San Bernardino Associated Governments		**Policy**	**40001**
Adopted by the Board of Directors	April 1, 2009	Revised	3/4/15
San Bernardino Valley Subarea (VS) Measure I 2010-2040 Strategic Plan		Revision No.	2

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I. PURPOSE

The purpose of this policy is to establish the requirements for overall administration of the programs included in the San Bernardino Valley Expenditure Plan as part of Measure I 2010-2040. The Valley Subarea policies establish the process for identification of need, fund apportionment, fund allocation, and expenditure requirements for all programs in the Valley, including Freeway, Freeway Interchange, Major Street, Local Street, Metrolink/Rail, Express Bus/Bus Rapid Transit, Senior and Disabled Transit, and Traffic Management Systems. This policy also provides direction on the use of State and federal funds in the San Bernardino Valley Subarea, as well as the provisions governing cost-buy down for projects with a development share contribution.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

III. DEFINITIONS

Apportionment: An action by the SANBAG Board of Directors to assign specific amounts of Measure I 2010-2040 fund to Measure I programs for a given fiscal year. The apportionment decision is made annually by the Board of Directors by February of each year.

Allocation: An action by the SANBAG Board of Directors to assign a specific amount of Measure I funds from a Measure I program to a project. The allocation decision is made annually by the Board of Directors by March of each year.

Capital Project Needs Analysis (CPNA): A five-year plan of capital project needs for each program included in the San Bernardino Valley Expenditure Plan. The CPNA includes estimates of project costs to be incurred by funding type, fiscal year, and phase for the five year period following the beginning of the subsequent State fiscal year.

Jurisdiction Master Agreement: An agreement between SANBAG and a local jurisdiction documenting the allocation of Measure I 2010-2040 funds to the jurisdiction under the Arterial Sub-program of the Major Street Program in the Valley Subarea for the specified fiscal year.

Project Funding Agreement: An agreement between SANBAG and a local jurisdiction documenting the allocation of Measure I 2010-2040 funds to the jurisdiction for a project under the Valley Freeway Interchange Program or the Rail-Highway Grade Separation Sub-program of the Major Street Program and specifies the conditions of performance by SANBAG and the local jurisdiction associated with that project.

IV. POLICIES FOR THE SAN BERNARDINO VALLEY SUBAREA

A. Program Equity

Policy VS-1: SANBAG shall ensure that all San Bernardino Valley Programs receive their percentage allocation of Measure I revenue in accordance with the Measure I 2010-2040 Expenditure Plan. The calculation of percentage allocation shall include adjustments for the time-value of money based on time of apportionment of Measure I funds in all programs, as specified in Policy VS-3.

Policy VS-2: The SANBAG Board of Directors shall have full discretion over the apportionment of Measure I 2010-2040 revenue between Valley Programs on an annual basis, subject to Policy VS-1.

Policy VS-3: Adjustments for the time-value of money referenced in Policy VS-1 shall be based on comparisons of the net present value of apportionments by Valley program calculated using a discount rate based on the annual change in the Consumer Price Index for Southern California, as maintained by the California Department of Finance.

B. Identification of Needs

Policy VS-4: SANBAG staff and local jurisdictions shall submit a five-year Capital Project Needs Analysis (CPNA) for all programs included in the Valley Expenditure Plan by September 30 of each year. Responsibility for preparation of the CPNAs for specific programs are established in Policies VS-5 and VS-6.

Policy VS-5: SANBAG staff shall be responsible for preparation of the CPNAs for the Valley Freeway, Metrolink/Rail, Express Bus/Bus Rapid Transit, Senior Disabled Transit and Traffic Management Systems Programs.

Policy VS-6: Local jurisdictions shall be responsible for preparation of the CPNAs for the Valley Freeway Interchange and Major Streets Programs, except that SANBAG staff may prepare CPNAs for interchange projects required to enable construction of a freeway mainline project. All CPNAs submitted by local jurisdictions shall be approved by the City Council/Board of Supervisors and shall be coordinated with the Five Year Capital Improvement Plan required as part of the Valley Local Streets Program policies (see Policy 40003)

Policy VS-7: All CPNAs shall identify the requested amount of Measure I and any additional federal, State, or private funding by phase and year for the five year period following the beginning of the subsequent State fiscal year.

C. Cash-Flow Analysis

Policy VS-8: SANBAG staff shall prepare an estimate of projected Measure I, State, federal and private funding for the subsequent fiscal year by September 30 of each year.

Policy VS-9: SANBAG staff shall prepare a cash flow analysis of all Measure I 2010-2040 Valley Programs based on information submitted by local jurisdictions, the funding needs of the SANBAG administered programs, and the assessment of Measure I, State, federal and private funding.

Policy VS-10: At a minimum, the Cash Flow Analysis shall include the following considerations:

- All Measure I 2010-2040 San Bernardino Valley program needs identified in CPNAs
- Needs pursuant to Project Advancement and Advance Expenditure Agreements
- Needs related to Bond or other debt repayment
- Revenue committed to projects or programs in previous cycles
- Ability to leverage additional State, federal and private funding sources.

Policy VS-11: The Cash Flow Analysis shall be completed for presentation to SANBAG policy committees by January each year.

Policy VS-12: The Cash Flow Analysis shall provide input to any SANBAG agency bonding decisions.

D. Fund Apportionment

Policy VS-13: The SANBAG Board of Directors shall use the Cash Flow Analysis as a basis for apportioning funds among the Measure I Valley Programs.

Policy VS-14: The SANBAG Board of Directors shall apportion funds by its February meeting, so that budget documents can be prepared for the subsequent fiscal year.

E. Fund Allocation

Policy VS-15: The SANBAG Board shall approve an allocation of funding to specific San Bernardino Valley Measure I projects by March of each year. The fund allocation shall include a list of projects and funding amounts.

Policy VS-16: The fund allocation approved by the Board, as stated in Policy VS-15, shall constitute the agency's annual project delivery plan.

F. Fund Expenditure

Policy VS-17: SANBAG administered projects may begin expenditure of funds following the standard approvals by the SANBAG Board of Directors.

Policy VS-18: A local jurisdiction may begin expenditure of funds following the execution of a Project Funding Agreement or a Jurisdiction Master Agreement by both SANBAG and the jurisdiction, as appropriate to the project type and pursuant to Policies 40005 and 40006.

Policy VS-19: The Project Funding Agreement shall be based on the SANBAG Board-approved fund allocation and shall document the scope of the project, its cost, and the terms by which reimbursement shall occur.

Policy VS-20: The Jurisdiction Master Agreement shall be based on the SANBAG Board-approved allocation of funds to projects in the Arterial Sub-program (see Policy VS-15) of the Major Streets Program, and shall document the scopes of the projects, their costs, and the terms by which reimbursement shall occur. One Jurisdiction Master Agreement may include multiple projects in the Arterial Sub-program.

G. Use of State and Federal Funds for Measure I 2010-2040 Projects - General

Policy VS-21: The SANBAG Board shall assure reasonable equity in the shares of projected State and federal transportation funds allocated and expended within geographic areas of the county, subject to the eligibility of funds for the specified programs within those geographic areas.

Policy VS-22: The SANBAG Board of Directors has discretion to program State and federal funds to projects based on needs and priorities that exist at the time the decisions are made, subject to the eligibility of projects for each funding source and approvals by appropriate State and federal authorities.

Policy VS-23: SANBAG shall implement strategies that maximize the use of State and federal funds when projects are planned and delivered. This may include borrowing against future revenues streams, such as with Grant Anticipation Revenue Vehicles (GARVEE bonds) for federal funds.

Policy VS-24: SANBAG will aggressively advocate for its share of State and federal dollars to deliver Measure I projects.

H. Use of State and Federal Funds for Measure I 2010-2040 Projects – Specific Sources

Policy VS-25: CMAQ funds (or funds in any successor program to CMAQ) necessary to continue previously approved regional programs, including Freeway Service Patrol(FSP), rideshare activities, and Valley-wide Signal Synchronization shall be set aside for those purposes.

Policy VS-26: CMAQ funds (or funds in any successor program to CMAQ) shall be considered as a significant source to fund transit capital projects and start-up operating expenses in accordance with CMAQ criteria. Allocation of CMAQ funding to transit capital projects is to be made by SANBAG in a manner consistent with plans developed by the transit operators and approved by the SANBAG Board of Directors.

Policy VS-27: Remaining CMAQ funds may be allocated to High Occupancy Vehicle facility components of the Valley Freeway projects listed in the Measure I Expenditure Plan, subject to eligibility criteria.

Policy VS-28: All of the STP funds apportioned to the urbanized areas of the San Bernardino Valley shall be allocated to the Valley Freeway Program projects listed in the Measure I Expenditure Plan.

Policy VS-29: SANBAG shall work closely with Caltrans to identify projects that are eligible to receive State Inter-regional Improvement Program (IIP) funds to assist in timely delivery of those projects. This may include projects within as well as outside urbanized areas.

I. Cost Buy-down for Projects with a Development Share Contribution

Policy VS-30: State, federal, or private funds may be used to buy down either the total cost of a project, the public share of the project cost, or the development share of the project cost based on the following criteria:

1. Funds that buy down the total cost of the project (after which the development fair share percentage is applied) include railroad contributions, State grants and Federal Congressional earmarks (through appropriations process, competition, etc.) from transportation sources that are not allocated or approved by SANBAG (e.g., IM, Demo, Caltrans ATP); TCRP, PNRS, or TIGER with local agency listed as lead recipient; PUC; and HBP).
2. Funds considered part of the public share of the project cost include apportionments or allocations of State or federal transportation funds to SANBAG for funding of projects, whether managed by SANBAG or local agency (e.g., TCRP and PNRS with SANBAG listed as lead recipient, CMIA, TCIF, SLPP(non-competitive)), and State allocation and Federal apportionment by SANBAG (e.g., STIP, CMAQ, STP, TEA (SANBAG Allocation), TDA).
3. Funds that buy down the development share of the project cost include other state or federal appropriations of funding to a project from a non-transportation source (e.g., HUD, BIA, DOD) or SLPP competitive program (due to its DIF match requirement).

Fund definitions:

- ATP = Caltrans Active Transportation Program
- BIA = Bureau of Indian Affairs or individual tribal contributions
- CMAQ = federal Congestion Mitigation and Air Quality
- CMIA = Corridor Mobility Improvement Account (Proposition 1B)
- Demo = Demonstration project or similar project earmarked for a local jurisdiction in federal appropriations
- DOD = Department of Defense
- HBP = federal Highway Bridge Program
- HUD = federal Housing and Urban Development
- IM = federal Interstate Maintenance
- PNRS = federal Projects of National and Regional Significance
- PUC = California Public Utilities Commission
- SLPP = State/Local Partnership Program (Proposition 1B)
- STIP = State Transportation Improvement Program
- STP = federal Surface Transportation Program
- TCIF = Trade Corridor Improvement Funds (Proposition 1B)
- TCRP = Caltrans Traffic Congestion Relief Program
- TDA = state Transportation Development Act
- TEA = Transportation Enhancement Activities (supplanted by ATP)
- TIGER = federal Transportation Investment Generating Economic Recovery

J. Measure I Reserve

Policy VS-31: SANBAG shall budget for a reserve for the Valley subarea equivalent to 20% of the annual Measure I revenue from the following programs: Freeway, Freeway Interchange, Major Street, Traffic Management Systems, Metrolink/Rail, and Express Bus/BRT programs.

Policy VS-32: The 20% reserve shall be established with the first year of Measure I 2010-2040 apportionment, and escalated annually to remain proportional to the growth in annual Measure I revenue.

Policy VS-33: The reserve may be used to:

- Advance federal or state funds that require reimbursement.
- Manage cash flow for non pass-through programs.
- Cover cost overruns for SANBAG projects or to cover unforeseen expenses associated with projects that received an allocation of Measure I 2010-2040 funds.
- Leverage other state or federal funds to which SANBAG might otherwise lose access.

Policy VS-34: Should Measure I reserves be used, revenue accrual within the year or revenue from the subsequent year's apportionment will be used to replenish the reserve.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009
1	Amended to include policies VS-31 through VS-34 establishing and maintaining a Measure I reserve.	07/0/7/2010
2	Amended to clarify funds that buy down total project cost versus funds that are applied to the public share and development share of costs in VS-30	03/04/15

San Bernardino Associated Governments	**Policy**	**40002**
Adopted by the Board of Directors April 1, 2009	Revised	11/3/10
Valley Project Advancement (PA) and Advance Expenditure (AE) Processes Measure I 2010-2040 Strategic Plan	Revision No.	1

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I. PURPOSE

The purpose of this policy is to establish the requirements for administration of the Project Advancement (PA) and Advance Expenditure (AE) processes for jurisdictions in the Valley. Both the PA and AE processes enable local jurisdictions to advance funding for development and construction of Measure I projects prior to the availability of Measure I 2010-2040 revenue for those projects. The policies establish project eligibility criteria and reimbursement terms for each process. The PA process allows for reimbursement on projects that initiate construction no later than January 31, 2009. Eligible expenditures on Nexus Study projects for which construction begins after January 2009 are captured under the AE process, unless otherwise provided for in individual Project Advancement Agreements (PAA). A project for which construction fails to be initiated by January 31, 2009 under a previously executed Project Advancement Agreement may be transitioned to an Advance Expenditure Agreement (AEA) with SANBAG Board Authorization.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

Policy 40005 – San Bernardino Valley Freeway Interchange Program
Policy 40006 – San Bernardino Valley Major Street Program

III. DEFINITIONS

Project Advancement Agreement (PAA) - A contract that establishes agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG that is required to be executed prior to project approval under the Advance Expenditure process.

Advance Expenditure Agreement (AEA) – A contract that establishes agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG that is required to be executed prior to project approval under the AE process.

Development Share – The percentage share of total project cost assigned as the development contribution percentage as listed in the SANBAG Nexus Study.

Public Share – The share of project cost calculated as the total cost of the project minus the developer share.

Sponsoring Agency – The jurisdiction with the majority share development mitigation responsibility for projects included in the SANBAG Development Mitigation Nexus Study.

IV. POLICIES FOR THE PROJECT ADVANCEMENT PROCESS

A. General Policies

Policy PA-1: The public share costs for eligible projects in the Valley Freeway Interchange or Major Street Programs shall be eligible for a Project Advancement Agreement (PAA) to reimburse eligible costs incurred under the PAA if construction is initiated no later than January 31, 2009.

Policy PA-2: Only projects included in the most recent Board-approved version of the Development Mitigation Nexus Study shall be eligible for reimbursement under the PA process.

Policy PA-3: The PAA shall establish agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG for projects being reimbursed under the PA process.

Policy PA-4: In the event a jurisdiction fails to initiate construction by January 31, 2009, SANBAG reserves the right to terminate the PAA upon written notice to the jurisdiction. A jurisdiction may be reimbursed for those eligible project expenditures that occur prior to the date of termination when successfully completed as provided for in the terms of the PAA. A project covered under an executed PAA for which construction fails to be initiated by January 31, 2009 may be transitioned to an Advance Expenditure Agreement with SANBAG Board Authorization. The reimbursement terms of the AE process will apply in this case.

Policy PA-5: Any public share project costs incurred for Nexus Study projects prior to January 31, 2009 without an executed PAA shall not be reimbursed by SANBAG under the PA process. Eligible expenditures for Nexus Study projects not covered under the PA process shall be covered under the AE process, subject to the provisions below.

Policy PA-6: The project cost included in the PAA shall be the Nexus Study project cost in the most recent Board-approved Development Mitigation Nexus Study or the version of the Nexus Study in force at the time the first project expenditures were incurred, whichever is earlier.

B. Reimbursement

Policy PA-7: SANBAG shall reimburse jurisdictions with approved PAAs eligible expenditures up to the public share of either the Nexus Study project cost or the actual cost as adjusted per Policy VS-30, whichever is less.

Policy PA-8: Reimbursements shall not be made under the Project Advancement process for expenditures incurred prior to April 5, 2006 (the date when the model agreement for the Project Advancement process was adopted by the SANBAG Board of Directors) or prior to the date of approval of a jurisdiction's development mitigation program by SANBAG, whichever is earlier.

Policy PA-9: SANBAG shall reimburse local jurisdictions with PAAs executed under the Valley Major Street and Valley Freeway Interchange Programs with 40% of revenues available to the respective programs on an annual basis. At SANBAG Board discretion, the percentage of program revenue dedicated to reimbursement may be increased to a higher percentage specific to each program if the time between expenditure and reimbursement has become greater than six years or if the other project needs for a fiscal year are less than the remaining 60% of the pertinent program.

Policy PA-10: Local jurisdictions shall provide adequate documentation to substantiate the costs included in invoices submitted for reimbursement under the PA process. At a minimum, the jurisdiction must submit the invoice provided by the contractor/consultant to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor/consultant. If jurisdiction in-house staff time is submitted for reimbursement, documentation of hours by individual and salary rate must be provided, with tabulations from the payroll system by project task as backup. Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distributions of overhead among all departments.

Policy PA-11: SANBAG shall administratively reimburse local jurisdictions with PAAs in the order of expenditure as established by the date of invoice received by the jurisdiction from the contractor/consultant for a PAA project. The order of expenditure shall be considered separately for the Valley Major Street and Valley Freeway Interchange Programs.

Policy PA-12: Reimbursements by SANBAG for eligible expenditures shall be provided on a quarterly basis. Reimbursements shall occur beginning in approximately July 2010 following the quarterly reconciliation of sales tax dollars by the State Board of Equalization. Quarterly reimbursements from the Valley Major Streets and Valley Freeway Interchange Programs shall occur until all local jurisdictions with PAAs are reimbursed.

C. Equitable Share Calculation

Policy PA-13: For the Valley Major Street Program, reimbursement pursuant to PAAs shall be included in the equitable share calculations for the respective local jurisdictions, as specified in Policy 40006, maintained by SANBAG to ensure geographic equity over the life of the Measure.

V. POLICIES FOR THE ADVANCE EXPENDITURE PROCESS

A. General Policies

Policy AE-1: Jurisdictions that deliver Valley Freeway Interchange or Major Stret Program projects may expend local jurisdiction funds with the expectation of later reimbursement of the public share costs by SANBAG, subject to the terms of the Advance Expenditure process. SANBAG's commitment to reimburse the public share cost shall be subject to the project priorities and policies referenced in Policies 40005 and 40006.

Policy AE-2: Only projects included in the current, Board-approved version of the Development Mitigation Nexus Study shall be eligible for the AE Program.

Policy AE-3: Reimbursement for a project under the AE process may take the form of monetary compensation for the public share cost of the project as defined in the Advance Expenditure Agreement (AEA), or credit for the same amount against the development share of one or more subsequent projects within the same Measure I Program.

B. Freeway Interchange Program and Railroad/Highway Grade Separation Sub-program Projects

Policy AE-4: All freeway interchanges and railroad/highway grade separation projects for which jurisdictions desire reimbursement under the AE process shall be included in an AEA with SANBAG. For multi-jurisdictional projects, the AEA shall be between the sponsoring agency and SANBAG.

Policy AE-5: The AEA shall establish agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG and is required to be executed prior to project cost reimbursement or credit under the AE process.

Policy AE-6: Public share project costs incurred for Nexus Study projects in advance of an executed AEA shall not be reimbursed by SANBAG, nor shall they be credited against the development share of a future project.

Policy AE-7: SANBAG shall begin reimbursement for phases of a Freeway Interchange project or a Railroad/Highway Grade Separation project in the first year that funding becomes available to the project based on the reimbursement criteria below and on the prioritization list contained in the Board-adopted version of the Nexus Study in force at the time of the AEA's execution. Subsequent changes in the Interchange and Grade Separation prioritization lists shall not affect the time of reimbursement or availability of credit once the AEA has been executed for the project. The process and criteria for the interchange Program include the following:

- SANBAG may call for applications for local jurisdictions to enter into Advance Expenditure Agreements (AEAs) for projects in the Valley Freeway Interchange Program. Jurisdictions in the Valley may submit applications for AEAs in response to this call, and SANBAG may enter into such agreements at its option and under the following conditions:
    - The request must be made through the call for applications in conjunction with the annual Capital Project Needs Analysis (CPNA) submittal and must include a financial plan that demonstrates the capability of a jurisdiction to fund the entirety of the project through construction without SANBAG's contribution to the public share. The financial plan must show funding sources by phase through completion of the project, including years beyond the five-year CPNA horizon.

- A Project Study Report (PSR), or equivalent, must have been completed and be consistent with current plans for the interchange. Measure I Valley Interchange Funds are not eligible for work on a PSR when applying for an AEA.
- The project must be one of the top 10 interchanges in the most current interchange prioritization list established by the SANBAG Board. This is defined as the group of "Tier 1" interchanges.
- Interchanges in the 11-20 priority range (Tier 2) may be eligible for an AEA on an exception basis, with the required financial plan. Reimbursement for Tier 2 interchanges shall be based on the chronological order of expenditure, following reimbursement for all active Tier 1 interchanges. An "active" interchange project is defined as one that has progressed through the PSR (or equivalent) stage, has identified subsequent phases and funding sources in the most current CPNA, and is demonstrating progress in accomplishing those phases. Any interchange in the Tier 1 list that is not active following full reimbursement of other interchanges in Tier 1 shall be incorporated into the chronological reimbursement process that applies to Tier 2 interchanges. Interchanges of priority 21 or lower (Tier 3) shall not be eligible for an AEA.
- The jurisdiction does not undertake loans of Measure I funds from SANBAG for the development share on any project in any program.
- The jurisdiction assumes all risk associated with the timing of reimbursement of the public share of funds for the project.

- Once an AEA is executed, the ranking for purposes of AEA reimbursment shall be no lower than the ranking of the project at the time of AEA execution, even if traffic study and cost updates indicate a lower ranking. A higher ranking may accelerate the reimbursement for a Tier 1 interchange, based on the project's new position on the priority list. The updated ranking will not affect reimbursement for Tier 2 interchanges.
- The SANBAG Board has the sole discretion to approve or deny applications for AEAs based on the criteria and on project and financial conditions that exist at the time of the request. These financial conditions may include, but are not limited to, any indication that reimbursement of the public share of project cost would likely exceed SANBAG's funding capacity over the term of Measure I 2010-2040. SANBAG shall consider anticipated reimbursements of Measure I 2010-2040 funds for AEA projects in the annual apportionment and allocation process.

Policy AE-8: In general, SANBAG will complete reimbursement for a Freeway Interchange or Grade Separation project in its entirety prior to allocation of funds to construction of a project of lower priority on the Freeway Interchange or Grade Separation prioritization list. This will be balanced with the need to maintain commitments to other interchange or grade separation projects on which project development activity has been initiated.

Policy AE-9: SANBAG shall only reimburse or provide credit to jurisdictions with approved AE projects up to the public share of the project cost in the Board adopted Nexus Study in effect at the time the AEA was executed, or the public share of the actual project cost, which ever is less.

Policy AE-10: Reimbursement for project development phases of a project under the AEA shall be limited to the estimated cost of the phase for which funds have been allocated, as included in the current Board-approved version of the Nexus Study or to the actual cost, whichever is less.

Policy AE-11: The AEA shall be amended by phase to incorporate the project cost information included in the current Board-adopted version of the Nexus Study.

Policy AE-12: Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor/consultant to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractorconsultant. If jurisdiction in-house staff time is submitted for reimbursement, documentation of hours by individual and salary rate must be provided, with tabulations from the payroll system by project task as backup.

Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distributions of overhead among all departments.

C. Valley Arterial Sub-program Projects

Policy AE-13: The following types of projects in the Valley Major Street Arterial Sub-program are eligible for reimbursement of public share costs under the AE process:

- Nexus Study project costs that are:
  1. Incurred prior to the the commencement of Measure I 2010-2040
  2. Not covered under the PA process mentioned above.
  3. Not incurred prior to either April 5, 2006 or prior to the date of approval of a jurisdiction's development mitigation program by SANBAG, whichever is earlier.
- Nexus Study projects included in the Jurisdiction Master Agreement that have incurred additional costs for project delivery beyond the total amount of funding allocated to a jurisdiction in a fiscal year.
- Nexus Study projects for which an allocation of funding was not approved in the current fiscal year but will be available in future years, subject to a jurisidictions cumulative equitable share calculations.

Policy AE-14: Projects delivered through the AE process in the Valley Arterial Sub-program are not required to execute an AEA prior to the expenditure of funds on eligible projects (as defined by Policy AE-13 above)

Policy AE-15:Prior to receiving reimbursement or credit under the AE process, jurisdictions shall specifically designate the project(s) in their Capital Project Needs Analysis and receive an allocation of funding by the SANBAG Board for the project, documented through the Jurisdiction Master Agreement.

Policy AE-16: In the annually submitted CPNA, a local jurisdiction with an eligible AE project shall specifically designate whether it elects to receive reimbursement or credit under the AE process for the project. The decision to receive credit or reimbursement will be reflected in the Jurisdiction Master Agreement.

Policy AE-17: Advance Expenditure projects shall be included in the Jurisdiction Master Agreement. Following approval of the agreement, the local jurisdiction may submit invoices for reimbursement or receive credit toward the development share of future project cost.

Policy AE-18:Jurisdictions shall not receive immediate reimbursement or credit for Advance Expenditure in excess of the jurisdiction's five-year equitable share of Valley Arterial Sub-program funds. Jurisdictions that reach the cap on reimbursement or credit may submit eligible projects for reimbursement as additional allocations become available under the jurisdiction's five-year equitable share cap.

D. Equitable Share Calculation

Policy AE-19: For the Valley Major Street Program, reimbursement pursuant to AEAs shall be included in the equitable share calculations for the respective local jurisdictions, as specified in Policy 40006, maintained by SANBAG to ensure geographic equity over the life of the Measure.

VI. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009
1	Deleted language no longer applicable in Policy AE-6. Expanded Policy AE-7, establishing criteria for execution of Advance Expenditure Agreements for valley freeway interchange projects.	11/03/2010

San Bernardino Associated Governments	**Policy**	**40003**
Adopted by the Board of Directors April 1, 2009	Revised	5/6/15
Valley Local Street (VLS) Program **Measure I 2010-2040 Strategic Plan**	Revision No.	2

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I. PURPOSE

The purpose of this policy is to establish requirements relating to adoption of Five Year Plans by local jurisdictions outlining the projects which will be funded under the Measure I 2010-2040 Valley Subarea Local Streets Program. Twenty percent of the total Measure I 2010-2040 revenue collected in the San Bernardino Valley Subarea shall be assigned to the Local Streets Program. This program will be used by local jurisdictions to fund Local Street Projects.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.

SANBAG Congestion Management Program

III. DEFINITIONS

Local Street Program: Measure I program in all subareas that provides funds through a pass-through mechanism directly to local jurisdictions for expenditure on street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Program funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local streets, major highways, state highway improvements, freeway interchanges, transit, and other improvements/programs to maximize use of transportation facilities.

Allocation: An action by the SANBAG Board of Directors to assign a specific amount of Measure I funds from a Measure I program to a project. The allocation decision is made annually by the Board of Directors by March of each year. Allocation of Local Street Program funds occur monthly as a direct pass-through to local jurisdictions.

Five Year Plan: A plan of projected local jurisdiction expenditures for the next five years on Local Street Projects eligible for Local Streets Program funds, updated annually and submitted to SANBAG by local jurisdictions.

Independent Taxpayer Oversight Committee: A “Mandated Taxpayer Safeguard” established by Ordinance 04-01 for Measure I 2010-2040 to provide citizen review and to ensure that all Measure I funds are spent in accordance with provisions of the Measure I Expenditure Plan and Ordinance.

Maintenance of Effort: The requirement that Measure I funding will supplement and not replace the existing local discretionary funding being used for street and highway purposes.

Maintenance of Effort Base Year Level: The amount of General Fund used for street and highway purposes prior to Measure I 2010-2040 as adopted by the SANBAG Board of Directors.

IV. POLICIES FOR THE VALLEY LOCAL STREETS PROGRAM

A. Local Streets Allocation

Policy VLS-1: Each jurisdiction shall receive an allocation from 20% of the Measure I revenue collected in the Valley Subarea on a per capita basis using the population estimate as of January 1 of that year. The population estimate for making the per capita calculation shall be determined by SANBAG each year based on the State Department of Finance population estimate as of January 1 of that year. For the unincorporated areas, the calculation shall be based on the population estimate from the County Planning Department and reconciled with the State Department of Finance population estimate as of January 1 of that year.

Policy VLS-2: Local jurisdictions shall not receive their Local Streets Allocation until they have submitted their annual update of their Five Year Plan.

Policy VLS-3: The Local Streets allocation shall be remitted to local jurisdictions monthly.

Policy VLS-4: Local Streets Allocations remitted from January 1 until such time as the State Department of Finance has issued their population figures and SANBAG has made the per capita calculation, shall be based on the prior year's calculation. Once the per capita calculation has been made, the calculation will be applied retroactively to January 1 and amounts received by local jurisdictions will be adjusted to account for the difference in the amount remitted during the retroactive period and the amount that should have been remitted adjusted for the new per capita calculation.

B. Development Fair Share Contribution

Policy VLS-5: A development mitigation fair share contribution is required by Measure I 2010-2040 for all capacity improvement projects on the Nexus Study Network, contained in the most recent Board-adopted version of the Nexus Study approved for jurisdictions in the San Bernardino Valley.

Policy VLS-6: Annually as part of its audit of each jurisdictions' use of Measure I funds, SANBAG will specifically review development mitigation contribution records for capacity improvements to Nexus Study Network facilities. If a material finding is made in the audit showing that the development share contribution was not made, SANBAG may, as the Congestion Management Agency, withhold Section 2105 Gas Tax funds or Measure I Local Street Allocations until the jurisdiction shows that they are in compliance with the Congestion Management Program.

Policy VLS-7: Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the required development fair share. The internal accounts shall be reimbursed by development mitigation as development occurs..

C. Five Year Plan

Policy VLS-8: Each local jurisdiction is required to annually adopt a Five Year Capital Improvement Plan which details the specific projects to be funded using Measure I Local Pass-Through Funds. Expenditures of Measure I Local Pass Through Funds must be detailed in the Five Year Capital Improvement Plan and adopted by resolution of the governing body.

Policy VLS-9: Five Year Capital Improvement Plans shall:

a. Specifically identify improvements to be funded by Measure I by street name, boundaries, and project type, subject to eligibility requirements listed in Section D below.

b. Constrain the total amount of planned expenditures to 150% of SANBAG's forecasted revenue for Measure I Local Pass-Through Funds, revenue resulting from bonds secured by Measure I revenue, and remaining balances from previous year allocations.

c. Include no more than 50% of estimated annual new revenue to general program categories for pavement management programs, system improvements, and general maintenance or other miscellaneous categorical expenditures. Carryover fund balance shall not be used for general program categories.

   A general program category is a program of work without any identified streets. If a line item in the Five Year Capital Improvement Plan includes a list of the streets to which it will apply, then it does not have to count as a general program category (i.e. a city-wide AC overlay program that lists the streets to be included in the program).

d. For capacity enhancement projects to Nexus Study Network roadways, include total estimated cost, Measure I share of project cost and development share of project cost. Maintenance projects or projects that do not enhance the capacity of a roadway do not require a development contribution to be included in the Five Year Plan.

Policy VLS-10: Any single project expenditure in excess of $100,000 shall be listed as an individual project and shall not be included in a general program category. A project is defined as an eligible specific road improvement.

Policy VLS-11: The Five Year Capital Improvement Plan shall be the basis for the annual audit. Jurisdictions will have flexibility in moving projects around in their Five Year Capital Improvement Plan based on the necessities of the jurisdiction. However, in order for a project to be eligible for expenditure of Local Streets funds, the project must be included in the Five Year Capital Improvement plan. A revised Capital Improvement Plan must be provided to SANBAG by the end of each fiscal year if the project list has been changed in order for the projects to be eligible for expenditures of Local Streets funds.

D. Eligible Expenditures

Policy VLS-12: Eligible expenditures include construction, maintenance, and overhead. Included below are definitions and types of eligible expenditures by category.

a. Construction shall be defined as the building or rebuilding of streets, roads, bridges, and acquisition of rights-of-way or their component parts to a degree that improved traffic service is provided and geometric or structural improvements are effected including allocated administration and engineering necessarily incurred and directly related to the above.

1) Removal of old street and roadbeds and structures, and detour costs when connected with a construction project.

2) Change of alignment, profile, and cross-section.

3) Addition of a frontage street or road.

4) Original surfacing of shoulders.

5) Installation of original traffic signs and markers on routes.

6) Earthwork protective structures within or adjacent to the right-of-way area.

7) Complete reconstruction or addition to a culvert.

8) Reconstruction of an existing bridge or installation of a new bridge.

9) Widening of a bridge.

10) Installations or extensions of curb, gutter, sidewalks or underdrain, (including improvements to handicap ramps to make them ADA compliant).

11) Extensions and new installation of walls.

12) Reconstruction of an intersection and its approximate approaches to a substantially higher type involving a change in its character and layout including changes from a plain intersection to a major channelized intersection or to grade separation and ramps.

13) Placing sufficient new material on soil surface, gravel street or road to substantially improve the quality of the original surface.

14) Improvement of a surface to a higher type.

15) Bituminous material of 1" or more placed on bituminous or concrete material. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.

16) Remix existing bituminous surfacing with added materials to provide a total thickness of 1" or more. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.

