Sacramento Transportation Authority
Maintenance of Effort Summary

**Background and History:**

The voter-approved Measure A Ordinance established a Maintenance of Effort (MOE) requirement to ensure that Measure A revenues supplement, rather than replace, existing transportation funding commitments. Section II(C) of the Ordinance provides:

Section II C. "The Authority, by the enactment of this Ordinance, intends the additional funds provided government agencies by this measure to supplement existing local revenues being used for street and highway purposes."

The Ordinance further provides:

Section II C "Transactions and use tax revenue shall not be used to replace existing road funding programs or to replace requirements for new development to provide for its own road needs."

Additionally:

Section II C "The government agencies shall maintain their existing commitment of transportation funds for street and highway, and the Authority shall enforce this provision by appropriate actions, including fiscal audits of the local agencies."

The Ordinance required the Authority Board to adopt performance standards for the Measure A program. The Expenditure Plan and ITOC provisions both direct the Authority Board to adopt performance standards and update them periodically for use in conducting performance audits.

In March 2010, the Governing Board adopted the initial Performance Standards, including specific Maintenance of Effort criteria that established baseline funding commitments for each local jurisdiction and defined the funding to be measured as discretionary local (non-Measure A) funds. See Exhibit A attached.

**Purpose:**

The purpose of the MOE requirement is to preserve voter intent by ensuring that Measure A revenues provide additional transportation investment rather than allowing jurisdictions to reduce their existing transportation funding commitments.

The Ordinance identifies two specific concerns:

1. Measure A revenues should supplement existing local transportation funding rather than replace it.
2. Measure A revenues should not replace transportation mitigation fees or other development-related funding obligations.

Accordingly, the MOE requirement functions as a safeguard against the substitution of Measure A funds for transportation funding that would otherwise have been provided by local agencies.

**Interpretation of "Local Revenues"**

The Ordinance itself does not define "local revenues." Section II(C) refers to "existing local revenues" and "existing commitment of transportation funds" but does not establish a methodology for measuring compliance or identify which revenue sources should be included or excluded.

The Authority Board addressed this ambiguity through the adoption of Performance Standards in March 2010. Those standards established jurisdiction-specific baseline amounts and defined the MOE requirement in terms of: "local (non-Measure A) revenues" for street and road construction, maintenance, and operations.

For purposes of the performance audit, STA interprets local revenues to mean transportation funding sources that:

- Are controlled by the local jurisdiction;
- Are available for transportation purposes;
- Are not derived from Measure A revenues; and
- Are not funding sources that the Ordinance separately protects from replacement, such as transportation mitigation fees.

This interpretation is intended to measure the jurisdiction's own transportation funding commitment rather than total transportation expenditures from all sources.

Local Revenues used to establish the baseline in 2010 consisted of the following revenue types:

1) General Fund
2) Local Sales Tax

3) Road Maintenance Assessment

Funding Excluded:

1) State Funding
2) Federal Funding
3) Impact Fees
4) Measure A
5) Redevelopment Tax Increment
6) Trench Cut
7) SCTMFP