting
Input budgets into ERP software	For reporting purposes	Finance	June

**Budget Execution** Once plans, resources and controls are in place the Authority executes its operating plan, thereby incurring operating expenses and receiving revenues. As part of this process, encumbrances are established to account for contracts and purchase orders.

## 7.1.7 BUDGET MONITORING AND REPORTING

This policy establishes uniform guidelines to monitor and control its biennial budget and helps ensure responsible management of available resources. NVRTA will manage its operations in a financially prudent manner. Expenditures may not exceed the amounts established in the Authority's approved budget.

The Authority will monitor actual expenditures against its quarterly and annual budget. Cash flow also will be monitored to assure that NVRTA has sufficient funding to meet its obligations. On a quarterly basis, the Authority should submit a report of revenues and expenditures.

**Background and Monitoring** After the biennial budget has been approved by the Board of Directors and funds programmed, NVRTA must operate within the limitations of the available funding. The Authority must establish budgetary control procedures to monitor its budget on an ongoing basis throughout the year to assure that actual expenditures do not exceed budgeted amounts.

Regular budget monitoring allows the Authority to: 1) assure that funds are available for operations, and 2) reallocate limited resources in the event of budget shortfalls or surpluses. Monitoring both expenditure and cash flow allows the Authority to exercise an appropriate level of control over available funds and to take corrective action as necessary.

It is NVRTA's responsibility to monitor its budget on a regular basis. It is recommended that the Authority prepare and review a comparison of actual expenditures with the approved budget that provides the following information for each program and budget line item of expenditure:



- Actual expenditures incurred for the previous quarter.
- Expenditures incurred for the financial quarter-to-date and year-to-date compared with their respective budgets for the same time frame.
- The variance between month-to-date actual and budgeted expenditures.

In addition, the Authority should analyze its cash flow needs for the current month and project its cash flow for the remainder of the financial year.

Informal expenditure to budget comparisons and cash flow monitoring reports should be prepared and reviewed as soon as is practicable after closing information becomes available each month.

**Overall Work Program** Once the Board has adopted a budget, staff will prepare the Overall Work Program (OWP) that expands on the tasks and projects that each division will undertake during the financial year. The OWP will allocate staff and other resources to each task and project.

**Quarterly Financial Statements** The Authority should submit quarterly financial statements that provide the following information:

- Actual expenditures incurred during the previous quarter.
- Cumulative expenditures for the financial quarter-to-date and year-to-date.
- The variance between actual and budgeted expenditures for the quarter.
- The remaining budgeted balance for each object of expenditure.
- Budget transfers among expenditures. (These adjustments should net to zero).
- Budget revisions reflecting changes to NMTA's available budget, such as additional allocations or receipt of new grants.

In addition, monthly monitoring reports are to be provided to the Executive Director and management staff to ensure adherence to budgeted expenditures.

**Budget Revisions** During the financial year, the Authority may receive additional or amended allocations from Federal, State, MTC, or regional entities and receive revenues above those originally budgeted, or receive new grants from other governments or private sources.

NMTA may revise the budget and report the budget revisions the Board of Directors for formal approval. Budget revisions are reported and reflect an overall increase or decrease to the Authority's approved budget.

NMTA will conduct regular reviews of actual expenditures versus budgeted amounts and project expenditures to assure that the remaining budget is sufficient to cover anticipated expenditures for the balance of the financial year. If a budget shortfall is anticipated, appropriate actions should be taken to assure that operations are not adversely affected.

NMTA will document all budget revisions to account for variances in projected versus actual expenditures, and include this information as part of the quarterly update to the



Board of Directors, or more frequently if necessary to carry out the mission of the Authority.

**Budget Transfers** It is the intent of this manual to provide the Authority with the flexibility in transferring funds between individual programs and objects of expenditure where the transfers are necessary for the efficient and cost-effective operation of the Authority, or to make technical corrections.

**Budget Adjustment Proposals (BAP)** Local Transportation Funds (LTF) is the primary funding source for the planning operations. LTF and FTA grants are the primary funding source for the Authority's transit operations. However, in the event there are non-discretionary costs that are imposed upon the Authority as a result of legislative or other changes to operations and programs that are not funded by the LTF funding adjustment, NVRTA is permitted to request additional funding through the annual budget process to address operational changes. These changes include unanticipated grant revenues and related operating or capital expenditures, unanticipated expenses necessary to carry out the mission costs associated with meeting legislative mandates and emergencies.

## 7.1.8 ACCOUNTING PRINCIPLES

This policy establishes uniform guidelines and accounting principles for the Authority to follow when gathering, summarizing and reporting accounting information associated with its financial operations.

NVRTA should comply with the basic principles of accounting and reporting that are applicable to government units. Financial transactions should be executed and accounted for in conformity with generally accepted accounting principles (GAAP) and legal requirements.

**Generally Accepted Accounting Principles (GAAP)** To meet the needs of internal and external users financial information, state and local governments have adopted Generally Accepted Accounting Principles (GAAP).

GAAP are uniform *minimum* standards and guidelines for financial accounting and reporting. They govern the form and content of an organization's financial statements. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures.

**Governmental Accounting Standards Board (GASB)** The primary authoritative body for setting standards for the public sector governments is the Governmental Accounting Standards Board (GASB).

**Application of GAAP** NVRTA shall use an accounting system that conforms to GAAP to assure uniformity in financial reporting and to provide a reasonable degree of comparability between the Authority and other local government financial reports.

The accounting system implemented must both:

- a. Present fairly and fully disclose the financial positions and results of operating funds in conformity with GAAP.
- b. Determine and demonstrate compliance with all legal requirements and contractual provisions.

**Basis of Accounting** The Authority should use either *Accrual* or *Modified Accrual* basis of accounting to measure its financial position and the results of operations associated with the *Governmental*, *Proprietary*, or *Fiduciary* funds.

The Authority should recognize revenues when they become both measurable and available to finance expenditures of the current period. Expenditures should be recognized in the accounting period during which goods are received or services are rendered.

**Governmental Funds** should be the primary fund type the Authority uses to account for its resources. The number and types of funds established should be based upon how resources will be spent and the need to segregate and account for funds used for different purposes.

NMTA may establish several funds. Each fund should have separate general ledger accounts to account for designated assets, liabilities, and other balances. [Section 1300, GASB Codification states that a government unit should keep the least number of funds possible to satisfy its particular circumstances.]

The Authority should use the *Governmental* (Planning Fund, Special Revenue Funds), *Proprietary* and *Fiduciary* (Authority and Trust funds) types of funds to account for its financial activities. *Fund Accounting*, provides more details on Authority funds.

## 7.1.9 FUND ACCOUNTING

This policy establishes uniform guidelines to establish “funds” and maintains accountability over the public resources used to finance its operations. As a publicly funded entity, the Authority must ensure that the funds allocated are used efficiently. The Authority should establish and maintain separate funds to segregate its financial resources and allow for the detailed accounting and accurate reporting of its financial operations.

**Funds and Fund Types** A “fund” is a complete set of accounting records designed to segregate various financial resources and maintain separate accountability for resources designated for specific uses. The establishment of discrete funds is beneficial in ensuring that public monies are only spent for approved and legitimate purposes.

State and local governments can establish as many funds as required to operate efficiently and account for resources accurately. However, all funds used must be

classified into one of the seven types shown in the table that appears on the following page.

### Classification of Fund Types Available to Government Agencies

Classification	Fund Type	Purpose	Commonly Used by NVRTA?
Governmental Funds	General fund	To account for all financial resources except those <b>required</b> to be accounted for in a <b>separate</b> fund.	Yes, to account for all funds received by the Authority except those that must be accounted for separately.
	Special revenue fund	To account for certain revenue sources “earmarked” for specific purposes.	Yes, to account for federal, state, local and private grants.
	Debt service fund	To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.	No
	Capital projects fund	To account for financial resources used in the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.	No
Proprietary Funds	Enterprise fund	To account for operations that are financed and operated in a manner similar to private business enterprises.	Yes
	Internal service fund	To account for the financing of goods or services provided by one department or Authority to other departments or agencies of the governmental unit, or to other governmental units on a cost - reimbursement basis.	No
Fiduciary Funds	Trust or Authority fund	To account for resources received by one government unit on behalf of a secondary governmental or other unit.	Yes, to account for fines, fees, etc. collected by the Authority on behalf of others.

**Planning Fund – Local Transportation Fund** The Local Transportation Fund is used to account for the financial activities associated with the money appropriated by the State of California and allocated to the Authority.

The Planning Fund is a fund type under the General Funds classification and treated as a general fund type under the Governmental Funds classification.

The Executive Director or designee should authorize and direct expenditures from the Local Transportation Fund. The LTF along with all other applicable funds should be used to report the financial activities in the Quarterly Financial Statements.

**Special Revenue Funds** NVRTA operations may include activities that are funded by federal, state, local governmental or private grants. Most grants specifically define the purposes for which grant funds may be used. In many cases, the grants are

reimbursement type agreements that require the Authority to document its costs to receive payment. These are generally defined as expense-driven grants.

NVRTA should establish and maintain Special Revenue Funds to specifically account for revenues and expenditures related to grant activities.

Revenues and expenditures under these funds should not be commingled with the Operation Funds. However, grants and other revenues and expenditures in the Operations Fund may have a separate accounting designation for tracking purposes. Financial systems operated by the Authority must be capable of establishing and maintaining Special Revenue Funds to specifically account for revenues and expenditures related to grant activities.

The Special Revenue Funds should be reported with the Local Transportation Fund in the Monthly Financial Statements information provided to the state.

## 7.1.10 REVENUE AND EXPENDITURES

This policy is to establish uniform accounting guidelines for the Authority to record revenues and expenditures associated with operations.

NVRTA will account for its resources using either accrual basis or modified accrual basis of accounting. Revenues should be recognized in the current period to the extent that they are measurable and available to liquidate current liabilities. Expenditures should be recognized in the accounting period during which goods are received or services are rendered.

**Measurement of Resources and Basis of Accounting** The majority of the Authority's financial activities are accounted for in the "Local Transportation Fund", which is essentially a general fund. Additionally, the Authority receives grants from federal, state and local governments as well as from the private sector. The following sections describe how resources should be measured under these funds and what basis of accounting should be applied.

**Measurement of Resources** Governmental funds (such as the Local Transportation Funds) are designed to measure the "flow of financial resources". The objective is to determine whether more or fewer resources will be available for spending in the near future as a result of current transactions. Increases in resources available for spending in the current period are treated as **revenues**. Decreases in resources are treated as **expenditures**.

**Basis of Accounting** A fund's basis of accounting determines when a transaction is recognized as revenue or expenditure. The basis of accounting for the Local Transportation Fund and other revenue funds is the **Accrual Basis** of accounting.

**Revenue Recognition** Under Modified Accrual accounting, revenues are recognized when they are “susceptible to accrual”. GASB Codification Section 1600.06 explains that revenues are susceptible to accrual when they are both measurable and available. It is not enough that revenue has been earned (measurable). The related cash flow must be available in the current period or soon enough thereafter to be used to pay liabilities of the current period.

Since the Authority derives most of its revenues from state funding and grant reimbursements, these revenues are susceptible to accrual. All Authority revenues are measurable and available (within a reasonable amount of time) to pay for current liabilities and therefore, should be recognized during the current period.

**Expenditure Recognition** Expenditures should be recognized in the accounting period during which goods are received or services are rendered.

Most purchases or contract commitments are short-term and should be recognized during the current financial year, if goods are received or services are rendered. Expenditures associated with long-term contracts covering more than one year may also be recognized during the current financial year. If goods are not received or services are not rendered, expenditures may be recorded in the subsequent period.

**General Revenue Recognition** Since the Authority derives most of its revenues from state funding and expenditure-driven grants, virtually all revenues can be accurately measured and expected to be available within a reasonable amount of time to pay for current liabilities. Therefore:

- NVRTA should recognize revenues during the current financial year when they are both measurable and available.
- The Authority should apply the concept of “earnings” to define measurability (i.e. the Authority is entitled to the funded amounts, the Authority has rendered the services required by the grants, or revenues have been earned).

**General Expenditure Recognition** Liabilities should be recognized in the accounting period during which goods are received or services are rendered:

- The Authority should recognize expenditures as payments are made to vendor(s).
- The Authority should disencumber (reduce) the operating fund as the reserve of funds is reduced or liquidated.

**Year-End Revenue Accrual** Even though financial reporting must be on the modified accrual basis, daily accounting may be on a cash basis. Under such circumstances, accrual basis for financial statement purposes is achieved by adjusting the accounts at the close of each year. The Authority financial year ends on June 30th. The Authority should perform year-end accruals as follows:

Prior to June 30th, the Authority should:

- Review all revenue accounts related to entitlements and accrue revenues (such as the thirteen installment of state funding) that may not have been received from the state, but which are measurable and available.
- Review all revenue accounts related to expense driven grants and accrue revenues that may not have been billed to date.
- All accruals need to be reversed during the first month of the new financial year.

**Year-End Expenditure Accrual.** Similar to revenues, expenditures must be reported on the modified accrual basis for financial reporting purposes. The daily accounting basis may be on a cash basis. The accrual basis is achieved by adjusting accounts at year-end. The Authority should perform year-end accruals as follows:

- The Authority should review all open purchase orders, contracts and the related encumbrances in an effort to accrue expenditures during the current financial year, disencumber funds and liquidate the associated liability to the extent possible.
- All contracts straddling two financial years should be reviewed for the express purpose of recognizing expenditures in the current period if it is determined that the services were rendered or goods were received in the current year. The balance of the contracts should be closed in the current year and reopened in the new financial year along with the appropriate encumbrances.
- All open purchase commitments for which goods and services have been delivered or rendered, but not paid, should be accrued as current year expenditures. This also applies to grant funding.

## 7.1.11 GENERAL LEDGER

NVRTA will maintain separate and identifiable general ledgers for the purpose of recording and reporting its financial activities.

Separate general ledgers should be maintained for each type of fund used by the Authority. For example, separate general ledgers will be maintained for each of the following:

- Governmental Fund to record all general Authority operations not associated with other fund types.
- Proprietary Fund to record all federal, state, local government or private grants provided to the Authority for transit services.
- Fiduciary Fund to record all financial activities performed on behalf of other government entities for the region.

The general ledgers should be supported by appropriate sub-ledgers that provide adequate and sufficient details of all summary entries. Entries into the general ledgers flow from the sub-ledgers (such as accounts payable) or other journals.

The general ledgers should consist of general ledger accounts designed to identify and segregate different types of transactions in logical groups such as assets, liabilities, equity

or fund balances, revenues and expenditures. The Authority should document these general ledger accounts in its chart of accounts. NVRTA adopts the County of Napa's chart of accounts. NVRTA will use an appropriate number of accounts to make sound financial decisions.

The general ledgers should be balanced on a regular basis using trial balance reports to verify that the sum of debit and credit entries during the period is equal.

When necessary, adjusting journal entries should be prepared to adjust the accounts. All adjusting entries should be adequately documented and should require appropriate written management approval.

All nominal and budgetary accounts should be closed at the end of the financial year, as the balance sheet accounts remain open and should be carried forward to the new financial year. After closing entries are made, only balance sheet accounts should have balances.

## 7.1.12 ENCUMBRANCES

Purchase commitments should be encumbered to ensure that adequate funds are available to pay invoiced amounts. Purchases include purchase orders, contracts and other financial obligations that are associated with a contract. As purchase orders or contracts are issued, they are forwarded to the Auditor-Controller's Office so that encumbrance amounts may be posted. This encumbrance reduces the Authority's balance of available funds.

With each payment against a purchase order or contract, an equal amount of encumbrance is reversed. The reversal is posted to the purchase order or contract. At the end of the contract period, any remaining encumbrance balance is reversed by the final payment, or by a reversal entry.

**Ongoing Contracts** Purchase orders and contracts should be encumbered to cover the maximum expenditures that may occur during the current financial year. At the beginning of the next financial year, the remaining obligation should be encumbered.

**Change Orders.** Periodically, changes or amendments to existing purchase orders or contracts are processed. Encumbrances are adjusted accordingly, to reflect the increases or decreases in the purchase orders or contracts.

**Encumbrances at Financial Year End** Encumbrances as of a financial year end may be carried forward to the new financial year.

**Canceling an Encumbrance** An encumbrance may be canceled by expiration or by cancellation of the purchase order or contract. When this occurs, the unencumbered funds are available for other expenditures or encumbrances.



## 7.1.13 ACCOUNTS PAYABLE

The implementation of these procedures will establish effective accounting control over assets (cash), liabilities (accounts payable) and expenditures. Prompt payment of claims supported by appropriate documentation will foster good business relationships with the individuals and businesses that provide essential services.

NVRTA will pay the claims of the individuals and businesses that provide goods and services in a timely fashion, according to the rules and limitations established. All claims must be supported by appropriate documentation. All payments are subject to review by the Financial Officer, Executive Director and employee(s) who are authorized to approve such payments.

## 7.1.14 VENDOR INVOICE PROCESSING

All vendors, suppliers, consultants and contractor invoices will be routed to accounts payable for processing. The Accounts Payable staff should process the invoices in a timely fashion and in accordance with the terms and conditions of the purchase agreements. All invoices must be matched to the proper supporting documentation and must be approved for payment by authorized personnel acting within the scope of their authority.

**Vendor Records** Before a vendor's invoice can be paid, the accounts payable department must establish a vendor file that includes at least the following information:

- The vendor's name, address, and telephone number.
- Name and address of vendor representative to whom payments are to be sent if different from the above.
- Name, title and telephone number of contact in case of an incomplete or incorrect invoice.
- Description of goods provided or services performed.
- Taxpayer identification number.

No invoice should be processed for payment without a vendor tax identification number.

In compliance with Internal Revenue Service rules and regulations, the Authority should ensure that a Form 1099 MISC is issued to all non-staff who meet the criteria for independent contractors established by the IRS. In general, the Authority must report, but we do gather and provide W-9 and other information for payments that meet the following four conditions:

- Payment is made to someone who is not an employee.
- Payment is made for services in the course of trade or business (including government agencies and nonprofit organizations).
- Payment is made to an individual, partnership, estate, or in some cases, a corporation.
- Payments made total at least \$600 during the year.

- Payment for professional services such as fees to attorneys, accountants, and architects require the issuance of a Form 1099 MISC. Forms must be issued to each qualifying independent contractor by January 31 of each year and a copy must be sent to the IRS by February 28 of each year.

**Routing of Vendor Invoices** The Executive Director or designee must approve all invoices for payment. Invoices must also be approved by project managers.

**Routing of Related Documents** As they are generated, other pertinent documents must also be routed to accounts payable department. Original copies of purchase orders, blanket purchase order releases, contracts, order forms, approved requisitions, purchase card ordering logs, receipts, packing slips, and all other appropriate documentation related to the acquisition of goods and services for related business must be provided to accounts payable.

The accounts payable department will maintain these documents in a central file to be matched against the related vendor invoices and claims.

This information may also be maintained in electronic form and accessible through an on-line purchasing system. The accounts payable staff may utilize on-line information to process invoices. **Preparing Invoices for Processing** upon receiving the vendor invoices, accounts payable will immediately stamp the documents with the current date. Invoices will be sorted by their payment due dates and maintained in a special file for processing.

**Review for Accuracy of Invoice** Calculations and price extensions shown on the invoices should be reviewed to ensure their accuracy. Vendor name, address, billing address, vendor number, federal ID number and all other pertinent information should be reviewed against the information set up in the vendor master file. All discrepancies should be reported to the employee who authorized the transaction.

Accounts Payable personnel must report discrepancies to the Financial Officer and secure appropriate approval prior to correcting any information.

**Problem Resolution** Discrepancies between vendor invoices and Authority purchase orders or contracts may arise due to:

- Vendor invoicing errors.
- Vendor invoice format that does not allow accounts payable to make a match between the invoice and the purchase authorization.
- Data entry errors made at the time the purchase information was entered into the purchasing system.
- Changes in the purchase information approved but not documented in the
- System or not reflected by a change order.

When discrepancies are detected, an invoice will not be processed for payment. The accounts payable employee should report the errors to the requestor of the goods and

services. Problems that cannot be quickly corrected should be referred to Financial manager for resolution.

**Invoice Error** Not all errors and discrepancies will require the Authority staff to engage in problem resolution activities. Some errors may be immaterial and inconsequential to the agreement. The Authority may allow vendor invoices with these types of discrepancies to be processed without requiring extra processing steps for error correction.

**Account Coding** It is important that all expenditures are recorded in the appropriate accounts. The accounts payable department will be responsible for assigning account codes for transactions that do not require encumbrances (e.g., purchase card transactions, warrant requests). If there is any question regarding the assignment of an account code, AP will contact the person who initiated the purchase to confirm that the correct account is being charged.

**Invoice Batching** AP will batch groups of invoices together for approval and for warrant processing. Each batch of approved invoices entered for payment will have a cover sheet that provides a batch number, a summary list of the invoices included, the total number of invoices and amounts and a batch total showing the total dollar amount of all the invoices submitted. The batch cover sheet is called an AP OPERID. Batches should contain only invoices that have been properly approved and that are accompanied by information documenting purchase authorization and receipt. The batched invoices will be submitted to the designated employee(s) Financial for review and an approval signature and then forwarded to ACO.

**Payment Approval** Designated staff with payment approval authority should review invoices for:

- Propriety of the transactions.
- Accuracy of the records submitted.
- Reasonableness of the expenditures.

Designated staff should act within the scope of their authority when approving invoices for payment. If the dollar amount or nature of a purchase exceeds an individual's authority, the next level of authority should be consulted and appropriate approval secured before releasing the invoice for payment.

Employees authorized to approve invoices should not approve payment of their own purchases. Another level of approval will be required.  
Financial

**Types of Payment** The following list shows the various types of payments that NVRTA may authorize:

**Final payments** are made for completed and accepted goods and services. Final payments must have a contract close checklist before settlement occurs.

**Partial payments** are made for completed and accepted supplies or services that are only a portion of the total required deliveries (e.g., orders with items on back orders, missing components of an assembly, etc.).

**Progress payments** are made to a vendor as work progresses under a purchase order or contract.

**Milestone payments** are made to the vendor after the completion of specific tasks agreed to and set forth in the contract between the vendor and the Authority (e.g., long term information services contract with specific deliverables and timetables, consultant engagements, etc.).

**Advance payments or deposits** are made to a vendor prior to performance of a purchase order or contract (e.g., registration fees for a conference, educational programs, etc.). Advance payments are only made in unusual circumstances and are not permitted for time and materials service contracts or for the purchase of goods.

## 7.1.15 AUDITS

The Authority should, as part of its standard management practice, conduct its operations and account for its resources in a manner that will withstand audit scrutiny. During an audit, the Authority will cooperate with the auditors to demonstrate full accountability, efficient use of public resources and compliance with all requirements. Substantiated audit findings should be investigated and corrected in a timely fashion.

**Audit Firm Rotation** An important step in improving the integrity of the public agency audit system is to establish an audit firm or audit firm partner rotation requirement of seven years. The periodic rotation clients would limit long-term client-audit firm relationships that may compromise the independence of the audit firm's work.

**Member Agencies** A member agency is authorized to perform audits and reviews of all Authority financial records.

The Board of Directors should be notified by the Authority of any and all audits or audit-related activities, whether initiated by the Authority or at the request of other agencies.

**The Metropolitan Planning Organization** Independent audits or equivalent are conducted by outside accounting firms that specialize in examining the operations of government and business entities. The Metropolitan Transportation Commission may authorize the performance of a financial audit, performance audit, agreed upon procedures review, or any combination thereof.

**State of California** The Bureau of State Audits is authorized by the state under the federal Single Audit Act to audit the Authority regarding its use and accounting of grant funds.

## ***Types of Audits***

**Financial Audits** The purpose of a financial audit is to provide reasonable assurance that the financial statements are reliable.

Financial statements present management's assertions regarding the Authority's financial position, results of operations, and cash flow. The audit provides an independent basis for relying on the Authority's assertions. Auditors conducting a financial audit will:

- Inspect relevant documents.
- Observe employee performance.
- Inquire about policies, procedures, transactions and events.
- Confirm balances and transactions.
- Perform analytical procedures.

The auditor's goal is to obtain reasonable, but not absolute, assurance that the Authority's financial statements are fairly presented.

**Performance Audits** Performance audits are also called efficiency and effectiveness audits, compliance audits, and operations audits. The scope of a performance audit is typically narrower than the scope of a financial audit and may be confined to a particular program, department, process, or other aspect of operations.

The purpose of a performance audit is to determine if the Authority is conducting its operations in the most economic and efficient manner, and if programs are achieving their intended purposes. An important part of the auditor's task is to define what constitutes efficient and effective performance for the operations he or she is reviewing.

**Federal Audits** A portion of the operating budget may come in the form of federal grants, which may be awarded by several agencies. The federal Single Audit Act was enacted in 1984 and amended in 1996, to replace multiple grantor audits with a single audit that addresses the requirements of all federal grantor agencies.

In concert with the Single Audit Act, The Office of Management and Budget has issued it Uniform Guidance (formerly OMB Circular A-133), which sets forth standards designed to obtain consistency and uniformity in audits conducted of state and local governments that expend federal grant awards.

