



Tulare County Transportation Authority

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Tulare County Transportation Authority	Date: Monday, August 17, 2020 Time: 1:00 p.m. Place: Tulare County Board of Supervisors 2800 W. Burrell Avenue Visalia, CA 93291
Technical Advisory Committee	Date: Thursday, August 13, 2020 Time: 1:30 p.m. Place: Tulare County Association of Governments 210 N. Church Street, Suite B (Sequoia Conference Room) Visalia, CA 93291

NOTE: This meeting will allow Board Members and the public to participate in the meeting via Teleconference, pursuant to the Governor's Executive Order N-29-20 (March 17, 2020), available at <https://www.gov.ca.gov/wp-content/uploads/2020/03/3.17.20-N-29-20-EO.pdf>

The call-in number for this meeting is: 877-858-5743 | Passcode: 609873

In compliance with the Americans with Disabilities Act and the California Ralph M. Brown Act, if you need special assistance to participate in this meeting, including auxiliary aids, translation requests, or other accommodations, or to be able to access this agenda and documents in the agenda packet, please contact the TCAG office at 559-623-0450 at least 3 days prior to the meeting.

Any staff reports and supporting materials provided to the Board after the distribution of the agenda packet are available for public inspection at the TCAG office.

I. CALL TO ORDER & WELCOME

II. PUBLIC COMMENTS-TIMED ITEM

NOTICE TO THE PUBLIC PUBLIC COMMENT PERIOD

At this time, members of the public may comment on any item of interest to the public and within the subject matter jurisdiction of TCAG but not appearing on this agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board consideration. Any person addressing the Board will be limited to a maximum of three (3) minutes so that all interested parties have an opportunity to speak with a total of fifteen (15) minutes allotted for the Public Comment Period. Speakers are requested to state their name(s) and address(es) for the record.

Convene as the Tulare County Transportation Authority

All items on the Consent Agenda are considered to be routine and non-controversial by Authority staff and will be approved by one motion if no member of the Authority Board or public wishes to comment or ask questions. Items pulled from the Calendar will be considered separately.

III. AUTHORITY CONSENT CALENDAR – ACTION AND INFORMATION ITEMS

Request approval of the Authority Consent Calendar Action Items III-A through III-C.

A. Action: Minutes of June 22, 2020 Authority Meeting

(Pages 01-02)

Dinuba

Exeter

Farmersville

Lindsay

Porterville

Tulare

Visalia

Woodlake

County of Tulare

- B. Action: Minutes of June 18, 2020 Technical Advisory Committee Meeting (Pages 03-04)
C. Action: Adoption of Resolution: Approve Citizens Oversight Committee Appointment(s) (Pages 05-08)

IV. AUTHORITY ACTION/DISCUSSION ITEMS

- A. Action: Adoption of Resolution: Approve Measure R Expenditure Plan Amendment Number 5 (Pages 09-18)
B. Action: Adoption of Resolution: Selection of a Sales Tax Audit and Management Services (Pages 19-38)
C. Information: Measure R Revenues Update for June/July 2020 (Pages 39-41)

V. OTHER BUSINESS

- A. Information: Item from Staff
B. Information: Item from Board Members
C. Information: Other Items
D. Request from Board Members for Future Agenda Items

VI. ADJOURN

The next scheduled Tulare County Association of Governments (TCAG) meeting will be held on **Monday, September 21, 2020 at 1:00 p.m.** at the **Tulare County Board of Supervisors, 2800 W. Burrel Avenue, Visalia, CA 93291.** The Technical Advisory Committee (TAC) will meet on **Thursday, September 17, 2020 at 1:30 p.m.** at the **Tulare County Association of Governments (TCAG), 210 N. Church Street, Suite B, Sequoia Conference Room, Visalia, CA 93291.**

TULARE COUNTY TRANSPORTATION AUTHORITY

BOARD OF GOVERNORS	AGENCY	ALTERNATE
Kuyler Crocker	Tulare County-District 1	*
Pete Vander Poel – Chair	Tulare County-District 2	*
Amy Shuklian	Tulare County-District 3	*
Eddie Valero	Tulare County-District 4	*
Dennis Townsend	Tulare County-District 5	*
Maribel Reynosa	City of Dinuba	Linda Launer
Frankie Alves	City of Exeter	Dave Hails
Paul Boyer	City of Farmersville	Ruben Macareno
Pamela Kimball	City of Lindsay	Brian Watson
Martha A. Flores – Vice-Chair	City of Porterville	Milt Stowe
Terry Sayre	City of Tulare	Carlton Jones
Bob Link	City of Visalia	Phil Cox
Rudy Mendoza	City of Woodlake	Frances Ortiz

***No Alternate (Required to be an elected official)**

TCAG STAFF

Ted Smalley, Executive Director
Ben Kimball, Deputy Executive Director
Ben Giuliani, Executive Officer- LAFCO
Leslie Davis, Finance Director
Elizabeth Forte, Principal Regional Planner
Roberto Brady, Principal Regional Planner
Mark Hays, Senior Regional Planner
Derek Winning, Senior Regional Planner
Gabriel Gutierrez, Senior Regional Planner
Kasia Poleszczuk, Associate Regional Planner
Steven Ingoldsby, Associate Regional Planner
Giancarlo Bruno, Regional Planner
Gail Miller, Associate Regional Planner-EH
Barbara Pilegard, Associate Regional Planner-EH
Maria Garza, Associate Regional Planner-EH
Michele Boling, Accountant II
Brideget Moore, Staff Services Analyst III
Amie Kane, Administrative Clerk II
Servando Quintanilla, Administrative Clerk

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AGENDA ITEM: III-A
TULARE COUNTY ASSOCIATION OF GOVERNMENTS
TULARE COUNTY TRANSPORTATION AUTHORITY

Executive Minutes June 22, 2020

Board Members	Alternates	Member/Alternate	Agency
Kuyler Crocker (<i>Chair</i>)	*	M	Tulare County-Dist. 1
Pete Vander Poel	*	M	Tulare County-Dist. 2
Amy Shuklian	*	M	Tulare County-Dist. 3
Eddie Valero	*	M	Tulare County-Dist. 4
Dennis Townsend	*	M	Tulare County-Dist. 5
Maribel Reynosa	Linda Launer	M/A	City of Dinuba
Frankie Alves	Dave Hails	M	City of Exeter
Paul Boyer	Ruben Macareno	M	City of Farmersville
Pamela Kimball	Brian Watson	M	City of Lindsay
Martha A. Flores	Milt Stowe	M	City of Porterville
Terry Sayre	Carlton Jones	M	City of Tulare
Bob Link (<i>Vice-Chair</i>)	Phil Cox	M	City of Visalia
Rudy Mendoza	Francis Ortiz		City of Woodlake

Counsel and TCAG Staff Present (X)

☒ Jeff Kuhn, Tulare Co. Deputy Counsel
☒ Ted Smalley, Executive Director
☐ Benjamin Kimball, Deputy Executive Director
☐ Benjamin Giuliani, Executive Officer-LAFCO
☒ Leslie Davis, Finance Director
☐ Elizabeth Forte, Principal Regional Planner
☒ Roberto Brady, Principal Regional Planner
☐ Mark Hays, Senior Regional Planner
☐ Derek Winning, Senior Regional Planner
☐ Gabriel Gutierrez, Senior Regional Planner

Kasia Poleszczuk, Associate Regional Planner
Steven Ingoldsby, Associate Regional Planner
☒ Giancarlo Bruno, Regional Planner
☐ Gail Miller, Associate Regional Planner/EH
☐ Maria Garza, Associate Regional Planner/EH
☐ Barbara Pilegard, Associate Regional Planner/EH
☐ Michele Boling, Accountant III
☐ Brideget Moore, Staff Services Analyst III
☒ Amie Kane, TCAG Administrative Clerk II
☐ Servando Quintanilla, TCAG Administrative Clerk
☐ Olivia Forte, Intern Apprentice/EH

I. CALL TO ORDER & WELCOME

The Tulare County Transportation Authority was called to order by Chair Crocker at 2:11 p.m. on June 22, 2020 at the Tulare County Board of Supervisors, 2800 W. Burrel Avenue, Visalia, CA 93291.

II. PUBLIC COMMENTS

Public comments opened/closed at 2:12 p.m. No public comments received.

III. AUTHORITY CONSENT CALENDAR – ACTION/INFORMATION ITEMS

Request approval of the Authority Consent Calendar Action Items III-A through III-B.

A. Action: Minutes of May 18, 2020 Authority Meeting

B. Action: Minutes of May 14, 2020 Technical Advisory Committee Meeting

Upon a motion by Member Vander Poel, and seconded by Member Shuklian, the Tulare County Transportation Authority unanimously approved the Authority Consent Calendar Action Items III-A through III-B. Abstained: Link. Absent: Mendoza.

IV. AUTHORITY ACTION/DISCUSSION ITEMS

A. Information: Member Agency Measure R Audit Year Ending for June 30, 2019

Ms. Davis explained that the audit report from the city of Dinuba was for the Measure R portion and there were no findings or material weaknesses.

B. Information: Measure R Revenue for May 2020

Ms. Davis shared that the Measure R revenue for May was \$2,672,016 compared to \$2,495,227 for the same period the previous year. The year to date amount was \$31,808,984 compared to \$30,850,816 for the same period the previous year and represented a 3.1% increase. Ms. Davis explained that a deficit had not yet been reflected due to payments received in March, April, and May from advancements and clean-up disbursements. Ms. Davis reported that TCAG is still working with KNN financial advisors on bonding efforts, and that the Measure R 5th Amendment was being reviewed for approval.

Mr. Smalley added that reductions in sales tax revenues were to be expected due to Covid-19 and should know more by August; staff would continue to closely monitor and report back to the Board.

V. OTHER BUSINESS

A. Information: Items from Staff

B. Information: Items from Board Members

C. Information: Other Items

D. Request from Board Members for Future Agenda Items

There were no items reported or comments noted for Other Business Items V-A through V-D.

