



## 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**

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.

Staff has circulated the Draft Measure T Master Agreement and Attachments for TAC's review and comment. These documents have also been circulated with the jurisdictions' financial staff and the ITOC at its August 2014 meeting. Once the TAC has affirmed the final materials, jurisdictions are free to go to their governing bodies with their Measure T expenditure plans and resolutions.

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 were asked to submit their maintenance of effort amount with supporting documentation to demonstrate MOE for those three fiscal years by June 30, 2017. The documentation should include the approach or methodology used to develop the MOE.

Multiple comments and inquiries were received from jurisdictions regarding the ordinance's language, eligible expenses, expenditure plan, and MOE, among other topics.

Staff and NVTa counsel have been engaged in providing responses to the inquiries, while some of the ordinance's text is clear other text leaves 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**

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 (henceforth 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.

To meet the MOE requirements, each jurisdiction should provide a summary of how its MOE is defined how it is calculated and what typical activities/treatments make up the MOE. 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 purpose of the methodology memos requested from each jurisdiction are intended to describe each jurisdiction's approach, isolate one time expenditures, and to specifically describe the expenditure line items included in the methodology.

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. NVTAs 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 NVTAs 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**.
- Biennially, submit to NVTAs a 5-year expenditure plan **December 31, 2017**.
- Submit any updates to the 5-year plan, as needed.
- Provide NVTAs 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.

NVTAs' Responsibilities:

- Develop the 5-year Measure T Expenditure Plan.
- Validate MOE and Class I Multipurpose Path requirements.
- Provide quarterly Measure T reports to the NVTAs Board and ITOC.
- Provide recommendation of jurisdictions' draft expenditure plans to ITOC and the NVTAs Board.
- Seek approval from the NVTAs 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.
- Hold a publicly noticed meeting annually with the participation of the ITOC to consider findings and recommendations of audits.
- Develop a biennial report to the community in all local Napa County newspapers.

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>

## Next steps:

Municipalities were asked to submit a list expenses and/or typical activities paid by their MOE, e.g. street lighting, traffic signals, and landscaping, to clarify expenditures eligible under Measure T. From that list of submitted expenses a list of eligible expenses was drafted. While most municipalities have submitted MOE documentation at the time of this report various nuances remain to be resolved. A constructive discussion would best benefit the committee at this point to identify and coincide on an eligible list of expenses to present before the Independent Taxpayer Oversight Committee (ITOC) for their approval.

**SUPPORTING DOCUMENTS**

## Attachment(s):

- (1) Draft Measure T Master Agreement
- (2) Draft Measure T Resolution
- (3) Draft Expenditure Plan Template
- (4) Draft Measure T Progress Report
- (5) Draft Measure T Accounting, Reporting and Auditing Guidelines
- (6) Measure T Timeline

**MASTER FUNDING AGREEMENT  
THE NAPA VALLEY TRANSPORTATION AUTHORITY  
AND**

**NVTA AGREEMENT NO. \_\_\_\_\_**

This Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 201\_, by and between the Napa Valley Transportation Authority, a California Joint Powers Authority, hereinafter referred to as "NVTA", and \_\_\_\_\_, hereinafter referred to as "Recipient."

**SECTION 1. RECITALS**

1. The voters of Napa County approved Measure T at the General Election held on November 6, 2012, thereby authorizing NVTA to administer the proceeds from a one-half cent transaction and use tax.
2. The tax proceeds will be used to pay for the projects outlined in the Measure T Expenditure Plan allocated to the County of Napa and the cities and town within Napa County ("Local Agencies") as set forth in Measure T.
3. Under the Measure T Expenditure Plan, Measure T funds are provided to the Local Agencies to be used for streets and roads projects as defined in the Measure.

**SECTION 2. PURPOSE OF FUNDING AGREEMENT**

This Agreement is entered into by and between NVTA and Recipient to document the funding conditions necessary for the Recipient to receive sales tax disbursements. This Agreement consists of additional documents which are incorporated in the Agreement by reference.

**TERMS**

**SECTION 3. BIKE LANE FUNDING.** Prior to any disbursements under this Agreement, the Local Agencies must demonstrate to NVTA that they have committed a collective 6.67% in eligible revenues of the value of the total annual allocations of Measure T funds to Class 1 Bike Lane projects identified in the adopted Countywide Bicycle Plan, as that Plan may be amended from time to time and as provided in the Measure.

**SECTION 4. MAINTENANCE OF EFFORT.** Prior to January 1, 2018 Recipient shall provide the Maintenance of Effort amount with supporting financial documentation from Fiscal Year 2007-08, 2008-09 and 2009-10 including a memorandum detailing the methodology utilized 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 1<sup>st</sup> each calendar year showing that the Maintenance of Effort was met the prior fiscal year. In the event Recipient does not meet its requirement for local Maintenance of Effort for a period of three years, recipient's allocation will be withheld until a plan to meet the Maintenance of Effort amount moving forward has been approved by the Authority.

