



## AGENDA

### Sacramento Transportation Authority Sacramento Abandoned Vehicle Service Authority (SAVSA)

700 H Street, Suite 1450 • Sacramento, California • 95814

**THURSDAY**

**APRIL 11, 2019**

**1:30 PM**

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Members: Larry Carr, Sue Frost, Garrett Gatewood, Eric Guerra, Steve Hansen, Jeff Harris, Kerri Howell, Patrick Hume, Patrick Kennedy, Rich Lozano, Steve Miller, Don Nottoli, Susan Peters (Chair), Jay Schenirer, Phil Serna, Darren Suen (Vice-Chair)

Alternates: Nick Avdis, Steven Detrick, Mike Kozlowski, Porsche Middleton, Paul Sandhu, Donald Terry

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This meeting of the Sacramento Transportation Authority is cablecast live on Metro Cable 14, the local government affairs channel on the Comcast, Consolidated Communications and AT&T U-Verse cable systems. The meeting is closed captioned and webcast at [www.sacmetro.cable.tv](http://www.sacmetro.cable.tv). Today's meeting will replay this Sunday; please check your local listing for more information.

Members of the audience wishing to address the Board should complete a speaker identification form at the back of the room and give it to the Clerk. Please speak into the microphones when addressing the Board and state your name for the record.

The Governing Boards of the Sacramento Transportation Authority and the Sacramento Abandoned Vehicle Service Authority (SAVSA) meet concurrently.

#### CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE

#### COMMENT ITEMS

1. Comments from the public regarding matters not on the agenda
2. Executive Director's Report

*Norman Hom*

#### CONSENT ITEMS

3. Action Summary: March 14, 2019 STA Governing Board Meeting ◀
4. Contract for Sales Tax Audit and Recovery Services ◀
5. Contract Extension for Financial/Compliance Audit Services ◀

*Norman Hom*

*Timothy Jones*

*Timothy Jones*

*Continued on back side →*

# AGENDA

Sacramento Transportation Authority  
Sacramento Abandoned Vehicle Service Authority

April 11, 2019

Page 2

## CONSENT ITEMS (Continued)

6. Annual Adjustment to the Sacramento County Traffic Mitigation Fee Program (SCTMFP) Rates ◀ *Timothy Jones*

## SEPARATE ITEMS

7. Independent Taxpayer Oversight Committee (ITOC) Update and Proposed Measure A Performance Audit Objectives *Joan Borucki, ITOC Chair*
8. Proposed STA Budget for Fiscal Year 2019-20 ◀ *Timothy Jones*
9. Unmet Transportation Needs Presentations
- City of Citrus Heights *Regina Cave, Operations Manager*
  - City of Galt *Mark Clarkson, Deputy Public Works Director*
  - City of Isleton *Charles Bergson, City Manager*
  - City of Sacramento *Lucinda Willcox, Program Manager*
10. Comments of Authority Members *All*

◀ *Denotes items that require Board action*

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Staff reports and associated materials are available online at [www.sacta.org](http://www.sacta.org). For assistance with agenda packets, please contact our office at (916) 323-0080 or [info@sacta.org](mailto:info@sacta.org). For questions regarding the agenda or any of the agenda items, please contact Norman Hom at (916) 323-0080 or [norm@sacta.org](mailto:norm@sacta.org).



**APRIL 11, 2019**

**AGENDA ITEM # 2**

**EXECUTIVE DIRECTOR'S REPORT**

Action Requested: Receive and File

Key Staff: Norman Hom, Executive Director

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**Measure A**

Measure A sales tax received in March 2019 totaled **\$10.45 million**. This is 6.8 percent lower than the \$11.412 million received in March 2018. STA remains on track to hit the \$129 million total sales tax revenues projected for FY 2019.

Caltrans received two re-bids for their Interstate 5 HOV (high-occupancy vehicle) lanes project—to which the STA Board advanced \$30 million of Measure A funds in December 2017—and both were under engineers' estimates. Caltrans is targeting award of the contract to the low bidder in May with actual work commencing this summer in the July/August timeframe.

**Independent Taxpayer Oversight Committee**

The Measure A Independent Taxpayer Oversight Committee (ITOC) is presenting its proposed new Measure A performance objectives to the Board today for comment before presenting the final objectives and the related performance measures at the May meeting for adoption.

The ITOC next meets April 18, 2019 in Hearing Room 1 at 700 H Street, Sacramento, at 4:00 p.m. For more information, please check the ITOC website at [www.sacitoc.org](http://www.sacitoc.org). Members of the public are encouraged to attend.

**SacMetro Freeway Service Patrol (FSP)**

Release of the Request for Bids for SacMetro FSP Zones 1 and 2 has been postponed indefinitely while staff continues to seek a solution with Caltrans to get access to our state FSP funds in a timely manner. The last several years, Caltrans has been increasingly late releasing funds, forcing local FSP programs to rely on other funding sources to continue operations in the interim. This year, we were not able to finalize our regular Fund Transfer Agreement (FTA) until January 2019, over six months into the current fiscal year. We still do not have an FTA for our current-year SB 1 FSP funds.

**Senate Bill (SB) 1**

The California Transportation Commission (CTC) held its first northern California workshop regarding the 2020 SB 1 competitive programs—including the Local Partnership Program (LPP)—on March

21. Staff will continue participating in the process to seek: 1) a revision to the formulaic-to-competitive allocation ratio, and 2) an administrative allowance (currently, STA receives zero compensation for programming the LPP in Sacramento County). The next workshops have not yet been announced.

### **Looking Ahead**

Items tentatively planned for upcoming 2019 STA Governing Board meetings:

#### May 9, 2019

- Unmet Transportation Needs Presentations: County of Sacramento, Caltrans
- Cosumnes River Permanent Open Space Preserve Fund
- Measure A Performance Measures and Performance Audit Contract
- Measure A Allocation and Expenditure Contract Extensions
- FY 2019/20 STA Final Budget

(No Board meeting in June or July)

#### August 8, 2019

- Unmet Transportation Needs Presentations: Sacramento Metropolitan Air Quality Management District (SMAQMD), Paratransit, and Sacramento Regional Transit District
- Measure A 5-Year Expenditure Plans: SMAQMD, Paratransit, and SacRT
- Cosumnes River Permanent Open Space Preserve Fund Project Selection

#### September 12, 2019

- Measure A Performance Audit Report
- Measure A Decennial Report
- Listening Tour Final Report
- Unmet Transportation Needs Summary
- Transportation Expenditure Plan Development Process Kickoff

#### October 10, 2019

- Transportation Expenditure Plan Alternatives
- Conversion of Series 2014A Bonds

#### November 14, 2019

- Transportation Expenditure Plan Discussion Draft(s)
- SB 1 Local Partnership Program Competitive Program, Cycle 2 Project Presentations

#### December 12, 2019

- Transportation Expenditure Plan Adoption
- SB 1 Local Partnership Program Competitive Program, Cycle 2 Project Selection



**APRIL 11, 2019**

**AGENDA ITEM # 3**

**ACTION SUMMARY: MARCH 14 STA GOVERNING BOARD MEETING**

Action Requested: Approve

Key Staff: Norman Hom, Executive Director

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**Recommendation**

Approve the attached Action Summary of the March 14, 2019 meeting of the STA Governing Board.

*Attachment*



**ACTION SUMMARY**

**SACRAMENTO TRANSPORTATION AUTHORITY  
SACRAMENTO ABANDONED VEHICLE SERVICE AUTHORITY  
700 "H" STREET - SUITE 1450  
SACRAMENTO, CALIFORNIA 95814**

**THURSDAY**

**March 14, 2019**

**1:30 PM**

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**MEMBERS:** LARRY CARR, SUE FROST, GARRETT GATEWOOD, ERIC GUERRA, STEVE HANSEN, JEFF HARRIS, KERRI HOWELL, PATRICK HUME, PATRICK KENNEDY, RICH LOZANO, STEVE MILLER, DON NOTTOLI, JAY SCHENIRER, PHIL SERNA, DARREN SUEN, SUSAN PETERS (Chair)  
(Members Gatewood, Guerra, Hansen, Harris, Schenirer and Serna were not present)

**Alternates:** Nick Avdis, Steven Detrick, Mike Kozlowski, Porsche Middleton, Paul Sandhu, Donald Terry

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The Governing Boards of the Sacramento Transportation Authority and the Sacramento Abandoned Vehicle Service Authority meet concurrently.

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**PLEDGE OF ALLEGIANCE**

## **COMMENT ITEMS**

### **1. Comments From The Public Regarding Matters Not On The Agenda**

1:36 PM Board Action: No public comments were made.

### **2. Executive Director's Report**

1:37 PM Board Action: Executive Director Hom provided update as outlined.

## **CONSENT ITEMS**

1:38 PM Board Action: Kerri Howell/ Darren Suen - Approved the Consent Matters, Items 3 through 8, as recommended.

AYES: Larry Carr, Sue Frost, Kerri Howell, Patrick Kennedy, Don Nottoli, Steve Miller, Susan Peters, Phil Serna, Paul Sandhu, Darren Suen

NOES: (None)

ABSTAIN: (None)

ABSENT: Garrett Gatewood, Eric Guerra, Steve Hansen, Jeff Harris, Patrick Hume, Jay Schenirer,

RECUSAL: (None)

(PER POLITICAL REFORM ACT (§ 18702.5.))

### **3. Action Summary: February 14, 2019 STA Governing Board Meeting**

1:38 PM Board Action: Approved the February 14, 2019 Action Summary.

### **4. Measure A FY 2019 2nd Quarter Budget-to-Actual Analysis**

1:38 PM Board Action: Approved as recommended.

### **5. Measure A FY 2019 2nd Quarter Project Status Reports**

1:38 PM Board Action: Received and filed. No Board action.

### **6. Sacramento Abandoned Vehicle Abatement Program FY 2019 2nd Quarter Status Report**

1:38 PM Board Action: Received and filed. No Board action.

### **7. Sac Metro Freeway Service Patrol FY 2019 2nd Quarter Status Report**

1:38 PM Board Action: Received and filed. No Board action.

### **8. Sac Metro Freeway Service Patrol Contract Award For Zones 5 and 6**

1:38 PM Board Action: Approved as recommended.

**SEPARATE ITEMS**

**9. Unmet Transportation Needs Presentations**

- City Of Elk Grove
- City of Folsom
- City of Rancho Cordova
- Capital South/East Connector JPA

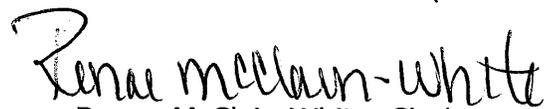
1:39 PM Board Action: Presentations were made. No Board action.

**10. Comments of Authority Members**

2:22 PM Board Action: Director Howell announced the on-going celebration commemorating the anniversary of the Rainbow Bridge located in Folsom.

Adjourned at 2:22 PM

Respectfully Submitted,

  
Renae McClain-White, Clerk



**APRIL 11, 2019**

**AGENDA ITEM # 4**

**CONTRACT FOR SALES TAX AUDIT AND RECOVERY SERVICES**

Action Requested: Authorize Executive Director

Presenter: Timothy Jones, Chief Financial Officer

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**Recommendation**

- Authorize the Executive Director to execute a contract with Muni Services (Muni) to continue performing sales tax audit and recovery services.
- Adopt resolution authorizing Muni Services to examine sales or transaction and use records of the California Department of Tax and Fee Administration (CDTFA).

**Background**

In December 2007, the Authority engaged Muni to perform sales tax audits in an effort to capture additional revenue that may not otherwise have been collected. Some sales tax remitting entities underreport sales tax collections to the California Department of Tax and Fee Administration (CDTFA). Although the CDTFA employs sales tax auditors, in some cases they don't catch all underreported sales taxes. Therefore, the STA contracts with Muni to identify underreported sales tax, notify the CDTFA for follow-up with the violators, and collect additional revenue as warranted. The STA has been paying Muni a 30% commission for any additional sales tax revenue collected. The 2007 contract was for a three-year term which automatically renewed every three-years (referred to as an evergreen clause) without action by the Authority. Under the evergreen clause, the contract has renewed automatically four times, for a total of 12 years.

**Discussion**

The contract is set to automatically renew in December 2019. Given the opportunity ahead of time to reach out to the only other vendor providing similar services in California – Hdl Companies – the Authority requested a bid. The current market is much more competitive, so the fees have come down considerably. The new rate offered by Muni for the same services is a 15% commission, which is less than its competitor. The contract includes revenue forecasting services twice annually for an additional \$2,500. STA uses this information for budgeting and mid-year financial planning.

Given the better rate for sale tax audit and recovery services and Muni's acceptance of a standard three-year contract (no evergreen clause), staff recommends engaging Muni for a three-year term at the better rate retroactive to April 1, 2019.