VI. ADJOURN

The Tulare County Transportation Authority adjourned at 2:21 p.m.

Item III-B
TCTA Technical Advisory Committee Meeting
Tulare County Association of Governments - 210 N. Church Street, Suite B, Visalia, CA 93291
June 18, 2020 – Summary Meeting Minutes
ATTENDANCE LIST

City of Dinuba	George Avila
City of Exeter	Eddie Wendt
Cities of Farmersville, Woodlake	Lisa Wallis-Dutra
City of Lindsay	Neyba Amezcua
County of Tulare	Herman Beltran
City of Porterville	Javier Sanchez
City of Tulare	<i>Absent</i>
City of Visalia	Dolores Verduzco
Tule River Indian Reservation	<i>Absent</i>
TCAG	Benjamin Kimball
Caltrans	Jamaica Gentry

Others Present: Caleb Bowman- City of Visalia

TCAG Staff Present: Leslie Davis, Roberto Brady, Gail Miller, Benjamin Giuliani, Kasia Poleszczuk, Derek Winning, Elizabeth Forte, Gabriel Gutierrez, Ted Smalley, and Servando Quintanilla Jr Recording.

SUMMARY MEETING MINUTES

(Minutes reflect agenda items discussed only)

-
- I. CALL TO ORDER:** The meeting convened as the Tulare County Transportation Authority Meeting and was called to order by Mr. Smalley at 2:06 p.m.

All action and informational documents were distributed for review and discussion. All actionable items would be voted on at the next Tulare County Transportation Authority (TCTA) Board meeting, scheduled for June 18, 2020.

III. AUTHORITY ACTION/DISCUSSION ITEMS

A. Information: Member Agency Measure R Audit Year Ending for June 30, 2019

Ms. Davis stated that the item was a repeat from TCAG-TAC Agenda Item VIII-G.

B. Information: Measure R Update for May 2020

Ms. Davis stated that Measure R allocations had been received, payment request and distribution made through May 2020 and the allocation for the month of May was \$2,672,016 compared to \$2,495,227 for the same period the previous year. The year to date amount was \$31,808,984 compared to \$30,850,816 for the same period the previous year, representing a 3.1 % increase/decrease for the fiscal year, and explained how Measure R taxes would be affected by COVID-19.

V. OTHER BUSINESS

A. Information: Item from Staff

Ms. Davis detailed that TCAG was still keeping in contact with KNN and would wait for their recommendation and gave an update on Amendment #5.

VI. ADJOURN

The TCTA Technical Advisory Committee adjourned at 2:14 p.m.

The next scheduled Tulare County Association of Governments (TCAG) meeting will be held on **Monday, August 17, 2020 at 1:00 p.m.** at the **Tulare County Board of Supervisors, 2800 W. Burrel Avenue, Visalia, CA 93291**. The Technical Advisory Committee (TAC) will meet on **Thursday, August 13, 2020 at 1:30 p.m.** at the **Tulare County Association of Governments (TCAG), 210 N. Church Street, Suite B, Sequoia Conference Room, Visalia, CA 93291**.

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Tulare County Association of Governments
Sitting as the Tulare County Transportation Authority

AGENDA ITEM III-C

August 17, 2020

Prepared by Leslie Davis, TCAG Staff

SUBJECT:

Action: Adoption of Resolution: Affirm Citizens' Oversight Committee Members

BACKGROUND:

The Measure R Expenditure Plan provides guidelines for the Citizens' Oversight Committee, including the requirements for membership and the agencies responsible for nominations to the Oversight Committee. All selections to the Oversight Committee require confirmation from the Tulare County Transportation Authority (TCTA).

DISCUSSION:

The County of Tulare has re-appointed Christopher Unti for the Citizens' Oversight Committee representative for the term July 2020-June 2022. The City of Lindsay has re-appointed Gary Meling for the Citizens' Oversight Committee representative for the term July 2019 – June 2021. The City of Visalia has appointed Fred Sheriff for the Citizens' Oversight Committee representative for the term July 2020 – June 2022.

RECOMMENDATION:

Affirm the selection of Christopher Unti for the County of Tulare, Gary Meling, City of Lindsay, and Fred Sheriff City of Visalia as COC representatives.

FISCAL IMPACT:

No fiscal impact.

ATTACHMENT:

1. Resolution for Approval of Citizens' Oversight Committee Member Appointments

BEFORE THE
TULARE COUNTY TRANSPORTATION AUTHORITY
COUNTY OF TULARE, STATE OF CALIFORNIA

In the matter of:

AFFIRMATION OF MEASURE R)	
CITIZENS' OVERSIGHT COMMITTEE)	Resolution No.
MEMBERS)	

WHEREAS, on November 7, 2006 the citizens of Tulare County approved Measure R; and

WHEREAS, Measure R included an Expenditure Plan that provides the guidance for the formation of a Citizens' Oversight Committee, including the agencies that will provide nominations and the terms which they will serve; and

WHEREAS, The County of Tulare has re-appointed Christopher Unti and the new term will cover July 1, 2020 to June 30, 2022; and

WHEREAS, The city of Lindsay has re-appointed Gary Meling and the new term will cover July 1, 2019 to June 30, 2021; and

WHEREAS, The City of Visalia has appointed Fred Sheriff and the new term will cover July 1, 2020 to June 30, 2022.

WHEREAS, An Oversight Committee member may serve up to eight years, and is reappointed every two years; and

WHEREAS, the Expenditure Plan outlines that the Transportation Authority Board has responsibility of final approval of all appointments.

NOW, THEREFORE, BE IT RESOLVED that the Tulare County Transportation Authority affirms that the following nominations are approved to serve on the Tulare County Measure R Citizens' Oversight Committee: County of Tulare, Christopher Unti to the term ending June 30, 2022. City of Lindsay, Gary Meling, to the term ending June 30, 2021. City of Visalia , Fred Sheriff, to the term ending June 30, 2022.

Resolution No.

The foregoing Resolution was adopted upon motion of Member , seconded by Member , at a regular meeting held on the 17th day of August, 2020 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

TULARE COUNTY ASSOCIATION OF GOVERNMENTS

Pete Vander Poel III
Chair, TCTA

Ted Smalley
Executive Director, TCTA

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Tulare County Association of Governments
Sitting as the Tulare County Transportation Authority

AGENDA ITEM IV-A

August 17, 2020

Prepared by Ted Smalley & Leslie Davis, TCAG Staff

SUBJECT:

Action: Adoption of Resolution: Approve Measure R Expenditure Plan Amendment Number 5

BACKGROUND:

The Measure R Expenditure Plan serves as a guide for the use of transportation funds that will be generated through the Tulare County half-cent transportation sales tax over the next thirty years. The Expenditure Plan was developed by the Tulare County Association of Governments (TCAG) and its nine member agencies (Dinuba, Exeter, Farmersville, Lindsay, Porterville, Tulare, Visalia, Woodlake, and the County of Tulare) and approved by the voters in November 2006. The Expenditure Plan represents diverse community interests and addresses major regional transportation needs in Tulare County through the year 2037. The Plan provides a detailed blueprint that will allow for the leveraging of state and federal funds through revenues that will be received through Measure R. The Plan provides funds for: regional road improvements, public transit, rehabilitation of existing roads, and other transportation programs that will improve mobility and air quality within the County and each of the cities.

DISCUSSION:

Consensus on the amendment to the Measure R Expenditure Plan was discussed and developed at the January 28, 2020 City Managers meeting. On May 18, 2020 with Resolution No. 2020-108 the Draft Expenditure Plan amendment was submitted to the member agencies for Council/Board consideration and approval. Approval was achieved by all Member Agencies, except Dinuba; consideration on August 11, 2020, and with the Board of Supervisors. Amendment No. 5 is effective October 1, 2020, 45 days after approval today by the TCTA board.

RECOMMENDATIONS:

Approve the Expenditure Plan Amendment No. 5.

FISCAL IMPACT:

The passage of Amendment No. 5 will allow greater flexibility within projects/or project areas already established within Regional, Bike and Pedestrian. and Transit funding. Amendment No. 5 does provide for a creation of a \$2-million-dollar Transit Innovation and Technology Program, however, as a result of the recent Covid-19 fiscal impacts, staff recommends the program be established and guidelines prepared; but program be

delayed until fiscally prudent to fund. Also, guidelines for the program will require TCTA Board approval prior to offering funding.

ATTACHMENTS:

1. Resolution: Approve Measure R Expenditure Plan Amendment No. 5
2. Measure R Amendment No. 5 as approved
3. Measure R Expenditure Plan pages amended with Expenditure Plan No. 5
(highlighted in Red within the document) **Under Separate Cover**

BEFORE THE
TULARE COUNTY TRANSPORTATION AUTHORITY
COUNTY OF TULARE, STATE OF CALIFORNIA

In the matter of:

APPROVE THE MEASURE R)	
EXPENDITURE PLAN AMENDMENT)	Resolution No.
NO. 5)	

WHEREAS, on November 7, 2006, the citizens of Tulare County approved Measure R and the Measure R Expenditure Plan; and

WHEREAS, on April 16, 2007, the Measure R Policies and Procedures were adopted; and

WHEREAS, the Measure R Expenditure Plan serves as a guide for the use of transportation funds that will be generated through the Tulare County half-cent transportation sales tax over the next thirty years; and

WHEREAS, the Measure R Expenditure Plan Amendment No. 5 is necessary to allow for member agencies and TCTA to have greater flexibility; and

WHEREAS, on May 18, 2020, with Resolution No. 2020-08, the draft expenditure plan was submitted to and approved by all member agencies and the Board of Supervisors; and

WHEREAS, the Measure R Expenditure Plan Amendment No. 5 is effective October 1, 2020, 45 days from this resolution approval date.

NOW, THEREFORE, BE IT RESOLVED that the Transportation Authority of the County of Tulare approved Amendment No. 5 to the Measure R Expenditure Plan as described in the attached Measure R Expenditure Plan Amendment Five Summary of 2020 which has been approved by all Member Agencies and the Board of Supervisors and is effective October 1, 2020.

