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## NAPA VALLEY TRANSPORTATION AUTHORITY TAC Agenda Letter

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**TO:** Technical Advisory Committee (TAC)  
**FROM** Kate Miller, Executive Director  
**REPORT BY:** Alberto Esqueda, Associate Planner  
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**SUBJECT:** Measure T Overview and Discussion

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### **RECOMMENDATION**

Information only

### **EXECUTIVE SUMMARY**

On November 6, 2012, the voters in Napa County approved Measure T, the Napa Countywide Road Maintenance Act. Measure T is a ½% sales tax expected to generate over \$400 million over a 25-year period beginning July 1, 2018, when the Measure A Flood Tax expires. Measure T is to be used for the rehabilitation of local streets and roads.

In order for jurisdictions to receive Measure T revenues, jurisdictions collectively must demonstrate that at least 6.67% of the amount (here forth referred to as “Measure T Equivalent”) of Measure T revenues received each year is being committed to Class I bike lane projects identified in the adopted Countywide Bicycle Plan/Active Transportation Plan, using funds not derived from the Measure T Ordinance.

Jurisdictions eligible to receive Measure T revenues are also subject to the Maintenance of Effort (MOE) provision. This provision establishes a minimum general funds expenditure threshold equal to the average amount a jurisdiction expended in Fiscal Years 2007-08, 2008-09, 2009-10 on local streets and roads maintenance and supporting infrastructure within the public right of way. All agencies must submit their maintenance of effort amount, State Controller’s report, and audit for FY 2007-08, 2008-09, 2009-10 to demonstrate MOE for those three fiscal years by June 30, 2017.

Multiple comments and inquiries were received from jurisdictions regarding the ordinance’s language, eligible expenses, expenditure plan, MOE among other topics. Staff and NVRTA counsel have been engaged in providing responses to the inquiries,

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while some of the ordinance's text is clear other text has room for interpretation and for that reason NVTA will develop an interpretation document to clarify ambiguous language.

### **FISCAL IMPACT**

Is there a fiscal impact? No

### **BACKGROUND AND DISCUSSION**

The Measure T Expenditure Plan (Expenditure Plan) tasks NVTA to develop an inventory of projects and to ensure adherence with certain compliance elements in the plan. Even though the revenues are not anticipated until July 2018, there are a number of requirements that have prompted staff to recommend moving forward with gathering data early in order to clarify potential discrepancies. Staff has created the attached draft project funding application for TAC's review.

The Independent Taxpayer Oversight Committee (ITOC) is required by Measure T to review the minimum maintenance of effort, and the 5-year expenditure plan developed by NVTA in coordination with the jurisdictions. The ITOC's official first meeting will be in early 2018. The 5-year plan will include proposed projects for each jurisdiction funded by Measure T. The expenditure plan will also include the proposed projects and expenditures to meet the 6.67% Measure T Equivalent for Class 1 projects.

To meet the MOE requirements, each jurisdiction will submit its FY 2007-08, FY 2008-09, and FY 2009-10 3-year average MOE documentation by June 30, 2017. Thereafter, each jurisdiction will submit its annual MOE certification report and audit. Jurisdictions that have included expenditures that are not deemed Measure T relevant should separately isolate and substantiate those expenditures for consideration from the NVTA and ITOC to remove them from calculations that establish that jurisdiction's 3-year average.

The Ordinance requires that 99% of the revenues be allocated directly to the jurisdictions, with 1% set aside for NVTA's administrative costs. The Ordinance doesn't define marketing requirements beyond project site signage outlined in Section 23 and the publication of a biennial report to the community in all local Napa County newspapers of general circulation required in Section 11.B.1.e. NVTA is proposing a more robust campaign to improve transparency, expand trust of local government and encourage community support for future ballot measures.

A successful marketing campaign will feature strong visuals with clear messaging. NVTA staff has met with Public Information and Outreach staff of the member jurisdictions. The Measure T logo has been vetted with those groups and is widely accepted.

Jurisdictions' Responsibilities:

- Provide NVTA with the maintenance of effort for the years 2007-08, 2008-09, 2009-10 with supporting documentation, as noted above, by **June 30, 2017**.
- Provide the ITOC with the annual MOE certification report, supporting documentation as noted above, and audit to meet the maintenance of effort requirement by **early 2018**.
- Biannually, submit to NVTA a 5-year expenditure plan **December 31, 2017**.
- Submit any updates to the 5-year plan, as needed.
- Provide NVTA with expenditures in meeting the Class I multipurpose path goal. A separate validation will be required.
- Provide proof of project expenditures (e.g. invoice, etc. to be determined working with Finance staff as noted below).
- Propagate Measure T's marketing campaign.