*Attachments*

# Sacramento Transportation Authority (STA)

## Scope of Work

### Sales, Transactions and Use Tax Audit, Recovery, Analysis and Forecasting Services

March 2019



Avenu/MuniServicesInsights & Analytics, LLC  
7625 N. Palm Ave., Suite 108  
Fresno, CA 93711

Doug Jensen, Senior Vice President  
559.288.8943

# Transmittal Letter

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March 28, 2019

Timothy T. Jones, CPA, CPFO, Chief Financial Officer  
Sacramento Transportation Authority  
801 12<sup>th</sup> Street, 5<sup>th</sup> Floor  
Sacramento, CA 95814

**RE: Contract for Sales, Transactions and Use Tax Audit, Recovery, Analysis and Reporting Services**

Dear Tim:

Avenu Insights & Analytics, LLC (also known as MuniServices), is pleased to provide this contract and scope of services to the Sacramento Transportation Authority (STA). We appreciate the opportunity and consideration to continue to serve STA, and we are excited to work closely with you and we are confident that we have the experience, capabilities, and expertise to deliver excellent services for you. Our successful partnership with STA and our experience in the Sacramento Valley region provides us with a deep knowledge of STA's sales tax base and ability to deliver quality results.

- ▶ **Four decades of experience.** For over 40 years, Avenu/MuniServices has been an industry leader in the field of sales, use and transaction tax analysis, forecasting, auditing, and consulting. We partner with the major transportation districts throughout the State, including STA, to help protect this critical revenue source.
- ▶ **Proven Results.** Avenu/MuniServices has provided STA with its Sales, Transaction and Use Tax Audit and Sales Tax Analysis and Reporting services since 2007 and **we have generated over \$2.9 million in new and ongoing sales, transactions and use tax revenue for STA.** Additionally, we have another 146 accounts estimated to generate approximately \$500,000 to \$600,00 in estimated quarterly revenue for the agency that are pending correction. Avenu/ MuniServices discovers an average 50 to 75 new misallocation or deficiency errors submitted to the CDTFA every year for STA.
- ▶ **Firmly Established in California.** We know California – we were founded in California and we currently provide revenue consulting services to over 350 California public agencies. Additionally, we have strategic office locations throughout California, including Sacramento, Fresno, El Dorado Hills, and Westlake Village.
- ▶ **Dedicated Government Relations Team.** We have a dedicated in-house Government Relations team that are experts in tracking and researching legislation that has the potential to affect region-specific tax revenues.
- ▶ **Significant advantage.** Avenu/MuniServices can immediately continue its work with STA on all pending and future corrections. Other vendors would take a minimum of six months or more to fully implement their audit programs—resulting in a significant delay in new revenue.
- ▶ **What distinguishes us from others.**
  - ✓ Dedicated client executive and audit team
  - ✓ Lower pricing - lower contingency and no forward quarters
  - ✓ Decades of sales tax expertise & industry experts in the unique field of district tax
  - ✓ Represent the largest transportation agencies in the State of California
  - ✓ Developed proprietary district tax audit processes
  - ✓ Assisted CDTFA to establish statewide process for deficiency inquiries

As Senior Vice President, I will continue to serve as Avenu's Executive Project Manager. Thomas Adams, Client Services Executive, will also work on this project – as well as Janis Varney, Vice President Sales Tax Audit, who will provide direct audit operations oversight. Thomas may be reached at [Thomas.Adams@avenuinsights.com](mailto:Thomas.Adams@avenuinsights.com) or 916-926-9019 and Janis may be reached at [Janis.Varney@avenuinsights.com](mailto:Janis.Varney@avenuinsights.com) or 800.800.8181 ext. 76311. I may be reached at [Doug.Jensen@avenuinsights.com](mailto:Doug.Jensen@avenuinsights.com) or 559-288-8943.

Sincerely,

A handwritten signature in blue ink that reads "Doug Jensen". The signature is written in a cursive, flowing style.

Doug Jensen, Senior Vice President  
Avenu Insights & Analytics, LLC (Avenu/MuniServices)

# Consultant Services Agreement

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This Consultant Services Agreement (the "Agreement") is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ ("Effective Date") by and between **The Sacramento Transportation Authority** ("STA") and Avenu Insights & Analytics, LLC (aka MuniServices, LLC), a Delaware limited liability company ("CONSULTANT"), collectively the Parties. In consideration of the mutual promises herein contained and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, the Parties agree as follows:

## A. Services

1. CONSULTANT will provide STA with the services described in EXHIBIT A which is attached hereto and incorporated by reference. CONSULTANT shall provide said services at the time, place, and in the manner specified in EXHIBIT A.
2. CONSULTANT shall furnish at its own expense all labor, materials, equipment and other items necessary to carry out the terms of this Agreement.

## B. Compensation

1. In consideration for the services to be performed by CONSULTANT, STA agrees to pay CONSULTANT the fees outlined in Exhibit B of this Agreement. STA shall pay CONSULTANT within thirty (30) days of receipt of CONSULTANT's invoice.

## C. General Provisions

1. Term of the Agreement: The term of this Agreement shall be for a period of three years (3) from the date of execution. Either party shall have the right to terminate this Agreement in the event of a material breach by the other party. Any such termination may be made only by providing sixty (60) days written notice to the other party, specifically identifying the breach or breaches on which termination is based. Following receipt of such notice, the party in breach shall have thirty (30) days to cure such breach or breaches. In the event that such cure is not made, this Agreement shall terminate in accordance with the initial sixty (60) days' notice. Notwithstanding the foregoing, either party may terminate the Agreement at any time and for any reason by providing thirty-days (30) written notice to the other party; provided however, that if CONSULTANT has not breached the Agreement and has commenced services identified in EXHIBIT A prior to the date of termination, CONSULTANT shall be entitled to payment as described in EXHIBIT B.
2. Effect of Termination: Notwithstanding non-renewal or termination of this Agreement, STA shall be obligated to pay CONSULTANT for services performed through the effective date of termination for which CONSULTANT has not been previously paid. In addition, because the services performed by CONSULTANT prior to termination or non-renewal of this Agreement may result in the STA's receipt of revenue after termination which are subject to CONSULTANT' fee, the STA shall remain obligated after termination or non-renewal to provide to CONSULTANT such information as is necessary for CONSULTANT to calculate compensation due as a result of the receipt of revenue by the STA.
3. Independent Contractor: It is understood that CONSULTANT and its subcontractors, if any, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and shall not act as an agent or employee of the STA. STA understands that CONSULTANT may perform similar services for others during the term of this Agreement and agrees that CONSULTANT representation of other government sector clients is not a conflict of interest. CONSULTANT shall obtain no rights to retirement benefits or other benefits which accrue to STA's employees, and CONSULTANT hereby expressly waives any claim it may have to any such rights.

4. **Subcontractors:** CONSULTANT shall have the right to hire subcontractors to provide the services described herein. CONSULTANT, in rendering performance under this Agreement shall be deemed an independent contractor and nothing contained herein shall constitute this arrangement to be employment, a joint venture, or a partnership. CONSULTANT shall be solely responsible for and shall hold STA harmless from any and all claims for any employee related fees and costs including without limitation employee insurance, employment taxes, workman's compensation, withholding-taxes or income taxes.
5. **Notice:** Any notice required to be given under this Agreement shall be in writing and either served personally, sent prepaid first-class mail, or by express mail courier (i.e. FedEx, UPS, etc.). Any such notice shall be addressed to the other party at the address set forth below. All notices, including notices of address changes, provided under this Agreement are deemed received on the third day after mailing if sent by regular mail, or the next day if sent overnight delivery.

**If to STA:**

Sacramento Transportation Authority  
Attn: Tim Jones, CFO  
Address: 801 12<sup>th</sup> Street, 5<sup>th</sup> Floor  
STA/state/zip: Sacramento, CA 95814  
Phone: 916.323.0855  
Email: [tim@sacta.org](mailto:tim@sacta.org)

**If to CONSULTANT:**

Avenu Insights & Analytics, LLC  
Attn: Contract Department  
7625 N. Palm Ave., Ste. 108  
Fresno, CA 93711  
Phone: 559.271.6852  
Email: [contracts@avenuinsights.com](mailto:contracts@avenuinsights.com)

6. **Representative or designees:** CONSULTANT's Primary Representative/Project Manager shall be:

Doug Jensen, Senior Vice President  
7625 N. Palm Ave., Ste. 108, Fresno, CA 93711  
Phone: 800.800.8181 ext. 75012/Email: [Doug.Jensen@avenuinsights.com](mailto:Doug.Jensen@avenuinsights.com)

For the convenience of the STA, a short list of helpful contacts is attached and incorporated herein as EXHIBIT C.

7. **Indemnity:** CONSULTANT shall indemnify, defend, and hold harmless the STA, its officers, agents, and employees, from and against any and all claims, liabilities, and losses whatsoever (including damages to property and injuries to or death of persons, court costs, and reasonable attorneys' fees) to extent occurring or resulting from CONSULTANT's negligent or unlawful performance of its obligations under or breach of the terms of this Agreement, unless such claims, liabilities, or losses arise out of, or are caused at least in part by the sole negligence or willful misconduct of the STA. "CONSULTANT's performance" includes CONSULTANT's action or inaction and the action or inaction of CONSULTANT's officers, employees, agents and subcontractors.
8. **Limitation of Liability:** In no event shall CONSULTANT, its employees, contractors, directors, affiliates and/or agents be liable for any special, incidental, or consequential damages, such as, but not limited to, delay, lost data, disruption, and loss of anticipated profits or revenue arising from or related to the services, whether liability is asserted in contract or tort, and whether or not CONSULTANT has been advised of the possibility of any such loss or damage. In addition, CONSULTANT's total liability hereunder, including reasonable attorneys' fees and costs, shall in no event exceed an amount equal to the fees described in EXHIBIT B. The foregoing sets forth the STA'S exclusive remedy for claims arising from or out of this Agreement. The provisions of this section allocate the risks between CONSULTANT and the STA and CONSULTANT's pricing reflects the allocation of risk and limitation of liability specified herein.
9. **Insurance:** CONSULTANT shall keep in full force and effect insurance coverage during the term of this Agreement, including without limitation statutory workers' compensation insurance; employer's liability and commercial

general liability insurance; comprehensive automobile liability insurance; professional liability and fidelity insurance. The insurance certificate shall name the STA, its agents, officers, servants and employees as additional insureds under the CGL and Automobile policies with respect to the operations and work performed by the named insured as required by written contract. The General Liability policy is Primary & Non-Contributory. Waiver of Subrogation applies under the General Liability and Workers' Compensation policies. The CGL insurance minimum coverage shall be at least \$1,000,000 per incident, claim or occurrence and \$2,000,000 aggregate. The Automobile Liability insurance minimum coverage shall be at least \$1,000,000 covering all owned, non-owned, and hired vehicles. The certificate shall provide that there will be no cancellation, termination, or non-renewal of the insurance coverage without a minimum 30-day written notice to the STA, except in the case of cancellation for non-payment of premium which shall be at least 10-days written notice.

10. Equal Opportunity to Draft: The parties have participated and had an equal opportunity to participate in the drafting of this Agreement. No ambiguity shall be construed against any party upon a claim that that party drafted the ambiguous language.
11. Assignment: This Agreement shall be binding upon and inure to the benefit of the parties, their successors, representatives and assigns. CONSULTANT shall not assign this Agreement, or delegate its duties or obligations under this Agreement, without the prior written consent of STA, which consent shall not be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing, CONSULTANT may assign this Agreement, in whole or in part, without the consent of STA to any corporation or entity into which or with which CONSULTANT has merged or consolidated; any parent, subsidiary, successor or affiliated corporation of CONSULTANT; or any corporation or entity which acquires all or substantially all of the assets of CONSULTANT. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties and their successors or assigns.
12. Ownership of Documents: Except for CONSULTANT preexisting proprietary information and processes, any and all documents, including draft documents where completed documents are unavailable, or materials prepared or caused to be prepared by CONSULTANT pursuant to this agreement shall be the property of the STA at the moment of their completed preparation.
13. Intellectual Property Rights: The entire right, title and interest in and to CONSULTANT's database and all copyrights, patents, trade secrets, trademarks, trade names, and all other intellectual property rights associated with any and all ideas, concepts, techniques, inventions, processes, or works of authorship including, but not limited to, all materials in written or other tangible form developed or created in the course of this Agreement (collectively, the "Work Product") shall vest exclusively in CONSULTANT or its subcontractors. The foregoing notwithstanding, in no event shall any STA-owned data provided to CONSULTANT be deemed included within the Work Product.
14. Public Release and Statements: Neither party or its representatives or agents shall disseminate any oral or written advertisement, endorsement or other marketing material relating to each other's activities under this Agreement without the prior written approval of the other party. Neither party shall make any public release or statement concerning the subject matter of this Agreement without the express written consent and approval of the other party. No party or its agent will use the name, mark or logo of the other party in any advertisement or printed solicitation without first having prior written approval of the other party. The parties shall take reasonable efforts to ensure that its subcontractors shall not disseminate any oral or written advertisement, endorsement or other marketing materials referencing or relating to the other party without that party's prior written approval. In addition, the parties agree that their contracts with all subcontractors will include appropriate provisions to ensure compliance with the restrictions of this Section.
15. Force Majeure: CONSULTANT shall not be in default of its obligations hereunder to the extent that its performance is delayed or prevented by causes beyond its control, including but not limited to acts of God, government,

weather, fire, power or telecommunications failures, inability to obtain supplies, breakdown of equipment or interruption in vendor services or communications.