The foregoing Resolution was adopted upon motion of Member _____, seconded by Member _____, at a regular meeting held on the 17th day of August, 2020, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

TULARE COUNTY TRANSPORTATION AUTHORITY

Pete Vander Poel III
Chair, TCTA

Ted Smalley
Executive Director, TCTA

Attachment 2

TO: Member Agencies

FROM: Ted Smalley, TCAG Executive Director
Leslie Davis, TCAG Fiscal Director

DATE: May 18, 2020

SUBJECT: Measure R Expenditure Plan Amendment Five (5) Summary of 2020 Measure R Amendment Requests

The Tulare County City Managers and CAO requested TCAG to initiate the process for a Fifth (5) amendment to the Measure R Expenditure Plan. TCTA Board approved a schedule for a potential amendment to the Measure R Expenditure Plan. The following is a discussion of amendment parameters by Measure R category.

Local Programs (35%)

There are no requested changes to the Local Programs category. The Local Program category of Measure R has a defined distribution formula with an annual update to reflect changes in population and mileage for each agency. There are no new incorporated cities in Tulare County that would result in a need to change the number of agencies shown in the Expenditure Plan. As a result, it is unlikely that the TCTA Board would support any changes to the Local Program category of Measure R.

Summary: No recommended changes

Administration and Planning (1%)

Similar to the Local Program, there are no expected changes to the Administration and Planning category. TCTA Board committed to the public that the administration percentage will not be increased. TCTA staff also combined other transportation planning efforts resulting in cost effective use of multiple funding sources. There are no new planning or reporting regulations that would result in additional work not originally projected. As a result, it is unlikely that the TCTA Board would support any changes to the Administration and Planning category of Measure R.

Summary: No recommended changes

Regional Projects Program (50%)

The Regional Projects Program represents the largest section of Measure R. The projects were also the featured items presented to the public during the Measure R public information effort prior to the approval of Measure R. As a result, there are proposed changes that will enhance or increase the ability to delivery critical projects for the region. There are three requests to amend regional projects. The amendments are revenue neutral and will not increase the funding amounts for regional projects.

Air Quality Program (Transit/Bike/Environmental Projects) (14%)

The Air Quality Program (or Transit/Bike/Environmental Projects Program) represents the most diverse section of Measure R. Implementation of bike, transit, and pedestrian projects continues to be a priority of the state. Technology is changing the opportunities for transit collaboration. As a result, there are four requests to amend the Air Quality Program.

Measure R Expenditure Plan Amendment Five (5) requests

1. **Request:** Provide flexibility for funding regional bike/trail improvements from the city of Visalia to Exeter and include ability to fund the Rocky Hill corridor bike/trail project.

Requesting Agency: Cities of Visalia, Farmersville, Exeter and County of Tulare

Discussion: TCAG/TCTA funded a feasibility study of the K Road bike/trail potential project. As a result of the study, the Cities of Visalia, Farmersville, Exeter, and the County of Tulare did not support the K road alternative due to costs, maintenance and challenges related to railroad crossings. A more cost effective solution of placing the bike trail (where feasible) along the Caldwell corridor was determined to be more feasible and cost effective.

The following language is proposed as an amendment to the Measure R Expenditure Plan as Note 25:

“For the Regional K Road to Exeter project on Table 5, the project is defined to allow the funding to be used for parallel projects within one mile of the K road alignment. This includes but is not limited to the Avenue 280/Visalia Road/Caldwell Avenue corridor. The corridor limits are expanded to start at the west end at the Santa Fe Trail and on the east end Yokohl Drive. The limits include a second section, the Rocky Hill Corridor from Spruce Avenue to Yokohl Drive.”

TCAG Staff Recommendation: Support the amendment.

City Manager Recommendation: Support

2. **Request:** Provide flexibility for trail and sidewalk maintenance and security

Requesting Agency: All

Discussion: Over the past fifteen years, significant bike and pedestrian trail funding has been provided through Measure R, federal programs, and Active Transportation Program at the state level. Maintenance is critical to preserve the investment of assets. However, the federal and state sources may not be used for maintenance. The Measure R Expenditure Plan does not provide clarification if maintenance and security is an allowable expense for Air Quality Program funding. Providing clarification and allowance will increase the useful life and the potential number of users of the bike and pedestrian system.

The following line/language is proposed to be added to pages 4 and 23 under the Transit/Bike/Environmental Mitigation (Air Quality) Program:

“Maintenance and Security”

TCAG Staff Recommendation: Support the amendment with the condition that the amount allocated for “maintenance and security” on a per year basis be limited to \$100,000 for Visalia and Porterville, and up to \$25,000 for other member agencies. Allowance for maintenance funding would be required to satisfy the Maintenance of Effort requirement (Ordinance No. 2006-01 Section 11-C).

City Manager Recommendation: Support

3. **Request:** Provide funding for Sustainable Corridor projects

Requesting Agency: All

Discussion: The Regional Mitigation Banking Program was created to allow mitigation land purchases to occur ahead of schedule resulting in advancing project delivery. There were several challenges related to program establishment, funding amounts, and the ability to project needs for future projects given the delisting of species related to mitigation requirements. As a result, the mitigation banking program did not materialize. However, the program could be revised to allow for critical environmental projects on corridors in Tulare County. The proposal would change the program to allow funding of corridor environmental projects.

On page 10 and 23, change the Regional Mitigation Banking Program to the Sustainable Corridor Program

The note on page 23 (second to last paragraph) would be revised to state:

“The Environmental Mitigation funds would be applied to the Sustainable Corridor Program. The Sustainable Corridors Program is intended to fund partnership projects (Caltrans) on major regional state highways: SR 65, SR 99, SR 190, and SR 198 for projects that improve the aesthetic views of the corridor. Projects are intended to sustain and enhance the beauty and environmental quality (air quality) of the corridor through landscape treatments, both hardscape and vegetation, including but not limited to new plantings, landscape screenings, maintenance, and debris removal.”

TCAG Staff Recommendation: Support the amendment with the condition that project recommendations come from the Corridor Committees for TCTA Board consideration. Project eligibility will be further defined in the policies and procedures.

City Manager Recommendation: Support

4. **Request:** Create a \$2 million **Transit Innovation and Technology Program**

Requesting Agencies: Indirectly all agencies. (The proposal is from TCAG staff to help address issues for matching funds for new technology)

Discussion: The TCAG board has established transit coordination as a top priority. In addition, there continues to be new technology development for transportation.

This new program would provide supplemental funding for regionally beneficial pilot projects and new technology investments.

On Page 11, add a new Tier II program “Transit Innovation and Technology Program” in the amount of \$2 million.

TCAG Staff Recommendation: Support the amendment with the condition the additional funding is used to supplement costs if there is a demonstration additional costs occurred from conducting a transit pilot program. As a result of the recent Covid-19 fiscal impacts, staff recommends the program be established and guidelines prepared; but program be delayed until fiscally prudent to fund. Also, guidelines for the program will require TCTA Board approval prior to offering funding.

City Manager Recommendation: Support

5. **Request:** Project funding clarification for SR-190 and SR-65 funds

Requesting Agencies: City of Porterville

Discussion: The Amendment would provide the opportunity to provide critical projects as established by the city council.

On page 21/item 22, replace the second sentence with the following:

“Flexibility may include the determination of different interchanges, over-crossing priorities, and parallel facility improvements within two miles. Parallel facility improvements will be required to demonstrate benefit to either the SR-65 or SR-190 corridor.”

TCAG Staff Recommendation: Support the amendment with the condition that Parallel facility improvements will be required to demonstrate benefit to either the SR-65 or SR-190 corridor.

City Manager Recommendation: Support

6. **Request:** Project funding clarification for SR-198 funds

Requesting Agencies: City of Visalia

Discussion: Funding through TCAG, The City of Visalia and Cal Trans performed the SR-198 Corridor Study. As a result of the study, numerous projects have been identified along the corridor that outnumbers the current project list within Measure R. The City of Visalia is seeking an amendment that will allow flexibility to select a specific project within the corridor. The Amendment would provide the opportunity to provide critical projects as established by the city council.

On page 21/item 21, replace the second sentence with the following:

“Flexibility may include the determination of different interchanges, over-crossing priorities, and parallel facility improvements within two miles. Parallel facility improvements will be required to demonstrate benefit the SR-198 corridor.”

TCAG Staff Recommendation: Support the amendment with the condition that Parallel facility improvements will be required to demonstrate benefit to the SR-198 corridor.

City Manager Recommendation: Support

7. **Request:** Replace the funding for Avenue 416 (Euclid to Snyder) with City of Dinuba corridor improvements

Requesting Agencies: City of Dinuba

Discussion: The “last mile” of Avenue 416 is within a dense urban area. Widening of Avenue 416 for this section would require a significant number of residential home purchases and likely reduction of park land. The costs for this section is significant. The Amendment would provide the opportunity to provide other critical projects as established by the city council.

On Page 6, replace “Avenue 416/Euclid to Snyder” with “Dinuba Corridor Improvements” and move to Page 7.

TCAG Staff Recommendation: Support the amendment with the condition that improvements would be required to be on the Avenue 416 or Avenue 400 corridor.

City Manager Recommendation: Support

8. **Request:** Technical Changes

Requesting Agencies: TCAG Staff

Discussion: As technology changes, the types of cleaner burning vehicles changes. The original Expenditure Plan listed “CNG”. However, transit fleets are required to convert to electric technology. The type of rail that may occur in the future may change as well. Currently, the Expenditure Plan shows “light rail.” Light rail may or may not be what is used in the future in Tulare County.

On page 10, remove the term “CNG” and remove the number after buses for the County and Porterville.