NVTA's Responsibilities:

- Develop the 5-year Measure T Expenditure Plan.
- Validate MOE and Class I Multipurpose Path requirements.
- Provide quarterly Measure T reports to the NVTA Board and ITOC.
- Provide recommendation of jurisdictions' draft expenditure plans to ITOC and the NVTA Board.
- Seek approval from the NVTA Board and ITOC on expenditure plans and allocations.
- Create allocation plan and allocate Measure T revenues.
- Coordinate meetings with utility providers.
- In coordination with project auditor, validate project eligibility
- Develop marketing plan, tools, and coordinate implementation.

Measure T Ordinance Revenue Distribution Formula:

American Canyon	7.70%
Calistoga	2.70%
Napa	40.35%
Napa County	39.65%
St. Helena	5.90%
Yountville	2.70%
	99.00%
1% Admin	1.00%
<b>TOTAL</b>	<b>100.00%</b>

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**Next steps:**

Jurisdictions' MOE needs to be determined by each jurisdiction and submitted to NVTA with supporting documentation by June 30, 2017. Project expenditure plans need to be submitted to NVTA for review no later than December 31, 2017.

Jurisdictions have also inquired about what expenditures are eligible for Measure T reimbursement such as street lighting, traffic signals, and trees. Jurisdictions provided a list of questions regarding the ordinance language, reporting requirements, expenditures etc. NVTA and legal counsel have provided responses in the attached worksheet (attachment 7) and will incorporate these responses into a Measure T Interpretation document.

**SUPPORTING DOCUMENTS****Attachment(s):**

- (1) Measure T Project Application
- (2) Project Cover Sheet
- (3) Measure T Accounting, Reporting and Auditing Guidelines
- (4) Question & Answer Matrix
- (5) Measure T Logo

**Measure T Napa Countwide Road Maintenance Act**

Application for Funding

Jurisdiction Name:	<input type="text"/>		
Primary Contract #1	<input type="text"/>	Email: <input type="text"/>	Phone: <input type="text"/>
Secondary Contract #2	<input type="text"/>	Email: <input type="text"/>	Phone: <input type="text"/>
Staff Member Completing LS&R State Controller	<input type="text"/>	Email: <input type="text"/>	Phone: <input type="text"/>

**Maintenance of Effort (MOE)**

Please provide the following information to establish MOE amounts and to validate information:

1. Attach copies of Local Streets and Roads State Controller Reports for three years - FY 2007-08, FY 2008-09, FY 2009-10
2. Attach independent auditors validation for *each* Local Streets and Roads State Controller Report
3. Enter MOE Amounts Claiming:      FY 2007-08  FY 2008-09  FY 2009-10

**Please note:** Eligible expenses include local streets and roads maintenance and supporting infrastructure within the public right of way for pavement, sealing, overlays, reconstruction, associated infrastructure, as required, excluding any local revenues expended for the pupose of storm damage repair as verified by an independent auditor. One time allocations that have been expended for local streets and road maintenance, but which may not be available on an ongoing basis shall not be considered when calculating an Agency's annual maintenance of effort.





## Project Cover Sheet

<b>Project Name:</b>
<b>Project Location:</b>
<b>Project Description:</b>
<b>Project Cost:</b>
<b>Measure T Funds Request:</b>
<b>Project Completion Date:</b>
<b>Measure T Equivalent Eligible?</b>
<b>Project Category:</b>
<b>Project Manager:</b>
<b>Contact Information:</b>

Napa County  
Measure T – Transportation Tax  
Accounting, Reporting and Auditing Guidelines

**1. Fund structure for Measure T Funds held by NVTA (held in County Treasury)**

Fund 8310 – Napa Valley Transportation Authority  
 Dept 830 – Napa Valley Transportation Authority  
 Division 83100 – Napa Valley Transportation Authority  
 Sub-Division 83100-00 – NVTA Administration  
 83100-01 – NVTA Unincorporated County  
 83100-04 – NVTA City of American Canyon  
 83100-02 – NVTA City of Napa  
 83100-05 – NVTA Town of Yountville  
 83100-06 – NVTA City of St. Helena  
 83100-07 – NVTA City of Calistoga

Each sub-division will maintain its own cash accounts and fund balance.

**2. Receipt of Tax Allocations and Interest to the Authority**

Each Sub-division will receive the direct allocation of sales tax proceeds at the time funds are received monthly by NVTA. Sales tax revenues received will be recorded in account #41400 – *Sales and Use Tax*.

Allocation to agencies specified in Ordinance No 2012-01 is as follows:

City of American Canyon	7.70%
City of Calistoga	2.70%
City of Napa	40.35%
County of Napa	39.65%
City of St. Helena	5.90%
Town of Yountville	2.70%
Authority Administration	1.00%
Total	100.00%

The Board of Equalization administration fee (estimated 1 to 1.5%) is deducted from the gross receipts prior to calculating the Measure T allocations to the agencies.

Each sub-division will earn interest at the Treasurer’s pooled interest rate and will be earned quarterly, based on average daily balance. Interest received will be recorded in account #45100 – *Interest*.

Revenues are to be recorded on an accrual basis.