16. Entire Agreement: This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter contained herein. Said Agreement shall not be amended, altered, or changed, except by a written amendment signed by both parties.
17. Counterparts: This Agreement may be signed in separate counterparts including facsimile copies. Each counterpart (including facsimile copies) is deemed an original and all counterparts are deemed on and the same instrument and legally binding on the parties.
18. Invalidity: If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
19. Implementation: Implementation should begin as soon as possible from the signing of this Agreement (the "Effective Date") for the performance of services under the terms of this Agreement.

***[Signatures on following page]***

IN WITNESS HEREOF, the parties have caused this Agreement to be executed on the date first written above.

**“STA”**

**Sacramento Transportation Authority**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**“CONSULTANT”**

**Avenu Insights & Analytics, LLC,**  
a Delaware limited liability company

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

Doug Jensen

Senior Vice President

## Project Experience and Technical Competence

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**Industry leader.** Avenu/MuniServices is the industry leader in providing sales, use and transaction tax analysis, reporting, and audit services for the public sector. We earned our solid reputation through our proprietary data analytics, accurate forecasting, concise reporting tools and high-caliber customer service. Our revenue enhancement services allow our clients to maximize revenues, make informed business decisions, and ultimately help agencies better serve the citizens in their communities.

**Industry pioneer.** Avenu/MuniServices pioneered Transactions and Use Tax auditing in 2000 when we began working for the Los Angeles County Metropolitan Transportation Authority (MTA). Our processes and procedures now provide comprehensive district sales tax revenue consulting services to over 100 clients in California. Our clients include 12 of the 15 largest tax generating jurisdictions within the state and eight of the largest California transportation districts such as LAMTA, OCTA, STA, RCTC, and VTA.

**District tax experts.** Avenu/MuniServices has a thorough understanding of the nuances of auditing a transactions/district tax versus the local Bradley Burns sales tax. We use our exhaustive database, combined with advanced analytics, to provide accurate analysis and revenue projections that include complex transaction tax issues like interstate sales, transfer of title provisions, regulation interpretation and international business transactions. We have an established track record of providing our transaction tax clients with consistent and quantifiable results and our transaction tax discovery and compliance services have resulted in the recovery of over \$200 million for our district tax clients.

**Most comprehensive district tax databases in California.** Our comprehensive and accurate local sales use and district tax database includes all businesses within the district boundaries which hold a seller's permit. We work closely with the California Department of Tax and Fee Administration ("CDTFA") to obtain all relevant sales, use, and transaction tax data for the district. We provide you with quarterly updates on all business accounts within your transaction tax jurisdiction, so you can track the status for all applicable accounts.

**Extensive Sacramento County experience and knowledge.** We have a strong presence in Sacramento County, working with cities and countywide agencies such as STA. We are committed to our work in the region – and value our strong and successful relationship with STA. And we are proud of our shared commitment to maximizing local revenues for the benefit of the people of Sacramento County and the transparency of our collaborative efforts.

**Strong relationship with the California Department of Tax and Fee Administration (CDTFA).**

Avenu/MuniServices works closely with the CDTFA on all phases of sales and use/district tax discovery and correction. Our positive working relationship improves our ability to gain access to data and process corrections. We have worked alongside the CDTFA this past year during their new data system implementation. While these early months of their system implementation have presented several challenges to the receipt of sales tax data, our close partnership with CDTFA staff have allowed us to identify and solve problems. We recently worked with CDTFA to prioritize our audit submissions to improve the CDTFA review and correction of misallocations.

## District Tax Expertise

Avenu/MuniServices has a thorough understanding of the nuances of analyzing transactions and use taxes versus local Bradley Burns sales taxes. We are the leader's in district tax analysis and have honed this unique perspective on California sales tax through our years of service to transportation agencies and other agencies with district taxes.

### **We understand the unique differences between district taxes and local sales and use taxes.**

- ▶ District taxes are collected based on destination – Bradley-Burns tax is collected at the point of sale.
- ▶ District taxes and the Bradley-Burns taxes do not necessarily result in equivalent tax dollars for an equal measure of tax rate.
- ▶ District taxes often require businesses collecting sales tax for one jurisdiction and district tax for another jurisdiction, all on the same sale. Sellers outside the district may be engaged in business in the district without physically having a facility in the district.
- ▶ The sale of motor vehicles is a special case in that it involves both Bradley-Burns and district tax rules to allocate revenue.
- ▶ The allocation of the district tax depends on the district tax rules that govern the application and the responsibility for paying the tax, which is distinctly different and more complex than a straight-forward Bradley-Burns situs application of the sales tax. Auditing the sales tax will not automatically produce an error on the district tax.
- ▶ District taxes are reported separately from Bradley-Burns taxes by the CDTFA, so the monies are not co-mingled. They are a separate data set and retailers report district taxes on a separate schedule from local taxes. The differences between the two taxes require different techniques to uncover errors.
- ▶ Under the Bradley-Burns Uniform Local Sales and Use Tax Law, most retail sales are deemed to occur at the retailer's place of business in the state where the sale is negotiated. If the retailer has more than one place of business in the state, the sale is deemed to occur at the location where the principal negotiations take place.

# Scope of Work

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## Approach to District Tax Work

**Our goal is to maximize STA's revenue.** The objective of Avenu/MuniServices' Sales and Use Tax Audit (SUTA) and Recovery service is to maximize STA's district tax revenue— and minimize the cost of lost revenue. We accomplish this through the timely detection and correction of sales, use and transaction taxes misallocated and/or under-reported based on

- 1) Shipping to and/or from another jurisdiction,
- 2) another county or another state, and
- 3) deficient transaction and sales taxes that should be paid and allocated to another transportation agency rather than STA or not reporting the complete amounts.

We pursue correction of all misallocations and deficiencies to the fullest extent allowable within the statute of limitations on recoverability.

## Our sales/transaction and use tax audit program

- ▶ identifies and corrects sales/transaction and use tax reporting errors of businesses that, based on the nexus of their activities, are not properly registered within the sphere of the agency;
- ▶ identifies and corrects sales/transaction and use tax reporting errors of businesses that based on delivery of sales into Sacramento County, are not properly collecting and reporting the district tax for STA;
- ▶ augments the revenue information used for ongoing economic analysis by the comprehensive audit reviews to include these identified sources of sales or use tax and how the transaction taxes would apply;
- ▶ guides and educates STA taxpayers on CDTFA local tax reporting rules and regulations to facilitate accurate reporting on future returns;
- ▶ assists STA with strategies to preserve and enhance sales and use tax revenue generated by existing businesses within STA's jurisdiction; and
- ▶ pursues all revenues due to STA due to inaccurate policy, regulatory and legislative tax applications.

**We work to get STA revenues quickly.** We expedite the submission of misallocation and deficiency reporting errors in addition to the correction of errors, so STA receives revenue much faster. Our comprehensive investigative process and extensive documentation ensure prompt corrections – as well as a minimum of bi-weekly submissions to the CDTFA.

The nature and complexity of sales transactions leading to errors also influences how long recoveries take to process. Based on recent history, simple allocation errors correct quickly, and revenue is funded to the agency (97.5% within four quarters or less), while deficiency errors that implicate interpretations of the statutes and require a billing of the deficient tax to the taxpayer along with regulatory interpretation can take longer. Avenu/MuniServices provides detailed information and documentation at the time the error

is submitted to the CDTFA to expedite correction; and we are successful in providing taxpayers with the applicable information and education than expedites and enhances the recovery of mis-reported or deficient district tax revenue. Our interaction with taxpayers is also intended to mitigation additional financial hardship while at the same time, generating the deficient revenue to STA.

**Because Avenu/MuniServices is already performing the audit services there will not be delays in initiating the audit service.** We are committed to continuing to provide STA with the audit process immediately upon receipt of a fully executed contract, and confidentiality resolution and will submit a list of our work in progress within the first 60 days of execution of the contract.

### **District Tax Audit Processes**

The following is a high-level summary of our district tax audit processes and techniques we employ as we work with STA staff to maximize revenue from the STA district tax.

- ▶ **Taxable Nexus Field Audit.** We target district-based businesses that do not pay sales and use tax. We do this via a physical canvassing of the district's borders in addition to the commercial and industrial areas. We evaluate taxes paid by businesses for their products, will-call operations and other references to sales-related activities. Without this labor-intensive undertaking, misallocations may remain undetected even when electronic data mining is applied.
- ▶ **Tax Area Code (TAC)/Permitization Audit.** We identify and correct improperly registered permits of companies with point-of-sale or use operations. We also look for businesses with an incorrect tax area code due to jurisdictional/boundary confusion. Wholesalers, contractors, manufacturers and other non-retail businesses frequently do not hold a permit registered to the district because their operations do not include a point-of-sale qualifying activity. However, these companies often generate tax from the CDTFA audit deficiency assessments, new or changed operations, or the self-accrual of use tax on purchases through direct payment permits.
- ▶ **Deficiency Assessment Audit.** With a CDTFA audit, taxpayers often receive a substantial deficiency assessment due to underpayments and/or under collections. Our proprietary criteria and techniques detect and correct what are often misallocations to the state or county pool.
- ▶ **Accounts Payable Audit.** Our accounts payable audit reviews purchases to identify opportunities for the district to capture local use tax. They also provide the foundation for documentation necessary for agencies to get a direct payment permit (use tax) and recover funds. Agencies also receive our technical assistance in preparing and filing the required tax returns, which is essential because the CDTFA has specific procedures and timing for filing claims.
- ▶ **Quarterly Distribution Report (QDR) Audit.** We conduct QDR audits when we see a substantial change in historical allocation because of declining or missing payments, negative fund transfers, and audit adjustments in the sales and use tax allocation. To make sure the district gets the highest possible amount of misallocated revenue, we include the current economic period based on the calendar quarter and the three prior tax return periods. Avenu/MuniServices reviews 100% of taxpayers reporting local tax to the district each quarter in addition to a comprehensive review of the countywide pool.

## Short and Long-Term Sales, Transactions and Use Tax Forecast

Avenu/MuniServices will prepare and review the updated forecast as requested by STA twice per year. Consultant will also provide a forecast that covers current fiscal year to the end of the term of the district tax measure in FY 38-39.

Consultant forecast methodology builds up from the business level performance, analyzing gains, declines, new, closed and one-time adjustments to establish an “adjusted base” before we begin the next phase. STA’s sales tax base is divided into economic categories such as General Retail, Construction, Transportation, Food Products, and Business to Business. These categories are further broken down into economic segments such as department stores, service stations, hardware stores, etc, etc.

Consultant accounts for each of these components when building the forecast models.

- Actual Transactions & Use Tax data and Actual Sales & Use Tax data
- Macroeconomic trends
- Microeconomic trends
- Sales tax anomalies
- Future developments
- Threatened businesses
- Legislative actions

### Deliverables

Twice per year, or more frequently upon request by STA, Consultant will deliver Sales, Transactions and Use Tax Forecasts to STA. Authority will receive a hardcopy or softcopy of the forecasts results. Additionally, during the delivery period, Consultant will meet with staff to review economic trends and the forecast. Consultant will also include a presentation to the Board and/or one of its subcommittees upon request by STA.

## Clearview – Sales & Use Tax Analytics and Reporting (Optional for STA)

Avenu/MuniServices has developed state of the art technology products for our clients. Our new Sales Tax Reporting online software titled ‘Clearview’ is a powerful data analytics platform that allows agency staff to research local business activity and export data for further analysis.