Federal grant awarding agencies are responsible for:

- Identifying federal awards made by informing each recipient of the Catalog of Federal Domestic Assistance (CFDA) number and title, award name and number, and award year.
- Advising recipients of the requirements imposed upon them by federal laws, regulations, and grant agreements.
- Ensuring that audits are completed and reports are received in a timely manner.
- Providing technical advice to auditees and auditors.

- Issuing a management decision on audit findings within six months of receipt of the audit report and ensuring that the recipient takes timely and appropriate corrective action.
- Providing annual updates of Circular A-133.

**Audit Support** Generally accepted auditing standards (GAAS) and GAGAS require auditors to study and evaluate NVRTA's system of internal accounting controls to determine the type and extent of audit procedures to be performed. A system of internal controls consists of the measures employed to safeguard the Authority's assets, ascertain the accuracy and reliability of the entity's accounting data, promote operational efficiency and encourage compliance with policies and procedures.

GAAS and GAGAS also require that sufficient competent, evidential matter be obtained through inspection, observation, inquiries and confirmation to allow a reasonable basis for an opinion regarding the records and operations under examination.

NVRTA should cooperate fully with the auditors' requests for information. Auditors should be provided access to Authority records, files, policies, procedures, computer systems, and personnel for the purpose of gathering information that is within the nature and scope of their audit assignments. The Authority should not withhold relevant information, misrepresent any fact or mislead auditors in an attempt to "pass the audit".

## **Audit Findings and Issue Resolution**

**Exit Meeting** At the conclusion of field (onsite) activities, auditors will normally hold an exit meeting with Authority representatives to present preliminary audit findings and discuss deficiencies, reportable conditions, material weaknesses, or unacceptable risk levels discovered during the audit.

NVRTA should use this opportunity to provide additional information, clarify questionable items and attempt to resolve the issues prior to the issuance of the audit report. If necessary, additional reasonable time should be requested to further research the auditor's findings.

**Audit Reports** There are three (3) common reports associated with audits of public entities:

- The auditor's report on the fair presentation of the financial statements.
- The auditor's report on compliance and internal control over financial reporting based on an audit of the financial statements.
- The auditor's report on compliance and internal control over compliance applicable to each major program.

Auditor's reports on compliance and internal controls typically include a separate section that lists the auditor's findings, which provide information on specific weaknesses or instances of noncompliance. The auditor often provides specific recommendations for

corrective actions to be taken by management to resolve the weakness or noncompliance issue.

When an auditor discovers an expenditure that may not be allowed under the requirements of a federal grant, the expenditure is listed as a questioned cost. Questioned costs may ultimately be rejected by the granting Authority, in which case the Authority must refund them.

**Report Distribution.** In addition to the auditor's standard distribution of audit reports, the Authority should assure that a copy of any audit report is delivered to the County of Napa, State of California, FTA, MTC, and any other public Authority which requests a copy.

**Corrective Action.** It is the responsibility of the Authority to take swift corrective action to improve its practices in areas where auditors find deficiencies, reportable conditions, material weaknesses, or unacceptable levels of risk.

**Subsequent Audits** Auditors routinely conduct follow-up audits to determine whether appropriate corrective actions have been taken with respect to the findings of previous audits. During the subsequent audits, auditors will determine whether the corrective actions taken, if any, have resulted in the desired changes, or whether management has acknowledged the risks of not taking corrective actions.

## 7.1.16 PETTY CASH

A petty cash fund may be established when it's necessary to keep cash on hand to purchase low value supplies and services that cannot be practically purchased by other means.

The petty cash custodian is personally responsible for the safekeeping, disbursement, and accounting for petty cash. Petty cash funds should be kept separate from all other monies and kept in a locked drawer or cabinet.

The petty cash fund should be sufficient to meet the needs of NVRTA. The authorized amount should not exceed \$1,000.

**Petty Cash Disbursements** The original vendor invoice, cash register receipt, or other evidence of the transaction for which petty cash is disbursed must be attached to the petty cash receipt. Whenever possible, standard procurement methods should be used instead of petty cash (refer to *Procurement Manual*).

The petty cash fund cannot be used to:


- Pay for expenditures greater than \$200 unless advance approval is obtained.
- Pay personal goods or services.
- Pay travel expenditures, except for local travel.
- Make personal loans, salary advances or to serve as a check cashing fund.



To receive reimbursement for petty cash expenditures, the custodian must submit a petty cash replenishment form that is supported by purchase receipts.

Financial replenishment should be requested as needed to ensure adequate funds are available. The fund should be replenished prior to the close of the financial year.

#### **PETTY CASH VOUCHER (Sample)**

 <p>NVRTA NAPA VALLEY TRANSPORTATION AUTHORITY</p>	
Date:	_____
Name:	_____
_____	
Amount:	_____
Basis of Request:	_____
Advance:	_____ Reimbursement: _____
Purpose and nature of usage: _____	
_____	
Attached receipts:	_____
Signature:	_____

### **7.1.17 CASH HANDLING**

It is the policy of NVRTA to collect and process payments received from the public in the form of fees, reimbursements and assessments in a manner that protects the integrity of NVRTA and its staff and promotes public confidence. The Authority should institute procedures and internal controls that assure the safe, secure collection and accurate accounting of all payments.

This policy applies to all staff and agents whose official job responsibilities involve any aspect of collecting or processing revenue received from the public either in-person or by mail.

**Safekeeping of Money** To reduce the potential for losses due to errors or irregularities, staff and its agents involved in collection activities (cashiers and supervisors) will observe the guidelines provided in this section.

**Acceptable Forms of Payment** The Transit Store can accept the following for payment of fees, reimbursements and assessments:

- Cash
- Personal checks

- Bank checks or drafts
- Traveler's checks
- Money orders
- Credit cards
- Debit cards.

**No Cash Policy** NVRTA's administrative offices does not accept cash for payment of fees, unless authorized by the Financial Officer or Executive Director.

The "no-cash" policy is intended to increase employee safety, reduce customer wait time at the front desk, and reduce cost in handling cash.

Cash payments are accepted by the Soscol Gateway Transit Center ticket office and at other locations where transit products may be sold.

**Cash Handling Procedures.** Cash control procedures are of primary importance to management in avoiding losses. The fundamental rules for controlling cash receipts include the following:

a. Organizationally:

- Designate specific responsibility for custody of cash funds during the workday and for securing cash in a safe, vault, or other secure storage place overnight.
- Limit responsibility for receiving cash to as few people as possible.
- Separate cash handling from record keeping. Responsibilities for collection and deposit preparation should be segregated from those involving the recording of cash receipts into accounting records and permanent record entries.
- Have bank reconciliations prepared by persons not responsible for handling cash (this task is overseen by the County of Napa).

b. When receiving payment:

- When cash is received at the public windows it is counted out loud in the presence of the customer.
- Money should not be put in the cash drawer until after a receipt is issued and the correct change is given to the customer.
- If a customer disputes the amount of change tendered at the counter, the cashier should ask a supervisor for assistance.
- Cashiers should not return a disputed amount without a supervisor's approval.
- Payments involving relatives or personal friends should be given to the supervisor for re-assignment.
- Cash receipts should be recorded daily.

c. When depositing revenue:

- Prior to deposit, cash receipts should be secured in a cash drawer, vault, safe or locked cabinet to which only specifically authorized personnel have access. Cash drawers should be used for official business only (i.e., the collection of fees, reimbursements, assessments, etc.).

**Check/Money Order/Cashier Check Handling Procedures** When a check, money order or cashier check is received at the public window or in the U.S. mail, the following should be verified before accepting payment:

- The name of the customer must be imprinted on the check.
- Numeric and written dollar amounts must match.
- Checks must be signed by the customer.
- Checks must be dated for the day they are written. Post-dated checks are not accepted.
- Two party checks are not accepted.
- Checks must be written for the exact amount due. No change should be made on payments made by check.
- Checks must be made out to NVRTA.
- Contract number(s) should be written on checks, if applicable.
- All checks must be restrictively endorsed immediately upon receipt (e.g., *For deposit only to...*).
- When a check is accepted at the public window, the customer must provide an acceptable form of picture identification such as a driver's license or passport.

**Returned Check Process/ Dishonored Payments** NVRTA has a zero tolerance policy regarding returned checks. Persons who submit checks for payment that are subsequently returned for insufficient funds, stopped payment, inability to locate, etc. will no longer be allowed to pay with a personal check.

If a check is returned to the business office, the client will be responsible for paying the full amount of the check that was returned as well as a MANDATORY returned check and administration fees determined by the County of Napa. Payment MUST be received within 10 business days of being notified of a returned check or the account may be turned over to the District Attorney's Office for collection.

The ONLY acceptable forms of payments for returned checks are cash, money order, cashier's check, or credit card. No personal checks will be accepted.

**Credit Card and Debit Card Payments.** State of California Government Code 6159-*Payment to Public Agencies by Credit Card*, authorizes the acceptance of credit card payments by the Authority and establishes the conditions under which payment by credit card is allowed. The same requirements apply to debit card payments.

The Transit Store ticket office accepts credit card or debit card payments in person. At a minimum, the Transit Store must verify that the credit card or debit card is current (the card expiration date must not have passed) for payments made in person.

Prior to accepting any credit card or debit card payment, the validity of the payment must be verified with the card issuer either electronically or by telephone.

NVRTA may impose a fee for the use of a credit card or debit card in an amount not to exceed the cost incurred in accepting the card payment. This cost may include, but is not limited to, the discount or fee paid to the credit card or debit card issuer.

**Receipts** All payments must be acknowledged by a sequentially numbered receipt. Receipts issued should provide information sufficient to create an adequate audit trail that ensures proper distribution of the monies received including:

- Receipt number.
- Date of payment.
- Amount received.

NVRTA should keep a record of all receipts issued. A receipt is deemed to be cancelled if a payment made by check, money order, credit card, or debit card is dishonored.

NVRTA should periodically monitor receipt sequence numbers to identify gaps and assure that all receipts are accounted for.

**Void Transactions** Transactions that must be voided require the approval of a supervisor. When notified by a cashier, the supervisor is responsible for reviewing and approving the void transaction. All void receipts should be retained, not destroyed.

**Backup Procedure for Automated System Down-Time** In the case of a failure of the automated accounting system, pre-numbered receipt books will be issued by the supervisor or designated employee. A handwritten receipt should be given to the customer and a copy of the receipt is clipped to the payment, and a copy should be retained by NVRTA.

Payments processed during down time should be kept separate from money processed through the system. Money, receipts and case files will be kept together in a designated secure place.

Handwritten receipt transactions must be processed as soon as possible after the automated system is restored. The transactions must be recreated in the system from the handwritten receipts before the money can be transferred to the cash drawer or cash register.

**Daily Balancing and Closeout** At the end of the workday, all cashiers must balance their own cash drawer or register. Cashiers may not leave the premises nor transact new business until daily balancing and closeout are complete.

Balancing and closeout include completing and signing the daily report; attaching a calculator tape for checks; turning in the report, money collected and cash change fund to the supervisor; and verifying the report with the supervisor.

After daily balancing and closeout are completed, the collections are prepared for deposit to the County of Napa or bank. If the daily collections are not deposited on the same day they are collected, they must be locked in a safe, vault, or secure cabinet overnight.

**Shortages and Overages** Cashiers must report all overages and shortages. Overages and shortages must be handled separately, never combined or netted together. An Overage or Shortage Report must be completed and signed by the responsible cashier and turned in to the appropriate supervisor with the daily cash balance report.

Supervisors will monitor all reports of overages and shortages to determine if there is a pattern meriting further investigation, modification of collection procedures, retraining of personnel, or disciplinary action.

**Fare Overpayment** Passenger should be ready with the appropriate fare, exact change, or one of the Vine or Clipper passes when boarding. All buses have electronic fare boxes that accept the following fare payments; NVRTA issued fare media, U.S. currency \$1, \$5, \$10 & \$20 dollar bills, \$1 coins as well as 1¢ 5¢, 10¢, 25¢, & 50¢, and transfers. Bus operators do not carry change. Fares or overpayments are **Non-refundable**. NVRTA buses are equipped with Clipper transponders or handheld devices.

**Payments Received Through the Mail** Checks and money orders received through the mail should be processed on the day they are received. Any exceptions are to be brought to the attention of a supervisor, placed in a locked area and processed on the next business day.

A team approach should be used to maintain accountability for payments received in the mail:

- An administrative assistant opens the mail.
- More than the administrative assistant may be needed to process large volumes of mail.
- All checks and other forms of payment through the mail is logged in a central repository.

The following steps should be followed in opening the mail and processing the payments received:

- Checks and money orders received through the mail should be processed on the day they are received and listed on a check receipts log sheet.
- The check receipts log sheet should include the following information:
  - i. Name of the person/organization making the payment.
  - ii. Check amount.
  - iii. Check number.
  - iv. Date received.

- v. Name of the person handling the check.
- An adding machine tape of all checks and money orders should be run and the total amount received should be matched to the total amount entered into the accounting system.
- The person logging the payments received through the mail should sign the bottom of the log sheet after running the adding machine tape.
- The adding machine tape should be attached to the log sheet and the checks delivered to a designated cashier for entry into the accounting system.
- Receipts for payments received in the mail should only be sent to the customer if a stamped, self-addressed envelope is included with the payment.

**Credit Card Payments** NVRTA accepts credit card payment for transit media at the Soscol Gateway Transit Center and vinetransit.com website. Visa, Mastercard, Discover, and American Express are accepted forms of online payments for transit products.

Vinetransit.com has also obtained a digital certificate from Network Solutions, a provider of internet trust services. When the user enters a secured portion of the site, an image of a closed lock or a solid key should appear in the bottom bar of your browser window. If you click on this image, a small popup window displaying site-security information will appear. This certificate guarantees that your personal information is being transmitted in a secure (encrypted) form to a vinetransit.com Web server, not to an unknown or unauthorized server.

NVRTA and vinetransit.com does not sell registered users information to third parties and does not keep credit card information stored on its servers. A registered user must re-enter the credit card information at each transaction to complete the purchase.

**Counterfeit Currency** At a minimum, cashiering staff must test all \$50 and \$100 bills for possible forgery. Depending on volume, \$20 bills should be tested. Every member of the cashiering staff should be provided with a counterfeit detection pen, which should be used to test for counterfeit bills.

**Confiscation** Each cashier who receives currency suspected of being counterfeit should contact his or her supervisor immediately. Care should be taken in discussing confiscation with the customer because of the risk of legal action and/or violence. Discussion with the customer should focus on ensuring that:

- The customer understands that he or she is not being accused of counterfeiting;
- Federal regulations require confiscation of the currency.

If feasible, the supervisor should telephone the closest USSS office to supply the serial numbers of the currency believed to be counterfeit, but not in the presence of the customer.

After confiscation and pending instructions from the USSS, the supervisor should put the suspect currency in a sealed envelope and place it under lock and key; handling of it

should be minimized. Under no circumstances are cashiers permitted to retain possession of counterfeit currency.

**Foreign Currency** It is the policy of the Authority that currency other than United States is not accepted by NVRTA.

## 7.1.18 REVENUE COLLECTIONS AND DISTRIBUTION

This policy establishes uniform guidelines to collect, process and report all fees and assessments resulting from business services. NVRTA institute procedures and internal controls that assure the safe and secure collection of revenue, prompt deposit of all revenues received, accurate accounting that creates an audit trail, and the generation of reports required for sound financial management.

**Deposits** NVRTA will prepare appropriate documentation to deposit funds to the Treasury or for pick-up by an armored transport service.

To deposit money in the County Treasury, a deposit request must be prepared. The deposit permit is called a "Deposit Authorization Form." This request, prepared in duplicate, must be supported by acceptable documentation such as duplicate receipts or a receipt listing. The County keeps one copy and signs and gives NVRTA the second copy.

**Daily Reporting** All collections must be recorded in general ledger, which may be created manually or generated by an automated system. The receipts from all cashiers should be posted daily and reconciled with the daily deposit of funds.

The collection record should show in chronological sequence and by receipt number all amounts collected by the Authority and the nature of the money collected. At the end of the month, each column of the collection record should be added and the totals recorded. A duplicate copy of the collection record may be prepared and attached to the monthly cash settlement report as supporting documentation.

**Revenue Distribution** Each payment received by the Authority is ultimately distributed or disbursed according to a fund established by the Board of Directors.

**Monthly Cash Settlement Report** NVRTA must deposit all money that it collects or has under its control during the month into the County treasury. The proper accounting for or disposition of these collections is detailed in a cash settlement report filed with the County Auditor-Controller.

**Farebox Procedures** Every public transit vehicle, except for the Yountville Trolley has a farebox. Daily, all bus operators as part of their pre-trip inspection are required to make certain that the farebox is operational prior to pull-out. If the operator finds out that the farebox is defective, either the farebox is fixed or replaced or the operator is given a different vehicle. If the farebox should malfunction during service, a coach exchange will be done immediately. The technician will fix the farebox as soon as the bus arrives at the



yard. In addition, the pullout supervisor also double checks that the farebox is in good operational condition prior to pull-out.

Upon completion of service, the bus operator will return to the yard. The bus operator will pull up to a designated area (in front of the maintenance bay). A utility service worker probes the farebox, pulls the farebox, and empties the contents into the cash vault. The farebox is then placed back into the farebox. This process is repeated until the last bus is accounted for.

The mobile bin in the cash vault is picked up by the armored service twice a week. During the pick-up, the farebox revenues moved from the cash vault and transferred onto the armored services carrier capable of picking up the mobile bin. An empty mobile bin from a previous pick up is placed into the cash vault. This procedure is repeated every time the armored services carrier arrives at the yard.

## 7.1.19 PURCHASING CARDS

Purchasing Cards (P-cards) are used to purchase goods and services. Purchasing cards may be used to pay vendors for goods and services normally paid by warrants (checks). Payments by P-card in lieu of check may result in significant cost savings to NVRTA. Every effort should be made to pay vendors with P-cards in lieu of warrants if the vendor accepts the payment platform.

P-Card transactions bring greater efficiency to the purchasing process because transactions can be made without a purchase order and payment is streamlined. The Purchasing Card eliminates the need for check vouchers, blanket purchase orders, and limited purchase orders. This will allow greater convenience, control, and flexibility and reduce the costs associated with initiating and paying for those purchases.

The Procurement Officer is responsible for managing the program. This policy supports the use of Purchasing Cards for appropriate business transactions, while assuring that the appropriate internal controls are in place to minimize the Authority's risk of fraud.

The cardholder is responsible for the security of the card. This card should be treated with the same level of care as personal charge cards.

**Purchases** P-cards may be used to purchase any item and/or service for immediate use not prohibited by law, this policy, or other policies approved by the Board of Directors. The total purchase with the P-Card will not exceed the limits established for that Card. All other procurement policies remain in effect and P-Cards should not be used to circumvent them. The Procurement Officer's P-card should be used to pay vendors in lieu of warrants (check).

**Purchasing Limits** The Procurement Officer will establish limits for individual P-Cards and aggregate limits for combined card totals.

### **Purchases Prohibited**

- Personal expenditures
- Cash advances or refunds
- The purchase of alcohol or patronage of drinking establishments.
- Separate, sequential, and component purchases or transactions made with the intent to circumvent policy.
- Purchases that are split to stay within card transaction limits.
- Transaction amounts greater than Cardholders transaction limit.
- Other purchases specifically excluded by the procurement policies.

**Declined Transactions** If a Vendor receives a “Decline” response from the Issuer after attempting to put through a P-Card transaction, Cardholders should contact the P-Card Program Administrator for resolution.

**Purchasing Return** The Cardholder is responsible for obtaining a credit memo from the Vendor when merchandise purchased with the Card is later returned to the Vendor for any reason. [WC1]

**Supporting Documentation for Card Purchases** All transactions must be supported by receipts or credit slips.

**Reconciliation of Card Purchases** Accounts Payables is responsible for ensuring that each receipt is reviewed and approved and that the statement is reconciled with the purchase receipts for each transaction.

**Disputed Items** Cardholders should raise disputes immediately. As failure to do so will result in an authorized purchase that the department is responsible for paying even though the charge is incorrect. A charge should not be disputed on the current expense report if it was returned for credit after the cut-off date. The credit should be reported on the next expense report with a notation being made that there is a disputed charge and expected credit.

**Lost or Stolen Cards** When it is determined that a P-Card has been lost or stolen, IT IS IMPERATIVE TO FIRST CANCEL THE CARD WITH THE ISSUER BY CALLING THE ISSUERS TOLL-FREE NUMBER. In addition, the Cardholder must also notify the P-Card Program Administrator of the loss. Once a P-Card is discovered lost or stolen, it is imperative to cancel the card immediately. NMTA is liable for all charges until the card is reported lost or stolen. Thus, the Cardholder may be responsible for all charges made against the P-Card from the time it is lost or stolen until the time the Issuer is notified, if the Cardholder fails to immediately notify the Issuer upon discovering the loss or fails to discover the loss within a reasonable amount of time.

**Unauthorized Use of the P-Card.** Any purchases that the P-Card Program Administrator deems prohibited will be sent back to the Cardholder for justification and/or explanation. If any prohibited charges appear in the Cardholder’s transactions and expense report, the following may occur:

- The P-Card Administrator will investigate all circumstances surrounding alleged misuse of the P-Card and in cases where there is evidence of a procedure or policy violation has occurred.
- Termination of use and forfeiture of the P-Card are potential actions for improper use of the card.
- In those cases where there is evidence of negligent use of the P-Card, but no fraudulent acts have been committed, the Cardholder will be required to surrender the P-Card with all further privileges revoked.
- A Cardholder who makes an unauthorized purchase with the P-Card, or uses the P-Card in an inappropriate manner will be liable for payment for unauthorized charges.

The P-Card may be suspended or terminated if a P-Card is suspected of fraud or theft. Should the suspicion prove founded, appropriate action should be taken in accordance with existing policies and procedures. The P-Card is issued to an employee for convenience and may be suspended or terminated at any time. Transfer, resignation, or terminations of employment are grounds for cancellation of the P-Card.

**Fleet Vehicles Fuel Cards.** NVRTA participates with the State of California Voyager Fleet Fueling System Inc. to provide offsite fleet fueling. The State has an agreement with US Bank Corp to allow governmental agencies to piggy-back with the program and take advantage of a universal fuel card system. The Voyager system provides a web-based software system that manages and tracks detailed transactions for auditing purposes, generates consolidated monthly invoices and provides controls and security measures when fueling (examples: by user can set fuel limits, number of transactions per day and dollars per week/month). Voyager also automatically strips out the federal gasoline excise tax prior to billing (NVRTA is exempt).

## 7.2 RESERVES AND FINANCING

### 7.2.1 CASH RESERVE

A key element of prudent financial planning is to ensure that sufficient funds are available for current operating, capital and debt service needs. Additionally, financial responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. NVRTA will strive to have sufficient funding available to meet its operating, capital, and debt services obligations as well as to protect its creditworthiness. The Authority is committed to maintaining a financial structure that provides adequate and predictable revenue at the lowest possible costs to meet forecasted needs and operational objectives.

The adequacy of the cash reserve year-end balance ranges and/or annual contributions of each fund will be reviewed annually during the budgeting process or when a major change in conditions threatens the reserve levels established within this policy.

**General Fund Reserve** The purpose of a General Fund Reserve is to ensure sufficient cash resources are available to fund daily administration; operations and maintenance of providing service.

**Target Criteria:** To meet the Authority's cash flow needs and unbudgeted expenses, the Planning fund's cash reserves should be at a minimum of \$500,000 per financial year.

**Transit Fund Reserve** The purpose of a Transit Fund Reserve is to ensure sufficient cash resources are available to fund daily administration; operations and maintenance of providing public transit service.

**Target Criteria:** To meet NVRTA's cash flow needs and expenses, the unrestricted reserves should be at least 25% of unrestricted funds of the current financial year operating budget.

**Working Capital Reserve** A significant percentage of operating funds are not available until after the end of each financial year. As such, it is imperative that the Authority maintain sufficient reserves to sustain operating activities. This reserve would be designed to ensure sufficient liquidity for operating activities until funding has been delivered.

**Target Criteria:** Approximately 25% of operating revenue is derived from FTA Section 5307 formula funds. NVRTA's financial year begins on July 1<sup>st</sup> of each year, while the federal financial year commences on October 1<sup>st</sup>. Typically, Congress manages to appropriate the aforementioned funds in February or March of each year at the earliest. Once the funds are apportioned it typically takes an additional month or two before they are available. It is not uncommon that the funds do not become available until the following financial year.

## 7.2.2 INVESTMENT POLICY

This policy is to establish investment objectives, provide guidelines, and set forth responsibilities and reporting procedures necessary for the prudent management and investment of the funds of NVRTA and its component units (NVRTA). This policy is for investment activities outside the County of Napa's policy, should NVRTA have a separate account(s) for investing.

This policy applies to the activities of NVRTA with regard to the consolidated investment of short-term operating funds, reserves, and capital funds. Balances in County of Napa checking accounts, investments of staff' retirement funds, and deferred compensation plans are not covered by this policy.

**Delegation of Authority.** The NVRTA Board designates the Executive Director and Financial Officer as the Custodial Officer for the Authority's funds. The Custodial Officer should be responsible for the operation of the investment program. No person may engage in an investment transaction except as provided under the terms of this Policy and procedures established by the Custodial Officer. The Custodial Officer should be responsible for all transactions undertaken and should establish a system of controls to regulate the activities of subordinate officials with access to the funds subject to this Policy.