17) Stabilization of street or road base by additive, such as cement, lime or asphaltic material.

18) Widening of existing street, roadbed or pavement, with or without resurfacing.

19) Addition of auxiliary lanes such as speed change, storage, or climbing lanes.

20) Resurfacing, stabilizing or widening of shoulders including necessary connections to side streets or road approaches.

21) Installation or addition to landscape treatment such as sod, shrubs, trees,irrigation, etc.

22) Extending old culverts and drains and replacing headwalls.

23) Replacement of bridge rails and floors to a higher standard.

24) Replacement of retaining walls to a higher standard.

25) Replacement of all major signs or traffic control devices on a street or road.

26) The installation of a new sign or the replacement of an old sign with one of superior design such as increased size, illumination, or overhead installations.

27) Installation or improvement of traffic signal controls at intersections and protective devices at railroad grade crossings.

28) Installation or expansion of street or road lighting system.

29) Replacement in kind, when legally required, of structures which are required to be relocated for street and road purposes.

30) Construction of bikeways when they are an integral part of the Public Streets and Highways System.

31) Extension or new installation of guardrails, fences, raised medians or barriers for traffic safety.

32) Painting or rearrangement of pavement striping and markings, or repainting to a higher standard.

33) Construction of pedestrian underpasses or overhead crossing for the general public use.

34) Purchase and installation of traffic signal control equipment including traffic actuated equipment, radio or other remote control devices and related computers, software and that portion of preemption equipment not mounted on motor vehicles.

35) Maintenance or construction on alleys that have been formally accepted into the city or county street system.

b. Maintenance shall be defined as the preservation and upkeep of a street or road to its constructed condition and the operation of a street or road facility and its integral services to provide safe, convenient and economical highway transportation. Examples of Maintenance include:

1). Scarifying, reshaping and restoring material losses.

2) Applying dust palliatives.

3) Patching, repairing, surface treating, and joint filling on bituminous or concrete surfaces.

4) Jacking concrete pavements.

5) Repair of traveled way and shoulders.

6) Bituminous material of less than 1" added to bituminous material including seal coats.

7) Remix existing bituminous surfacing with added materials to provide a total thickness of less than 1". (See exception under Construction, example 16.)

8) Patching operations including base restoration.

9) Resealing street or road shoulders and side street and road approaches.

10) Reseeding and resodding shoulders and approaches.

11) Reshaping of drainage channels and side slopes.

12) Restoration of erosion controls.

13) Cleaning culverts and drains.

14) Removing slides and restoring facilities damaged by slides. (Additional new facilities shall be considered construction.)

15) Mowing, tree trimming and watering.

16) Replacing top soil, sod, shrubs, trees, irrigation facilities, etc. on street and roadside.

17) Repairing curb, gutter, rip-rap, underdrain, culverts and drains.

18) Cleaning, painting and repairing bridges and structures.

19) All snow control operations such as the erection of snow fences and the actual removal of snow and ice from the traveled way.

20) Repainting of pavements, striping and marking to the same standards.

21) Repainting and repairing of signs, guardrails, traffic signals, lighting standards, etc.

22) Servicing lighting systems and street or road traffic control devices.

23) Furnishing of power for street and road lighting and traffic control devices.

24) Developing and maintaining programs which enhance management of transportation facilities such as travel demand models and pavement management programs.

25) Purchase of equipment used exclusively for road maintenance.

c. Overhead shall be defined as those elements of cost necessary in the production of an article or performance of a service which are of such a nature that the amount applicable to the functions are not readily discernible. Usually they relate to those objects of expenditure which do not become an integral part of the finished product or service. Examples of overhead components are shown below and are comprised of costs which cannot be identified or charged to a project, unless an arbitrary allocation basis is used. Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distribution of overhead among all departments.

1) Payroll
2) Facilities
3) Advertising
4) General Government
5) Department Accounts/Finance
6) Procurement
7) Top Management
8) General Accounting/Finance
9) Personnel
10) Data Processing
11) Legal Costs

E. Ineligible Expenditures

Policy VLS-13: Although many types of work may be classified as "construction," this does not make them automatically eligible for expenditures of Measure I funds. To be eligible, the work must be for street and road purposes.

a. Following is a list of the types of expenditures which are not eligible for financing with Measure funds:

1) Costs of rearranging non-highway facilities, including utility relocation, when not a legal road or street obligation.

2) New (first installation of) utilities, including water mains, sanitary sewers and other nonstreet facilities.

3) Costs of leasing property or right-of-way, except when required for construction work purposes on a temporary basis.

4) The costs of constructing or improving a street or area for parking purposes, except for the width normally required for parking adjacent to the traveled way and within the right-of-way, or when off-street parking facilities are constructed in lieu of widening a street to improve the flow of traffic.

5) Decorative lighting.

6) Park features such as benches, playground equipment, and rest rooms.

7) Work outside the right-of-way which is not a specific right-of-way obligation.

8) Equestrian under and overpasses or other similar structures for any other special interest group unless as a part of a right-of-way obligation.

9) Construction, installation or maintenance of cattle guards.

10) Acquisition of buses or other mass transit vehicles or maintenance and operating costs for mass transit power systems or passenger facilities, other than to specifically serve elderly and handicapped persons.

11) Maintenance or construction on alleys that have not been formally accepted into the city or county street system.

12) Non-street related salaries and benefits.

13) Driveways outside of the street and road right-of-way.

14) Electronic speed control devices or other non-highway related safety expenditures.

F. Accounting Requirements

Policy VLS-14: Each local jurisdiction shall establish a Special Measure I 2010-2040 Transportation Sales Tax Fund. This fund is a special revenue fund utilized to account for proceeds of specific revenue sources that are legally restricted to expenditures for street purposes. Jurisdictions should use the modified accrual basis of accounting

Policy VLS-15: The following requirements are to provide guidance on the specific accounting treatment as it relates to the Special Measure I Transportation Sales Tax Fund.

a. All apportionments shall be deposited directly into the Special Measure I Transportation Sales Tax Fund.

b. Interest received by a jurisdiction from the investment of money in its Special Measure I Sales Tax Fund shall be deposited in the fund and shall be used for street purposes.

c. Segregation must be maintained within the Special Measure I Transportation Sales Tax Fund to show separate balances for each subarea (County only).

d. If other revenues are commingled in the Special Measure I Transportation Sales Tax Fund, it is the responsibility of the jurisdiction to provide accurate and adequate documentation to support revenue and expenditure allocation, as well as segregated balances.

e. It is allowable to fund prior year expenditures with current year revenues and/or fund balance as long as funded projects are included in the adopted Five-Year Capital Improvement Program and accounting clearly identifies the project and other pertinent data to establish a clear audit trail.

f. If a project is deemed ineligible in the annual Compliance Audit, the Measure I funds used on that project must be repaid to the Special Measure I Transportation Sales Tax Fund in accordance with Policy VLS-19.

Policy VLS-16: Any interest earned on investment of Measure I Transportation Sales Tax Funds must be deposited in the Special Measure I Transportation Sales Tax Fund. Any jurisdiction not electing to invest its Measure I funds but at the same time investing most of its other available funds should deposit the Measure I funds in a separate account to clearly indicate that no such monies were invested. If Measure I Transportation Sales Tax funds are invested, they must receive their equitable proration of interest earned on the total funds invested. Several methods are available to determine an equitable distribution of interest earned. Whatever method is employed, it will be analyzed during audit to determine reasonableness and confirm distribution to the Special Measure I Transportation Sales Tax Fund. It is recommended that a distribution based on average monthend cash balances be employed. In addition, if the interest distribution methodology allows for negative distributions, they will be disallowed. No interest charges based on negative cash and fund balances will be allowed.

Policy VLS-17: Reimbursements of Measure I Transportation Sales Tax Funds previously expended for street and road construction or right-of-way purposes, from whatever source, must be deposited in the Special Measure I Transportation Sales Tax Fund. This includes but is not limited to:

- Federal Aid Urban projects
- Redevelopment agencies
- Cooperative agreements
- Right-of-way dispositions
- Federal and safety projects

Policy VLS-18: Records:

a. Source Documentation - On construction or purchase of right-of-way, all expenditures charged to the Measure I Transportation Sales Tax Fund must be supported by a warrant or other source document (invoice, requisition, time sheet, equipment rental charge, engineering plans, specifications and other pertinent data) clearly identifying the project and other pertinent data to establish a clear audit trail.

b. Retention Period - All source documents, together with the accounting records, are deemed to be the official records of the jurisdiction and must be retained by the jurisdiction for five (5) years.

Policy VLS-19: Compliance Audit Deadline

A jurisdiction's annual Compliance Audit must be completed within six (6) months after the end of the jurisdiction's fiscal year (Compliance Audit Deadline). SANBAG staff shall monitor the scheduling and progress of the audits to ensure prompt communication by the Auditor after information submittals by the jurisdiction, and timely completion of the final MSI audit report. If a jurisdiction is not able to meet the information submittal deadlines set by the Auditor or the Compliance Audit Deadline, the jurisdiction may submit a request to SANBAG's Executive Director no later than thirty days prior to the submittal deadline set by the Auditor or the Compliance Audit Deadline, whichever extension is required, and a two (2) month automatic extension will be granted. Any further requests for extensions of the Compliance Audit Deadline are subject to approval by the Board. The Board may approve further Compliance Audit Deadline extensions, if the Board finds: (1) the Compliance Audit was not completed timely for reasons outside of the jurisdiction's control, such as federal, state, and GASB reporting requirements, or catastrophic events; or (2) it is in the best interests of SANBAG to grant the extension. SANBAG staff shall be responsible for requesting extensions related to Auditor performance.

Policy VLS-20 Remedies

a. If a jurisdiction's annual Compliance Audit determines that the jurisdiction used Measure I Transportation Sales Tax Funds for ineligible expenses, the jurisdiction shall repay the Measure I Transportation Sales Tax Fund, in the amount of the ineligible expenses, immediately from another source through an internal fund transfer.

b. If a jurisdiction's annual Compliance Audit fails to be completed with an unmodified opinion by the Compliance Audit Deadline, as extended pursuant to Policy VLS-19, the jurisdiction shall repay the Measure I Transportation Sales Tax Fund, in the amount of the Measure I Local Streets Allocation for the fiscal year subject of annual Compliance Audit findings of unsubstantiated or questioned costs, immediately from another source through an internal fund transfer.

c. If the jurisdiction is unable to make such immediate repayment under VLS-20 (a) or (b), the jurisdiction shall not receive its Local Streets Allocation pass-through payments until the repayment amount of ineligible expenses, unsubstantiated costs, or questioned costs, have been withheld by SANBAG.

d. If the jurisdiction enters into a Repayment Agreement with SANBAG, as approved by the jurisdiction and the SANBAG Board of Directors, providing for repayment of the amounts owed under VLS-20 (a) or (b) over a period not to exceed five (5) years, SANBAG will return any pass-through funds withheld. SANBAG will recommence withholding Local Streets Allocation pass-through funds if the jurisdiction fails to comply with the terms of the Repayment Agreement.

G. Maintenance of Effort Requirements

Policy VLS-21: The SANBAG Board of Directors shall retain authority over actions related to these Maintenance of Effort (MOE) requirements.

Policy VLS-22: In accordance with California Public Utilities Code 190300 and Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Local Street Program funds shall not be used to supplant existing local discretionary funds being used for street and highway purposes.

Policy VLS-23: SANBAG shall monitor local agency use of General Fund for street and highway purposes relative to their use prior to Measure I 2010-2040, which shall be referred to as the MOE base year level.

Policy VLS-24: The following requirements are to provide guidance on the determination of a MOE base year level.

a. The MOE base year level shall be equivalent to the discretionary General Fund expenditures for transportation-related construction and maintenance activities consistent with Policy VLS-12 in Fiscal Year 2008/2009.

b. Jurisdictions may propose deductions to the recorded expenditures for the following:

   1) Expenditures for unusual circumstances that increased the MOE base year level arbitrarily outside of the normal on-going General Fund expenditures, e.g. General Fund loans to other transportation-related funds, emergency repairs, special projects.

   2) Administrative/overhead costs that were not project-specific, i.e. staff time for transportation staff was charged to a general “program” budget rather than charged directly to specific projects.

c. The proposed MOE base year level shall be adopted by resolution of the governing body.

d. The Independent Taxpayer Oversight Committee (ITOC) will review the proposed MOE base year levels, including the proposed deductions, as adopted by resolution of the governing body, and provide a recommendation to the SANBAG Board of Directors for approval.

e. The MOE base year level as approved by the SANBAG Board of Directors shall remain in effect until the expiration of Measure I 2010-2040.

Policy VLS-25: Jurisdictions shall annually provide a statement in the resolution of the governing body adopting the Five Year Capital Improvement Plan that acknowledges the jurisdiction will maintain General Fund expenditures for transportation-related construction and maintenance activities at the required MOE base year level in that fiscal year. Jurisdictions whose MOE base year level is determined to be $0 are not required to provide this statement in the resolution.

Policy VLS-26: The MOE requirement shall be tracked and verified as part of the annual Measure I Local Street Program audit. This will be accomplished by comparing the discretionary General Fund expenditures for transportation-related construction and maintenance activities consistent with Policy VLS-12 to the MOE base year level.

Policy VLS-27: General Fund expenditures in excess of the MOE base year level will carry over to subsequent fiscal years and can be applied in a future year to offset the amount the local agency may need to meet the MOE requirement. Carryover balances will be documented in the annual Measure I Local Street Program audit.

Policy VLS-28: If the annual Measure I Local Street Program audit indicates that the required MOE base level is not being met, then the jurisdiction has the following four fiscal years to make up the amount. If the audit following those four fiscal years indicates the jurisdiction is still below the MOE base year level, SANBAG will immediately stop disbursing Measure I Local Street Program funds until an amount equivalent to the MOE base year level shortfall has been withheld. The withheld funds will be disbursed to the jurisdiction upon demonstration that the jurisdiction has met the MOE requirements.

Policy VLS-29: The following provides guidance on resolution of MOE base year level shortfalls at the expiration of Measure I 2010-2040.

a. If the jurisdiction has not resolved a MOE base year level shortfall within two years after the expiration of Measure I 2010-2040, any withheld funds will be distributed to other compliant jurisdictions within that subarea.

b. If any Measure I Local Street Program audit after Fiscal Year 2033/2034 indicates that the required MOE base year level was not met, then the jurisdiction has until Fiscal Year 2038/2039 to make up the amount. If the audit of Fiscal Year 2038/2039 indicates the jurisdiction is still below the MOE base level, the jurisdiction must pay the MOE base level shortfall to SANBAG for distribution to other compliant jurisdictions within that subarea.

Policy VLS-30: Prior to withholding or required repayment of Measure I Local Street Program funds, jurisdictions shall have an opportunity to appeal to the ITOC. The jurisdiction must present evidence to the ITOC demonstrating unusal circumstances or the need for special consideration. The ITOC will be responsible for making a recommendation to the SANBAG Board of Directors to either approve or deny the request for special consideration.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009
1	Revisions adopted by the Board of Directors on January 8, 2014, Agenda Item 14.	01/08/2014
2	Revisions adopted by the Board of Directors on May 6, 2015, Agenda Items 6 & 8.	05/06/2015

San Bernardino Associated Governments	**Policy**	**40004**
Adopted by the Board of Directors April 1, 2009	Revised	04/01/09
Valley Freeway (VF) Program **Measure I 2010-2040 Strategic Plan**	Revision No.	0

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG Intranet.

Table of Contents

I. PURPOSE

The purpose of this policy is to delineate requirements for administration of the Valley Freeway Program. The Valley Freeway Program will receive 29% of the Valley Subarea revenue over the life of the Measure.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

Policy 11000 – Contracting and Procurement Policy

Policy 30100 – Retrofit Soundwalls

Policy 34500 – Valley Major Projects: Value Engineering

Policy 34501 – Valley Major Projects: Local Funding Participation

Policy 34502 – Valley Major Projects: Landscape

Policy 34503 – Valley Major Projects: Local Impacts

Policy 34504 – Valley Major Projects: Major Projects Program; Contract Negotiation Guidelines

Policy 34505 – Valley Major Projects: Cost Sharing

Policy 34506 – Valley Major Projects: Residential Acquisition

Policy 34507 – Valley Major Projects: Administrative Settlement

Policy 34508 – Valley Major Projects: Real Property Claims Process

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III. DEFINITIONS

Freeway Project: A project listed in the Measure I 2010-2040 Expenditure Plan, Ordinance 04-01, within the Freeway Program for the Valley Subarea.

IV. VALLEY FREEWAY PROGRAM POLICIES

Policy VF-1: The Valley Freeway Program shall receive 29% of the Measure I 2010-2040 Valley Subarea revenue over the life of the Measure, as adjusted for the time-value of money.

Policy VF-2: Eligible freeway projects within the Valley Freeway Program shall include:

- I-10 Widening from I-15 to Riverside County Line
- I-15 Widening from Riverside County Line to I-215
- I-215 Widening from Riverside County Line to I-10
- I-215 Widening from SR-210 (formerly SR-30) to I-15
- SR-210 Widening from I-215 to I-10
- Carpool Lane Connectors

Policy VF-3: Interchange improvements on the I-215 between the Riverside County Line and I-10 shall be included in the scope of the project to widen the I-215 from the County line to I-10. Interchange improvements required for other Valley Freeway Program projects listed above are included in the Valley Freeway Interchange Program and shall not be funded, in whole or in part, by Valley Freeway Program revenues.

Policy VF-4: SANBAG shall be responsible for project initiation, project development, funding, and project management for projects in the Valley Freeway Program, in partnership with Caltrans and local jurisdictions.

Policy VF-5: The policies listed in the References section above, developed for Measure I 1990-2010, shall remain in effect for the Valley Freeway Program under Measure I 2010-2040.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009

San Bernardino Associated Governments	**Policy**	**40005**
Adopted by the Board of Directors April 1, 2009	Revised	12/7/16
Valley Freeway Interchange (VFI) Program **Measure I 2010-2040 Strategic Plan**	Revision No.	4

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG website.

Table of Contents

I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Valley Freeway Interchange Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms, project eligibility and prioritization, limitations on eligible expenditures, the role of SANBAG in project delivery, and cost overrun responsibilities.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

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III. DEFINITIONS

Capital Projects Need Analysis (CPNA) – A five-year plan of capital project needs for each program included in the San Bernardino Valley Expenditure Plan. The CPNA includes estimates of project costs to be incurred by funding type, fiscal year, and phase for the five year period following the beginning of the subsequent fiscal year.

Development Share– The percentage share of total project cost assigned as the development contribution percentage as listed in the SANBAG Nexus Study.

Public Share – The share of project cost calculated as the total cost of the project minus the developer share.

Sponsoring Agency – The jurisdiction with the majority share development mitigation responsibility for projects included in the SANBAG Development Mitigation Nexus Study.

IV. POLICIES FOR THE VALLEY FREEWAY INTERCHANGE PROGRAM

A. Allocation of Measure I 2010-2040 Funding

Policy VFI-1: Initiation of project development work on freeway interchange projects shall be the responsibility of local jurisdictions, with the exception that project development work on interchange improvements required to enable the construction of freeway mainline projects may be initiated by SANBAG at the discretion of the Board of Directors.

Policy VFI-2: The SANBAG Board of Directors shall allocate funding to specific Valley Freeway Interchange projects as nominated by sponsoring member agencies through their five-year Capital Projects Need Analysis (CPNA). If nominations exceed the available funding, SANBAG shall allocate funds to sponsors of the nominated projects in order of project priority assigned through a prioritization methodology approved by SANBAG as documented in the Strategic Plan. Fund allocation shall anticipate the Measure I public share costs for subsequent years of a project so that the intent of Policy VFI-3 can be achieved. Funding for initial phases of projects of lesser priority may be deferred depending on the outcome of the annual cash flow analysis. Full funding of the higher priority projects through construction shall be given priority, even if the nominations are less than available funding for any given year.

Policy VFI-3: Allocations to a Valley Freeway Interchange project shall be limited to the current phase of the project. However, an allocation of funds to the Project Approval and Environmental

Documentation (PA&ED) phase or to a subsequent phase prior to construction shall represent a commitment by SANBAG to timely funding of the public share of the project through construction, subject to the availability of Measure I, State, and federal funds.

B. Cost Reimbursement

Policy VFI-4: The Valley Freeway Interchange Program shall be administered as a cost reimbursement program. Sponsoring agencies shall enter into Project Funding Agreements with SANBAG, as specified in Policy 40001, prior to receiving authorization from SANBAG to expend funds. Following the authorization to expend funds, the sponsoring agency may incur expenses for the components of the project identified in the scope of work included in the Project Funding Agreement.

Policy VFI-5: On an exception basis and subject to SANBAG Board approval, the advanced reimbursement of anticipated expenses may be permissible. Only the right-of-way and construction phases are eligible and are subject to the conditions stated below.

- Right-of-way: Only right-of-way transactions in excess of $500,000 shall be considered for advance reimbursement. The advanced reimbursement shall be based on an accepted written appraisal or sales contract. Adjustments to this estimate based on actual costs shall be reconciled with SANBAG within 30 days of close of escrow and subject to the provisions governing right-of-way purchase established in Policy VFI-30.
- Construction: The advanced reimbursement shall be based on an awarded construction contract in excess of $10,000,000. The amount to be advanced to the local jurisdiction shall not be greater than 10% of the public share of total project cost or of three months estimated peak burn rate for the project, whichever is less. The advanced reimbursement shall be used to help provide liquidity to the local jurisdiction for payment to the contractor and shall be reconciled at the end of the construction phase of the project. SANBAG shall reimburse jurisdiction invoices, in addition to the advanced reimbursement amount, until the public share amount remaining in the contract is equivalent to the advanced reimbursement, after which the advanced reimbursement shall satisfy SANBAG reimbursement requirements.

C. Sponsoring Agency Reimbursement Invoices

Policy VFI-6: Sponsoring agencies shall submit invoices to SANBAG for actual expenditures incurred for components of an interchange project as identified in the scope of work included in the Project Funding Agreement. Invoices may be submitted to SANBAG as frequently as monthly.

Policy VFI-7: The sponsoring agency shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the sponsoring agency must submit the invoice provided by the contractor/consultant to the agency, which shall include unit costs, quantities, labor rates and adequate documentation of any other expenses incurred by the contractor/consultant.

Policy VFI-8: The sponsoring agency shall be reimbursed for the actual project costs minus the development share documented in the SANBAG Development Mitigation Nexus Study.

D. Local Lead Agency Reimbursement Schedule

Policy VFI-9: SANBAG shall reimburse the local lead agency for eligible expenditures within 30 days of receiving a complete and satisfactory invoice package, which shall include all backup and support materials required to substantiate the invoice as identified in Policy VFI-7.

E. Valley Freeway Interchange Program Eligible Projects

Policy VFI-10: Valley freeway interchanges included within the SANBAG Development Mitigation Nexus Study, as periodically updated, are the only freeway interchange projects eligible to be funded by the Valley Freeway Interchange Program.

Policy VFI-11: The SANBAG Development Mitigation Nexus Study shall calculate and document the public and development share costs for each eligible interchange as well as the local jurisdiction responsibility for development share costs.

Policy VFI-12: No new project shall be added to the Valley Freeway Interchange Project List included in the Nexus Study unless the sponsoring agency can provide a comparable reduction in the public share cost, either by eliminating another interchange of comparable cost or increasing the local jurisdiction's development share contribution so as to avoid a net increase in public share cost. Written agreement to withdraw the interchange shall be obtained from the elected body for any minority share jurisdiction and shall be presented to SANBAG prior to Board action.

F. Valley Freeway Interchange Prioritization

Policy VFI-13: Within the Valley Freeway Interchange Program, projects needed to facilitate delivery of the San Bernardino Valley Freeway Program shall receive prioritiy over the other eligible freeway interchange projects and may be initiated at the discretion of SANBAG. Initiation of an interchange project by SANBAG shall not waive any requirements for local jurisdictions to provide the development share of the project cost. However, SANBAG shall work with the responsible jurisdiction(s) on such projects to transact a loan for the fair share amount or negotiate other payment terms that will allow for reimbursement of the fair share amount to SANBAG over a mutually agreeable timeframe.

Policy VFI-14: Following allocations to interchanges pursuant to Policy VFI-13, Valley Freeway Interchange Program funding shall be allocated to projects nominated by sponsoring agencies according to a prioritization list approved by the SANBAG Board, and included for reference in Section IV.B.5 of the Strategic Plan.

Policy VFI-15: The Valley Freeway Interchange Program prioritization shall be based on a benefit/cost methodology and may also include consideration of congestion on the freeway mainline caused by deficiencies at the interchange. The prioritization list shall be considered for updates in conjunction with the reviews of the Expenditure Plan required in Section XIV. EXPENDITURE PLAN AMENDMENTS of the Measure I 2010-2040 ordinance. However, the SANBAG Board of Directors may request a re-evaluation of the prioritization list at any time.

Policy VFI-16: Project initiation shall be the responsibility of a local sponsoring jurisdiction, unless otherwise directed by the SANBAG Board pursuant to Policy VFI-13. Nominations by sponsoring jurisdictions occur through inclusion of the candidate project in the sponsor's CPNA for the year of the requested allocation.

Policy VFI-17: A sponsoring jurisdiction may begin expenditure of funds following the execution of a Project Funding Agreement, which shall include the scope of work for a project or project phase and a commitment to provide the development share of the funding through all the phases of the project, pursuant to the Development Mitigation Cooperative Agreement required by Policy VFI-21. The Project Funding Agreement shall be executed by the sponsoring agency and SANBAG prior to to the expenditure of funds on any phase of the project. Sponsoring agencies shall not be reimbursed for any costs incurred prior to the execution of the Project Funding Agreement.

Policy VFI-18: Sponsoring agencies that desire to deliver a Valley Freeway Interchange Program project to which funds cannot be allocated in a given year shall be eligible for reimbursement through the Advance Expenditure process outlined in Policy 40002.

G. Development Mitigation Fair Share Contributions

Policy VFI-19: Funds allocated by SANBAG to any phase of a Valley Freeway Interchange project shall be matched by development contributions in accordance with the minimum development contribution percentages identified in the SANBAG Nexus Study.

Policy VFI-20: The sponsoring agency is responsible for coordination of all minority share development mitigation contributions identified in the SANBAG Development Mitigation Nexus Study.

Policy VFI-21: No allocation of funding by SANBAG to a Valley Freeway Interchange project shall occur prior to execution of the Development Mitigation Cooperative Agreement among all development mitigation contributors identified in the SANBAG Nexus Study or commitment by the sponsoring agency to provide the minimum development share.

Policy VFI-22: A Development Mitigation Cooperative Agreement shall be approved by all jurisdictions with funding responsibility for an interchange project as identified in the Nexus Study. The Development Mitigation Cooperative Agreement provides a guarantee of the development mitigation contributions required by the Nexus Study. The cooperative agreement shall be submitted with the sponsoring agency's five-year CPNA for any Valley Freeway Interchange project included in the first year (year 1) of the CPNA. These agreements shall be approved by each jurisdiction's city council and, where applicable, the County Board of Supervisors. Where SANBAG initiates project development on an interchange project, SANBAG shall be responsible for coordinating the execution of the Development Mitigation Cooperative Agreement.

H. Development Mitigation Fair Share Loans and Loan Repayment

Policy VFI-23: On an exception basis, project sponsors and other participating local jurisdictions may request loans from SANBAG for the development contribution to facilitate project delivery. Any such loan is subject to approval by the SANBAG Board of Directors on a case-by-case basis after a risk assessment and a complete analysis of the impact of the proposed loan on the other projects in the Interchange Program. A loan agreement, separate from any other cooperative agreement or funding agreement, shall be approved by the jurisdiction City Council/Board of Supervisors and SANBAG Board of Directors detailing agreement terms. The following set of options for development share loans from SANBAG may be considered by the SANBAG Board:

1. Loans from a jurisdiction's Measure I Local Street Program funds (no bonding) - Allow loans for up to 2/3 of the development share (local share) from a jurisdiction's Measure I Local Street Program "pass-through" funds, with a commitment by the jurisdiction to reimburse the Measure I Local Street Program account with Development Impact Fee (DIF) funds as they are collected or with other legally appropriate non-Measure I funds. Other legally appropriate funds could include proceeds from a Community Facilities District (CFD) or other development-based sources (note: when DIF funds are referenced elsewhere in this policy, this implies other legally appropriate non-Measure I funds as well). This option assumes no bonding is required, i.e. cash flow in the jurisdiction's Local Street Program is sufficient to cover up to 2/3 of local share costs. Conditions for receipt of a loan under this option include:
   a. Local pass-through funds would be withheld by SANBAG sufficient to pay up to 2/3 of the local share of project invoices immediately after the initiation of work activities on the interchange project. The jurisdiction would need to provide the other 1/3 in cash, as needed for project expenses, from either DIF funds or their own internal loans.
   b. A maximum 10-year term, beginning at the completion of project construction, would be identified for DIF funds to replenish the local pass-through account. The first annual payment would be no later than the end of construction.
   c. 100 percent of the jurisdiction's Nexus Study portion of DIF funds not previously committed to projects (or to funding the other 1/3 of the local share) would need to be committed to repayment of the loan.
   d. No interest would be charged.
   e. SANBAG would release the withheld pass-through funds as the jurisdiction repays with DIF.
   f. The jurisdiction would need to show the use of the loan funds and its repayment plan in its 5-Year Measure I Capital Improvement Plan (CIP).
   g. If the jurisdiction has not repaid the pass-through funds by the end of the term, the term would need to be renegotiated. The jurisdiction would need to continue to repay the loan until it is retired. If full repayment does not occur by the end of Measure I 2010-2040, (i.e. because insufficient DIF funds are collected) the loan obligation will be considered fulfilled.
   h. In addition to the 2/3 cap on the local share portion to be covered by the loan, a limit on percentage of local pass-through funds may need to be set on a case-by-case basis as a potential hedge against Measure I revenue being lower than forecast.
   i. Any additional cost of administration of the loan incurred by SANBAG may be included as a cost to be borne by the jurisdiction and may be included in the loan.
2. Loans from a jurisdiction's arterial portion of Measure I Major Street Program funds (no bonding) - Allow loans for up to 2/3 of the local share from a jurisdiction's Measure I Major Street/Arterial Program equitable share with a commitment to reimburse the Major Street/Arterial Program account with DIF funds as they are collected, or other legally appropriate non-Measure I funds. This option assumes that no bonding is required, i.e. cash flow in the jurisdiction's arterial portion of the Major Street Program is sufficient to cover up to 2/3 of local share costs. Conditions for receipt of a loan under this option include:
   a. Funds from the Major Street/Arterial Program would be withheld by SANBAG sufficient to pay up to 2/3 of the local share of project invoices immediately after the initiation of work activities on the interchange project. The jurisdiction would need to provide the other 1/3 in cash, as needed for project expenses, from either DIF funds or their own internal loans.
   b. A maximum 10-year term, beginning at the completion of project construction, would be identified for DIF funds to replenish the arterial account. The first annual payment would be no later than the end of construction.

c. 100 percent of the jurisdiction's Nexus Study portion of DIF funds not previously committed to projects (or to funding the other 1/3 of the local share) would need to be committed to repayment of the loan.

d. No interest would be charged.

e. SANBAG would release the withheld arterial funds for use on other projects as the jurisdiction repays with DIF.

f. If the jurisdiction has not repaid the arterial funds by the end of the term, the term would need to be renegotiated. The jurisdiction would need to continue to repay the loan until it is retired. If it becomes clear that full repayment will not occur by the end of Measure I 2010-2040, (i.e. because insufficient DIF funds are collected) the remainder of the loan obligation would need to be fulfilled using the jurisdiction's Measure I Local Street funds, since Local Street funds can legitimately be used for interchange-related expenditures. This reassignment of funds would be part of the renegotiation of the loan.

g. In addition to the 2/3 cap on the local share portion to be covered by the loan, a limit on percentage of arterial funds may need to be set on a case-by-case basis. The reason for this would be as a potential hedge against Measure I revenue being lower than forecast.

h. Any additional cost of administration of the loan incurred by SANBAG may be included as a cost to be borne by the jurisdiction and may be included in the loan.

3. Combination of 1 and 2 - Allow a combination of option 1 and option 2 as sources of funding for a local share loan for an interchange project. The terms would be consistent with the terms specified in each of the two options and negotiated on a case-by-case basis.

4. Short-term cash loan from SANBAG - Allow a short-term cash loan for up to 2/3 of the local share that would be made available from SANBAG, with a fixed term and an interest rate premium (i.e. 5 year maximum term; Local Agency Investment Fund (LAIF) interest rate plus 3%). This would be conditioned on SANBAG having cash flow available and there being no risk of delay to other SANBAG projects. The cash loan could only be utilized for the PA&ED and Design phases of the interchange project. The jurisdiction would be in default if it fails to maintain payments, and SANBAG would be given the authority to invoke the terms of options 1, 2, or 3 to make those payments.