### Consolidated Economic Reports

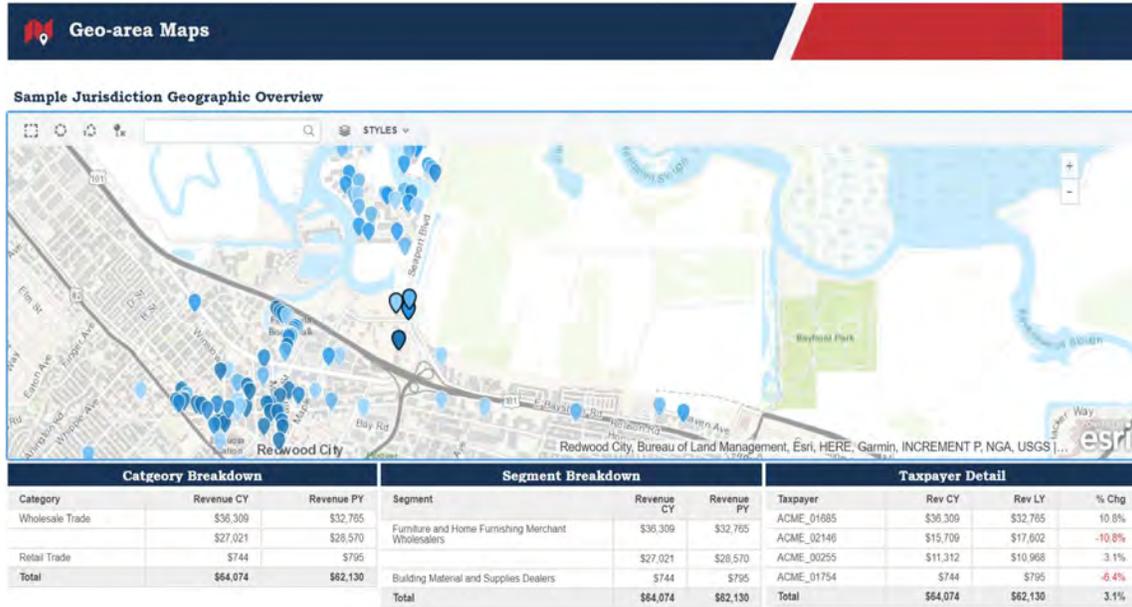
- ▶ See key trends at the category, segment, and retailer levels.
- ▶ Access a quick view of how your key retailers are performing.
- ▶ View customized cash forecast by fiscal year.
- ▶ Search for any retailer in your jurisdiction and view their recent payment history.
- ▶ Review and Export the rankings of the sales tax producers in your jurisdiction for recent periods.
- ▶ Locate potential one-time payments.
- ▶ Export the Excel data behind the reports for further analysis or export the visualization to pdf for inclusion in your internal reports.
- ▶ Access to our analysts to support your use of our tools.



Figure 2 - Clearview Data Analysis Tools with Graphical User Interface

### Geo Area Reports (Cash and Economic) & GIS Maps

- ▶ Review trends and where the growth or declines within the geo-area are concentrated and uncover the key drivers of those changes.
- ▶ Export a 10-year history of each geo-area directly to excel for use in your internal reports.
- ▶ Visualize your geo-areas and summarize by category and segment.
- ▶ Dynamically view the revenue changes in your geo-areas over time.
- ▶ Compare the performance of one geo-area to another.



### Cash Trends and Distribution Summaries

- ▶ Review the fiscal year-to-date totals for your cash.
- ▶ See which parts of your economy changed and key retailers driving cash changes.
- ▶ Compare your cash performance to other jurisdictions to benchmark performance.
- ▶ Review your cash distributions from the CDTFA.

## Executive, Management and Advisory Team

**Doug Jensen, Senior Vice President & Executive Contact.** Doug has over 27 years of expertise in tax policy, municipal finance, municipal revenue enhancement, and economic development. Doug has worked closely with STA in developing strategies to preserve and enhance STA's district tax revenues. Doug oversees all Revenue Enhancement services for Avenu/MuniServices – and is responsible for ensuring the consistent and high-caliber delivery of audit, analysis, and consulting services outlined in this scope of services. Doug is a frequent speaker to professional organizations, committees and governing bodies.

**Janis Varney, Vice President, Sales and Use Tax Audit.** Janis manages the sales tax audit team to ensure that all audit services are provided to STA. Janis has over 29 years of experience with the intricacies of California sales and use tax law, CDTFA administrative procedures, and taxpayer reporting procedures. She oversees the day-to-day operations of the sales and use tax audit service including the detection of reporting errors, preparation of the comprehensive documentation required to establish “date of knowledge”, and facilitation of the correction of the local tax allocation. Janis is also involved in preparing cases for hearings and testifying before the Board.

**Tracy Vesely, Director of Client Services.** Tracy has 28 years of experience in municipal finance, budgeting, technology and administration. She has served as Administrative Services Director for the City of Walnut Creek, Director of Finance for the Cities of Hayward and San Leandro, and Budget Manager for the City of Berkeley. Tracy began her local government career working as an analyst for Kern County and has also worked for the California Judiciary. Tracy has served as president of the League of California Cities Fiscal Officers Department and a repeat member of the League's Revenue and Taxation Policy Committee (current member), as well as on the Government Finance Officers Association (GFOA) Economic Development and Capital Planning policy committee. Tracy will serve on the STA project team and provide direct oversight to the Client Services team.

**Thomas Adams, Client Services Executive.** Tom has over twenty years of experience in municipal government including work for the City of San Jose, the City and County of San Francisco, and the City of San Rafael. Most recently, Tom worked on redevelopment and economic development projects for over twelve years. Tom has extensive experience working on sales tax and revenue analysis, municipal operating and capital budgets, and strategic planning. Affiliations and Memberships: Tom is a member of California Society of Municipal Finance Officers (CSMFO) and the International Council of Shopping Centers (ICSC). Education: Tom has a Bachelor of Arts degree from the University of California at Berkeley and a Master's degree in Public Affairs from the University of Texas at Austin.

**Jeff Kolin, Sales and Use Tax Advisor.** Jeff has over 30 years of direct involvement with local governments as a City Manager to Pittsburg, CA, Santa Rosa, CA, and Beverly Hills, CA. He has a wide range of expertise that includes sales tax, cannabis, water and wastewater utilities, public parking, and property management. Jeff's expertise has helped cities stabilize and grow their general funds, prepare for difficult financial challenges as well as manage future growth. As City Manager, Jeff developed City Budget Teams that involved Departments in the development and justification of their budget requests under a framework of Strategic Goals and Initiatives developed with his City Councils.

**Fran David, Advisory Board Member.** Fran has nearly 40 years of experience in local government management, operations, and programs. Ms. David served for 14 years as the Director of Finance for the City of Berkeley and over 9 years as a City Manager for the City of Hayward. Fran uses her expertise in strategic consulting specific to public policy, strategic planning and analysis, crisis management, and

professional communications. Ms. David earned her MBA from Golden Gate University and her BS in Urban Ecology from California State University, East Bay. She is a Credentialed Manager by the International City/County Management Association.

**Paul Colangelo, Chief Executive Officer.** Paul has nearly 20 years of executive leadership and a track record as a trusted advisor at the state and local levels. Paul not only leads the operations, strategy, and growth of Avenu/MuniServices, he is directly involved in the day-to-day operations of our Sales and Use Tax teams. Paul previously served as President and COO at Library Systems & Services, as well as President of Appriss — where his strategic vision led to the portfolio revenue growth and diversification. Before Appriss, Paul was Vice President of Convergys Global Business Unit, managing client services programs in government, automotive, and transportation markets. Paul earned his bachelor's degree from Seton Hall University and his MBA from Strayer University. And as part of his ongoing commitment to serving state and local communities nationwide, he serves an active member on the National Center for Missing & Exploited Children Law Enforcement Advisory Board, Blessings in a Backpack National Board, and the Netwisedata & Spokeo Advisory Board.

### **Management and Administrative Support**

**Irene Reynolds, Manager, Client Relations.** Irene's has 17 years of experience with Avenu/MuniServices' Client Relations data analysis and reporting team. Irene's manages the team of data analysts, oversees standardizing raw sales tax data, creates and maintains Geo areas, and oversees the data analysis process including custom reports, charts, tables, and special requests. Role: Irene will manage the reporting and forecasting services, including the online reporting software.

**Sandra Heuer, Supervisor of Transactions and Use Tax.** Sandra supervises our Transactions & Use Tax audits in addition to her role as a Senior Sales & Use Tax Analyst, with emphasis on use tax misallocations. Sandra joined Avenu/MuniServices in 1992 and through her tenure has developed many of the proprietary transactions and use tax audit methods only found at Avenu/MuniServices. She is responsible for contacting targeted businesses to determine whether. Sandra's work involves interfacing with CDTFA personnel in addition to spending an extensive amount of time interfacing with high level personnel at Fortune 500 companies throughout the U.S. She has a working knowledge of sales/use tax law, CDTFA administrative procedures and tax preparer reporting procedures. Role: Sandra will supervise the transaction & use tax audits.

**Mark Bryson, Senior Economic Business Analyst.** Mark conducts in-depth forecasting analysis and provides STA with their 5-year and 20-year forecasting tools. Mark has over 25 years of experience as an accountant and full-charge bookkeeper for small to medium sized businesses, non-profit corporations and government agencies. This includes extensive hands-on experience preparing budgets, financial statements, audit schedules and Income, Sales and Payroll Tax returns. He also has 8 years of experience teaching college level business and technology courses including: Accounting, Computer Technology and Networking, Web Development, Economics, English, Human Resources and Mathematics. Role: Mark's primary role is to update client revenue forecasts with updated projections based on business activity and developing special analytical reports for clients.

**Francesco D. Mancia, MBA, VP Government Relations.** Fran is responsible for overseeing company Legislative, Regulatory, and Government Relations work at the state and federal level. Fran has a strong working knowledge of local government general fund tax laws and state and federal regulatory and legislative issues that impact local governments. He monitors, analyzes and leads company lobbying efforts related to legislation, state mandates, and regulatory changes and policies that affect client

revenue streams. Fran currently serves as a member of the League of California Cities Revenue and Taxation Policy Committee and was the 2007 and 2008 President of the League's Partner Program. Currently Fran serves as Advisor and Chairman of the California Contract Cities Association, Associate Members Program and is a member of the Board of Trustees of the California City Management Foundation. Role: Fran will oversee the legislative and government relations work.

**Brenda Narayan, Director Government Relations/In-House Lobbyist.** With a career based in local government policy, Brenda researches, identifies and tracks key legislation in Sacramento and Washington, D.C. that may have potential impacts for local government. She is the primary author of our Policy, Regulatory and Legislative updates and is our in-house lobbyist. Brenda researches, identifies and tracks key legislation for Avenu/MuniServices on behalf of clients. She provides internal and external leadership insight and concepts in public and community relations activities as they pertain to policy matters. Prior to joining Avenu/MuniServices, Brenda served as an assistant to the Speaker of the California State Assembly. Brenda has served numerous terms as a member of the League of California Cities Revenue and Taxation Policy Committee and currently sits on the League's Governance Transparency Committee. Brenda in 2016 was appointed to the United States Conference of Mayors Business Council.

# Compensation

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## **Sales Tax and Transactions and Use Tax Audit Services**

Avenu/MuniServices proposes to provide this service to STA on a contingency fee basis for 15% of the additional revenue received by STA as a result of the accounts identified and corrected by Avenu. While correction will be pursued for all active STA measures, this fee applies to revenue received for STA for all retroactive quarters corrected within the statute of limitation prior to the Date of Knowledge quarter and for no forward quarters beginning with the quarter in which the Date of Correction falls (applicable for misallocation and deficiency errors only as specified in documentation).

As used herein, the Date of Knowledge is the quarter during which Avenu/MuniServices notifies the CDTFA of the existence of a misallocation or deficiency. As used herein, the Date of Correction refers to the quarter in which the taxpayer has correctly reported the local tax and the CDTFA distributes the local tax properly to STA based on the taxpayer's reporting. This fee shall apply to both misallocation and deficiency errors identified and corrected by Avenu.

For Quarterly Distribution Report (QDR) misallocation or deficiency errors detected and corrected, Avenu' compensation shall only include the quarter(s) for which the error actually occurred as documented in the petition filed with the SBOE. A QDR typically involves a one or two quarter reporting error for a taxpayer that has historically been reporting to the district on a quarterly basis. The QDR errors are billed for the specific quarter(s) identified and do not involve billing for go-forward quarters.

## **Completion of Audit Services**

Because the services performed by Avenu/MuniServices result in corrections of misallocations and other revenue after cessation of services performed by Avenu/MuniServices for STA, STA agrees that with regards to misallocations identified to the SBOE whose DOK occurred during Avenu/MuniServices performance of services for STA or for other revenue resulting from Avenu/MuniServices actions taken during the term of the Agreement, that STA's obligation to pay Avenu/MuniServices in accordance with the compensation language of the Agreement will survive expiration or termination of the Agreement for any reason. Additionally, notwithstanding any other provision of the Agreement, if the Agreement is terminated or expires, Avenu/MuniServices will continue to pursue corrections of accounts identified during the term of the Agreement that have not been corrected by the SBOE as of the effective date of termination or expiration. The period after termination during which Avenu/MuniServices is pursuing correction of accounts identified before termination is referred to as the "completion period." STA will compensate Avenu/MuniServices in accordance with the compensation language of the Agreement for corrected misallocations that result from Avenu/MuniServices efforts during the completion period. STA will also take all necessary steps to allow Avenu/MuniServices to continue to receive the required information from the SBOE during this completion period.

## **Sales, Transactions and Use Tax Forecasting Services**

STA shall pay Consultant \$2,500 for two forecasts per year. Each delivery of sales tax forecasts will include a meeting and presentation to discuss both forecasts in detail to staff and/or committee/board meetings.