The investment objectives of this Policy and their priority are: (1) safety; (2) liquidity; and (3) yield.

**Safety.** Safety of principal is the foremost objective of the investment program. Investments should be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective should be to remain compliant with applicable laws and to mitigate Credit Risk, Interest Rate Risk, and Custodial Risk.

**Legality.** All funds within the scope of this Policy are subject to regulations established by the State of State of California.

**Interest Rate Risk.** NVRTA will minimize the risk that the Market Value of securities in the portfolio will fall due to the changes in general interest rates, by:

- Limiting exposure to poor credits.
- Prequalifying the financial institutions NVRTA will do business with.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
- Actively monitoring the investment portfolio holdings for ratings changes, changing economic/market conditions, etc. Maintaining appropriate balances in investment vehicles that provide overnight liquidity; and
- Structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands where possible and prudent.

**Custodial Risk.** NVTA will minimize Custodial Risk by placing its securities with a third-party custodian, who will hold the securities in NVTA's name, as evidenced by the safekeeping contract and monthly statements.

- Maintaining appropriate balances in investment vehicles that provide overnight liquidity; and
- Structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands where possible and prudent.

**Liquidity** The investment portfolio should remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by:

**Yield** The investment portfolio should be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Securities should not be sold prior to maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security trade will improve the quality, yield, or target Duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

**Internal Controls** The custodial officer is responsible for establishing and maintaining an adequate internal control structure designed to reasonably protect the assets of NVTA from loss, theft, or misuse. The concept of "reasonable protection" recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by the custodial officer. Accordingly, the custodial officer should establish a process for an annual independent review by an external auditor to assure compliance. The internal controls should address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Confirmation of transactions for investments and wire transfers
- Custodial safekeeping
- Avoidance of physical delivery of securities whenever possible
- Address control requirements for physical delivery where necessary
- Clear delegation of authority to subordinate staff members
- Development of a wire transfer agreement with the lead bank and third-party custodian and implementation of the appropriate safeguards
- Compliance and oversight with investment parameters including diversification and maximum maturities
- Staff training

All financial institutions and Broker-Dealers who desire to be considered for investment transactions, must supply the following, in writing (electronic delivery is acceptable):

- Audited financial statements
- Proof of Financial Industry Regulatory Authority, Inc (FINRA) registration
- Proof of state licensing

- Certification of having read and understood and agreeing to comply with NVRTA's investment Policy  
Evidence of adequate insurance coverage

The Custodial Officer may engage the services of an external investment adviser to assist in the management of NVRTA's investment portfolio. All investment transactions executed by the external investment adviser on behalf of NVRTA must be consistent with this Policy and be pre-approved in writing by the Custodial Officer.

### **Authorized Investments**

**Investment Types.** The following securities are permitted under this Policy.

**U.S. Treasury Obligations.** United States Treasury Notes, Bonds, Bills, certificates of indebtedness, or other obligations of the U.S. Treasury for which the full faith and credit of the United States are pledged for the payment of principal and interest.

**Government Authority Issues.** Federal Authority or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States Government-Sponsored Enterprises. See Appendix I: Glossary for definition and investment examples.

**Repurchase Agreements.** An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date. Only U.S. treasury obligations and government Authority issues described in paragraph (a) and (b) of this subsection that are limited in maturity to three years and priced according to percentages prescribed by written Policy may be used in conjunction with a Repurchase Agreement.

**Bankers' Acceptances.** A draft or bill of exchange drawn upon and accepted by a bank. Used as a short-term credit instrument, Bankers' Acceptances are traded at a Discount from face value as a money market instrument on the basis of the credit quality of the guaranteeing bank.

**Medium Term Corporate Notes (Corporate Indebtedness).** Commercial Paper and Medium Term Corporate Notes subject to a valid registration statement on file with the Securities and Exchange Commission or issued under NVRTA of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. The corporate indebtedness must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution, including a holding company owning a majority interest in a qualified financial institution.

### **Municipal Debt**



Lawfully issued debt obligations of the agencies and instrumentalities of the State of California and its political subdivisions that have a long-term rating of A, or an equivalent rating or better, or are rated on the settlement date in the highest category for short-term municipal debt by a Nationally Recognized Statistical Rating Organization.

Lawfully issued debt obligations of the States of California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a Nationally Recognized Statistical Rating Organization.

### **Time Deposit Accounts, Certificates of Deposit, and Deposit Accounts.**

Deposits in insured institutions in credit unions or in federal credit unions, if the insured institution or credit union maintains a head office or a branch in California. Certificates of Deposit placed through deposit placement services, such as the Certificate of Deposit Account Registry Service (CDARS), are allowable.

The table on the next page identifies the **investment types** that are authorized for NVTA by the California Government Code. The table also identifies certain provisions of the California Government Code (or NVTA's investment policy, where more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in One Issuer</b>
Local Authority Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Authority Obligations	5 years	None	None
State of California Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper - Select Agencies	180 days	25%	10%
Commercial Paper - Other Agencies	180 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	30 days	5%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium Term Notes	5 years	30%	None
Mutual Funds/Money Market Mutual Funds	N/A	20%	10%

Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Local Authority Investment Fund (LAIF)	N/A	None	None

## 7.2.3 INTERFUND LOANS AND TRANSFERS

To achieve important financial management objectives, NVTA has established various funds to account for resources. Interfund loans are permissible for the general fund, proprietary funds, and capital projects. The financial officer is authorized to approve interfund loans for cash flow purposes whenever the cash shortfall in a fund is deficient but is expected to be resolved. One typical use of interfund loans is for grant programs, where costs are often incurred before grant funds are received but grant funds are received shortly after they are requested.

**Short-term interfund loans** Short term interfund loans are those which are proposed to be repaid within a year.

**Long-term interfund loans** Long term interfund loans are those which are not proposed to be repaid within a year. The reason(s) for all long term interfund loans and a description of repayment terms should be clearly set forth in the staff report, budget documents, staff reports, and/or other written reports presented to the Board for review.

Financial

## 7.2.4 DEBT FINANCING AND MANAGEMENT

The Authority recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, risks, and costs. All potential funding sources are reviewed by management within the context of this policy and the overall portfolio to ensure that any financial product or structure is consistent with the Authority's objectives. Regardless of what financing structure(s) is utilized, due diligence review must be performed for each transaction, including the quantification of potential risks and benefits, and analysis of the impact on NVTA's creditworthiness and debt affordability and capacity.

Prior to the issuance of debt or other financing obligations to finance a project, staff will carefully consider the overall long-term affordability of the proposed debt issuance and alternative financing sources, such as grants. The Authority shall not assume debt or other financing obligations without conducting an objective analysis of NVTA's ability to assume and support additional debt service payments. The Authority will consider its long-term revenue and expenditure trends and the impact on operational flexibility. The

evaluation process shall include a review of generally accepted measures of affordability and will strive to achieve and or maintain debt levels consistent with its current operating and capital needs.

### **Structure and Terms of Debt Financing**

The Authority shall strive to protect the public by using conservative financing methods and techniques so as to obtain the highest practical credit rating and the lowest practical borrowing cost. Long term debt will be structured to match cash flows and structured to achieve the lowest possible net interest cost to the Authority within the current market conditions, the urgency of the proposed project, the nature and type of security provided, and the opportunity cost of not proceeding.

**Short Term Debt** Short-term debt, such as notes, commercial paper, and lines of credit, will be studied as an interim source of funding in anticipation of long term borrowing. Short-term debt may be issued for the same purpose as long-term debt, including capitalized interest and other financing related costs. In addition, short-term debt borrowing may be considered to address justifiable cash flow requirements to meet short term operating needs to provide necessary public services, subject to applicable restrictions in California law.

**Requirement** Any debt will be reported to the Board of Directors as part of its quarterly budget update at their regularly scheduled monthly meeting accompanied by a description of the need for use of the line of credit, amount being requested, cost of borrowing, and the expected payback period.

**Roles and Accountabilities** The Board must review and approve an application for and acceptance of any Lines of Credit with a financial institution. Once the Line of Credit is authorized by the Board, the Executive Director can authorize borrowing within the limit of the line of credit. The Board Chair must sign-off on all borrowing against the line of credit.

The Board must approve any other borrowing of funds including the use of any promissory notes. The Board should give very serious attention to be sure that NVRTA will have sufficient funds available to repay any loans or lines of credit on time.

**Line of Credit (LOC).** Secured and unsecured lines of credit may be established as a contingency to meet operating cash requirements. It is the policy of NVRTA that use of the Line of Credit (borrowing against the Line of Credit's availability) will be initiated subject to the following conditions and restrictions:

- LOC drawdowns will be transferred to NVRTA's bank account managed by the County of Napa's Treasury department.
- The borrowing against the Line of Credit will be used to meet expenses of payment to external vendors.

- An internal, signed authorization form will be developed for each increment borrowed. Authorization to proceed will require a minimum of two signatures: the Executive Director and the Financial Officer.

**Long Term** Long-term debt shall be used to finance the construction, acquisition and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the Authority. NVRTA may also issue debt to provide grant funding to other agencies to assist in the financing of transportation projects that meet the Authority's goals. Long-term debt shall only be used for large scale projects that cannot be financed from current revenue sources. The project for which debt issuance is being considered subject to affordability limits determined by the executive management. The debt will not be issued for longer than the useful life of the improvement or asset it is funding.

There must be pledged revenues to repay the debt, whether from future revenues or other specified sources or reserves. Long-term financing must be able to be marketed with an appropriate credit rating, which can be maintained. Market conditions must present favorable interest rates.

**Refunding** Periodic reviews of existing debt will be undertaken to identify refunding opportunities. Refunding will be considered (within state law and federal tax law constraints) if and when there is a net benefit of the refunding.

**Bonds** The Board of Directors may approve general obligation bonds, enterprise bonds, or other types of bonds in conformance with state and federal laws.

**Lease Financing** The Authority may finance a capital asset by leasing it directly from the vendor or leasing company, with the lessor receiving a portion of each rental payment as tax-exempt interest.

**Banks/Private Loans** The Authority may borrow directly through a loan with a commercial bank, Letter of Credit, or Line of Credit with a commercial bank, State revolving loan program, or other governmental agency.

**Other Obligations** There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to, non-enterprise revenue bonds, bond anticipation notes, grant anticipation notes, tax and revenue anticipation notes, and judgment or settlement obligation bonds.

**Debt Capacity** The Authority will keep outstanding debt within the practical limits of the debt rating, debt service coverage ratio constraints and any other applicable law.

**Debt Service Coverage** The Authority shall maintain strict compliance with covenants regarding coverage of annual debt service by net revenues embodied in the terms of debt instruments. In addition, the Authority intends to maintain an average debt service

coverage ratio of 150%. This will support strong bond credit ratings and provide annual revenues to fund capital improvements.

**Intergenerational Concerns** The District will review debt issuance in light of the balance between funding capital improvements from current revenue and from long-term debt and the impact each debt financing has relative to intergenerational benefits.

**Debt Service Fund** The Authority should establish a debt service fund with minimum reserves of six-months of service payments.

**Credit Quality** The Authority will maintain the highest possible credit ratings for all categories of short and long-term debt. Except for certain instruments, NVRTA will not incur obligations that do not carry investment grade ratings. However, certain instruments, such as state loans or private placements, may not be rated.

**Credit Enhancement** The Authority should procure credit enhancement for a sale of bonds if the Executive Director, in consultation with the Financial Officer and Financial Advisor, determines that it is cost effective to do so. Credit enhancement may be bond insurance or bank letters of credit.

**Senior/Subordinate Lien** The Authority may utilize a senior/subordinate lien structure. The choice of lien will be determined based on such factors as overall cost of debt, impact on debt service, impact on water rates, marketing considerations and previous issuance bond documents. Senior debt has priority over subordinate debt. Subordinated debt is payable each year only after other debts with a higher claim have been satisfied.

**Redemption Features & Refunding Policy** To preserve flexibility and refinancing opportunities, any debt may generally be issued with provisions which enable the Authority to retire the debt earlier or enable the refunding of the debt prior to maturity.

**Rating Agencies** NVRTA shall maintain its strong ratings through prudent financial management and consistent communications with the rating analysts.

**General Debt Guidelines** Delegation of Authority: The Board of Directors will assigned duties to the Executive Director or designee for authorizing, managing, and coordinating activities related to the structure, issuance, and administration of any long-term and short-term debt instruments.

**Point of Contact:** The Financial Officer will be responsible for maintaining good communication with rating agencies, investors, other service providers, and the public regarding the Authority's financial condition, and will enforce a policy of full disclosure.

**Professional Assistance:** The Finance Officer should periodically select service providers as necessary to meet legal requirements and minimize debt costs. Such services may include financial advisory, underwriting, trustee, verification agent, escrow agent, arbitrage consulting, special tax consulting, and bond counsel. To achieve appropriate

balance between service and cost, the Finance Officer is authorized to select such service providers through sole source selection or a competitive process.

## 7.3 ASSET MANAGEMENT

### 7.3.1 FIXED ASSETS

This policy provides uniform guidelines for the Authority to acquire, capitalize, monitor and dispose of fixed assets. NVRTA should maintain a Fixed Asset Management System to record, control and report all assets.

The primary objectives should be to:

- Ensure assets are properly identified and recorded.
- Ensure assets are in a state of good repair.
- Safeguard assets against loss.

**Disposable items** Disposable items are purchases with a value of ***less than \$10,000*** that are intended for one time use, or that have an anticipated useful life of less than one year. These purchases should be recorded as an expense during the current financial year. Examples of disposable items are office supplies, small equipment, consumables, etc.

NVRTA is not mandated to record and track disposable or inventory items in the Fixed Asset Management System.

**Inventory items** Individual items transferred from the county or purchased directly with an individual value of ***more than \$500 and less than \$10,000*** and an anticipated useful life of more than one year, should be classified as inventory items.

An annual inventory is required. Per contractual agreement with purchase transportation provider, inventories will be maintained and physical inventories will be performed by purchase transportation provider. Physical inventories and up-to-date listings will once again be performed upon completion of contract.

**Proprietary Software** NVRTA uses a number of commercially available and custom computer software programs in its daily operations.

Computer software developers typically impose limitations regarding the use of their products through licensing agreements. It is the responsibility of the NVRTA to assure compliance with the license conditions of software products used by the Authority (e.g., limitations on the number of users, number of copies in circulation, etc.). NVRTA will keep all software related documentation, licenses, etc., with the contract.

**Fixed Assets** A fixed asset is any tangible asset purchased for use in the day-to-day operations of NVRTA from which an economic benefit will be derived over a period of time. Fixed Assets are defined as:

- Items purchased and owned with a value of \$10,000 per unit or more; and



- Not a component of a larger asset (i.e. engines on a bus), Component units should be expensed as a small equipment purchase.
- Anticipated useful life of more than one year should be capitalized (classified as fixed assets).
- Not a repair or maintenance action
- Land and other real property.

Examples of fixed assets are vehicles, security equipment/system, transit equipment/system, servers, etc.

The following information should be maintained in the Fixed Asset Management System:

- Description of the fixed asset.
- Date of acquisition.
- Value of the fixed asset (based on acquisition cost or appraisal value at time of transfer).
- Estimated useful life.
- Salvage value (if applicable).
- Current period depreciation expense (if applicable).
- Accumulated depreciation to date (if applicable).
- Remaining balance (net book value), if applicable.
- Federal grant(s) number funded by the assets.

**Donated or Gifted Assets** Contributed assets are defined as voluntary contributions of resources to a governmental entity by an unrelated person or entity. All contributed assets are to be valued at the fair-market value of the asset at the date of donation or gift, plus ancillary charges, if any. Contributed assets should be depreciated based on the asset class and useful life. The asset is to be recognized when the asset is received. To qualify as a capital asset, the fair-market value of the contributed asset must exceed NVRTA's capitalization threshold for the applicable asset class.

**Easements (Intangible Asset)** An easement is defined as an interest in land owned by another individual or entity that entitles the easement holder to a specific limited use or enjoyment (right to use land). Easements are typically used to access another property. Land easements will be recorded with land and not depreciated. Right of ways will be recorded separately and depreciated over useful life. Only easements and right of ways with a cost greater than \$10,000 will be capitalized.

**Capital Lease** A capital lease is a lease that transfers substantially all the benefits and risks of ownership of property to NVRTA at the end of the lease term. Leases which meet one of the four (4) requirements listed below are considered capital leases and should be accounted for as a capital asset if the cost of the property exceeds its class's capitalization threshold.

- Ownership: the lease transfers ownership of the property to the lessee by the end of the lease term.
- Bargain Price Option: the lease contains an option to purchase the lease property at a bargain price.

- **Estimated Economic Life:** the lease terms is equal to or greater than 75% of the estimated economic life of the leased property
- **Fair Value:** the present value of rental and other minimum lease payments, excluding that portion of the payments representing executory costs, equals or exceeds 90% of the fair value of the leased property.

**Identification** Once the necessary information has been recorded in the Fixed Asset Management System, a unique identification number should be assigned to each fixed asset if possible

**Responsibility for Fixed Assets** All fixed assets must be assigned to a particular location.

NVTA should maintain a Record of Physical Inventory that lists the tagged assets assigned to it. A copy of the Record of Physical Inventory should also be maintained by the Financial Officer or another designated employee for control purposes.

**Physical Inventory of Authority Assets** The Authority should conduct a physical inventory of all Authority assets and equipment at the end of financial year.

**Transfer and Disposal of Inventory Items and Fixed Assets** Over time, new assets or equipment may be acquired, obsolete items disposed of, or items may be transferred between locations. To protect the integrity of the Fixed Asset Management System, a record of Asset Transfer or Disposal should be used. Transfers and disposals of fixed assets with federal interests are further subject to FTA Grant Management Guidelines USC 5010.1C.

**Disposal of Inventory Items and Fixed Assets** Acceptable means of disposal for personal property.

- Sell personal property that is no longer needed for Authority use for fair market value.
- Trade surplus personal property with another government or public agency if the property received in return is needed for Authority use.
- Donate, sell at less than fair market value, or otherwise transfer personal property to another government or public Authority if the Authority no longer needs the property for its own use.
- Dispose of personal property that is no longer needed for Authority use and that has **negligible or no economic value** in a manner deemed appropriate by NVTA.

The Board of Directors must approve the disposal of any capitalized asset. The Executive Director of designee may dispose of other property under NVTA's control.

An asset transfer/disposal release form should be prepared to record the disposal of the fixed asset or equipment.

Minimum information on disposition documentation will include but not limited to:

- Unique asset identification number
- Description of asset (for vehicles include the Department of Motor Vehicles ID number, the make and model)
- Date of transfer
- Date of acquisition
- Board memo and resolution number for acquisition and transfer or disposition.

Copies of the asset transfer/disposal form should be maintained by the Financial Officer and by the disposing unit or location.

The proceeds resulting from any disposal of Authority personal property should be deposited based on the Financial Officer's determination.

**Notice of Disposal.** NVRTA must publicize its intention to transfer or dispose of personal property. This must be accomplished at least one week prior to the transfer or disposal by placing a notice in at least one of the following:

- Up to two public places.
- On the website.
- If possible, in a newspaper of general circulation.

The notice of disposal requirement does not apply to property that is valued at less than \$10,000 or for transfers of property.

#### Depreciation Table for Capital Assets

ASSET	DEPRECIABLE LIFE
Buildings- New	40 years
Buildings- Used	10-20 years
Modular Buildings	10 years
Bus Shelters- Small (less than 15 feet in length)	5 years
Bus Shelter- Large (more than 15 feet in length)	5-10 years
Park and Rides*	10- 20 years
Other Facilities or land improvements (not stated above)*	5-20 years
Land	Not depreciated
Office furniture, fixtures, and equipment (not structural components. Data handling, equipment, servers, copiers (>\$10,000).*	5-10 years
Vehicles Cars- new	7 years
Vehicles Cars-used	3-5 years
Vans- (new)	7 years
Vans- (used)	3-5 years
Buses- medium or small duty or van cutaway	new 7 years
	used 5 years
Buses- large (new, over 30 passengers)	12 years
Buses- large (used, over 30 passengers)*	1-7 years

Trucks- heavy or light duty (under 13,000 lbs g.v.w.)- new	7 years
used	5 years
Bus radio, base stations, bus washer station*	3-5 years 5-10 years
Equipment- engines, transmissions, filters	5 years
Fareboxes (new)	12 years
Fareboxes (used)	3 years
<b><i>Maintenance garage items:</i></b>	
Roller cabinets, portable tool stands, portable compressors, portable hoists, diagnostic equipment*	3-10 years
Lift trucks, engine and transmission stands, brake lathes*	3-8 years
Intangible Asset (easements, trademarks, patents)	5 years
*Depreciable life determined by Financial Officer	

### 7.3.2 STATE OF GOOD REPAIR

State of Good Repair (SGR) is an initiative launched by the Federal Transit Administration (FTA) to maintain the nation's bus and rail systems. FTA defines State of Good Repair as an effort that "includes sharing ideas on recapitalization and maintenance issues, asset management practices, and innovative financing strategies. It also includes issues related to measuring the condition of transit capital assets, prioritizing local transit re-investment decisions and preventive maintenance practices."

SGR is a key priority at the NVRTA and we are committed to ensuring **safe, reliable, cost-effective and responsive transit services**.

Achieving a SGR is incorporated in NVRTA's goals and objectives and includes developing a plan that:

- Reflects a **comprehensive understanding of the system** and its condition, and the strategic direction of the system.
- Supports the **enhancement of the transit service while maintaining the overall condition** of the basic infrastructure
- Prioritizes expenditures so that there is a **maximum return on investment**
- Supports the seamless **transition** of the system from one in a **start up mode, to one in a renewal mode**
- Ensuring current service levels are supported
- Maintaining a "state of good repair"
- Keeping maintenance practices current
- Evaluating asset replacement

### 7.3.3 TRANSIT MEDIA INVENTORY

This policy is used to provide guidelines and procedures regarding stewardship required for Transit pass inventory to assure that pass inventory is documented and properly recorded.

**Custodianship duties and responsibilities.** The Executive Director or Financial Officer may delegate the responsibility of maintaining proper accountability and control of the transit pass inventory. Specific responsibilities regarding Transit pass inventory are as follows:

- Know the location of all equipment in their inventory is reasonably secure from possible theft and other hazards. Report any changes in location to management. This is critical for proper stewardship and essential for insurance management purposes.
- Review and verify transit pass inventory on an annual basis by reporting on the status of transit pass inventory.
- Discourage theft and loss of property by keeping property in a secured location.

#### **Inventory Control Duties and Responsibilities**

1. Inventory Control receives a Transit Pass request report from the Transit Center on a regular basis. Personnel will review each purchase order to verify and approve items.
2. Inventory Control personnel will perform an annual physical inventory of Transit Passes and will submit a status report to the Finance Manager.
3. After completion of the transit pass inventory, personnel will report the findings to the Financial Officer for review and action if required. Inventory Control will report all missing property for investigation if not previously reported.
4. Missing Property: If property is discovered missing, an immediate request should be made of Finance Manager or Executive Director to have the loss investigated.

**Procedures for Inventory Verification.** Transit Passes will be inventoried at the end of the financial year. An updated copy of the transit pass inventory listing will be furnished to Financial Officer at the end of each financial year.

**Security Measures** Promptly report all missing or stolen equipment to Financial Officer and Executive Director. The transit pass inventory cabinets/safes should be locked at all times.

### 7.3.4 ALTERNATIVE FUELS AND FLEET REPLACEMENT

This policy attempts to achieve the following objectives:

- Ensure the current Vine Transit bus fleet and future acquisitions comply with California Air Resources Board (CARB) requirements to reduce greenhouse gas emissions.

- Be financially responsible by minimizing capital and operational expenses by considering life cycle economics when procuring vehicles

NVRTA recognizes that fleet assets account for a significant contribution to overall greenhouse gas emissions (GHGs) and that these emissions can be reduced, along with vehicle fuel and maintenance costs through the purchase of alternatively-fueled vehicles. NVRTA will make every effort to purchase and use the lowest emission vehicle or equipment item possible, while taking into account the life-cycle costs and the ability to support operations and services in a financially prudent manner.

## 7.4 GRANT MANAGEMENT

### 7.4.1 GRANT ACCOUNTING AND ADMINISTRATION

This policy establishes budget, cost allocation, and reporting requirements related to the administration of grants that are used to fund programs, projects and operations. NVRTA will comply with all federal, state, regional and grantor regulations, rules and requirements that apply to the administration of grant funds.

[OA2]

Grant funds awarded by government, business and other organizations substantially benefit NVRTA's ability to serve the public. At the same time, the acceptance of grant funds may also represent an area of risk to the agency. This is because money received through grants is provided for specific purposes and under conditions that apply to its use.

Grants are auditable. As such, NVRTA must be able to identify the source and application of all grant funds. The agency must also prepare and submit periodic performance and financial reports regarding grant funded programs and projects.

Inattention to grant compliance requirements or inadequate controls can lead to problems including:

- Incorrect reporting regarding the time, effort and funds spent on grant-funded activities.
- Failure to report program income.
- The use of grant funds to pay for activities not related to the grant program or project.
- Improper accounting for overhead costs.
- Improper transfers of funds between programs.