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**3. Disbursements**

**a. Allocations of Taxes to the Agencies from the Authority**

As stated in Section 13 of Ordinance No 2012-01 “The Authority Auditor shall allocate funds to the agencies on a calendar quarter basis, together with any accrued interest, by the 20<sup>th</sup> day of the month following the end of the quarter.” In order to comply with this section, once the agencies are deemed eligible for receiving funds by NVT, on a quarterly basis as prescribed above, the Auditor-Controller shall run a detailed report on the activity in each sub-division’s cash account showing the monthly sales tax allocations and interest earnings. This will be attached to a payment claim form to transfer the funds to each agency. The expenditure line for the allocation will be recorded in account #52525 – *Maintenance-Infrastructure/Land*.

Expenditures are to be recorded on an accrual basis. Sales tax is generally three months in arrears, therefore at each year end, there will be an accrual set up as of 6/30 for the amount due to each agency once all sales taxes are received and interest is posted.

**b. Administration Expenditures: Sub-Division 83100-00**

All direct administrative expenses will be accounted for directly out of the Administration budget unit, capped to the 1% of revenues generated from the Tax in accordance with Section 12 of Ordinance No. 2012-01. Expenditures are limited to “administrative functions providing overall program direction and management necessary to implement Authority policy, formulating organizational goals and objectives, coordinating activities with other agencies and organizations, performing finance, accounting, purchasing, personnel, government and community relations, and legal matters.”

**c. ITOC Stipends – Section 11.D.2**

ITOC members are to receive a stipend of \$250 per quarterly meeting, with an increase of \$50 per meeting every five years, scheduled as follows:

Fiscal Year	Quarterly Stipend
2018-19 through 2022-23	\$250.00
2023-24 through 2027-28	\$300.00
2028-29 through 2032-33	\$350.00
2033-34 through 2037-38	\$400.00
2038-39 through 2042-43	\$450.00

- ITOC members must fill out a W-9 for IRS purposes to remain on file with the County Auditor-Controller, and will receive a 1099-misc form at the end of each calendar year for compensation received.
- Members must sign a stipend request form validating their attendance. No payment will be issued without a signed and dated form. (Exhibit A – Stipend Certification)
- Stipends are construed as Administrative Expenditures and will be paid directly from this budget unit.

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**d. Auditor-Controller Administrative Salaries and Expenditures**

As the Authority Auditor, with the role of fiscal oversight and integrity of the Measure, the Napa County Auditor-Controller will be required to track all hours and expenses and provide a detailed accounting for all items requested to be reimbursed. As with all other Districts and JPA's the Auditor-Controller will provide an annual hourly rate schedule, which varies by staff position, to ensure fair and equitable charges for work performed related to Measure T. (Exhibit B – Contract between Napa County Auditor-Controller and NVTA)

Quarterly charges will be assessed for general accounting work including processing checks, reimbursement requests, journal entries, reports, audits and other work completed on behalf of the Napa Valley Transportation Authority and ITOC. These costs are construed as Administrative Expenditures and will be paid directly from the Administration budget unit.

**e. NCTPA Contracted Administrative Salaries and Expenditures**

As the administrators of the Napa Countywide Road Maintenance Act, NCTPA shall be reimbursed for salaries and expenditures related to official business of the Act, including work completed on behalf of the Napa Valley Transportation Authority and ITOC. NCTPA will be required to track all hours and expenses and provide a detailed accounting for all items requested to be reimbursed. NCTPA will provide an annual hourly rate schedule, which varies by staff position, to ensure fair and equitable charges for work performed related to Measure T. (Exhibit C – Contract between NCTPA and NVTA)

A quarterly claim, including a journal entry to transfer the funds from the Administration Sub-division to NCTPA, with all back up documentation, shall be signed by the Executive Director and submitted to the Auditor-Controller for approval. These costs are construed as Administrative Expenditures and will be paid directly from the Administration budget unit.

**f. Authority Counsel Expenditures**

The Authority will be provided legal counsel by the Napa County Counsel Department. County Counsel will be required to track all hours and expenses and provide a detailed accounting for all items requested to be reimbursed. County Counsel will provide an annual hourly rate schedule, which varies by staff position, to ensure fair and equitable charges for work performed related to Measure T. (Exhibit D – Contract Napa County Counsel and NVTA)

These costs are construed as Administrative Expenditures and will be paid directly from the Administration budget unit.

**g. Auditor-Controller's Authority on Disbursements**

The Auditor-Controller may dispute a claim from the Administration budget unit if the expenditure does not appear in accordance with the Ordinance or reasonable in amount. Disputed claims may be brought forth by the claimant to the Authority for approval in a public meeting.