On page 10, change “regional Light Rail ROW preservation” to “Regional Transit Corridor ROW preservation”

TCAG Staff Recommendation: Support the amendment

City Manager Recommendation: Support

Tulare County Association of Governments
Sitting as the Tulare County Transportation Authority

AGENDA ITEM IV-B

August 17, 2020

Prepared by Leslie Davis, TCAG Staff

SUBJECT:

Action: Adoption of Resolution: Selection of a Sales Tax Audit and Management Services

BACKGROUND:

On November 7, 2006, the voters of Tulare County approved Measure R, imposing a ½-cent sales tax for transportation within the incorporated and unincorporated area of Tulare County through 2037. The transportation sales tax funds are spent in accordance with the Expenditure Plan that resulted from a joint effort among all the cities and the County of Tulare. The Expenditure Plan reflects the transportation needs of the residents of Tulare County. The plan includes funding for Regional Projects, Local Programs, Transit/Bike/Environmental Programs and Administration. The funds are distributed as follows:

1. Regional Projects (50%)
2. Local Programs (35%)
3. Transit/Bike/Environmental (14%)
4. Administration and Planning Program (1%)

Measure R revenue collection began on April 1, 2007. Monthly Measure R advancements are received by TCAG from the State Board of Equalization followed by quarterly clean-up disbursements. In total, TCAG receives eight advancements and four clean-up disbursements throughout a fiscal year.

The Measure R 2018 Strategic Work Plan was approved by the Authority on June 18, 2018 with Resolution No. 2018-102. The Work Plan serves as a guide for the delivery of Measure R projects in the upcoming five-year period. The 2018 Strategic Work Plan was amended on March 18, 2019 with Resolution No. 2019-104 and on April 15, 2019 with Resolution No. 2019-105. Approximately \$34 million was received in sales tax revenue for fiscal year 2019-2020.

DISCUSSION:

Due to the COVID -19 pandemic California Department of Tax and Fee Administration (CDTFA) is providing a three-month extension for a tax return or tax payment to any businesses filing a return for less than \$1 million in tax. For the approximate 99.5% of business taxpayers below the \$1 million threshold for their current California sales and use tax obligation, returns for the 1st Quarter 2020 will now be due on July 31, 2020. The same provisions apply to the other tax and fee programs administered by CDTFA. Qualifying taxpayers are not required to file a request for extension or request relief from penalty or interest. This automatic extension will remain in effect through the reporting of taxes and fees due on or before July 31, 2020.

In addition to the three-month extension of time to file and pay taxes, the Executive Order issued by Governor Newsom also provides business taxpayers with additional time to file claims for refund and appeals to the Office of Tax Appeals. Taxpayers looking to make refund claims with CDTFA during this period will have an additional 60 days to file. Similarly, taxpayers seeking an appeal of a CDTFA tax determination to the Office of Tax Appeals will have 60 additional days to file the appropriate request.

The first quarter 2020 allocations to local governments are down approximately 13% compared to the first quarter 2019. CDTFA expects much of this decrease to be recovered when the small businesses that took advantage of the three-month extension file and pay those returns, now due July 31, 2020. These payments will be allocated in July and disbursed in August.

Impact of the First Quarter 2020 Return and Payment Extension as of May 2020:

- Approximately 6% of taxpayers who report over \$1M in tax due per quarter have not yet filed their return.
- Approximately 45% of taxpayers who report under \$1M in tax due per quarter have not yet filed their return. Also, note that approximately 20% of our smaller taxpayers typically do not file on time (are delinquent). These taxpayers represent approximately 5% of quarterly revenues.

Sales tax audits and management services will prove beneficial to assess our ongoing revenues and manage potential unrecognized revenues within the current environment. Staff recommends the firm, MuniServices to provide Sales and Use Tax Analytics, Reporting & Forecasting services at \$500 per month and 11.25% contingency fee for a maximum of 8 quarters for recovered revenues. Staff spoke with relevant local agency references.

ATTACHMENT:

1. Resolution approving MuniServices to Provide Sales Tax Audit and Management Services
2. MuniServices Proposal

BEFORE THE
TULARE COUNTY TRANSPORTATION AUTHORITY
COUNTY OF TULARE, STATE OF CALIFORNIA

In the matter of:

APPROVE MUNISERVICES TO PROVIDE)
SALES TAX AUDIT AND MANAGEMENT)
SERVICES)

Resolution No.

WHEREAS, on November 7, 2006 the citizens of Tulare County approved Measure R and the Measure R Expenditure Plan; and

WHEREAS, The Measure R 2018 Strategic Work Plan was approved by the Authority on June 18, 2018 with Resolution No. 2018-102. The Work Plan serves as a guide for the delivery of Measure R projects in the upcoming five-year period; and

WHEREAS, the 2018 Strategic Work Plan was amended on March 18, 2019 with Resolution No. 2019-104 and on April 15, 2019 with Resolution No. 2019-105; and

WHEREAS, due to the current environment caused mainly by COVID 19 and the orders put into place by the State of California which allows delayed sales tax reporting and payments, it is increasingly important to review and monitor our sales tax for accuracy and project potential revenues; and

WHEREAS, it is recommended to approve MuniServices to provide Sales Tax Audit and Management Services at \$6,000 annually and 11.25% contingency on recovered revenues.

Resolution No.

NOW, THEREFORE, BE IT RESOLVED that the Tulare County Transportation Authority approves the selection of MuniServices to provide Sales Tax Audit and Management Services for \$6,000 annually and 11.25 % contingency fee for any recovered revenues.

The foregoing Resolution was adopted upon motion of Member , seconded by Member , at a regular meeting held on the 17th day of August, 2020 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

TULARE COUNTY ASSOCIATION OF GOVERNMENTS

Pete Vander Poel III
Chair, TCTA

Ted Smalley
Executive Director, TCTA

Tulare County Association of Governments

PROPOSAL FOR:

**SALES, TRANSACTIONS
AND USE TAX AUDITING**



Submitted By:

MuniServices, LLC (Avenu/MuniServices)
1264 Hawks Flight Court, Ste 270
El Dorado Hills, CA 95762
Attn: Daryl Dozier, Account Executive
Phone: (213) 281-0744
E-Mail: proposals@avenuinsights.com

July 10, 2020

WWW.AVENUINSIGHTS.COM

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July 31, 2020

Tulare County Association of Governments
Attn: Leslie Davis, Finance Director
210 N Church St Suite B
Visalia, CA 93291

RE: Proposal for Sales, Transactions and Use Tax Auditing

Dear Ms. Davis,

MuniServices, LLC (Avenu/MuniServices), is pleased to provide the Tulare County Association of Governments ("TCAG") with the following proposal for Sales, Transactions and Use Tax auditing. As experts in this service with over 40 years of experience, we are confident that we have the required skills, expertise, capabilities, and knowledge to successfully fulfill TCAG's needs. We are a leader in assisting local governments with implementing, administering, and managing multiple tax types – servicing more than 350 jurisdictions in California. Avenu/MuniServices offers TCAG the following:

- ▶ **Four Decades of Experience.** For over 40 years, Avenu/MuniServices has been an industry leader in Sales, Transactions and Use Tax Auditing.
- ▶ **Wealth of Experience in Tulare County.** Avenu/MuniServices provides the same or similar services to several Tulare County entities, such as City of Tulare, City of Visalia, City of Dinuba, City of Porterville. Additionally, we provide services to Tulare County Employees Retirement Association.
- ▶ **Proven Results.** We generate over \$1.3 billion per year in general fund revenue for our clients.
- ▶ **Firmly Established throughout California.** We know California. We were founded in California and we currently provide revenue consulting services to over 350 California public agencies. We have five (5) office locations throughout California, including Sacramento and El Dorado Hills.
- ▶ **Dedicated Government Relations Team.** Our Government Relations team (located in Sacramento) are experts in tracking and researching legislation that has the potential to affect region-specific tax revenues.
- ▶ **A team of experts.** Avenu/MuniServices has a distinguished team of expert Certified Public Accountants (CPAs), Certified Revenue Examiners (CREs), Certified Tax Examiners (CTEs), Audit Managers, and Analysts ready to support TCAG.

On behalf of Avenu/MuniServices, I welcome the opportunity to partner with the Tulare County Association of Governments. I represent that the information contained in this proposal is true and correct, and we can perform the commitments contained in this proposal.

Sincerely,



Mike Melka
Chief Financial Officer
Avenu/MuniServices, LLC

A. Executive Summary

Founded in California in 1978, MuniServices, LLC (Avenu/MuniServices) is a privately-owned consulting services company that specializes in helping public agencies across the nation to preserve, enhance, and manage their tax revenue base. From July 2008 to January 24, 2017 MuniServices was a wholly owned subsidiary of PRA Group, Inc. (NASDAQ: PRAA), a publicly traded, full-service provider of outsourced receivables management and related services. In 2017, MuniServices, LLC joined forces with Avenu Insights & Analytics, LLC, and as one team, Avenu/MuniServices focuses exclusively on local government agencies like the Tulare County TCAG of Governments.

Over our 40-year history, we have grown to a national footprint of over 800 employees, supporting over 3,000 customers in all 50 states. We have a dedicated team of revenue consulting and tax audit experts which provide concierge-level services to over 350 public agencies in California and over 900 jurisdictions throughout the nation.

Avenu/MuniServices has 14 office locations strategically dispersed across the United States, including five (5) offices in California, with an additional two (2) offices in Canada. Avenu/MuniServices will be supporting the TCAG from our offices in El Dorado Hills, Fresno, and Westlake Village with additional support from our headquarters in the Washington DC Metro area.