Common weaknesses associated with grant compliance include:

- Lack of management controls due to outdated or nonexistent policies and procedures.
- Inadequate staff training and education.
- Inadequate systems associated with effort reporting, financial management, program income, etc.

Measures that have been shown to improve grant program compliance include:

- Keeping policies and procedures current with respect to changing statutes, regulations, and grant conditions.
- Establishing compliance as an institutional expectation and individual responsibility.
- Establishing an expectation of zero tolerance for noncompliance.
- Defining individual roles and responsibilities.
- Assigning oversight responsibilities.



**Grant Requirements.** The uniform administrative rules for federal grants and cooperative agreements and sub-awards to state and local governments are established in Title 28, Part 66 of the Code of Federal Regulations (CFR).

Various grant programs (federal, state, local, private foundation, corporate) may have other requirements associated with specific legislation or the rules of the grantor. The Authority is responsible for familiarizing itself and complying with the requirements of the grant agreements it enters into.

## **Grant Budgets**

**Budget Establishment.** For each grant agreement that the Authority enters into, a distinct budget must be established at the appropriate level of the Budget Program Structure. The Authority financial management system must allow for the tracking of grant revenues and expenditures and facilitate the preparation of required financial and performance reports.

**Budget Control.** The Authority must be able to compare actual expenditures under each grant with budgeted amounts. Grant funds must be traceable to a level of expenditure that demonstrates the funds have not been used in ways that violate statutes, regulations, or conditions of the grant agreement.

## **Budget and Program Changes**

1. Certain types of post-award changes to budgets and projects supported by grant funds should require the prior approval of the grantor.
2. Unless otherwise stated in a grant agreement or applicable regulations, the Authority must obtain prior approval whenever any of the following changes is anticipated:
  - A revision that would result in the need for additional funding.
  - Cumulative transfers among direct cost categories or among separately budgeted programs, projects, functions or activities that exceed the current total approved grant budget.
  - Transfers of funds allotted for training allowances to other expense categories.
3. NMTA must also obtain prior approval from the grantor whenever any of the following program-related changes is contemplated:
  - Revision of the scope or objective of the project.
  - Need to extend the grant period to make funds available for a longer time than originally planned.
  - Changes in key program personnel where the grant agreement specifies such a notification.
  - Obtaining the services of a third party to perform activities that are central to the purposes of the grant award (subcontracting or subgranting).

4. A request for approval of a change to the grant budget or program should be submitted to the grantor in the same format as the original grant application. The request should include a narrative justification for the proposed change.

**Accounting and Administrative Requirements** NVRTA must account for grant funds in accordance with applicable laws and the procedures established for expending and accounting for its own funds. Specific aspects of financial control and accounting procedures are discussed below.

**Internal Control** The Authority must effectively control and account for all grant-related cash, real and personal property, and other assets. These assets must be safeguarded and the Authority must assure that they are used only for authorized purposes.

**Fund Identification** This will allow grant transactions and resources to be accounted for as a separate entity, and facilitate grant monitoring, reporting and auditing.

**Accounting Records** NVRTA must maintain records that adequately identify the source and application of grant funds. The records must contain information about grant awards, authorizations, obligations, unobligated balances, assets, liabilities, expenditures, and income.

Accounting records must be supported by appropriate documentation that may include receipts, cancelled checks, employee time and attendance records, payroll records, etc.

Grant records will be retained according to the requirements established in *Record Retention*.

**Allowable Costs** Only costs that are determined to be reasonable, allowable, and allocable may be applied to grant programs. In determining whether specific costs may be applied to a grant program, the Authority should refer to the specific terms of the grant agreement. For federal grants, guidance is provided by the United States Office of Management and Budget in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* (available at [www.whitehouse.gov/omb/circulars](http://www.whitehouse.gov/omb/circulars)).

**Direct and Indirect Costs** Costs that are applied to grant budgets can be classified as either direct costs or indirect costs. There is no universal rule for classifying costs as direct or indirect. However, it is important to treat each cost item consistently as either direct or indirect.

Guidelines for determining direct and indirect costs are provided in the following paragraphs.

Direct costs are those that are specifically associated with a grant program or are incurred in the performance of grant-related activities. Direct costs that are typically applied to grants include:

- Employee compensation for time devoted and identified specifically to the performance of grant awards.
- The cost of materials acquired, consumed, or expended specifically for the purpose of grant awards.
- Equipment and other capital expenditures.
- Travel expenses incurred specifically to carry out grant awards.

Time spent on grant-funded activities should be documented on employee timesheets that indicate the employee's name, the specific grant program time is charged to, the dates on which time is charged, and the number of hours charged to the grant program each day if possible.

Indirect costs are those that are incurred for a common purpose that benefits more than one function, program, grant, contract or other activity; and are not readily assignable to the activities they benefit. Indirect costs are usually charged to grant programs through the use of an indirect cost rate.

The types of costs that may be classified as indirect costs cannot be specified for all situations. However, typical examples include:

- Authority central service costs.
- General administrative costs.
- Accounting and personnel services performed within the Authority.
- Facility operations and maintenance costs.

To determine the indirect costs that may be applied to a specific grant; the Authority may be required to submit an indirect cost rate proposal that serves as the basis for negotiation of the indirect cost rates that will be allowed under the grant. In some cases, the Authority may apply predetermined rates that are based on the Authority's estimated costs for a specific period, usually the financial year.

**Availability of Funds** Most grants specify a specific period of time during which grant funds are to be used. In these situations, the Authority may only apply expenditures to the grant up to the end of the grant period, unless the grant specifically allows the carryover of unobligated balances.

The Authority must liquidate all obligations incurred under a grant within 90 days of the end of the grant period, unless otherwise specified in the grant agreement. This deadline may be extended at the grantor's discretion, upon the Authority's request.

**Income from Grant-Funded Programs** NVRTA may sometimes generate income from grant-funded programs or activities. Income may include fees for services performed by the Authority, but it does not include fines, taxes, special assessments, or levies collected by the Authority.

Income generated by grant programs should be deducted from total program costs.

**Supplies and Equipment** The Authority should use, manage and dispose of equipment acquired under a grant according to the procedures established.

Equipment acquired using grant funds should be used for the project or program for which it was acquired as long as needed, whether or not the project continues to be supported by grant funds.

Minimum requirements for the management of equipment acquired using grant funds include:

- Records must be kept that include a description of the property, serial number or other identification, the source of the property, who holds title, the acquisition date, cost, percentage of grant participation in the cost, the location, use, and condition of the property. In addition, any information regarding the ultimate disposition of the property and the sale price.
- A physical inventory of the property must be taken and reconciled with property records at least once every three years.
- A control system must be in place to safeguard property and prevent loss, damage, or theft.
- Adequate maintenance procedures must be developed to keep property in good condition.
- Proper procedures must be followed to ensure the highest possible return when the sale of property is authorized. See *Fixed Asset Management*, for requirements pertaining to disposal of assets.

When equipment is no longer needed for a project or program, disposition will be made as follows:

- Equipment with a current value of less than \$10,000 may be retained, sold or otherwise disposed of with no further obligation to the grantor.
- Equipment with a current value greater than \$10,000 may be retained or sold. The grantor should have a right (which it may waive) to an amount calculated by multiplying the current market value or proceeds from the sale by the grantor's share of the equipment.

If there is a residual inventory of unused supplies that exceeds \$10,000 in total fair market value at the end of the grant period, and if the supplies are not needed for any other grant-funded program or project, the Authority should compensate the grantor for its share of the value of the unused supplies, unless the grantor waives its right to compensation.

**Procurement** When procuring goods and services under a grant, the Authority will follow the same policies and procedures it uses for procurements using non-grant funds (see *Procurement Manual*).

**Reporting Requirements** The Authority is responsible for monitoring the activities of grant-funded operations to assure compliance with federal, state, region, and grantor-specific requirements and performance goals. The Authority must make periodic reports to the grantor regarding grant program performance and financial status.

In cases where the Authority is a direct recipient of a grant awarded to the MTC, the Authority must submit reports to the MTC, which in turn reports to the grantor. In some cases, the Authority reports to both the grantor and recipient.

Upon written request, the Authority should provide information regarding any and all grant funds and programs to MTC. The information requested may include, but is not limited to, performance and financial reports prepared for federal, state, local, and private grants.

The following sections on performance and financial reporting generally pertain to federal grants. Pass-through grants or reimbursement grants received from the Judicial Council, or grants received from other sources may have different reporting requirements. It is the Authority's responsibility to familiarize itself and comply with the reporting requirements of any grant it receives to avoid the discontinuation of funds needed for Authority programs.

**Performance Reporting** NVRTA may be required to submit performance reports related to grant funds as required by the terms of their grant agreements. For federal grants, the Authority will submit quarterly performance reports unless the grantor requires monthly or annual reports.

Annual reports should be submitted no later than 90 days after the end of the grant year, or as specified in the grant agreement. Quarterly or semi-annual reports should be submitted no later than 30 days after the reporting period. At its discretion, the grantor may extend the deadline for report submittal upon the Authority's request. The grantor may also waive any performance reports when it is not needed.

For each grant, performance reports should contain brief information regarding the following:

- A comparison of actual accomplishments to the objectives established for the reporting period. Results should be quantified wherever possible.
- If established objectives were not met, the reasons for underperformance.
- Pertinent information including, but not limited to, analysis and explanation of any cost overruns.

If significant developments that impact the Authority's grant performance occur between reporting dates, the Authority must inform the grantor as soon as possible. Significant developments include:

- Problems, delays, or adverse conditions that will materially impair the Authority's ability to meet grant objectives. Disclosure to the grantor must include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.
- Favorable developments that will enable the Authority to meet time schedules and objectives sooner or at a lower cost than anticipated, or that produce more benefits than originally envisioned.

**Financial Reporting** Accurate, current and complete disclosure of the financial results of grant-related activities must be made according to the reporting requirements of each grant.

Financial information should be reported on a cash or accrual basis, as required by the grantor (the Authority operates on the modified accrual basis). If the grantor requires financial reporting on an accrual basis, the Authority should not be required to convert its accounting system. Rather, the financial reporting information should be developed through an analysis of available information.

The Authority should submit annual financial reports unless the grantor requires quarterly or semi-annual reports. Financial reports should not be required more frequently than quarterly, unless otherwise specified in the grant agreement.

Annual reports should be submitted no later than 90 days after the end of the grant year. Quarterly or semi-annual reports should be submitted no later than 30 days after the reporting period, unless otherwise noted. At its discretion, the grantor may extend the deadline for report submittal upon the Authority's request. The grantor may also waive any financial report when it is not needed.

**Required Forms for Federal Grant Financial Reports** Federal regulations (28 CFR Part 66.41) require the submittal of financial information on specific forms (available at [www.whitehouse.gov/omb/grants/#forms](http://www.whitehouse.gov/omb/grants/#forms)) for grants made by federal agencies.

Submittal of reports is required no later than 30 days after the end of the quarter. However, the federal Authority making the grant may require the report to be submitted earlier.

**Grant Termination and Enforcement** If NVRTA fails to comply with any term of a grant award, whether the term is stated in a federal regulation, State plan or application, grant agreement, notice of award, or elsewhere, the grantor may take the following actions, as appropriate to the circumstances:

- Withhold cash payments pending correction of the issue.
- Disallow all or part of the cost of the activity that is not in compliance.
- Suspend or terminate the grant award in whole or in part.
- Take other remedies that may be legally available.

In the event the grantor takes action due to perceived noncompliance with the grant conditions by the Authority, the Authority should have the opportunity to a hearing, appeal, or other administrative process that may be established under applicable statutes, regulations, or grant conditions.

Grant awards may be terminated for convenience in whole or in part under the following conditions:

- By the grantor with the consent of the Authority, in which case the parties should agree to the termination conditions including the effective date and the portion to be terminated, if applicable.
- By the Authority upon written notice to the grantor, setting forth the reasons for the termination, the effective date, and the portion to be terminated, if applicable. However, in the case of a partial termination, if the grantor determines that the remaining portion of the grant will not accomplish the purposes for which the grant was made, the grantor may terminate the grant in its entirety.

**Grant Closeout.** Within 90 days of the expiration or termination of a grant (or as specified in the grant agreement), the Authority should submit all financial, performance and other reports that may be required as conditions of the grant. For federally funded grants these reports may include, but are not limited to:

- Final performance or progress report.
- Financial Status Report.
- Final request for payment.

The grantor may make upward or downward adjustments to the allowable costs within 90 days of receipt of the Authority's final report (or within the period specified in the grant agreement). The grantor will also promptly pay the Authority for any final allowable costs.

## 7.4.2 GRANT MANAGEMENT

[OA3]

The purpose of this policy is to:

- 1) Outline management of federal and non-federal grants and to ensure compliance with local, state and federal rules and regulations.
- 2) Monitor and ensure compliance with applicable local, state, and federal guidelines/regulations.
- 3) Provide project status reporting information to grantors and internal project managers.
- 4) Ensure that NVRTA's financial commitments made with local, state, and federal grantors are fulfilled.
- 5) Conform to priorities established by MTC's Regional Transportation Plan and Transportation Improvement Program, and NVRTA's Short Range Transit Plan and capital budget.

The first section of this document is an overall guide to FTA grant and project management. The next section of this document is about Program Management and Third Party Oversight. The last section will focus on sub-recipient monitoring of federal grants.



The Finance Department is responsible for managing and administering local, state, and federal grants for all Authority departments. Responsibility for these functions is assigned to the Grants Manager, who will be responsible for the management, administration and reporting on grants and reimbursable revenue in an effective and timely manner.

All grant applications are completed in coordination with the intended project manager, approved by the Executive Director prior to requesting Board authorization to submit grant applications.

## **Goals**

NVTA's grant administration function strives to ensure the following goals, that:

- NVTA is fully compliant with requirements and regulations of grant agreements.
- Grant records are accurate, current and documented with a thorough audit trail.
- Project managers receive accurate and timely information on expenditures and remaining fund balances.
- The use of available funding sources is maximized to fund improved transportation services to customers.

## **Management of Federal Grant Programs**

In accordance with Federal Transit Administration Circular 5010.1C, "Grant Management Guidelines", NVTA is required to:

- Provide continuous administrative and management direction of project operations.
- Provide, directly or by contract, adequate technical inspection and supervision by qualified professionals of all work in progress.
- Assure conformity to grant agreements, applicable statutes, codes, ordinances, and safety standards.
- Maintain the project work schedule agreed to by FTA and the grantee and constantly monitor grant activities to assure that schedules are met and other performance goals are being achieved.
- Keep expenditures within the latest approved project budget.
- Assure compliance with FTA requirements on the part of agencies, consultants, contractors, and subcontractors working under approved third party contracts or inter-Authority agreements.
- Request and withdraw Federal cash only in amounts and at times as needed to make payments that are immediately due and payable.
- Account for project property and maintain property inventory records that contain all the elements required.
- Arrange for an annual independent organization-wide audit in accordance with OMB Circular, A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
- Prepare and submit force account and cost allocation plans prior to incurring costs if seeking reimbursement for these costs. Update and retain these approved documents for FTA upon request and during Triennial Review.

- FTA requires reports, once submitted and approved by FTA, to be updated and retained by the grantee for availability during the Triennial Review process.

The NVRTA's role in terms of each of these requirements is as follows:

- Provide continuous administrative and management direction of project operations.

A project manager will be assigned to every FTA funded project or contract. This may be internal staff or it may be a hired consultant who will ensure that the FTA requirements are met. At the start of every project a progress meeting and report schedule will be developed. The frequency of the meetings and type of reporting required will vary based on the type of project.

- Provide, directly or by contract, adequate technical inspection and supervision by qualified professionals of all work in progress.

Based on a combination of FTA requirements and the nature of the project, the assigned project manager will determine what types of inspections are required for each capital or planning project.

- Assure conformity to grant agreements, applicable statutes, codes, ordinances, and safety standards.

NVRTA will conform to the requirements listed within grant agreements and other applicable statutes, codes ordinances or safety standards.

- Maintain the project work schedule agreed to by FTA and the grantee and constantly monitor grant activities to assure that schedules are met and other performance goals are being achieved.

NVRTA will:

- Create a schedule for each project.
- Have sufficient meetings with contractors or require sufficient reports from contractors to ensure that projects stay on schedule or that delays are appropriate and understood.
- Assure FTA that progress is being made on each project funded by FTA by completing the required Financial Status Reports and Milestone Reports.

Currently, NVRTA completes these reports on a quarterly basis. The milestone reports will contain the following information:

- Address each activity line item within the approved grant unless FTA advises otherwise.
- Include a discussion of all budget or schedule changes.
- For each milestone, include original estimated completion date, revised estimated completion date, and the actual completion date if applicable.
- Provide the dates of expected or actual requests for bid, delivery, etc.
- Provide a narrative description of projects, status, specification preparation, bid solicitation, resolution of protests, and contract awards.

- Analyze significant project cost variances. Completion and acceptance of equipment and construction or other work should be discussed, together with a breakout of the costs incurred and those costs required to complete the project. Use quantitative measures, such as hours worked, sections completed or units delivered.
- Include reasons why any scheduled milestones or completion dates were not met, identifying problem areas and discussing how the problems will be solved. Discuss the expected impacts of delays and the steps planned to minimize these impacts.
- Provide a list of all outstanding claims exceeding \$100,000, and all claims settled during the reporting period. This list should be accompanied by a brief description, estimated costs, and the reasons for the claims.
- Include a list of all change orders and amounts exceeding \$100,000, pending or settled, during the reporting period. This list should be accompanied by a brief description.
- Keep expenditures within the latest approved project budget.

NVRTA will work to expedite projects so that they can be completed within budget. However, there are cost increases that are unforeseeable. NVTA will proceed in the best manner possible to complete the project within budget and will inform FTA immediately of any project difficulty in completing the project within budget.

- Assure compliance with FTA requirements on the part of agencies, consultants, contractors, and subcontractors working under approved third party contracts or inter-Authority agreements.

NVRTA has developed a Third Party Oversight Guide as part of its overall FTA grant management guide. The Third Party Oversight Guide literally provides a guide to NVTA in monitoring third party contracts to ensure that FTA funded projects meet FTA requirements. The Third Party Oversight Guide can be found in this document.

- Request and withdraw Federal cash only in amounts and at times as needed to make payments that are immediately due and payable.

NVRTA will only process FTA ECHO (electronic clearing house) draw downs after the contractor has been paid for services or within three days of payment for work completed.

- Account for project property and maintain property inventory records that contain all the elements required.

NVRTA will do an on-site inventory of all vehicles and equipment every year. NVTA has also developed a Vehicle/Facilities/Equipment Maintenance Guide to facilitate oversight of maintenance of FTA funded equipment/property. See Third Party Oversight, which is part of this overall NVTA FTA Grant Management Guide.

- Arrange for an annual independent organization-wide audit in accordance with OMB Circular, A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

NVRTA has an independent auditor prepare an independent audit annually in accordance with OMB Circular, A-133.

- Prepare and submit force account and cost allocation plans prior to incurring costs if seeking reimbursement for these costs. Update and retain these approved documents for FTA upon request and during Triennial Review.

Currently, NVTA only charges FTA grants for direct costs. However, if NVTA takes on larger capital projects in the future and intends to request reimbursement for overhead costs, it will create a cost allocation plan that complies with FTA requirements and will submit the plan to FTA for review. That Cost allocation plan will become part of this NVTA FTA Grant Management Guide

- FTA requires reports, once submitted and approved by FTA, to be updated and retained by the grantee for availability during the Triennial Review process.

NVRTA will maintain files of all required reports submitted to FTA. These files will be made available to the FTA when requested.

**Formula Grants** NVTA must implement the Urbanized Area Formula Grant Program of Projects in accordance with the grant application, Master Agreement, and all applicable laws and regulations, using sound management practices.

Funding levels to Urbanized Areas (UA) are generated by formulas based on revenue factors and population information.

49 U.S.C. 5307 - available to urbanized areas (UA) for transit capital and certain categories of operating assistance (ADA assistance and Preventive Maintenance) in urbanized areas and for transportation-related planning. The Metropolitan Transportation Commission (MTC) is the designated recipient for the 12 UAs in the San Francisco Bay Area and distributes revenues to eligible recipients based on replacement need. Vine Transit's service area is contained within the Napa and Vallejo small UA's and revenues are distributed to NVTA with a small portion coming from the Vallejo UA. Consequently, the revenues are only sufficient for transit operations.

49 U.S.C. 5310, Transportation for Elderly and Persons with Disabilities. This capital grants funding program was established by the Federal Transit Administration (FTA Section 5310) for meeting the transportation needs of elderly persons and persons with disabilities in areas where public mass transportation services are otherwise unavailable, insufficient, or inappropriate. It allows for the procurement of accessible vans and busses; communication equipment; and computer hardware and software for eligible applicants. Private nonprofit corporations or public agencies where no private nonprofits are readily

available to provide the proposed service or that have been approved by the State of California to coordinate services for elderly persons and persons with disabilities.

49 U.S.C. 5311 and 5311(f), Rural Transit and Intercity Bus. Section 5311 is a non-urbanized area formula funding program authorized by 49 United States Code (U.S.C) Section 5311. This federal grant program provides funding for public transit in non-urbanized areas with a population under 50,000 as designated by the Bureau of the Census. FTA apportions funds to governors of each State annually. The California State Department of Transportation (Department) Division of Mass Transportation (DMT) is the delegated grantee.

49 U.S.C. 5339, Bus and Bus Facilities. The Program provides capital funding to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities. FTA apportions a discretionary component and a small urban (population 50,000 to 199,999) formula component to governors of each State annually. The California State Department of Transportation, Division of Mass Transportation (DMT) has been delegated the designated recipient responsibilities by the Governor and is the direct recipient for these funds. DMT administers these funding components to eligible sub-recipients which include: public agencies and private nonprofit organizations engaged in public transportation.

**Federal Highway Administration Funds** Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) Program. MTC is the designated recipient for the San Francisco Bay Area's funds and flexes a portion of the funds for transit rehabilitation and expansion projects. To access the funds, the Authority transfers the funds from FHWA to FTA through with Caltrans and then puts them into our STP/CMAQ grant. A portion of these revenues are distributed for Bike and Pedestrian purposes and are managed by the CMAs. STP funds Surface Program funds are Federal Highway Administration (FHWA) that are eligible for highway and transit capital projects.

CMAQ funds are Federal Highway Administration (FHWA) that are used to support transportation projects in air quality non-attainment areas. A CMAQ project must contribute to the attainment of the national ambient air quality standards by reducing pollutant emissions from transportation sources.

**Regional Planning, Programming, and Monitoring (PPM)** funds. Passage of Assembly Bill 2538 allows all counties to program up to 5% of their county share to Planning, Programming, and Monitoring (PPM) purposes in the State Transportation Improvement Program (STIP). As agreed with the CMAs, MTC will program a portion of each county's PPM for regional PPM activities each year.

**Transportation, Community, and System Preservation (TCSP).** The Transportation, Community, and System Preservation (TCSP) Program provides funding for a comprehensive initiative including planning grants, implementation grants, and research to investigate and address the relationships among transportation, community, and

system preservation plans and practices and identify private sector-based initiatives to improve those relationships.

TCSP Program discretionary grants plan and implement strategies which improve the efficiency of the transportation system, reduce environmental impacts of transportation, reduce the need for costly future public infrastructure investments, ensure efficient access to jobs, services and centers of trade, and examine development patterns and identify strategies to encourage private sector development patterns which achieve these goals.

**State Revenues** Transportation Development Act (TDA) . The Mills-Alquist-Deddeh Act (SB 325) was enacted by the California Legislature to improve existing public transportation services and encourages regional transportation coordination. Known as the Transportation Development Act (TDA) of 1971, this law provides funding for allocation to transit and non-transit related projects that comply with regional transportation plans.

The TDA provides two funding sources:

- Local Transportation Fund (LTF), which is derived from a ¼ cent of the general sales tax collected within the county.
- State Transit Assistance fund (STA), which is derived from the statewide sales tax on gasoline and diesel fuel.

TDA funds are administered through the Regional Transportation Planning Authority (RTPA), which for the San Francisco Bay Area is MTC. TDA and STA can be used for eligible transit capital and operating purposes but the Authority primarily uses these revenues to support operations. A portion of these funds are used to subsidize lower transit fares for seniors and persons with disabilities.

The funds are also used for the capital and operating costs for providing complementary paratransit service as required by the Americans with Disabilities Act (ADA).

**State Transportation Improvement Program (STIP) funds.** This program includes the Interregional Transportation Improvement Program (ITIP) and the Regional Transportation Improvement Program (RTIP). MTC is the designated recipient of the region's RTIP funds but delegates programming authority to the region's county Congestion Management Agencies (CMA). The California Transportation Commission has the ultimate authority of approving projects and allocating revenues. Caltrans staff administers the program grants. The ITIP is managed by CTC staff and Caltrans and the Authority is not eligible for these funds.

In the past, the State also allocated a portion of its federal funds. Projects funded with federal funds are transferred to FTA and put in a STP/CMAQ grant.