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**4. Financial Reporting Requirements for Measure T Funds held by NVTA**

- a. As stated in 3.a above, after quarterly interest is posted by the County Treasurer the funds will be transferred to each agency.
- b. Quarterly review of all transactions within each sub-division will be completed to ensure all postings are accurate and timely.
- c. An annual review will occur prior to official close of the books to ensure all postings are accurate and timely and that all funds have been transferred to the appropriate agency as specified in the Master Agreement

**5. Agency Record Keeping**

- a. Each agency must keep the funds segregated in a special revenue fund specifically for Local Streets and Roads (LS&R).

All revenue sources and expenditures using the revenues sources shall be fully accounted for. Measure T funds should be recorded as Other Governmental Revenue on the agency books. All project expenditures should be budgeted for and disbursed from these funds so that a full accounting is captured, within proper accounting categories.

Each agency accounts for and tracks its capital projects in a capital project fund and each project may include multiple funding sources. Each agency must provide a full accounting of all revenues and expenses attributed to each specific project. Therefore, expenditures within the LS&R special revenue fund, shall include “transfers out” to other funds for the monies being used within a capital project that was approved by the Master Agreement. Agencies shall keep the records using accrual accounting, setting up both receivables and payables as of 6/30 each year.

*Definition: A Special Revenue Fund is a governmental fund type used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The use of a special revenue fund ensures segregation of restricted funds, the ability to allocate proper interest earnings and ease of tracking the inflows and outflows of the revenues.*

- b. To ensure compliance with the 6.67% class 1 path requirement, each agency will track all revenues and expenditures related to these projects and include the information on the progress reports discussed in #6 below.

**6. Financial Reporting Requirements for Each Agency**

Every expenditure will have supporting documentation, including invoices and proper authorizations, to ensure that all costs charged to the funds are eligible and in full compliance with the Master Agreement. This documentation shall be maintained by each agency and shall be made available for inspection and audits upon request by either the Auditor-Controller or NVTA.

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Semi-Annual Progress Reports are due March 1<sup>st</sup> (for the period of July – December) and September 1<sup>st</sup> (for the period of January – June). Each progress report shall provide a summary listing consisting of the Project Name, Approved Budget, Amount spent to date, Amount remaining, Percentage of Completion, and Date Completed if applicable. In addition, each agency will provide an accounting of the class 1 path requirement, both year-to-date and cumulative since inception of the tax. (Exhibit E – Agency Progress Report)

Attached to each summary shall be a system generated trial balance report and detailed expenditure listing for the Special Revenue funds listed in Item 5 above. If, in the course of an expenditure review or audit, it is determined that an ineligible expense was made, the jurisdiction will be directed to return the funds to the LS&R Special Revenue fund for a future eligible expense.

Once the agency's books are closed for the fiscal year and a comprehensive audit is completed, as stated in Section 4 of the Master Funding Agreement, by January 1st of the following year, each Agency will provide a copy of the Comprehensive Annual Financial Report (CAFR) and the State Controller's Street Report. Due to the timing of these reports, where numbers vary, the Agency shall provide a reconciliation explaining the differences.

## **7. Annual Audits**

All audits and record keeping will be performed in accordance with generally accepted accounting principles (GAAP) and Government Accounting Standards (GAS)

- The Auditor-Controller will oversee the annual accounting and fiscal process through review of quarterly and annual reports submitted by each agency.
- NVTA will oversee project performance through review of semi-annual reports submitted by each agency.
- Each Agency (County/Cities/Town) will procure an independent certified public accountant to conduct an annual financial audit that includes all transactions regarding Measure T. This will NOT be an additional audit on top of their Comprehensive Annual Financial Report, as these funds are included in their overall agency operations for specified projects. Any findings will be communicated to the Authority Auditor, who will then present to the ITOC and Authority.
- NVTA will have an independent annual financial audit, which will be overseen by the ITOC. The audit will contain supplementary schedules which summarize each agency financial status regarding Measure T funds. This audit will be presented by the Independent Auditor and the Authority Auditor to the ITOC and Authority.
- Each agency will undergo a performance audit every two years, which is non-financial in nature. This audit shall be focused on the projects and compliance with the Master Agreement. This audit will be presented by the Independent Auditor to NVTA and the ITOC. The audits will be completed on a rotating basis with the County, City of American Canyon and the Town of Yountville to be done in one year, while the Cities of Napa, St. Helena and Calistoga will be completed in the following year.
- The above audits satisfy all audit requirements in the Ordinance. Each agency is audited through their comprehensive annual audit process, the Authority will undergo a separate independent audit, and the independent performance audits on each agency will be completed biannually.

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- Audits are construed as Administrative Expenditures and will be paid directly from the Administration budget unit. There is a maximum of \$70,000 per year (adjusted for inflation on the CPI) for annual financial and performance audits. NVTa and the Authority Auditor will track these expenditures annually to ensure the maximum is not exceeded.

**8. Community Report**

Section 11.B.e of Ordinance No. 2012-01 specifies that the Authority shall publish a biennial report to the community. For clarification, this report may be completed annually and will be compiled in collaborative manner between NVTa, the Agencies, ITOC and the Auditor-Controller. The Community Report is construed as Administrative Expenditures and will be paid directly from the Administration budget unit.