5. Bonding against a jurisdiction's Local Street Program funds - Allow for a jurisdiction to bond for up to 2/3 of the local share against its Measure I Local Street Program "pass-through" funds, with the debt service to be paid by those funds. DIF funds would reimburse the jurisdiction's Local Street account as they are collected, and the additional Local Street funds could be expended on other projects in the jurisdiction's Measure I Local Street Capital Improvement Plan.

a. The bond issue could be:

i. Coordinated with another SANBAG bond issue, in which case SANBAG would make debt service payments from the jurisdiction's Local Street account before sending the remaining funds to the jurisdiction. The jurisdiction would then reimburse SANBAG for their Local Street funds with DIF funds as they are collected, and SANBAG would release a comparable amount of Local Street funds back to the jurisdiction for other projects, or

ii. Arranged independently by the jurisdiction, with the debt service paid directly by Local Street funds the jurisdiction receives from SANBAG. In this case, the loan would be internal to the jurisdiction. The CIP would document the loan, and auditing of the Local Street account would track the loan repayment.

b. If full repayment of the Local Street account does not occur by the end of Measure I 2010-2040, (i.e. insufficient DIF funds are collected) the repayment obligation to the Local Street account will be considered fulfilled. This is considered consistent with Measure I, given that Measure I funds will not have replaced the development contribution if development has not occurred.

- SANBAG reserves the right to audit local jurisdiction development mitigation accounts to verify development fee collections used as the basis of loan repayment.
- Loans that are the result of initiation of a project by SANBAG, pursuant to Policy VFI-13, shall be negotiated on a case-by-case basis with terms that may vary from those above.

Policy VFI-24: Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the required development share for projects. The internal accounts shall be reimbursed by development mitigation as development occurs.

I. Development Mitigation Fair Share Credit Agreements

Policy VFI-25: Local jurisdictions and developers shall be allowed to enter into credit agreements or other arrangements for developer provision of roadway improvements approved by the City Council/Board of Supervisors. Such agreements will be strictly between the local jurisdiction and the developer.

Policy VFI-26: A copy of the credit agreement or other developer credit docmentation and invoices to substantiate quantities and unit costs for developer work on a Nexus Study project shall be provided when a local jurisdiction submits an invoice for reimbursement.

Policy VFI-27: Local jurisdictions that submit an invoice involving a credit agreement or other arrangement for developer provision of roadway improvements shall separate the development mitigation portion of construction costs from any non-development mitigation portion of the development project in a verifiable fashion.

Policy VFI-28: Reimbursement shall occur for only the public share of the Nexus Study project costs.

J. Eligible Valley Freeway Interchange Program Expenditures

Policy VFI-29: Eligible Valley Freeway Interchange Program expenditures shall include the costs for project phases of any Valley Freeway Interchange improvement included in the SANBAG Nexus Study.

Policy VFI-30: The following costs are ineligible for reimbursement from the Valley Freeway Interchange Program:

- Additional environmental or architectural enhancement not required as part of the mitigation pursuant to the approved environmental document(s) for the project.
- Project oversight costs, with the exception of construction support costs.
- Property acquired through the right-of-way acquisition process that is not required for the actual construction of a project. SANBAG will either:
    1. Reimburse the jurisdiction for the public share of the portion of the property acquisition required for the project, with the “project portion” calculated as the sales price times times the percentage of the acreage actually required for the project, or
    2. At the request of the jurisdiction, reimburse based on the difference between the total sales price of the parcel and the residual value of the excess land not needed for the construction of the project, as determined by a qualified appraisal.
- Additional project scope not included in the Project Funding Agreement between the sponsoring agency and SANBAG, except when SANBAG and the local agency mutually agree to a project scope change and amend the Project Funding Agreement.

K. Construction Cost Overruns

Policy VFI-31: Jurisdictions shall bear full responsibility for construction cost overruns, which are defined as any amount in excess of the total cost of the accepted bid and contingencies up to 10% of the construction bid. On an exception basis, SANBAG and the lead agency may agree to the modification of the project scope, and the jurisdiction may be reimbursed for the public share of the additional costs pursuant to an amendment to the Project Funding Agreement. Jurisdictions shall share construction cost overrun expenses in proportion to the shares of development mitigation responsibility specified in the Nexus Study. The private share of any cost overrun or project cost increment associated with a project shall be shared by all jurisdictions responsible for the project at the rates identified in the Nexus Study.

L. SANBAG Project Management for Valley Freeway Interchange Program Projects

Policy VFI-32: Management of projects in the Valley Freeway Interchange Program shall be the responsibility of local jurisdictions. However, SANBAG, at the option of the Board of Directors, may assume project management responsibilities for a Valley Freeway Interchange project under one or more of the following conditions:

- The public share percentage of the project is greater than 50%.

- Where federal or State funds with delivery time constraints have been secured for the project, where the funds would be withdrawn if the time constraints are not met, and where the withdrawal of funds would increase the amount of other public share funds needed to fund the project. Alternatively, a local jurisdiction may assume the lead if it agrees to be responsible for the loss of any federal or State funds withdrawn as a result of not meeting the time constraints.
- Where SANBAG staff has identified reconstruction of an interchange as necessary prior to or as part of the construction of a San Bernardino Valley Freeway Program project.

The existence of any of the above conditions shall not obligate SANBAG to manage the project. In the instance where SANBAG assumes project management responsibilities under one or more of the conditions noted above, SANBAG will coordinate the collection of development mitigation funds from local jurisdictions and expenditure of those funds as required to complete the project.

Policy VFI-33: For projects subject to SANBAG project management pursuant to Policy VFI-32, project management costs will be included as part of the project cost and the costs will be distributed per the public and private share percentages established by the Nexus Study.

Policy VFI-34: Local jurisdictions may request that SANBAG manage interchange projects for which SANBAG does not opt to assume project management responsibilities under Policy VFI-32. SANBAG may agree to assume management responsibilities under the following conditions:

- The sponsoring agency must provide a written request for SANBAG management of the interchange project.
- SANBAG determines that it has available staff or consultant resources to manage the project.
- The request is approved by the SANBAG Board.

Subject to these conditions, a cooperative agreement specifying management services must be approved by the city council/Board of Supervisors representing the agency sponsoring the project, and the SANBAG Board.

Policy VFI-35: For projects subject to SANBAG project management pursuant to Policy VFI-34, local jurisdictions shall pay 100% of actual SANBAG project management costs, to be estimated in advance by SANBAG. The sponsoring agency will continue to be responsible for coordination of all minority share development mitigation contributions as identified in Policy VFI-20.

M. Valley Freeway Interchange Phasing Program

Policy VFI-36: Implement Valley Freeway Interchange Phasing Program within the Valley Freeway Interchange Program. Administration of the Phasing Program shall be subject to the Valley Freeway Interchange Program policies including but not limited to local jurisdiction responsibility to fund their development mitigation contribution of phased interchange improvements. Implementation of a phased improvement will not impact the priority associated with the ultimate interchange improvement until a subsequent evaluation of interchange priority occurs. Policy VFI-15 governs the SANBAG Board consideration of changes to the interchange priority list. The Phasing Program is also subject to the following:

1. Measure I Valley Freeway Interchange Program funds to be committed to the Phasing Program will be included in the most current version of the Ten-Year Delivery Plan.
2. Funds committed to the Phasing Program may be adjusted through an amendment or update to the Ten-Year Delivery Plan approved by the SANBAG Board.
3. Allocation of Phasing Program funds to qualifying projects will be made on a first-come/first-served basis. The list of qualifying projects will be maintained in the Ten-Year Delivery Plan. The eligibility of phased projects is not limited to improvements that are included in the 2016 Ten-Year Delivery Plan. The Ten-Year Delivery Plan may be amended or updated by the SANBAG Board to include additional phased projects or to otherwise modify the list of eligible projects. The intent of the Phasing Program is to implement geometric or operational improvements, it is not the intent of the program to fund project development phases for full interchanges within the Valley Freeway Interchange Program. Eligibility of phases must satisfy the following criteria:
   i. Focus on lower-cost projects (i.e. with a total phase cost of less than $10 million) that address an existing congestion problem such as ramp widening, addition of turn or

through lanes, restriping, signal modifications, and other partial interchange ramp connections and/or provide capacity to accommodate future growth.

ii. Phases must be part of an ultimate interchange concept and not result in excessive "throw-away" costs.

4. Local jurisdictions must initiate project development in the Phasing Program through a letter to the SANBAG Executive Director. The request letter must confirm local jurisdiction commitment to fund the local share of improvements and be accompanied by City Council/Board of Supervisor resolution/action expressing interest in moving forward with implementation of the phased interchange project. Each independent interchange project will require its own individual letter request. Formal request letters are necessary so that SANBAG can initiate the required agreements, identify resources and initiate the budgeting of funds, given that the Phasing Program is structured on a first-come, first-served basis without phasing priorities.

5. Reference Policies VFI-32, VFI-33 and VFI -34 for project management responsibilities for phased projects. The participation letter and council/Board of Supervisor resolution/action noted in #4 should specify the project management lead.

6. SANBAG will initiate the development of a cooperative agreement delineating parties' responsibilities with regard to funding and project delivery.

7. It is recognized that the cost of phased improvements may vary from the planning-level costs in the Ten-Year Delivery Plan. The agreement will contain provisions that if costs for a phased improvement increase significantly, the parties reserve the right to make changes in the scope, delay the project, or reconsider the project. If a phased project is terminated, parties are responsible for their share of incurred costs.

8. The loan provisions as outlined in Section H of Policy 40005 apply to this phasing program.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009
1	Policy VFI-15: Replaced the last sentence: The prioritization list shall be updated every two years in accordance with the biennial Nexus Study update or as directed by the SANBAG Board of Directors. with: The prioritization list shall be considered for updates n conjunction with the reviews of the Expenditure Plan required in Section XIV. EXPENDITURE PLAN AMENDMENTS of the Measure I 2010-2040 ordinance. However, the SANBAG Board of Directors may request a re-evaluation of the prioritization list at any time.	11/03/2010
2	Par. IV.H: Revised	12/05/12
3	Policy VFI-36: Eliminated this policy and moved text to last paragraph in VFI-32. The original intent of VFI-36 was to define the responsibility of collecting the development mitigation funds from local jurisdictions when SANBAG exercises its option to assume project management responsibilities of a Valley Freeway Interchange project under the conditions noted in VFI-32. This intent was not explicitly stated in Policy VFI-36. Policy VFI-35: Added clarifying text that the sponsoring agency will continue to be responsible for coordination of all minority share development mitigation contributions even if SANBAG accepts project management responsibilities under Policy VFI-34. Changes approved by Board of Directors on 2/5/14, Agenda Item 10.	02/05/14
4	Incorporation of Interchange Phasing Program as VFI-36	12/07/16

San Bernardino Associated Governments		**Policy**	**40006**
Adopted by the Board of Directors	April 1, 2009	Revised	03/4/15
Valley Major Street (VMS) Program Measure I 2010-2040 Strategic Plan		Revision No.	2

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Table of Contents

I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Valley Major Street program for Measure I 2010-2040. The policy establishes the funding apportionment and allocation process, the process for establishing and monitoring equitable shares for individual jurisdictions, project eligibility, reimbursement mechanisms, limitations on eligible expenditures, and the role of SANBAG.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

III. DEFINITIONS

Capital Project Needs Analysis – A five-year plan of capital project needs for each program included in the San Bernardino Valley Expenditure Plan. The CPNA includes estimates of project costs to be incurred by funding type, fiscal year, and phase for the five year period following the beginning of the subsequent State fiscal year.

Equitable Share – The percentage of Measure I Arterial Sub-program funding guaranteed to each Valley jurisdiction over the life of Measure I 2010-2040. The percentage is the ratio of public share costs for each jurisdiction's list of arterial projects to total Valley arterial public share costs in the Development Mitigation Nexus Study approved by the SANBAG Board in November 2007.

Development Share – The percentage share of total project cost assigned as the development contribution percentage as listed in the SANBAG Nexus Study.

Public Share – The share of project cost calculated as the total cost of the project minus the developer share.

Reserved Account – An account of Measure I dollars from the arterial portion of the Valley Major Street Program retained by SANBAG for each jurisdiction that can be accessed by a 1:1 match with development contributions. For each dollar of required development share pursuant to the Development Mitigation Nexus Study, one dollar is retained in the reserved account until matching funds are available.

Unreserved Account – An account representing a jurisdiction's equitable share of the arterial portion of the Valley Major Street funds minus the dollars in the reserved account. Jurisdictions may access the unreserved account with no development contribution match.

IV. POLICIES FOR THE VALLEY MAJOR STREET PROGRAM – CREATION OF SUB-PROGRAMS

Policy VMS-1: The Valley Major Street Program shall be divided into two sub-programs: 1) a Rail-Highway grade separation sub-program, and 2) an arterial sub-program.

Policy VMS-2: The SANBAG Board may vary the apportionments to each of the sub-programs from year to year. In FY 10/11 and FY 11/12, the Rail-Highway grade separation subprogram shall receive 20% of Measure I funds available in the Major Street Program.

From FY 12/13 to FY 19/20, the Rail-Highway grade separation subprogram shall receive 33% of Measure I funds available in the Major Street Program. From FY 20/21 to FY 29/30, the Rail-Highway grade separation subprogram shall receive 30% of Measure I funds available in the Major Street Program. In FY 30/31 – FY39/40, the Rail-Highway grade separation subprogram shall receive 22% of Measure I funds available in the Major Street Program.

Adjustments shall be made for the time-value of money to ensure that both sub-programs receive their equitable share of Valley Major Street Program funds over the life of the Measure, regardless of when projects are constructed.

Policy VMS-3: If it is apparent that fewer Measure I dollars are required for grade separations than the percentage allocation referenced above, all or a portion of the projected excess may be transferred to the arterial subprogram by action of the SANBAG Board of Directors.

V. POLICIES FOR THE VALLEY MAJOR STREET PROGRAM – RAIL-HIGHWAY GRADE SEPARATION SUB-PROGRAM

A. Rail-Highway Grade Separation Sub-program - Allocation of Measure I 2010-2040 Funding

Policy VMS-4: The SANBAG Board of Directors shall allocate funding to specific Valley Rail-Highway Grade Separation projects as nominated by local jurisdictions through their five-year Capital Project Needs Analysis. If nominations exceed the available funding, SANBAG shall allocate funds to sponsors of the nominated projects in order of project priority pursuant to the grade separation prioritization table in the most recent version of the Development Mitigation Nexus Study. (Note: table to be provided in the Spring 2009 update of the Nexus Study.) Fund allocation shall anticipate the Measure I public share costs in subsequent years for a project so that the intent of Policy VMS-5 below can be achieved. Funding for initial phases of projects lower on the prioritized list may be deferred depending on the outcome of the annual cash flow analysis. Timely funding through construction of projects that have already received initial allocations shall receive highest priority, even if the nominations are less than available funding for any given year.

Policy VMS-5: Allocations to a Valley rail-highway grade separation project shall be limited to the current phase of the project. However, an allocation of funds to the Project Approval and Environmental Documentation (PA&ED) phase or to a subsequent phase prior to construction shall represent a commitment by SANBAG to timely funding of the public share of the project through construction, subject to the availability of Measure I, State, and federal funds.

B. Rail-Highway Grade Separation Sub-program - Cost Reimbursement

Policy VMS-6: The Valley Rail-Highway Grade Separation Sub-program shall be administered as a cost reimbursement program. Sponsoring agencies shall enter into Project Funding Agreements with SANBAG, as specified in Policy 40001, prior to receiving authorization from SANBAG to expend funds. Following the authorization to expend funds, the sponsoring agency may incur expenses for the components of the project identified in the scope of work included in the Funding Agreement.

Policy VMS-7: On an exception basis and subject to SANBAG Board approval, the advanced reimbursement of anticipated expenses may be permissible. Only the right-of-way and construction phases are eligible and are subject to the conditions stated below.

- Right-of-way: Only right-of-way transactions in excess of $500,000 shall be considered for advance reimbursement. The advanced reimbursement shall be based on an accepted written appraisal or sales contract. Adjustments to this estimate based on actual costs shall be reconciled with SANBAG within 30 days of close of escrow and subject to the provisions governing right-of-way purchase established in Policy VMS-25.
- Construction: The advanced reimbursement shall be based on an awarded construction contract in excess of $10,000,000. The amount to be advanced to the local jurisdiction shall not be greater than 10% of the public share of total project cost or of three months estimated peak burn rate for the project, whichever is less. The advanced reimbursement shall be used to help provide liquidity to the local jurisdiction for payment to the contractor and shall be reconciled at the end of the construction phase of the project. SANBAG shall reimburse jurisdiction invoices, in addition to the advanced reimbursement amount, until the public share amount remaining in the contract is

equivalent to the advanced reimbursement, after which the advanced reimbursement shall satisfy SANBAG reimbursement requirements.

C. Rail-Highway Grade Separation Sub-program – Local Jurisdiction Invoices

Policy VMS-8: Local jurisdictions shall submit invoices to SANBAG for actual expenditures incurred for components of a grade separation project as identified in the scope of work included in the Funding Agreement. Invoices may be submitted to SANBAG as frequently as monthly.

Policy VMS-9: Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor.

Policy VMS-10: The sponsoring agency shall be reimbursed for the actual project costs minus the development share documented in the SANBAG Development Mitigation Nexus Study.

D. Rail-Highway Grade Separation Sub-program - Local Jurisdiction Reimbursement Schedule

Policy VMS-11: SANBAG shall reimburse the local jurisdiction for eligible expenditures within 30 days of receiving a complete and satisfactory invoice package as described in Policy VMS-9.

E. Rail-Highway Grade Separation Sub-program Eligible Projects

Policy VMS-12: Valley rail-highway grade separation projects included within the SANBAG Development Mitigation Nexus Study, as periodically updated, are the only projects eligible to be funded by the Valley Rail-Highway Grade Separation Sub-program.

Policy VMS-13: No new project shall be added to the Valley Rail-Highway Grade Separation Project List included in the Nexus Study unless the sponsoring agency can provide a comparable reduction in the public share cost, either by eliminating another grade separation project of comparable cost or increasing the fair share collection so as to avoid a net increase in public share cost, as adjusted for inflation.

F. Rail-Highway Grade Separation Sub-program - Prioritization

Policy VMS-14: Valley Rail-Highway Grade Separation Sub-program funding, if available, shall be allocated to projects nominated by local jurisdiction sponsors and in accordance with the prioritization list included in the most recent version of the Development Mitigation Nexus Study. (Note: table to be provided in the Spring 2009 update of the Nexus Study.) . Nominations by sponsoring agencies occur through inclusion of the candidate project in the sponsor's five-year CPNA for the year of the requested allocation.

Policy VMS-15: The Valley Rail-Highway Grade Separation Sub-program prioritization list shall be updated every two years, in conjuction with updates of the Nexus Study.

Policy VMS-16: A local jurisdiction may begin expenditure of funds following the execution of a Project Funding Agreement, which shall include the scope of work of a project or project phase and a commitment to provide the development share of the funding through all the phases of the project. The Funding Agreement shall be executed by the local jurisdiction and SANBAG prior to the expenditure of funding on any phase of the project. Local jurisdictions shall not be reimbursed for any costs incurred prior to the execution of the Funding Agreement.

Policy VMS-17: Local jurisdictions that desire to deliver a Valley Rail-Highway Grade Separation Sub-program project to which funds cannot be allocated in a given year shall be eligible for reimbursement through the Advanced Expenditure process outlined in Policy 40002.

G. Rail-Highway Grade Separation Sub-program - Development Mitigation Fair Share Loans and Loan Repayment

Policy VMS-18: On an exception basis, project sponsors may request loans from SANBAG for the development share to facilitate project delivery. Any such loan is subject to approval by the SANBAG Board of Directors. Approved loans of Measure I to cover a development mitigation fair share requirement shall be subject to the following terms to avoid disadvantage to other jurisdictions:

- Repayment shall include interest equivalent to the annual yield for the most recent fiscal year for the Local Agency Investment Fund (LAIF).
- The repayment term shall be based on a fixed-term repayment schedule established within the loan agreement. No loan shall be granted a repayment period greater than 10 years.

- Failure to make payments consistent with the terms of the loan agreement will result in the jurisdiction's loss of access to new allocations of Measure I 2010-2040 Valley Major Street and Valley Freeway Interchange Program funds until payments are brought back to a level consistent with the terms of the loan agreement.
- SANBAG reserves the right to audit local jurisdiction development mitigation accounts to verify development fee collections used as the basis of loan repayment.

Policy VMS-19: Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the development share for projects. The internal accounts shall be reimbursed by development mitigation as development occurs.

H. Rail-Highway Grade Separation Sub-program - Development Mitigation Fair Share Credit Agreements

Policy VMS-20: Local jurisdictions and developers shall be allowed to enter into credit agreements or other arrangements for developer provision of roadway improvements approved by the City Council/Board of Supervisors. Such agreements shall be strictly between the local jurisdiction and the developer. Jurisdictions are advised to provide for SANBAG review of credit agreements or other arrangement to ensure they are structured in a way that will adequately document private share costs for which the jurisdiction desires credit.

Policy VMS-21: A copy of the credit agreement or other developer credit documentation and invoices to substantiate quantities and unit costs for developer work on a Nexus Study project shall be provided when a local jurisdiction submits an invoice for reimbursement.

Policy VMS-22: Local jurisdictions that submit an invoice involving a credit agreement or other arrangement for developer provision of roadway improvements shall separate the development mitigation portion of construction costs from any non-development mitigation portion of the development project in a verifiable fashion.

Policy VMS-23: Reimbursement shall occur for only the public share of the Nexus Study project costs.

I. Rail-Highway Grade Separation Sub-program - Eligible Expenditures

Policy VMS-24: Eligible Valley Rail-Highway Grade Separation Sub-program expenditures shall include the costs for project phases of any Valley grade separation project included in the SANBAG Nexus Study and as specifically documented in the Funding Agreement.

Policy VMS-25: The following costs are ineligible for reimbursement from the Valley Rail-Highway Grade Separation Sub-program:

- Additional environmental or architectural enhancement not required as part of the mitigation pursuant to the approved environmental document(s) for the project.
- Project oversight costs, with the exception of construction support costs.
- Property acquired through the right-of-way acquisition process that is not required for the actual construction of a project. SANBAG will either:

    1. Reimburse the jurisdiction for the public share of the portion of the property acquisition required for the project, with the "project portion" calculated as the sales price times times the percentage of the acreage actually required for the project, or

    2. At the request of the jurisdiction, reimburse based on the difference between the total sales price of the parcel and the residual value of the excess land not needed for the construction of the project, as determined by a qualified appraisal.

- Additional project scope not included in the Funding Agreement between the sponsoring agency and SANBAG, except when SANBAG and the local agency mutually agree to a project scope change and amend the Project Funding Agreement.

J. Rail-Highway Grade Separation Sub-program - Construction Cost Overruns

Policy VMS-26: Jurisdictions shall bear full responsibility for construction cost overruns, which are defined as any amount in excess of the total cost of the accepted bid and contingencies up to 10% of the construction bid. On an exception basis, SANBAG and the local jurisdiction may agree to the modification of the project scope, and the jurisdiction may be reimbursed for the public share of the additional costs pursuant to an amendment to the Project Funding Agreement. The private share of any cost overrun or project cost increment associated with a project shall be shared by all jurisdictions responsible for the project at the rates identified in the Nexus Study.

K. SANBAG Project Management for Rail-Highway Grade Separation Sub-program Projects
Policy VMS-27: Management of projects in the Rail-Highway Grade Separation Sub-program projects shall be the responsibility of local jurisdictions. However, SANBAG, at the option of the Board of Directors, may assume project management responsibilities for a Rail-Highway Grade Separation project under one or more of the following conditions:

- The public share percentage of the project is greater than 50%.
- Where federal or State funds with delivery time constraints have been secured for the project, where the funds would be withdrawn if the time constraints are not met, and where the withdrawal of funds would increase the amount of other public share funds needed to fund the project. Alternatively, a local jurisdiction may assume the lead if it agrees to be responsible for the loss of any federal or State funds withdrawn as a result of not meeting the time constraints.

The existence of any of the above conditions shall not obligate SANBAG to manage the project.

Policy VMS-28: For projects subject to SANBAG project management pursuant to Policy VMS-27, project management costs shall be included as part of the project cost and the costs will be distributed per the public and private share percentages established by the Nexus Study.

Policy VMS-29: Local jurisdictions may request that SANBAG manage grade separation projects for which SANBAG does not opt to assume project management responsibilities under Policy VMS-27. SANBAG may agree to assume management responsibilities under the following conditions:

- The sponsoring agency must provide a written request for SANBAG management of the grade separation project.
- SANBAG determines that it has available staff or consultant resources to manage the project.
- The request is approved by the SANBAG Board.

Subject to these conditions, a cooperative agreement specifying management services must be approved by the city council/Board of Supervisors representing the agency sponsoring the project, and the SANBAG Board.

Policy VMS-30: For projects subject to SANBAG project management pursuant to Policy VMS-27, local jurisdictions shall pay 100% of actual SANBAG project management costs, to be estimated in advance by SANBAG.

VI. POLICIES FOR THE VALLEY MAJOR STREET PROGRAM – ARTERIAL SUB-PROGRAM

A. Arterial Sub-program - Allocation of Measure I 2010-2040 Funding
Policy VMS-31: An equitable share percentage of Arterial Sub-program funds shall be guaranteed to each jurisdiction over the 30-year life of the Measure, subject to the qualifications stated in the policies below. The equitable share percentages shall be based on the Development Mitigation Nexus Study update approved by the SANBAG Board in November 2007 and provided for reference in Part 1 of the Strategic Plan, Section IV.B.6.

Policy VMS-32: The SANBAG Board shall apportion Measure I dollars to the Arterial Sub-program and to Valley jurisdictions, based on the equitable share percentages for arterial projects in Table IV-4 in Part 1 of the Strategic Plan. SANBAG staff shall maintain a cumulative accounting of jurisdiction apportionments, adding new apportionments to jurisdictions' accounts each year. Measure I funds shall be retained by SANBAG until reimbursed to jurisdictions based on invoices received.

Policy VMS-33: Equitable shares may be adjusted based on annexation of unincorporated areas into a city. SANBAG shall recalculate the equitable shares based on the redistribution of growth between the base year (2004) and the forecast year (2030). The adjustment shall be approved by the SANBAG Board and included in an amendment to the Development Mitigation Nexus Study.

Policy VMS-34: Each annual apportionment of Measure I dollars to a jurisdiction shall be split into reserved and unreserved portions. The reserved portion shall equal the development fair share percentage of the apportioned amount.

Policy VMS-35: SANBAG shall make time-value of money adjustments to ensure that each jurisdiction receives its equitable share of Measure I arterial subprogram funding, regardless of whether it delivers its projects early or later in the 2010-2040 period. The adjustments shall be made in accordance with Policy 40001.

Policy VMS-36: Borrowing may be authorized by the SANBAG Board from the unused portion of jurisdiction accounts to deliver projects in other Valley programs or to reimburse another jurisdiction for early delivery of Major Street Program projects.

- Borrowing to fund projects in another jurisdiction shall be limited such that no jurisdiction gets more than five years ahead of its projected equitable share.
- This cap shall be reduced in the last 10 years of Measure I 2010-2040 to ensure that equitable shares are achieved by 2040.
- SANBAG shall be responsible for ensuring that the borrowing of apportionments does not jeopardize the timely reimbursement of expenditures for any of the Valley jurisdictions that have sufficient apportionments to fund their projects.

B. Arterial Sub-program – Jurisdiction Master Agreement

Policy VMS-37: A Jurisdiction Master Agreement shall be executed between SANBAG and each local jurisdiction in the Valley documenting the procedures to be employed in implementing the Valley Arterial Sub-program. The agreement shall also include information such as project eligibility criteria, apportionment process, equitable share percentages, invoicing procedures, reimbursement commitments, and rights of SANBAG to audit local jurisdiction transactions and accounts associated with the expenditure of Arterial Sub-program funds and development mitigation accounts.

Policy VMS-38: The Jurisdiction Master Agreement shall reference the table of local jurisdiction cumulative apportionments to be approved by the SANBAG Board in approximately January of each year.

C. Arterial Sub-program - Cost Reimbursement

Policy VMS-39: Jurisdictions may access Measure I revenue available in both the reserved and unreserved portions of their account by submitting project expenditure invoices to SANBAG, subject to the Jurisdiction Master Agreement and to the additional policies stated below.

Policy VMS-40: The reserved portion of a jurisdiction's account may be accessed (i.e. reimbursed to a jurisdiction) on a 1:1 basis as development dollars are expended on projects, up to the cumulative apportionment in jurisdiction accounts. Thus, the entire reserved portion of the account may be accessed if an equivalent expenditure occurs from development contributions.

Policy VMS-41: The unreserved portion may be accessed without a development mitigation requirement, up to the current apportionment limit, by submitting invoices for actual project expenditures to SANBAG

Policy VMS-42: SANBAG shall maintain ongoing documentation of cumulative apportionments for reserved and unreserved accounts for each jurisdiction, expenditures that have drawn down those accounts, and current account balances. The information shall be reported annually to the appropriate policy and technical committees and shall be available to jurisdictions on a request basis.

Policy VMS-43: On an exception basis and subject to SANBAG Board approval, the advanced reimbursement of anticipated expenses may be permissible. Only the right-of-way and construction phases are eligible and are subject to the conditions stated below.

- Right-of-way: Only right-of-way transactions in excess of $500,000 shall be considered for advance reimbursement. The advanced reimbursement shall be based on an accepted written appraisal or sales contract. Adjustments to this estimate based on actual costs shall be reconciled with SANBAG within 30 days of close of escrow and subject to the provisions governing right-of-way purchase established in Policy VMS-50.
- Construction: The advanced reimbursement shall be based on an awarded construction contract in excess of $5,000,000. The amount to be advanced to the local jurisdiction shall not be greater than 10% of the public share of total project cost or of three months estimated peak burn rate for the

project, whichever is less. The advanced reimbursement shall be used to help provide liquidity to the local jurisdiction for payment to the contractor and shall be reconciled at the end of the construction phase of the project. SANBAG shall reimburse jurisdiction invoices, in addition to the advanced reimbursement amount, until the public share amount remaining in the contract is equivalent to the advanced reimbursement, after which the advanced reimbursement shall satisfy SANBAG reimbursement requirements.

Policy VMS-44: The advance expenditure process referenced in Policy 40002 allows jurisdictions to expend funds in excess of their cumulative apportionment, with delayed reimbursement. The public share of advance expenditures shall be reimbursed when future apportionments are authorized. Access to unreserved and reserved accounts shall be tracked separately.

D. Arterial Sub-program – Local Jurisdiction Reimbursement

Policy VMS-45: Local jurisdictions may submit invoices to SANBAG for actual expenditures incurred for components of any arterial project listed within the first two years of their current CPNA. Invoices may be submitted to SANBAG as frequently as monthly.

Policy VMS-46: Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor/consultant, which shall include unit costs, quantities, labor rates, and other documentation, as appropriate, to substantiate expenses incurred by the contractor/consultant.

Policy VMS-47: Local jurisdictions shall be reimbursed for the actual project costs minus the development share documented in the SANBAG Development Mitigation Nexus Study.

Policy VMS-48: SANBAG shall reimburse local jurisdictions for eligible expenditures within 30 days of receiving a complete and satisfactory invoice package, which shall include all backup and support materials required to substantiate the expenditures.

E. Arterial Sub-program - Eligible Expenditures

Policy VMS-49: Eligible Arterial Sub-program expenditures shall include the costs for project phases of any Valley arterial project included in the SANBAG Nexus Study. Construction of off-roadway bicycle facilities is an eligible expense if they benefit safety or traffic flow on a Nexus Study roadway and are included in the Nexus Study arterial project list used for development mitigation. The local share for such a bicycle facility shall be the same as the local share for arterials in that jurisdiction.

Policy VMS-50: The following costs are ineligible for reimbursement from the Arterial Sub-program:

- Additional environmental or architectural enhancement not required as part of the mitigation established in the environmental document(s) prepared for a project.
- Project oversight costs in excess of 2% of the cumulative invoice amount, with the exception of construction support costs. Project oversight costs for in-house or consultant staff must be included in the Nexus Study project costs and be supported by the necessary documentation in the invoice package.
- Property acquired through the right-of-way acquisition process that is not required for the actual construction of a project. SANBAG will either:
    1. Reimburse the jurisdiction for the public share of the portion of the property acquisition required for the project, with the "project portion" calculated as the sales price times times the percentage of the acreage actually required for the project, or
    2. At the request of the jurisdiction, reimburse based on the difference between the total sales price of the parcel and the residual value of the excess land not needed for the construction of the project, as determined by a qualified appraisal.
- Additional project scope not included in the Project Funding Agreement between the sponsoring agency and SANBAG, except when SANBAG and the local agency mutually agree to a project scope change and amend the Project Funding Agreement.

Policy VMS- 51: SANBAG shall not reimburse a jurisdiction for expenditures on projects that are not listed in the Nexus Study or the local jurisdiction development impact fee plan.

Policy VMS-52: SANBAG shall reimburse jurisdictions for the public share of eligible project expenses, including reimbursement requested for costs in excess of prior cost estimates, up to the jurisdiction's current apportionment limit. All expenditures, including any overrun amounts shall be included as part of the equitable share calculation for the responsible jurisdiction.

F. Arterial Sub-program - Development Mitigation Fair Share Loans and Loan Repayment

Policy VMS-53: Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the development share for projects. The internal accounts shall be reimbursed by development mitigation as development occurs.