**State Local Partnership Program (LPP) funds.** The formula and administering Authority has not been determined by the State legislature. The region is currently advocating for an "all voter approved" revenue formula. The Authority would receive revenues based on its property and parcel taxes and would also be eligible for bridge toll



and county measure matching revenues. The revenues are eligible for transportation capital projects.

**Regional Measure 2** – Bay Area voters approved the third dollar on the bridge which generated revenues for transit improvement projects in vicinity of the State owned bridge corridors. The Authority receives annual operating revenues for express bus service to the El Cerrito BART station. The Authority also receives revenues for capital improvements, and marketing if available.

**Transportation Funds for Clean Air (TFCA).** These funds are generated from a motor vehicle fee in the San Francisco Air Basin and are administered by the Bay Area Air Quality Management Authority (BAAQMD). Eligible projects include projects that reduce emissions with a cost effectiveness of \$90,000 per ton of emissions saved. BAAQMD administers the regional program and the county programs are managed by the CMAs.

**Terms** The terms of a grant, including funding levels, funding restrictions and local match requirements should be clearly stated in the Request for Proposals (RFP) and/or funding agreement.

Generally the terms of the grant include a dollar amount but can specify a percentage contribution based on final project costs.

Most grants require a local match that ensures the grantee's participation in the cost and implies the grantee's commitment to the project.

**Coordination** NVRTA grant administration function is divided between multiple departments including Planning, Finance, and Transit Project management and grant administration may also be a shared responsibility between any one of Napa's jurisdictions or non-profit agencies. Grant development and administration is performed by the Finance Department, in conjunction with the project manager. Grant accounting is performed by the Finance Department. Communication between Finance and the project manager is critical to ensure the accurate performance of the grant administration function. Note: all approvals, disapprovals and concurrences required as part of these policies and procedures should be obtained in writing.

The Project Manager and Financial Manager should coordinate their respective job functions from the earliest stage of project development, including the development of the Short Range Transportation Program (SRTP) and the Authority's annual capital budget.

### 7.4.3 PROJECT MANAGEMENT

**Overview** FTA grantees are required to have a formal Project Management Plan for all major capital projects. The plan must provide for a detailed project management strategy to control the project budget, schedule and quality. The plan must address change orders, document control, and materials testing policies and procedures.



A major capital project is defined as a project that: involves the construction, extension, rehabilitation, or modernization of fixed guide way or New Starts project with a total project cost in excess of \$100 million; or the Administrator determines it to be a major capital project based on criteria in 49 CFR Part 633.

This document is not meant to satisfy the requirement for a formal Project Management Plan for all major capital projects. This document is meant to be a project management guide for smaller capital and planning projects. Should NVTA require a formal Project Management Plan, NVTA will prepare one for FTA approval.

According to the FTA triennial review workshop of 2005, FTA grantees with smaller capital projects should have a mechanism for technical oversight of the project. Regular meetings should be held to review project status. Many grantees that do not have the technical expertise to manage large projects hire an architectural/engineering consultant to serve as project manager. The transit system's own maintenance and operations directors typically oversee the inspection and acceptance of rolling stock, sometimes with consultant support.

The NVTA will adhere to the basics of the following process in managing FTA funded projects:

**Organizational Chart** A project manager will be assigned to every FTA funded project, study or contract. Depending on the scope of the project, the NVTA internal project may either manage the project him/herself or may hire a consultant as a project manager. Either way the project manager will ensure that FTA requirements are met. The project manager will determine how, when and where staff resources will be allocated to meet the needs of the project.

**Budget** NVTA will establish a project budget for each NVTA project covering any and all authorized expenditures for the project.

**Schedule** NVTA will establish a project schedule or timeline for each FTA funded project.

**Document Control Procedure/ Record Keeping** NVTA will provide and/or retain appropriate records based on Federal, State and Local requirements.

**Change Order Procedures and Documentation** NVTA will fully document any change order requests and will follow the procurement manual procedures for examining and approving or rejecting a change order request.

**Quality Control** NVTA will assure quality control by inspecting work in progress and final product or by hiring a consultant to inspect work in progress and final product.

**Internal Plan** At the start of every project a progress meeting and report schedule will be developed. The frequency of the meetings and type of reporting required will vary.

**Reporting Requirements** A report will be generated for each project based on these meetings and attached into the TrAMS program under milestones in project management. The report will include:

- A brief description of progress;
- Status – whether or not the project is within budget, percentage of work completed and expected completion date;
- Products.

The FTA milestone reports must include the following information:

- Address each activity line item within the approved grant unless FTA advises otherwise.
- Include a discussion of all budget or schedule changes.
- For each milestone, include original estimated completion date, revised estimated completion date, and the actual completion date if applicable.
- Provide the dates of expected or actual requests for bid, delivery, etc.
- Provide a narrative description of projects, status, specification preparation, bid solicitation, resolution of protests, and contract awards.
- Analyze significant project cost variances. Completion and acceptance of equipment and construction or other work should be discussed, together with a breakout of the costs incurred and those costs required to complete the project. Use quantitative measures, such as hours worked, sections completed or units delivered.
- Include reasons why any scheduled milestones or completion dates were not met, identifying problem areas and discussing how the problems will be solved. Discuss the expected impacts of delays and the steps planned to minimize these impacts.
- Provide a list of all outstanding claims exceeding \$100,000, and all claims settled during the reporting period. This list should be accompanied by a brief description, estimated costs, and the reasons for the claims.
- Include a list of all change orders and amounts exceeding \$100,000, pending or settled, during the reporting period. This list should be accompanied by a brief description

**Periodic Updates of the Project Schedule or Budget** As part of the internal plan NVRTA will review project progress, schedule and budget throughout the project. The schedule and/or budget will be continuously reviewed and updated.

**Project Close Out** Once a project has been completed and final payments have been made to the contractor for completion of the project. NVRTA should close out the grant within the FTA TrAMS Web system within 120 days of making the final payment to the contractor.

## 7.4.4 THIRD PARTY OVERSIGHT

The purpose of this policy is to outline the role of NVTA, related to the oversight of third party contracting and to ensure compliance with Federal Transit Administration (FTA) requirements.

It is the NVTA's role to monitor the activities of third party contractors as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements and that contract performance goals are achieved.

Under the direction and supervision of the Executive Director, the necessary oversight to meet federal compliance will be completed and properly documented.

The Financial Officer will provide general oversight for all FTA programs.

**(Operational) Third Party Oversight** The Transit Manager will provide third party oversight for the transit operations and capital related requirements which include:

1. Accessibility/ADA
2. Safety & Security
3. EEO
4. Maintenance
5. School Bus Services
6. Charter Services
7. Drug and Alcohol Testing
8. Satisfactory Continuing Control

Oversight includes ensuring that site reviews are conducted and that forms are completed in a timely manner. The Transit Manager will review the frequency and the format of each review with the Contractor, the Senior Transit Planner and the Transit Program Assistant annually to ensure that compliance is being maintained with FTA requirements.

**Financial (Contracting & Procurement) Third Party Oversight** The Financial Officer will provide oversight for contracting and procurement related requirements which include:

9. Financial Management
10. Procurement and Contracting
11. Civil Rights
12. Buy America
13. Suspension and Debarment
14. Lobbying
15. Equipment Compliance Certification
16. Disadvantaged Business Enterprise

All contracts and procurements requiring a request for proposal or bid must be approved by the Finance Officer. Oversight includes ensuring that certifications are received, forms

are completed and required reviews are conducted in a timely manner. The Finance Manager will provide oversight in any and all aspects of third party compliance and to carry out third party oversight compliance in the place of the Transit Manager if s/he is not available to do so.

The Procurement and Contract Specialist will assist the Finance Manager by performing third party DBE audits for smaller projects to ensure that commitments made in the original bid or proposal to include DBE vendors are carried out.

## **FTA Required Areas of Third Party Oversight**

### **Accessibility**

The Americans with Disabilities Act of 1990 (ADA) requires that persons with disabilities receive the same level of service from a transportation system as a non-disabled person. Services that are “separate but equal” are **not acceptable** (i.e., all wheel chairs on one bus and everyone else on another bus).

*Basic Requirement – Fixed Route Systems:* Public operators of fixed route systems open to the general public are required to provide complementary paratransit or other special service to persons with disabilities that are comparable to the level of service provided to individuals without disabilities who use the fixed route system. All vehicles purchased must be ADA accessible unless a waiver has been obtained from FTA.

*Basic Requirement – Demand Response Systems:* Operators of demand response services must conform to “equivalent service” requirements. All vehicles purchased must be ADA accessible unless the Authority certifies that equivalent service is provided.

Comparable or “equivalent service” includes: response time, fares, geographic area of service, hours and days of service, availability of information, reservations capability, constraints on capacity or service availability, and restrictions priorities based on trip purpose.

***NMTA’s Role in Monitoring Third Party Contracts:*** Ensure compliance with this requirement, if applicable. This is the primary responsibility of the Transit Manager and the Senior Transit Planner, in coordination with the Finance Manager.

### **Safety and Security**

FTA grantees of Urbanized Area Formula Grant Program funds must annually certify that it is spending one percent of such funds for transit security projects or that such expenditures for security systems are not necessary.

The goal of the FTA’s Safety and Security Program is to achieve the highest practical level of safety and security in all modes of transit. To this end, FTA continuously promotes the awareness of safety and security concepts and practices. In addition, FTA develops guidelines that transit systems can apply in the design of their procedures and by which to compare local actions.

***NVTA's Role in Monitoring Third Party Contracts:*** Ensure that the third party contractors are providing safety training, security management and emergency management plans. Compliance with this requirement is managed by the Transit Manager.

### **Equal Employment Opportunity (EEO)**

The grantee must ensure that no person in the United States should on the ground of race, color, creed, national origin, sex, age or disability be excluded from participating in or denied the benefits of, or be subject to discrimination the employment under any project, program, or activity receiving federal financial assistance from the federal transit laws.

***NVTA's Role in Monitoring Third Party Contracts:*** NVTA subjects all contractors to meet EEO and Title 6. Responsibility for the EEO/Title VI program falls under the Human Resources or Administrative Manager.

### **Maintenance Procedures**

FTA grantees must keep federally funded equipment and facilities in operating order. Third-party contractors must have policies and procedures to maintain vehicles. They must maintain in operative condition those features of facilities and vehicles that are required to make the vehicles and facilities readily accessible. ADA accessibility features must be repaired promptly if they are damaged or out of order. Contractors must establish a system of regular and frequent maintenance checks of lifts sufficient to determine if they are operative, which will be systematically checked for compliance.

***NVTA's Role in Monitoring Third Party Contracts:*** NVTA has established a Vehicle/Facilities/Equipment Oversight Procedure Document. Maintenance compliance is the responsibility of the Transit Manager.

**School Bus Services** FTA grantees and their contractors cannot engage in school bus operations (providing vehicles or facilities) exclusively for the transportation of students and school personnel in competition with private school bus operators. In no case can federally funded equipment or facilities be used to provide exclusive school bus service.

This prohibition does not apply to school "tripper service." Tripper service is defined as regularly scheduled mass transportation service open to the public, which is designed or modified to accommodate the needs of school students and personnel. Such service must be open to the public, must serve regular transit stops, and must be delineated on route schedules and maps. Vehicles may not display a "school" sign.

***NVTA's Role in Monitoring Third Party Contracts:*** Document conversation on compliance with this regulation, if applicable. School Bus Service compliance is the responsibility of the Transit Manager.

**Charter Services** FTA grantees and their contractors, are prohibited from using Federally-funded equipment or facilities to provide charter service, except on an incidental basis; and then, only when one or more of the seven exceptions set forth in the charter service regulation in 49 CFR Section 604.9 (b) apply. Other conditions include recovering the fully allocated cost of the service and putting the revenues earned back into your transportation program.

Charter services is defined as transportation using buses or vans or facilities, funded with FTA grants, which are provided to a group of persons who because of common purpose, have acquired exclusive use of the vehicle or service. The group operates under a single contract, at a fixed charge for the vehicle or service; and the group travels together under an itinerary either specified in advance or modified after the trip begins.

***NVRTA's Role in Monitoring Third Party Contracts:*** Document conversation on compliance with this regulation, if applicable. Oversight of charter services compliance is the responsibility of the Transit Manager.

**Drug and Alcohol Testing** FTA funds under Capital Grant, Urbanized Area Formula Grant, or Non-Urbanized Area Formula Grant Programs must have a drug and alcohol testing program in place for all safety sensitive staff.

The FTA-mandated drug and alcohol testing program is separate from and in addition to the provisions of the Drug-Free Workplace Act (DFWA). Please review 49 CFR Part 40 "Procedures for Transportation Workplace Drug Testing Programs" and 49 CFR Part 655 "Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations.

If a grantee uses a contract service provider or maintenance provider to perform safety sensitive functions, the contractor is subject to the provisions of these regulations. For transit agencies that use volunteer drivers, the volunteers are not subject to testing.

***NVRTA's Role in Monitoring Third Party Contracts:*** NVTA has established a Drug and Alcohol Program Oversight Procedure Document. Drug and Alcohol Program compliance is the responsibility of the Transit Manager.

**Satisfactory Continuing Control** The Grantee must maintain control over real property, facilities, and equipment and ensure that they are used in transit services

***NVRTA's Role in Monitoring Third Party Contracts:*** Ensure that vehicles, equipment and transit facilities are used in accordance with FTA requirements. Compliance with this requirement is the responsibility of the Transit Manager.

**Financial Management** The Federal requirements for managing Federal funds are in OMB Circular A-87, OMB Circular A-110 and OMB Circular A-133. Where there are conflicts between state and Federal law, the most restrictive law takes precedence.

FTA grantees must have legal, managerial, financial and technical capability to carry out Federal Transit Administration (FTA) programs and to receive and disburse Federal funds. Financial systems must be sufficient to prepare reports and track grant funds.

***NVTA's Role in Monitoring Third Party Contracts:*** Ensure that the third party contractors can meet requirements. A site visit to new contractors may be necessary. In most cases a documented phone interview or a review of financial references is sufficient. This is conducted by the Finance Manager.

**Procurement and Contracting** FTA grantees will use their own procurement procedures that reflect applicable state and local laws and regulations, provided that the process ensures competitive procurement and that the procedures conform to applicable federal law including 49 CFR Part 18, specifically Section 18.36 and FTA C 4220.1E, "Third Party Contracting Requirements." Grantees will maintain a contract administration system that ensures that contractors perform in accordance with terms conditions, and specifications of their contracts or purchase orders.

Recipients must comply with five FTA requirements:

1. Provide full and open competition;
2. Exclude in-state or local preference;
3. Include federally required clauses in all contracts
4. Obtain FTA approval on contracts with a duration of more than five years;
5. Use Brooks Act procedures for architectural and engineering procurements

***NVTA's Role in Monitoring Third Party Contracts:*** To the extent that the subgrantee contracts with third parties, the subgrantee is required to include in their contracts the clauses required by Federal Statutes and Executive Orders and their implementing instructions. It is the Financial Manager's role to collect and review these contracts for proper Federal clauses. Necessary certifications must be on file before award of contract. Further, NVTA must follow its own procurement policy when conducting any procurement.

**Civil Rights** FTA grantees must ensure that no person in the United States, on the grounds of race, color, creed, national origin, sex, age, or disability be excluded from participating in, denied the benefits of, or be subject to discrimination under any project, program or activity funded in whole or in part with FTA funds.

A civil rights complaint is defined as a formal complaint filed in person or in writing to the Office of Civil Rights; to the US Department of Transportation; to the Federal Transit Administration; to the Federal Highway Administration; or to private counsel alleging discrimination. Complaints must be filed within 180 days of the alleged discriminatory event or practice.

***NVTA's Role in Monitoring Third Party Contracts:*** Pre-award, request list of any outstanding civil rights complaints against the organization. This is the responsibility of the Finance Manager.



**Buy America** Per “Buy America” law, federal funds may not be obligated unless steel, iron and manufactured products used in FTA-funded projects are produced in the United States unless FTA has granted a waiver or the product is subject to a general waiver. Rolling stock must have sixty percent domestic content and final assembly must take place in the United States.

***NVRTA’s Role in Monitoring Third Party Contracts:*** For all procurements of steel, iron and manufactured products over \$100,000 the grantee is required to obtain and retain a Buy America certification of compliance from the successful bidder. The only exception is for an item subject to a Buy America waiver. If neither of the above conditions exists, the grantee may also be able to get a waiver from the FTA for this requirement. This is part of the procurement process and is the responsibility of the Finance Manager.

**Suspension and Debarment** FTA grantees are required to prevent fraud, waste, and abuse in federal transactions, persons or entities, which by defined events or behavior, potentially threaten the integrity of federally administered programs, are excluded from participating in FTA-assisted programs. FTA grantees not only are required to certify that they are not excluded from Federally assisted transactions, but also are required to ensure that none of the grantee’s “principals” (as defined in the governing regulation 49 CFR Part 29 and FTA Circular 2015.1), subrecipients, and third-party contractors and subcontractors are debarred, suspended, ineligible or voluntarily excluded from participation in Federally assisted transactions.

***NVRTA’s Role in Monitoring Third Party Contracts:*** For any sub-contractor who will receive twenty-five thousand dollars or more through a federally funded agreement NVRTA will document certification on compliance with this regulation. The Finance Manager is responsible for compliance with the suspension and debarment requirement.

**Lobbying** Recipients of Federal grants and contracts exceeding \$100,000 must certify compliance with Restrictions on Lobbying, before they can receive funds. In addition, grantees are required to impose the lobbying restriction provisions on their contractors.

***NVRTA’s Role in Monitoring Third Party Contracts:*** Ensure that all contracts funded with FTA funds exceeding \$100,000 include the clause certifying that the contractor will abide by the FTA required restrictions on lobbying. The Finance Manager is responsible for ensuring this requirement.

**Equipment Compliance Certification** FTA grantees using Federal funds to purchase vehicles are required to conduct pre-award and post-delivery reviews to confirm Buy America, purchaser’s requirements, and Federal Motor Vehicle Safety Standards (FMVSS) and certify compliance for all revenue service rolling stock procurements.

Recipients must keep documentation showing they complied when procuring revenue rolling stock.

**NVRTA's Role in Monitoring Third Party Contracts:** Ensure that payment for vehicles is not made until pre-award and post-delivery reviews are documented, if applicable. This is the responsibility of the Finance Manager.

**Disadvantaged Business Enterprise (DBE)** FTA grantees must comply with the policy of the Department of Transportation (DOT) that DBE's, as defined in 49 CFR Part 26, are ensured nondiscrimination in the award and administration of DOT-assisted contracts. Grantees also must create a level playing field on which DBEs can compete fairly for DOT-assisted contracts; ensure that only firms that fully meet eligibility standards are permitted to participate as DBEs; help remove barriers to the participation of DBEs; and assist the development of firms that can compete successfully in the marketplace outside the DBE program.

**NVRTA's Role in Monitoring Third Party Contracts:** On large capital projects, the DBE Officer or the Project Manager should document periodic efforts to monitor on-site DBE activities. This may include site visits to ensure DBE's are actually conducting the work on contracts, checking employee records to ensure that staff working on the project are staff of the DBE, and/or review title or leasing information on any heavy equipment used to ensure that the equipment is owned or leased by the DBE. On smaller projects, NVRTA will require the submittal of evidence that DBE's have been paid by the prime contractor in a timely manner for the work described in the bid or proposal. Monitoring DBE compliance in NVRTA contracts is the responsibility of Finance Manager with assistance from the Transportation Administrative Assistant.

### **Review Schedule for Third Party Oversight**

The following provides the minimum requirement for third party oversight review:

1. Accessibility/ADA: Monthly
2. Safety & Security: Semi-Annually
3. EEO: Ongoing
4. Maintenance: Per Vehicle/Facilities/Equipment Oversight Procedures
  - a. Comprehensive facilities and equipment maintenance plan submitted by contractor annually.
  - b. Program Manager will also perform a monthly inspection of the facilities and equipment (Sunday inspection).
  - c. Transit Planner will perform quarterly site visits and complete checklists related to recorded verification of preventative maintenance work order intervals, the overall record keeping system, and warranty records
5. School Bus Services: Annually – review at monthly meeting
6. Charter Services: Annually – review at monthly meeting
7. Drug and Alcohol Testing: Semi-Annually – Transportation Program Assistant
8. Satisfactory Continuing Control: Annually
9. Financial Management: Ongoing with every new contract
10. Procurement and Contracting: Semi-Annually
11. Civil Rights: Ongoing with every new contract
12. Buy America: Ongoing with every new contract or purchase
13. Suspension and Debarment: Ongoing with every new contract

- 14. Lobbying: Ongoing with every new contract
- 15. Equipment Compliance Certification: Ongoing with every new contract or purchase
- 16. Disadvantaged Business Enterprise: Semi-Annually

## 7.4.5 SUBRECIPIENT MONITORING

NVRTA is responsible for financial and programmatic monitoring of sponsored project funds awarded to NVTA that are subcontracted to another institution, organization, or individual (sub-recipient).

For subcontracts that include any federal funds, sub-recipients are required to make an annual disclosure of any sponsored research audit findings. As a recipient of federal sponsored projects, NVTA must comply with the guidelines outlined in OMB Circular A-133.

NVRTA is required by federal regulation to monitor expenditure of federal funds awarded that are sub-contracted to another institution, organization, or individual. To provide the monitoring required by federal regulations and to ensure good stewardship of sponsored projects, NVTA will review all sub-recipient expenditures for allowability, allocatability, reasonableness, and proper compliance.

It is the policy of NVTA to carry out its fiduciary responsibilities in accordance with State and Federal Law. Specifically, this policy addresses the need to define the difference between a sub-recipient and vendor in order to make a determination of whether a sub-recipient or vendor relationship exists for the purpose of dispersal of Federal grant awards.

The purpose of this procedure is to outline the distinctions between a sub-recipient and a vendor in accordance with 29 CFR 99.210, in order to determine whether payment constitutes a Federal award (sub-recipient) or a payment for goods and services (vendor).

**Definitions.** The terms defined below apply to this policy and are for the express purpose of interpreting this policy.

**Sub-recipient:** A sub-recipient is a legal entity that receives Federal funds. The sub-recipient is accountable for the expenditure of funds according to the program regulations. When the organization performs the following activities they are defined as a sub-recipient:

- Determines eligibility for the Federally funded program.
- Has its performance measured against the objectives of the Federal program.
- Has responsibility for programmatic decision-making.
- Has responsibility for adherence to applicable Federal program compliance requirements
- Uses the Federal funds to carry out a program of the organization as opposed to providing goods or services for a program.

**Vendor:** A vendor is a dealer, distributor, merchant or other seller providing goods or services that are required to conduct a Federal program. Payments made for goods or services to vendors would not be considered Federal awards. The following activities are indicative of a vendor relationship:

- Provides the goods and services within normal business operations.
- Provides similar goods or services to many different purchasers.
- Operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the Federal program.
- Is not subject to the Federal compliance requirements of the program.

**Scope** This policy applies to sub-awards or sub-contracts issued under sponsored projects awarded to NVRTA without regard to the primary source of funding. The following are the objectives of implementing this policy:

- Manages or eliminates any conflict of interest that arises from a sub-award or sub-contract by the Authority to an entity in which the Authority, or key personnel have a financial interest.
- Advises sub-recipients of federal laws or regulations, terms and conditions of the prime award or agreement, and NVRTA requirements that apply to the sub-award or sub-contract.
- Provides sub-recipients with information regarding the prime award including Catalog of Federal Domestic Assistance number (CFDA), title, award name and number, award dates, and sponsoring Authority, as required by OMB Circular A-133.
- Monitors costs and activities of sub-recipients to ensure that expenditures charged to the Authority are allowable, allocable and reasonable, and reflected in the scope of work of the sub-award or subcontract. Ensures that the performance goals set forth in the scope of work are being met in a timely manner.
- Ensures that cost-share commitments made by sub-recipients are documented and adhere to all relevant regulations.
- Conducts an annual risk assessment of all active sub-contracts or sub-awards to determine which sub-recipients require closer scrutiny.
- Ensures that sub-recipients expending \$750,000 or more in federal awards during the subrecipient's financial year have met the OMB Circular A-133 audit requirements for that financial year.
- Issues management decisions on audit findings within six months after receipt of the subrecipient's audit report and ensures that the sub-recipient takes appropriate and timely corrective action.
- Considers whether sub-recipient audits necessitate adjustment of NVRTA's records, such as budget modifications, or re-allocation of cost-shared resources.

## **Roles and Responsibilities**

### **Contract Administrator**

- Ensures that sub-contract/sub-award paperwork is reviewed by the Program Administrator (PA) before sending to the Procurement Officer for review.
- Logs all expenditures/invoices on the sub-contract/sub-award.
- Ensures that appropriate back-up documentation for expenditures has been provided by sub-recipient.
- Routes the invoice to Accounts Payable for approval and payment.
- Checks System for Award Management (SAM.gov) to ensure that sub-recipient is not on the debarred list.
- Confirms that the appropriate signatures have been obtained.
- Generates payment to the sub-recipient for the approved amount.