MuniServices Qualification Highlights

- Over 40 years of experience
- Provide these same services to some of the largest entities in California.
- Team of expert Certified Public Accountants (CPAs) and Certified Revenue Examiners (CREs)
- National footprint that spans over 3,000 clients
- 5 physical offices in California
- Nationally recognized for supporting state and local governments

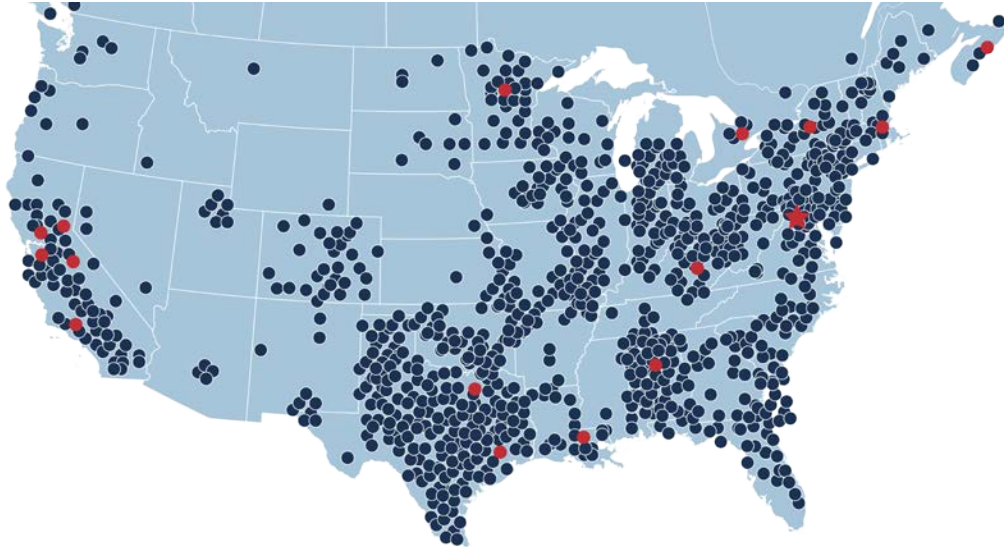


Figure 1 - Map illustrating Avenu/MuniServices national footprint with Red representing Avenu/MuniServices' offices and Blue representing clients

Avenu/MuniServices is the **only firm** in California (and throughout the United States) which offers proprietary revenue enhancement audit services encompassing all general sources of municipal tax revenue including Business License Administration, Discovery, Audit and Collections; Sales and Transactions and Use Tax Audit and Reporting Services; Transient Occupancy Tax Audit and Compliance; Franchise Fee Compliance Audits; Property Tax Audit; Utility Users Taxes and Cannabis Audit and Consulting Services.

A.1 DIFFERENTIATORS

- ▶ **Single Point of Contact.** Avenu/MuniServices offers the TCAG the ability to develop a long-standing partnership with a Client Success Manager that provides all of the services needed.
- ▶ **Focus:** Avenu/MuniServices only provides services to local government agencies. Our exclusive focus allows us to avoid real and/or perceived conflicts of interest with taxpayers and other business groups. Our approach qualifies us to review confidential taxpayer information and other restricted data that could be out of reach for specialty consulting and public accounting firms who could be barred access due to various conflicts of interest.
- ▶ **Discovery:** Avenu/MuniServices identifies non-compliant entities and assists in bringing these entities into compliance. If a full- service program for a specific service is not necessary, we can design a program to assist in identifying non-compliant entities using an existing recovery program.
- ▶ **Local Tax Compliance Auditing:** Professional auditors provide clients with audit assistance to verify the accuracy of the amount received from a taxpayer or collector. Avenu/MuniServices works on behalf of its clients to provide a wide variety of revenue audits such as Sales/Use Tax, Business/Occupational License Tax, Transient Occupancy Tax, Sugary Beverage & Alcohol Tax, Solid Waste and Recycling Fees, Unclaimed Property Audit & Recovery, Utility Users Tax & Utility Franchise Fees.
- ▶ **National Taxpayer Auditing:** Avenu/MuniServices has developed a variety of new and innovative national audit programs for the public sector. We study, evaluate, and make recommendations for our clients based on our existing national taxpayer auditing program. The experience we have gained through this program results in improved identification of non-compliant businesses and reduces the associated TCAG-specific audit costs.
- ▶ **Misallocation Reviews:** Avenu/MuniServices reviews and verifies its clients' allocation of tax revenues made by the agency responsible for the collection and distribution of the tax.
- ▶ **Delinquent Collections:** Our proven and innovative collection methods capitalize on the tax expertise of our staff to decrease debt pools while upholding the "taxpayer courtesy standards" maintained by municipal government.
- ▶ **Revenue Information Services:** Avenu/MuniServices provides revenue information in a way that gives our clients a better understanding of their revenue base. Avenu/MuniServices provides real-time data and analytics products for our clients to track revenues as well as historical trend data and the ability to forecast future revenues.

A.2 EXPERIENCE WITH TULARE COUNTY

Avenu/MuniServices has a wealth of experience in Tulare County and the surrounding area. We provide services to:

- ▶ City of Tulare
- ▶ City of Visalia
- ▶ City of Exeter
- ▶ City of Porterville
- ▶ City of Dinuba
- ▶ Tulare County Employees Retirement Association

B. Sales, Transactions and Use Tax Auditing

In this section, Avenu/MuniServices will detail our overall approach and methodologies for our Sales, Transactions and Use Tax auditing. These methodologies are the result of over 40 years of refinement and has yielded results that establishes Avenu/MuniServices as one of the leaders in this service.

B.1 INTRODUCTION

Avenu/MuniServices' approach is a result of over four decades of refined processes. Our personnel are experts in detecting and correcting Sales, Transactions and Use Tax misallocations. We capture the obvious sales tax errors, as well as the more complicated ones that involve different interpretations of tax liability.

The objective of Avenu/MuniServices' Sales, Transactions and Use Tax auditing and Recovery service is to maximize the TCAG's income – and minimize the cost of lost revenue. We are successful at this through the timely detection and correction of sales, use and transaction taxes misallocated to 1) another jurisdiction, 2) another pool or the statewide pool, and 3) misreported sales taxes that should be allocated to the TCAG. We fully pursue correction of all misallocations allowable within the statute of limitations on recoverability.

Avenu/MuniServices offers a more comprehensive and nuanced audit approach than our competition – we not only capture the 'quick fix' sales tax errors that our competitors find, but we go beyond to identify and correct more complicated errors involving the misinterpretation of or confusion of sales tax versus use tax reporting procedures. ***The secondary effort makes the difference.***

As an example of our performance, the City of San Diego found that Avenu/MuniServices generated three times as much in sales tax recoveries annually than the next closest competitor. What makes San Diego significant is its size – the results from a large jurisdiction such as San Diego are much more representative of a firm's true audit results. Comparing results for such a large economy over multiple years overcomes bias from one-time anomalies.

Avenu/MuniServices prides itself on forming long term trust-based relationships, and therefore delivers its solutions in the context of concierge-level service. During every stage of the process we realize we are working with people as well as data and processes, so we take great care in our communication. As representatives of the TCAG, our staff emphasizes cooperation when contacting taxpayers and provides an educational approach as well as guidance related to California Department of Tax and Fee Administration (formerly State Board of Equalization) (CDTFA) rules that pertain to proper sales tax allocation. We treat taxpayers with respect.

Avenu/MuniServices holds quarterly in-person meetings with TCAG staff, during which we provide a comprehensive update on revenues and budget forecasts. The meetings also are an opportunity for TCAG staff to ask questions about specific businesses, economic trends, or legislative and regulatory activities. We also hold periodic training activities and collaborate closely with your staff.

B.2 SALES, TRANSACTIONS AND USE TAX AUDIT, ANALYSIS, REPORTS AND FORECASTING SERVICES

Detecting and correcting Sales, Transactions and Use Tax misallocations is a foundational part of Avenu/MuniServices' value. We capture the obvious sales tax errors and the more complicated ones that involve different interpretations of tax liability.

- ▶ **Taxable Nexus Field Audit.** We target TCAG-based businesses that do not pay sales, transactions and use tax. We do this via physical canvassing of the TCAG's borders in addition to the commercial and industrial areas. We evaluate taxes paid by businesses for their products, will-call operations, and other references to sales-related activities. Without this labor-intensive undertaking, misallocations may remain undetected even when electronic data mining is applied.
- ▶ **Tax Area Code (TAC)/Permit Audits.** We identify and correct improperly registered permits of companies with point-of-sale or use operations. We also look for businesses with an incorrect tax area code due to jurisdictional/boundary confusion. Wholesalers, contractors, manufacturers, and other non-retail businesses frequently do not hold a permit registered to the TCAG because their operations do not include a point-of-sale qualifying activity. However, these companies often generate tax from the CDTFA audit deficiency assessments, new or changed operations, or the self-accrual of use tax on purchases through direct payment permits.
- ▶ **Deficiency Assessment Audit.** With a CDTFA audit, taxpayers often receive a substantial deficiency assessment due to underpayments and/or under-collections. Our proprietary criteria and techniques detect and correct what are often misallocations to the state or individual city and county pools. Accordingly, we have developed proprietary criteria and techniques to detect and correct CDTFA deficiency assessment misallocations and thus expand the benefits produced by our allocation audit service.
- ▶ **Quarterly Distribution Report (QDR) Audit.** We conduct QDR audits when we see a substantial change in historical allocation because of declining or missing payments, negative fund transfers, and audit adjustments in the sales, transactions and use tax allocation. QDR audits have the same objective as the other audits: to detect, document and assist in correcting errors and thereby generate new, previously unrealized sales, use and transaction tax revenue for the TCAG. To make sure the TCAG gets the highest possible amount of misallocated revenue, we include the current economic period based on the calendar quarter and the three prior tax return periods. Avenu/MuniServices reviews 100% of taxpayers reporting local tax to the TCAG each quarter in addition to a comprehensive review of the TCAG's pool to ensure all possible allocation errors and aberrations are identified and submitted for correction.
- ▶ **Accounts Payable Audit Reviews.** In order to identify opportunities for the TCAG to recover the local allocation on purchase transactions subject to tax, and facilitate the recovery of such funds, Avenu/MuniServices performs an accounts payable audit that enables us to prepare the documentation to facilitate the issuance of a direct payment permit (use tax) to the TCAG. We also provide technical assistance in preparing and filing the required tax returns. Our accounts payable audits review purchases to identify opportunities for the TCAG to capture the ½ cent local use tax. They also provide the foundation necessary for cities to get a direct payment permit (use tax) and recover funds. Cities also receive our technical assistance in preparing and filing the required tax returns, which is essential because the CDTFA has specific procedures and timing for filing claims. It is important to prioritize and develop a relationship with the vendor involved as they will be instrumental throughout the process.