Policy VMS-54: On an exception basis, project sponsors may request loans from SANBAG for the development contribution to facilitate project delivery. Any such loan is subject to approval by the SANBAG Board of Directors on a case-by-case basis after a risk assessment and a complete analysis of the impact of the proposed loan on the jurisdiction's Equitable Share. A loan agreement, separate from any other cooperative agreement or funding agreement, shall be approved by the jurisdiction City Council/Board of Supervisors and SANBAG Board of Directors detailing agreement terms. The following set of options for development share loans from SANBAG may be considered by the SANBAG Board:

1. Loans from a jurisdiction's Measure I Local Street Program funds (no bonding) - Allow loans for up to 2/3 of the development share (local share) from a jurisdiction's Measure I Local Street Program "pass-through" funds, with a commitment by the jurisdiction to reimburse the Measure I Local Street Program account with Development Impact Fee (DIF) funds as they are collected or with other legally appropriate non-Measure I funds. Other legally appropriate funds could include proceeds from a Community Facilities District (CFD) or other development-based sources (note: when DIF funds are referenced elsewhere in this policy, this implies other legally appropriate non-Measure I funds as well). This option assumes no bonding is required, i.e. cash flow in the jurisdiction's Local Street Program is sufficient to cover up to 2/3 of local share costs. Conditions for receipt of a loan under this option include:

   a. Local pass-through funds would be transferred by the jurisdiction to the jurisdiction's DIF fund as an internal loan to pay up to 2/3 of the local share of project invoices. The jurisdiction would need to provide the other 1/3 in cash, as needed for project expenses, from either DIF funds or their own internal loans from other sources.

   b. A maximum 10-year term, beginning at the completion of project construction, would be identified for DIF funds to replenish the local pass-through account. The first annual payment would be no later than the end of construction.

   c. 100 percent of the jurisdiction's Nexus Study portion of DIF funds not previously committed to projects (or to funding the other 1/3 of the local share) would need to be committed to repayment of the loan by a transfer to the jurisdiction's local pass-through fund.

   d. No interest would be charged.

   e. SANBAG would monitor the repayment of the loan through the annual audit process. and the annual development mitigation report provided to SANBAG. Records of the transfer of funds to and from the jurisdiction's DIF fund and the Local Street pass-through fund must be attached to the development mitigation report and will be subject to SANBAG audits of the Local Street Program.

   f. The jurisdiction would need to show the use of the loan funds, its repayment plan, and the use of the funds repaid to the local pass-though fund in its 5-Year Measure I Capital Improvement Plan (CIP). Repaid funds must be used in accordance with the Measure I Local Street Program.

   g. If the jurisdiction has not repaid the pass-through funds by the end of the term, the term would need to be renegotiated. The jurisdiction would need to continue to repay the loan until it is retired. If full repayment does not occur by the end of Measure I 2010-2040, (i.e. because insufficient DIF funds are collected) the loan obligation will be considered fulfilled.

   h. In addition to the 2/3 cap on the local share portion to be covered by the loan, a limit on percentage of local pass-through funds may need to be set on a case-by-case basis as a potential hedge against Measure I revenue being lower than forecast.

i. Any additional cost of administration of the loan incurred by SANBAG may be included as a cost to be borne by the jurisdiction and may be included in the loan.

2. Loans from a jurisdiction's arterial portion of Measure I Major Street Program funds (no bonding) - Allow loans for up to 2/3 of the local share from a jurisdiction's Measure I Major Street/Arterial Program equitable share with a commitment to reimburse the Major Street/Arterial Program account with DIF funds as they are collected, or other legally appropriate non-Measure I funds. This option assumes that no bonding is required, i.e. cash flow in the jurisdiction's arterial portion of the Major Street Program is sufficient to cover up to 2/3 of local share costs. Conditions for receipt of a loan under this option include:

   a. Funds from the Major Street/Arterial Program would be eligible to pay up to 2/3 of the local share of project invoices immediately after the initiation of work activities on the arterial project. The jurisdiction would need to provide the other 1/3 in cash, as needed for project expenses, from either DIF funds or their own internal loans.

   b. A maximum 10-year term, beginning at the completion of project construction, would be identified for DIF funds to replenish the arterial account. The first annual payment would be no later than the end of construction.

   c. 100 percent of the jurisdiction's Nexus Study portion of DIF funds not previously committed to projects (or to funding the other 1/3 of the local share) would need to be committed to repayment of the loan.

   d. No interest would be charged.

   e. SANBAG would monitor repayment of the loan through the annual audit process and the annual development mitigation report.

   f. The jurisdiction would need to show the use of the loan funds, its repayment plan, and the use of the funds repaid to the arterial fund in its 5-Year Measure I Capital Project Needs Analysis (CPNA). Repaid funds must be used in accordance with the Measure I Major Street Program.

   g. If the jurisdiction has not repaid the arterial funds by the end of the term, the term would need to be renegotiated. The jurisdiction would need to continue to repay the loan until it is retired. If it becomes clear that full repayment will not occur by the end of Measure I 2010-2040, (i.e. because insufficient DIF funds are collected) the loan obligation would be considered fulfilled.

   h. In addition to the 2/3 cap on the local share portion to be covered by the loan, a limit on percentage of arterial funds may need to be set on a case-by-case basis. The reason for this would be as a potential hedge against Measure I revenue being lower than forecast.

   i. Any additional cost of administration of the loan incurred by SANBAG may be included as a cost to be borne by the jurisdiction and may be included in the loan.

3. Combination of 1 and 2 - Allow a combination of option 1 and option 2 as sources of funding for a local share loan for an arterial project. The terms would be consistent with the terms specified in each of the two options and negotiated on a case-by-case basis.

4. Short-term cash loan from SANBAG - Allow a short-term cash loan for up to 2/3 of the local share that would be made available from SANBAG, with a fixed term and an interest rate premium (i.e. 5 year maximum term; Local Agency Investment Fund (LAIF) interest rate plus 3%). This would be conditioned on SANBAG having cash flow available and there being no risk of delay to other SANBAG projects. The cash loan could only be utilized for the PA&ED and Design phases of the arterial project. The jurisdiction would be in default if it fails to maintain payments, and SANBAG would be given the authority to invoke the terms of options 1, 2, or 3 to make those payments.

5. Bonding against a jurisdiction's Local Street Program funds - Allow for a jurisdiction to bond for up to 2/3 of the local share against its Measure I Local Street Program "pass-through" funds, with the debt service to be paid by those funds. DIF funds would reimburse the jurisdiction's Local Street account as they are collected, and the additional Local Street funds could be expended on other projects in the jurisdiction's Measure I Local Street Capital Improvement Plan.

   a. The bond issue could be:

i. Coordinated with another SANBAG bond issue, in which case SANBAG would make debt service payments from the jurisdiction's Local Street account before sending the remaining funds to the jurisdiction. The jurisdiction would then reimburse SANBAG for their Local Street funds with DIF funds as they are collected, and SANBAG would release a comparable amount of Local Street funds back to the jurisdiction for other projects, or

ii. Arranged independently by the jurisdiction, with the debt service paid directly by Local Street funds the jurisdiction receives from SANBAG. In this case, the loan would be internal to the jurisdiction. The CIP would document the loan, and auditing of the Local Street account would track the loan repayment.

b. If full repayment of the Local Street account does not occur by the end of Measure I 2010-2040, (i.e. insufficient DIF funds are collected) the repayment obligation to the Local Street account will be considered fulfilled. This is considered consistent with Measure I, given that Measure I funds will not have replaced the development contribution if development has not occurred.

- SANBAG reserves the right to audit local jurisdiction development mitigation accounts to verify development fee collections used as the basis of loan repayment.

G. Arterial Sub-program - Development Mitigation Fair Share Credit Agreements

Policy VMS-55: Local jurisdictions and developers shall be allowed to enter into credit agreements or other arrangements for developer provision of roadway improvements approved by the City Council/Board of Supervisors. Such agreements shall be strictly between the local jurisdiction and the developer.

Policy VMS-56: A copy of the credit agreement or other developer credit documentation and invoices to substantiate quantities and unit costs for developer work on a Nexus Study project shall be provided when a local jurisdiction submits an invoice for reimbursement.

Policy VMS-57: Local jurisdictions that submit an invoice involving a credit agreement or other arrangement for developer provision of roadway improvements shall separate the development mitigation portion of construction costs from any non-development mitigation portion of the development project in a verifiable fashion.

Policy VMS-58: Reimbursement shall occur for only the public share of the Nexus Study project costs.

VII. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009
1	Par. IV: Revisions to Policy VMS-2 and Policy VMS-3 – revises the apportionments to the Rail-Highway Grade Separation sub-program and the Arterial sub-program.	01/04/2012
2	Par. IV: Revisions to Policy VMS-49 and VMS-54 – adds language referencing eligibility of the construction of off-roadway bicycle facilities and provides for a development share loan program for arterial projects in the Valley Major Street Program.	03/04/2015

San Bernardino Associated Governments	**Policy**	**40007**
Adopted by the Board of Directors April 1, 2009	Revised	04/01/09
Valley Metrolink/Passenger Rail (VMPR) Program Measure I 2010-2040 Strategic Plan	Revision No.	0

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG Intranet.

Table of Contents

I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Valley Metrolink and Passenger Rail Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms, project eligibility, and limitations on eligible expenditures.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

III. DEFINITIONS

Short Range Transit Plan (SRTP) – A five-year financially constrained plan of projected transit service levels, operating and capital improvement expenses, updated biennially and submitted to SANBAG by local transit systems, including the passenger rail program.

Time-Value of Money – A concept that recognizes that the purchasing power of currency changes over time. Typically a dollar amount at the present time is worth more than the same amount in the future, due to inflation. Time-value of money is a central consideration for cash flow borrowing and program management in Measure I 2010-2040, and is taken into account to ensure that each program receives an equitable share of funds regardless of when the projects are delivered.

IV. POLICIES FOR THE VALLEY SUBAREA METROLINK AND PASSENGER RAIL PROGRAM

A. Organization of the Valley Metrolink and Passenger Rail Program

Policy VMPR-1: The Valley Metrolink and Passenger Rail Program shall follow the intent of Ordinance 04-01, i.e., to provide funding for capital improvements for the Metrolink commuter rail operations serving San Bernardino County; to establish a new passenger rail service operating between the cities of San Bernardino and Redlands; and to extend the LA Metro Gold Line to the Montclair Transit Center.

Policy VMPR-2: The Valley Metrolink and Passenger Rail Program shall receive 8% of the Measure I 2010-2040 Valley Subarea revenue over the life of the Measure, as adjusted for the time-value of money.

B. Eligible Expenditures

Policy VMPR-3: The following expenditures shall be eligible under the Valley Metrolink and Passenger Rail Program:

- Metrolink - The purchase of additional commuter rail passenger cars and locomotives for use on Metrolink lines serving San Bernardino County; the construction of additional track capacity necessary to operate more Metrolink trains serving San Bernardino County; matching federal and state funds used to maintain the railroad track, signal systems, and road crossings for passenger rail service.

- Redlands Passenger Rail - The acquisition of equipment, construction and operation of a new passenger rail service connecting the cities of San Bernardino and Redlands. It is anticipated that Metrolink will be the lead agency for the construction project and will operate the service.
- LA Metro Gold Line - The construction and operation of an extension of the LA Metro Gold Line to the Montclair Transit Center. It is anticipated that the Metro Gold Line Foothill Extension Construction Authority will be the lead agency for the construction project and LA Metro will be the operator.

C. Allocation of Valley Metrolink and Passenger Rail Program Funding

Policy VMPR-4: The SANBAG Board of Directors shall annually allocate funding to specific transit projects and programs as approved in the Passenger Rail SRTP.

Policy VMPR-5: Allocations to a specified project or program shall be limited to the annual forecast of revenues available within the Valley, unless there is also a residual balance of revenue available.

D. Disbursement of Valley Metrolink and Passenger Rail Program Funds

Policy VMPR-6: Funds approved for allocation by the SANBAG Board for Metrolink capital improvement projects shall be consistent with the annual apportionment agreed to by the SANBAG Board and identified in the adopted Southern California Regional Rail Authority (SCRRA) budget. Funds shall be disbursed to SCRRA within thirty (30) days of the receipt of each quarterly invoice.

Policy VMPR-7: Funds approved by the SANBAG Board for the Redlands passenger rail project shall be allocated to SCRRA in the amount identified in the annual adopted SCRRA budget and agreed to by the SANBAG Board. Funds shall be disbursed within thirty (30) days of the receipt of each quarterly invoice.

Policy VMPR-8: Funds approved by the SANBAG Board for allocation for Metro Gold Line extension to the Montclair Transit Center shall be allocated to the Metro Gold Line Construction Authority (Authority) in the amount identified in the Authority's annual adopted budget and agreed upon by the SANBAG Board. Funds shall be disbursed within thirty (30) days of the receipt of each quarterly invoice.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009

San Bernardino Associated Governments	**Policy**	**40008**
Adopted by the Board of Directors April 1, 2009	Revised	04/01/09
Valley Express Bus & Bus Rapid Transit (VEB) Program Measure I 2010-2040 Strategic Plan	Revision No.	0

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Table of Contents

I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Valley Express Bus & Bus Rapid Transit Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms and project eligibility.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

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III. DEFINITIONS

Short Range Transit Plan (SRTP) – A five-year financially constrained plan of projected tranist services levels, operating and capital improvement expenses, updated biennially and submited to SANBAG by local transit systems.

Express Bus Service – Limited stop regularly scheduled bus service operating over State highways and/or freeways and taking advantage of High Occupancy Vehicle (HOV) lanes where available.

Bus Rapid Transit (BRT)– a broad term given to a variety of transportation systems that, through improvements to infrastructure, vehicles and scheduling, attempt to use buses to provide a service that is of a higher quality than conventional urban bus transit. BRT combines a variety of physical, operating and system elements into a permanently intergrated system with a quality image and unique idenitity designed to approximate Light Rail Transit.

IV. POLICIES FOR THE VALLEY EXPRESS BUS & BUS RAPID TRANSIT PROGRAM

A. Organization of the Valley Express Bus and Bus Rapid Transit Program

Policy VEB-1: The policies for the Valley Subarea Express Bus and Bus Rapid Transit (BRT) Program shall follow the intent as contained in Ordinance 04-01, i.e., the development, implementation and operation of express bus and bus rapid transit, to be jointly developed by the Authority and transit service agencies serving the Valley Subarea.

Policy VEB-2: Upon the initial collection of revenue this Program shall receive two percent (2%) of the revenue collected in the Valley Subarea. Effective ten years following the initial collection of revenue, the amount of revenue made available to this Program shall increase to at least five percent (5%), but not more than ten percent (10%) upon approval by the Authority Board. The Valley Major Streets Program shall be reduced by a like amount. Amendments beyond those authorized in the Expenditure Plan shall require a formal amendment as provided by the ordinance.

B. Eligible Expenditures

Policy VEB-3: Eligible projects shall include contributions to operating and capital costs associated with implementing high-speed, express-type bus service in high density travel corridors, as defined by the terms "Express Bus" and "Bus Rapid Transit" above. Capital cost shall include: the purchase of revenue vehicles and accessories; the construction of BRT stations, including the purchase and installation of prepaid fare media and custom shelters; the construction of dedicated BRT guideways; and the purchase and installation of BRT ITS applications such as next bus notification and traffic signal prioritization. The cost of construction projects shall be phased, i.e., preliminary engineering and environmental documentation, right of way acquisition and construction.

C. Project Selection and Prioritization

Policy VEB-4: The first project to receive an allocation from this Program will be the Omnitrans "E" Street *sbX* Bus Rapid Transit (BRT) project. In Fiscal Year 2007-2008, Omnitrans received authorization from the Federal Transit Administration to enter into the Project Development Phase for the "E" Street BRT project utilizing funds made available from the FTA Small Starts Capital Investment Grant Program. All of the revenue collected for the Program through Fiscal Year 2011-2012 shall be made available to the "E" Street BRT project.

Policy VEB-5: The Authority and Omnitrans staff shall confer on a biennial basis, beginning in Fiscal Year 2010-2011, to determine whether the creation of Sub-Programs for Express Bus and BRT should be recommended to the Authority Board. Such a recommendation shall take into consideration the conversion of existing no-cost cooperative service agreements with external transit agencies providing express bus service into the Valley, as well as any new cooperative service agreements, to a cost-reimbursement cooperative agreement that includes the sharing of passenger revenue and any beneficial impact such a conversion would have on the Omnitrans farebox recovery ratio and the amount of additional federal formula funds that would be apportioned to the Valley.

Policy VEB-6: The Long Range Transit Plan, currently under development, will identify and prioritize feasible BRT corridors.

Policy VEB-7: The criteria for selecting BRT corridors for funds shall include:

- Existing ridership
- Connectivity between key trip generators
- Geographic coverage of major residential areas and activity centers
- Potential for market penetration and growth in future transit demand
- Potential to provide superior service to long-distance transit riders
- Potential to positively influence community development/redevelopment and support the creation of livable communities
- Transit dependency based on demographic and land use patterns.
- Cost effectiveness of the project (annualized operating and capital cost/transit user benefit).
- Extent to which other revenue sources are included in the project financial plan, including corridor city and private development contributions.

Policy VEB-8: A key consideration shall be the willingness of the corridor jurisdictions to provide for higher-intensity transit oriented development to occur in the immediate vicinity of the proposed BRT stations, including adoption of required zoning and general plan land use designations prior to the corridor project receiving funding.

D. Allocation of Valley Subarea Express Bus and Bus Rapid Transit Program Funds

Policy VEB-9: The SANBAG Board of Directors shall annually allocate funding to specific Express Bus and BRT projects as approved in the Omnitrans SRTP.

E. Disbursement of Valley Subarea Express Bus and Bus Rapid Transit Funds

Policy VEB-10: Funds allocated for Express Bus operating expenses, whether directly operated or covered under a cost-reimbursement and revenue sharing cooperative service agreement, during any given Fiscal Year shall be disbursed monthly in arrears. The disbursement of funds will occur within thirty (30) days of the receipt of a quarterly invoice documenting the total operating expenses incurred and passenger revenue received for the quarter.

Policy VEB-11: Funds allocated for Express Bus capital expenses shall be disbursed within thirty (30) days of the receipt of a copy of the procurement invoice for capital items.

Policy VEB-12: Funds allocated for BRT capital projects shall be disbursed within thirty (30) days of the receipt of a copy of either the procurement invoice for capital items or documentation of progress payments made during the preliminary engineering and environmental documentation, right of way acquisition and/or construction phases.

Policy VEB-13: Funds allocated for BRT operating expenses during any given Fiscal Year shall be disbursed monthly in arrears. The disbursement of funds will occur within thirty (30) days of the receipt of a quarterly invoice documenting the total operating expenses incurred and passenger revenue received for the quarter.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009

San Bernardino Associated Governments	**Policy**	**40009**
Adopted by the Board of Directors April 1, 2009	Revised	04/01/09
Valley Senior and Disabled Transit (VSDT) Program Measure I 2010-2040 Strategic Plan	Revision No.	0

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG Intranet.

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I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Valley Subarea Senior and Disabled Transit Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms, project eligibility, and limitations on eligible expenditures.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

III. DEFINITIONS

Short Range Transit Plan (SRTP) – A five-year financially constrained plan of projected transit service levels, operating and capital improvement expenses, updated biennially and submitted to SANBAG by local transit systems.

Consolidated Transportation Services Agency (CTSA) – An agency designated pursuant to subdivision (a) of Section 15975 of the California Government Code responsible for the coordination of social service transportation.

IV. POLICIES FOR THE VALLEY SUBAREA SENIOR AND DISABLED TRANSIT PROGRAM

A. Organization of the Valley Subarea Senior and Disabled Transit Program

Policy VSDT-1: The Valley Subarea Senior and Disabled Transit Program shall follow the intent of Ordinance 04-01, i.e., to reduce fares and enhance service for senior citizens and persons with disabilities and to support the creation and operation of a Consolidated Transportation Services Agency (CTSA) which will be responsible for the coordination of transit services provided to seniors and persons with disabilities.

Policy VSDT-2: Six percent (6%) of the revenue collected within the Valley subarea shall be apportioned to the Senior and Disabled Transit Program account. A minimum of two percent (2%) of the revenue collected within the Valley shall be made available for the creation and operation of a CTSA.

B. Eligible Expenditures

Policy VSDT-3: The following shall be eligible expenditures under the Valley Subarea Senior and Disabled Transit Program:

1. CTSA Program:
   At least 25% of the Valley Senior and Disabled Transit Program (2% of total Valley revenue) shall be made available for the formation and operation of a CTSA.

2. Fare Subsidy Program.
   a. Senior and Disabled Transit Program funds may be used for fare stabilization or subsidy for elderly individuals and individuals with disabilities using the Omnitrans transit services. Future fare increases for elderly individuals and individuals with disabilities may be offset through a local fare subsidy using Senior and Disabled Transit Program funds. It is the intent of the Valley fare subsidy program that the amount of fare subsidy provided per eligible passenger trip will be the same without regard to the mode of travel (fixed route, Access, or Omnilink).

   b. The amount of Senior and Disabled Transit Program funds contributed as a fare subsidy shall qualify as fare revenue for purposes of calculating the ratio of passenger fares to operating cost required by the Transportation Development Act.

3. Service and Capital Subsidy Program.
   a. Senior and Disabled Transit Program funds may be used to support existing, new, expanded, or enhanced transportation services, including capital projects, for elderly individuals and individuals with disabilities operated by Omnitrans and/or the CTSA. Examples would include direct operating subsidy for the provision of ADA complimentary paratransit service and demand responsive service for elderly individuals and individuals with disabilities.

   b. For general public transportation services, the percentage of Senior and Disabled Transit Program funds used to support operating expenses cannot exceed the percentage of elderly individuals and individuals with disabilities carried by the system in the fiscal year preceding the year in which the annual operating budget is being prepared.

   c. Senior and Disabled Transit Program funds may be used to support social service agency transportation for elderly individuals and individuals with disabilities provided such service is coordinated with the Omnitrans and/or the CTSA.

   d. Senior and Disabled Transit Program funds may be used to support education and marketing of transportation services for elderly individuals and individuals with disabilities with the intent to increase consumer's awareness and knowledge of how to use the most cost-effective service available as well as to provide education opportunities to operators that help improve the quality and effectiveness of the services provided. These program funds may also be used for complaint mediation services for transportation services to elderly individuals and individuals with disabilities.

   e. Senior and Disabled Transit Program funds may be used by Omnitrans and/or the CTSA as local matching funds to federal and state capital grant programs for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. Lacking access to federal and/or state grants, program funds may be used for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. These program funds may also be used for the incremental cost of accessible features associated with vehicle acquisitions.

C. Maintenance of Effort

Policy VSDT-4: Senior and Disabled Transit Program funds shall not be used to supplant existing federal, state and local (Local Transportation Fund) funds committed to transit and social service transportation services.

Policy VSDT-5: The maintenance of effort shall be determined by calculating the amount of Local Transportation Fund (LTF) and other funds used to support social service transportation contributed toward transportation operating expenses in Fiscal Year 2008/2009 adjusted by the Los Angeles, Riverside and Orange Counties area Consumer Price Index (CPI) for all items as determined by the U.S. Bureau of Labor Statistics.

Policy VSDT-6: Exceptions to Maintenance of Effort
An exception to the maintenance of effort shall apply if: (1) all of the LTF apportioned to the Valley is being used to support transit services; (2) the amount of federal and state transportation funding is reduced from the amount received in the prior year; or (3) the amount of social service funding provided for transportation purposes is reduced from the amount received in the prior year.

D. Allocation of Valley Subarea Senior and Disabled Program Funding

Policy VSDT-7: The SANBAG Board of Directors shall annually allocate funding to specific transit projects and programs as approved in the Omnitrans and/or CTSA SRTP.

Policy VSDT-8: Allocations to a specified project or program shall be limited to the annual forecast of revenues available within the Valley, unless there is also a residual balance of revenue available.

E. Disbursement of Valley Subarea Senior and Disabled Transit Program Funds

Policy VSDT-9: Funds approved for allocation for operating subsidies shall be disbursed to Omnitrans and/or the CTSA within thirty (30) days of the end of each month.

Policy VSDT-10: Funds approved for allocation for fare subsidy for elderly individuals and individuals with disabilities shall be disbursed to Omnitrans and/or the CTSA within thirty (30) days of the end of each month. The amount to be disbursed shall be determined through the receipt of an invoice from the Omnitrans and/or the CTSA documenting the number of elderly individuals and individuals with disabilities using the service in the prior quarter and the amount of fare subsidy applied for each counted passenger.

Policy VSDT-11: Funds approved for allocation for capital purposes shall be disbursed within thirty (30) days of receipt of a copy of the procurement invoice from Omnitrans and/or the CTSA.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009

San Bernardino Associated Governments	**Policy**	**40010**
Adopted by the Board of Directors April 1, 2009	Revised	04/01/09
Valley Traffic Management Systems (TMS) Program Measure I 2010-2040 Strategic Plan	Revision No.	0

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG website.

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I. PURPOSE

The purpose of this policy is to establish requirements relating to the selection, prioritization and allocation of Traffic Management System funds from Measure I 2010-2040 for the San Bernardino Valley Subarea. The following policies and criteria are to be used by SANBAG staff to assess the suitability and relative merits of projects proposed to be funded from the Measure I Traffic Management System Program.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.

III. DEFINITIONS

Traffic Management: Strategies that result in the more efficient use of transportation facilities. Examples include improved traffic signal synchronization and system monitoring.

Environmental Enhancement: Strategies that mitigate or beautify new or modified transportation projects through the use of hardscape and landscape improvements.

IV. POLICIES FOR THE VALLEY TRAFFIC MANAGEMENT SYSTEMS PROGRAM

A. General Policies

Policy TMS-1: The TMS Program should fund both traffic management and environmental enhancement planning and plan implementation.

Policy TMS-2: The types of projects eligible for use of TMS Program funds include but are not limited to synchronization, systems to improve traffic flow, commuter assistance programs, freeway service patrol, corridor greenbelts, HOV inducements, bike and pedestrian trails, open space development, and air quality-related inducements, including alternate fuel programs.

Policy TMS-3: The funds shall not be expended for actual capital improvements, but shall be used as "seed money" to support planning and creation of long-term or permanent transportation management programs and environmental enhancements.

Policy TMS-4: No formal division of funding between traffic management projects and environmental projects is desirable, but a reasonable balance between the two categories will be maintained.

Policy TMS-5: Expenditures in a given year may exceed the funds received by the program that year, as long as repayment to the source of the additional funds occurs in subsequent years, accurate project tracking and accounting procedures are maintained, including time-value of money considerations and TMS expenditures over the life of Measure I do not exceed 2 percent of total Measure I revenues.

B. Project Selection and Prioritization Criteria

Policy TMS-6: Projects funded by the TMS Program shall be of multi-jurisdictional significance; the proposed project shall involve at least three jurisdictions directly, and indirect benefits of the project should affect much of the Valley region.

Policy TMS-7: Projects shall be selected and prioritized on the basis of the likelihood of successful implementation and the degree of resultant quality of life or environmental benefit.

Policy TMS-8: Legislatively mandated transportation management and environmental enhancement projects for which adequate funding is not available from other sources may receive priority funding from this program.

Policy TMS-9: Projects sponsored or co-sponsored by entities which will share in funding or match TMS Program funds will receive priority.

Policy TMS-10: Projects which propose to use TMS funds in a cost-effective manner, including leveraging of additional funds for use by the project or beneficial multiplier effects, shall receive priority.

Policy TMS-11: Projects shall be selected and prioritized by readiness and ability to achieve significant near-term benefits.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009

San Bernardino Associated Governments	**Policy**	**40011**
Adopted by the Board of Directors April 1, 2009	Revised	04/01/09
Victor Valley Project Advancement (VVPA) and Advance Expenditure (VVAE) Processes Measure I 2010-2040 Strategic Plan	Revision No.	0

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I. PURPOSE

The purpose of this policy is to establish the requirements for administration of the Victor Valley Project Advancement (PA) and Advance Expenditure (AE) processes. Both the PA and AE processes enable local jurisdictions to advance funding for development and construction of Measure I projects prior to the availability of Measure I 2010-2040 revenue for those projects. The policies establish project eligibility criteria and reimbursement terms for each process. The PA process allows for reimbursement on projects that execute a PAA no later than July 1, 2009. After July 1, 2009 expenditures on projects included on the Victor Valley Major Local Highway candidate project list may be eligible for reimbursement or credit under the AE process, subject to approval by the Mountain/Desert Committee and the SANBAG Board.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

Policy 40013 – Victor Valley Major Local Highway Program

III. DEFINITIONS

Project Advancement Agreement (PAA) - A contract that establishes agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG that is required to be executed prior to project approval under the PA process.

Advance Expenditure Agreement (AEA) – A contract that establishes agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG that is required to be executed prior to project approval under the AE process.

Development Share – The percentage share of total project cost assigned as the development contribution percentage as listed in the SANBAG Nexus Study.

Public Share – The share of project cost calculated as the total cost of the project minus the developer share.

IV. POLICIES FOR THE VICTOR VALLEY PROJECT ADVANCEMENT PROCESS

A. General Policies

Policy VVPA-1: Public share costs for eligible projects in the Victor Valley Major Local Highway (MLH) Program may be reimbursed through execution of a Project Advancement Agreement (PAA), subject to the terms and conditions contained in the agreement.

Policy VVPA-2: SANBAG commitments under the PA process for reimbursement from Victor Valley Major Local Highways Program funds shall be recommended by the Victor Valley subarea representatives and the Mountain Desert Committee and approved by the SANBAG Board. All commitments, including the specific amount of public share cost to be reimbursed, are subject to the policies in the Victor Valley Major Local Highways Program.

Policy VVPA-3: Only projects included in the most recent Board-approved version of both the Development Mitigation Nexus Study and the Victor Valley MLH candidate project list shall be eligible for reimbursement under the PA process. See Policy 40013 for a description of how the project list is developed.

Policy VVPA-4: Only projects with an executed PAA as of July 1, 2009 shall be eligible for reimbursement under the PA process in the Victor Valley Subarea.

Policy VVPA-5: The PAA shall establish agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG for projects being reimbursed under the PA process.

Policy VVPA-6: Any public share project costs incurred for Nexus Study projects prior to July 1, 2009 without an executed PAA shall not be reimbursed by SANBAG under the PA process.

B. Reimbursement

Policy VVPA-7: SANBAG shall reimburse jurisdictions with approved PAAs up to the public share approved by the SANBAG Board through Policy VVPA-2, or the public share of the actual cost, whichever is less.

Policy VVPA-8: Expenditures incurred prior to April 5, 2006 (the date when the model agreement for the Project Advancement process was adopted by the SANBAG Board of Directors) shall not be reimbursed.

Policy VVPA-9: SANBAG shall reimburse each local jurisdictions having one or more PAAs executed under the Victor Valley MLH Program with up to 20% of annual program revenues until the PAA is fully reimbursed.

Policy VVPA-10: Local jurisdictions shall provide adequate documentation to substantiate the costs included in invoices submitted for reimbursement under the PA process. At a minimum, the jurisdiction must submit the invoice provided by the contractor/consultant to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor/consultant. If jurisdiction in-house staff time is submitted for reimbursement, documentation of hours by individual and salary rate must be provided, with tabulations from the payroll system by project task as backup. Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distributions of overhead among all departments.

Policy VVPA-11: SANBAG shall administratively reimburse local jurisdictions with PAAs in the order of expenditure as established by the date of invoice received for a PAA project.

Policy VVPA-12: Reimbursements by SANBAG for eligible expenditures shall be provided on a quarterly basis. Reimbursements shall occur beginning in July 2010 following the quarterly reconciliation of sales tax dollars by the State Board of Equalization. Quarterly reimbursements from the Victor Valley MLH Program shall occur until all local jurisdictions with PAAs are reimbursed.

C. Equitable Share Calculation

Policy VVPA-13: For the Victor Valley MLH Program, reimbursement pursuant to PAAs shall be included in the equitable share calculations for the respective local jurisdictions, as specified in Policy 40013, maintained by SANBAG to ensure equity over the life of the Measure.

V. POLICIES FOR THE VICTOR VALLEY ADVANCE EXPENDITURE PROCESS

A. General Policies

Policy VVAE-1: Jurisdictions that deliver Victor Valley MLH Program projects from the candidate project list may expend local jurisdiction funds with the expectation of later reimbursement of the public share costs by SANBAG, subject to the terms of the Advance Expenditure (AE) process. SANBAG's commitment to reimburse a jurisdiction under the AE shall be subject to the project priorities and policies referenced in Policy 40013.

Policy VVAE-2: SANBAG commitments under the AE process for reimbursement from Victor Valley Major Local Highways Program funds, including the specific amount of public share cost to be reimbursed, shall be recommended by the Victor Valley subarea representatives and the Mountain Desert Committee and approved by the SANBAG Board.

Policy VVAE-3: Only projects included in the most recent Board-approved version of the Development Mitigation Nexus Study and included in the Victor Valley MLH candidate project list shall be eligible for the AE Program in the urbanized Victor Valley. Projects in the rural Victor Valley are eligible for the AE Program as long as the project is included on the MLH candidate project list.

Policy VVAE-4: Reimbursement for a project under the AE process may take the form of monetary compensation for the public share cost of the project as defined in the Advance Expenditure Agreement (AEA), or credit for the same amount against the development share of one or more subsequent projects within the same Measure I Program.

B. Victor Valley MLH Projects

Policy VVAE-5: All Victor Valley MLH Program projects for which jurisdictions desire reimbursement under the AE process shall execute an AEA with SANBAG. For multi-jurisdictional projects, the AEA shall be between the majority share jurisdiction and SANBAG.