### **Program Manager (PM)**

- Reviews budget and scope of work before agreement is signed.
- Reviews invoices submitted by the sub-recipient to ensure that costs are allowable, allocable and reasonable. Reviews back-up documentation provided for expenditures.
- Reviews invoices and expenses-to-budget.
- Ensures that cost-share commitments are documented in the invoicing process.
- Assists Finance Dept. with questions regarding sub-recipient invoices.
- Reviews technical or performance reports.
- Ensures that any project deliverables (reports, financial or programmatic) are submitted to NMTA in a timely manner.
- Ensures that expenditures invoiced by the sub-recipient for work and effort committed are appropriate to the approved budget and scope of work of the agreement.

**Sub-award Monitoring** The Authority should monitor the subrecipient's use of Federal awards through reporting, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

The PA should maintain sufficient contact with the Subrecipients of the sub-award to assess accurately whether the subrecipient is reasonably progressing towards the achievement of the sub-award's statement of work including performance goals.

The PM should obtain periodic written progress reports from the subrecipient(s). Progress reports should generally contain, for each sub-award, brief information on each of the following.

1. A comparison of actual accomplishments with the goals and objectives established for the period. Whenever appropriate and the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

2. Reasons why established goals were not met, if appropriate.
3. Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

Upon receipt of a subrecipient invoice, the PA should review and assess whether the charges on the invoice reasonably match the progress made on the statement of work.

### **Sub-recipient Audits**

The Authority's employs a risk based approach of monitoring sub-recipients annual audit results. NVRTA will conduct the following monitoring activities for all applicable subrecipients that meet the Authority's risk based approach criteria:

For all sub recipients subject to Uniform Guidance (OMB A-133) audits, NVRTA will obtain a written acknowledgment on whether the subrecipient has complied with the audit requirements of OMB Circular A-133 and the required audits are completed within nine months from the end of the Sub recipient's audit period.

## 7.5 REIMBURSEMENTS

### 7.5.1 TRAVEL

This policy and the procedures that follow is to define the rules and limits that must be observed when arranging, engaging in, or claiming reimbursement for travel business.

NVRTA staff may be required to travel while performing their official duties. The Authority will reimburse its staff for their reasonable and necessary travel expenses incurred while traveling on Authority business within the limits of the reimbursement guidelines.

NVRTA recognizes the constructive value of professional conferences, seminars, meetings and training, and provides or reimburses funds for NVRTA's elected and appointed officials, department managers, and staff who attend such official events or incur such expenditures. Board of Directors, officials, and staff and volunteers should be entitled to reimbursement for their reasonable expenses associated with travel, meals, lodging and other actual and necessary expenses associated with attending such events. Expenses should be reasonable and should not include items normally construed as personal expenses.

**Allowable Expenditures** Expenses incurred in connection with the following activities generally constitute authorized expenses, as long as the other guidelines of this policy are met, including good judgment and cost-effective use of resources.

- Communicating with representatives of regional, state, and national government on Authority-adopted policy positions.
- Serving on professional organizations or governmental committees, boards, or task forces.
- Attending educational seminars, conferences or organized educational activities designed to improve skill levels or provide information on topics important to Authority policy and operations.
- Preparing research for Authority projects or implementing adopted plans, policies, goals, or programs.
- Attending meetings involving activities or decisions important to Agency's interests, which are consistent with adopted plans, policies, goals, or programs.

**Ineligible Expenditures** Personal expenditures incurred are not be reimbursed such as:

- The personal portion of any trip.
- Political or charitable contributions.
- Family expenses, including those of a partner when accompanying the official on official business or child care.
- Entertainment expenses, including theatre, shows, movies (either in-room or in theaters), sporting events, golf, spa treatments, etc.
- Non-mileage personal automobile expenses including repairs, insurance, gasoline, traffic citations.



- Personal losses incurred while on Agency business.
- Alcoholic beverages.

**Travel Authorization** Staff who need to travel on business for more than a single day must obtain written approval from their appropriate manager by using the “***Out of Area Travel Request***” form.

**Payment with Agency Purchasing Card** As much as practically possible, travel and related business expenditures should be paid with the Authority’s purchasing card. This includes registration fees, airplane tickets, car rental and lodging. Except for qualified per diem expenditures, receipts must be submitted for reimbursements.

**Travel Advance** A travel advance is to allow staff an alternative to using personal funds when traveling on business. This allows staff to receive advance funds to cover the cost of a trip authorized by NVRTA. Submit the cash advance request to Accounts Payable between 10 and 30 days before the beginning of the trip.

**Per Diem** Unless otherwise noted, Meals and Incidentals (M&I) will be reimbursed on a per diem basis. Staff travelling on business are reimbursed up to the per diem rate for travel related meal expenses. Receipts are not required for reimbursement of travel meals using per diem rates for the destination of travel established by the United States General Services Administration.

- First and last days of travel will be reimbursed at 75% of the per diem.  
Departure day – the day you leave your home or office.  
Return day – the day you return to your home or office.

The traveler will receive the full per diem rate for extended day travel occurring before 8:00 am and after 9:00 pm. Per Diem does not apply to multiple days travel without overnight stays.

**Business Mileage Reimbursement Rate** Business mileage is the travel an employee incurs beyond normal commute mileage (from home to the office and home again). Staff may request reimbursement for business mileage incurred when traveling with a personal vehicle. The reimbursement rate is established by the Internal Revenue Service and updated every calendar year. The mileage rate includes gas, vehicle maintenance, insurance, and other personal vehicle related costs.

**Surface Transportation in Lieu of Air Travel** The excess costs of mileage or other travel expenses incurred as a result of choosing surface transportation instead of air travel are not allowable. The total travel costs reimbursed may not exceed the amount had the services of a commercial airline been used.

**Meal Provided by a Sponsoring Organization** Meals provided by a sponsoring organization will not be reimbursed if the traveler chooses to forego the provided meals.

**Single Day Travel** Transportation should be provided through the most economical means available such as an agency vehicle, car rental or private automobile.

- Car Rental: Permissible for extended day travel if the Authority vehicle is not available.
- Mileage Reimbursement for personal vehicles: See Business Mileage Reimbursement Rate section above.
- Per Diem Meals: Per Diems are not granted for single day travel, except for extended travel
- Lodging: Lodging is not granted for single day travel, except for extended travel

**Multiple Days Travel with Overnight Stays** Transportation should be provided through the most economical means available such as an agency vehicle, private automobile or by airplane. Personal vehicle travel is not permitted if air travel is considered a more economical travel alternative.

- Car Rental: Allowable if approved by a Manager.
- Mileage Reimbursement for personal vehicles: See Business Mileage Reimbursement Rate section above.
- Per Diem Meals: Per Diems rates based on the city/area of the activity if Meals are not provided by the event sponsor. See GSA.gov for established per diem rates.
- Lodging: Actual costs for single occupancy accommodations.

**Multiple Days Travel without Overnight Stays** Transportation should be provided through the most economical means available such as an agency vehicle, private automobile. Personal vehicle travel is not permitted if there are other economical travel alternatives. Airline travel is not permitted.

- Car Rental: Allowable if approved by the Supervisor.
- Mileage Reimbursement for personal vehicles: See Business Mileage Reimbursement Rate section above.
- Per Diem Meals: Receipts must be submitted for the actual cost, if meals are not provided by the event sponsor.
- Lodging: Actual costs for single occupancy accommodations.

**Expense Reimbursement Form** The Expense Reimbursement Form should be submitted with supporting documentation and receipts within 30 days of travel. Receipts should be attached onto an 8 1/2 x 11 sheet of paper. A copy of the Out-of-Area Travel authorization should be submitted with the reimbursement claim.

**Continuing Professional Education/Training Programs** Any employee who is required as a condition of employment to maintain certification, licensure or professional equivalency and who must have continuing education to maintain eligibility to perform their job duties and/or maintain certification should be reimbursed for meals and mileage

and for the actual cost of tuition/registration and books/supplies, associated with said educational course or training provided such course work or training.

Any employee who attends other work-related training programs should be reimbursed for the meals and mileage and for the actual cost of registration associated with said training.

Any travel overnight stay associated with continuing education or training programs must receive prior Executive Director approval.

Staff should be allowed sufficient leave with pay to meet the minimum continuing education/training required. The allowed leave should be subject to the discretion of NVTA and the approval of the Executive Director.

The Executive Director must approve training or continuing education prior to commencement to ensure that reimbursement of costs associated with continuing education or training is within the NVTA approved budget.

Submit the signed original with supporting documentation within 30 days of travel.

Original receipts are mandatory for all taxi, shuttle fares, bridge and road tolls, public ground transportation fares, and parking fees of more than \$5. Bus fares and bridge toll receipts are not required. In cases where receipts cannot be obtained or have been lost, a statement to that effect should be made in the expense account and the reason given. A statement as to a lost receipt will not be accepted for lodging, airfare, rental car, and/or business expenses. For a ticketless flight, submit the itinerary. The itinerary includes the same information that would be found on a ticket.

## **7.5.2 MEALS AND MEETING EXPENSES**

This policy establishes guidelines for the appropriate purchase of refreshments for activities and events sponsored by the agency. This policy does not address food purchases related to business travel. The policy on food purchasing is designed to ensure public funds used to purchase food for meetings is done so with thoughtful attention to cost effectiveness and appropriate scenarios.

When meetings of an administrative nature are held that are directly related to the business of the Authority, the cost of meals or light refreshments may be paid from budgeted funds with approval from a Director. Food and refreshments may be purchased for one or more of the following purposes or activities: (the following are examples and not an exhaustive list):

- Meetings of the Board of Directors, advisory committees, public officials, and community members in supporting and collaborating in program success.
- Trainings, workshops, webinars and seminars.
- Attending/working events where staff is representing NVTA in an official capacity

- Board and staff retreats.
- Working lunches or dinners if the purpose of the meeting is to discuss Agency business. Topics must be documented.
- Meetings with agency staff that cannot be conducted during normal business hours.
- Mandatory team events held during lunch or dinner time.
- Meetings with community members regarding collaboration and partnership in the community.

Those planning for food expenses should consider the following principles:

- Appropriateness: Meals should be necessary and integral to the business meeting, not a matter of personal convenience. Food may be provided at meetings of employees on an occasional basis. Staff lunches, where work can be conducted during other times of the workday, regular staff meetings, and personal celebrations (i.e., birthday, retirement, or baby shower celebrations) do not qualify as appropriate activities. Expenditures should be limited to food and non-alcoholic beverages.
- Cost Effectiveness: The expenditure of budgeted funds for food and refreshments should be cost-effective and reasonable. Those planning these events should get as close an estimate as possible to the actual number of expected attendees. If the meeting is scheduled more than two weeks in advance, ask for an RSVP and this should guide the purchase of food.
- Documentation – Meetings must have an agenda and an accurate attendance list should be submitted at the close of the meeting. This documentation should be attached to the receipt or invoice for such purchase.
- Special Accommodations – Dietary needs will be met with a one week advanced notice and will be accommodated with the same consideration for cost effectiveness as outlined above.



February 20, 2019  
Board Agenda Item 11.3  
Continued From: New

Action Requested: **INFORMATION / ACTION**

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## NAPA VALLEY TRANSPORTATION AUTHORITY

### Board Agenda Letter

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**TO:** Board of Directors  
**FROM:** Kate Miller, Executive Director  
**REPORT BY:** Diana Meehan, Senior Program Planner/Administrator  
(707) 259-8327 / Email: [dmeehan@nvta.ca.gov](mailto:dmeehan@nvta.ca.gov)  
**SUBJECT:** Draft Napa Countywide Bicycle Plan

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#### **RECOMMENDATION**

That the Napa Valley Transportation Authority (NVRTA) Board release the 2019 Draft Countywide Bicycle Plan (Attachment 1) to the public for comments.

#### **RECOMMENDATION**

None

#### **EXECUTIVE SUMMARY**

The overarching goal of the Draft Napa Countywide Bicycle Plan (Bike Plan) is to create a connected network of facilities that are comfortable for all types of riders, so that people have the choice to ride a bike for many of their transportation and recreation trips.

The 2019 update of the Countywide Bicycle Plan will bring the current plan into compliance with Active Transportation Program (ATP) requirements and will align with state, regional and local goals for increasing bicycle mode share through improvements to the bicycle network. The Bike Plan, when coupled with the 2016 Countywide Pedestrian Plan, will create a complete Active Transportation Plan that will be recognized by the state and regional funding agencies as meeting necessary planning requirements for all jurisdictions in Napa Valley.

#### **FISCAL IMPACT**

Is there a Fiscal Impact? No

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## **BACKGROUND AND DISCUSSION**

The Countywide Bicycle Plan was last updated in 2011. Bike Plans are updated every 4-5 years to remain consistent with local, regional and state goals for improving and increasing bicycling for transportation and recreation. In May 2017, NVTA contracted with Toole Design Group, LLC (TDG), a nationally recognized for their expertise in active transportation planning, to assist in the Countywide Bicycle Plan update. TDG has worked closely with NVTA staff, committees, jurisdiction staff, and local stakeholders throughout the process of the update for the past 20 months.

TDG and NVTA staff solicited public comment on the plan through online mapping and comment tools and pop-up and open house events.

The countywide bicycle network was updated based on previously proposed facilities from the 2012 plan, field review observations, analysis and feedback received from staff and stakeholder groups. The Draft Countywide Bicycle Plan is proposing several additional miles of all types of bicycle facilities throughout Napa County.

One significant addition to the Draft Countywide Bicycle Plan is the inclusion of facility network design and recommendations using the Level of Traffic Stress (LTS) methodology. "Traffic stress" is the perceived sense of danger associated with riding in or adjacent to vehicle traffic. Studies have shown that traffic stress is one of the greatest deterrents to bicycling. Bicycle facilities are more likely to attract a large portion of the population when they are designed to reduce stress associated with potential motor vehicle conflicts.

LTS ratings are given to a road segment or crossing indicating the traffic stress it imposes on bicyclists. For this type of bicycle network planning, bicyclists are placed into the four typology groups shown in Attachment 1. Levels of traffic stress criteria for road segments range from LTS-1 to LTS-4. LTS -1 and LTS- 2 road ratings are typically most comfortable for all types of riders. The visual example in Attachment 2 depicts facility types and comfort level. The facility recommendations in this plan seek to provide types of bicycle facilities that create the lowest stress network possible to encourage and facilitate bicycle mode share increases in Napa County.

The Draft Countywide Bicycle Plan is organized into 11 chapters and 10 appendices as described in Table 1. The draft plan will be available for review on the NVTA website through March 15, 2019 (Attachment 1 link below). The environmental review for the plan will begin in March and is expected to be complete no later than June. Staff anticipates bringing the draft plan and environmental document back to the NVTA Board in July for final adoption.

**Table 1 Countywide Bike Plan Organization**

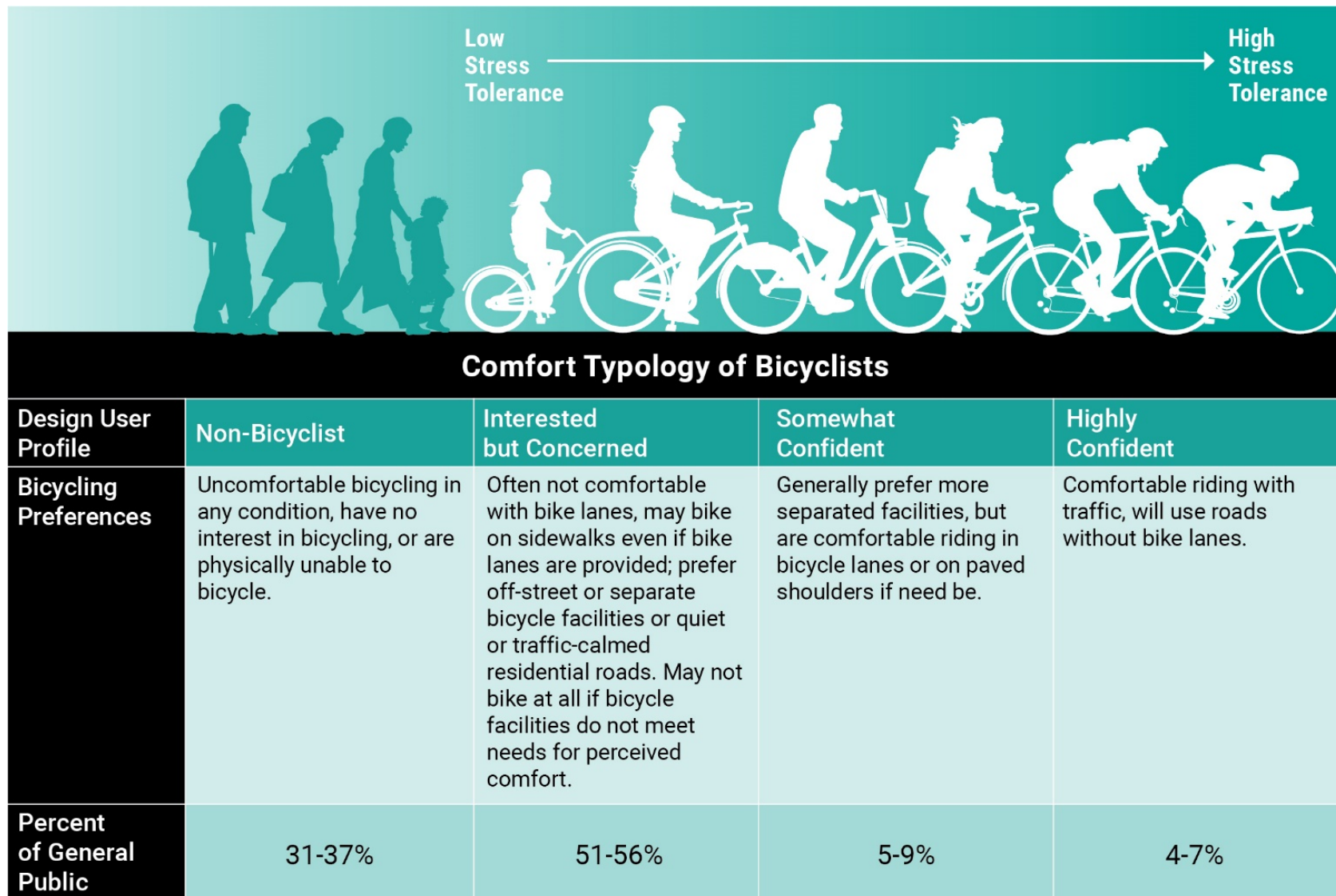
<b>Chapter</b>	<b>Focus</b>
Chapter 1	Introduction to the Plan
Chapter 2	Plan goals and policies and relationship to existing plans
Chapter 3	Existing bicycle environment in Napa County
Chapter 4	Countywide recommendations for bikeways and programs
Chapter 5	Implementation and funding strategy
Chapter 6	City of Calistoga Bicycle Plan
Chapter 7	City of St. Helena Bicycle Plan
Chapter 8	Town of Yountville Bicycle Plan
Chapter 9	City of Napa Bicycle Plan
Chapter 10	City of American Canyon Bicycle Plan
Chapter 11	Unincorporated Napa County Bicycle Plan
<b>Appendix</b>	<b>Focus</b>
Appendix A	Bicycle Facilities Toolkit, a guide for implementing bicycle facilities and improvements
Appendix B	Summary of public and stakeholder engagement that guided the Plan recommendations
Appendix C	Overview of relevant plans and policies related to bicycling in Napa County
Appendix D	Strategies for developing a bicycle count program
Appendix E	Full list of Proposed Bicycle Network projects
Appendix F	Summary of the Plan's fulfillment of Caltrans Active Transportation Program (ATP) grant requirements (to be included in final plan)
Appendix G	Facility cost estimate details
Appendix H	Level of Traffic Stress and Bicycle Network Analysis Methodology
Appendix I	Glossary and Acronym List
Appendix J	Resolution of Adoption of this plan (to be included in the Final Plan)

**SUPPORTING DOCUMENTS**

Attachments: (1) [http://www.nvta.ca.gov/sites/default/files/2019-02-04\\_Napa%20Countywide%20Bicycle%20Plan\\_Public%20Review%20DRAFT\\_dm.pdf](http://www.nvta.ca.gov/sites/default/files/2019-02-04_Napa%20Countywide%20Bicycle%20Plan_Public%20Review%20DRAFT_dm.pdf)

- (2) Comfort Level Rider Typology
- (3) Level of Traffic Stress Example





Level of Traffic Stress (LTS) Example of comfort for each category. Most riders are comfortable on LTS 1 or LTS 2 facility types.



**LTS 1**

comfortable for all  
ages and abilities



**LTS 2**

comfortable for most  
adults



**LTS 3**

comfortable for  
confident bicyclists



**LTS 4**

uncomfortable for  
most



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## NAPA VALLEY TRANSPORTATION AUTHORITY Board Agenda Letter

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**TO:** NVRTA Board of Directors

**FROM:** Kate Miller, Executive Director

**REPORT BY:** Danielle Schmitz, Director – Programs, Projects, and Planning  
(707) 253-5968 / Email: [dschmitz@nvta.ca.gov](mailto:dschmitz@nvta.ca.gov)

**SUBJECT:** Approval of Memorandum of Understanding (MOU) for the Resilient State Route 37 (SR 37) Program between the Bay Area Toll Authority (BATA), California Department of Transportation (Caltrans), Solano Transportation Authority (STA), Transportation Authority of Marin (TAM), Sonoma County Transportation Authority (SCTA) and Napa Valley Transportation Authority (NVRTA)

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### **RECOMMENDATION**

That the Napa Valley Transportation Authority (NVRTA) Board approve the Resilient State Route 37 (SR 37) Program Memorandum of Understanding (MOU); and authorize the NVRTA Chair to execute the MOU (Attachment 1).

### **COMMITTEE RECOMMENDATION**

None

### **EXECUTIVE SUMMARY**

NVRTA is a member of the SR 37 Policy Board which is made up of the four North Bay Area County Transportation Agencies (formerly referred to as the Congestion Management Agencies). That effort has culminated into a partnership with the Bay Area Toll Authority (BATA) and the California Department of Transportation (Caltrans). The attached MOU was drafted to formalize the collaborative effort of the six agencies.

The Resilient SR 37 MOU expands on the work NVRTA has been involved in to date on the SR 37 corridor and in particular further defines the roles and responsibilities of the partner agencies in delivering the near and long-term improvements for a majority of the 20-mile corridor, including efforts to mitigate long-term sea level vulnerability of a number of low-lying areas throughout the corridor.

The MOU also formalizes an approach to identify and access funding opportunities.

At the November SR 37 Policy Committee meeting the Policy Committee approved Regional Measure 3 (RM 3) funding for various projects on the corridor including \$20 million for environmental and design work on Segment B (between Mare Island and Sears Point).

The MOU would organize the delivery of the SR 37 Program by Segment (as described below):

1. BATA, Caltrans, SCTA and TAM is assigned to and have purview over Segment A (US 101 to SR 121);
2. BATA, Caltrans, SCTA, STA and NVRTA is assigned to and have purview over Segment B (Sears Point to Mare Island Bridge); and
3. BATA, Caltrans, and STA is assigned to and have purview over Segment C (Mare Island Bridge to I-80).

The SR 37 Policy Committee, Executive Steering Committee (ESC) and the Project Leadership Team (PLT) will continue to perform the same roles and responsibilities, however, certain oversight, technical work, responsibilities, and actions for specific segments and/or focus in the corridor have been assigned to a specific agency or agencies.

Staff is recommending approval of the MOU and advancing the SR 37 corridor under the structure identified in the MOU to keep the relevant parties to each Segment engaged and at the table.

### **PROCEDURAL REQUIREMENTS**

1. Staff Report
2. Public Comments
3. Motion, Second, Discussion and Vote

### **FISCAL IMPACT**

Is there a Fiscal Impact?      No

### **CEQA REQUIREMENTS**

**ENVIRONMENTAL DETERMINATION:** The proposed action is not a project as defined by 14 California Code of Regulations 15378 (California Environmental Quality Act (CEQA) Guidelines) and therefore CEQA is not applicable.

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## **BACKGROUND AND DISCUSSION**

SR 37 is a 21-mile long corridor from Hwy 101 in Marin County to I-80 in Solano County. It is recognized as the North Bay's most heavily used east/west highway serving commuters and visitors. The corridor is highly congested and travelers suffer significant travel delay. The corridor is also impacted by uneven subsidence and intermittent storm-related flooding in several areas. A significant portion of the corridor between Novato and Vallejo is predicted to become permanently submerged as sea levels rise if modifications are not made. This would result in traffic overflow on existing parallel corridors that are not equipped to handle it, causing economic loss and reduced opportunity for residents of the North Bay including disadvantaged community residents who commute from Solano to Marin and Sonoma counties.

A significant portion of the corridor traverses one of the Bay Area's largest remaining tidal marsh environments, known as the San Pablo Baylands. Federal and state agencies, as well as numerous non-profit environmental conservation organizations, have invested many resources in ecosystem planning, wetland acquisition, and habitat restoration for over three decades, guided since 1999 by the comprehensive science-based Baylands Ecosystem Habitat Goals Report and its 2015 update.

The SR 37 Corridor has been divided into three Segments, Segment A which is located in Marin and Sonoma Counties, Segment B which is located in Solano and Sonoma Counties, and Segment C which is located in Solano County. Most of the immediate traffic congestion problems are a result of the roadway in Segment B, from SR 37/SR 121 Sonoma County to the Mare Island Interchange in Solano County. Segment B includes two lanes, while Segments A and C have four to six lanes. All three segments continue to experience daily traffic congestion and are projected to be impacted by future sea level rise and are vulnerable to near-term flooding.