**9. Interagency Loans**

In the event that one agency requests a loan from another for approved projects, an interagency loan agreement will be executed. Each agency shall record a due to/due from amount on their respective books with an approved pay back schedule. Total pay back must occur prior to the sunset of the tax.

RESERVE THIS SECTION FOR THE INTERAGENCY LOAN AGREEMENT.

Measure T Q & A Matrix								
No.	Jurisdiction	Question	Reference	Page	Section	Category (Financial Procedures, MOE, Eligible Expenses, Other)	Answer	Answer Reference
			Statement					
1	City of Napa	Will projects that consist of "programmatic approach" be eligible? For example, Storm Drain Repair. \$XXX,XXX amount of funding is set aside for doing relocation or replacement of roadway drainage infrastructure to accommodate ADA improvements or fix localized roadway drainage problems at various locations within City streets, up to a certain dollar amount. Work would obviously be documented and made available during auditing. We are looking to take this approach for signing, striping, storm drain, sidewalks, curb and gutter and basic roadway repair (pothole, patch pave base failure repair) prior to more permanent repairs being implemented at a later date in the 25 year life of Measure T.				Eligible Expenses	The definition of "project" is problematic to the extent it defines a project as a "single effort" with a beginning and end, and requiring a detailed description as to cost and location in the local agency's budget, and appearing in the agency's capital budget. Do agencies have programmatic projects in their capital budgets?	Page 14 Section 27.I
2	City of Napa	What is the form of pre-certification for MOE prior to July 1 of each year? Is this the MOE calculation utilizing the adopted budget rather than actual expenses or is it simply a memo stating that the City will meet the MOE for the upcoming fiscal year?	Prior to the beginning of each fiscal year thereafter, Agencies shall certify to the Authority that the maintenance of effort requirement required by this Section will be met that fiscal year, copies of which shall be provided to the Authority Auditor.	4	9-MOE	Ordinance	The Maintenance of Effort is only calculated once. The maintenance of effort shall be maintained at the same level that local general fund revenues were expended on average for fiscal years 2007/08, 2008/09 and 2009/10 for Local Streets and Roads Maintenance and supporting infrastructure within the public right-of-way. The calculation will be used for the life of the ordinance. Each jurisdiction will take their MOE certification when they take their annual budget to their governing board for approval. NVTA can provide a template resolution for jurisdictions to take to their governing jurisdictional body.	Page 4 Section 9
3	City of Napa	How does NVTA plan to use the CAFR and Streets Report to verify or calculate MOE? The CAFR won't have ANY information related to Measure T related expenditures (or street related expenditures for that matter) and the Streets Report includes many ineligible expenses. We can redo the Streets reports for those years to split out the Measure T eligible expenses from other street related expenses, but that report does not tie to the audit report and the audit report will not give you any information to help verify the MOE expenditures.	"Prior to January 1, 2018 Recipient shall provide a copy of its Fiscal Year 2007-08, 2008-09 and 2009-10 Comprehensive Annual Financial Report and Street Report as submitted to the State Controller so that its average fiscal year street and roads costs can be determined. That amount will be deemed Recipient's 'Maintenance of Effort', which must be maintained annually throughout the term of the Measure from the Recipient's General Fund. At the beginning of each fiscal year, Recipient must certify to NVTA that it will meet its Maintenance of Effort expenditures that fiscal year, and must provide a copy of its Street Report by January 1st each calendar year showing that the Maintenance of Effort was met the prior fiscal year."	1	4-MOE	Master Agreement	NVTA does not need the CAFR or Streets Report to calculate the MOE. This is outdated language and can be taken out of the Master Agreement. It was discussed at the July 2016 TAC meeting that determining the MOE would be the responsibility of the jurisdiction to come up with their MOE for FY 2007/08, 2008/09, 2009/10 and provide supporting documentation to the Authority to show how the jurisdiction arrived at the MOE number .	Page 4 Section 9
4	City of Napa	How are these expenditures to be verified by an independent auditor? Is there a required form? Our auditors don't certify MOE calculations or annual expenditures related to the MOE without a specific engagement, and even then, I am not sure how this would be done.	"The maintenance of effort shall be maintained at the same level that local general fund revenues were expended on average for fiscal years 2007/08, 2008/09 and 2009/10 for Local Streets and Roads Maintenance and supporting infrastructure within the public right-of-way for pavement sealing, overlays, reconstruction, associated infrastructure, as required, excluding any local revenues expended for the purpose of storm damage repair as verified by an independent auditor."	1	9-MOE	Ordinance	Each jurisdiction will need to define their financial system and create a Measure T fund to track expenditures. In addition, a jurisdiction will need to flag MOE expenses in their General Fund.	Page 4 Section 9
5	City of Napa	The ordinance excludes expenditures for "storm damage repair" from the MOE calculation and also from eligible expenditures for Measure T Funds. Does this definition apply throughout the Ordinance? City of Napa's interpretation is that anywhere "storm damage repair" appears in the Ordinance, that the definition included on page 14 is used. In other words, the ordinance excludes storm damage repairs from eligible expenditures, but this would only apply to storm damage repairs related to damage caused by storms and flooding for a disaster for which City of Napa has been issued a proclamation of disaster by the Governor or a declaration of disaster by the President of the United States. So normal storm damage repairs/maintenance not related to a disaster, or similar repairs that ARE related to a disaster if neither the Governor nor the President issue a proclamation/declaration, would be eligible expenses.	The definition for storm damage repairs is "repair or reconstruction of local streets and highways and related drainage improvements that have been damaged due to storms and flooding, in those jurisdictions that have been declared disaster areas by the President of the United States and/or by the Governor of California"	14	27-Definitions	Ordinance	Yes. Measure T revenues cannot be used for the repair or reconstruction of local streets or drains that have been damaged by storm and flooding when a jurisdiction has been declared disaster areas by the President of the United States and/or by the Governor of California.	Page 4 Section 9; page 14 Section 27 M.