B.3 SALES, TRANSACTIONS AND USE TAX PROCESS FLOW

Avenu/MuniServices Sales, Transactions and Use Tax follows the following process:

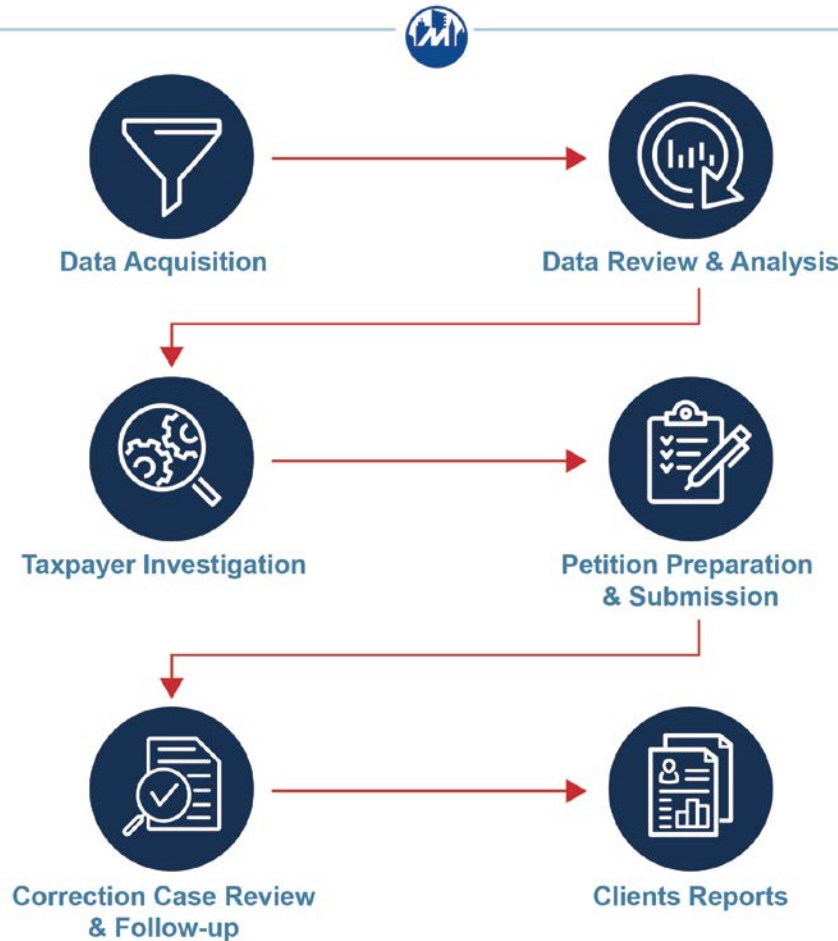


Figure 2 - Avenu/MuniServices Sales and Use Tax Process Flow Diagram

1. **Data Acquisition** – Data from Multiple sources is acquired and loaded into MuniServices' data warehouse for analysis and mining.
2. **Data Review and Analysis** – Avenu/MuniServices thoroughly reviews payment and registration data for possible registration and/or local tax reporting errors.
3. **Taxpayer Investigation** – Avenu/MuniServices verifies taxpayer information including address verification and business activity. If a misallocation is confirmed, Avenu/MuniServices will gather application documentation which includes and any E-Mail Communication with taxpayer and copies of amended returns, questionnaires, contracts, and invoices
4. **Petition Preparation and Submission** – Avenu/MuniServices carefully documents verified misallocation errors into petitions and prepares for submission to CDTFA.
5. **Correction Case Review and Follow-Up** – Taxpayer confirmation and Thank You letters are delivered to facilitate corrective action. New incoming board responses are reviewed. Additionally, case backlog is reviewed to determine those requiring follow-ups with taxpayers and/or CDTFA.

6. **Client Reports** – Avenu/MuniServices provides a Quarterly Audit Update Report, a report containing details on all now petitions filled with the CDTFA on their behalf. Large correction Letter is utilized to notify client of a case correction. Additionally, Avenu/MuniServices provides a Open Account Status Report, which is a report containing all cases that remain uncorrected which reflect current status and estimated revenue.

B.4 USE TAX AUDIT & RECOVERY OPPORTUNITIES

Our Use Tax Audit Services are designed to not only capture use tax revenue through the review of past purchase activity by the businesses in the TCAG, but also to assist in establishing new processes and procedures designed to increase the direct allocation to the TCAG by avoiding allocation to the County pools. The use tax audits identify taxpayers purchasing tangible personal property directly from out-of-state retailers where the transactions are subject to use tax (rather than sales tax). The use tax is often collected by the vendor who in turn remits it to the CDTFA, with the local allocation typically distributed statewide or TCAG-wide through the pools. These audits include proprietary techniques used to identify purchases made by businesses located in the TCAG from out-of-state vendors that are in excess of \$500,000. Additional use tax audits can focus on the practice of “Use Tax Accrual” in certain conditions where the purchaser may elect to self-accrue the use tax and remit it directly to the CDTFA, in which case the local portion will come back to the TCAG in the same manner as sales tax. This can involve both purchases made by the TCAG itself or working directly with businesses and construction contractors to establish the practice of self-accrual and direct remittance of the use tax to the CDTFA.

B.5 BUSINESS COOPERATION PROGRAM (BCP)

Avenu/MuniServices pioneered the BCP program, which can generate significant revenues. Our BCP consulting services encourage construction contractors and major vendors to obtain a direct pay permit or job site registration to encourage them to report the applicable local use tax so that the local use payments can be directly allocated to the TCAG instead of TCAG’s pool. There are many complexities associated with determining which contractors are eligible to register a job site, in addition to reviewing purchasing contracts for major fixtures, machinery and equipment from overseas manufacturers to provide proper instructions to the purchasers. We are the only firm with the experience and verifiable results in working with local jurisdictions to maximize use tax revenues on major construction projects such as large commercial and industrial projects, sports arenas, airports, ports, solar arrays –tracking and managing these use tax issues from pre-construction through project completion.

B.6 SALES, TRANSACTIONS AND USE TAX CORRECTIONS

- ▶ **Correct Reporting Errors.** Avenu/MuniServices’ Sales/Use and Transaction Tax Audit team includes a correction/case manager responsible for correcting misallocation errors. The team gets involved after a petition has been filed with the CDTFA. The team informs the taxpayer and then performs a comprehensive review of all CDTFA responses to petitions. This ensures that all applicable tax reallocations get processed. We respond immediately to negative findings by the CDTFA to preserve the TCAG’s Date of Knowledge (DOK). Avenu/MuniServices will keep the TCAG informed quarterly through an Open Account Status Report that will provide an updated overview of inventory/status of petitions as we work with the CDTFA and the taxpayers to ensure that corrections are processed quickly and the new revenue flows to the TCAG.
- ▶ **Documentation.** Efficient corrections require a thorough investigation of the business activity, and our process meets this threshold as evidenced by documentation such as completed questionnaires, fact timelines, website information, and email communications. We file comprehensive information petitions

to the CDTFA following the guidelines set forth in Regulation 1807. As needed, we review taxpayer tax returns and obtain amended returns or any other applicable documentation.

- ▶ **Corrections through the Appeals Process.** Avenu/MuniServices' extensive investigation prior to submitting the petition means most problems get resolved at the first level of review thereby mitigating any need to elevate cases for appeal as described in Regulation 1807. Over 98% of all cases submitted to the CDTFA by Avenu/MuniServices are resolved at the initial submission level with the remaining 2% resolved with additional follow-up to the Local Allocation Group without the need for an appeal.
- ▶ **Documentation.** Each quarter the TCAG will receive an Open Account Status Report providing a comprehensive report for all petitions/inquiries filed by Avenu/MuniServices on their current status and an estimate of the revenue estimated that the TCAG will receive once the correction has been processed by the CDTFA.
- ▶ **Quality Control.** We carefully review all submissions to the CDTFA to ensure the required information and applicable documentation is presented. Avenu/MuniServices strives to accurately represent the facts involved with the suspected misallocation and/or deficiency as verified through our audit process to facilitate the correction and funding of the revenue to the TCAG. This includes an estimate of the amount of revenue at issue which is then reviewed against the fund transfers processed by the CDTFA for accuracy. Our quality submissions help ensure faster results with the CDTFA.

B.7 SALES, TRANSACTIONS AND USE TAX QUARTERLY REPORTING

Avenu/MuniServices provides a comprehensive set of reporting and analytics services to help you better understand all aspects of your sales tax base. Our services include sales tax revenue forecasts, local business performance, online reporting, specialized data analytics, and quarterly in-person consulting. Unlike our competitors, our reporting services include specialized consulting to meet the specific needs of each client.

At the heart of our reporting services are our quarterly sales tax meetings. At the quarterly review meeting we cover your sales tax performance results on both a cash and economic basis. We provide sales tax reports such as cash receipts analysis, regional comparisons, Top 25 quarterly gains and declines report, historical trend analysis, top 100 businesses, and other topics pertinent to the TCAG. Additionally, we provide reports that demonstrate sales tax performance for specific geo-coded areas in the TCAG, with a detailed listing of the businesses and amount of sales tax generated by each in these areas. Included with our reporting are comprehensive five-year sales and TUT tax forecasts with multiple scenarios. Our forecasts combine TCAG-specific business level activity with regional economic indicators and national economic trends. Our proprietary forecasting model provides a customized highly accurate revenue forecast which typically provides a forecast within a 1% to 2% variance of actual revenues received.

B.8 OPTIONAL - ONLINE REPORTING (CLEARVIEW ANALYTICS)

Avenu/MuniServices has developed state of the art technology products for our clients. Our new online Sales Tax Reporting software titled 'Clearview' is a powerful data analytics platform that allows TCAG staff to research local business activity and export data for further analysis. Our *Clearview* software includes the following key features:

B.8.1 Consolidated Economic Reports

- ▶ See key trends at the category, segment, and retailer levels.
- ▶ Access a quick view of how your key retailers are performing.