Policy VVAE-6: The AEA shall establish agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG and is required to be executed prior to project cost reimbursement or credit under the AE process.

Policy VVAE-7: For Victor Valley MLH Program projects, public share project costs incurred for Nexus Study projects and included in the Victor Valley MLH candidate project list in advance of an executed AEA shall not be reimbursed by SANBAG, nor shall they be credited against the development share of a future project.

Policy VVAE-8: SANBAG shall begin reimbursement for phases of a Victor Valley MLH Program project in the first year that funding becomes available to the project based on a revenue forecast provided at the time of the AEA's execution. Provisions for modification and contingencies shall be included in the Victor Valley AEA.

Policy VVAE-9: SANBAG shall only reimburse or provide credit to jurisdictions with approved AE projects up to the amount approved by the SANBAG Board under Policy VVAE-2,or the public share of the actual project cost, which ever is less.

Policy VVAE-10: Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor/consultant to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor/consultant. If jurisdiction in-house staff time is submitted for reimbursement, documentation of hours by individual and salary rate must be provided, with tabulations from the payroll system by project task as backup. Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distributions of overhead among all departments.

C. Equitable Share Calculation

Policy VVAE-11: For the Victor Valley MLH Program, reimbursement pursuant to AEAs shall be included in the equitable share calculations for the respective local jurisdictions, as specified in Policy 40013, maintained by SANBAG to ensure equity over the life of the Measure.

VI. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009

San Bernardino Associated Governments		Policy	40012
Adopted by the Board of Directors	April 1, 2009	Revised	5/6/15
Victor Valley Local Streets (VVLS) Program Measure I 2010-2040 Strategic Plan		Revision No.	2

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG website.

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I. PURPOSE

The purpose of this policy is to establish requirements for the Victor Valley Local Streets Program, including project eligibility, adoption of Five Year Plans by local jurisdictions, accounting requirements, and development mitigation requirements.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.

SANBAG Congestion Management Program

III. DEFINITIONS

Local Street Program: Measure I program in all subareas that provides funds through a pass-through mechanism directly to local jurisdictions for expenditure on street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Program funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local streets, major highways, state highway improvements, freeway interchanges, transit, and other improvements/programs to maximize use of transportation facilities.

Allocation: An action by the SANBAG Board of Directors to assign a specific amount of Measure I funds from a Measure I program to a project. The allocation decision is made annually by the Board of Directors by March of each year. Allocation of Local Street Program funds occur monthly as a direct pass-through to local jurisdictions.

Five Year Plan: A plan of projected local jurisdiction expenditures for the next five years on Local Street Projects eligible for Local Streets Program funds, updated annually and submitted to SANBAG by local jurisdictions.

Independent Taxpayer Oversight Committee: A "Mandated Taxpayer Safeguard" established by Ordinance 04-01 for Measure I 2010-2040 to provide citizen review and to ensure that all Measure I funds are spent in accordance with provisions of the Measure I Expenditure Plan and Ordinance.

Maintenance of Effort: The requirement that Measure I funding will supplement and not replace the existing local discretionary funding being used for street and highway purposes.

Maintenance of Effort Base Year Level: The amount of General Fund used for street and highway purposes prior to Measure I 2010-2040 as adopted by the SANBAG Board of Directors.

IV. POLICIES FOR THE VICTOR VALLEY LOCAL STREETS PROGRAM

A. Local Streets Allocation

Policy VVLS-1 Each jurisdiction shall receive an allocation from 70% of the Measure I revenue, after reservation of 2% collected in the subarea for Project Development and Traffic Management Systems. The allocation methodology is determined based on:

- 50% population. The population estimate for making the per capita calculation shall be determined by SANBAG each year based on the State Department of Finance population estimate. Annual adjustments to the population estimates are made mid-year, based on availability of DOF estimates. Following approval of the population estimates by the Board, adjustments will be made to the local pass through fund allocations retroactive to January 1 of the year.
- 50% return to source. The sales tax estimates provided by the State Board of Equalization, updated quarterly based on the prior quarter's financial data, shall be used as the basis for making the return to source calculations.

Policy VVLS-2: Local jurisdictions shall not receive their Local Streets Allocation until they have submitted their annual update of their Five Year Plan.

Policy VVLS-3: The Local Streets allocation shall be remitted to local jurisdictions monthly.

Policy VVLS-4: Local Streets Allocations remitted from January 1 until such time as the State Department of Finance has issued their population figures and SANBAG has made the per capita calculation, shall be based on the prior year's calculation. Once the per capita calculation has been made, the calculation will be applied retroactively to January 1 and amounts received by local jurisdictions will be adjusted to account for the difference in the amount remitted during the retroactive period and the amount that should have been remitted adjusted for the new per capita calculation.

Policy VVLS-5: Local Streets Allocations sales tax generation portion will be based on the prior quarter's data. Because of the lag in receiving sales tax data from the Board of Equalization, the Sales Tax Generation calculations for that portion of the Local Streets Allocation will be calculated using the data from the prior quarter. (Example: During the months of January, February and March SANBAG will use the local sales tax generation figure derived from the fourth quarter of the previous calendar year.)

Policy VVLS-6: SANBAG will make the monthly allocations using the following procedure:

a. Determine total amount of Measure I Sales Tax generated in the subarea from information submitted by the State Board of Equalization.

b. Mutiply the total Measure I Sales Tax received for the month by 0.68 to arrive at the total amount of Local Streets Program funds available for distribution to local jurisdictions.

c. Divide the Local Streets Program fund into two 50% pools of funding: Allocate the two pools of funding based on:

1) a jurisdiction's population share of the entire subarea population.
2) jurisdiction's share of sales tax generation within the total subarea.

d. Add the population based component and the sales tax based component of each jurisdiction's allocation to arrive at the total Local Streets Allocation for each jurisdiction.

e. Remit payment of Local Streets Program fund to local jurisdiction.

Policy VVLS-7: The Local Streets program allocation will be decreased by 0.5% beginning in 2015 with additional decreases of 0.5% every five years thereafter to a maximum of 2.5% to be allocated to the Senior and Disabled Transit Service Program. This change in allocation will occur automatically unless each jurisdiction in the subarea makes a finding that such increase in Senior and Disabled Transit Service Program is not needed to address unmet transit needs of senior and disabled transit users.

B. Development Fair Share Contribution

Policy VVLS-8: A development mitigation fair share contribution is required by Measure I 2010-2040 for all capacity improvement projects on the Nexus Study Network contained in the most recent Board-adopted version of the in the urbanized Victor Valley. The urbanized Victor Valley is defined as the cities of Adelanto, Hesperia, Victorville, Town of Apple Valley and their spheres of influence.

Policy VVLS-9: A development mitigation fair share contribution is required by Measure I 2010-2040 for all capacity improvement projects as identified by Traffic Impact Analysis (TIA) reports as required by the Congestion Management Program in the non-urban areas. The amount of the

Development Fair Share Contribution for each project is defined by the traffic mitigation measures identified in the related TIA reports.

Policy VVLS-10: Annually as part of its audit of each jurisdictions' use of Measure I funds, SANBAG will specifically review development mitigation contribution records for capacity improvements to Nexus Study Network facilities. If a material finding is made in the audit showing that the development share contribution was not made, SANBAG may, as the Congestion Management Agency, withhold Section 2105 Gas Tax funds or Measure I Local Street Allocations until the jurisdiction shows that they are in compliance with the Congestion Management Program.

Policy VVLS-11: Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the required development fair share. The development mitigation account shall reimburse the source of the loan as development occurs.

C. Five Year Plan

Policy VVLS-12: Each local jurisdiction is required to annually adopt a Five Year Capital Improvement Plan which details the specific projects to be funded using Measure I Local Pass-Through Funds. Expenditures of Measure I Local Pass Through Funds must be detailed in the Five Year Capital Improvement Plan and approved by the governing body.

Policy VVLS-13: Five Year Capital Improvement Plans shall:

a. Specifically identify improvements to be funded by Measure I by street name, boundaries, and project type, subject to eligibility requirements listed in Section D below.

b. Constrain the total amount of planned expenditures to 150% of SANBAG's forecasted revenue for Measure I Local Pass-Through Funds, revenue resulting from bonds secured by Measure I revenue, and remaining balances from previous year allocations.

c. Include no more than 50% of estimated annual new revenue to general program categories for pavement management programs, system improvements, and general maintenance or other miscellaneous categorical expenditures. Carryover fund blance shall not be used for general program gategories.

   A general program category is a program of work without any identified streets. If a line item in the Five Year Capital Improvement Plan includes a list of the streets to which it will apply, then it does not have to count as a general program category (i.e. a city-wide AC overlay program that lists the streets to be included in the program).

d. For capacity enhancement projects to Nexus Study Network roadways, include total estimated cost, Measure I share of project cost and development share of project cost. Maintenance projects or projects that do not enhance the capacity of a roadway do not require a development contribution to be included in the Five Year Plan.

Policy VVLS-14: Any single project expenditure in excess of $100,000 shall be listed as an individual project and shall not be included in a general program category. A project is defined as an eligible specific road improvement.

Policy VVLS-15: The Five Year Capital Improvement Plan shall be the basis for the annual audit. Jurisdictions will have flexibility in moving projects around in their Five Year Capital Improvement Plan based on the necessities of the jurisdiction. However, in order for a project to be eligible for expenditure of Local Streets funds, the project must be included in the Five Year Capital Improvement plan. A revised Capital Improvement Plan must be provided to SANBAG by the end of each fiscal year if the project list has been changed in order for the projects to be eligible for expenditures of Local Streets funds.

D. Eligible Expenditures

Policy VVLS-16: Eligible expenditures include construction, maintenance, and overhead. Included below are definitions and types of eligible expenditures by category.

a. Construction shall be defined as the building or rebuilding of streets, roads, bridges, and acquisition of rights-of-way or their component parts to a degree that improved traffic service is provided and geometric or structural improvements are effected including allocated administration and engineering necessarily incurred and directly related to the above.

1) Removal of old street and roadbeds and structures, and detour costs when connected with a construction project.
2) Change of alignment, profile, and cross-section.
3) Addition of a frontage street or road.
4) Original surfacing of shoulders.
5) Installation of original traffic signs and markers on routes.
6) Earthwork protective structures within or adjacent to the right-of-way area.
7) Complete reconstruction or addition to a culvert.
8) Reconstruction of an existing bridge or installation of a new bridge.
9) Widening of a bridge.
10) Installations or extensions of curb, gutter, sidewalks or underdrain (including improvements to handicap ramps to make them ADA compliant).
11) Extensions and new installation of walls.
12) Reconstruction of an intersection and its approximate approaches to a substantially higher type involving a change in its character and layout including changes from a plain intersection to a major channelized intersection or to grade separation and ramps.
13) Placing sufficient new material on soil surface, gravel street or road to substantially improve the quality of the original surface.
14) Improvement of a surface to a higher type.
15) Bituminous material of 1" or more placed on bituminous or concrete material. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.
16) Remix existing bituminous surfacing with added materials to provide a total thickness of 1" or more. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.
17) Stabilization of street or road base by additive, such as cement, lime or asphaltic material.
18) Widening of existing street, roadbed or pavement, with or without resurfacing.
19) Addition of auxiliary lanes such as speed change, storage, or climbing lanes.
20) Resurfacing, stabilizing or widening of shoulders including necessary connections to side streets or road approaches.
21) Installation or addition to landscape treatment such as sod, shrubs, trees,irrigation, etc.
22) Extending old culverts and drains and replacing headwalls.
23) Replacement of bridge rails and floors to a higher standard.
24) Replacement of retaining walls to a higher standard.
25) Replacement of all major signs or traffic control devices on a street or road.
26) The installation of a new sign or the replacement of an old sign with one of superior design such as increased size, illumination, or overhead installations.
27) Installation or improvement of traffic signal controls at intersections and protective devices at railroad grade crossings.
28) Installation or expansion of street or road lighting system.
29) Replacement in kind, when legally required, of structures which are required to be relocated for street and road purposes.
30) Construction of bikeways when they are an integral part of the Public Streets and Highways System.
31) Extension or new installation of guardrails, fences, raised medians or barriers for traffic safety.
32) Painting or rearrangement of pavement striping and markings, or repainting to a higher standard.
33) Construction of pedestrian underpasses or overhead crossing for the general public use.
34) Purchase and installation of traffic signal control equipment including traffic actuated equipment, radio or other remote control devices and related computers, software and that portion of preemption equipment not mounted on motor vehicles.
35) Maintenance or construction on alleys that have been formally accepted into the city or county street system.

b. Maintenance shall be defined as the preservation and upkeep of a street or road to its constructed condition and the operation of a street or road facility and its integral services to provide safe, convenient and economical highway transportation. Examples of Maintenance include:

1) Scarifying, reshaping and restoring material losses.
2) Applying dust palliatives.
3) Patching, repairing, surface treating, and joint filling on bituminous or concrete surfaces.
4) Jacking concrete pavements.
5) Repair of traveled way and shoulders.
6) Bituminous material of less than 1" added to bituminous material including seal coats.
7) Remix existing bituminous surfacing with added materials to provide a total thickness of less than 1". (See exception under Construction, example 16.)
8) Patching operations including base restoration.
9) Resealing street or road shoulders and side street and road approaches.
10) Reseeding and resodding shoulders and approaches.
11) Reshaping of drainage channels and side slopes.
12) Restoration of erosion controls.
13) Cleaning culverts and drains.
14) Removing slides and restoring facilities damaged by slides. (Additional new facilities shall be considered construction.)
15) Mowing, tree trimming and watering.
16) Replacing top soil, sod, shrubs, trees, irrigation facilities, etc. on street and roadside.
17) Repairing curb, gutter, rip-rap, underdrain, culverts and drains.
18) Cleaning, painting and repairing bridges and structures.
19) All snow control operations such as the erection of snow fences and the actual removal of snow and ice from the traveled way.
20) Repainting of pavements, striping and marking to the same standards.
21) Repainting and repairing of signs, guardrails, traffic signals, lighting standards, etc.
22) Servicing lighting systems and street or road traffic control devices.
23) Furnishing of power for street and road lighting and traffic control devices.
24) Developing and maintaining programs which enhance management of transportation facilities such as travel demand models and pavement management programs.
25) Purchase of equipment used exclusively for road maintenance.

c. Overhead shall be defined as those elements of cost necessary in the production of an article or performance of a service which are of such a nature that the amount applicable to the functions are not readily discernible. Usually they relate to those objects of expenditure which do not become an integral part of the finished product or service. Examples of overhead components are shown below and are comprised of costs which cannot be identified or charged to a project, unless an arbitrary allocation basis is used. Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distribution of overhead among all departments.

1) Payroll
2) Facilities
3) Advertising
4) General Government
5) Department Accounts/Finance
6) Procurement
7) Top Management
8) General Accounting/Finance
9) Personnel
10) Data Processing
11) Legal Costs

E. Ineligible Expenditures

Policy VVLS-17: Although many types of work may be classified as "construction," this does not make them automatically eligible for expenditures of Measure I funds. To be eligible, the work must be for street and road purposes.

a. Following is a list of the types of expenditures which are not eligible for financing with Measure funds:

1) Costs of rearranging non-highway facilities, including utility relocation, when not a legal road or street obligation.
2. New (first installation of) utilities, including water mains, sanitary sewers and other nonstreet facilities.
3) Costs of leasing property or right-of-way, except when required for construction work purposes on a temporary basis.
4) The costs of constructing or improving a street or area for parking purposes, except for the width normally required for parking adjacent to the traveled way and within the right-of-way, or when off-street parking facilities are constructed in lieu of widening a street to improve the flow of traffic.
5) Decorative lighting.
6) Park features such as benches, playground equipment, and rest rooms.
7) Work outside the right-of-way which is not a specific right-of-way obligation.
8) Equestrian under and overpasses or other similar structures for any other special interest group unless as a part of a right-of-way obligation.
9) Construction, installation or maintenance of cattle guards.
10) Acquisition of buses or other mass transit vehicles or maintenance and operating costs for mass transit power systems or passenger facilities, other than to specifically serve elderly and handicapped persons.
11) Maintenance or construction on alleys that have not been formally accepted into the city or county street system.
12) Non-street related salaries and benefits.
13) Driveways outside of the street and road right-of-way.
14) Electronic speed control devices or other non-highway related safety expenditures.

F. Accounting Requirements

Policy VVLS-18: Each local jurisdiction shall establish a Special Measure I 2010-2040 Transportation Sales Tax Fund. This fund is a special revenue fund utilized to account for proceeds of specific revenue sources that are legally restricted to expenditures for street purposes. Jurisdictions should use the modified accrual basis of accounting.

Policy VVLS-19: The following requirements are to provide guidance on the specific accounting treatment as it relates to the Special Measure I Transportation Sales Tax Fund.

a. All apportionments shall be deposited directly into the Special Measure I Transportation Sales Tax Fund.

b. Interest received by a jurisdiction from the investment of money in its Special Measure I Sales Tax Fund shall be deposited in the fund and shall be used for street purposes.

c. Segregation must be maintained within the Special Measure I Transportation Sales Tax Fund to show separate balances for each subarea (County only).

d. If other revenues are commingled in the Special Measure I Transportation Sales Tax Fund, it is the responsibility of the jurisdiction to provide accurate and adequate documentation to support revenue and expenditure allocation, as well as segregated balances.

e. It is allowable to fund prior year expenditures with current year revenues and/or fund balance as long as funded projects are included in the adopted Five-Year Capital Improvement Program and accounting clearly identifies the project and other pertinent data to establish a clear audit trail.

f. If a project is deemed ineligible in the annual Compliance Audit, the Measure I funds used on that project must be repaid to the Special Measure I Transportation Sales Tax Fund in accordance with Policy VVLS-23.

Policy VVLS-20: Any interest earned on investment of Measure I Transportation Sales Tax Funds must be deposited in the Special Measure I Transportation Sales Tax Fund. Any jurisdiction not electing to invest its Measure I funds but at the same time investing most of its other available funds should deposit the Measure I funds in a separate account to clearly indicate that no such monies were invested. If Measure I Transportation Sales Tax funds are invested, they must receive their equitable proration of interest earned on the total funds invested. Several methods are available to determine an equitable distribution of interest earned. Whatever method is employed, it will be analyzed during audit to determine reasonableness and confirm distribution to the Special Measure I Transportation Sales Tax Fund. It is recommended that a distribution based on average monthend cash balances be employed. In addition, if the interest distribution methodology allows for negative distributions, they will be disallowed. No interest charges based on negative cash and fund balances will be allowed.

Policy VVLS-21: Reimbursements of Measure I Transportation Sales Tax Funds previously expended for street and road construction or right-of-way purposes, from whatever source, must be deposited in the Special Measure I Transportation Sales Tax Fund. This includes but is not limited to:

- Federal Aid Urban projects
- Redevelopment agencies
- Cooperative agreements
- Right-of-way dispositions
- Federal and safety projects

Policy VVLS-22: Records

a. Source Documentation - On construction or purchase of right-of-way, all expenditures charged to the Measure I Transportation Sales Tax Fund must be supported by a warrant or other source document (invoice, requisition, time sheet, equipment rental charge, engineering plans, specifications and other pertinent data) clearly identifying the project and other pertinent data to establish a clear audit trail.

b. Retention Period - All source documents, together with the accounting records, are deemed to be the official records of the jurisdiction and must be retained by the jurisdiction for five (5) years.

Policy VVLS-23: Compliance Audit Deadline

A jurisdiction's annual Compliance Audit must be completed within six (6) months after end of the jurisdiction's fiscal year (Compliance Audit Deadline). SANBAG staff shall monitor the scheduling and progress of the audits to ensure prompt communication by the Auditor after information submittals by jurisdiction, and timely completion of the final MSI audit report. If a jurisdiction is not able to meet the information submittal deadlines set by the Auditor or the Compliance Audit Deadline, the jurisdiction may submit a request to SANBAG's Executive Director no later than thirty days prior to the submittal deadline set by the Auditor or the Compliance Audit Deadline, whichever extension is required, and a two (2) month automatic extension will be granted. Any further requests for extensions of the Compliance Audit Deadline are subject to approval by the Board. The Board may approve further Compliance Audit Deadline extensions, if the Board finds: (1) the Compliance Audit was not completed timely for reasons outside of the jurisdiction's control, such as federal, state, and GASB reporting requirements, or catastrophic events; or (2) it is in the best interests of SANBAG to grant the extension. SANBAG staff shall be responsible for requesting extensions related to Auditor performance.

Policy VVLS-24 Remedies

a. If a jurisdiction's annual Compliance Audit determines that the jurisdiction used Measure I Transportation Sales Tax Funds for ineligible expenses, the jurisdiction shall repay the Measure I Transportation Sales Tax Fund, in the amount of the ineligible expenses, immediately from another source through an internal fund transfer.

b. If a jurisdiction's annual Compliance Audit fails to be completed with an unmodified opinion by the Compliance Audit Deadline, as extended pursuant to Policy VVLS-23, the jurisdiction shall repay the Measure I Transportation Sales Tax Fund, in the amount of the Measure I Local Streets Allocation for the fiscal year subject of annual Compliance Audit findings of unsubstantiated or questioned costs, immediately from another source through an internal fund transfer.

c. If the jurisdiction is unable to make such immediate repayment under VVLS-24 (a) or (b), the jurisdiction shall not receive its Local Streets Allocation pass-through payments until the repayment amount of ineligible expenses, unsubstantiated costs, or questioned costs, have been withheld by SANBAG.

d. If the jurisdiction enters into a Repayment Agreement with SANBAG, as approved by the jurisdiction and the SANBAG Board of Directors, providing for repayment of the amounts owed under VVLS-24 (a) or (b) over a period not to exceed five (5) years, SANBAG will return any pass-through funds withheld. SANBAG will recommence withholding Local Streets Allocation pass-through funds if the jurisdiction fails to comply with the terms of the Repayment Agreement.

G. Maintenance of Effort Requirements

Policy VVLS-25: The SANBAG Board of Directors shall retain authority over actions related to these Maintenance of Effort (MOE) requirements.

Policy VVLS-26: In accordance with California Public Utilities Code 190300 and Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Local Street Program funds shall not be used to supplant existing local discretionary funds being used for street and highway purposes.

Policy VVLS-27: SANBAG shall monitor local agency use of General Fund for street and highway purposes relative to their use prior to Measure I 2010-2040, which shall be referred to as the MOE base year level.

Policy VVLS-28: The following requirements are to provide guidance on the determination of a MOE base year level.

a. The MOE base year level shall be equivalent to the discretionary General Fund expenditures for transportation-related construction and maintenance activities consistent with Policy VVLS-16 in Fiscal Year 2008/2009.

b. Jurisdictions may propose deductions to the recorded expenditures for the following:

   1) Expenditures for unusual circumstances that increased the MOE base year level arbitrarily outside of the normal on-going General Fund expenditures, e.g. General Fund loans to other transportation-related funds, emergency repairs, special projects.

   2) Administrative/overhead costs that were not project-specific, i.e. staff time for transportation staff was charged to a general “program” budget rather than charged directly to specific projects.

c. The proposed MOE base year level shall be adopted by resolution of the governing body.

d. The Independent Taxpayer Oversight Committee (ITOC) will review the proposed MOE base year levels, including the proposed deductions, as adopted by resolution of the governing body, and provide a recommendation to the SANBAG Board of Directors for approval.

e. The MOE base year level as approved by the SANBAG Board of Directors shall remain in effect until the expiration of Measure I 2010-2040.

Policy VVLS-29: Jurisdictions shall annually provide a statement in the resolution of the governing body adopting the Five Year Capital Improvement Plan that acknowledges the jurisdiction will maintain General Fund expenditures for transportation-related construction and maintenance activities at the required MOE base year level in that fiscal year. Jurisdictions whose MOE base year level is determined to be $0 are not required to provide this statement in the resolution.

Policy VVLS-30: The MOE requirement shall be tracked and verified as part of the annual Measure I Local Street Program audit. This will be accomplished by comparing the discretionary General Fund expenditures for transportation-related construction and maintenance activities consistent with Policy VVLS-16 to the MOE base year level.

Policy VVLS-31: General Fund expenditures in excess of the MOE base year level will carry over to subsequent fiscal years and can be applied in a future year to offset the amount the local agency may need to meet the MOE requirement. Carryover balances will be documented in the annual Measure I Local Street Program audit.

Policy VVLS-32: If the annual Measure I Local Street Program audit indicates that the required MOE base level is not being met, then the jurisdiction has the following four fiscal years to make up the amount. If the audit following those four fiscal years indicates the jurisdiction is still below the MOE base year level, SANBAG will immediately stop disbursing Measure I Local Street Program funds until an amount equivalent to the MOE base year level shortfall has been withheld. The withheld funds will be disbursed to the jurisdiction upon demonstration that the jurisdiction has met the MOE requirements.

Policy VVLS-33: The following provides guidance on resolution of MOE base year level shortfalls at the expiration of Measure I 2010-2040.

a. If the jurisdiction has not resolved a MOE base year level shortfall within two years after the expiration of Measure I 2010-2040, any withheld funds will be distributed to other compliant jurisdictions within that subarea.

b. If any Measure I Local Street Program audit after Fiscal Year 2033/2034 indicates that the required MOE base year level was not met, then the jurisdiction has until Fiscal Year 2038/2039 to make up the amount. If the audit of Fiscal Year 2038/2039 indicates the jurisdiction is still below the MOE base level, the jurisdiction must pay the MOE base level shortfall to SANBAG for distribution to other compliant jurisdictions within that subarea.

Policy VVLS-34: Prior to withholding or required repayment of Measure I Local Street Program funds, jurisdictions shall have an opportunity to appeal to the ITOC. The jurisdiction must present evidence to the ITOC demonstrating unusal circumstances or the need for special consideration. The ITOC will be responsible for making a recommendation to the SANBAG Board of Directors to either approve or deny the request for special consideration.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009
1	Revisions adopted by the Board of Directors on Jan. 8, 2014, Agenda Item 14.	01/08/2014
2	Revisions adopted by the Board of Directors on May 6, 2014, Agenda Itms 6 & 18.	05/06/2015

San Bernardino Associated Governments		**Policy**	**40013**
Adopted by the Board of Directors	April 1, 2009	Revised	01/06/16
Victor Valley Major Local Highways (VVMLH) Program Measure I 2010-2040 Strategic Plan		Revision No.	3

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Table of Contents

I. PURPOSE

The purpose of this policy is to establish the requirements for administration of the Victor Valley Major Local Highways Program for Measure I 2010-2040. The policy establishes the fund apportionment and allocation process, the equitable shares for individual jurisdictions, project eligibility, reimbursement mechanisms, limitations on eligible expenditures, and the role of SANBAG. The program will be funded by 25% of the total Measure I 2010-2040 revenue collected in the Victor Valley Subarea. This program will be used by local jurisdictions to fund Major Local Highways projects of benefit to the subarea.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

SANBAG Congestion Management Program

III. DEFINITIONS

Major Local Highways Projects: Major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways, where appropriate. These funds may also be used to leverage other state and federal funds for transportation projects and to perform planning/project reports.

Development Share: The percentage share of total project cost assigned as the development contribution percentage as listed in the SANBAG Nexus Study.

Public Share – The share of project cost calculated as the total cost of the project minus the developer share.

Capital Project Needs Analysis (CPNA): A plan of projected local jurisdiction expenditures for the next five years on Major Local Highways eligible for Major Local Highways Program funds, updated annually and submitted to SANBAG by local jurisdictions. The Capital Project Needs Analysis includes anticipated funding sources, funding amounts, project phasing, and availability of development fair share funds.

IV. POLICIES FOR THE VICTOR VALLEY MAJOR LOCAL HIGHWAYS PROGRAM

A. Major Local Highways – Allocation to Eligible Projects

Policy VVMLH-1: The Major Local Highways Program of the Victor Valley Subarea shall be funded from 25% of the Measure I 2010-2040 revenue collected within the subarea. This amount shall be reserved in a special account to be expended on Major Local Highway Projects of benefit to the subarea. Major Local Highway Projects are defined as major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways. Where appropriate, Major Local Highway Projects funds can be utilized to leverage other state and federal funds for transportation projects and to perform advance planning/project reports.

Policy VVMLH-2: Victor Valley Major Local Highways funds shall be allocated to each jurisdiction over the 30-year life of the Measure, subject to the qualifications stated in the policies below.

a. Each jurisdiction shall receive an approximately equivalent share of the total revenue raised by Major Local Highways Program over the life of the Measure, as adjusted to account for the time-value of money, per Policy VVMLH-4 listed below.

b. If a jurisdiction receives proceeds from a bond sale secured by the Major Local Highways funds, then the portion of the debt service payment attributed to that jurisdiction's projects shall be counted toward that jurisdiction's equitable share percentage.

c. Allocations shall be made with an objective of allowing projects from each jurisdiction of the subarea to be developed during each 10 year period of the Measure's life. The intent is to spread projects so that no jurisdiction has to wait until the last part of the Measure to receive benefits of Major Local Highway funds.

d. Allocations shall be made to projects from candidate project lists, developed according to Policy VVMLH-3.

e. Allocations may serve to maximize leveraging of private, local, federal, and State dollars, with attention to leveraging of Interregional Transportation Improvement Program Funds on the Interregional Road System in the rural areas of the Victor Valley Subarea as well.

f. Allocations shall be made with an objective of delivering projects at the earliest possible date.

g. SANBAG shall actively engage in planning and project delivery of Major Local Highway Projects in collaboration with local jurisdictions and Caltrans in a manner which will minimize the time and cost of project delivery.

Policy VVMLH-3: A master list of projects eligible for Victor Valley Major Local Highways Program funding shall be maintained and periodically updated. The list shall be consistent with the project eligibility criteria in Policy VVMLH-1 and shall be approved by the SANBAG Board, based on a recommendation of the Victor Valley subarea representatives and the Mountain/Desert Committee. In preparing the list, input shall be considered from each of the five local jurisdictions and from other public and private stakeholders, such as Caltrans, neighboring counties, transit agencies, federal agencies, business interests and other non-governmental organizations. The list shall represent the list of eligible projects and shall not represent a commitment by SANBAG to fund all or a portion of those projects. Funding commitments will be managed under the terms of Policy VVMLH-6 shown below.

Policy VVMLH-4: Adjustments for the time-value of money shall be based on comparisons of the net present value of Measure I Major Local Highway Program expenditures by Victor Valley jurisdictions, calculated using a discount rate based on the annual change in the Consumer Price Index for the State of California, as maintained by the California Department of Finance. The expenditure date shall be based on the date of consultant/contractor invoices provided to SANBAG for reimbursement on eligible Major Local Highways Program projects.

Policy VVMLH-5: By September 30 of each year, Victor Valley jurisdictions must submit a Five Year Capital Projects Needs Analysis (CPNA) for projects in the Victor Valley Major Local Highways Program. The CPNAs cover a five year prospective period that commences the following fiscal year. The needs analysis shall document project needs by fiscal year and include anticipated funding sources, funding amounts and project phasing where appropriate. The needs analysis shall also demonstrate the availability of the development mitigation fair share funds, where appropriate for projects in the urbanized Victor Valley. Approval of a jurisdiction's CPNA by the jurisdiction's Council/Board of Supervisors must be accommodated within the timeframe of the September 30 submittal date.

Policy VVMLH-6: The SANBAG Board of Directors shall apportion funds to the Major Local Highways Program in the Victor Valley by its February meeting, so that budget documents can be prepared for the subsequent fiscal year, based on a recommendation of the Victor Valley subarea representatives and the Mountain/Desert Committee. The Victor Valley Subarea and Mountain/Desert Committee recommendation shall be informed by requests of Measure I funds contained in the Capital Projects Needs Analysis (CPNA), the status of equitable share percentages from prior years, SANBAG's forecast of Measure I revenue that may be available for the Major Local Highways Program, and SANBAG's assessment of opportunities for leveraging of State and federal funds. The recommendation shall include a table of project phases recommended for funding, project costs, Measure I requests, other funding sources, and the allocation of costs to jurisdictions, at a minimum. SANBAG staff shall maintain a cumulative accounting of allocations to projects by jurisdiction, adding allocations to jurisdictions' accounts each year. Measure I funds shall be retained by SANBAG until reimbursed to jurisdictions based on invoices received.

Policy VVMLH-7: Each year, SANBAG staff will compile a list of each jurisdiction and the cumulative amount of Major Local Highway funds received for projects. This list will be used by members of the subarea and the Mountain/Desert Committee to make their allocation recommendation to the SANBAG Board of Directors.

Policy VVMLH-8: Equitable shares may be adjusted based on annexation of unincorporated areas into a city or the incorporation of previously unincorporated areas into a new city.

B. Development Fair Share Contribution

Policy VVMLH-9: Development Fair Share Contribution is required by Measure I 2010-2040 for Major Local Highway Projects covered under the Development Mitigation Nexus Study for the urbanized areas or a Traffic Impact Analysis in the non-urban areas, excluding any eligible freeway mainline projects. Development fair share for arterials, interchanges and railroad grade crossings are determined by the most recent version of the Nexus Study adopted by the SANBAG Board of Directors in the urbanized Victor Valley or by a Traffic Impact Analysis as required by the SANBAG Congestion Management Program in the non-urbanized areas.

Policy VVMLH-10: Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the required development fair share for projects. The internal accounts shall be reimbursed by development mitigation as development occurs..

