

MEASURE R POLICIES AND PROCEDURES

2007 ½ cent Transportation Sales Tax passed July 2006

Updated 3/20/2017

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April 16, 2007 Resolution No 2007-005

Revised May 19, 2008 Resolution No 2008-008

Revised June 21, 2010 Resolution No 2010-008

Revised April 16, 2012 Resolution No 2012-003

Revised September 21, 2015 Resolution No 2015-007

Revised January 23, 2017 Resolution No 2017-102

Contents

I.	Introduction	1
II.	Cooperative Agreements	1
III.	Adjustment Policies.....	2
IV.	Local Program	2
V.	Transit/Bike/Environmental Program	3
VI.	Measure R Transit Policies (update September 21, 2015).....	4
VII.	Regional Projects Program.....	10
VIII.	Changes in Project scope, Allocation and Schedule	11
IX.	Project Delays	11
X.	Project Advancement	12
XI.	Bonding	13
XII.	Additional Financial Policies	14
XIII.	Measure R Reallocation	14
XIV.	Maintenance of Effort	14
XV.	Adding New Measure R Projects.....	15
XVI.	Strategic Work Plan	15
XVII.	Local Preference (updated September 21, 2015)	16
XVIII.	Request for Qualifications/Proposals (update January 23, 2017)	17
XIX.	Prior to Bidding (update January 23, 2017)	18
XX.	Use of Consultants (update January 23, 2017).....	18
XXI.	Measure R Administration Procedures	19
XXII.	Disagreement Resolution	22
XXIII.	For Further Information:	22
	Appendix.....	23

I. Introduction

On November 7, 2006, the voters of Tulare County approved Measure R imposing a ½ cent sales tax for transportation. The Expenditure Plan contained “Implementing Guidelines” (Appendix B). The purpose of the Policies and Procedures is to provide direction for the administration of Measure R program. The Policies and Procedures do not replace or change the Expenditure. The Policies and Procedures provide further detail of how to accomplish the goals of Measure R.

It should be understood that over \$1 billion in projects are listed in the Measure R Expenditure Plan. In today’s dollars, the sales tax is estimated to generate approximately \$420 million for regional projects and \$135 million for local agency projects over the next 30 years. In order to construct all of the projects listed in the Expenditure Plan, outside funding from Federal and State Highway funds, including STIP, CMAQ, TEA, local funding and other revenue sources will need to be used.

II. Cooperative Agreements

A project sponsor can receive funding from Measure R money for a regional project and/or a bike/transit/pedestrian project if the project is listed in the Measure R Expenditure Plan, and a cooperative agreement is signed by the Authority and the project sponsor. The funds available for regional and bike/transit/pedestrian projects are those listed in the Expenditure Plan and authorized in the Strategic Work Plan.

A signed agreement will be considered for approval at the next month’s Authority meeting if the agreement for a standard Measure R Cooperative agreement is submitted by the end of a month.

The Cooperative Agreement will include, but not be limited to, the following: project sponsor, project description, project schedule, funding amount, funding source(s), deadlines for expenditure, expenditures covered/not covered by the agreement, and a signage requirement.

Cooperative agreements that deviate from the standard cooperative agreement will require approval of the Authority’s legal counsel, which may delay approval of the final agreement up to three months.

The following items are not eligible for Measure R reimbursement:

1. Activities related to obtaining matching funds for a project
2. Activities related to another project not covered in a cooperative agreement, even if it is a measure R project.
3. Activities conducted prior to executing a Measure R agreement (unless agree to by the Authority). Project Advancement procedures are found in a separate section of the procedures.

Local agencies will also receive Local Program funding. These funds can be used at the local agency’s discretion for any transportation related project as allowed by the Measure R Expenditure Plan. Local Program funding is formula based and will be distributed as outlined in Local Programs section as long as the minimum requirements are met.

III. Adjustment Polices

Measure R allocations to Regional and bike/transit/pedestrian projects will be adjusted annually based on the following policies:

1. The base Measure R allocation for a project is the amount shown in the Measure R Expenditure Plan.
2. Measure R allocations will be adjusted for Regional and bike/transit/pedestrian projects and programs. The adjustment rate for projects shall be based on the current Engineering News Record average of Los Angeles and San Francisco. Should there be an extraordinary circumstance which causes one of these indicators to fluctuate unreasonably, the Authority Board will have the option of using the national rate instead of the prescribed average.
3. The adjustment rate will be reviewed annually and adjustments will be implemented at the beginning of each new fiscal year.