### **Clearview Online Reporting Services (Optional for STA)**

Avenu/MuniServices annual fee of \$10,000, paid \$2,500 quarterly. The annual price shall be adjusted at the beginning of each calendar year by the percentage change in the Consumer Price Index – West Urban (CPI-WU) as reported by the Bureau of Labor Statistics. The adjustments are based on the CPI-WU from December of the prior calendar year. Each Annual Fee adjustment shall not be less than two percent (2%) or greater than ten percent (10%).

### **Additional Consulting**

All sales tax services, ad hoc report, and geo area reports requested by STA are provided as a part of the above-mentioned compensation at no extra cost. Therefore, no additional hourly fees shall be applied. However, should both Avenu/MuniServices and STA mutually agree upon a more extensive study or consultation, Avenu/MuniServices may request an additional fee. Examples include an economic development study, an economic forecast (requiring additional consulting resources) or integrated GIS mapping for sales/use tax data.

If Avenu/MuniServices and STA agree on the scope of the additional consulting services requested, then Avenu/MuniServices shall provide the additional consulting services on a Time and Materials basis. Depending on the personnel assigned to perform the work, Avenu' standard hourly rates range from \$75 per hour to \$325 per hour.

SACRAMENTO TRANSPORTATION AUTHORITY

RESOLUTION NO. \_\_\_\_\_

**A Resolution Authorizing the Examination of Sales or Transactions and Use Tax Records**

**WHEREAS**, pursuant to Ordinance No. STA-0002 and STA-04-01 of the Sacramento Transportation Authority (STA) and Section 7270 of the Revenue and Taxation Code, the STA entered into a contract with the California Department of Tax and Fee Administration (formerly State Board of Equalization) (CDTFA) to perform all functions incident to the administration and collection of the Transactions and Use Tax Ordinances and the local sales and use taxes; and

**WHEREAS**, STA deems it necessary for authorized representatives of STA to examine confidential sales and transactions and use tax records of the CDTFA pertaining to sales and transactions and use taxes collected by the CDTFA for STA; and

**WHEREAS**, Section 7056 of the California Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of CDTFA records and establishes criminal penalties for the unlawful disclosure of information contained in, or derived from sales or transactions and use tax records of the CDTFA; and

**WHEREAS**, Section 7056 of the California Revenue and Taxation Code requires that any person designated by STA shall have an existing contract to examine STA's sales and transactions and use tax records.

**NOW, THEREFORE IT IS RESOLVED AND ORDERED AS FOLLOWS:**

**Section 1.** That the Executive Director or Chief Financial Officer, or other officer or employee of STA designated in writing by the Executive Director to the CDTFA is hereby appointed to represent STA with authority to examine all of the sales and transactions and use tax records of the CDTFA pertaining to sales and transactions and use taxes collected for STA by the CDTFA pursuant to the contract between STA and the CDTFA. The information obtained by examination of CDTFA records shall be used for purposes related to the collection of STA's sales and transactions and use taxes by the CDTFA pursuant to the contract.

**Section 2.** That the Executive Director or Chief Financial Officer, or other officer or employee of STA designated in writing by the Executive Director to the CDTFA, is also hereby appointed to represent STA with the authority to examine those sales and transactions and use tax records of the CDTFA for purposes related to the following governmental functions of STA:

- a) tracking and economic development
- b) forecasting and budget related functions
- c) detection of misallocations and deficiencies

The information obtained by examination of CDTFA records shall be used only for those governmental functions of STA listed above.

**Section 3.** That Avenu/MuniServices is hereby designated and authorized to examine all of the sales and transactions and use tax records of the CDTFA pertaining to all sales and use taxes collected for STA and any transaction and use taxes collected for STA under the following Transactions and Use Tax Ordinances and any future Transactions and Use Tax Ordinances that may be enacted in the STA:

Measure A Sales Tax for Transportation

April 1, 2009

The person or entity designated by this section meets all of the following conditions:

- a) has an existing contract with STA to examine sales and transactions and use tax records;
- b) is required by that contract to disclose information contained in, or derived from those sales and transactions and use tax records only to an officer or employee authorized under Section 1 (or Section 2) of this resolution to examine the information;
- c) is prohibited by that contract from performing consulting services for a retailer during the term of that contract;
- d) is prohibited by that contract from retaining the information contained in or derived from those sales and transactions and use tax records after that contract has expired.

**BE IT FURTHER RESOLVED** that the information obtained by examination of CDTFA records shall be used only for purposes related to the collection of STA's sales and transactions and use taxes by the CDTFA pursuant to the contracts between STA and the California Department of Tax and Fee Administration and for purposes relating to the governmental functions of STA listed in Section 2 of this resolution.

**Section 4.** This resolution supersedes all prior sales and transactions and use tax resolutions of STA adopted pursuant to subdivision (b) of Revenue and Taxation Code Section 7056.

On a motion by Member \_\_\_\_\_, seconded by Member \_\_\_\_\_, the foregoing resolution was passed and adopted by the Governing Body of the Sacramento Transportation Authority at a regular meeting thereof this 11th day of April, 2019, by the following vote, to wit:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Chairperson, Governing Body of the  
Sacramento Transportation Authority

ATTEST: \_\_\_\_\_  
Clerk of the Governing Body



**APRIL 11, 2019**

**AGENDA ITEM # 5**

**CONTRACT EXTENSION ON INDEPENDENT FINANCIAL/COMPLIANCE AUDIT SERVICES**

Action Requested: Authorize Executive Director

Presenter: Timothy Jones, Chief Financial Officer

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**Recommendation**

Authorize the Executive Director to execute a contract with Crowe, LLP to perform financial/compliance audit services for the fiscal year ending June 30, 2019.

**Background and Discussion**

Measure A requires that a professional auditor conduct annual financial/compliance audits in accordance with Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General of the United States. In May 2018, Crowe Horwath (now Crowe, LLP) was selected to perform financial/compliance audit services for fiscal year ending June 30, 2018. The contract with Crowe, LLP provides the option of extending the term up to two more years upon agreement of both parties. The audit firm performed well during the audit of the fiscal year ending June 30, 2018, so the ITOC recommends extending the term for one more year at the same cost - \$48,000.

The attached contract has been updated with appropriate dates and reviewed by legal counsel.

*Attachment*

# SACRAMENTO TRANSPORTATION AUTHORITY AUDITOR SERVICES AGREEMENT

**THIS AGREEMENT** is made at Sacramento, California, as of April 11, 2019 by and between the Sacramento Transportation Authority (“STA”), a local transportation authority formed pursuant to California Public Utilities Code section 180000 et seq. and Crowe, LLP (“Auditor”), an Indiana limited liability partnership.

## RECITALS

**WHEREAS**, STA is required under California Public Utilities Code section 180105(c) to “cause a post audit of the financial transactions and records of the authority to be made at least annually by a certified public accountant”;

**WHEREAS**, the STA Board of Directors desires to retain a qualified auditor to perform a review of STA’s financial records for the purpose of rendering an opinion and making recommendations on the adequacy of the STA’s internal controls and financial reporting and compliance with applicable laws and regulations;

**WHEREAS**, Auditor possesses the experience, knowledge and qualifications necessary to perform, prepare and deliver a quality audit that will objectively evaluate the fair presentation of the financial statements and the internal control over financial reporting;

**WHEREAS**, STA is authorized to enter into such an agreement pursuant to California Public Utilities Code section 180152.

**NOW, THEREFORE**, in consideration of the mutual promises hereinafter set forth, STA and Auditor agree as follows:

1. **Services**. Subject to the terms and conditions set forth in this Agreement, Auditor shall provide to STA the services described in Exhibit A. Auditor shall provide said services at the time, place, and in the manner specified in Exhibit A. The Auditor shall not be compensated for services outside the scope of Exhibit A unless prior to the commencement of such services: (a) Auditor notifies the STA that such service is deemed an additional service and Auditor estimates the additional compensation required for this activity; and (b) the STA, after notice, approves the additional service and amount of compensation therefor.

2. **Payment**. STA shall pay Auditor for services rendered pursuant to this Agreement at the times and in the manner set forth in Exhibit B. The payments specified in Exhibit B shall be the only payments to be made to Auditor for services rendered pursuant to this Agreement unless, pursuant to paragraph 1 above, STA approves additional compensation for additional services. Auditor shall submit all billings for said services to STA in the manner specified in Exhibit B; or, if no manner be specified in Exhibit B, then according to the usual and customary procedures and practices which Auditor uses for billing clients similar to STA.

3. **Facilities and Equipment.** Except as set forth in Exhibit C, Auditor shall, at its sole cost and expense furnish all facilities and equipment which may be required for furnishing services pursuant to this Agreement. STA shall furnish to Auditor only the facilities and equipment listed in Exhibit C according to the terms and conditions set forth in Exhibit C.

4. **General Provisions.** The general provisions set forth in Exhibit D, which include insurance requirements, are part of this Agreement. In the event of any inconsistency between said general provisions and any other terms or conditions of this Agreement, this Agreement shall control over the general provisions.

5. **STA Representative.** The STA Representative specified in Exhibit A, or the representative's designee, shall administer this Agreement for the STA.

6. **Exhibits.** All exhibits referred to herein are attached hereto and are by reference incorporated herein.

Executed as of the day first above stated.

Sacramento Transportation Authority

Crowe, LLP

\_\_\_\_\_  
Norman Hom  
Executive Director

\_\_\_\_\_  
Jeff Jensen  
Partner

Approved as to Form:

\_\_\_\_\_  
General Counsel

Attachments:

- Exhibit A - Representatives and Services to be Provided
- Exhibit B - Fee Schedule and Manner of Payment
- Exhibit C - Facilities and Equipment to be provided by STA
- Exhibit D - General Provisions

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**EXHIBIT A**  
AUDITOR SERVICES AGREEMENT

**REPRESENTATIVES AND SERVICES TO BE PROVIDED**

1. **Representatives:**

The STA Representative for this Agreement is:

**Timothy Jones                      Chief Financial Officer (916) 323-0855**

All Auditor's questions pertaining to this agreement will be referred to the above-named person or the representative's designee.

The Auditor's Representative for this Agreement is:

**Jeff Jensen                      Partner    (916) 492-5162**

All STA questions pertaining to this Agreement will be referred to the above-named person. All correspondence to the STA will be addressed to:

Sacramento Transportation Authority  
801 12<sup>th</sup> Street Floor 5  
Sacramento, CA 95814  
Attn: Tim Jones, Chief Financial Officer [tim@sacta.org](mailto:tim@sacta.org)

2. **Services to be provided:**

The Auditor shall make an examination of the financial statements of the STA and Sacramento Abandoned Vehicle Service Authority ("SAVSA") for the fiscal year ended June 30, 2019. The examination shall be made in accordance with generally accepted auditing standards and will include all procedures necessary for the rendition of an opinion regarding the accuracy and completeness of the presentation of the financial statements in accordance with generally accepted accounting principles.

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

A representative examination of the Measure A entities and the SAVSA entities will be made to ensure compliance with applicable laws and with their Measure A and SAVSA contracts with STA. The examination will include:

- a. a study and evaluation of each entity's system of internal control;
- b. a proper test of each entity's accounting records and other financial records;
- c. a review of each entity's accounting system in operation.

It is recognized that STA has the responsibility for the proper recording of transactions in the books of account, for the safeguarding of assets, and for the substantial accuracy of the financial statements. Such statements are the representations of STA and will be typed in final form by the STA.

The objective of the audit is the expression of an independent opinion on the STA and SAVSA financial statements—per auditing standards established by the American Institute of Certified Public Accountants—to conclude that the financial statements are fairly presented in accordance with generally accepted accounting principles. In conjunction with the audit, Auditor will evaluate STA's internal control over financial reporting for the purpose of expressing an opinion on the financial statements. Any internal control or other financial reporting issues noted during the audit will be communicated to the STA's management and governing board. The ability of Auditor to express that opinion will be dependent on the facts and circumstances on the date of that opinion. If the opinion is other than unqualified, the reasons therefore will be fully disclosed.

Audit work will begin in June 2019. Two draft copies of the combined audit reports, internal control reports, management letters, and agreed-upon-procedures reports for each Measure A and SAVSA entity are required by December 15, 2019. Twenty-five copies of the final reports shall be delivered to the STA no later than December 31, 2019. These due dates may be extended only upon mutual consent of both STA's and Auditor's representatives.

The term of this Auditor Services Agreement will expire on March 31, 2020. The term may be extended for one more year upon mutual agreement of both parties.

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**EXHIBIT B**  
AUDITOR SERVICES AGREEMENT

**FEE SCHEDULE AND MANNER OF PAYMENT**

STA shall pay Auditor for services rendered pursuant to this Agreement a total sum, based on actual time, not to exceed \$48,000. Auditor may submit progress billings not more often than monthly based on actual time incurred at the following hourly rates:

Partner	\$275
Managers	\$200
Senior Staff	\$165
Audit Staff	\$135
Clerical	\$ 25

STA shall make no payment for extra, further or additional services or expenses pursuant to this Agreement unless such services or expenses and the price thereof are agreed to in advance and such agreement is prepared in writing and executed by Auditor and STA.