**SECTION 5. EXPENDITURE PLAN.** No later than January 1, 2018, and at least biennially thereafter, Recipient shall provide NVTA its Measure T five year expenditure plan.

## **SECTION 6. ALLOCATION & DISBURSEMENT**

NVTA shall allocate to the Recipient on a quarterly basis by the 20<sup>th</sup> day following the end of each quarter a sum allotted to Recipient under Measure T provided Recipient has complied or will comply with the terms of this Agreement. The allocated funds will be disbursed to Recipient upon application certifying that projects are consistent with the 5 year expenditure plan.

## **SECTION 7. COST ELIGIBILITY**

Cost eligibility shall be determined by NVTA based upon Recipient's approved biennial five-year project list. Funds may be expended only for streets and roads project(s) included on the project list.

## **SECTION 8. BUDGET AND SCOPE**

Recipient shall maintain a project(s) or program budget. Recipient shall carry out the project(s) and shall incur obligations against and make disbursements of Measure T revenues in conformity with the Master Agreement's requirements and the budget.

## **SECTION 9. PROJECT MANAGEMENT**

Recipient shall be responsible for the project(s) and provide for the management of consultant and contractor activities for which Recipient contracts, including responsibility for schedule, scope and budget.

## **SECTION 10. PROJECT OVERSIGHT**

Recipient shall cooperate with NVTA staff or its Measure T consultants for project information and financial information necessary to fulfill the requirements outlined in NVTA Ordinance No. 2012-01; the Napa County Road Maintenance Act.

## **SECTION 11. ATTRIBUTION AND SIGNAGE**

If any portion of Measure T revenues is used for production of reports, acknowledgment of the NVTA's role shall be included in the documents. If any project(s) funding receives \$250,000 or more, Recipient shall, upon initiation of field work or at the earliest feasible time thereafter, install and maintain a sign or signs at the construction site identifying Measure T Napa County Road Maintenance Act Tax Funds and NVTA (e.g., NVTA, Measure T and Recipient's logos – "Your Measure T Sales Tax Dollars at Work"). Recipient shall demonstrate compliance with attribution and signage requirements as an indispensable condition for authorization of future Measure T allocations.

## **SECTION 12. PRESS RELEASES**

Recipient shall notify NVTa in advance of any press releases about project(s) and program activities, particularly groundbreakings and ribbon cuttings, in connection to Measure T revenues expended from this Agreement.

## **SECTION 13. COMPLIANCE WITH LAW**

In the performance of its obligations pursuant to this Agreement, Recipient shall keep itself fully informed of the federal, state and local laws, ordinances and regulations in any manner affecting the performance of this Agreement, and must at all times comply with such laws, ordinances, and regulations as they may be amended from time to time.

## **SECTION 14. ENVIRONMENTAL COMPLIANCE**

Recipient shall comply with the requirements under the California Code of Regulations Title 14, Chapter 3, Sections 1500 et seq of CEQA.

## **SECTION 15. FINANCES**

All costs charged to the project(s) shall be supported by properly prepared and documented time records, invoices, or vouchers evidencing in detail the nature and propriety of the charges.

## **SECTION 16. RECORDS**

All checks, payrolls, invoices, contracts, vouchers, journal entries, work orders, or other accounting documents pertaining in whole or in part to the project(s) shall be maintained by Recipient for a period of five (5) years after the later of project(s) closeout or termination of Agreement. Such project(s) documents shall be clearly identified, readily accessible, and, to the extent feasible, kept separate and apart from all other similar documents not pertaining to the project(s).

## **SECTION 17. ELIGIBLE EXPENSES**

Recipient shall expend funds only on eligible direct expenses as follows: operating costs, direct staff time (salary and benefits), consultants; right of way engineering and acquisition costs (including permitting), and competitively bid construction contracts. Indirect costs (as defined by OMB Circular A-87) will not be considered an eligible expense. Funds shall also be expended according to the applicable provisions of the Expenditure Plan and of the Public Utilities Code Section 180000 et seq.

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.

NVTa shall provide notice to Recipient of any audit determination if any expenditure made by Recipient is found not to comply with this Agreement, the Expenditure Plan or Measure T promptly after NVTa becomes aware of any such finding.

## **SECTION 18. AUDITS**

Recipient shall cooperate with and allow NVTAs Auditor, or any of its duly authorized representatives, to inspect all work, materials, payrolls, and other data and records with regard to the Measure T projects, and to audit the books, records, and accounts of the Recipient and its contractors. Recipient shall see Accounting, Reporting and Auditing Guidelines (Exhibit C).