In 2015, Marin, Sonoma, Napa, and Solano transportation agencies approved a Memorandum of Understanding (MOU) that committed them to cooperatively guide the intentions and strategies for the overall framework and funding strategy for the entire SR 37 Corridor. Oversight and policy direction is provided by a 12-person 4-County Policy Committee, comprised of 3 representatives from each county.

The Metropolitan Transportation Commission (MTC) and the four North Bay CMAs funded a SR 37 Transportation and Sea Level Rise Corridor Improvement Plan in an effort to address congestion and sea level rise impacts on the corridor. The Corridor Plan set the groundwork for the Project Initiation Document (PID) which was completed in December 2018. This document is a necessary precursor to an Environmental Document as it assists in developing a project scope and a purpose and needs statement. The PID focuses on project specific design alternatives and mid to long-term improvements for Segment B (SR 37 from Mare Island Intersection in Solano County to SR 121/SR 37 Intersection in Sonoma County).

Now that the PID is complete and funding has been secured to begin the environmental process, roles and responsibilities identified amongst the partner agencies need to be refined. The environmental and permitting phase of this project will take several years and involve coordination between multiple stakeholders and agencies. The Resilient 37 MOU sets the framework for how the agencies will work together to deliver various projects along the corridor over the coming years.

**SUPPORTING DOCUMENTS**

Attachment: (1) Resilient State Route 37 MOU

MEMORANDUM OF UNDERSTANDING  
for  
THE RESILIENT STATE ROUTE 37 PROGRAM  
between  
BAY AREA TOLL AUTHORITY  
CALIFORNIA DEPARTMENT OF TRANSPORTATION  
SOLANO TRANSPORTATION AUTHORITY  
SONOMA COUNTY TRANSPORTATION AUTHORITY  
TRANSPORTATION AUTHORITY OF MARIN  
NAPA VALLEY TRANSPORTATION AUTHORITY

This Memorandum of Understanding (MOU) is entered into and effective as of the last date written below between the Bay Area Toll Authority (“BATA”), California Department of Transportation District 4 (“Caltrans”), the Solano Transportation Authority (“STA”), the Sonoma County Transportation Authority (“SCTA”), Transportation Authority of Marin (“TAM”) and Napa Valley Transportation Authority (“NVTA”) (referred to herein collectively as the “Parties” or individually as a “Party”), to cooperatively determine their mutual responsibilities in delivering the Resilient State Route 37 Program (“Program”).

Recitals

1. The Resilient SR 37 Program aims to address resiliency of transportation infrastructure to sea level rise and flooding, traffic congestion, and opportunities for ecological enhancements, transit, multimodal use and public access along the SR 37 corridor from I-80 to US 101. The Program includes near- and longer-term improvements for a majority of the 20-mile corridor, including the long-term sea level rise vulnerability of a number of low-lying areas throughout the corridor.
2. The SR 37 Policy Committee, Executive Steering Committee (“ESC”) and the Project Leadership Team (“PLT”) currently have varying roles and responsibilities in the development and delivery of the Program. The SR 37 Policy Committee, composed of Executive Directors and Board Members representing BATA, Caltrans, STA, SCTA, TAM, and NVTA, provides policy oversight and dispute resolution to the respective staffs. The Executive Directors of BATA, Caltrans, STA, SCTA, TAM, and NVTA serve on the ESC to provide strategic direction to the Policy Committee and PLT. The Directors and their staffs of BATA, Caltrans, STA, SCTA, TAM, and NVTA participate in the PLT to vet technical, policy, and other related project issues and elevate them as appropriate to the ESC.
3. The BATA, Caltrans, STA, SCTA, TAM and NVTA completed a SR 37 Transportation and Sea Level Rise Corridor Improvement Plan that identified Segment B between and including Sears Point to the Mare Island Bridge (referred to herein as the “Segment B”) as the highest priority. On November 2, 2017, the SR 37 Policy Committee confirmed that Segment B is the priority segment. Subsequently, BATA, STA, SCTA, TAM and NVTA prepared a Project Initiation Document (PID)



for Segment B improvements and submitted it to Caltrans for review and approval. Caltrans approved this PID on December 28, 2018.

4. On November 8, 2018 the SR 37 Policy Committee unanimously approved a funding plan and authorized the applicable sponsor(s) to submit Initial Project Reports to the Metropolitan Transportation Commission for funding consideration under Regional Measure 3, as follows: \$15 million to STA for Segment C-Fairgrounds Interchange, \$20 million to SCTA for Interim Segment B Environmental and Design Phases, \$4 million to SCTA for Environmental Phase for SR 37/121 improvements, \$3 million to TAM for Segment A levee study, and \$58 million to SCTA and TAM for Ultimate Segment A and Segment B improvements.
5. The Parties wish to organize the delivery of the SR 37 Program wherein:
  - a. BATA, Caltrans, SCTA and TAM is assigned to and have purview over Segment A (US 101 to SR121);
  - b. BATA, Caltrans, SCTA, STA and NVTA is assigned to and have purview over Segment B (Sears Point to Mare Island Bridge); and
  - c. BATA, Caltrans, and STA is assigned to and have purview over Segment C (Mare Island Bridge to I-80).

The SR 37 Policy Committee, ESC and PLT continue to perform the same roles and responsibilities except for the technical work, discussions, actions and decisions of the individual Party would be targeted and applicable to the project segment for which that Party is assigned.

6. The Parties commit to continue to make progress on the delivery of the priority Segment B interim and ultimate projects, while also performing feasibility studies, environmental studies, PIDs, and related studies with the goal of coordinating the longer-term delivery of the SR 37 Program.
7. A Party intends to seek legislation to amend Section 30910 of the Streets & Highway Code for the Sears Point-Mare Island Bridge to become a State-owned bridge, joining the toll bridge financial enterprise administered by BATA.
8. The Parties acknowledge the likely need for funding above and beyond toll bridge enterprise funding administered by BATA, and as such, intend to develop a financing and funding plan consisting of other traditional and untraditional funding sources to deliver the Program.
9. The Parties wish to work cooperatively to deliver the Program by exploring alternative project delivery methods (including, but not limited to, Design Build contracts), early environmental enhancements, and traditional and non-traditional funding and partnerships.

I. Term

The term of this MOU shall commence when fully executed, and unless amended earlier, shall terminate at a date agreed upon by the Parties.

II. SR 37 Program Delivery Organization

A. Executive Steering Committee (ESC)

1. Role

The ESC shall guide the identification, development, funding plan and implementation of projects to improve State Route 37. The ESC will select a Chairperson. The Chairperson will rotate between the members every two years. The Chairperson shall preside over the meetings of the ESC and shall perform all other duties incident to the position or as assigned to her or him by the ESC.

2. Members

- a. Executive Director, BATA (or designee)
- b. District 4 Director, Caltrans (or designee)
- c. Executive Director, STA (or designee)
- d. Executive Director, SCTA (or designee)
- e. Executive Director, TAM (or designee)
- f. Executive Director, NVTA (or designee)

3. Assignment

- a. Segment A: BATA, Caltrans, SCTA, TAM
- b. Segment B: BATA, Caltrans, SCTA, STA, NVTA
- c. Segment C: BATA, Caltrans, STA

4. Responsibilities

- a. Approve implementation and funding plan(s), which may include one or more projects.
- b. Define agency roles and responsibilities for individual projects, including project managers.
- c. Approve the scope, schedule, budget and funding plan for individual projects within funding levels approved by the BATA or other funding agencies, as applicable.
- d. Oversee overall project progress and reporting of project status, risk assessments, costs and schedule.
- e. Advise the BATA on contract matters.
- f. Review and approve project staffing plans.

5. Decision-making

The ESC will endeavor to make decisions on a consensus basis. To ensure public accountability, transparency and public disclosure, the decisions will be documented.

6. Meetings

Regular meetings of the ESC shall be held quarterly as otherwise determined by the ESC. Notice shall include an agenda of items on which the ESC will take action. Each member of the ESC has the right to place a matter on the ESC's agenda for consideration. Meetings to be rotated between BATA, Caltrans, STA, SCTA, NVTA, TAM offices or at a location determined by the ESC.

B. Corridor Director of the ESC

1. The Corridor Director serves as staff to the ESC, represents all ESC members and works directly with member agency Executive Directors and their staffs.
  - a. BATA will select, with the ESC, and employ the Corridor Director.
  - b. BATA reserves the right to make decisions regarding hiring, promotion, termination, compensation, and removal of the Corridor Director, in consultation with the ESC.
  - c. The Corridor Director may serve the SR37 Corridor Policy Committee in a similar capacity.
2. Responsibilities  
The Corridor Director shall work with the Project Leadership Team, collaborate and provide direction to the project managers, as appropriate, to
  - a. Develop a implementation plan(s) and funding plan(s), including delivery methods
  - b. Develop the scope, schedule, budget and funding plan for individual projects.
  - c. Report regularly to the ESC on project status, risks assessments, change, costs and schedule.
  - d. Develop project staffing plans.
  - e. Prepare agendas for ESC meetings.
  - f. Deliver progress reports to and consult with the SR 37 Corridor Policy Committee.
  - g. Deliver progress reports to ESC and Policy Committee.
  - h. Provide oversight and direction to project managers.

The Corridor Director will also advise the SR37 Corridor Policy Committee on the SR 37 program.

C. Project Leadership Team

1. Role  
The ESC hereby establishes a Project Leadership Team (PLT) that shall assist the ESC in the performance of its duties. The members of the PLT shall advise the Corridor Director on matters that are to be brought before the ESC.

2. Members

- a. Deputy Executive Director, Operations, BATA (or designee)
- b. Chief Deputy Director, Caltrans District 4 (or designee)
- c. Deputy Executive Director/Director of Projects, STA (or designee)
- d. Director of Projects and Programming, SCTA (or designee)
- e. Principal Project Delivery Manager, TAM (or designee)
- f. Director of Programs, Projects and Planning, NVTA (or designee)

3. Assignment

- a. Segment A: BATA, Caltrans, SCTA, TAM
- b. Segment B: BATA, Caltrans, SCTA, STA, NVTA
- c. Segment C: BATA, Caltrans, STA

4. Responsibilities

The PLT shall assist the Corridor Director and ESC in the performance of their duties for their assigned segments by

- a. Developing a implementation plan(s) and funding plan(s)
- b. Developing the scope, schedule, budget and funding plan for individual projects.
- c. Reviewing cost estimates, risk assessments, and cash flow requirements.
- d. Reviewing project status, scope and budgets, expenditures, staffing and contractor services to anticipate, identify, evaluate, and report to the Corridor Director concerning any project issues.
- e. Developing project staffing plans and structures.
- f. Preparing other project related reports for ESC review.
- g. Performing such other assignments as appropriate.

5. Meetings

The PLT will meet on an as-needed basis as determined necessary by the members or by the Corridor Director.

### III. GENERAL

**A. Integration Clause**

This Agreement constitutes the complete and entire understanding among the Committee Members.

**B. Amendments**

This Agreement may be amended in writing from time to time upon agreement of the Committee Members.

### C. Counter Parts

This Agreement may be executed in counterparts, each one of which will be an original or the equivalent thereof.

## D. Miscellaneous

This Agreement is intended solely as a guide to the obligations, intentions and policies of the Committee Members. It does not constitute an authorization for funding a project nor does it constitute a legally binding agreement amongst the Agencies.

IN WITNESS WHEREOF, the Parties hereto have agreed to this Agreement on the date opposite their respective names.

\_\_\_\_\_/\_\_\_\_\_  
 Jake Mackenzie Date  
 Chair  
 Metropolitan Transportation Commission/Bay Area Toll Authority

\_\_\_\_\_/\_\_\_\_\_  
 Tony Tavares Date  
 District 4 Director  
 Caltrans

Harry Price Chair Solano Transportation Authority	/	Date
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\_\_\_\_\_/\_\_\_\_\_  
Date

Chair  
Sonoma County Transportation Authority

BATA/Caltrans/STA/SCTA/TAM/NVTA  
Memorandum of Understanding  
Resilient SR 37 Program

\_\_\_\_\_/\_\_\_\_\_  
Date  
Chair  
Transportation Authority of Marin

\_\_\_\_\_/\_\_\_\_\_  
Date  
Chris Canning  
Chair  
Napa Valley Transportation Authority



## NAPA VALLEY TRANSPORTATION AUTHORITY Board Agenda Letter

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**TO:** Board of Directors  
**FROM:** Kate Miller, Executive Director  
**REPORT BY:** Kate Miller, Executive Director  
(707) 259-8634/Email: [kmiller@nvta.ca.gov](mailto:kmiller@nvta.ca.gov)  
**SUBJECT:** Financing Options and Funding Alternatives for the Vine Transit Maintenance Facility

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### **RECOMMENDATION**

That the Napa Valley Transportation Authority (NVTA) Board consider funding scenarios proposed for the new Vine Maintenance Facility and provide staff direction on a preferred approach.

### **COMMITTEE RECOMMENDATION**

None

### **EXECUTIVE SUMMARY**

NVTA purchased two adjacent parcels at 96 and 101 Sheehy Court on September 28, 2016 to construct a new Vine Maintenance Facility. The project is currently at 95% design. To move forward with the project and to secure financing, NVTA must have a full funding plan in place.

Working with its consultant, Project Finance Advisory Limited (PFAL) and various funding agencies, staff has explored a number of financing options to complete the construction portion of the maintenance facility. One of the funding scenarios relies more heavily on NVTA discretionary funds– including “flexing” highway funds to transit while the other relies more heavily on debt financing. Each proposal has both positive and negative characteristics to consider.



It's important to note that the Vine has roughly a \$1 million annual surplus which in recent years has been held in reserve to help fund the maintenance facility, but typically is put in reserve to fund other capital costs, such as replacing the Vine's aging bus fleet, and to maintain a minimum operating capacity threshold. For the purposes of identifying a conservative debt threshold, staff is strongly recommending that the agency maintain a \$750,000 annual debt ceiling for the first ten (10) years so that the agency can continue to replace buses on time and maintain Board-approved operating reserve to sustain existing Vine transit service and to weather economic disruptions.

### **PROCEDURAL REQUIREMENTS**

1. Staff Report
2. Public Comment
3. Motion, Second, Discussion and Vote

### **FISCAL IMPACT**

Is there a Fiscal Impact? Not for this action.

Consequences if not approved: Staff is requesting basic direction from the Board at this juncture. A full funding package will be brought back to the Board for approval at a future date. Nevertheless, a general direction from Board is necessary now to move forward with various financing options and to establish the work staff will need to complete the funding package. A delay in moving forward will cost the agency roughly \$2.5 million annually in construction cost escalation and other costs associated with operating in the existing facility.

### **CEQA REQUIREMENTS**

**ENVIRONMENTAL DETERMINATION:** The proposed action is not a project as defined by 14 California Code of Regulations 16378 (California Environmental Quality Act (CEQA) Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

#### ***Making tough decisions for a transit system to thrive***

A strong economy combined with lack of affordable housing has increased traffic congestion on Napa's highways and roads. Without a modern transit system that has the ability to grow, NVRTA has limited means to address growing traffic congestion. A new maintenance facility is essential for that growth. There is currently an \$11 million funding shortfall to construct the new facility. Staff has developed two funding scenarios - both of the proposed options has benefits as well as drawbacks, and come with risks.

#### ***Justification for Replacing the Existing Facility***

The Vine Transit system has been using the Jackson Street yard since 1991. The maintenance yard has always been a constrained space, but its proximity and its initial

condition served its purpose. The Vine system has experienced significant growth since it first moved into the Jackson Street Facility. With that growth came new buses, new routes, community shuttles and regional commuter service connecting to other transit systems and most parts of the Bay Area. The Jackson Street Facility's age and usefulness has greatly diminished in recent years. Much of the equipment has become obsolete and the cost to keep the facility in a state of good repair is becoming a significant burden on the agency's operating budget.

More specifically, the reasons the Jackson St. transit yard needs to be replaced are:

- The yard is leased from the City of Napa- the City has identified the property as a priority for other purposes.
- The yard is too small and cannot accommodate existing operations or future growth. The Vine's planned expansion services will necessitate the need to lease additional offsite parking.
- The cost to maintain and repair the facility is increasing and becoming a significant burden on operations.
- The maintenance bays are functionally obsolete and the agency is now paying an additional monthly charge to address hazardous waste disposal.
- Parts for the failing bus washer are no longer available as the system has become obsolete, consequently, the agency is paying Transdev employees to manually clean the vehicles resulting in additional costs and substandard results.
- The administrative office consists of a significantly undersized trailer which houses managers, administrative staff, and dispatch and is wholly insufficient for accommodating new technologies required for a modern transit system.
- Office space for supervisors, training, and the driver breakroom is shared – drivers must receive training in shifts as space becomes available.
- The yard cannot accommodate parking for employees or visitors.
- The yard cannot accommodate the agency's future electric bus fleet.

#### Defining the New Facility

NVRTA commissioned a feasibility study which was adopted by the Board of Directors in 2013. The study envisioned acquiring a parcel of land near the Vine's central operating area which would provide enough space for all the elements of a new maintenance facility for 50+ years. After a three (3) year search, NVRTA purchased the two parcels on Sheehy Court in the industrial area near the airport. NVRTA acquired the land, completed the environmental documents, and entered into a contract for the Architectural and Engineering design (PS&E) for the new facility. The land acquisition, environmental, and PS&E phases were fully funded with NVRTA's capital reserves.

The new Vine Transit Maintenance Facility will have:

- Six service bus bays
- A modern bus wash
- Bus storage for up to 90 vehicles (current fleet is at 65)

- Charging stations to accommodate a clean electric bus fleet (mandated by regulation).
- Training room that doubles as a regional conference center
- Transit Emergency Operations Center
- Designated parking for employees and visitors
- Modern administrative offices that accommodates Vine technology systems and NVRTA staff to ensure greater oversight of contracted operations

### The Cost of Delay

With full funding in place, NVRTA staff is optimistic that the agency can break ground on the project in late fall of 2019. The aggressive timeline will help mitigate the anticipated growing interest rates and increasing construction costs. Staff considered several factors to quantify the cost associated with project deferment with Table 1 summarizing some of those expenses. Phasing the project is a possibility although impractical since operating transit in two locations would be difficult to accomplish.

*Table 1: Cost of delays per annum*

<b>Type of Risk</b>	<b>Cost per year</b>
Construction delays	\$1,930,800
Lost productivity	520,000
Loan interest rate increase of ¼ %	17,100
Inability to grow the fleet (no bus storage)	12,000
Maintenance cost per fixed route bus	4,100
<b>Annual Total</b>	<b>\$2,484,000</b>

Table 1 assumptions:

- Interest rates are based on half of the US Treasury rate.
- Estimated increase in TIFIA loan rate is indexed to changes in Federal Reserve rate in recent year.
- Construction costs are a factor of the projected bidding environment and materials cost increases of 6%.
- Cost of ongoing inefficiencies to maintain and operate existing maintenance facility and impact on maintaining rolling stock - \$520,000 annually.
- Delay in replacing existing diesel fleet with clean electric buses has a positive impact on fuel cost and there are a number of lost grant opportunities once the Air Resource Board mandates takes effect. Either way, NVRTA must expand its fleet either with diesel or electric vehicles to meet current express bus demand so offsite parking costs are also a factor. Inefficient operations caused by an obsolete facility also has longer term impacts on ridership because on time performance is also affected. A reduction in ridership and related farebox revenue has been factored into the estimated costs.

### Funding and Financing the New Maintenance Facility

At an estimated construction cost of \$32,180,000, the maintenance facility will be the largest public works project undertaken by NVRTA to date. Even with the most optimistic

projections of the financing plan, a shortfall up to \$11 million currently exists. In consultation with federal, state, and regional funding agencies, staff has developed two (2) options to fund the construction portion of the facility. The funding scenarios focused on identifying the most reasonable approaches for solving the funding shortfall while maintaining continuity of the transit system at current levels and preserving a healthy reserve.

Each funding scenario has both positive and negative attributes to consider. The funding scenarios attempt to minimize the cost burden to NVTA, but some form of debt financing is a necessary element of the funding plan to construct the facility. NVTA staff has been working with PFAL to apply for a federal Department of Transportation (DOT) Transportation Infrastructure Finance and Innovation Act (TIFIA) loan that will fund up to 49% of the total costs of the project. A broader discussion of financing is towards the end of the memo.

For both scenarios, NVTA would aggressively pursue grant funds including but not limited to FTA 5339b Bus and Bus Facilities Funds, Regional Measure 3 North Bay Transit Funds, Transit and Intercity Rail Capital Program (TIRCP), and consider a capital real estate development proposal. Many of the grant sources may not be available until sometime in 2020 therefore, funding the project contingent on these fund sources becoming available will likely result in additional costs associated with delay.

- Federal Transit Administration Section 5339b Bus and Bus Facilities grant program. NVTA was not successful in the last two rounds of funding. The next round of funding is expected to be announced by the summer and staff will submit an application for the next round with selections expected to occur in late 2019.
- Apply for a federal BUILD grant (formerly TIGER) - highly competitive and often oversubscribed.
- Regional Measure 3 North Bay Transit funds- competitive and actual funding may not be available until 2020.
- Develop existing properties or purchase and develop additional real estate with potential for investment and/or rental income.

Table 2 provides the total project budget and Table 3, below, outlines the proposed funding options. The funding options are also discussed in greater detail below.

Table 2: Vine Transit Maintenance Facility Capital Costs

	<i>(Estimated) Cost</i>
<b>RE Acquisition</b>	
Lot Purchase	\$2,610,000
Architectural & Engineering	2,726,000
EIR	250,000
Appraisal	14,000
<b>Site Improvements- Construction</b>	
Onsite	10,062,200
Offsite (Road)	150,000
Maintenance Building	8,500,500
Admin Building	5,175,400
Bus Wash	1,011,900
Furniture, Fixtures, and Equipment (FF&E)	2,480,000
Construction Manager	1,300,000
Photovoltaic System	1,000,000
Contingency	2,500,000
<b>Total Project Costs</b>	<b>\$37,780,000</b>
<b>Less Costs Funded to Date</b>	<b>(\$5,600,000)</b>
<b>Net Construction Costs</b>	<b>\$32,180,000</b>

Table 3: Vine Transit Maintenance Facility Financing Options

	Scenario 1 – Commit Highway Funds to Construct Facility	Scenario 2 – Carry Higher Debt to Construct Facility
<b>Grants</b>		
FTA Section 5339a	\$526,300	\$526,300
STA State of Good Repair	\$43,000	\$43,300
OBAG/STIP/LPP	4,130,000	
<b>Sub-Total Grants</b>	<b>\$4,699,600</b>	<b>\$569,600</b>
<b>Loans</b>		
TIFIA (35 year loan)	\$16,480,400	\$18,512,200
IBank (30 year loan)	\$-	\$2,098,200
<b>Total Grants and Loans</b>	<b>\$21,180,000</b>	<b>\$21,180,000</b>
Estimated Shortfall	\$11,000,000	\$11,000,000
<b>Total Construction Costs</b>	<b>\$32,180,000</b>	<b>\$32,180,000</b>
<b>Estimated Annual Debt Payment (Years 1-10)</b>	<b>\$296,600</b>	<b>\$461,000</b>
<b>Estimated Annual Debt Payment (Years 11-30)</b>	<b>\$838,200</b>	<b>\$1,069,300</b>
<b>Estimated Annual Debt Payment (Years 31-35)</b>	<b>\$838,200</b>	<b>\$941,500</b>

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*Funding Scenario 1: Use Highway funds, Minimize Borrowing*

This funding scenario considers all known discretionary grant sources to fund the facility including NVTA's SB1 Local Partnership Program (SB1 LPP) Formula Funds, Napa County State Transportation Improvement Program (STIP) Shares, and One Bay Area Grant (OBAG) funds.

It should be noted that the Board has previously prioritized STIP funds for highway projects – using the funds for the maintenance facility would deviate from that policy, however there is a nexus between a strong transit system and relieving congestion on the highway system. The financing proposes using a \$16.5 million dollar TIFIA loan. Even with the TIFIA loan, there is still an \$11 million funding shortfall. The debt service would be paid with future FTA formula funds, proposed NVTA member fees, and Transportation Development Act funds.

Should the board approve using highway funds in concept for the Vine Maintenance Facility, staff is still committed to delivering the county's critical highway infrastructure and is not suggesting that projects, such as Soscol Junction, be delayed. There are a number of grant opportunities that exist for these highway projects that are not available for lower profile projects like the Vine Maintenance Facility and staff is confident that if highway funds are committed to the maintenance facility they can be backfilled with other funds. Delaying the maintenance facility will continue to be a damper each year that the project is not delivered in terms of costs to the agency and that will have spillover effect on all transportation projects in the county.

*Funding Scenario 1 Advantages*

- NVTA has programming discretion of the highway funds which are currently available and thereby would reduce financing costs and therefore NVTA's annual debt payment.
- NVTA will be able to adhere to the current construction schedule minimizing costs associated with delay.
- Would reduce impacts to NVTA's transit operations and operating reserves.

*Funding Scenario 1 Disadvantages*

- New funds to backfill highway funds would need to be identified.