Request for payment to Auditor shall be sent to:

Sacramento Transportation Authority  
801 12<sup>th</sup> Street Floor 5  
Sacramento, CA 95814  
Attn: Chief Financial Officer [tim@sacta.org](mailto:tim@sacta.org)

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**EXHIBIT C**  
AUDITOR SERVICES AGREEMENT

**FACILITIES AND EQUIPMENT TO BE PROVIDED BY  
STA**

STA shall furnish facilities and equipment as may be required for Auditor's use in quality, quantity, and location as STA, in its sole discretion, determines to be appropriate. Such facilities may include a desk(s) or table(s), private workspace, office supplies and equipment, and telephone.

Except as previously set forth, Auditor shall, at his/her sole cost and expense, furnish all other facilities and equipment which may be required to provide services pursuant to this Agreement.

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**EXHIBIT D**  
AUDITOR SERVICES AGREEMENT

**GENERAL PROVISIONS**

1. **Independent Contractor.** At all times during the term of this Contract, Auditor shall be an independent Contractor and shall not be an employee of the STA. STA shall have the right to control Auditor only insofar as the results of Auditor's services rendered pursuant to this Contract; however, STA shall not have the right to control the means by which Auditor accomplishes services rendered pursuant to this Agreement.

Auditor acknowledges and agrees that Auditor is not entitled to receive any STA employee benefits, including but not limited to, medical, dental, and retirement benefits, life and disability insurance, sick leave or any other similar benefits provided to STA employees.

2. **Licenses; Permits; Etc.** Auditor represents and warrants to STA that Auditor has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Auditor to practice its profession. Auditor represents and warrants to STA that Auditor shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement any licenses, permits, and approvals which are legally required for Auditor to practice its profession.

3. **Time.** Auditor shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for satisfactory performance of Auditor's obligations under this Agreement. Neither party shall be considered in default of this Agreement to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.

It is the intent of the Auditor and STA to issue the draft audit reports of the STA, SAVSA, and agreed upon procedures of Measure A and SAVSA entities no later than December 15, 2019. It is the intent of the Auditor and STA that final reports and agreed upon procedures be issued by December 31, 2019.

4. **Auditor Not Agent.** Except as STA may specify in writing, Auditor shall have no authority, express or implied, to act on behalf of STA in any capacity whatsoever as an agent. Auditor shall have no authority, express or implied, pursuant to this Agreement to bind STA to any obligation whatsoever.

5. **Assignment Prohibited.** No party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.

6. **Personnel.** Auditor shall assign only competent personnel to perform services pursuant to this Agreement. In the event that STA, in its sole discretion, at any time during the term of this Agreement, desires the removal of any person or persons assigned by Auditor to perform services pursuant to this Agreement, Auditor shall remove any such person promptly after receiving notice from STA of the desire of STA for the removal of such person or persons.

7. **Standard of Performance.** Auditor shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in California. All products that Auditor delivers to STA pursuant to this Agreement shall be prepared in a professional manner and conform to the standards of quality normally observed by a person practicing in Auditor's profession.

8. **Termination.** STA shall have the right to terminate this Agreement for convenience at any time by giving no less than 15 days' prior written notice of such termination to Auditor. In the event STA gives such notice of termination, Auditor shall immediately cease rendering services pursuant to this Agreement at the conclusion of the notice period, which shall commence upon mailing or service.

In the event STA terminates this Agreement:

(1) Auditor shall deliver copies of all fully paid for Reports (as defined below) prepared by it pursuant to this Agreement. Any information, advice, recommendations or other content of any memoranda, reports, deliverables, work product, presentations, or other communications Auditor provides under this Agreement (collectively, "Reports"), other than STA's original information, are for STA's internal use only, consistent with the purpose of the Services, and except as otherwise required under California law. STA will not rely on any draft Report. Unless required by an audit or other attestation professional standard, Auditor will not be required to update any final Report for circumstances of which we become aware or events occurring after delivery.

(2) STA shall pay Auditor the reasonable value of services rendered by Auditor pursuant to this Agreement; provided, however, STA shall not in any manner be liable for lost profits which might have been made by Auditor had Auditor completed the services required by this Agreement. In this regard, Auditor shall furnish to STA such financial information as in the reasonable judgment of the STA Representative is necessary to determine the reasonable value of the services rendered by Auditor. In the event of a dispute as to the reasonable value of the services rendered by Auditor, the decisions of the Executive Director of the STA shall be final. The foregoing is cumulative

and does not affect any right or remedy which either party may have in law or equity.

Termination for Cause: STA shall have the right to terminate this Agreement in the event of a material breach by Auditor following the provision to Auditor of written notice specifically identifying the alleged breach and Auditor's failure to cure such breach within thirty (30) days following receipt of such notice. In the event of such termination, STA shall provide written notice to Auditor, at which time Auditor shall immediately cease rendering services under this Agreement.

STA shall not be required to make payment or compensation for disputed items to Auditor in the event of a material breach of the terms of this Agreement.

9. **Equal Employment Opportunity.** During the performance of this agreement, Auditor, for itself and successors in interest, agrees as follows:

- (A) **Compliance with Regulations:** Auditor shall comply with the Executive Order 11246 entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60), hereinafter referred to as the "Regulations".
- (B) **Nondiscrimination:** Auditor, with regard to the work performed by it after award and prior to completion of the work pursuant to this Agreement, shall not discriminate on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual preference in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Auditor shall not participate either directly or indirectly in discrimination prohibited by the Regulations.
- (C) **Solicitations for Subcontractors, Including Procurements of Materials and Equipment:** In all solicitations either by competitive bidding or negotiations made by Auditor for work to be performed under any subcontract, including procurement of materials or equipment, each potential subcontractor or supplier shall be notified by Auditor of Auditor's obligation under this Agreement and the Regulation relative to nondiscrimination on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual preference.
- (D) **Information and Reports:** Auditor shall provide all existing information and reports required by Regulations, or orders and instructions issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the STA to be pertinent to

ascertain compliance with such Regulations, orders and instructions. Where any information required of Auditor is in the exclusive possession of another who fails or refuses to furnish this information, Auditor shall so certify to the STA, and shall set forth what efforts it has made to obtain the information.

- (E) **Sanctions for Noncompliance:** In the event of noncompliance by Auditor with the nondiscrimination provisions of this Agreement, the STA shall impose such contract sanctions as it may determine to be appropriate including, but not limited to:
- (1) Withholding of payments to Auditor under contract until Auditor complies;
  - (2) Cancellation, termination, or suspension of the Agreement, in whole or in part.
- (F) **Incorporation of Provisions:** Auditor shall include provisions of Paragraphs A through E above in every subcontract, including procurements of materials and leases of equipment, unless exempted by Regulations, order, or instructions issued pursuant thereto. Auditor shall take such action with respect to any subcontract or procurement as the STA may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Auditor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, Auditor may request that STA enter such litigation to protect the interests of STA.

10. **Insurance Requirements.** During the duration of this Agreement, Auditor shall maintain the following noted insurance:

Broad Form Comprehensive Liability  
Business Auto Liability  
Workers' Compensation & Employers' Liability  
Professional Liability (Errors and Omissions)

(A) **Minimum Scope of Insurance**

Coverage shall be at least as broad as:

- (1) Broad Form Comprehensive General Liability;
- (2) Automobile Liability, code 1 "any auto";

(B) Workers' Compensation as required by the Labor Code of the State of California, and Employers' Liability Insurance;

(1) Professional Liability (Errors and Omissions) insurance against loss due to error, omissions, or malpractice.

(C) **Minimum Limits of Insurance.**

Auditor shall maintain limits no less than:

(1) Comprehensive General Liability: \$1,000,000 per occurrence and in the aggregate for bodily injury and property damage.

(2) Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.

(3) Workers' Compensation and Employers' Liability: Workers' compensation limits as required by the Labor Code of the State of California.

(4) Professional Liability (Errors and Omissions): \$1,000,000 limit per occurrence and in the aggregate.

(D) **Other Insurance Provisions.**

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

(1) General Liability and Automobile Liability Coverages

(A) The STA, its officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Auditor; products and completed operations of the Auditor; premises owned, leased or used by the Auditor; or automobiles owned, leased, hired or borrowed by the Auditor. The coverage shall contain no special limitations on the scope of protection afforded to the STA, its officials, employees or volunteers.

(B) The Auditor's insurance coverage shall be primary insurance as respects the STA, its officials, employees and volunteers. Any insurance or self-insurance maintained by the STA, its officials, employees, or volunteers

shall be in excess of Auditor's insurance and shall not contribute with it.

- (C) Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the STA, its officials, employees, or volunteers.
- (D) Coverage shall state that Auditor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respects to the limits of the insurer's liability.

(2) Workers' Compensation and Employers' Liability Coverages

The insurer shall agree to waive all rights of subrogation against the STA, its officials, employees and volunteers for losses arising from work performed by Auditor for the STA. This requirement may, however, be waived in individual cases at the discretion of the STA.

(3) All Coverages

Should any of the above described policies be cancelled before the expiration date thereof without substitution of substantially similar coverage, Auditor will endeavor to provide 30 days written notice to STA. However, a failure to provide such notice shall impose no obligation or liability of any kind upon Auditor.

(E) **Acceptability of Insurers.**

Insurance is to be placed with insurers with a Bests' rating of no less than A: XIII. This requirement may, however, be waived in individual cases, provided, however, that in no event will a carrier with a rating below A:X be acceptable.

(F) **Verification of Coverage.**

Auditor shall furnish the STA with certificates of insurance reflecting endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms acceptable to the STA and are to be forwarded to the STA Representative named in Exhibit A

(G) **Payment Withhold.**

The STA will withhold payments to Auditor if certificates of insurance and

endorsements required in Paragraph F above have not been provided.

11. **Access and Retention of Audit Working Papers.**

Upon authorization from the STA Representative, Auditor shall provide for access to the audit working papers to the STA staff, STA Governing Board or its designee, other government audit staff, Federal Government Accounting Office, and those specifically authorized by the STA Representative. Auditor shall provide for the retention of the audit working papers for at least three years after the date of the audit reports, or longer if requested by the STA staff or Governing Board.

12. **Disclosure of Lobbying Activities**

Auditor certifies, by signing this contract, to the best of its knowledge, that:

(A) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(B) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities" in accordance with its instructions.

13. **Indemnification.**

Contractor specifically agrees to indemnify, defend, and hold harmless the Sacramento Transportation Authority (STA), its directors, officers, members, agents, and employees (collectively the "Indemnitees") from and against any and all actions, claims, demands, losses, costs, expenses, including reasonable attorneys' fees and costs, damages, and liabilities (collectively "Losses") arising out of or in any way connected with the performance of this Agreement, excepting only Losses caused by the sole, active negligence or willful misconduct of an Indemnitee. Contractor shall pay all costs and expenses that may be incurred by STA in enforcing this indemnity, including reasonable

attorneys' fees. The provisions of this Section shall survive the expiration, termination, or assignment of this Agreement. The indemnification clause is not intended to conflict with auditor professional standards included in:

AICPA – American Institute of Certified Public Accountants Code of Professional Conduct

ET Section 100: Independence, Integrity, and Objectivity

ET Section 191: Ethics Rulings on Independence, Integrity, and Objectivity

102: Indemnification of a Client



**APRIL 11, 2019**

**AGENDA ITEM # 6**

**ANNUAL ADJUSTMENT TO THE MEASURE A SACRAMENTO COUNTYWIDE  
TRANSPORTATION MITIGATION FEE PROGRAM RATES**

Action Requested: Adopt

Key Staff: Timothy Jones, Chief Financial Officer

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**Recommendation**

Adopt the adjusted rates for the Measure A Sacramento County Transportation Mitigation Fee Program.

**Discussion**

Cities participating in the Measure A program are required to collect a fee for the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) based on rates approved by the STA Governing Board. The fees collected by each agency are remitted to the Authority semi-annually and used to fund road and transit system improvements needed to accommodate projected growth and development throughout the county.

The Measure A Ordinance requires that the fees “be adjusted annually by action of the STA Governing Board to reflect changes in construction costs based on the McGraw-Hill Engineering News Record (ENR) 20-city Construction Cost Index (CCI).” The average CCI in 2018 was 11,062 compared to 10,737 in 2017, an increase of 3.03 percent (rounded). This ratio is applied to the approved fiscal year 2018-19 rates to determine the new rates. The adjusted rates applicable for fiscal year 2019-20 are shown in the last column of Table 1 on the next page.

Upon adoption, STA staff will distribute the adjusted fee rate schedule to the County and the cities of Elk Grove, Rancho Cordova, Sacramento, Folsom, Galt, Isleton, and Citrus Heights for implementation in their local fee ordinances effective July 1, 2019.