IV. Local Program

The Measure R Expenditure Plan allocated 35% of revenues to Local Programs. The Local Program is formula based. Since the distribution of Local Program funding is formula applied to actual revenues, adjustment factors do not apply. The following are additional items related to the Local Program:

1. Distribution of funding is based on the following formula:
 - 1.1. 50% Population
 - 1.2. 25% Maintained Miles
 - 1.3. 25% Daily Vehicle Miles traveled (1,000) (Represents the calculated Average Daily Vehicle miles of travel that occurs within a jurisdiction) Staff to research/provide a summary of how this is calculated.
2. Population is based on the California Department of Finance Annual estimates.
3. Maintained Miles and daily vehicle miles of travel (1,000) are obtained from the most recent California Public Road Data book published by Caltrans
4. The formula distribution will be updated annually in June for the next fiscal year.

5. Quarterly reports will be required to be submitted by the following dates:
 - 5.1. October 15th for the period: July – September
 - 5.2. January 15th for the period: October – December
 - 5.3. April 15th for the period: January – March
 - 5.4. July 15th for the period: April – June
6. The quarterly report will include but not be limited to agency name, project name, project list, amount expended, and percentage of completion. Appendix contains an example report form.
7. Distribution of Local Program funding will be within two weeks of receipt from the State of California.
8. In order to receive the local funding, the following minimum requirements must be met.:
 - 8.1. Regular submittal of Quarterly reports
 - 8.2. Posting of Measure R signs when Measure R funding is used on a project
 - 8.3. Participate in Annual Audit and provide corrective actions plans when identified
 - 8.4. Satisfy the maintenance of effort requirements.

V. Transit/Bike/Environmental Program

The air quality improvement efforts will be addressed in the Measure R Expenditure Plan through the Transit/Bike/Environmental Program which includes funding for transit, bike & pedestrian, environmental projects.

Priority will be given to Annual Transit Service Expansion projects listed on the Expenditure Plan (page 10). Transit service expansion will be distributed monthly, in accordance with the annual amounts noted in the Expenditure Plan, adjusted annually pursuant to these policies, providing the minimum requirements are met, which will include the following:

1. The program or project is listed as part of the Bi-annual Strategic Work Plan.
2. A plan to expand transit service is adopted by the local agency and presented to the Authority. Implementation of the plan is subject to audit to insure the service and/or the project is being provided in accordance with the plan.
3. Funding for transit expansion is be limited to the amount listed in the Expenditure Plan (with the annual adjustment factor applied), and the demand demonstrated in the plan adopted by the local agency.

4. For Bicycle/Pedestrian projects, priority will be given to projects that obtain outside funding, including funding from STIP, CMAQ, TEA, local and other sources. Providing funding is available and the appropriate environmental approvals are in place, the Authority may approve Right of Way (ROW) acquisition funding in advance of the project year in order to enable an agency to accumulate the ROW when to do so would result in a reasonable, orderly, cost effective accumulation of property. These projects will also require cooperative agreements.
5. For Bicycle/Pedestrian projects, priority will also be given to projects identified in the Regional Bicycle Transportation Plan as regionally significant.
6. For Environmental projects, an implementation plan will be developed through the guidance of the Environmental Advisory Committee.
7. The Eminent Domain Process may not be used for expenditure of Measure R Regional Mitigation Banking Program and Woodlake Area Mitigation Banking Program Funds. (page 10 of the Measure R Expenditure Plan)

VI. Measure R Transit Policies (update September 21, 2015)

Summary

The Measure R Expenditure Plan includes the Air Quality Program (Transit/Bike/Environmental Program). A majority of agencies are eligible to receive funding for transit service expansion under the Transit portion of the Air Quality Program. Transit funding is divided into three primary parts: Tier I Service expansion, Tier I Capital Projects (for some agencies), and Tier II Service Expansion. The purpose of this policy is to provide clarification regarding the use of Measure R transit funds.

Expenditure Plan Transit Funds

Tier I Transit Expansion

The Expenditure Plan on page 10 summarizes the annual amounts for service expansion for the life of Measure R. For example, the County of Tulare has \$500,000 per year, for a total of \$15,000,000 over thirty years. The funding is available annually and is the priority in the Transit/Bike/Environmental program.

Tier I Capital Projects

Capital projects are listed for a few agencies on page 10 of the Expenditure Plan. Funding for capital projects is available as Measure R funding allows over the life of Measure R and as programmed in the current Strategic Work Plan.

Tier II Transit Expansion

Tier II transit expansion funds listed on page 11 of the Expenditure Plan (as amended via Amendment No. 3) have additional requirements that apply beyond the general transit expansion requirements for Tier I expansion. Tier II transit expansion funds were authorized as part of a Supplemental Funding amendment to Measure R, in Amendment No. 3. All funds approved as part

of the Supplemental Funding amendment are subject to the conditions below. The conditions, in summary, make Tier II funds subject to availability.