*Funding Scenario 2: Heavy Borrowing, Do Not Use Highway Funds*

This funding scenario supports highway funds for highway purposes, but increases the proposed TIFIA loan amount to \$18.5 million with a secondary \$2.1 million loan from the California State Infrastructure Bank (I-Bank). Future FTA formula funds, membership fees and Transportation Development Act funds will be used to pay the debt service.

**Funding Scenario 2 Advantages**

- The project financing would strengthen the agency's credit rating for future projects as it would be financed largely by a federal agency (providing that the debt payment is able to be made).
- The project would not adversely impact critical NVRTA highway projects.

**Funding Scenario 2 Disadvantages**

- The agency's annual debt payment would exceed the \$750,000 advised threshold which could result in significant service reductions and layoffs should the economy decline.
- The heavy debt payment makes the agency less financially stable affecting its strong rating and future borrowing power.
- Operating funds may need to be diverted for construction purposes.
- The IBank loan interest is very high which will add to the overall cost of the project and NVRTA's annual debt payment.

**Borrowing Options*****Transportation Infrastructure Finance and Innovation Act (TIFIA)***

TIFIA is a lending arm of the Federal Department of Transportation and will loan up to 50% of the total project cost at very low interest rates (currently 1-2%). Moreover, the debt payment for the first 10 years can be limited to interest only aiding in the agency's ability to manage its annual debt payment significantly. TIFIA loan officers have further indicated that additional funding may be granted for the electrification of the Vine fleet which would increase the agency's borrowing capacity and contribute significantly to bridging the funding gap and help finance the Vine fleet electrification. As such, the scenarios presented account for the debt service for the maintenance facility and separately, the Vine fleet electrification. It should be noted that the zero emission bus electrification plan can only occur if a new maintenance facility is built. The existing facility does not have the space or infrastructure for charging stations and further investments to accommodate even a modicum of electric vehicles does not make economic sense.

**Table 3: TIFIA Borrowing Capacity**

<b>Key Assumptions</b>	<b>Construction Costs</b>	<b>Total Project Costs</b>	<b>TIFIA Loan Caps</b>
Maintenance Facility	\$32,180,000	\$37,780,000	\$18,512,200
ZEB Vine Electrification*	\$33,327,000	\$33,327,000	\$16,330,230
		<b>TOTAL</b>	<b>\$34,842,430</b>

\*Cost assumptions include 10 years of fleet replacements based on the California Air Resources Board's Advanced Clean Transit rule.



*California State Infrastructure Bank*

The State Infrastructure Bank (I-Bank) is similar to borrowing from a commercial bank, but specifically focused on government infrastructure investments. Unlike TIFIA, the I-Bank's interest rates are high and the amount of debt that an agency can incur is based upon its revenues and its ability to pay. The I-Bank currently has no creative mechanism to aid agencies in funding large infrastructure projects consequently, its current loan program is only funding a very few small projects. Because of the high interest rate, staff is recommending minimizing how much is borrowed from the I-Bank.

Any borrowing would necessitate reinstating NVTA joint powers authority (JPA) member fees to cover debt payments. An approach on how to assess fees follows below.

A brief discussion of *other* options that NVTA staff considered are outlined in Table 4.

Table 4: Other funding options

<b>Funding options</b>	<b>Advantages</b>	<b>Challenges</b>
Increase sales tax	Provides a dedicated funding stream	Requires 67% voter approval which based on previous experience with sales tax in Napa would be very difficult to achieve.
Impose a parcel tax	Dedicated funding stream	Requires 67% voter approval and is unlikely to pass
Issue Revenue Anticipation Notes or Certificates of Participation	Receive funding up front	Expensive underwriting costs and interest rates are not as favorable as TIFIA
Increase borrowing capacity/ debt load	Receive funding up front	Could affect creditworthiness, increase debt load and carrying cost beyond the means to service the debt and sustain existing transit service levels
Sale/ leaseback option	Maximize access to funds	High transaction costs, locked into to a long-term lease agreement – limited capacity as cannot leverage federally-funded assets.

#### Local Contributions to Support CMA Functions- Membership Fees

As previously mentioned, JPA membership fees are necessary to defray annual debt payments. Of the nine Bay Area counties, only San Francisco and Napa do not charge membership fees. However, San Francisco receives funding directly from the City and County of San Francisco as part of the budget process. Table 5 presents a survey of Bay Area Congestion Management Agencies (CMA's) which shows membership fees ranging

from \$276,000 to \$2,536,104 per annum. Although the fee base is specific to each county, half of the CMA's apportion the fee based on a weighted rate of 50% population and 50% road miles.

#### *Membership Fee Calculation Methodology*

Membership fees were calculated using the total interest paid for the maximum borrowing capacity for the TIFIA loan and dividing the interest payments over a 30 year payment term. The amount was rounded up to \$250,000.

Table 5: Bay Area CMA Fees

<b>Congestion Management Agency</b>	<b>Membership Fee (for Fiscal Year 2017)</b>	<b>Calculation Methodology</b>
NVTA/ Napa County	\$250,000	<i>Proposed: 50% population/ 50% road miles</i>
STA/ Solano County	\$276,223	TDA apportionment area
SCTA/ Sonoma County	\$372,893	50% population/50% road miles
TAM/ Marin County	\$645,000	50% population/50% road miles
C/CAG/ San Mateo	\$686,104 + \$1,850,000	Member fees plus Congestion Relief Program Assessment
SCVTA/ Santa Clara	\$2,746,911	50% population/50% road miles
CCTA/ Contra Costa	\$380,894	CMA functions for the year
ACTC/Alameda	\$1,436,665	Prop 111 subvention apportionment for cities/county/ fixed rate for BART and AC Transit

In the past, NVTA (when it was NCTPA) imposed annual fees on its member agencies. In fact, the Metropolitan Transportation Commission required members to provide a fee for the CMA to receive Surface Transportation Program (STP) funds. When this requirement was dropped, NVTA eliminated the fee to aid jurisdictions during the Great Recession when, at the time, several member agencies were struggling to address fiscal deficits.

The proposed contribution would be indexed and adjusted by the Bay Area Consumer Price Index every two years concurrent with NVTA's biennial budget cycle. The annual fees would be the lowest of the other seven Bay Area CMA's. Proposed membership fees for the initial year is presented in Table 6.

Table 6: Proposed NVTA JPA Membership Fees (50% population/ 50% road miles)

<b>Jurisdiction</b>	<b>Membership Fees</b> (benchmark year)	<b>Weighted Average</b>
Napa	\$109,480	43.79%
Napa County	\$91,841	36.74%
American Canyon	\$27,820	11.13%
Yountville	\$3,905	1.56%
St. Helena	\$9,666	3.87%
Calistoga	\$7,288	2.92%
Total	\$250,000	100%

**SUPPORTING DOCUMENTS**

None



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## NAPA VALLEY TRANSPORTATION AUTHORITY

### Board Agenda Letter

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**TO:** Board of Directors  
**FROM:** Kate Miller, Executive Director  
**REPORT BY:** Kate Miller, Executive Director  
(707) 259-8634 / Email: [kmiller@nvta.ca.gov](mailto:kmiller@nvta.ca.gov)  
**SUBJECT:** State Legislative Update and State Bill Matrix

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#### **RECOMMENDATION**

That the Napa Valley Transportation Authority (NVRTA) Board receive the State Legislative update prepared by Platinum Advisors (Attachment 1) and approve board position recommendations for bills on the State Bill Matrix (Attachment 2).

#### **COMMITTEE RECOMMENDATION**

None

#### **EXECUTIVE SUMMARY**

Information only

#### **EXECUTIVE SUMMARY**

##### *State Update*

Attached is the State legislative update (Attachment 1) and the State Bill Matrix (Attachment 2), which includes several bills introduced at the beginning of the new legislative session.

##### *Federal Update*

Members to the House Transportation & Infrastructure Committee for the 116<sup>th</sup> Congress have been appointed. The committee includes 67 members – of which 37 are Democrats and 30 are Republicans. Congresswoman Eleanor Holmes Norton (D-D.C.) was named Chair of the Highways and Transit Subcommittee.

Nicole Nason has been nominated to be the Federal Highway Administrator. Ms. Nason previously worked on Capitol Hill, the State Department, United States Department of

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Transportation, and the Highway Safety Administration. She graduated from American University in Washington, D.C. and law school at Case Western in Cleveland, Ohio.

**PROCEDURAL REQUIREMENTS**

1. Staff Report
2. Public Comments
3. Motion, Second, Discussion and Vote

**FISCAL IMPACT**

Is there a Fiscal Impact? No

**SUPPORTING DOCUMENTS**

Attachments: (1) February 1, 2019 State Legislative Update (Platinum Advisors)  
(2) February 1, 2019 State Bill Matrix (Platinum Advisors)



February 1, 2019

TO: Kate Miller, Executive Director  
Napa Valley Transportation Authority

FR: Steve Wallauch  
Platinum Advisors

**RE: Legislative Update**

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**Surcharge:** 19 Senate and Assembly members signed a letter to Attorney General Xavier Becerra asking him to investigate an unexplained surcharge in California gasoline prices. Since February 2015 this surcharge has cost California consumers more than \$12 billion. No word yet, on whether the Attorney General will investigate.

This unexplained surcharge was uncovered by the Petroleum Market Advisory Committee, which was formed by the California Energy Commission to assess petroleum market issues. While the Committee examined price volatility following the Torrance refinery fire in 2015, the Committee found that even after accounting for fuel formula requirements, the recent gas tax increases and the affect of the cap & trade program on fuel prices there remained a price surcharge in California when compared to national prices. This surcharge averaged between 2-12 cents per gallon from 2000 to 2014. The surcharge soared after the Torrance fire in 2015 and has average 24 cents per gallon since then.

While lack of competition may be a factor in these higher prices, the Committee structure and resources prevent it from reaching a useful conclusion. One recommendation from the Committee is for the state to establish an organizational structure and commit resources that would allow for an in-depth analysis.

**Uber It:** In Denver, Uber will include a transit option within its app. This service will provide a time and cost comparison for a vehicle option and a transit option to reach a destination. While Lyft has implemented a similar service in Santa Monica, the Denver experiment will eventually include the option to purchase the transit fare through the Uber app. This change is viewed as an advancement in promoting public transit; however, others fear it could push those planning to take a bus toward an Uber car when the time and cost are compared.

**Governor's Budget**

Equal parts fiscal and policy, Governor Newsom unveiled his first budget outlining \$209 billion in spending. This includes \$144 billion in general funds expenses, \$59 billion in

special fund spending, and \$5.3 billion in bond funds. The budget has been lauded for its new investments and its plan to sock away more reserve funds. The Budget Summary exceeds 200 pages and is densely packed with facts, figures, and clues of what's to come.

At the press conference, Governor Newsom spent well over an hour reviewing his proposed budget and answering questions. To those that know Governor Newsom his command of the content and facts was no surprise, but it illustrated to the press corps that he will spend the time needed to answer questions, and that they better know the subject matter when they ask questions. Governor Newsom may have bold ideas, but he does not skimp on details when answering questions.

The budget proposal adds \$1.8 billion to reserves bringing the Rainy Day fund to \$15.3 billion, with the forecast for the Rainy Day fund to climb to \$19.4 billion by 2022-23. In addition, the budget adds \$700 million to the Safety Net Reserve, for a total of \$900 million to preserve safety net programs during a recession.

The budget relies on an economic forecast that is brighter than the outlook issued in November by the LAO that estimated a surplus of \$14.5 billion. The budget unveiled yesterday assumes a budget surplus of \$21.4 billion. In this rare moment in time, Governor Newsom is able to both set aside funds for a sizable reserve and still make a significant investment in new programs, albeit wisely most of the new spending is one time in nature.

**Budgetary Debts:** For years there have been outstanding loans made from special funds to the general fund, as well as accounting tricks used during lean years. The 2019-20 budget will payoff off those loans and reverse the accounting changes. The budget includes \$4 billion for the following:

- \$2.4 billion to eliminate all outstanding loans from special funds and transportation accounts.
- \$1 billion to eliminate the annual payroll deferral. The one-month deferral of the June payroll provided a one-time budget savings that was used to help balance the budget nine years ago.
- \$700 million to eliminate the deferral of the fourth-quarter payment to the California Public Employees' Retirement System (CalPERS). Similar to the payroll deferral, this action reverses a one-time budget savings that was used to help balance the budget over a decade ago.

In addition, the proposed budget includes a one-time \$3 billion supplemental contribution to the state's share of unfunded PERS liability, and a \$1.1 billion payment toward CalSTRS pension liability.

**Transportation Funding:** The budget summary does not include a chapter on transportation. With SB 1 firmly in place, the budget proposal simply lets these funds flow. The budget estimates a total of \$4.8 billion in SB 1 funds will be available, and the funds are programmed as follows:

- \$1.2 billion for cities and counties for local road repair,
- \$1.2 billion for the repair and maintenance of the state highway system,
- \$400 million for the state's bridges and culverts,
- \$307 million for trade corridors,
- \$250 million for congested commute corridors,
- \$458 million for local transit operations,
- \$386 million for capital improvements for transit and intercity rail,
- \$200 million for Local Partnership projects,
- \$100 million for Active Transportation projects,
- \$25 million for freeway service patrols, and
- \$25 million for local planning grants.

**State Transit Assistance (STA):** The formula allocation of the funds to transit operators through the STA formula totals nearly \$1 billion in 2019-20. This includes \$422 million in "base" STA revenue, \$108 million in SB 1 registration fee revenue, \$350 million in SB 1 diesel sales tax revenue, and \$122 million in cap & trade Low Carbon Transit Operation Program funds. An additional \$50 million in SB 1 diesel sales tax revenue is allocated to commuter and intercity rail operators.

**Housing & Transportation Stick:** *"If you are not hitting your goals, I don't know why you should get the money."* Governor Newsom. The Governor made it clear that housing and transportation are inextricably linked. As described below in more detail, the Department of Housing & Community Development (HCD) will be taking a more active role in developing, monitoring and enforcing housing production goals. Underlying this carrot and stick approach is the control local governments have on approving housing projects, and as noted in the summary the financial barriers local governments can place on housing production. The summary highlights that fees can range up to \$150,000 for a single-family home, and up to \$75,000 for each multi-family housing unit.

The Budget Summary proposes linking the receipt of transportation funds to meeting these new more ambitious housing goals. At this time this is more a concept than proposal because there are no details on how this process will be implemented, or which funds would be in jeopardy. The Governor proposes convening a stakeholder group, including local governments, to develop an equitable path forward in linking transportation funding, or some other fund source, along with other economic development tools to meeting housing production goals.

**Housing Production:** The budget proposes to revamp the Regional Housing Needs Assessment (RHNA) process. As noted above, HCD will move away from its advisory role and engage in developing, overseeing and enforcing regional housing goals and production. This revamping process has been characterized by the Department of Finance as a multi-year process. These new longer-term goals will be more ambitious and should provide the lead-time necessary for local governments to update housing plans and zoning. To assist local governments in meeting these new goals the budget provides the following carrots:



- The budget proposal includes \$750 million in one-time general fund money to provide grants to local governments to jumpstart housing production. These funds would be used for:
  - \$250 million would be available to cities and counties for technical assistance and staffing to develop plans to reach the higher new housing goals. This includes plans rezoning for higher density, environmental review, permitting, and streamlining the local process to speed up production.
  - \$500 million would be used to provide grants to cities and counties that meet the milestones developed by HCD for general purpose needs related to producing housing.
- \$500 million to the Mixed Income Loan Program, which provides loans to developers for mixed income developments that include housing for moderate income households. This is in addition to the \$43 million being provided through SB 2.
- Increases the State Housing Tax Credit Program to \$500 million. Of this amount \$300 million would be dedicated to the existing tax credit program, and the remaining \$200 million would be dedicated to a new program that targets housing projects for households with incomes between 60-80 percent of the area median income.
- Utilize suitable excess state property for housing development. The budget proposes to solicit proposal from affordable housing developers that use creative approaches to building affordable and mixed income housing projects.

**Overview of the Governor's Budget:** The Legislative Analyst's Office (LAO) released their [first analysis](#) in response to the governor's budget proposal last week, focusing on an overview of General Fund spending and the Administration's major new proposals. As in prior years, the LAO will continue to release additional detail and feedback throughout the budget process. The LAO approves of using discretionary resources to pay down debts and liabilities as well as primarily making new spending one-time in nature. Ongoing costs in the governor's budget align with the LAO's estimates in an economic growth scenario, however, a recession would result in additional costs. The governor also has not taken into account the ongoing costs of disaster mitigation, response, and recovery.

**Reserves:** The governor's budget proposes total reserves of \$18.5 billion:

- \$1.8 billion is allocated to the Budget Stabilization Account (BSA) which would total \$15.3 billion at the end of 2019-20.
  - The Newsom Administration has a different interpretation of Proposition 2 than the Brown Administration and is not counting optional deposits into the BSA toward the 10% threshold level. Under the proposition, once the fund reaches 10% of General Fund taxes, additional funds must be spent on infrastructure. The current Administration has determined that mandatory deposits equal 8.1% of General Fund taxes,

so no infrastructure spending is required. The 2018-19 Budget Act allocated future infrastructure spending and had the prior interpretation of Prop 2 been maintained, \$415 million would have been required for state infrastructure, \$173 million for rail infrastructure, and \$173 million for affordable housing.

- \$321 million is allocated to the Special Fund for Economic Uncertainties which may be spent more flexibly than funds in the BSA, and would total \$2.3 billion at the end of 2019-20.
- \$700 million is allocated to the Safety Net Reserve which would be used to address Medi-Cal and CalWORKs shortages in the case of a recession, bringing the total to \$900 million at the end of 2019-20.

## **LEGISLATION**

**Fund Swap:** Senator Bill Dodd introduced SB 137 which would allow any city or county to swap federal transportation funds for state funds. The current exchange program is limited to regional transportation planning agencies with a population below 200,000. This measure is sponsored by CSAC, and it is aimed at streamlining project delivery by removing the federal review process associated with using federal funds. With the additional SB 1 funds in state accounts, the resources should be sufficient to allow interested cities and counties to exchange federal funds for state dollars, thus eliminating the need to complete both NEPA and CEQA reviews.

**Complete Streets:** Senator Wiener has reintroduced a measure that would require Caltrans to address complete needs on state highways that operate as local roads. SB 127 would require Caltrans, starting with the 2020 State Highway Operation and Protection Program (SHOPP) to include investments that improve the safety of pedestrians and bicyclists. In particular, this bill would require Caltrans when it undertakes a capital improvement project on a state highway or a local street that crosses a state highway to include investments in or improvements to pedestrian and bicycle facilities. Caltrans is required to form a project development team for each project that include representatives from the local transportation agency, bicycle and pedestrian advisory committees, and representatives from disadvantaged communities. Bicycle and pedestrian investments are not required to be made on freeways, and Caltrans can seek to exempt a project if the investments would create an adverse impact or there is a demonstrated absence of need.

**NEPA Delegation:** Assemblyman Daly and Assemblyman Frazier introduced AB 252 which would repeal the sunset date on current law that delegates to Caltrans the authority for NEPA decision making. The existing NEPA Assignment Program authority would sunset on January 1, 2020. This program started as part of a pilot program under federal SAFETEA-LU legislation and has been extended twice so far. AB 252 would make it a permanent program. The NEPA Assignment Program has streamlined the environmental process for both state and local transportation projects without compromising compliance with environmental laws and regulations. Because of this program, state and local transportation projects have been delivered earlier, resulting in substantial cost savings.



February 1, 2019

Bills	Subject	Status	Client - Position
<b>AB 252</b> <b>(Daly D)</b> Department of Transportation: environmental review process: federal program.	AB 252 would repeal the sunset date on current law that delegates to Caltrans the authority for NEPA decision making. The existing NEPA Assignment Program authority would sunset on January 1, 2020. This program started as part of a pilot program under federal SAFETEA-LU legislation and has been extended twice so far. AB 252 would make it a permanent program. The NEPA Assignment Program has streamlined the environmental process for both state and local transportation projects without compromising compliance with environmental laws and regulations.	ASSEMBLY PRINT	RECCOMENDED POSITION: SUPPORT
<b>SB 127</b> <b>(Wiener D)</b> Transportation funding: active transportation: complete streets	SB 127 would require Caltrans, starting with the 2020 State Highway Operation and Protection Program (SHOPP), to include investments that improve the safety of pedestrians and bicyclists. In particular, this bill would require Caltrans when it undertakes a capital improvement project on a state highway or a local street that crosses a state highway to include investments in or improvements to pedestrian and bicycle facilities. Caltrans is required to form a project development team for each project that include representatives from the local transportation agency, bicycle and pedestrian advisory committees, and representatives from disadvantaged communities. Bicycle and pedestrian investments are not required to be made on freeways, and Caltrans can seek to exempt a project if the investments would create an adverse impact or there is a demonstrated absence of need.	SENATE TRANS.	RECCOMENDED POSITION: WATCH

<b><u>SB 137</u></b> <b>(Dodd D)</b> Federal transportation funds: state exchange programs.	SB 137 would allow any city or county to swap federal transportation funds for state funds. The current exchange program is limited to regional transportation planning agencies with a population below 200,000. This measure is sponsored by California State Association of Counties, and it is aimed at streamlining project delivery by removing the federal review process associated with using federal funds.	SENATE TRANS.	RECCOMENDED POSITION: SUPPORT
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## **Existing Positions**

<b>Bills</b>	<b>Subject</b>	<b>Status</b>	<b>Client - Position</b>
<b><u>AB 11</u></b> <b>(Chiu D)</b> Community Redevelopment Law of 2019.	<p>AB 11 would enact the Community Redevelopment Act of 2019, and allow local governments to form a housing and infrastructure agency that would focus on affordable housing and infrastructure investments. The bill requires a seat on the governing board for each affected taxing entity, and it allows an affected taxing entity to elect to contribute to the redevelopment agency (RDA) or not. In addition, the bill also allows an RDA to capture the growth on the schools share (ie Educational Revenue Augmentation Fund [ERAF]) of the property tax growth.</p> <p>AB 11 does require any new RDA to be approved by the Strategic Growth Council, which must find that the redevelopment plan furthers Greenhouse Gas (GHG) reduction goals and the fiscal impact to the state for backfilling the lost ERAF growth does not exceed a yet to be specified amount. The new RDA could finance housing, transit, transit priority projects, interchanges, bridges, parks and port infrastructure, to name a few. The projects do not need to be located within the redevelopment area, but must have a nexus to the project area.</p>	ASSEMBLY PRINT	WATCH

<p><b><u>AB 147</u></b>  <b>(Burke D)</b>          Use taxes: collection: retailer engaged in business in this state.</p>	<p>This bill would implement a variation of South Dakota law in order to comply with the Wayfair v. South Dakota decision.</p> <p>Specifically this bill would specify that a retailer engaged in business in this state includes any retailer that, in the preceding calendar year or the current calendar year, has cumulative sales of tangible personal property for delivery in this state that exceeds \$500,000.</p>	<p>ASSEMBLY PRINT</p>	<p>SUPPORT</p>
<p><b><u>ACA 1</u></b>  <b>(Aguiar-Curry D)</b>          Local government financing: affordable housing and public infrastructure: voter approval.</p>	<p>This constitutional amendment would lower the voter threshold for property tax increases, parcel taxes and sales taxes to 55% if the funds are used for affordable housing and infrastructure projects. This includes improvements to transit and streets and highways.</p>	<p>ASSEMBLY PRINT</p>	<p>SUPPORT</p>
<p><b><u>SB 5</u></b>  <b>(Beall D)</b>          Local-State Sustainable Investment Incentive Program.</p>	<p>SB 5 would allow the various forms of Infrastructure Finance District (IFD) authority to divert a portion of the ERAF property tax share to the IFD – not just the incremental growth, but the base share of ERAF. SB 5 would require any IFD that wants to capture the ERAF share to submit an application to the Sustainable Investment Incentive Committee, which SB 5 creates. The bill would limit the amount of ERAF tax revenue the Committee can approve to \$200 million each year, with the annual impact not to exceed \$1 billion. These limits are increased in future years.</p> <p>SB 5 generally promotes the construction of housing and infill development that promotes transit use.</p>	<p>SENATE RLS.</p>	<p>WATCH</p>

<p><b><u>SB 50</u></b>  <b><u>(Wiener D)</u></b>  Planning and zoning: housing development: equitable communities incentive.</p>	<p>SB 50 is the reintroduction of SB 827 from last year. In general SB 50 would provide development incentives such as density bonuses and eliminating height restrictions for housing projects constructed near rail transit stations, ferry terminals, or along high quality bus corridors. The bill would also provide these development incentives to projects located in “job rich” areas, which has not been fully defined.</p> <p>While likely no less controversial than SB 827 from last year, SB 50 does make several changes in an attempt to address concerns expressed about SB 827. The bill includes provisions to delay the application of SB 50 in areas deemed to be a “sensitive community,” which aims to address gentrification concerns. The bill also prohibits a project from being located at a site that would require housing to be removed, or the site included rental housing in the past 7 years. SB 50 also allows local governments to opt out of SB 50 if they develop their own plans that increase density and multi-family housing near transit.</p>	<p>SENATE RLS.</p>	<p>WATCH</p>
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