6	City of Napa	Are the expenditures included in the MOE calculation the same as the eligible expenditures of Measure T Funds. We are only asking this question because we understand some folks may believe that the MOE calculation and the eligible expenditures under Measure T are different. It is our understanding from past experience, also based on the definition of "Maintenance of Effort", that the expenditures included in the MOE calculation are the exact same expenditures allowable for Measure T funds.	Eligible expenditures under the Ordinance are limited to" maintenance, reconstruction or rehabilitation of local streets, roads and infrastructure within the public right of way."	2	3-Exp Plan	Ordinance	Yes.	Page 13 Section 27 F.
7	City of Napa	Is "other supporting infrastructure" as it appears in the ordinance, limited to the items included in the definition? Or is that an example of the types of infrastructure that would be eligible? City of Napa's interpretation is that since the definition doesn't specifically say "including, but not limited to..." that the definition includes all eligible expenditures under Measure T, as long as those expenditures also meet the definition of "Maintenance" and/or "Reconstruction or Rehabilitation" included on page 14 of the Ordinance. If this is not correct, please provide a complete listing of eligible "related infrastructure" types that would be eligible for Measure T funds.	Infrastructure is defined in the ordinance as "all components within the right-of-way necessary to support the roadway which includes road pavement, sub-grade, curb, gutter, sidewalks, curb ramps, surface and subsurface drainage, replacement traffic control devices, replacement roadway lighting, striping, pavement marking, intelligent transportation systems, and signage."	13	27-Definitions	Ordinance	No, this is not limited to the items listed in the definition of infrastructure ordinance. Once the jurisdictions submit their MOE expenses with supporting documentation and a list of infrastructure expenses that make up their MOE, NVTA will compile the lists from all jurisdictions and distribute a master list of eligible infrastructure expenses. After the master list is circulated jurisdictions can amend their MOE list to include any items on the master list that had not otherwise been included in the initial submission.	Page 13 Section 27 F.
8	City of Napa	What is the definition of "one-time"? How is this certified by NVTA? Does this also apply to the initial MOE calculation? City of Napa believes that one-time funding, if excluded from the annual MOE calculation, should also be excluded from the initial MOE calculation. The City's definition of one-time funds is "expenditures and reimbursements in excess of \$30,000 related to natural disasters (i.e. FEMA), studies, equipment purchases, office re-configurations, grant projects, professional services for special projects, etc. Non-recurring items are essentially those items that do not happen every budget cycle, those that are one-time in nature and those that are related to a specific operating project (i.e. new development) that are over and above than normal annual expenditures of that type." The City of Napa maintains one-time funding in a separate "Nonrecurring General Fund" for ease of separating them out. However, many of our CIP projects, including those related to street and related infrastructure maintenance, are funded with "one-time" funds, including General Fund surplus from a prior year. During the years subject to the initial MOE, the City had saved funds for street resurfacing for several years before spending \$800K in one year on a project called "annual street resurfacing". Our intent is to separate out the average annual spending on street resurfacing and include that in the MOE calculation and exclude anything over that amount. Is that in line with NVTA's interpretation and expectation?	"One time allocations that have been expended for Local Streets and Roads Maintenance, but which may not be available on an ongoing basis shall not be considered when calculating the Agency's annual maintenance of effort"	4	9-MOE	Ordinance	In addition to providing a list of infrastructure expenses included in each jurisdiction's MOE, jurisdictions need to include their definition of what is considered a "one-time expense," if the jurisdiction has one. Once NVTA receives all the definitions the agency will adopt a policy standardizing the definition of a "one-time-expense. "	Page 4 Section 9
10	City of Napa	Why is this definition in the ordinance? It is our understanding that the measure is to cover maintenance (including rehabilitation and reconstruction) of "local streets and roads" and would not apply to State highway routes. The only place we see the word "highway" at all in the ordinance is in the definitions section.	Highways are defined as " all purposes necessary and convenient to the deign, right-of-way acquisition, and construction of highway facilities, including all state highway routes and any other facilities so designated in the Expenditure Plan."	13	27-Definitions	Ordinance	It has been a common interpretation that highways are not eligible under this ordinance but there are sections of the ordinance that reference highways such as section 27.E, 27.L. Further, based on the definition of "agency," State owned highways and facilities are not included. However, if there was a locally owned highway, it would be eligible for Measure T funds given the definition in 27L.	Page 13 Section 27. E