## **SECTION 19. THIRD PARTY CONTRACT AUDITS**

NVTA reserves the right to request an audit of other third party contracts for any reason related to Measure T. If Recipient is subject to third party financial audit requirements imposed by another funding source, for a project(s) related to Measure T, copies of audits performed in fulfillment of such requirements shall be provided to the NVTA.

## **SECTION 20. PROJECT REPORTING AND CLOSEOUT PROCEDURES**

Recipient shall provide to NVTA a Semi-Annual Update on Expenditures as show in Accounting, Reporting and Auditing Guidelines (Exhibit C).

## **SECTION 21. INDEMNIFICATION**

To the fullest extent permitted by law, NVTA and Recipient shall each defend, indemnify and hold harmless each other as well as their respective officers, agents, employees, volunteers or representatives from and against any and all liability, claims, actions, proceedings, losses, injuries, damages or expenses of every name, kind and description, including litigation costs and reasonable attorney's fees incurred in connection therewith, brought for or on account of personal injury (including death) or damage to property, arising out of or connected with any acts or omissions of that party or its officers, agents, employees, volunteers, or contractors or their subcontractors, when performing any activities or obligations required of that party under this Agreement. Each party shall notify the other party immediately in writing of any claim or damage related to activities performed under this Agreement. The parties shall cooperate with each other in the investigation and disposition of any claim arising out of the activities under this Agreement, providing that nothing shall require either party to disclose any documents, records or communications that are protected under peer review privilege, attorney-client privilege, or attorney work product privilege.

## **SECTION 22 INTEGRATION**

This Agreement represents the entire agreement of the parties with respect to the subject matter thereof. No representations, warranties, inducements or oral agreements have been made by any of the parties except as expressly set forth herein, or in other contemporaneous written agreements.



## **SECTION 23. AMENDMENT**

Except as otherwise provided herein, this Agreement may not be changed, modified or rescinded except in writing, signed by all parties hereto, and any attempt at oral modification of this Agreement shall be void and of no effect. Notwithstanding the foregoing, non-substantive procedural amendments may be made if approved by all of the cities', town's, and County's Public Works Directors and the NVTB Board.

## **SECTION 24. INDEPENDENT AGENCY**

Recipient performs the terms and conditions of this Agreement as an entity independent of NVTB. None of Recipient's agents or employees shall be agents or employees of NVTB.

## **SECTION 25. ASSIGNMENT**

The Agreement may not be assigned, transferred, hypothecated, or pledged by any party without the express written consent of the other party.

## **SECTION 26. BINDING ON SUCCESSORS, ASSIGNEES OR TRANSFEREES**

This Agreement shall be binding upon the successor(s), assignee(s) or transferee(s) of NVTB or Recipient, as may be the case. This provision shall not be construed as an authorization to assign, transfer, hypothecate or pledge this Agreement other than as provided above.

## **SECTION 27. LEGAL EXPENSES**

Each party shall be solely responsible for and shall bear all of its own respective legal expenses in connection with any dispute arising out of this Agreement and the transactions hereby contemplated. Recipient may not use Measure T funds, or other NVTB or NCTPA programmed funds, for the aforementioned purpose.

## **SECTION 28. SEVERABILITY**

Should any part of this Agreement be declared unconstitutional, invalid, or beyond the authority of either party to enter into or carry out, such decisions shall not affect the validity of the remainder of this Agreement, which shall continue in full force and effect; provided that the remainder of this Agreement can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the parties.

## **SECTION 29. ACCEPTANCE OF ALLOCATION**

Recipient does hereby declare that all written statements, representations, covenants, and materials submitted as a condition of this Agreement are true and correct and does hereby accept NVTB's allocations and agrees to all of the terms and conditions of this Agreement. The parties have executed this Agreement as of the date first written above.

## **SECTION 30. EXHIBITS**

The following Exhibits are hereby made part of this AGREEMENT:

EXHIBIT A: Project Application & Expenditure List

EXHIBIT B: Sample Resolution

EXHIBIT C: Accounting, Reporting and Auditing Guidelines

DRAFT

**RESOLUTION No. X-X**

**A RESOLUTION OF THE CITY OF XXX  
APPROVING PROJECTS UNDER MEASURE T PROGRAM**

**WHEREAS**, on November 6, 2012 the voters of Napa County passed a half cent sales tax to provide supplemental funding for road maintenance as detailed in the Measure T Expenditure Plan; and

**WHEREAS**, the Napa Valley Transportation Authority is the designated agency that administers and oversees the Measure T revenues; and