C. Cost Reimbursement

Policy VVMLH-11: The Major Local Highway program shall be administered as a cost reimbursement program. Sponsoring agencies shall enter into Project Funding Agreements with SANBAG prior to receiving authorization from SANBAG to expend funds. Following the authorization to expend funds, the sponsoring agency may incur expenses for the components of the project identified in the scope of work included in the Project Funding Agreement.

Policy VVMLH-12: On an exception basis and subject to SANBAG Board approval, the advanced reimbursement of anticipated expenses may be permissible. Only the right-of-way and construction phases are eligible and are subject to the conditions stated below.

- Right-of-way: Only right-of-way transactions in excess of $500,000 shall be considered for advance reimbursement. The advanced reimbursement shall be based on an accepted written appraisal or sales contract. Adjustments to this estimate based on actual costs shall be reconciled with SANBAG within 30 days of close of escrow and subject to the provisions governing right-of-way purchase established in Policy VVMLH-23.
- Construction: The advanced reimbursement shall be based on an awarded construction contract in excess of $10,000,000. The amount to be advanced to the local jurisdiction shall not be greater than 10% of the public share of total project cost or of three months estimated peak burn rate for the project, whichever is less. The advanced reimbursement shall be used to help provide liquidity to the local jurisdiction for payment to the contractor and shall be reconciled at the end of the construction phase of the project. SANBAG shall reimburse jurisdiction invoices, in addition to the advanced reimbursement amount, until the public

share amount remaining in the contract is equivalent to the advanced reimbursement, after which the advanced reimbursement shall satisfy SANBAG reimbursement requirements.

Policy VVMLH-13: A local jurisdiction may begin expenditure of funds following the execution of the Project Funding Agreement. The Project Funding Agreement shall include the scope of work for a project or project phase and a commitment to provide the development share of the funding through all the phases of the project, as required by Policy VVMLH-9. The Project Funding Agreement shall be executed by the local jurisdiction and SANBAG prior to the expenditure of funding on any phase of the project. Local jurisdictions shall not be reimbursed for any costs incurred prior to the execution of the Project Funding Agreement.

Policy VVMLH-14: Local jurisdictions that desire to deliver a Major Local Highway project to which funds cannot be allocated in a given year shall be eligible for reimbursement through an Advance Expenditure Agreement.

D. Local Jurisdiction Invoices

Policy VVMLH-15: Local jurisdictions shall submit invoices to SANBAG for actual expenditures incurred for components of a project as identified in the scope of work included in the Project Funding Agreement. Invoices may be submitted to SANBAG no more frequently than monthly.

Policy VVMLH-16: Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor.

Policy VVMLH-17: The sponsoring agency shall be reimbursed for the actual project costs minus the development mitigation fair share percentage documented in the SANBAG Development Mitigation Nexus Study, up to the limit of Measure I Major Local Highway funding specified in the Project Funding Agreement.

E. Local Jurisdiction Reimbursement Schedule

Policy VVMLH-18: SANBAG shall reimburse the local jurisdiction for eligible expenditures within 30 days of receiving a complete and satisfactory invoice package.

F. Development Mitigation Fair Share Credit Agreements

Policy VVMLH-19: Local jurisdictions and developers shall be allowed to enter into credit agreements or other arrangements approved by the City Council/Board of Supervisors. Such agreements will be strictly between the local jurisdiction and the developer. Jurisdictions are advised to provide these credit agreements to SANBAG for review to ensure they are structured in a way that will adequately document private share costs for which the jurisdiction desires credit.

Policy VVMLH-20: A copy of the credit agreement or other arrangement and invoices to substantiate quantities and unit costs for a Nexus Study project included in a credit agreement or other arrangement shall be provided when a local jurisdiction submits an invoice for reimbursement.

Policy VVMLH-21: Local jurisdictions that submit an invoice involving a credit agreement or other arrangement shall separate the development mitigation portion of construction costs from any non-development mitigation portion of the development project in a verifiable fashion.

Policy VVMLH-22: Reimbursement shall occur for only the public share of the Nexus Study project costs

G. Ineligible Expenditures

Policy VVMLH-23: The following costs are ineligible for reimbursement:

- Additional environmental or architectural enhancement not required as part of the mitigation established in the environmental document(s) prepared for a project.
- Project oversight costs, with the exception of construction support costs.

- Property acquired through the right-of-way acquisition process that is not required for the actual construction of a project. SANBAG will either:

  1) Reimburse the jurisdiction for the public share of the portion of the property acquisition required for the project, with the "project portion" calculated as the sales price times times the percentage of the acreage actually required for the project, or

  2) At the request of the jurisdiction, reimburse based on the difference between the total sales price of the parcel and the residual value of the excess land not needed for the construction of the project, as determined by a qualified appraisal.

- Additional project scope not included in the Project Funding Agreement between the sponsoring agency and SANBAG, except when SANBAG and the local agency mutually agree to a project scope change and amend the Project Funding Agreement.

H. Construction Cost Overruns

Policy VVMLH-24: Jurisdictions shall bear full responsibility for construction cost overruns, which is established as any amount in excess of the total cost of the accepted bid and contingencies up to 10% of the construction bid. On an exception basis, SANBAG and the local jurisdiction may agree to the modification of the project scope, and the jurisdiction may be reimbursed for the public share of the additional costs pursuant to an amendment to the Project Funding Agreement. On an exception basis, SANBAG and the local jurisdiction may agree to the modification of the project scope, and the jurisdiction may be reimbursed for the public share of the additional costs pursuant to an amendment to the Project Funding Agreement.

I. SANBAG Project Management

Policy VVMLH-25: SANBAG may manage development and delivery of Major Local Highway projects when requested to do so by the sponsoring jurisdiction. In such cases, SANBAG's costs for project management shall be borne by the sponsoring agency.

Policy VVMLH-26: The following conditions are established for projects under SANBAG project management:

- The sponsoring agency must submit a written request for SANBAG oversight of the project
- SANBAG staff or SANBAG consultants must have available staff resources for project management
- The sponsoring agency shall pay actual SANBAG project oversight costs, to be estimated in advance by SANBAG, as documented by the SANBAG financial management system.

J. Cost Buy-down for Projects with a Development Share Contribution

Policy VVMLH-27: State, federal, or private funds may be used to buy down either the total cost of a project, the public share of the project cost, or the development share of the project cost based on the following criteria:

1. Funds that buy down the total cost of the project (after which the development fair share percentage is applied) include railroad contributions, State grants and Federal Congressional earmarks (through appropriations process, competition, etc.) from transportation sources that are not allocated or approved by SANBAG (e.g., IM, Demo, Caltrans ATP), TCRP, PNRS, or TIGER with local agency listed as lead recipient, PUC, and and HBP).

2. Funds considered part of the public share of the project cost include apportionments or allocations of State or federal transportation funds to SANBAG for funding of projects, whether managed by SANBAG or local agency (e.g., TCRP and PNRS with SANBAG listed as lead recipient, CMIA, TCIF, SLPP (non-competitive)), and State allocation and Federal apportionment by SANBAG (e.g., STIP, CMAQ, STP, TEA (SANBAG Allocation), TDA).

3. Funds that buy down the development share of the project cost include other state or federal appropriations of funding to a project from a non-transportation source (e.g., HUD, BIA, DOD) or SLPP competitive program (due to its DIF match requirement).

Fund definitions:

- ATP = Caltrans Active Transportation Program
- BIA = Bureau of Indian Affairs or individual tribal contributions
- CMAQ = federal Congestion Mitigation and Air Quality
- CMIA = Corridor Mobility Improvement Account (Proposition 1B)
- Demo = Demonstration project or similar project earmarked for a local jurisdiction in federal appropriations
- DOD = Department of Defense
- HBP = federal Highway Bridge Program
- HUD = federal Housing and Urban Development
- IM = federal Interstate Maintenance
- PNRS = federal Projects of National and Regional Significance
- PUC = California Public Utilities Commission
- SLPP = State/Local Partnership Program (Proposition 1B)
- STIP = State Transportation Improvement Program
- STP = federal Surface Transportation Program
- TCIF = Trade Corridor Improvement Funds (Proposition 1B)
- TCRP = Caltrans Traffic Congestion Relief Program
- TDA = state Transportation Development Act
- TEA = Transportation Enhancement Activities (supplanted by ATP)
- TIGER = federal Transportation Investment Generating Economic Recovery

K. Measure I Reserve

Policy VVMLH-28: SANBAG shall budget for a reserve for the Victor Valley subarea equivalent to 20% of the annual Measure I revenue from the Victor Valley Major Local Highways Program.

Policy VVMLH-29: The 20% reserve shall be established with the first year of Measure I 2010-2040 apportionment, and escalated annually to remain proportional to the growth in annual Measure I revenue.

Policy VVMLH-30: The reserve may be used to:

- Advance federal or state funds that require reimbursement.
- Manage cash flow for the Victor Valley Major Local Highways Program.
- Cover unforeseen expenses associated with projects that received an allocation of Measure I 2010-2040 funds.
- Leverage other state or federal funds to which SANBAG might otherwise lose access.

Policy VVMLH-31: Should Measure I reserves be used, revenue accrual within the year or revenue from the subsequent year's apportionment will be used to replenish the reserve.

L. Development Mitigation Fair Share Loans and Loan Repayment

Policy VVMLH-32: On an exception basis, project sponsors and other participating local jurisdictions may request loans from SANBAG for the development contribution to facilitate project delivery. Any such loan is subject to approval by the SANBAG Board of Directors on a case-by-case basis after a risk assessment and a complete analysis of the impact of the proposed loan on the other projects in the Major Local Highways Program and on the jurisdiction's equitable share of the Major Local Highways Program. A loan agreement, separate from any other cooperative agreement or funding agreement, shall be approved by the jurisdiction City Council/Board of Supervisors and SANBAG Board of Directors detailing agreement terms. The following set of options for development share loans from SANBAG may be considered by the SANBAG Board:

1. Loans from a jurisdiction's Measure I Local Street Program funds (no bonding) - Allow loans for up to 2/3 of the development share (local share) from a jurisdiction's Measure I Local Street Program "pass-through" funds, with a commitment by the jurisdiction to reimburse the Measure I Local Street Program account with Development Impact Fee (DIF) funds as they are collected or with other legally appropriate non-Measure I funds. Other legally appropriate funds could include proceeds from a Community Facilities District (CFD) or other development-based sources (note: when DIF funds are referenced elsewhere in this policy, this implies other legally appropriate non-Measure I funds as well). This option assumes no bonding is required, i.e. cash flow in the jurisdiction's Local Street Program is sufficient to cover up to 2/3 of local share costs. Conditions for receipt of a loan under this option include:

   a. Local pass-through funds would be transferred by the jurisdiction to the jurisdiction's DIF fund as an internal loan to pay up to 2/3 of the local share of project invoices. The jurisdiction would need to provide the other 1/3 in cash, as needed for project expenses, from either DIF funds or their own internal loans.

   b. A maximum 10-year term, beginning at the completion of project construction, would be identified for DIF funds to replenish the local pass-through account. The first annual payment would be no later than the end of construction.

   c. 100 percent of the jurisdiction's Nexus Study portion of DIF funds not previously committed to projects (or to funding the other 1/3 of the local share) would need to be committed to repayment of the loan by a transfer to the jurisdiction's local pass-through fund.

   d. No interest would be charged.

   e. SANBAG would monitor the repayment of the loan through the annual audit process and the annual development mitigation report provided to SANBAG. Records of the transfer of funds to and from the jurisdiction's DIF fund and the Local Street pass-through fund must be attached to the development mitigation report and will be subject to SANBAG audits of the Local Street Program.

   f. The jurisdiction would need to show the use of the loan funds, its repayment plan, and the use of the funds repaid to the local pass-through fund in its 5-Year Measure I Capital Improvement Plan (CIP). Repaid funds must be used in accordance with the Measure I Local Street Program.

   g. If the jurisdiction has not repaid the pass-through funds by the end of the term, the term would need to be renegotiated. The jurisdiction would need to continue to repay the loan until it is retired. If full repayment does not occur by the end of Measure I 2010-2040, (i.e. because insufficient DIF funds are collected) the loan obligation will be considered fulfilled.

   h. In addition to the 2/3 cap on the local share portion to be covered by the loan, a limit on percentage of local pass-through funds may need to be set on a case-by-case basis as a potential hedge against Measure I revenue being lower than forecast.

   i. Any additional cost of administration of the loan incurred by SANBAG may be included as a cost to be borne by the jurisdiction and may be included in the loan.

2. Loans from a jurisdiction's equitable share of Measure I Major Local Highway Program funds (no bonding) - Allow loans for up to 2/3 of the local share from a jurisdiction's Measure I Major Local Highway Program equitable share with a commitment to reimburse the Major Local Highway Program account with DIF funds as they are collected, or other legally appropriate non-Measure I funds. This option assumes that no bonding is required, i.e. cash flow in the jurisdiction's portion of the Major Local Highway Program is sufficient to cover up to 2/3 of local share costs. Conditions for receipt of a loan under this option include:

   a. Funds from the Major Local Highway Program would be eligible to pay up to 2/3 of the local share of project invoices immediately after the initiation of work activities on the Major Local Highways project. The jurisdiction would need to provide the other 1/3 in cash, as needed for project expenses, from either DIF funds or their own internal loans.

b. A maximum 10-year term, beginning at the completion of project construction, would be identified for DIF funds to replenish the Major Local Highway Program fund account. The first annual payment would be no later than the end of construction.

c. 100 percent of the jurisdiction's Nexus Study portion of DIF funds not previously committed to projects (or to funding the other 1/3 of the local share) would need to be committed to repayment of the loan.

d. No interest would be charged.

e. SANBAG would release the Major Local Highway Program funds for use on other projects as the jurisdiction repays with DIF.

f. The jurisdiction would need to show the use of the loan funds, its repayment plan, and the use of the funds repaid to the Major Local Highway Program fund account in its 5-Year Measure I CPNA. Repaid funds must be used in accordance with the Measure I Major Local Highways Program.

g. If the jurisdiction has not repaid the Major Local Highway Program funds by the end of the term, the term would need to be renegotiated. The jurisdiction would need to continue to repay the loan until it is retired. If it becomes clear that full repayment will not occur by the end of Measure I 2010-2040, (i.e. because insufficient DIF funds are collected) the loan obligation would be considered fulfilled.

h. In addition to the 2/3 cap on the local share portion to be covered by the loan, a limit on percentage of Major Local Highway Program funds may need to be set on a case-by-case basis. The reason for this would be as a potential hedge against Measure I revenue being lower than forecast.

i. Any additional cost of administration of the loan incurred by SANBAG may be included as a cost to be borne by the jurisdiction and may be included in the loan.

3. Combination of 1 and 2 - Allow a combination of option 1 and option 2 as sources of funding for a local share loan for a Major Local Highways project. The terms would be consistent with the terms specified in each of the two options and negotiated on a case-by-case basis.

4. Short-term cash loan from SANBAG - Allow a short-term cash loan for up to 2/3 of the local share that would be made available from SANBAG, with a fixed term and an interest rate premium (i.e. 5 year maximum term; Local Agency Investment Fund (LAIF) interest rate plus 3%). This would be conditioned on SANBAG having cash flow available and there being no risk of delay to other SANBAG projects. The cash loan could only be utilized for the PA&ED and Design phases of the Major Local Highways project. The jurisdiction would be in default if it fails to maintain payments, and SANBAG would be given the authority to invoke the terms of options 1, 2, or 3 to make those payments.

5. Bonding against a jurisdiction's Local Street Program funds - Allow for a jurisdiction to bond for up to 2/3 of the local share against its Measure I Local Street Program "pass-through" funds, with the debt service to be paid by those funds. DIF funds would reimburse the jurisdiction's Local Street account as they are collected, and the additional Local Street funds could be expended on other projects in the jurisdiction's Measure I Local Street Capital Improvement Plan.

   a. The bond issue could be:

      i. Coordinated with another SANBAG bond issue, in which case SANBAG would make debt service payments from the jurisdiction's Local Street account before sending the remaining funds to the jurisdiction. The jurisdiction would then reimburse SANBAG for their Local Street funds with DIF funds as they are collected, and SANBAG would release a comparable amount of Local Street funds back to the jurisdiction for other projects, or

      ii. Arranged independently by the jurisdiction, with the debt service paid directly by Local Street funds the jurisdiction receives from SANBAG. In this case, the loan would be internal to the jurisdiction. The CIP would document the loan, and auditing of the Local Street account would track the loan repayment.

b. If full repayment of the Local Street account does not occur by the end of Measure I 2010-2040, (i.e. insufficient DIF funds are collected) the repayment obligation to the Local Street account will be considered fulfilled. This is considered consistent with Measure I, given that Measure I funds will not have replaced the development contribution if development has not occurred.

- SANBAG reserves the right to audit local jurisdiction development mitigation accounts to verify development fee collections used as the basis of loan repayment.

6. Bonding against a jurisdiction's equitable share of Major Local Highways Program funds - Allow for a jurisdiction to bond for up to 2/3 of the local share against its equitable share of Measure I Major Local Highways Program funds, with the debt service to be paid by those funds. DIF funds would reimburse the Major Local Highways Program fund account as they are collected. Conditions for receipt of a loan under this option include:

a. The bond issue must be approved by the SANBAG Board of Directors based on a recommendation of the Victor Valley subarea representatives and the Mountain/Desert Committee. The Victor Valley subarea representatives and Mountain/Desert Committee recommendation shall be informed by the status of equitable share percentages from prior years, forecast expenditures on other Major Local Highways projects, and SANBAG's forecast of Measure I revenue that may be available for the Major Local Highways Program.

b. The bond issue must be coordinated with another SANBAG bond issue, in which case SANBAG would make debt service payments from the Major Local Highway Program fund account.

c. Funds from the Major Local Highway Program would be eligible to pay up to 2/3 of the local share of project invoices immediately after the initiation of work activities on the Major Local Highways project. The jurisdiction would need to provide the other 1/3 in cash, as needed for project expenses, from either DIF funds or their own internal loans.

d. The term would be identified for DIF funds to replenish the Major Local Highway Program fund account at the time of bond issuance. The first annual payment would be due no later than the end of construction.

e. 100 percent of the jurisdiction's Nexus Study portion of DIF funds not previously committed to projects (or to funding the other 1/3 of the local share) would need to be committed to repayment of the loan.

f. SANBAG would release the Major Local Highway Program funds for use on other projects as the jurisdiction repays with DIF. However, a limit on the availability of Major Local Highway Program funds may need to be set on a case-by-case basis. The reason for this would be as a potential hedge against Measure I revenue being lower than forecast.

g. The jurisdiction would need to show the use of the loan funds, debt service, its repayment plan, and the use of the funds repaid to the Major Local Highway Program fund account in its 5-Year Measure I CPNA. Repaid funds must be used in accordance with the Measure I Major Local Highways Program.

h. If the jurisdiction has not repaid the Major Local Highway Program funds by the end of the term, the term would need to be renegotiated. The jurisdiction would need to continue to repay the loan until it is retired. If it becomes clear that full repayment will not occur by the end of Measure I 2010-2040, (i.e. because insufficient DIF funds are collected) the loan obligation would be considered fulfilled.

i. In addition to the 2/3 cap on the local share portion to be covered by the loan, a limit on percentage of Major Local Highway Program funds may need to be set on a case-by-case basis. The reason for this would be as a potential hedge against Measure I revenue being lower than forecast.

j. Any additional cost of administration of the loan or the bond incurred by SANBAG may be included as a cost to be borne by the jurisdiction and may be included in the loan.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009
1	Amended to include policies VVMLH-28 through VVMLH-31 establishing and maintaining a Measure I reserve.	07/07/2010
2	Amended to clarify funds that buy down total project cost versus funds that are applied to the public share and development share of costs in VVMLH-27	03/04/15
3	Added Section VIII (L), Development Mitigation Fair Share Loans and Loan Repayment (Agenda Item 18, 1/6/16)	01/06/16

San Bernardino Associated Governments	**Policy**	**40014**
Adopted by the Board of Directors April 1, 2009	Revised	04/01/09
Victor Valley Senior and Disabled Transit (VVSDT) Program Measure I 2010-2040 Strategic Plan	Revision No.	0

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG website.

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I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Victor Valley Subarea Senior and Disabled Transit Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms, project eligibility, and limitations on eligible expenditures.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

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III. DEFINITIONS

Short Range Transit Plan (SRTP) – A five-year financially constrained plan of projected transit service levels, operating and capital improvement expenses, updated biennially and submitted to SANBAG by local transit systems.

Consolidated Transportation Services Agency (CTSA) – A agency designated pursuant to subdivision (a) of Section 15975 of the California Government Code responsible for the coordination of social service transportation.

Transportation Reimbursement Escort Program (TREP) – A volunteer travel reimbusement program for elderly individuals and individuals with disabilities.

IV. POLICIES FOR THE VICTOR VALLEY SENIOR AND DISABLED TRANSIT PROGRAM

A. Organization of the Victor Valley Subarea Senior and Disabled Transit Program

Policy VVSDT-1: The Victor Valley Senior and Disabled Transit Program shall follow the intent of Ordinance 04-01, i.e., "Senior and Disabled Transit is defined as contributions to transit operators for fare subsidies for senior citizens and persons with disabilities or enhancements to transit service provided to seniors and persons with disabilities."

Policy VVSDT-2: Five percent (5%) of the revenue collected within the Victor Valley subarea shall be apportioned to the Senior and Disabled Transit Program account. The apportionment shall be increased by five tenths of a percent (0.5%) every five years to a maximum of seven and a half percent (7.5%). Such increases shall automatically occur unless each jurisdiction makes a finding that such an increase is not required to address the unmet transit needs of elderly individuals and individuals with disabilities.

B. Eligible Expenditures

Policy VVSDT-3: The following expenditures shall be eligible under the Victor Valley Senior and Disabled Transit Program:

1. Fare Subsidies
   a. Senior and Disabled Transit Program funds may be used for fare stabilization or subsidy for elderly individuals and individuals with disabilities. Future fare increases for elderly individuals and individuals with disabilities may be offset through a local fare subsidy using Senior and Disabled Transit Program funds.

   b. The amount of Senior and Disabled Transit Program funds contributed as a fare subsidy shall qualify as fare revenue for purposes of calculating the ratio of passenger fares to operating cost required by the Transportation Development Act.

2. Service and Capital Subsides
   a. Senior and Disabled Transit Program funds may be used to support existing, new, expanded, or enhanced transportation services, including capital projects, for elderly individuals and individuals with disabilities. Examples would include direct operating subsidy for the provision of ADA complimentary paratransit service and demand responsive service for elderly individuals and individuals with disabilities.

   b. For general public transportation services, the percentage of Senior and Disabled Transit Program funds used to support operating expenses cannot exceed the percentage of elderly individuals and individuals with disabilities carried by the system in the fiscal year preceding the year in which the annual operating budget is being prepared.

   c. Senior and Disabled Transit Program funds may be used to support social service agency transportation for elderly individuals and individuals with disabilities provided such service is coordinated with and are not duplicative of the VVTA and/or the CTSA services.

   d. Senior and Disabled Transit Program funds may be used to support education and marketing of transportation services for elderly individuals and individuals with disabilities with the intent to increase consumer's awareness and knowledge of how to use the most cost-effective service available as well as to provide education opportunities to operators that help improve the quality and effectiveness of the services provided.

   e. Senior and Disabled Transit Program funds may be used as local matching funds to federal and state capital grant programs for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. Lacking access to federal and/or state grants, program funds may be used for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. These program funds may also be used for the incremental cost of accessible features associated with vehicle acquisitions.

C. Maintenance of Effort

Policy VVSDT-4: Senior and Disabled Transit Program funds shall not be used to supplant existing federal, state and local (Local Transportation Fund) funds committed to transit services.

Policy VVSDT-5: The maintenance of effort shall be determined by calculating the amount of Local Transportation Fund (LTF) each jurisdiction contributed toward transit operating expenses in Fiscal Year 2008/2009 adjusted by the Los Angeles, Riverside and Orange County's area Consumer Price Index (CPI) for all items as determined by the U.S. Bureau of Labor Statistics.

Policy VVSDT-6: Exceptions to Maintenance of Effort:

1. Upon the incorporation of a new city or town, the combined contribution of LTF by the County and the newly incorporated jurisdiction for the transit system's operating subsidy must meet the maintenance of effort requirement that would have otherwise applied to the County alone. Subsequent maintenance of effort determinations shall be made by apportioning the CPI adjusted maintenance of effort amount the County and newly incorporated jurisdiction based upon the initial population used for apportioning LTF.

2. An exception to the maintenance of effort shall apply if a jurisdiction is spending all of its LTF apportionment for transit purposes.

D. Allocation of Victor Valley Subarea Senior and Disabled Program Funding

Policy VVSDT-7: The SANBAG Board of Directors shall annually allocate funding to specific transit projects and programs as approved in each transit system's SRTP and may allocate funding to a CTSA, if one is formed, or a public entity (city or county) providing or contracting for transportation services for elderly individuals and individuals with disabilities provided those services are coordinated with and do not duplicate the services provided by the VVTA and/or CTSA.

Policy VVSDT-8: Allocations to a specified project or program shall be limited to the annual forecast of revenues available within each subarea, unless there is also a residual balance of revenue available.

E. Disbursement of Victor Valley Subarea Senior and Disabled Transit Program Funds

Policy VVSDT-9: Funds approved for allocation for operating subsidies shall be disbursed to each transit system, CTSA, and/or city and county through the VVTA and/or CTSA within thirty (30) days of the end of each month.

Policy VVSDT-10: Funds approved for allocation for fare subsidy for elderly individuals and individuals with disabilities shall be disbursed to the transit system, CTSA, and/or city and county within thirty (30) days of the end of each month. The amount to be disbursed shall be determined through the receipt of an invoice from the transit system, CTSA, and /or city and county through the VVTA documenting the number of elderly individuals and individuals with disabilities using the service in the prior month and the amount of fare subsidy applied for each counted passenger.

Policy VVSDT-11: Funds approved for allocation for capital purposes shall be disbursed within thirty (30) days of receipt of a copy of the procurement invoice from the transit system, CTSA and/or city and county, through the VVTA and/or CTSA.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009

San Bernardino Associated Governments	**Policy**	**40015**
Adopted by the Board of Directors April 1, 2009	Revised	04/01/09
Victor Valley Project Development and Traffic Management Systems (VVPDTMS) Program Measure I 2010-2040 Strategic Plan	Revision No.	0

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG website.

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I. PURPOSE

The purpose of this policy is to establish requirements relating to the selection, prioritization and allocation of Project Development and Traffic Management System funds from Measure I 2010-2040.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.

III. DEFINITIONS

Project Development and Traffic Management Systems Projects: Projects including but not limited to corridor studies, project study reports, projects to improve traffic flow and maximize use of traffic facilities, congestion mnagement, commuter assistance programs and programs which contribute to environmental enhancement associated with highway facilities.

Traffic Management: Strategies that result in the more efficient use of transportation resources.

Environmental Enhancement: Strategies that mitigate or beautify new or modified transportation projects through the use of hard- and landscape improvements.

IV. POLICIES FOR THE VICTOR VALLEY PROJECT DEVELOPMENT AND TRAFFIC MANAGEMENT SYSTEMS PROGRAM

A. Project Development and Traffic Management Systems Program Allocation

Policy VVTMS-1: SANBAG shall develop and maintain a separate fund for the Project Development and Traffic Managemant Systems Program (PDTMS).

Policy VVTMS-2: SANBAG shall make the monthly allocations to the PDTMS fund using the following procedure:

a. Determine total amount of Measure I Sales Tax generated in the subarea from information submitted by the State Board of Equalization.

b. Mutiply the total Measure I Sales Tax received for the month by 0.02 to arrive at the total subarea PDTMS Allocation.

B. Project Eligibility

Policy VVTMS-3: The types of projects eligible for use of the PDTMS Program funds include but are not limited to corridor studies, project study reports, projects to improve traffic flow and maximize use of transportation facilities, congestion management, commuter assistance programs, and projects which contribute to environmental enhancement associated with highway facilities.

Policy VVTMS-4: The funds shall not be expended for actual capital improvements, but shall be used as "seed money" to support planning and creation of long-term or permanent transportation management programs or advance project development planning for projects of significance to the subarea.

C. Project Selection and Prioritization Criteria

Policy VVTMS-5: The SANBAG Board shall approve an allocation of PDTMS funds to projects by March of each year, based on a recommendation of the Victor Valley subarea representatives and the Mountain/Desert Committee. The fund allocation shall include a list of projects and funding amounts.

Policy VVTMS-6: Projects funded by the PDTMS Program shall be of multi-jurisdictional significance and indirect benefits of the project should affect much of the Victor Valley subarea.

Policy VVTMS-7: Projects shall be selected and prioritized on the basis of the likelihood of successful implementation and the degree of resultant quality of life or environmental benefit.

Policy VVTMS-8: Legislatively mandated transportation management and environmental enhancement projects for which adequate funding is not available from other sources may receive priority from this program.

Policy VVTMS-9: Projects sponsored or co-sponsored by entities which will share in funding or match PDTMS Program funds may receive priority.

Policy VVTMS-10: Projects which propose to leverage additional funds for use by the project or to create beneficial multiplier effects, shall receive priority.

Policy VVTMS-11: Projects shall be selected and prioritized by readiness and ability to achieve significant near-term benefits.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009

San Bernardino Associated Governments		**Policy**	**40016**
Adopted by the Board of Directors	April 1, 2009	Revised	5/6/15
Rural Mountain/Desert Subareas Local Streets Program (MDLS) Measure I 2010-2040 Strategic Plan		Revision No.	2

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG Intranet.

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I. PURPOSE

The purpose of this policy is to establish requirements for the Local Streets Programs for the Colorado River, Morongo Basin, Mountains, and North Desert subareas, including project eligibility, adoption of Five Year Plans by local jurisdictions, accounting requirements, and development mitigation requirements.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

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III. DEFINITIONS

Local Street Program: Measure I program in all subareas that provides funds through a pass-through mechanism directly to local jurisdictions for expenditure on street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Program funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local streets, major highways, state highway improvements, freeway interchanges, transit, and other improvements/programs to maximize use of transportation facilities.

Allocation: An action by the SANBAG Board of Directors to assign a specific amount of Measure I funds from a Measure I program to a project. The allocation decision is made annually by the Board of Directors by March of each year. Allocation of Local Street Program funds occur monthly as a direct pass-through to local jurisdictions.

Five Year Plan: A plan of projected local jurisdiction expenditures for the next five years on Local Street Projects eligible for Local Streets Program funds, updated annually and submitted to SANBAG by local jurisdictions.

Independent Taxpayer Oversight Committee: A "Mandated Taxpayer Safeguard" established by Ordinance 04-01 for Measure I 2010-2040 to provide citizen review and to ensure that all Measure I funds are spent in accordance with provisions of the Measure I Expenditure Plan and Ordinance.

Maintenance of Effort: The requirement that Measure I funding will supplement and not replace the existing local discretionary funding being used for street and highway purposes.

Maintenance of Effort Base Year Level: The amount of General Fund used for street and highway purposes prior to Measure I 2010-2040 as adopted by the SANBAG Board of Directors.

IV. POLICIES FOR THE RURAL MOUNTAIN/DESERT SUBAREAS LOCAL STREETS PROGRAM

A. Local Streets Allocation

Policy MDLS-1: Each jurisdiction shall receive an allocation from 70% of the Measure I revenue, after reservation of 2% collected in the subarea for Project Development and Traffic Management Systems. The allocation methodology is determined based on:

- 50% population. The population estimate for making the per capita calculation shall be determined by SANBAG each year based on the State Department of Finance population estimate. Annual adjustments to the population estimates are made mid-year, based on availability of DOF estimates. Following approval of the population estimates by the Board, adjustments will be made to the local pass through fund allocations retroactive to January 1 of the year.
- 50% return to source. The sales tax estimates provided by the State Board of Equalization, updated quarterly based on the prior quarter's financial data, shall be used as the basis for making the return to source calculations.

Policy MDLS-2: Local jurisdictions shall not receive their Local Streets allocation until they have submitted their annual update of their Five Year Plan.

Policy MDLS-3: The Local Streets Allocation shall be remitted to local jurisdictions monthly.

Policy MDLS-4: Local Streets Allocations remitted from January 1 until such time as the State Department of Finance has issued their population figures and SANBAG has made the per capita calculation, shall be based on the prior year's calculation. Once the per capita calculation has been made, the calculation will be applied retroactively to January 1 and amounts received by local jurisdictions will be adjusted to account for the difference in the amount remitted during the retroactive period and the amount that should have been remitted adjusted for the new per capita calculation.

Policy MDLS-5: Local Streets Allocations sales tax generation portion will be based on the prior quarter's data. Because of the lag in receiving sales tax data from the Board of Equalization, the Sales Tax Generation calculations for that portion of the Local Streets Allocation will be calculated using the data from the prior quarter. (Example: During the months of January, February and March SANBAG will use the local sales tax generation figure derived from the fourth quarter of the previous calendar year.)

Policy MDLS-6: SANBAG will make the monthly allocations using the following procedure:

a. Determine total amount of Measure I Sales Tax generated in the subarea from information submitted by the State Board of Equalization.

b. Mutiply the total Measure I Sales Tax received for the month by 0.68 to arrive at the total subarea Local Streets Allocation.

c. Divide the Local Streets Program fund into two 50% pools of funding: Allocate the two pools of funding based on:

1) a jurisdiction's population share of the entire subarea population.