**Table 1: SCTMFP Fee Schedule for FY 2019-20**

Land Use	Per	Current Rates FY 2018-19	New Rates FY 2019-20
Single-Family Residential	unit	\$1,265	\$1,303
Single-Family Residential, Senior	unit	\$1,012	\$1,043
Multi-Family Residential	unit	\$885	\$912
Multi-Family Residential, Senior	unit	\$758	\$781
Office Use	1,000 square feet	\$1,519	\$1,565
Retail Use	1,000 square feet	\$1,898	\$1,956
Industrial Use	1,000 square feet	\$1,012	\$1,043
Hotel/Motel	sleeping room	\$733	\$755
Extended Stay Hotel/Motel	sleeping room	\$651	\$671
Golf Course	acre	\$1,053	\$1,085
Movie Theater	screen	\$2,407	\$2,480
Religious Center	1,000 square feet	\$1,177	\$1,213
Hospital	1,000 square feet	\$2,122	\$2,186
Service Station	fueling pump	\$1,645	\$1,695
Supermarket	1,000 square feet	\$1,898	\$1,956
Warehouse/Self-Storage	1,000 square feet	\$317	\$327
Assisted Living Facility	bed	\$365	\$376
Congregate Care	unit	\$268	\$276
Child Day Care	student	\$582	\$600
Private School (K-12)	student	\$329	\$339
Auto Repair/Body Shop	1,000 square feet	\$1,898	\$1,956
Gym/Fitness Center	1,000 square feet	\$1,898	\$1,956
Drive-through Car Wash	1,000 square feet	\$1,898	\$1,956
All Other	average weekday trips generated	\$133	\$137



**APRIL 11, 2019**

**AGENDA ITEM # 7**

**INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE (ITOC) UPDATE AND PROPOSED MEASURE A PERFORMANCE AUDIT OBJECTIVES**

Action Requested: Provide Input

Presenter: Joan Borucki, ITOC Chair

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**Update**

**Background and Discussion – Performance Audit**

Measure A requires completion of annual financial/compliance audits. In addition, Measure A states that *“the ITOC shall, based on performance standards for expending sales tax funds adopted by the Authority Board, conduct a performance audit to report on progress in meeting such standards and make recommendations for improving overall program performance.”* Measure A also states that the *“performance audit shall be performed in accordance with Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General of the United States.”*

The first such performance audit is expected to begin in June or July 2019 and be completed in time for the October 2019 Board meeting. However, several steps are necessary to prepare for the audit:

1. ITOC developed proposed performance audit objectives (see attachment) over the last several months. The ITOC would like the Board’s input on the proposed objectives. The proposed objectives will be refined into final objectives accordingly.
2. Based on the final objectives, ITOC will update the existing Board-approved performance standards and bring them for your Board’s consideration during its May Board meeting.
3. After consulting with STA’s legal counsel, the ITOC is proposing to engage Crowe, LLP to complete the performance audit for the sum of \$70,000. A contract with the finalized performance audit objectives will be brought to your Board for approval at its May meeting.

The finished product will be a written report with an “Independent Auditors Report” stating it’s opinion on the Measure A program’s performance based on testing the objectives agreed upon.

*Attachment*

## MEASURE A PROGRAM PERFORMANCE AUDIT

### GOAL 1. DETERMINE COMPLIANCE WITH THE MEASURE A ORDINANCE

#### 1. MEASURE A REVENUE DISTRIBUTION

Objective: Determine if the distribution of Measure A revenues is in accordance with the voter-approved expenditure plan

Objective: Determine if ongoing allocations are based on annually updated population and lane mile data in compliance with the Ordinance

#### 2. ELIGIBILITY OF CAPITAL PROGRAM EXPENDITURES

Objective: Determine if all capital project expenditures meet eligibility criteria

Objective: Determine if contract awards agree with total project expenditures

#### 3. INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE (ITOC)

Objective: Determine if the ITOC is operating in compliance with the Ordinance

#### 4. ESTABLISHMENT OF THE SACRAMENTO COUNTYWIDE TRANSPORTATION MITIGATION FEE PROGRAM (SCTMFP)

Objective: Confirm that each local agency established an impact fee program in compliance with the Ordinance

#### 5. ADMINISTRATION EXPENSES

Objective: Verify that administration allocations and expenditures are limited to 0.75 percent of sales tax revenue as required under the Ordinance

#### 6. MAINTENANCE OF EFFORT

Objective: Determine if Measure A funds were used to match other funding sources

Objective: Create a summary of each funding source and amount for a sample of capital projects

#### 7. INTERNAL CONTROLS OVER PROCUREMENT

Objective: Evaluate internal controls over payment processing to determine if there are any deficiencies in the design of the internal control environment

### GOAL 2: PROGRAM REVENUE AND BOND FINANCING

#### 8. MEASURE A SALES TAX REVENUES

Objective: Document the process for developing revenue projections and make recommendations for process improvements

## **9. SCTMFP REVENUES**

Objective: Determine if local agencies are charging the appropriate fees and remitting them to the STA timely

## **10. BOND ISSUANCE**

Objective: Document the cost and effectiveness of when bonds were issued and expended in relation to capital program needs

## **11. FISCAL AND PERFORMANCE AUDITS AND ANNUAL BUDGETS**

Objective: Determine if timely annual fiscal audits were performed as required by the Ordinance

Objective: Determine if timely annual budgets were approved by the Board

## **GOAL 3: ASSESS PROGRAM EFFECTIVENESS**

### **12. DOCUMENTATION OF PROGRAM MANAGEMENT PROCEDURES**

Objective: Document the Authority's strategies to maximize funding and reduce program costs

Objective: Document project status reporting and the status of each project in the voter-approved expenditure plan

### **13. ACCOMPLISHMENTS DURING THE FIRST TEN YEARS**

Objective: Document the program's actual accomplishments during the first ten years in comparison to anticipated accomplishments



**APRIL 11, 2019**

**AGENDA ITEM # 8**

**PROPOSED BUDGET FOR FISCAL YEAR 2019-20**

Action Requested: Open Public Hearing and Continue to May 9

Key Staff: Timothy Jones, Chief Financial Officer

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**Recommendation**

Open the public hearing on the proposed budget and continue the item to May 9.

**Discussion**

The law requires the Authority to adopt an annual budget. The budget process starts at the staff level in January with internal discussions and analysis and continues in February and March when staff reach out to Measure A program partners to gather information about their spending plans for the remainder of the current year and the budget year. This is a collaborative effort that will continue until the final budget is adopted in May.

Attached are the financial tables for the Proposed FY 2019-20 Budget. The remaining budget information, which is text and statistical information, will be presented in a complete document in May. These tables represent revenue, appropriations, other financing sources and uses, and fund balances for each program and fund. The following bullet points highlight the significant changes to the budget for FY 2019-20, which are based on a comparison to the adopted FY 2018-19 budget.

**Consolidated Budget General Fund, SAVSA, and Debt Service**

- General Fund revenues overall are forecast to increase by \$5.8 million consisting of increases in sales tax revenue (\$2.4 million), SCTMFP Fees (\$1 million), interest and other income (\$2 million), and SacMetro FSP allocations (\$400,000).
  - Sales tax revenue is projected to increase by a modest 1.86%. According to our revenue forecasting consultant, most of the increase is attributed to the requirement that out-of-state retailers collect and remit sales tax beginning April 2019.
  - SCTMFP remittances are expected to be robust in FY 2019-20 as construction in Sacramento County, and in particular the City of Sacramento, continues at a healthy pace.
  - Interest and other income will increase substantially as the remittances from bond interest rate swap partners accelerates because of increased interest rates.

- General Fund appropriations are expected to decrease by \$18.9 million overall. This can be explained primarily by Capital Improvement Program (CIP) appropriations decreasing by \$21.4 million offset by increased ongoing Measure A allocations of \$1.9 million.
  - Decreases in appropriations are expected by all capital program partners in FY 2019-20 as many projects have been delayed because construction bids came in higher than engineers had estimated. In response, agencies have changed the scope of work in some cases, identified additional funding in others, or rebid them hoping for more competitive pricing.
  - The Measure A allocations are passed through formulaically, so as sales tax revenue increases so do the allocations.
- Transfers out, which is the amount appropriated for debt service, are expected to increase by \$1.3 million in FY 2019-20. The increase is due to increased interest rates and series 2012 bond principal costs, in addition to the timing of transfers to the debt service fund.
- Fund reserve balances increased for the CIP and administration funds. The proposed CIP reserve is \$1.8 million and for administration \$200,000. The budget should be planned without the use of reserves, as these balances are for economic uncertainties. These amounts are based on the Government Finance Officers Association (GFOA) guidelines.
- Fund balance under the proposed budget is expected to increase \$29.1 million to \$35.7 million in FY 2019-20 when compared to the FY 2018-19 Budget.

### **Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP)**

- The SCTMFP is an important pay-as-you-go funding source for the CIP program.
  - Revenue is expected to increase by \$1 million in FY 2019-20 in comparison to the FY 2018-19 budget. The increase is attributed to expected robust construction activity, in particular, in the City of Sacramento.
  - Appropriations for FY 2019-20 are expected to be \$15 million, which is consistent with the FY 2018-19 budget.

### **Administration Budget**

- The sales tax revenue allocation is expected increase \$17,000 since sales tax revenue is forecast to increase about 1.8%.
- Appropriations for FY 2019-20 are expected to decrease overall by \$81,000 when compared to the FY 2018-19 budget. The cause is that budgeted appropriations for professional services in FY 2018-19 for the outreach and education consultant were delayed until FY 2019-20.
- The fund reserve balance for economic uncertainties will increase by \$100,000 to \$200,000 in FY 2019-20 when compared to the budget for FY 2018-19. This reserve amount is consistent with Government Finance Officers Association (GFOA) guidelines.

### **Sacramento Abandoned Vehicle Service Authority (SAVSA)**

- Revenue and appropriations are materially consistent in the FY 2019-20 and FY 2018-19 budgets.

### **SacMetro Freeway Service Patrol (FSP)**

- Revenue from state allocations is expected to increase by \$401,000 as SB1 allocations increase by \$211,000 and increased local funding of \$190,000 is expected from the Capital Valley Regional Service Authority for Freeways and Expressways (CVR-SAFE) administered by SACOG.
- Appropriations for contractors are expected to increase by \$656,000 as increased hourly rates under new contracts become effective during FY 2019-20.

### **Debt Service**

- Interest payments are expected to increase \$1.7 million. This year staff changed the methodology for calculating interest costs for budgeting purposes. In prior years, the interest income from STA's swap partners was netted against the interest charges paid by the agency, reducing the appropriation amount. This year, revenue from STA's swap partners is reported as interest income in the General Fund.
- Transfers in are expected to increase \$1.3 million in FY 2019-20 for the same reason as above and the timing of transfers from the General Fund to pay debt service.

### **Capital Improvement Program (CIP)**

- Overall appropriations are expected to decrease by \$21.4 million. This can be explained by all agencies in the program expecting to spend far more in FY 2018-19 than they did. The FY 2018-19 budget includes \$47.2 million in planned spending but estimated actual spending is about \$13.8 million. Therefore, the large decrease is caused by overstated budgets in FY 2018-19.
- Caltrans appropriations are expected to decrease by \$2.2 million. Spending for the I-5 project was delayed because bids came in higher than the engineers estimated. However, the project went out for bid again and a contractor was awarded the project. Construction is expected to start in the Summer of 2019
- The Capital SouthEast Connector's appropriations for FY 2019-20 decreased by \$3.785 million because the agency is constrained by the remaining spending authority in its contract with the STA.

- Rancho Cordova's appropriations are expected to decrease by about \$3 million because Phases IV and V of the Folsom Boulevard Improvement project from Bradshaw Road to Sunrise Boulevard were spread out over two years instead of being completed in one year.
- The City of Sacramento's appropriations are expected to decrease by \$9.6 million in FY 2019-20 because the planned relocation of the light rail station currently located at the Intermodal Station will be delayed since bids for the streetcar project, which the relocation was a part of, came in much higher than expected.
- Sacramento County's appropriations are expected to decrease by \$2.8 million. Some construction planned for FY 2018-19 was delayed for various reasons, but over the next several fiscal years will ramp up.

The Final Budget will be presented during the May Board meeting.