Measure T Q & A Matrix

No.	Jurisdiction	Question	Reference			Category (Financial Procedures, MOE, Eligible Expenses, Other)	Answer	Answer Reference	
			Statement	Page	Section				
11	City of Napa	Which date is the correct date for providing MOE calculation, CAFR and streets reports (subject to response of question #2 above)?  The Ordinance, agreement and staff report specify a date of 12/31/2017 for submittal of the expenditure plan by the agencies. It seems that the initial MOE calculation should follow this same timeline, especially since the annual reports and MOE calculation would be due to NVTA by 12/31 as well. Why is there a proposed requirement to have the initial MOE calculation due a full year prior to the start of the tax and 6 months prior to the timeframe referenced in the Ordinance?	The master agreement references a due date of 1/1/18 for the initial CAFR, streets reports and MOE calculation to be submitted to NVTA. The staff report from the 10/6 meeting references that the MOE calculation and related reports are due to NVTA by 6/30/17, and the ordinance states that the MOE calculation and related reports are due to NVTA "Prior to the operative date" which is defined as "the date the tax begins to collect revenue for this measure" which is anticipated as 7/1/18.			Various	NVTA needs to receive each jurisdictions' MOE by June 30, 2017 to analyze the data and resolve any issues that may arise, come up with a standard list of what is included as "infrastructure" and then allow jurisdictions to refine their MOE based on the master list. NVTA needs to achieve this before the first ITOC meeting which will be held in January or February of 2018. By that date jurisdictions will have had 5 years to compile MOE data.	N/A to Ordinance	
12	City of Napa	Please revise this statement. Special Revenue funds are restricted in their use. It would be more appropriate for the ineligible expense to be transferred out of the Special Revenue Fund to another fund for which the expense is considered eligible. Alternatively, since the draft accounting procedures state that we will do project accounting and that the Special Revenue Fund would transfer funds out to a CIP fund or project, it would be likely that we would need to instead transfer another funding source into the project to cover the Measure T ineligible expense.  This statement could be revised by simply stating that "if, in the course of an audit or expenditure review, it is determined that an ineligible expense(s) was made, the Recipient will be required to rectify the issue by either transferring the ineligible expense out of the fund/project, or by transferring an eligible funding source into the fund/project to cover the Measure T ineligible expense."	"If in the course of an audit or a semi-annual expenditure review it is determined that an ineligible expense(s) was made, the Recipient will be required to transfer the amount of ineligible expense into the Special Revenue Fund from any source other than Measure T Funds."		3	17-Eligible Expense	Master Agreement	Yes, this statement can be revised as ""If in the course of an audit or a semi-annual expenditure review it is determined that an ineligible expense(s) was made, the Recipient will be required to transfer the amount of ineligible expense into the Special Revenue Fund from any source other than Measure T Funds."	N/A to Ordinance
13	City of Napa	Measure T Q & A Matrix	"Once this measure becomes operative, in order to receive annual allocations under this measure, the Agencies (collectively) must demonstrate that at least six and sixty-seven one-hundredths percent (6.67%) of the value of the allocations, <u>each year</u> under Section 3(A) has been committed to Class I Bike lane project(s) identified in the adopted Countywide Bicycle Plan, as that Plan may be amended from time to time, through funding not derived from this Ordinance. This obligation may be fulfilled by the NCTPA and NVTA in programming Congestion Mitigation and Air Quality Improvement (CMAQ) funding (or its successor), plus other local or formula specific funds, in an amount that equals 6.67% over the term of this ordinance. Funding for Class I Bike lane projects that are funded by philanthropy, state discretionary funding or federal discretionary funding shall not count toward the six and sixty-seven one hundredths percent (6.67%). As used in this Section, discretionary funding means any funding that is not tied to a specific state or federal program or formula."		2	3-Exp Plan	Ordinance	It is our understanding that Measure T funds cannot be used to meet the 6.67% requirement. Funding sources that meet this requirement are local discretionary funds derived from Federal, State and Regional sources <u>not derived from the ordinance</u> . This language was specifically requested by the bike community to garner broader support for the ordinance. NVTA must verify that each jurisdiction is meeting what we call the Measure T equivalent (6.67%). NVTA must verify this requirement is being met in order to distribute Measure T revenues and that is the reason the reference to the 6.67% is in the expenditure plan and master agreement. NVTA would like to be able to have the 6.67% equivalent shown as committed to class I paths over a 5 year period even if on a per year basis the equivalent does not total 6.67%.	Page 2 Section 3. B