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

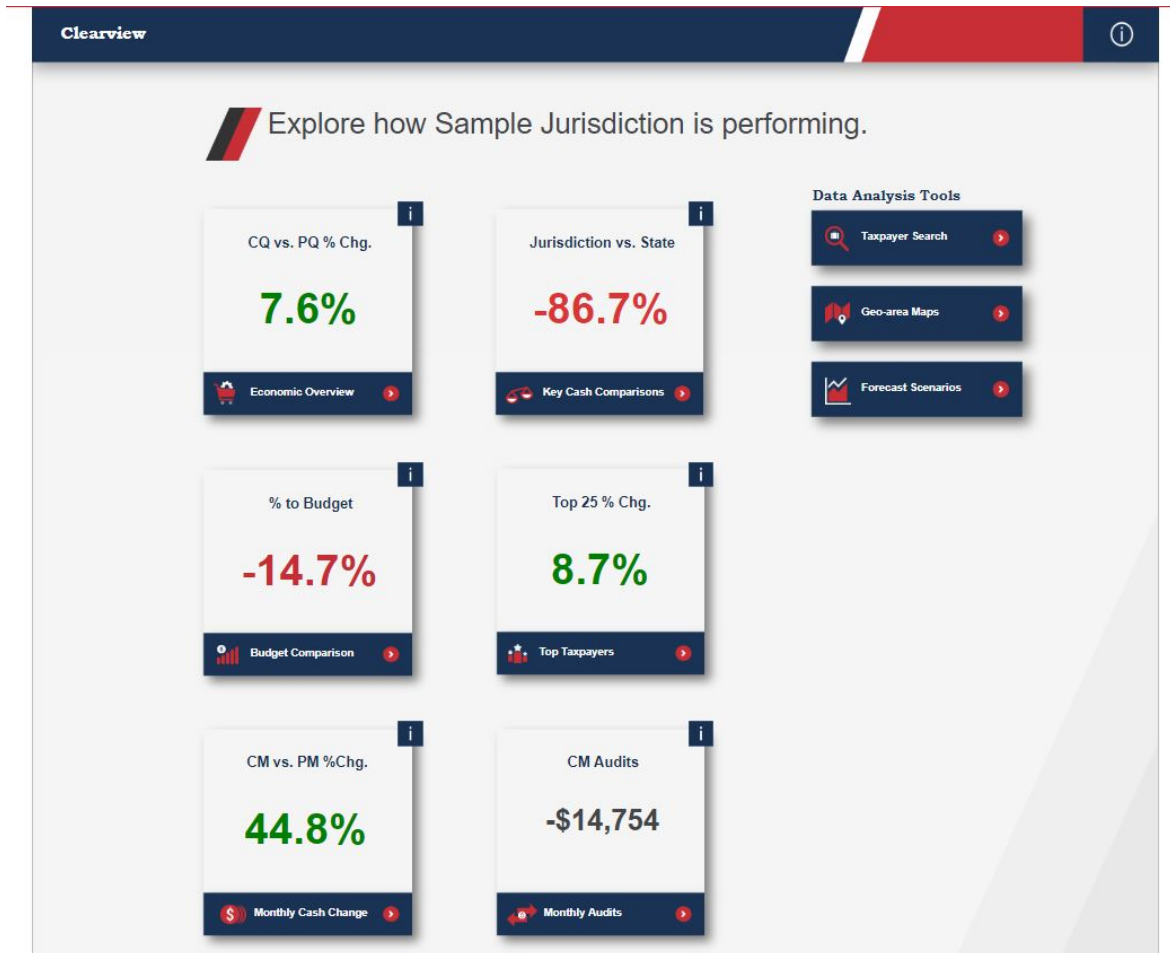


Figure 3 - Clearview Data Analytics Dashboard

B.8.2 Geo Area Reports (Cash and Economic)

- ▶ Review trends and where the growth or declines within the geo-area are concentrated and uncover the key drivers of those changes.
- ▶ Export a 10-year history of each geo-area directly to excel for use in your internal reports.

B.8.3 Cash Trends and Distribution Summaries

- ▶ Review the fiscal year-to-date totals for your cash.
- ▶ See which parts of your economy changed and the key retailers driving those cash changes.
- ▶ Compare your cash performance to other jurisdictions as a quick way of benchmarking performance.

B.8.4 GIS Maps

- ▶ Visualize your geo-areas and summarize by category and segment.
- ▶ Dynamically view the revenue changes in your geo-areas over time.
- ▶ Compare the performance of one geo-area to another.

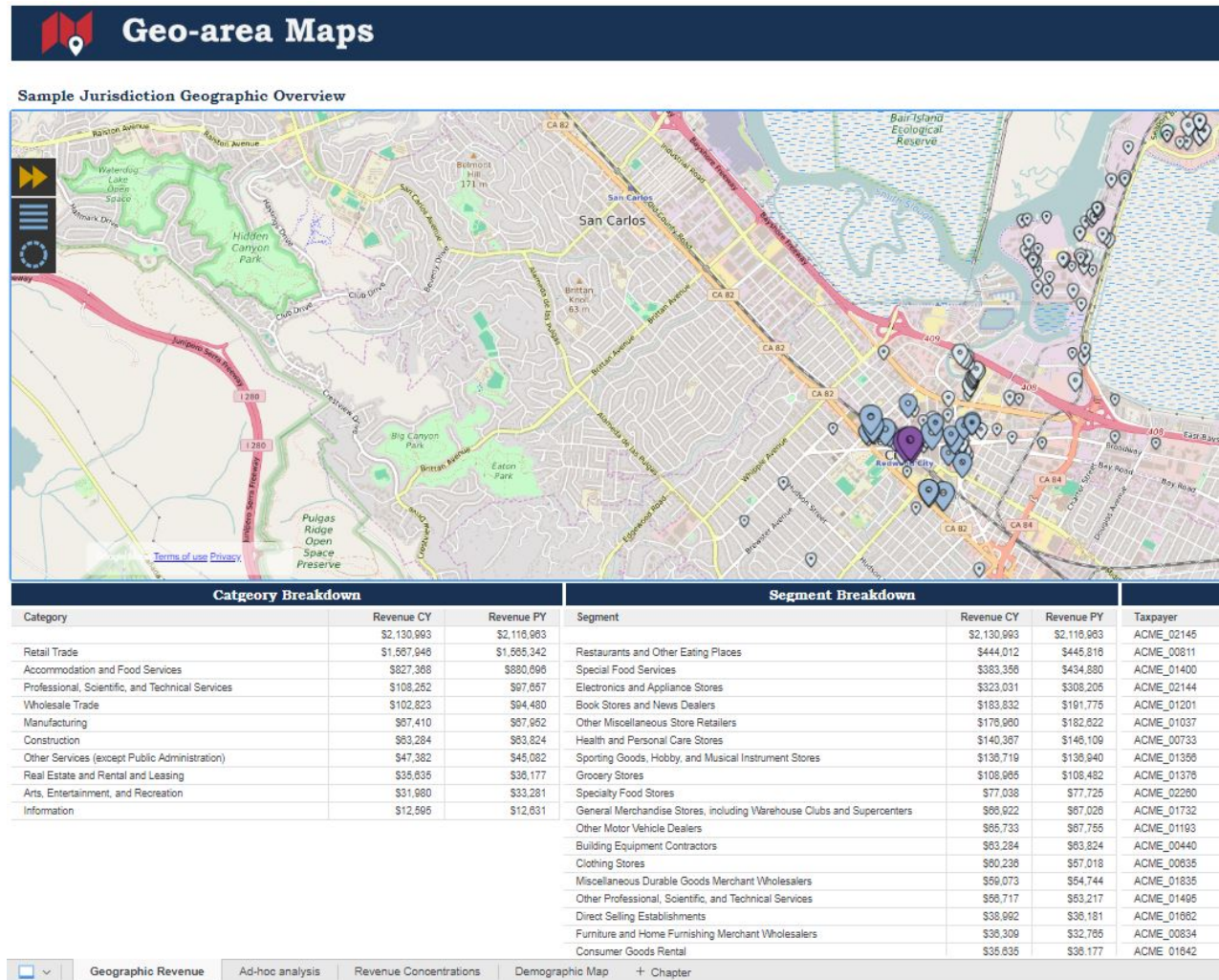


Figure 4 - Clearview Geo-area Maps

B.9 GOVERNMENT RELATIONS

Avenu/MuniServices provides a seasoned government relations team as a complimentary service. Our government relations team provides notice of potential legislative or regulatory impacts to revenue. In many cases we can influence legislation and regulation and resolve key issues so that your tax base is protected and/or expanded. We maintain strong relationships with essential organizations such as the League of California Cities, the US Conference of Mayors, and ad-hoc coalitions. Avenu/MuniServices publishes comprehensive legislative and regulatory policy updates throughout the year which provide clients with details on potential state and federal legislation that might affect local government revenues. Key legislative and regulatory issues and recommended actions are reviewed during our quarterly meetings with clients.

C.Avenu/MuniServices Team

Avenu/MuniServices offers the Tulare County TCAG of Governments a highly skilled and dedicated team of experts ready to support the TCAG. Our Executive, Senior Management, and Advisory teams are easily accessed and are deeply involved in day-to-day operations. Most of our senior staff have over twenty years of experience in local government finance, tax audit and tax administration, providing a level of expertise unmatched in the industry. We will not use any sub-consultants for this project, so we are directly accountable for all aspects of operations and revenue enhancement.

C.1 EXECUTIVE AND MANAGEMENT TEAM

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

Jeffrey Schmeh, Senior Vice President, Revenue Enhancement. As Avenu/MuniServices' Senior Vice President of the Revenue Enhancement Unit, Jeff will provide strategic direction for the project. Jeff will have direct oversight of the project and will have direct report to both the Chief Operating Officer and Chief Executive Officer. Jeff joined Avenu/MuniServices in January 2020. Jeffrey brings over 25 years of business operation and management experience to his executive leadership role at Avenu/MuniServices. He was hired to be in control of high-level operations, administrative duties, and spearhead the successful servicing of Avenu/MuniServices' Revenue Enhancement clients. Prior to joining Avenu/MuniServices, Jeff spent 14 years servicing local governments as the Chief Financial Officer for a Southern California government revenue enhancement and services firm. His performance on behalf of local governments led to his nomination for the 2019 CFO of the Year Award in Orange County, California. Jeffrey graduated Cum Laude from the University of Southern California and earned a Bachelor of Science degree in Business Administration.