*Attachments*

**Consolidated Budget General Fund, SAVSA, and Debt Service - Revenue, Appropriations, and Fund Balance**

Description	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change from FY 2019
<b>Revenues</b>					
Sales Tax	\$119,187,748	\$129,372,000	\$129,372,000	\$131,773,144	\$2,401,144
SCTMFP Fees *	7,621,753	6,000,000	7,524,124	7,000,000	1,000,000
Interest and Other	3,150,943	2,441,000	4,687,626	4,500,400	2,059,400
FSP State Allocation/CVR-SAFE **	2,498,978	2,487,499	1,922,859	2,889,222	401,723
SAVSA***	1,279,216	1,259,077	1,260,522	1,259,939	862
<b>New Revenues</b>	<b>\$ 133,738,638</b>	<b>\$ 141,559,576</b>	<b>\$ 144,767,131</b>	<b>\$ 147,422,705</b>	<b>\$ 5,863,129</b>
<b>Appropriations</b>					
Administration	498,402	981,160	778,915	899,328	(81,832)
FSP	2,126,050	2,273,024	2,206,303	2,918,749	645,725
SAVSA	1,118,297	1,259,077	1,337,422	1,260,335	1,258
Contributions to Measure A Entities:					
Ongoing Allocations	93,989,704	102,061,296	102,061,370	103,951,563	1,890,267
Capital Improvement Program (CIP)	13,283,220	47,207,000	13,859,223	25,788,454	(21,418,546)
<b>Total Appropriations</b>	<b>\$ 111,015,673</b>	<b>\$ 153,781,557</b>	<b>\$ 120,243,232</b>	<b>\$ 134,818,429</b>	<b>\$ (18,963,127)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers Out (to the Debt Service Fund)	(22,520,621)	(22,300,000)	(23,635,231)	(23,640,000)	(1,340,000)
<b>Total Financing Sources (Uses)</b>	<b>\$ (22,520,621)</b>	<b>\$ (22,300,000)</b>	<b>\$ (23,635,231)</b>	<b>\$ (23,640,000)</b>	<b>\$ (1,340,000)</b>
Net Increase (decrease) in Fund Balance	<b>202,345</b>	<b>(34,521,981)</b>	<b>888,668</b>	<b>(11,035,724)</b>	<b>23,486,256</b>
Beginning Fund Balance	<b>47,650,513</b>	<b>42,208,133</b>	<b>47,852,858</b>	<b>48,741,526</b>	<b>6,533,393</b>
<b>Ending Fund Balance</b>	<b>\$ 47,852,858</b>	<b>\$ 7,686,152</b>	<b>\$ 48,741,526</b>	<b>\$ 37,705,802</b>	<b>\$ 30,019,649</b>
Fund Reserve****	-	1,100,000	1,100,000	2,000,000	900,000
<b>Ending Fund Balance Less Reserve</b>	<b>\$ 47,852,858</b>	<b>\$ 6,586,152</b>	<b>\$ 47,641,526</b>	<b>\$ 35,705,802</b>	<b>\$ 29,119,649</b>

\* Sacramento Countywide Transportation Mitigation Fee Program

\*\* SacMetro Freeway Service Patrol

\*\*\* Sacramento Abandoned Vehicle Service Authority

\*\*\*\* FY 2020 \$1.8 million for the Capital Improvement Program and \$200,000 for administration

**Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP)  
Revenue, Appropriations, and Fund Balance**

Description	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change from FY 2019
<b>Revenue</b>					
Fees	\$7,621,753	\$6,000,000	\$7,524,124	\$7,000,000	1,000,000
Interest	162,869	26,000	257,448	250,000	\$224,000
<b>Total Revenue</b>	<b>\$7,784,622</b>	<b>\$6,026,000</b>	<b>\$7,781,572</b>	<b>\$7,250,000</b>	<b>\$1,224,000</b>
<b>Appropriations</b>					
Caltrans	-	2,500,000	\$789,409	4,700,000	2,200,000
Capital SouthEast Connector	434,878	2,400,000	2,402,331	3,600,000	1,200,000
Rancho Cordova	-	2,750,000	2,440,000	2,460,000	(290,000)
Sacramento City	1,076,989	3,000,000	1,702,728	1,863,454	(1,136,546)
Sacramento County	-	5,000,000	2,350,000	2,400,000	(2,600,000)
Sacramento Regional Transit District	614,425	-	-	-	-
<b>Total Appropriations</b>	<b>\$2,126,292</b>	<b>15,650,000</b>	<b>\$9,684,468</b>	<b>\$15,023,454</b>	<b>(\$626,546)</b>
Other Financing Sources (Uses)					
Transfers In	13,174,202	-	-	-	-
<b>Total Financing Sources (Uses)</b>	<b>\$13,174,202</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Net Increase (decrease) in Fund Balance	18,832,532	(9,624,000)	(1,902,896)	(7,773,454)	1,850,546
Beginning Fund Balance	4,482,480	22,098,373	23,315,012	21,412,116	(686,257)
<b>Ending Fund Balance</b>	<b>\$23,315,012</b>	<b>\$12,474,373</b>	<b>\$21,412,116</b>	<b>\$13,638,662</b>	<b>\$1,164,289</b>

## Administration Budget - Revenue, Appropriations, and Fund Balance

Description	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change from FY 2019
<b>Revenue</b>					
Sales Tax*	\$1,038,310	\$952,699	\$952,699	\$970,520	\$17,821
Interest and Other	120,899	1,500	50	50	(1,450)
<b>Total Revenue</b>	<b>\$1,159,208</b>	<b>\$954,199</b>	<b>\$952,749</b>	<b>\$970,570</b>	<b>\$16,371</b>
<b>Appropriations</b>					
Salaries and Benefits	340,579	452,746	443,888	484,327	31,581
Rent	17,815	24,467	23,855	24,635	168
Conferences and Travel	7,155	6,000	7,051	6,950	950
Insurance	20,212	14,547	5,151	7,066	(7,481)
Professional Services	61,951	354,400	257,302	263,450	(90,950)
ITOC	37,556	113,000	31,582	101,850	(11,150)
Other Operating Expenditures	13,135	16,000	10,086	11,050	(4,950)
<b>Total Appropriations</b>	<b>\$498,402</b>	<b>\$981,160</b>	<b>\$778,915</b>	<b>\$899,328</b>	<b>(\$81,832)</b>
Net Increase (decrease) in Fund Balance	660,806	(26,961)	173,834	71,242	98,203
Beginning Fund Balance	3,224	465,766	664,030	837,864	372,098
<b>Ending Fund Balance</b>	<b>\$664,030</b>	<b>\$438,805</b>	<b>\$837,864</b>	<b>\$909,106</b>	<b>\$470,301</b>
Fund Reserve	-	100,000	100,000	200,000	100,000
<b>Ending Fund Balance Less Reserve</b>	<b>\$664,030</b>	<b>\$338,805</b>	<b>\$737,864</b>	<b>\$709,106</b>	<b>\$370,301</b>

\* .75% of the net sales tax revenue is available for administration

**SAVSA Budget - Revenue, Appropriations, and Fund Balance**

Description	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change from FY 2019
<b>Revenue</b>					
Vehicle License Fees	\$1,275,901	\$1,258,677	\$1,260,522	\$1,259,939	\$1,262
Interest	3,315	400	1,900	400	-
<b>Total Revenue</b>	<b>\$1,279,216</b>	<b>\$1,259,077</b>	<b>\$1,262,422</b>	<b>\$1,260,339</b>	<b>\$1,262</b>
<b>Appropriations</b>					
Abandoned Vehicle Abatement	1,073,962	1,231,473	1,241,175	1,237,439	5,966
Salaries and Benefits/Overhead	44,335	27,604	96,247	22,896	(4,708)
<b>Total Appropriations</b>	<b>\$1,118,297</b>	<b>\$1,259,077</b>	<b>\$1,337,422</b>	<b>\$1,260,335</b>	<b>\$1,258</b>
Net Increase (decrease) in Fund Balance	160,919	-	(75,000)	4	4
Beginning Fund Balance	-	-	160,919	85,919	85,919
<b>Ending Fund Balance</b>	<b>\$160,919</b>	<b>\$0</b>	<b>\$85,919</b>	<b>\$85,923</b>	<b>\$85,923</b>

**General Fund - FSP Budget - Revenue, Appropriations, and Fund Balance**

Description	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change from FY 2019
<b>Revenue</b>					
State Allocation	\$1,555,378	\$1,989,999	1,174,859	\$2,201,222	\$211,223
CVR-SAFE (local match)	943,600	497,500	748,000	688,000	190,500
<b>Total Revenue</b>	<b>\$2,498,978</b>	<b>\$2,487,499</b>	<b>\$1,922,859</b>	<b>\$2,889,222</b>	<b>\$401,723</b>
<b>Appropriations</b>					
Salaries and Benefits	136,232	139,346	129,455	141,176	1,830
Overhead	2,888	58,593	43,054	45,046	(13,547)
Conferences and Travel	1,649	1,100	1,442	1,650	550
Communications	34,055	49,970	41,831	50,210	240
Professional Services	165,304	-	267,230	-	-
Other Operating Expenditures	34,848	3,750	2,164	4,350	600
Contractors	1,751,074	2,020,265	1,721,127	2,676,317	656,052
<b>Total Appropriations</b>	<b>\$2,126,050</b>	<b>\$2,273,024</b>	<b>\$2,206,303</b>	<b>\$2,918,749</b>	<b>\$645,725</b>
Net Increase (decrease) in Fund Balance	372,928	214,475	(283,444)	(29,527)	(244,002)
Beginning Fund Balance	(41,746)	638,581	331,182	47,739	(590,842)
<b>Ending Fund Balance</b>	<b>\$331,182</b>	<b>\$853,056</b>	<b>\$47,739</b>	<b>\$18,212</b>	<b>(\$834,844)</b>

### Debt Service - Revenue, Appropriations, Other Financing Sources, and Fund Balance

Description	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change from FY 2019
<b>Revenue</b>					
Interest	\$47,856	\$500	79,883	\$80,000	79,500
<b>Total Revenues</b>	<b>\$47,856</b>	<b>\$500</b>	<b>\$79,883</b>	<b>\$80,000</b>	<b>\$79,500</b>
<b>Appropriations</b>					
Principal	3,590,000	3,740,000	3,740,000	3,890,000	150,000
Interest	18,643,460	18,015,000	20,277,648	19,750,000	1,735,000
<b>Total Appropriations</b>	<b>\$22,233,460</b>	<b>\$21,755,000</b>	<b>\$24,017,648</b>	<b>\$23,640,000</b>	<b>\$1,885,000</b>
Other Financing Sources (Uses)					
Transfers In	22,520,621	22,300,000	23,635,231	23,640,000	1,340,000
<b>Total Financing Sources (Uses)</b>	<b>\$22,520,621</b>	<b>\$22,300,000</b>	<b>\$23,635,231</b>	<b>\$23,640,000</b>	<b>\$1,340,000</b>
Net Increase (decrease) in Fund Balance	335,017	545,500	(302,535)	80,000	(465,500)
Beginning Fund Balance	6,588,099	6,963,856	6,923,116	6,620,581	(343,275)
<b>Ending Fund Balance</b>	<b>\$6,923,116</b>	<b>\$7,509,356</b>	<b>\$6,620,581</b>	<b>\$6,700,581</b>	<b>(\$808,775)</b>

**General Fund - Capital Improvement Program (CIP)**

Description*	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change from FY 2019
Caltrans	\$1,781,115	\$11,600,000	\$789,409	\$9,400,000	(\$2,200,000)
Capital SouthEast Connector JPA	7,330,198	11,000,000	5,954,853	7,215,000	(3,785,000)
Rancho Cordova	434,878	5,470,000	2,440,000	2,460,000	(3,010,000)
Sacramento City	2,937,653	11,492,000	1,702,728	1,863,454	(9,628,546)
Sacramento County	614,425	7,645,000	2,350,000	4,850,000	(2,795,000)
Sacramento Regional Transit District	151,971	-	622,233	-	-
<b>Total Captial Appropriations</b>	<b>\$13,250,240</b>	<b>\$47,207,000</b>	<b>\$13,859,223</b>	<b>\$25,788,454</b>	<b>(\$21,418,546)</b>

\* Represents only those entities with funding agreements during the fiscal years represented in the table



**APRIL 11, 2019**

**AGENDA ITEM # 9**

**UNMET TRANSPORTATION NEEDS PRESENTATIONS**

Action Requested: Receive Presentations

Key Staff: Norman Hom, Executive Director

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Staffs from the Cities of Citrus Heights, Galt, Isleton, and Sacramento will make presentations regarding their unmet transportation funding needs.

**BACKGROUND INFORMATION**

As the STA Governing Board begins contemplating a potential supplemental transportation sales tax measure for the November 2020 ballot, we have invited staffs from the local agencies to present their unmet transportation funding needs. Last month, the STA Board received presentations from the Cities of Elk Grove, Folsom, and Rancho Cordova, and the Capital Southeast Connector JPA.

Although the existing Measure A one-half cent sales tax and the recently-enacted (and upheld) Senate Bill (SB) 1 gasoline tax are great boons to local transportation, each agency still has significant needs for which Measure A and SB 1 are not adequate nor are there any other currently available sources of funding. Over the next several months, the various local agencies will identify and inform the Board of their unmet needs so that when the expenditure plan development process begins in the fall, the full scope of transportation needs countywide can be considered. Next up are:

May 9, 2019

- County of Sacramento
- California Department of Transportation (Caltrans)

August 8, 2019

- Sacramento Metropolitan Air Quality Management District (SMAQMD)
- Paratransit, Inc.
- Sacramento Regional Transit District (SacRT)

September 12, 2019

- Summary Report
- Agency Priorities and Funding Requests for the Transportation Expenditure Plan

October 10, 2019 • November 14, 2019 • December 12, 2019

- Measure A Transportation Expenditure Plan Development Process