2) jurisdiction's share of sales tax generation within the total subarea.

d. Add the population based component and the sales tax based component of each jurisdiction's allocation to arrive at the total Local Streets Allocation for each jurisdiction.

e. Remit payment of Local Streets Program fund to local jurisdiction.

Policy MDLS-7: Upon each jurisdiction in a particular subarea making a finding that an increase in Senior and Disabled Transit Service is needed to meet the unmet transit needs of senior and disabled users, the Local Streets allocation may be reduced and that allocation may be shifted to the Senior and Disabled Transit Service Program for that subarea.

B. Development Fair Share Contribution

Policy MDLS-8: Development mitigation for Local Street projects in the Rural Mountain/Desert is required by Measure I 2010-2040 for all capacity improvement projects for transportation facilities as identified by a Traffic Impact Analysis (TIA) report as required by the Congestion Management Program. The amount of the development mitigation for each project is defined by the traffic mitigation measures identified in the related TIA reports.

Policy MDLS-9: Annually as part of its audit of each jurisdictions' use of Measure I funds, SANBAG will specifically look to make sure that the development mitigation towards capacity improvements identified in TIAs is accounted for. If a material finding is made in the audit showing that a contribution of development mitigation was not made as identified by a TIA, then SANBAG may, as the Congestion Management Authority, withhold Section 2105 Gas Tax funds or Measure I Local Street Allocations until the jurisdiction shows that they are in compliance with the Congestion Management Plan.

C. Five Year Plan

Policy MDLS-10: Each local jurisdiction is required to annually adopt a Five Year Capital Improvement Plan which details the specific projects to be funded using Measure I Local Pass-Through Funds. Expenditures of Measure I Local Pass Through Funds must be detailed in the Five Year Capital Improvement Plan and adopted by resolution of the governing body.

Policy MDLS-11: Five Year Capital Improvement Plans shall:

a. Specifically identify improvements to be funded by Measure I by street name, boundaries, and project type, subject to eligibility requirements listed in Section D below.

b. Constrain the total annual amount of planned expenditures to 150% of SANBAG's forecasted revenue for Measure I Local Pass-Through Funds, revenue resulting from bonds secured by Measure I revenue, and remaining balances from previous year allocations.

c. Include no more than 50% of estimated annual new revenue to general program categories for pavement management programs, system improvements, and general maintenance or other miscellaneous categorical expenditures. Carryover fund balance shall not be used for general program categories.

   A general program category is a program of work without any identified streets. If a line item in the Five Year Capital Improvement Plan includes a list of the streets to which it will apply, then it does not have to count as a general program category (i.e. a city-wide AC overlay program that lists the streets to be included in the program).

Policy MDLS-12: Any single project expenditure in excess of $100,000 shall be listed as an individual project and shall not be included in a general program category. A project is defined as an eligible specific road improvement.

Policy MDLS-13: The Five Year Capital Improvement Plan shall be the basis for the annual audit. Jurisdictions will have flexibility in moving projects around in their Five Year Capital Improvement Plan based on the necessities of the jurisdiction. However, in order for a project to be eligible for expenditure of Local Streets funds, the project must be included in the Five Year Capital Improvement plan. A revised Capital Improvement Plan must be provided to SANBAG by the end of each fiscal year if the project list has been changed in order for the projects to be eligible for expenditures of Local Streets funds.

D. Eligible Expenditures

Policy MDLS-14: Eligible expenditures include construction, maintenance, and overhead. Included below are definitions and types of eligible expenditures by category.

a. Construction shall be defined as the building or rebuilding of streets, roads, bridges, and acquisition of rights-ofway or their component parts to a degree that improved traffic service is provided and geometric or structural improvements are effected including allocated administration and engineering necessarily incurred and directly related to the above.

   1) Removal of old street and roadbeds and structures, and detour costs when connected with a construction project.
   2) Change of alignment, profile, and cross-section.
   3) Addition of a frontage street or road.
   4) Original surfacing of shoulders.
   5) Installation of original traffic signs and markers on routes.
   6) Earthwork protective structures within or adjacent to the right-of-way area.
   7) Complete reconstruction or addition to a culvert.
   8) Reconstruction of an existing bridge or installation of a new bridge.
   9) Widening of a bridge.

10) Installations or extensions of curb, gutter, sidewalks or underdrain (including improvements to handicap ramps to make them ADA compliant).
11) Extensions and new installation of walls.
12) Reconstruction of an intersection and its approximate approaches to a substantially higher type involving a change in its character and layout including changes from a plain intersection to a major channelized intersection or to grade separation and ramps.
13) Placing sufficient new material on soil surface, gravel street or road to substantially improve the quality of the original surface.
14) Improvement of a surface to a higher type.
15) Bituminous material of 1" or more placed on bituminous or concrete material. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.
16) Remix existing bituminous surfacing with added materials to provide a total thickness of 1" or more. A lesser thickness may be considered construction provided the engineer shall certify that the resulting pavement is structurally adequate to serve anticipated traffic.
17) Stabilization of street or road base by additive, such as cement, lime or asphaltic material.
18) Widening of existing street, roadbed or pavement, with or without resurfacing.
19) Addition of auxiliary lanes such as speed change, storage, or climbing lanes.
20) Resurfacing, stabilizing or widening of shoulders including necessary connections to side streets or road approaches.
21) Installation or addition to landscape treatment such as sod, shrubs, trees,irrigation, etc.
22) Extending old culverts and drains and replacing headwalls.
23) Replacement of bridge rails and floors to a higher standard.
24) Replacement of retaining walls to a higher standard.
25) Replacement of all major signs or traffic control devices on a street or road.
26) The installation of a new sign or the replacement of an old sign with one of superior design such as increased size, illumination, or overhead installations.
27) Installation or improvement of traffic signal controls at intersections and protective devices at railroad grade crossings.
28) Installation or expansion of street or road lighting system.
29) Replacement in kind, when legally required, of structures which are required to be relocated for street and road purposes.
30) Construction of bikeways when they are an integral part of the Public Streets and Highways System.
31) Extension or new installation of guardrails, fences, raised medians or barriers for traffic safety.
32) Painting or rearrangement of pavement striping and markings, or repainting to a higher standard.
33) Construction of pedestrian underpasses or overhead crossing for the general public use.
34) Purchase and installation of traffic signal control equipment including traffic actuated equipment, radio or other remote control devices and related computers, software and that portion of preemption equipment not mounted on motor vehicles.
35) Maintenance or construction on alleys that have been formally accepted into the city or county street system.

b. Maintenance shall be defined as the preservation and upkeep of a street or road to its constructed condition and the operation of a street or road facility and its integral services to provide safe, convenient and economical highway transportation. Examples of Maintenance include:

1) Scarifying, reshaping and restoring material losses.
2) Applying dust palliatives.
3) Patching, repairing, surface treating, and joint filling on bituminous or concrete surfaces.
4) Jacking concrete pavements.

5) Repair of traveled way and shoulders.
6) Bituminous material of less than 1" added to bituminous material including seal coats.
7) Remix existing bituminous surfacing with added materials to provide a total thickness of less than 1". (See exception under Construction, example 16.)
8) Patching operations including base restoration.
9) Resealing street or road shoulders and side street and road approaches.
10) Reseeding and resodding shoulders and approaches.
11) Reshaping of drainage channels and side slopes.
12) Restoration of erosion controls.
13) Cleaning culverts and drains.
14) Removing slides and restoring facilities damaged by slides. (Additional new facilities shall be considered construction.)
15) Mowing, tree trimming and watering.
16) Replacing top soil, sod, shrubs, trees, irrigation facilities, etc. on street and roadside.
17) Repairing curb, gutter, rip-rap, underdrain, culverts and drains.
18) Cleaning, painting and repairing bridges and structures.
19) All snow control operations such as the erection of snow fences and the actual removal of snow and ice from the traveled way.
20) Repainting of pavements, striping and marking to the same standards.
21) Repainting and repairing of signs, guardrails, traffic signals, lighting standards, etc.
22) Servicing lighting systems and street or road traffic control devices.
23) Furnishing of power for street and road lighting and traffic control devices.
24) Developing and maintaining programs which enhance management of transportation facilities such as travel demand models and pavement management programs.
25) Purchase of equipment used exclusively for road maintenance.

c. Overhead shall be defined as those elements of cost necessary in the production of an article or performance of a service which are of such a nature that the amount applicable to the functions are not readily discernible. Usually they relate to those objects of expenditure which do not become an integral part of the finished product or service. Examples of overhead components are shown below and are comprised of costs which cannot be identified or charged to a project, unless an arbitrary allocation basis is used. Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distribution of overhead among all departments.

1) Payroll
2) Facilities
3) Advertising
4) General Government
5) Department Accounts/Finance
6) Procurement
7) Top Management
8) General Accounting/Finance
9) Personnel
10) Data Processing
11) Legal Costs

E. Ineligible Expenditures

Policy MDLS-15: Although many types of work may be classified as "construction," this does not make them automatically eligible for expenditures of Measure I funds. To be eligible, the work must be for street and road purposes.

a. Following is a list of the types of expenditures which are not eligible for financing with Measure funds:

1) Costs of rearranging non-highway facilities, including utility relocation, when not a legal road or street obligation.
2) New (first installation of) utilities, including water mains, sanitary sewers and other nonstreet facilities.
3) Costs of leasing property or right-of-way, except when required for construction work purposes on a temporary basis.

4) The costs of constructing or improving a street or area for parking purposes, except for the width normally required for parking adjacent to the traveled way and within the right-of-way, or when off-street parking facilities are constructed in lieu of widening a street to improve the flow of traffic.
5) Decorative lighting.
6) Park features such as benches, playground equipment, and rest rooms.
7) Work outside the right-of-way which is not a specific right-of-way obligation.
8) Equestrian under and overpasses or other similar structures for any other special interest group unless as a part of a right-of-way obligation.
9) Construction, installation or maintenance of cattle guards.
10) Acquisition of buses or other mass transit vehicles or maintenance and operating costs for mass transit power systems or passenger facilities, other than to specifically serve elderly and handicapped persons.
11) Maintenance or construction on alleys that have not been formally accepted into the city or county street system. Non-street related salaries and benefits.
12) Driveways outside of the street and road right-of-way.
13) Electronic speed control devices or other non-highway related safety expenditures.

F. Accounting Requirements

Policy MDLS-16: Each local jurisdiction shall establish a Special Measure I 2010-2040 Transportation Sales Tax Fund. This fund is a special revenue fund utilized to account for proceeds of specific revenue sources that are legally restricted to expenditures for street purposes. Jurisdictions should use the modified accrual basis of accounting.

Policy MDLS-17: The following requirements are to provide guidance on the specific accounting treatment as it relates to the Special Measure I Transportation Sales Tax Fund.

a. All apportionments shall be deposited directly into the Special Measure I Transportation Sales Tax Fund.

b. Interest received by a jurisdiction from the investment of money in its Special Measure I Sales Tax Fund shall be deposited in the fund and shall be used for street purposes.

c. Segregation must be maintained within the Special Measure I Transportation Sales Tax Fund to show separate balances for each subarea (County only).

d. If other revenues are commingled in the Special Measure I Transportation Sales Tax Fund, it is the responsibility of the jurisdiction to provide accurate and adequate documentation to support revenue and expenditure allocation, as well as segregated balances.

e. It is allowable to fund prior year expenditures with current year revenues and/or fund balance as long as funded projects are included in the adopted Five-Year Capital Improvement Program and accounting clearly identifies the project and other pertinent data to establish a clear audit trail.

f. If a project is deemed ineligible in the annual Compliance Audit, the Measure I funds used on that project must be repaid to the Special Measure I Transportation Sales Tax Fund in accordance with Policy MDLS-21.

Policy MDLS-18: Any interest earned on investment of Measure I Transportation Sales Tax Funds must be deposited in the Special Measure I Transportation Sales Tax Fund. Any jurisdiction not electing to invest its Measure I funds but at the same time investing most of its other available funds should deposit the Measure I funds in a separate account to clearly indicate that no such monies were invested. If Measure I Transportation Sales Tax funds are invested, they must receive their equitable proration of interest earned on the total funds invested. Several methods are available to determine an equitable distribution of interest earned. Whatever method is employed, it will be analyzed during audit to determine reasonableness and confirm distribution to the Special Measure I Transportation Sales Tax Fund. It is recommended that a distribution based on average monthend cash balances be employed. In addition, if the interest distribution methodology allows for negative distributions, they will be disallowed. No interest charges based on negative cash and fund balances will be allowed.

Policy MDLS-19: Reimbursements of Measure I Transportation Sales Tax Funds previously expended for street and road construction or right-of-way purposes, from whatever source, must be deposited in the Special Measure I Transportation Sales Tax Fund. This includes but is not limited to:

- Federal Aid Urban projects
- Redevelopment agencies
- Cooperative agreements
- Right-of-way dispositions
- Federal and safety projects

Policy MDLS-20: Records

a. Source Documentation - On construction or purchase of right-of-way, all expenditures charged to the Measure I Transportation Sales Tax Fund must be supported by a warrant or other source document (invoice, requisition, time sheet, equipment rental charge, engineering plans, specifications and other pertinent data) clearly identifying the project and other pertinent data to establish a clear audit trail.

b. Retention Period - All source documents, together with the accounting records, are deemed to be the official records of the jurisdiction and must be retained by the jurisdiction for five (5) years.

Policy MDLS-21: Compliance Audit Deadline

A jurisdiction's annual Compliance Audit must be completed within six (6) months after end of the jurisdiction's fiscal year (Compliance Audit Deadline). SANBAG staff shall monitor the scheduling and progress of the audits to ensure prompt communication by the Auditor after information submittals by jurisdiction, and timely completion of the final MSI audit report. If a jurisdiction is not able to meet the information submittal deadlines set by the Auditor or the Compliance Audit Deadline, the jurisdiction may submit a request to SANBAG's Executive Director no later than thirty days prior to the submittal deadline set by the Auditor or the Compliance Audit Deadline, whichever extension is required, and a two (2) month automatic extension will be granted. Any further requests for extensions of the Compliance Audit Deadline are subject to approval by the Board. The Board may approve further Compliance Audit Deadline extensions, if the Board finds: (1) the Compliance Audit was not completed timely for reasons outside of the jurisdiction's control, such as federal, state, and GASB reporting requirements, or catastrophic events; or (2) it is in the best interests of SANBAG to grant the extension. SANBAG staff shall be responsible for requesting extensions related to Auditor performance.

Policy MDLS-22 Remedies

a. If a jurisdiction's annual Compliance Audit determines that the jurisdiction used Measure I Transportation Sales Tax Funds for ineligible expenses, the jurisdiction shall repay the Measure I Transportation Sales Tax Fund, in the amount of the ineligible expenses, immediately from another source through an internal fund transfer.

b. If a jurisdiction's annual Compliance Audit fails to be completed with an unmodified opinion by the Compliance Audit Deadline, as extended pursuant to Policy MDLS-21, the jurisdiction shall repay the Measure I Transportation Sales Tax Fund, in the amount of the Measure I Local Streets Allocation for the fiscal year subject of annual Compliance Audit findings of unsubstantiated or questioned costs, immediately from another source through an internal fund transfer.

c. If the jurisdiction is unable to make such immediate repayment under MDLS-22 (a) or (b), the jurisdiction shall not receive its Local Streets Allocation pass-through payments until the repayment amount of ineligible expenses, unsubstantiated costs, or questioned costs, have been withheld by SANBAG.

d. If the jurisdiction enters into a Repayment Agreement with SANBAG, as approved by the jurisdiction and the SANBAG Board of Directors, providing for repayment of the amounts owed under MDLS-22 (a) or (b) over a period not to exceed five (5) years, SANBAG will return any pass-through funds withheld. SANBAG will recommence withholding Local Streets Allocation pass-through funds if the jurisdiction fails to comply with the terms of the Repayment Agreement.

G. Maintenance of Effort Requirements

Policy MDLS-23: The SANBAG Board of Directors shall retain authority over actions related to these Maintenance of Effort (MOE) requirements.

Policy MDLS-24: In accordance with California Public Utilities Code 190300 and Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Local Street Program funds shall not be used to supplant existing local discretionary funds being used for street and highway purposes.

Policy MDLS-25: SANBAG shall monitor local agency use of General Fund for street and highway purposes relative to their use prior to Measure I 2010-2040, which shall be referred to as the MOE base year level.

Policy MDLS-26: The following requirements are to provide guidance on the determination of a MOE base year level.

a. The MOE base year level shall be equivalent to the discretionary General Fund expenditures for transportation-related construction and maintenance activities consistent with Policy MDLS-14 in Fiscal Year 2008/2009.

b. Jurisdictions may propose deductions to the recorded expenditures for the following:

    1) Expenditures for unusual circumstances that increased the MOE base year level arbitrarily outside of the normal on-going General Fund expenditures, e.g. General Fund loans to other transportation-related funds, emergency repairs, special projects.

    2) Administrative/overhead costs that were not project-specific, i.e. staff time for transportation staff was charged to a general “program” budget rather than charged directly to specific projects.

c. The proposed MOE base year level shall be adopted by resolution of the governing body.

d. The Independent Taxpayer Oversight Committee (ITOC) will review the proposed MOE base year levels, including the proposed deductions, as adopted by resolution of the governing body, and provide a recommendation to the SANBAG Board of Directors for approval.

e. The MOE base year level as approved by the SANBAG Board of Directors shall remain in effect until the expiration of Measure I 2010-2040.

Policy MDLS-27: Jurisdictions shall annually provide a statement in the resolution of the governing body adopting the Five Year Capital Improvement Plan that acknowledges the jurisdiction will maintain General Fund expenditures for transportation-related construction and maintenance activities at the required MOE base year level in that fiscal year. Jurisdictions whose MOE base year level is determined to be $0 are not required to provide this statement in the resolution.

Policy MDLS-28: The MOE requirement shall be tracked and verified as part of the annual Measure I Local Street Program audit. This will be accomplished by comparing the discretionary General Fund expenditures for transportation-related construction and maintenance activities consistent with Policy MDLS-14 to the MOE base year level.

Policy MDLS-29: General Fund expenditures in excess of the MOE base year level will carry over to subsequent fiscal years and can be applied in a future year to offset the amount the local agency may need to meet the MOE requirement. Carryover balances will be documented in the annual Measure I Local Street Program audit.

Policy MDLS-30: If the annual Measure I Local Street Program audit indicates that the required MOE base level is not being met, then the jurisdiction has the following four fiscal years to make up the amount. If the audit following those four fiscal years indicates the jurisdiction is still below the MOE base year level, SANBAG will immediately stop disbursing Measure I Local Street Program funds until an amount equivalent to the MOE base year level shortfall has been withheld. The withheld funds will be disbursed to the jurisdiction upon demonstration that the jurisdiction has met the MOE requirements.

Policy MDLS-31: The following provides guidance on resolution of MOE base year level shortfalls at the expiration of Measure I 2010-2040.

a. If the jurisdiction has not resolved a MOE base year level shortfall within two years after the expiration of Measure I 2010-2040, any withheld funds will be distributed to other compliant jurisdictions within that subarea.

b. If any Measure I Local Street Program audit after Fiscal Year 2033/2034 indicates that the required MOE base year level was not met, then the jurisdiction has until Fiscal Year 2038/2039 to make up the amount. If the audit of Fiscal Year 2038/2039 indicates the jurisdiction is still below the MOE base level, the jurisdiction must pay the MOE base level shortfall to SANBAG for distribution to other compliant jurisdictions within that subarea.

Policy MDLS-32: Prior to withholding or required repayment of Measure I Local Street Program funds, jurisdictions shall have an opportunity to appeal to the ITOC. The jurisdiction must present evidence to the ITOC demonstrating unusal circumstances or the need for special consideration. The ITOC will be responsible for making a recommendation to the SANBAG Board of Directors to either approve or deny the request for special consideration.

V. REVISION HISTORY

Revision No.	***Revisions***	***Adopted***
0	*Adopted by the Board of Directors.*	*04/01/2009*
1	Revisions adopted by the Board of Directors on January 8, 2014, Agenda Item14.	01/08/2014
2	Revisions adopted by the Board of Directors on May 6, 2015, Agenda Items 6 & 18.	05/06/2015

San Bernardino Associated Governments	**Policy**	**40017**
Adopted by the Board of Directors April 1, 2009	Revised	12/7/16
Rural Mountain/Desert Subareas Major Local Highways (MDMLH) Program Measure I 2010-2040 Strategic Plan	Revision No.	2

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I. PURPOSE

The purpose of this policy is to establish the requirements for administration of the Colorado River, Morongo Basin, Mountain, and North Desert Subareas Major/Local Highways Program for Measure I 2010-2040. The policy establishes the fund apportionment and allocation process, project eligibility, reimbursement mechanisms, limitations on eligible expenditures, and the role of SANBAG. The program will be funded by 25% of the total Measure I 2010-2040 revenue collected in each rural Mountain/Desert subarea. Each rural Mountain/Desert Major Local Highway program will be used by local jurisdictions to fund projects of benefit to the subarea.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

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III. DEFINITIONS

Major Local Highways Projects: Major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways, where appropriate. These funds may also be used to leverage other state and federal funds for transportation projects and to perform planning/project reports.

Development Share: The percentage share of total project cost assigned as the development contribution percentage as listed in the SANBAG Nexus Study or a Traffic Impact Analysis.

Public Share: The share of project cost calculated as the total cost of the project minus the developer share.

IV. POLICIES FOR THE RURAL MOUNTAIN/DESERT SUBAREAS MAJOR/LOCAL HIGHWAYS PROGRAM

A. Major/Local Highways Allocation

Policy MDMLH-1: The Major/Local Highways Program of the Rural Mountain/Desert Subareas shall be funded from 25% of the Measure I 2010-2040 revenue collected within the subareas. This amount shall be reserved in a special account to be expended on Major/Local Highway Projects of benefit to the subareas. Major/Local Highway Projects are defined as major streets and highways serving as primary routes of travel within each of the subareas, which may include State highways and freeways. Where appropriate, Major/Local Highway Projects funds can be utilized to leverage other state and federal funds for transportation projects and to perform advance planning/project reports.

Policy MDMLH-2: Major/Local Highways funds shall be allocated to each jurisdiction over the 30-year life of the Measure, subject to the qualifications stated in the policies below.

a. Each jurisdiction shall receive an approximately equivalent share of the total revenue raised by Major Local Highways Program over the life of the Measure, as adjusted to account for the time-value of money, per Policy MDMLH-4 listed below.

b. If a jurisdiction receives proceeds from a bond sale secured by the Major Local Highways funds, then the portion of the debt service payment attributed to that jurisdiction's projects shall be counted toward that jurisdiction's equitable share percentage.

c. Allocations shall be made with an objective of allowing projects from each jurisdiction of the subarea to be developed during each 10 year period of the Measure's life. The intent is to spread projects so that no jurisdiction has to wait until the last part of the Measure to receive benefits of Major Local Highway funds.

d. Allocations shall be made to projects from candidate project lists developed in cooperation with transportation planning partners.

e. Allocations should serve to maximize leveraging of private, local, Federal, and State dollars, with paticular attention to leveraging of Interregional Transportation Improvement Program Funds on the Interregional Road System.

f. Allocations shall be made with an objective of delivering projects at the earliest possible date.

g. SANBAG shall actively engage in planning and project delivery of Major/Local highway Projects in collaboration with local jurisdictions and Caltrans in a manner which will minimize the time and cost of project delivery.

Policy MDMLH-3: A master list of projects eligible for Major/Local Highways Program funding shall be maintained and periodically updated by each subarea. The list shall be consistent with the project eligibility criteria in Policy MDMLH-1 and shall be approved by the SANBAG Board, based on a recommendation of the subarea representatives and the Mountain/Desert Committee. In preparing the list for each subarea, input shall be considered from the local jurisdictions and from other public and private stakeholders, such as Caltrans, neighboring counties, transit agencies, federal agencies, business interests and other non-governmental organizations. The list shall represent the list of eligible projects and shall not represent a commitment by SANBAG to fund all or a portion of those projects. Funding commitments will be managed under the terms of Policy MDMLH-6 shown below.

Policy VVMLH-4: Adjustments for the time-value of money referenced in shall be based on comparisons of the net present value of Measure I Major/Local Highway Program expenditures by jurisdiction, calculated using a discount rate based on the annual change in the Consumer Price Index for Southern California, as maintained by the California Department of Finance. The expenditure date shall be based on the date of consultant/contractor invoices provided to SANBAG for reimbursement on eligible Major/Local Highways Program projects.

Policy MDMLH-5: By September 30 of each year, jurisdictions desiring an allocation of Measure I MLH funds should submit a written request to SANBAG specifying the scope of the project and the requested amount, and other sources required to fully fund the projects, including development mitigation funds. The project for which a request is made must be included on the master list referenced in Policy MDMLH-3. This request will be transmitted by SANBAG to subarea representatives, who will then consider the request and make a recommendation to the Mountain/Desert Committee. The Mountain/Desert Committee shall consider the request and make a recommendation to the SANBAG Board in time for the Board's consideration for the annual apportionment and allocation process in February and March of each year. Jurisdictions in the Rural Mountain/Desert Subareas may make such requests at any time, but sequencing the request with the annual apportionment process is preferred.

Policy MDMLH-6: The SANBAG Board of Directors shall apportion funds to the Major Local Highways Program in the rural Mountain/Desert subareas by its February meeting, so that budget documents can be prepared for the subsequent fiscal year , based on a recommendation of the subarea representatives and the Mountain/Desert Committee. The subarea and Mountain/Desert Committee recommendation shall be informed by requests of Measure I funds, the status of equitable share percentages from prior years, SANBAG's forecast of Measure I revenue that may be available for the Major/Local Highways Program, and SANBAG's assessment of opportunities for leveraging of State and federal funds. The recommendation shall include a table of project phases recommended for funding, project costs, Measure I requests, other funding sources, and the allocation of costs to jurisdictions, at a minimum. SANBAG staff shall maintain a cumulative accounting of allocations to projects by jurisdiction, adding allocations to jurisdictions' accounts each year. Measure I funds shall be retained by SANBAG until reimbursed to jurisdictions based on invoices received.

B. Development Fair Share Contribution

Policy MDMLH-7: Contributions from new development are required by Measure I 2010-2040 for Major/Local Highway Projects that have development mitigation identified by a Traffic Impact Analysis, excluding any eligible freeway mainline projects. Each jurisdiction in these subareas is required to submit a Traffic Impact Analysis for development projects in their community. The Traffic Impact Analysis must be prepared in accordance with the guidelines found in Exhibit C of the SANBAG Congestion Management Plan. The Traffic Impact Analysis will determine what, if any, development mitigation is required to be collected and applied toward Major/Local Highway Projects.

> Jurisdictions may also elect to determine development mitigation requirements by sponsoring an amendment to the SANBAG Nexus Study. The Nexus Study must be done with the agreement of all jurisdictions in the subarea. If this method is chosen, then the Nexus Study will list the eligible projects and the required amounts of development mitigation.

Policy MDMLH-8: Jurisdictions may borrow from other internal accounts (i.e. within their own jurisdictions) to fund the required development fair share for projects. The internal accounts shall be reimbursed by development mitigation as development occurs.

C. Cost Reimbursement

Policy MDMLH-9: The Major/Local Highway program shall be administered as a cost reimbursement program. Sponsoring agencies shall enter into Project Funding Agreements with SANBAG prior to receiving authorization from SANBAG to expend funds. Following the authorization to expend funds, the sponsoring agency may incur expenses for the components of the project identified in the scope of work included in the Funding Agreement.

Policy MDMLH-10: On an exception basis and subject to SANBAG Board approval, the advanced reimbursement of anticipated expenses may be permissible. Only the right-of-way and construction phases are eligible and are subject to the conditions stated below.

- Right-of-way: Only right-of-way transactions in excess of $500,000 shall be considered for advance reimbursement. The advanced reimbursement shall be based on an accepted written appraisal or sales contract. Adjustments to this estimate based on actual costs shall be reconciled with SANBAG within 30 days of close of escrow and subject to the provisions governing right-of-way purchase established in Policy MDMLH-20.
- Construction: The advanced reimbursement shall be based on an awarded construction contract in excess of $10,000,000. The amount to be advanced to the local jurisdiction shall not be greater than 10% of the public share of total project cost or of three months estimated peak burn rate for the project, whichever is less. The advanced reimbursement shall be used to help provide liquidity to the local jurisdiction for payment to the contractor and shall be reconciled at the end of the construction phase of the project. SANBAG shall reimburse jurisdiction invoices, in addition to the advanced reimbursement amount, until the public share amount remaining in the contract is equivalent to the advanced reimbursement, after which the advanced reimbursement shall satisfy SANBAG reimbursement requirements.

Policy MDMLH-11: A local jurisdiction may begin expenditure of funds following the execution of the Project Funding Agreement. The Project Funding Agreement shall include the scope of work for a project or project phase and a commitment to provide the development share of the funding through all the phases of the project, as required by Policy MDMLH-7. The Project Funding Agreement shall be executed by the local jurisdiction and SANBAG prior to the expenditure of funding on any phase of the project. Local jurisdictions shall not be reimbursed for any costs incurred prior to the execution of the Project Funding Agreement.

Policy MDMLH-12: Local jurisdictions that desire to deliver a Major/Local Highway Project to which funds cannot be allocated in a given year shall be eligible for reimbursement through an Advance Expenditure Agreement.

D. Local Jurisdiction Invoices

Policy MDMLH-13: Local jurisdictions shall submit invoices to SANBAG for actual expenditures incurred for components of a project as identified in the scope of work included in the Project Funding Agreement. Invoices may be submitted to SANBAG no more frequently than monthly.

Policy MDMLH-14: Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor.

Policy MDMLH-15: The sponsoring agency shall be reimbursed for the actual project costs minus the development mitigation fair share amount documented in the SANBAG Development Mitigation Nexus Study or in the Traffic Impact Analysis completed under the terms of the SANBAG Congestion Management Plan, up to the limit of Measure I Major/Local Highway funding specified in the Project Funding Agreement.

E. Local Jurisdiction Reimbursement Schedule

Policy MDMLH-16: SANBAG shall reimburse the local jurisdiction for eligible expenditures within 30 days of receiving a complete and satisfactory invoice package.

F. Development Mitigation Fair Share Credit Agreements

Policy MDMLH-17: Local jurisdictions and developers shall be allowed to enter into credit agreements. Such agreements will be strictly between the local jurisdiction and the developer. Jurisdictions are advised to provide these credit agreements to SANBAG for review to ensure they are structured in a way that will adequately document private share costs for which the jurisdiction desires credit.

Policy MDMLH-18: A copy of the credit agreement and invoices to substantiate quantities and unit costs for a project included in a credit agreement shall be provided when a local jurisdiction submits an invoice for reimbursement.

Policy MDMLH-19: Local jurisdictions that submit an invoice involving a credit agreement shall separate the development mitigation portion of construction costs from any non-development mitigation portion of the development project in a verifiable fashion.

G. Ineligible Expenditures

Policy MDMLH-20: The following costs are ineligible for reimbursement:

- Additional environmental or architectural enhancement not required as part of the mitigation established in the environmental document(s) prepared for a project.
- Project oversight costs, with the exception of construction support costs
- Property acquired through the right-of-way acquisition process that is not required for the actual construction of a project. SANBAG will either:
    1. Reimburse the jurisdiction for the public share of the portion of the property acquisition required for the project, with the "project portion" calculated as the sales price times times the percentage of the acreage actually required for the project, or
    2. At the request of the jurisdiction, reimburse based on the difference between the total sales price of the parcel and the residual value of the excess land not needed for the construction of the project, as determined by a qualified appraisal.
- Additional project scope not included in the Project Funding Agreement between the sponsoring agency and SANBAG except when SANBAG and the local agency mutually agree to a project scope change and amend the Project Funding Agreement.

H. Construction Cost Overruns

Policy MDMLH-21: Jurisdictions shall bear full responsibility for construction cost overruns, which is established as any amount in excess of the total cost of the accepted bid and contingencies up to 10% of the construction bid. On an exception basis, SANBAG and the local jurisdiction may agree to the modification of the project scope, and the jurisdiction may be reimbursed for the public share of the additional costs pursuant to an amendment to the Project Funding Agreement. On an exception basis, SANBAG and the local jurisdiction may agree to the modification of the project scope, and the jurisdiction may be reimbursed for the public share of the additional costs pursuant to an amendment to the Project Funding Agreement.

I. SANBAG Project Management

Policy MDMLH-22: SANBAG may manage development and delivery of Major/Local Highway projects when requested to do so by the sponsoring jurisdiction. In such cases, SANBAG's costs for project oversight shall be borne by the sponsoring agency.

Policy MDMLH-23: The following conditions are established for projects under SANBAG project management:

- The sponsoring agency must submit a written request for SANBAG oversight of the project.
- SANBAG staff or SANBAG consultants must have available staff resources for project management.
- The sponsoring agency shall pay actual SANBAG project oversight costs, to be estimated in advance by SANBAG, as documented by the SANBAG financial management system.

J. Measure I Reserve

Policy MDMLH-24: SANBAG shall budget for a reserve for the each rural mountain/desert subarea equivalent to 20% of the annual Measure I revenue from each Major Local Highways Program.