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

Francesco Mancia, Vice President of Government Relations Fran is responsible for overseeing company Legislative, Regulatory, and Government Relations work at the state and federal level. Fran has a strong working knowledge of local government general fund tax laws and state and federal regulatory and legislative issues that impact local governments. He monitors, analyzes, and leads company lobbying efforts related to legislation, state mandates, and regulatory changes and policies that affect client revenue streams. Fran has served as a member of the League of California Cities Revenue and Taxation Policy Committee and was the

2007 and 2008 President of the League's Partner Program. From 2009 to 2016, Fran served as Advisor and Chairman of the California Contract Cities TCAG, Associate Members Program. Fran is a Regent Emeritus of the University of California, and a member of the Board of Trustees of the California City Management Foundation. Fran graduated from the University of California, Santa Barbara and earned a Bachelor of Arts degree in Communications, and attended the University of San Francisco where he earned an MBA.

C.2 AUDIT TEAM

Angel Rivera, Sr. Sales and Use Tax Analyst/Audit Supervisor. Angel has over 22 years with Avenu/MuniServices and currently supervises the Sales and Use Tax Audit team. In addition, she serves as a Senior Analyst, directly interacting with businesses to determine possible allocation reporting errors and developing substantiating documentation to establish a date of knowledge with the CDTFA. Angel's work for MuniServices involves an extensive amount of time interfacing with high level personnel at 'Fortune 500' companies throughout the U.S. on behalf of Avenu/MuniServices clients. Angel has a working knowledge of sales/use tax law, CDTFA administrative procedures and tax preparer reporting procedures.

Sandra Heuer, Supervisor of Transactions and Use Tax. Sandra has more than twenty-six years of experience with Avenu/MuniServices and currently supervises our Transactions & Use Tax audits in addition to her role as a Senior Sales & Use Tax Analyst, Sandra developed many of the proprietary transactions and use tax audit methods and leads the team in the identification and correction of use tax errors. Sandra is responsible for contacting targeted businesses to determine whether allocation reporting errors exist and, for each error detected, developing the substantiating documentation to establish date of knowledge with the CDTFA.

C.3 CLIENT RELATIONS TEAM

Irene Reynolds, Client Relations Manager. With almost twenty years with Avenu/MuniServices, Irene manages the Client Relations unit. Her team provides critical and complex analytics, forecasting and reporting. She and her team clean and standardize raw sales tax data, create, and maintain Geo areas, as well as provide custom reports, charts, tables or ad hoc reports on demand. Before joining the Client Relations Team, she served as a Team Leader in the Data Intelligence Department where she assisted in directing the data processing for all of Avenu/MuniServices' clients.

Mark Bryson, Senior Economic Business Analyst. Mark's primary role includes building and updating our proprietary sales tax forecasts and developing special analytical reports for Avenu/MuniServices' sales and use tax clients. Mark has over 25 years of experience as an accountant for small to medium sized businesses, non-profit corporations, and government agencies. This includes extensive hands-on experience preparing budgets, financial statements, audit schedules and Income, sales, and payroll tax returns.

Mary DeLaRosa, Client Services Manager. Mary has been a Client Services Executive since 1996 and is responsible for providing audit, information, and consulting services to more than 40 California clients. Mary has over 30 years of local government and public-sector experience interfacing with the business community and providing revenue and economic consulting services. In her initial role as Production Manager of STARS (Sales Tax Analysis Reporting Service), Mary was responsible for the management of six staff members who cleaned, standardized, and analyzed the sales tax data for 150 client city quarterly reports. Prior to joining MuniServices she worked for the City of Fresno. Mary is a member of the California Society of Municipal Finance Officers.

D. Pricing

D.1 SALES, TRANSACTIONS AND USE TAX AUDIT, ANALYSIS, REPORTS AND FORECASTING SERVICES

Compensation for the Sales, Transactions and Use Tax Audit (SUTA) service is a **11.25%** contingency fee.

This contingency fee applies to revenue received for six (6) quarters after the Date of Correction and all eligible prior quarters back to and including the three quarters prior to the Date of Knowledge quarter.

The Date of Knowledge is the quarter during which Avenu/MuniServices notifies the CDTFA of the existence of a misallocation. The Date of Correction refers to the quarter in which the taxpayer has correctly reported the local tax and the CDTFA distributes the local tax properly to TCAG based on the taxpayer's reporting, together with any prior period reallocations. For QDR Misallocations detected and corrected, Avenu/MuniServices compensation will only include the quarters in which the misallocation actually occurred.

For clarification and to encourage communication and collaboration between Avenu/MuniServices and the TCAG, Avenu/MuniServices shall be entitled to full payment of all compensation as provided herein even if any one or more of TCAG, its personnel, agents, or representatives, or any third party or parties provide(s) information to Avenu/MuniServices that assists or is used by Avenu/MuniServices in the identification, detection, and correction of point-of-sale distribution errors or the reporting and/or misallocation of revenue.

Should the TCAG identify, document, and notify the CDTFA in writing of a point-of-sale distribution error, reporting error or misallocation as those terms are used herein, the TCAG agrees to notify Avenu/MuniServices of the TCAG's discovery no later than ten (10) days after the Date of Knowledge as defined in Title 18 of the California Code of Regulations, Regulation 1807 ("Date of Knowledge.") If the TCAG fails to so notify Avenu/MuniServices as provided above and Avenu/MuniServices later detects, documents, and reports the misallocation or reporting error to the CDTFA, or if Avenu/MuniServices has established a Date of Knowledge with the CDTFA prior to notification to the Board by the TCAG, then Avenu/MuniServices is entitled to full compensation for the affected account as provided herein.

D.1.1 Completion of Services

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

D.2 SALES AND USE TAX ANALYTICS (CLEARVIEW), REPORTING & FORECASTING

Clearview is available for annual fixed fee of \$6,000 paid \$1,500 quarterly. The Annual Fee will be adjusted at the beginning of each calendar year by the percentage change in the Consumer Price Index that pertains to TCAG's particular geographic area as reported by the Bureau of Labor Statistics. The initial Consumer Price Index used for the first CPI adjustment will be the CPI for the month in which the agreement is fully signed with the first adjustment to occur at the beginning of the Calendar year following the first full calendar year of service. A new edition of the Clearview software will be available soon along with the option to purchase additional services (such as GIS based tools). New Clearview services which involve an additional fee (such as GIS) will be available at a mutually agreed upon additional price.

D.3 ADDITIONAL CONSULTING SERVICES

The TCAG may request that Avenu/MuniServices provide additional consulting services at any time during term of the Agreement. If Avenu/MuniServices and the TCAG agree on the scope of the additional consulting services requested, then Avenu/MuniServices shall provide the additional consulting services on a Time and Materials basis. Depending on the personnel assigned to perform the work, Avenu/MuniServices' standard hourly rates range from \$75 per hour to \$325 per hour. These additional consulting services will be invoiced at least monthly based on actual time and expenses incurred. The following are sample hourly rates based on the job classification (these rates are subject to change):

Tulare County Association of Governments
Sitting as the Tulare County Transportation Authority

AGENDA ITEM IV-C

August 17, 2020

Prepared by Leslie Davis, TCAG Staff

SUBJECT:

Information: Measure R Update for June/July 2020

BACKGROUND:

On November 7, 2006, the voters of Tulare County approved Measure R, imposing a ½-cent sales tax for transportation within the incorporated and unincorporated area of Tulare County through 2037. The transportation sales tax funds are spent in accordance with the Expenditure Plan that resulted from a joint effort among all the cities and the County of Tulare. The Expenditure Plan reflects the transportation needs of the residents of Tulare County. The plan includes funding for Regional Projects, Local Programs, Transit/Bike/Environmental Programs and Administration. The funds are distributed as follows:

1. Regional Projects (50%)
2. Local Programs (35%)
3. Transit/Bike/Environmental (14%)
4. Administration and Planning Program (1%)

Measure R revenue collection began on April 1, 2007. Monthly Measure R advancements are received by TCAG from the State Board of Equalization followed by quarterly clean-up disbursements. In total, TCAG receives eight advancements and four clean-up disbursements throughout a fiscal year.

The Measure R 2018 Strategic Work Plan was approved by the Authority on June 18, 2018 with Resolution No. 2018-102. The Work Plan serves as a guide for the delivery of Measure R projects in the upcoming five-year period. The 2018 Strategic Work Plan was amended on March 18, 2019 with Resolution No. 2019-104 and on April 15, 2019 with Resolution No. 2019-105.

DISCUSSION:

Status of Measure R Revenues

Fiscal Year 2019/2020 - Measure R allocations have been received, payment request and distribution made through July 2020. The allocation for the month of June is \$2,284,607.27 compared to \$2,717,882.28 for the same period last year. The allocation for the month of July is \$3,412,452.25 compared to \$3,266,946.63 for the same period last year. The 19/20 fiscal year to date amount is \$34,093,591 compared to \$33,568,699 for the same period last year, representing a 1.6 % increase for the fiscal year. The 20/21 fiscal year to date amount is \$3,412,452 compared to \$3,266,947 for the same period last year, representing a 4.5% increase for the fiscal year thus far. See attached revenue chart covering fiscal years 2016/2017, 2017/2018, 2018/2019, 2019/2020 and 2020/2021 year to date. The August allocation will provide the actual COVID impact to the last quarter revenues.

An update of the Measure R bonding efforts will be given verbally at the meeting.

ATTACHMENT:

1. Annual Revenue Comparison through July of Each Fiscal Year

Attachment 1