**WHEREAS**, the [City/Town/County of XX] is an eligible recipient of Measure T funds; and

**WHEREAS**, the tax proceeds will be used to pay for the projects outlined in the Measure T Expenditure Plan allocated to the County of Napa and the cities and town within Napa County ("Local Agencies") as set forth in Measure T; and

**WHEREAS**, under the Measure T Expenditure Plan, Measure T funds are provided to the Local Agencies to be used for streets and roads projects as defined in the Measure; and

**WHEREAS**, the [City/Town/County of XX] has entered into a Master Agreement with NVTA to determine procedures for Measure T expenditures, and

**WHEREAS**, the [City/Town/County of XX] provided a draft five-year project list for the expenditure of Measure T funds as required by the Measure; and

**WHEREAS**, it has been determined by the NVTA Board that these expenditures meet the requirements of the Measure T Master Agreement;

**WHEREAS**, Measure T project(s) will comply with the requirements of the California Code Regulations Title 14, Chapter 3, Sections 1500 et seq (CEQA);

**NOW, THEREFORE, BE IT RESOLVED** by the [City/Town Council of XX/County Board of Supervisors] as follows:

1. The [Council/Board of Supervisors] hereby adopts the five-year project list as set forth in Exhibit "A," and authorizes the Public Works Director to file the list with NVTA.

Passed and adopted this X day of XXX, 2014.

\_\_\_\_\_  
Chair

Ayes:

Nays:

Absent:

ATTEST:

\_\_\_\_\_  
Clerk

APPROVED:

\_\_\_\_\_  
Attorney

**Measure T Napa Countywide Road Maintenance Act**  
Application for Funding

Jurisdiction Name:					
Primary Contract #1		Email:		Phone:	
Secondary Contract #		Email:		Phone:	
Staff Member Completing LS&R		Email:		Phone:	

**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 Claimin 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.

Planned Measure T Expenditures

Please provide 5 year planned streets and road maintenance projects beginning in FY 2013-14 (add more lines as needed). Per the Measure T Expenditure Plan, a *Project* is a single effort with a beginning and an end that would cause the construcion or maintenance or reconstruction of some tangible portion of a transportation asset owned or operated by public agency that has indeppendent utility. A *project* is not repeated on an annual basis, it does not appear without a detailed description as to cost and location in a local agency budget, and it must appear in a capital budget. Project numbers will be assigned by NVTA.

Program	Project Description	Fiscal Year	Total Project Cost	Measure T Amount	Other Funds	Location (intersection, mile marker, length of alignment)
Surface Treatment			\$ -			
			\$ -			
			\$ -			
			\$ -			
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Program Definitions:  
Surface Treatment includes: slurry seal, fog seal, chip seal, microseal, etc.  
Overlay - resurfacing  
Reconstruction - includes in or all components associated with complete reconstruction of the roadway including road bed, widening to meet code, and paving  
Concrete work - includes ramps, sidewalks, curbs, and gutters  
Drainage - includes any work required to address water run off and drainage including culverts, etc.  
Safety includes lights, signage, striping

Note: Final project list to be determined, depending on available revenues and when revenues become available, but distributed proportionately unless otherwise agreed to as part of a funding exchange proportionately as outlined in the Measure T Expenditure Plan. Prior to any allocation, jurisdictions will also be required to submit all of the necessary documentation requested above as well as a Resolution of support of the proposed project list. Requirements associated with the Class 1 Path expenditures to be agreed upon between the jurisdictions and memorialized in resolutions of support by affected jurisdictions.

# Measure T: Progress Report

Due March 31st and September 30th

ATTACHMENT 4

TAC Agenda Item 7.2

October 5, 2017

Jurisdiction:

Qtr:

Amount of funds in Special Measure T Revenue Fund:

Measure T Project No.	Project Name	Program	Measure T Funds	Other Funds	Total Project Cost	Project Start Date	Location	Project Status	Estimated Completion Date
		surface treatment							
		surface treatment							
		surface treatment							
		surface treatment							
		surface treatment							
		surface treatment							
		surface treatment							
		surface treatment							
		surface treatment							
<b>TOTALS</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>				

Class I Path Tracking						
Project Name	Project Description	Location	Total Cost	Funding Source	Start Date	Estimated Completion Date

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.



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

**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 NVTa, 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.

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

**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.

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

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

- 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 NVT.

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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.

<b>Measure T Implementation Timeline</b>	
October 6, 2017	Comments on Master Agreements & Attachments
December 31, 2017	Final MOE Deadline
January 12, 2018	Signed Master Agreement, Approved Expenditure Plans and Resolutions Deadline
February-March 2018	First ITOC Meeting
July 1, 2018	Measure T Revenue Begins Accruing
October 2018	First Distribution of Measure T Funds