14	City of Napa	How, exactly, is this to be accomplished? The numbers in the Streets Report won't tie back to the CAFR anyway. I do understand needing to provide a reconciliation between final audited numbers and the numbers provided in the unaudited streets report, but the reconciliation would be back to transactions in the financial system, supported by the fact that there is a clean audit, but wouldn't tie directly to the CAFR. Is this what is meant by this section?	This section states that "...each Agency will provide a copy of the Comprehensive Annual Financial Report (CAFR) and the State Controller's Street Report. Due to the timing of these reports, where numbers vary, the Agency shall provide a reconciliation explaining the differences/"		5	6-Fin Rptg Require	Accounting Procedures	The reference to the CAFR and the State Controller's report can be removed, but there will still need to be a true-up period or reconciliation of Measure T expenses on an annual basis, based on the annual program audit.	N/A to Ordinance
15	City of Napa	What would happen in the event that all of the Class I bicycle projects identified in the adopted Countywide Bicycle Plan were to be constructed prior to the end of the life of Measure T?			2	3-B	Ordinance	The Countywide Bicycle Plan will continue to be updated every 4 years where new improvements and maintenance needs will be identified. While many projects may be completed those projects will also need to be maintained; it is NVTA's understanding that Measure T equivalent revenues can be committed to the maintenance of Class 1 paths and bikeways and this can satisfy the 6.67% requirement.	Page 2 Section 3. B
16	Town of Yountville	Are we supposed to use only our general fund contributions for calculating our MOE? Should our Federal and State grants be used as well ( 1B, ARRA, Gas Tax etc.). this would make a big difference especially considering the stimulus funds that were available during some of that 3 year period.				9-MOE		Only general fund revenues expended in fiscal years 2007/08, 2008/09, 2009/10 will be averaged to calculate a jurisdiction's Maintenance of Effort (MOE). Federal and State funds expended should not be included in the jurisdiction's MOE calculation.	Ordinance Section 9
17	County of Napa	Can Measure T funds be spent on bridges? Definition of "infrastructure" includes reference to "support the roadway" as well as "surface and subsurface drainage" which could be construed as such.				27-F	Eligible Expenses	Yes, as long as the project is listed and approved and in the jurisdiction's adopted Measure T expenditure plan.	Page 13 Section 27. F
18	County of Napa	Please confirm that Measure T funds can pay for ALL project delivery costs, including all staff (engineering and administrative) and consultants					Eligible Expenses	Yes, as long as the project is listed and approved and in the jurisdiction's adopted Measure T expenditure plan, and similar projects have been included in the initial MOE calculation.	
19	County of Napa	Can Measure T funds be spent on maintenance of Class I bikeway facilities?					Eligible Expenses	No. Measure T funds are to ensure improved maintenance of currently under-funded local community streets and roads. However, the Measure T equivalent consisting of other specific formula or local funds can be used for maintenance since "the Agencies (collectively) must demonstrate that at least six and sixty-seven one-hundredths percent (6.67%) of the value of the allocations each year under Section 3(A) has been committed to Class I Bike lane project(s) identified in the adopted Countywide Bicycle Plan." It is NVTA's understanding that Measure T equivalent funds can be committed to the maintenance of Class 1 paths and bikeways.	Page 2 Section 3. B
20	County of Napa	What expenses from the designated years will count toward the Maintenance of Effort (MOE) requirement?					MOE	Expenses for local streets and road repair and rehabilitation that use local general fund revenues, as well as supporting infrastructure improvements. One-time non-recurring expenses can be excluded from the MOE calculation. Any expenses that you would want to include in a five year project list should also be included in the MOE calculation, unless they are one-time, non-recurring expenses, or storm damage repair projects, as defined in 27.L.	Page 4 Section 9
21	County of Napa	How will Class I bikeway projects which exceed the annual amount of required Measure T Equivalent expenditure be treated? Will the excess be able to be credited against more than one year?			2	3-B	Measure T Equivalent	The 6.67% requirement is an average over the life of the ordinance, and NVTA will be developing a proposed method for calculating compliance that reflects that it is an average over time, and verify the jurisdictions are meeting this requirement as part of the 5-year expenditure plan audit.	Page 2 Section 3. B.
22	County of Napa	Would Measure T allow for equipment rental charges as part of total project cost?					Eligible Expenses	Yes, if it is for the completion of a Measure T-eligible project included in an approved Expenditure Plan.	Section 6B Expenditure Plan Procedures .
	County of Napa	Can Measure T funds be used for geotechnical evaluation in advance of doing the pavement preservation itself? We have some roads with some slope stability issues that should be addressed before they get repaved.					Eligible Expenses	Yes, if it is for the completion of a Measure T- eligible project included in an approved Expenditure Plan.	Page 14 Section 27. G.