Policy MDMLH-25: The 20% reserve shall be established with the first year of Measure I 2010-2040 apportionment, and escalated annually to remain proportional to the growth in annual Measure I revenue.

Policy MDMLH-26: The reserve may be used to:

- Advance federal or state funds that require reimbursement.
- Manage cash flow for each Major Local Highways Program.
- Cover unforeseen expenses associated with projects that received an allocation of Measure I 2010-2040 funds.
- Leverage other state or federal funds to which SANBAG might otherwise lose access.

Policy MDMLH-27: Should Measure I reserves be used, revenue accrual within the year or revenue from the subsequent year's apportionment will be used to replenish the reserve.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009
1	Amended to include policies MDMLH-24 through MDMLH-27 establishing and maintaining a Measure I reserve.	07/07/2010
2	Amended Policy MDMLH-2 (a)-(c) to allocate revenue so that each jurisdiction shall receive an approximately equivalent share and to specify that debt service for bond proceeds secured by Major Local Highway Program revenue shall count toward the jurisdiction's share of program funds.	12/07/2016

San Bernardino Associated Governments	**Policy**	**40018**
Adopted by the Board of Directors April 1, 2009	Revised	04/01/09
Rural Mountain/Desert Subareas Senior and Disabled Transit (MDSDT) Program Measure I 2010-2040 Strategic Plan	Revision No.	0

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I. PURPOSE

The purpose of this policy is to delineate the requirements for administration of the Rural Mountain/Desert Subarea Senior and Disabled Transit Program for Measure I 2010-2040. The policy establishes the funding allocation process, reimbursement mechanisms, project eligibility, and limitations on eligible expenditures. The policy applies to the following four subareas: Colorado River, Morongo Basin, Mountains, and North Desert.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.

III. DEFINITIONS

Short Range Transit Plan (SRTP): A five-year financially constrained plan of projected transit service levels, operating and capital improvement expenses, updated biennially and submitted to SANBAG by local transit systems.

Consolidated Transportation Services Agency (CTSA): A agency designated pursuant to subdivision (a) of Section 15975 of the California Government Code responsible for the coordination of social service transportation.

Transportation Reimbursement Escort Program (TREP): A volunteer travel reimbusement program for elderly individuals and individuals with disabilities.

IV. POLICIES FOR RURAL MOUNTAIN/DESERT SUBAREAS SENIOR AND DISABLED TRANSIT PROGRAM

A. Organization of the Rural Mountain/Desert Subarea Senior and Disabled Transit Program

Policy MDSDT-1: The policies for the expenditure of the Rural Mountain/Desert Subarea Senior and Disabled Transit Program shall follow the intent as contained in the approved ordinance, i.e., “Senior and Disabled Transit is defined as contributions to transit operators for fare subsidies for senior citizens and persons with disabilities or enhancements to transit service provided to seniors and persons with disabilities.”

Policy MDSDT-2: Five percent (5%) of the revenue collected within each subarea shall be apportioned to the Senior and Disabled Transit Program account. Local representatives may provide additional funding beyond the five percent (5%) upon a finding that such an increase is required to address the unmet transit needs of elderly individuals and individuals with disabilities.

B. Eligible Expenditures

Policy MDSDT-3: The following expenditures shall be eligible under the Rural Mountain/Desert Senior and Disabled Transit Program.

1. Fare Subsidies

a. Senior and Disabled Transit Program funds may be used for fare stabilization or subsidy for elderly individuals and individuals with disabilities. Future fare increases for elderly individuals and individuals with disabilities may be offset through a local fare subsidy using Senior and Disabled Transit Program funds.

b. The amount of Senior and Disabled Transit Program funds contributed as a fare subsidy shall qualify as fare revenue for purposes of calculating the ratio of passenger fares to operating cost required by the Transportation Development Act.

2. Service and Capital Subsidies

a. Senior and Disabled Transit Program funds may be used to support existing, new, expanded, or enhanced transportation services, including capital projects, for elderly individuals and individuals with disabilities. Examples would include direct operating subsidy for the provision of ADA complimentary paratransit service and demand responsive service for elderly individuals and individuals with disabilities.

b. For general public transportation services, the percentage of Senior and Disabled Transit Program funds used to support operating expenses cannot exceed the percentage of elderly individuals and individuals with disabilities carried by the system in the fiscal year preceding the year in which the annual operating budget is being prepared.

c. Senior and Disabled Transit Program funds may be used to support social service agency transportation for elderly individuals and individuals with disabilities provided such service is coordinated with and are not duplicative of the subarea public transit system or CTSA services.

d. Senior and Disabled Transit Program funds may be used to support education and marketing of transportation services for elderly individuals and individuals with disabilities with the intent to increase consumer’s awareness and knowledge of how to use the most cost-effective service available as well as to provide education opportunities to operators that help improve the quality and effectiveness of the services provided.

e. Senior and Disabled Transit Program funds may be used as local matching funds to federal and state capital grant programs for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. Lacking access to federal and/or state grants, program funds may be used for the procurement of equipment used primarily for transportation service provided to elderly individuals and individuals with disabilities. These program funds may also be used for the incremental cost of accessible features associated with vehicle acquisitions.

C. Maintenance of Effort

Policy MDSDT-4: Senior and Disabled Transit Program funds shall not be used to supplant existing federal, state and local (Local Transportation Fund) funds committed to transit services.

Policy MDSDT-5: The maintenance of effort shall be determined by calculating the amount of Local Transportation Fund (LTF) each jurisdiction contributed toward transit operating expenses in Fiscal Year 2008-2009 adjusted by the Los Angeles, Riverside and Orange Counties area Consumer Price Index (CPI) for all items as determined by the U.S. Bureau of Labor Statistics.

Policy MDSDT-6: Exceptions to Maintenance of Effort

1. Upon the incorporation of a new city or town, the combined contribution of LTF by the County and the newly incorporated jurisdiction for the transit system’s operating subsidy must meet the maintenance of effort requirement that would have otherwise applied to the County alone. Subsequent maintenance of effort determinations shall be made by apportioning the CPI adjusted

maintenance of effort amount the County and newly incorporated jurisdiction based upon the initial population used for apportioning LTF.

2. An exception to the maintenance of effort shall apply if a jurisdiction is spending all of its LTF apportionment for transit purposes.

D. Allocation of Rural Mountain/Desert Subarea Senior and Disabled Program Funding

Policy MDSDT-7: The SANBAG Board of Directors shall annually allocate funding to specific transit projects and programs as approved in each transit system's SRTP and may allocate funding to a CTSA, if one is formed, or a public entity (city or county) providing or contracting for transportation services for elderly individuals and individuals with disabilities provided those services are coordinated with and do not duplicate the services provided by the subarea transit system, and/or the CTSA.

Policy MDSDT-8: Allocations to a specified project or program shall be limited to the annual forecast of revenues available within each subarea, unless there is also a residual balance of revenue available.

E. Disbursement of Rural Mountain/Desert Subarea Senior and Disabled Transit Program Funds

Policy MDSDT-9: Funds approved for allocation for operating subsidies shall be disbursed to each transit system, CTSA, and/or city and county through the subarea transit system and/or the CTSA within thirty (30) days of the end of the month.

Policy MDSDT-10: Funds approved for allocation for fare subsidy for elderly individuals and individuals with disabilities shall be disbursed to the transit system, CTSA, and/or city and county within thirty (30) days of the end of each month. The amount to be disbursed shall be determine through the receipt of an invoice from the transit system, CTSA, and /or city and county through the subarea transit system and/or CTSA documenting the number of elderly individuals and individuals with disabilities using the service in the prior month and the amount of fare subsidy applied for each counted passenger.

Policy MDSDT-11: Funds approved for allocation for capital purposes shall be disbursed within thirty (30) days of receipt of a copy of the procurement invoice from the subarea transit system, CTSA and/or city and county, through the subarea transit system and/or CTSA.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009

San Bernardino Associated Governments	**Policy**	**40019**
Adopted by the Board of Directors April 1, 2009	Revised	04/01/09
Rural Mountain/Desert Subareas Project Development and Traffic Management Systems (MDPDTMS) Program Measure I 2010-2040 Strategic Plan	Revision No.	0

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I. PURPOSE

The purpose of this policy is to establish requirements relating to the selection, prioritization and allocation of Project Development and Traffic Management System funds from Measure I 2010-2040 for the Colorado River, Morongo Basin, Mountains, and North Desert Subareas.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan.

III. DEFINITIONS

Project Development and Traffic Management Systems Projects: This program will be used to fund projects including but not limited to corridor studies, project study reports, projects to improve traffic flow and maximize use of traffic facilities, congestion mnagement, commuter assistance programs and programs which contribute to environmental enhancement associated with highway facilities.

Traffic Management: Strategies that result in the more efficient use of transportation resources.

Environmental Enhancement: Strategies that mitigate or beautify new or modified transportation projects through the use of hard- and landscape improvements.

IV. POLICIES FOR RURAL MOUNTAIN/DESERT SUBAREAS PROJECT DEVELOPMENT AND TRAFFIC MANAGEMENT SYSTEMS PROGRAM

A. Project Development and Traffic Management Systems Program Allocation

Policy MDTMS-1: SANBAG shall develop and maintain a separate fund for the Project Development and Traffic Managemant Systems Program (PDTMS) in each subarea.

Policy MDTMS-2: ANBAG shall make monthly allocations to the PDTMS fund using the following procedure:

a. Determine total amount of Measure I Sales Tax generated in the subarea from information submitted by the State Board of Equalization.

b. Mutiply the total Measure I Sales Tax received for the month in that subarea by 0.02 to arrive at the total subarea PDTMS Allocation for that subarea.

B. Project Eligibility

Policy MDTMS-3: The types of projects eligible for use of the PDTMS Program funds include but are not limited to corridor studies, project study reports, projects to improve traffic flow and maximize use of transportation facilities, congestion management, commuter assistance programs, and projects which contribute to environmental enhancement associated with highway facilities.

Policy MDTMS-4: The funds shall not be expended for actual capital improvements, but shall be used as “seed money” to support planning and creation of long-term or permanent transportation management programs or advance project development planning for projects of significance to the subarea.

C. Project Selection and Prioritization Criteria

Policy MDTMS-5: The SANBAG Board shall approve an allocation of PDTMS funds to projects by March of each year, based on a recommendation of the Victor Valley subarea representatives and the Mountain/Desert Committee. The fund allocation shall include a list of projects and funding amounts.

Policy MDTMS-6: Projects funded by the PDTMS Program shall be of multi-jurisdictional significance and indirect benefits of the project should affect much of the specific subarea.

Policy MDTMS-7: Projects shall be selected and prioritized on the basis of the likelihood of successful implementation and the degree of resultant quality of life or environmental benefit.

Policy MDTMS-8: Legislatively mandated transportation management and environmental enhancement projects for which adequate funding is not available from other sources may receive priority from this program.

Policy MDTMS-9: Projects sponsored or co-sponsored by entities which will share in funding or match PDTMS Program funds may receive priority.

Policy MDTMS-10: Projects which propose to use PDTMS funds to leverage additional funds for use by the project or to create beneficial multiplier effects, shall receive priority.

Policy MDTMS-11: Projects shall be selected and prioritized by readiness and ability to achieve significant near-term benefits.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009

San Bernardino Associated Governments	**Policy**	**40020**
Adopted by the Board of Directors April 1, 2009	Revised	04/01/09
Independent Taxpayer Oversight Committee (ITOC) Measure I 2010-2040 Strategic Plan	Revision No.	0

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I. PURPOSE

Ordinance 04-01 established 'Mandated Taxpayer Safeguards" for Measure I 2010-2040. One of these safeguards was the establishment of an Independent Taxpayer Oversight Committee. The Independent Taxpayer Oversight Committee is established to provide citizen review and to ensure that all measure I funds are spent in accordance with provisions of the Measure I Expenditure Plan and Ordinance. This policy sets forth the guidelines for the operation, selection, composition and terms of the Independent Taxpayer Oversight Committee.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit B – Independent Taxpayer Oversight Committee (ITOC)

III. DEFINITIONS

None

IV. POLICIES FOR THE INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE

A. Membership

Policy ITOC-1: The Committee will be made up of five members. The committee members will possess the following credentials:

- One member who is a professional in the field of municipal audit, finance and/or budgeting with a minimum of five years in a relevant and senior decision making position in the public or private sector.
- One member who is a licensed civil engineer or trained transportation planner with at least five years of demonstrated experience in the fields of transportation and/or urban design in government and/or the private sector. No member shall be a recipient or sub-recipient of Measure I funding.
- One member who is a current or retired manager of a major publicly financed development or construction project, who by training and experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- One member who is a current o retired manager of a major privately financed development project, who by training or experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- One public member, who possesses the knowledge and skills which will be helpful to the work of the Committee.

Policy ITOC-2: The Chair and the Executive Director of SANBAG will serve as ex-officio members of the Committee.

> The individuals serving as ex-officio members shall serve only as long as they remain incumbents in their respective positions and shall automatically be replaced by their successors in those positions.

Policy ITOC-3: Committee members cannot be a current local elected official in San Bernardino County or a full time staff member of any city, the county government, local transit operator, or state transportation agency.

B. Selection Process

Policy ITOC-4: The following selection process shall apply to selection of ITOC members:

1. The Administrative Committee of SANBAG will serve as the nominating committee for the Independent Taxpayer Oversight Committee (ITOC).
2. Within 90 days of a vacancy occurring on the ITOC, the Administrative Committee of SANBAG will meet with purpose of nominating candidates for ITOC membership.
3. Selections to the ITOC to fill a vacancy caused for any reason prior to the expiration of that positions full term will be to fill the remainder of that term only.
4. The Administrative Committee will have an open process for soliciting nominees. The Administrative Committee will solicit names of nominees from SANBAG Board Members and from trade and other organizations related to public finance, transportation, civil engineering or public works construction.
5. The Administrative Committee will screen nominees for the required credentials and will schedule interviews with the qualified nominees.
6. After the Administrative Committee has interviewed the nominees, they will make a recommendation to the SANBAG Board of Directors. The SANBAG Board of Directors must approve the nominees for them to become members of the ITOC. If the Board of Directors does not approve a particular nominee, the matter will be referred back to the Administrative Committee to select another nominee from the pool of nominees that they had interviewed, or if no other qualified nominees exist in the pool, then to re-solicit for nominations.

C. Conflict of Interest

Policy ITOC-5: Voting members of the Independent Taxpayer Oversight Committee shall have no legal action pending against the San Bernardino County Transportation Authority (the Authority) or San Bernardino Associated Governments (SANBAG).

Policy ITOC-6: Voting members of the Independent Taxpayers Oversight Committee are prohibited from acting in any commercial activity directly or indirectly involving the Authority or SANBAG, such as being a consultant to those entities during their tenure on the Committee.

Policy ITOC-7: Voting members of the Independent Taxpayers Oversight Committee shall not have a direct commercial interest or employment with any public or private entity that receives funds from Measure I.

D. Terms and Conditions

Policy ITOC-8: Given the thirty-year duration of Measure I 2010-2040, the Independent Taxpayer Oversight Committee shall be appointed 180 days after the effective date of the Measure I tax extension (April 1, 2010) and will continue as long as Measure I revenues are collected.

Policy ITOC-9: Committee members will serve staggered four-year terms. In no case shall any voting Committee member serve more than eight years on the Independent Taxpayer Oversight Committee.

a. In the case of the initial appointment of the first five members of the Committee, the staggered terms will be created by drawing straws. Five straws will be prepared, three long and two short. Each member of the Committee will draw one straw. The members who draw the two short straws will have initial terms lasting two years. The members who draw the three long straws will have four-year terms.

b. All subsequent appointments to the Committee will be for a four-year term.

Policy ITOC-10: Committee members shall serve without compensation, except that they shall be reimbursed for authorized travel and other expenses directly related to the work of the Committee.

Policy ITOC-11: The Authority Board of Directors and SANBAG staff shall fully cooperate with and provide the necessary support to ensure the Committee successfully carries out its duties and obligations.

E. Role in Reviewing Audit

Policy ITOC-12: The Independent Taxpayer Oversight Committee shall review the annual audit of the San Bernardino County Transportation Authority.

Policy ITOC-13: The Board of Directors of the Authority shall hold a publicly noticed meeting, which may or may not be included on the agenda of a regularly scheduled Board meeting, with the participation of the Independent Taxpayer Oversight Committee to consider the findings and recommendations of the audits.

Policy ITOC-14: The Committee will report findings based on the audits to the Board of Directors and recommend any additional audits for consideration which the Committee believes may improve the financial operation and integrity of program implementation.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	04/01/2009

San Bernardino Associated Governments		**Policy**	**40021**
Adopted by the Board of Directors	October 5, 2011	Revised	**10/5//11**
Short-Term Cash Flow Borrowing Between Measure I Subareas or Programs Measure I 2010-2040 Strategic Plan		Revision No.	**0**

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I. PURPOSE

The purpose of this policy is to provide a framework and identify parameters for short-term cash flow borrowing between Measure I 2010-2040 subareas or programs unused portions (based on funds not currently being used in the loaning programs).

II. REFERENCES

Measure I 2010-2040 Strategic Plan, Part I, Section III Measure I Strategic Plan Framework, Subsection IIIB.3 Strategy 3: Accelerate Project Delivery Through Borrowing Where Appropriate

Measure I 2010-2040 Strategic Plan Policy 40006 VMS-36

III. DEFINITION

Cash Flow Borrowing: Short-term loans between certain Measure I Subareas or Programs to expedite project delivery and reduce outside borrowing costs whenever possible.

IV. MEASURE I PROGRAMS

Measure I 2010-2040 cash flow borrowing will be limited to the Valley Freeway, Valley Interchange, Valley Major Streets, Valley Metrolink/Rail, Valley Express Bus/BRT, Valley Traffic Management Systems, Mountain/Desert Project Development and Traffic Management Systems, Mountain/Desert Major Local Highway, and Cajon Pass programs. Cash flow borrowing will not adversely impact funds that would otherwise be available to a Measure I subarea or program.

Cash flow borrowing will also be allowed from Measure I 1990-2010 Valley Major Projects to the aforementioned Measure I 2010-2040 programs. Valley and Mountain/Desert Administration, Elderly and Disabled Transit, and Local Street Projects programs are excluded from cash flow borrowing.

V. IDENTIFYING CASH FLOW BORROWING NEEDS

Cash flow borrowing needs will be identified each year during the preparation of the annual budget. The dollar amount borrowed from one Measure I 2010-2040 program to another will be calculated upon adoption of the budget and recorded as an advance to and/or between the affected programs at the beginning of the new fiscal year. The budget will provide for repayment of loans under Task 0985, Fund Advances.

When budget amendments, which create additional cash flow borrowing, are approved by the Board of Directors, they will be recorded at the beginning of the month that the budget amendment is approved.

VI. INTEREST RATE ON SHORT-TERM CASH FLOW BORROWING

The interest rate to be charged for short-term cash flow borrowing between programs will be the average investment yield of the SANBAG operating reserve investment portfolio from the previous fiscal year. The rate will be simple interest for the entire year and prorated for mid-year cash flow borrowing.

VII. CASH FLOW BORROWING REPAYMENT

Cash flow borrowing between Measure I programs will be repaid at the time the funds are required by the loaning program, not to exceed five years of the initial borrowing.

Extensions are allowed on a need basis with the approval of the Board of Directors. Repayment can be from future Measure I program sales tax revenue, bonded indebtedness, and/or other revenues.

VIII. CASH FLOW BORROWING LIMITATIONS

Cash flow borrowing will be limited by the following:

- The ability of the borrowing program to service the debt on a long-term bond issue.
- The need of the loaning program to be reimbursed.
- Adherence to the Measure I expenditure plan share of funds between programs.

IX. CASH FLOW BORROWING EXCEPTIONS

Exceptions to the cash flow borrowing between Measure I programs will require approval from the Board of Directors.

X. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	10/05/11

San Bernardino Associated Governments		**Policy**	**40022**
Adopted by the Board of Directors	May 1, 2013	Revised	**5/1/13**
Rural Mountain/Desert Subareas Advance Expenditure (MDAE) Processes **Measure I 2010-2040 Strategic Plan**		Revision No.	**0**

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I. PURPOSE

The purpose of this policy is to establish the requirements for administration of the Rural Mountain/Desert Subareas Advance Expenditure (AE) process. The AE process enables local jurisdictions to advance funding for development and construction of Measure I projects prior to the availability of Measure I 2010-2040 revenue for those projects. The policies establish project eligibility criteria and reimbursement terms for this process. After July 1, 2009, expenditures on projects included on the Rural Mountain/Desert Subareas Major Local Highway candidate project list may be eligible for reimbursement or credit under the AE process, subject to approval by the Mountain/Desert Committee and the SANBAG Board.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

Policy 40017, Rural Mountain/Desert Subareas Major Local Highways Program

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III. DEFINITIONS

Advance Expenditure Agreement (AEA) – A contract that establishes agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG that is required to be executed prior to project approval under the AE process.

Major Local Highways Projects: Major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways, where appropriate. These funds may also be used to leverage other state and federal funds for transportation projects and to perform planning/project reports.

Development Share – The percentage share of total project cost assigned as the development contribution percentage as listed in the SANBAG Nexus Study or a Traffic Impact Analysis, as applicable.

Public Share – The share of project cost calculated as the total cost of the project minus the contribution percentage as listed in the SANBAG Nexus Study or a Traffic Impact Analysis, as applicable.

IV. POLICIES FOR THE RURAL MOUNTAIN/DESERT SUBAREAS ADVANCE EXPENDITURE PROCESS

A. General Policies

Policy MDAE-1: Jurisdictions that deliver Rural Mountain/Desert Subareas Major Local Highways (MLH) Program projects from the candidate project list may expend local jurisdiction funds with the expectation of later reimbursement of the public share costs by SANBAG, subject to the terms of the Advance Expenditure (AE) process. SANBAG's commitment to reimburse a jurisdiction under the AE process shall be subject to the project priorities and policies referenced in Policy 40017.

Policy MDAE-2: SANBAG commitments under the AE process for reimbursement from Rural Mountain/Desert Subareas MLH Program funds, including the specific amount of public share cost to be reimbursed, shall be recommended by the Rural Mountain/Desert subarea representatives and the Mountain Desert Committee and approved by the SANBAG Board.

Policy MDAE-3: Only projects included in the Rural Mountain/Desert Subareas MLH candidate project list shall be eligible for the AE Program in the Rural Mountain/Desert Subareas. Policy MDAE-4: Reimbursement for a project under the AE process may take the form of monetary compensation for the public share cost of the project as defined in the Advance Expenditure Agreement (AEA), or credit for the same amount against the development share of one or more subsequent projects within the same Measure I Program.

B. Rural Mountain/Desert Subareas MLH Projects

Policy MDAE-5: All Rural Mountain/Desert Subareas MLH Program projects for which jurisdictions desire reimbursement under the AE process shall execute an AEA with SANBAG. For multi-jurisdictional projects, the AEA shall be between the majority share jurisdiction and SANBAG.

Policy MDAE-6: The AEA shall establish agency roles, responsibilities and financial commitments between local jurisdiction(s) and SANBAG and is required to be executed prior to project cost reimbursement or credit under the AE process.

Policy MDAE-7: For Rural Mountain/Desert Subareas MLH Program projects, public share project costs incurred and included in the Rural Mountain/Desert Subareas MLH candidate project list in advance of an executed AEA shall not be reimbursed by SANBAG, nor shall they be credited against the development share of a future project.

Policy MDAE-8: SANBAG shall begin reimbursement for phases of a Rural Mountain/Desert Subareas MLH Program project in the first year that funding becomes available to the project based on a revenue forecast provided at the time of the AEA's execution. Provisions for modification and contingencies shall be included in the Rural Mountain/Desert Subareas AEA.

Policy MDAE-9: SANBAG shall only reimburse or provide credit to jurisdictions with approved AE projects up to the amount approved by the SANBAG Board under Policy MDAE-2,or the public share of the actual project cost, which ever is less.

Policy MDAE-10: Local jurisdictions shall provide adequate documentation to substantiate the costs included in the invoice. At a minimum, the jurisdiction must submit the invoice provided by the contractor/consultant to the agency, which shall include unit costs, quantities, labor rates and other documentation, as appropriate, to substantiate expenses incurred by the contractor/consultant. If jurisdiction in-house staff time is submitted for reimbursement, documentation of hours by individual and salary rate must be provided, with tabulations from the payroll system by project task as backup. Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distributions of overhead among all departments.

C. Equitable Share Calculation

Policy MDAE-11: For the Rural Mountain/Desert Subareas MLH Program, reimbursement pursuant to AEAs shall be included in the equitable share calculations for the respective local jurisdictions, as specified in Policy 40017, maintained by SANBAG to ensure equity over the life of the Measure.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	05/014/13

San Bernardino Associated Governments		**Policy**	**40023**
Adopted by the Board of Directors	February 4, 2015	Revised	**2/4/15**
Determination of Proportional Shares (PS) of State and Federal Funds between Subareas Measure I 2010-2040 Strategic Plan		Revision No.	**0**

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I. PURPOSE

The purpose of this policy is to establish the basis of determining geographic equity in the distribution of State and Federal funds between subareas. The Measure I 2010-2040 Transportation Expenditure Plan requires that a proportional share of State and Federal funds be reserved for use within each subarea. The policies define and document how proportional shares will be determined for each State and Federal fund source over which the SANBAG Board has allocation authority and how shares will be tracked over time.

II. REFERENCES

Ordinance No. 04-01 of the San Bernardino County Transportation Authority, Exhibit A – Transportation Expenditure Plan

III. DEFINITIONS

Allocation – An action by the SANBAG Board to assign funds to a specific project.

Apportionment – A share of a State or Federal fund that is assigned to a subarea.

Congestion Mitigation and Air Quality Program (CMAQ) – CMAQ funds are authorized to fund transportation projects or programs located in nonattainment or maintenance areas that contribute to attainment of ambient air quality standards. CMAQ eligibility is conditional upon analyses showing that the project will reduce emissions of criteria pollutants. Activities typically eligible for funding by CMAQ include high occupancy vehicle (HOV) lanes, transit improvements, travel demand management strategies, traffic flow improvements such as signal synchronization, and public fleet conversions to cleaner fuels. SANBAG receives annual apportionments of CMAQ and is the agency responsible for selecting projects.

Obligation – An action by a State or Federal agency to authorize a project as eligible for reimbursement. For State-funded projects this is typically an allocation action by the California Transportation Commission and for Federal-funded projects this is typically an authorization by the Federal Transit Administration or the Federal Highway Administration.

Obligation Authority – The annual limit of allowable obligations of Federal CMAQ and STP funds.

Programming – Funds planned or allocated for future use on a project.

State-Local Partnership Program (SLPP) – SLPP funds were authorized in Proposition 1B and provided $56 million to San Bernardino County by formula. SANBAG was the agency responsible for selecting projects. The program was administered by the California Transportation Commission and has been fully allocated and obligated. The funds provided a 1:1 match to transportation sales tax funds in the construction phase of transportation projects.

State Transportation Improvement Program (STIP) – The STIP is a five-year program of transportation projects that is updated every two years and is funded through the State Highway and Federal Trust Fund Accounts. STIP funds provide flexible funding for transportation infrastructure projects on freeways, local roads, and transit systems. The STIP consists of two broad programs: 75% of the funds are apportioned to regional agencies through the Regional Transportation Improvement Program (RTIP or RIP) and 25% is apportioned to Caltrans through the Interregional Transportation Improvement Program (ITIP or IIP). SANBAG is responsible for developing the list of projects for funding through the RIP. These projects nominations are approved for programming by the California Transportation Commission. The IIP projects are nominated for programming by Caltrans.

Surface Transportation Program (STP) – Federal STP funds provide flexible funding that may be used for projects on any federal aid highway, bridge projects on any public road, transit capital projects, and public bus terminal and facilities, and more. STP funds are apportioned to SANBAG in five apportionments – one for each of the three urban areas of the county (Riverside-San Bernardino, Los Angeles-Long Beach-Anaheim, Victorville-Hesperia), one for all other areas of the county, and one for any area of the county. The apportionments to the urban areas and all other areas are based on relative populations through the State. The apportionment to any area of the county is based upon a formula that considers a mixture of population and highway miles. SANBAG receives annual apportionments of STP and is the agency responsible for selecting projects.

IV. POLICIES FOR THE PROPORTIONAL DISTRIBUTION OF STATE AND FEDERAL FUNDS BETWEEN SUBAREAS

A. General Policies

Policy PS-1: SANBAG shall ensure that a proportional share of State and Federal funds is reserved for use within the Valley and each of the individual Mountain/Desert subareas in accordance with the Measure I 2010-2040 Expenditure Plan.

Policy PS-2: The SANBAG Board of Directors shall have full discretion over the allocation of State and Federal funds to individual projects based on needs and priorities that exist at the time the decisions are made, subject to the eligibility of projects for each funding source and approvals by appropriate State and Federal authorities.

Policy PS-3: The SANBAG Board of Directors shall have full discretion over which State and Federal funds will be subject to this policy. Should a new source of funds become available, the Board will determine the allocation methodology and whether the fund will be subject to this policy.

Policy PS-4: SANBAG shall assign and track State and Federal fund apportionments to each subarea and obligations by each subarea over the life of Measure I 2010-2040 at both the individual fund level and at the overall State and Federal fund apportionment level. To provide the most flexibility to meet project needs and priorities, fund types may be exchanged between subareas. However, SANBAG will not track fund-level apportionment exchanges because the intent of this policy is to ensure that the overall apportionment levels between subareas are met over the life of the Measure.

Policy PS-5: Formula distribution by population shall be based on the estimates adopted by the SANBAG Board of Directors for purposes of the Measure I Local Streets Program. This is based on the State Department of Finance population estimate as of January 1 of that year. For the unincorporated areas, the calculation is based on the population estimate from the County Planning Department and reconciled with the State Department of Finance population estimate as of January 1 of that year.

Policy PS-6: Formula distribution by highway miles shall be based on centerline miles for all roads functionally classified as collector or higher (the federal aid system) according to California Road System maps, and as approved by FHWA. This data shall be obtained annually from Caltrans Office of Data Services and Technology and disaggregated to the subarea level by SANBAG.

Policy PS-7: There shall be no adjustment for the time value of money.

Policy PS-8: All subarea apportionments are limited by the actual obligation authority over time, which is typically about 90% of the apportionment level. Projections of future apportionments shall be conservative to account for this difference to prevent allocations from exceeding future apportionment levels.

Policy PS-9: Policy 40023 does not affect any existing policies regarding the priority for use of State or Federal funds.

Policy PS-10: Policy 40023 shall be amended to document allocation methods adopted by the SANBAG Board of Directors for new sources of State and Federal funds that are determined to be subject to a proportional share.

B. Determination of Proportional Shares – Specific Sources

Policy PS-11: State and Federal fund sources shall be apportioned between subareas as follows:

1. STP funds received for the Riverside-San Bernardino and Los Angeles-Long Beach-Anaheim urbanized areas shall be apportioned to the Valley subarea. STP funds received for the Victorville-Hesperia urbanized area shall be apportioned to the Victor Valley subarea. STP funds received for all other areas of the county shall be apportioned between the Rural Mountain/Desert subareas by population formula. STP funds received for any area of the county by STIP formula shall be apportioned between the rural Mountain/Desert subareas based on a formula of 75% population and 25% highway miles. Allocations that come off the top for programs such as the County State-Federal exchange program, Caltrans overhead, and the Local Streets and Roads contribution will not count as obligations for any subarea.
2. CMAQ funds received for the South Coast Air Basin shall be apportioned between the Valley and the Mountains subareas based on population. CMAQ funds received for the Mojave Desert Air Basin shall be apportioned between the North Desert, Victor Valley, Morongo Basin, and Colorado subareas based on population.
3. STIP funds shall be apportioned between all subareas based on a formula of 75% population and 25% highway miles.
4. SLPP funds shall be apportioned between all subareas in accordance with Policy 35000.

C. Tracking Proportional Shares and Allocations

Policy PS-12: SANBAG shall maintain a record of State and Federal funds subject to Policy 40023 received beginning in Fiscal Year 2009/2010. For STIP funds, this shall include programmed amounts as of the adoption of the 2010 STIP. For SLPP funds, this shall include all funds that are subject to Policy 35000. SANBAG shall apportion the State and Federal funds received in accordance with Policy PS-11 and maintain a record of the cumulative percentage distribution of apportionments between subareas at both the individual fund level and at a cumulative State and Federal fund level.

Policy PS-13: Obligations and programming for projects in the Cajon Pass shall be credited to the Valley and Victor Valley subareas based on population.

Policy PS-14: SANBAG shall maintain a record of all State and Federal funds subject to Policy 40023 obligated to a project beginning in Fiscal Year 2009/2010 by subarea and the percentage obligated by subarea.

Policy PS-15: SANBAG shall maintain a record of all State and Federal funds subject to Policy 40023 programmed for future obligation by subarea and the percentage programmed for future obligation by subarea.

Policy PS-16: SANBAG shall maintain a record of the current status of:

- percentage apportionment vs. percentage obligated by subarea,
- percentage apportionment vs. percentage programmed by subarea, and
- percentage apportionment vs. percentage obligated and programmed by subarea.

This information shall be used to inform the SANBAG Board of impacts of funding decisions on the ability to achieve a proportional distribution of State and Federal funds over the life of the Measure.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors (Agenda Item 13).	2/4/15