- **Projected revenues and expenditures for the duration of the measure are to be evaluated every two years in conjunction with the Strategic Work Plan.**
- **Supplemental Funding projects (listed on page 11, Table 5a) will be reduced proportionately among all agencies receiving Supplemental Funding based on the amount granted in the base year, in the event revenues are less than expected.**
- **Agencies with multiple Supplemental Funding project types (bike, pedestrian, and/or transit) can choose from which Transit/Bike/Environmental category(ies) the reduction will occur.**
- **In order to access Supplemental Funding, projects are required to be programmed in the current Strategic Work Plan.**
- **Supplemental transit funding may be requested on an annual basis or accumulated based on the annual allotment.**

Maintenance of Effort

As part of the approval of Measure R by the voters in 2006, a Maintenance of Effort requirement was included in the Ordinance. Measure R may not be used to replace or supplement funding for services or programs that existed prior to the passage of Measure R. In the case of transit operations, TCAG refers to the August 5, 2006 Transit Guide to determine the baseline Maintenance of Effort level for the provision of transit services in Tulare County.



Funding provided to transit providers, including specific services, will be clearly laid out in supplemental agreements. Funds will not be authorized or reimbursed for pre-existing services or programs. The maintenance of effort requirements are subject to independent audit. All jurisdictions must comply with this requirement.

Measure R Strategic Work Plan

As outlined in the Expenditure Plan, a Bi-Annual Strategic Work Plan will be prepared. The Bi-Annual Work Plan outlines five-year expenditures for the Air Quality Program that includes the transit expansion and capital projects. The timing of the preparation of the Strategic Work Plan is to coincide with the preparation of the Regional Transportation Improvement Program (RTIP).

The Strategic Work Plan is the authorization for TCAG to enter into Supplemental Agreements for transit funding.

Annual Process and Documentation

Each year, a transit agency should submit the following reports and/or applicable requests:

1. A summary report of the previous year demonstrating that all measure funds received were expended for valid transit expansion (post Measure R approval).
2. A request that documents and itemizes the estimated amount of Measure R funds needed from both Tier I and Tier II transit expansion. Tier I and Tier II funding requests may be submitted on the same request, but must be itemized separately.
3. Capital requests from Table 10 must be specifically listed in the Strategic Work Plan. Capital requests require a separate Supplemental Agreement.

It is understood that the annual request is an estimate. The estimate should be based on a review of the prior year expenses or first two quarters. When the prior year funding was more than the actual expenses, the unexpended funding will be treated as carryover and will reduce the current year reimbursement request. All requests and reports are subject to an annual audit.

Administration and Limitations of Measure R Transit funding

Measure R transit expansion funds may only be used for service expansion beyond services provided at the time Measure R was approved (November 2006). Additionally, Measure R funds may not be used to replace other available types of transit funding, including federal transit funds, State Transit Assistance (STA) funds, transit advertising revenue received, fares received from riders or other parties, and other sources of funding provided for transit operations.

Eligible transit uses for Measure R may include:

- Adding new routes
- Adding new service days (e.g. weekend service)
- Increasing headways (frequency of routes)
- Adding bus shelters
- Building or expanding a Transit Center
- Fare box *supplement* for new routes/route expansion to achieve required fare box recovery requirements for *new routes/route expansion* (see note below)
- Adding or replacing buses for new service. Bus replacement must clearly be demonstrated as necessary for the new service. If bus replacement is for a route that has both existing service and service expansion then a proportionate cost share must be calculated.

Measure R transit funding may not be used for the following (not a complete list):

- Replacement or partial replacement of funding for service that existed as of November 2006.
- Replacement of other sources of transit funds, including federal transit funds, State Transit Assistance (STA) funds, transit advertising revenue received, fares received from riders or other parties, and other sources of funding provided for transit operations.
- Fare box revenue supplement for routes existing prior to November 2006.
- Fare box revenue supplement on new/expanded routes that replaces fares received for the service, or increases the service's fare revenue *above* the required fare box recovery ratio.
- General ongoing operating or administrative expenses unless there is shown to be a direct correlation to service expansion.

The use of Measure R funds for supplementing fare box requirements of the Transportation Development Act (TDA)

The purpose of allowing Measure R funds to supplement fare box revenues required under the Transportation Development Act (TDA) is to encourage new pilot routes or expanded service frequency when fares initially received for the expanded service may not initially meet the state-required amounts to offset operating costs. For example, for rural providers, such as Dinuba Area Regional Transit, 10% of the overall cost of providing a service must be covered by fares received from the riders¹. New services that riders aren't familiar with initially, rarely meet state-required fare revenue ratios for a period of time. Measure R funds may be used to supplement required fare box revenues for the expanded service in order to achieve the requirements. Measure R funds used to supplement actual fare box revenue may not be used to exceed the fare box recovery requirement for the expansion service. The following are additional notes and examples:

- Transit providers, in agreement with TCAG via the annual Measure R Supplemental Agreement, will determine what part of a route (perhaps 20% of an existing expanded route or 100% of a new route) is considered expansion under Measure R and is eligible for Measure R transit expansion funds.
- The estimated operating costs for the service expansion and correlated required fare box revenues will also be determined at this time. If a route expansion project costs \$100,000 for a rural provider, \$10,000 would be required in fares to meet the state fare box requirement.
- Actual fare revenue received from the transit provider's expanded service must be calculated and reported to TCAG at the time of submitting an agency's claim for TDA funds. Measure R expansion funds can only fund the difference between the fare box amount (\$10,000) and actual fares received for new service (perhaps \$8,000). In this example, Measure R could contribute \$2,000 to this service. (*See section below regarding maximum Measure R supplements and performance timelines.*)
- A method for calculating fare revenues received for expansion/ new routes must be developed by transit providers in tandem with TCAG in order to use Measure R funds for fare box supplement of Measure R eligible expansion services.
- Measure R transit funds may be used for all aspects of transit operations. Agencies should take care to not count Measure R funds twice for purposes of meeting state-mandated fare box ratios.

For example, if 100% of an agency’s Measure R allocation went to purchasing bus shelters for a new transit route, that agency would have no funding available to apply towards their fare box supplement.

¹ Under TDA law, fares may be subsidized by an agency’s local funds if the agency so chooses to do so.

Fare box Supplement Maximums and Performance Timelines

As previously discussed, Measure R transit expansion funds are intended to allow providers to add additional services and, in some cases, test services that may be requested by the public or may be needed without absolute certainty. This does not, however, imply that low-performing routes should be supplemented in perpetuity.

The standard requirement, adapted from TCAG’s adopted unmet needs policy, will apply to expanded transit services and their eligibility for use of Measure R for fare box supplement. Service should meet minimum levels of fare recovery at different time points after their implementation; Measure R may only supplement fare box beyond the *minimum required for the service*². Please see below:

After 12 months of service

Urban minimum	Rural minimum
6%	3%

After 24 months of service

Urban minimum	Rural minimum
10%	5%

After 36 months of service

Urban minimum	Rural minimum
15%	7%

For this calculation, Tulare County transit services will be required to meet “rural” standards.

²The time points and minimum requirements above are a standard for performance that will be used to set the maximum amount of fare box recovery funds that Measure R can contribute to for new service. It does not mean that if a service performs lower than the performance measure above that it must be discontinued. A low performing route, that with fares and a Measure R supplement combined still does not make the state-required fare box amount, can be supplemented by an agency using local funds, if they so choose.

VII. Regional Projects Program

The Measure R Expenditure Plan created a Regional Projects Program that includes specific funding for regional widening, interchange improvements, regional signals, regional bridge, regional railroad crossings, and signal synchronization projects. The following are additional items related to the Regional Road Program:

1. Project eligibility is limited to the regional projects listed in the current or amended Expenditure Plan.
2. Regional projects will not be funded prior to the year of need (IE Unacceptable Level of Service “E” or “F”) unless all regional projects with current need are fully funded. An agency may appeal to the Authority Board the application of the criteria to a project if there is other over riding considerations.
3. For Railroad crossing or grade separated projects where traditional LOS calculations may not be applicable, the Caltrans Safety Index (SI) may be applied. A threshold of or minimum scoring of 100 will be used. Given the various needs that may generate the need for bridge replacement or grade separations, the projects will be considered on a case by case basis where traditional LOS and safety calculations do not apply.
4. A safety component of a Regional Project may be eligible for advancement based on meeting the minimum Safety Index threshold of 100. An example would be the advancement of a signal prior to the widening of a corridor.
5. In cases where a component is advanced, the project should be designed and built to the ultimate alignment. The cost of any temporary improvements will be the responsibility of the agency. If there are reasons why some, or all of the advanced component cannot be incorporated into the long range project, the Authority must approve the construction of the proposed temporary facilities if reimbursement is requested.
6. Providing funding is available and the appropriate environmental approvals are in place, the Authority may approve Right of Way (ROW) acquisition funding in advance of the project year in order to enable an agency to accumulate the ROW when to do so would result in a reasonable, orderly, cost effective accumulation of property.
7. The current Regional Transportation Plan will be used to prioritize funding for Regional Projects.
8. Consideration for potential other funding such as a new state bond or local contributions will be part of the consideration for prioritizing regional projects.
9. Careful coordination of Measure R regional projects and the State Transportation Improvement Program (STIP) funding is necessary to maximize the use of federal and state funding.

VIII. Changes in Project scope, Allocation and Schedule

Over the life of Measure R, there exists the potential for changes to projects identified in the Bi-annual Strategic Work Plan. Updates to the Work Plan will reflect changes in project scope, cost, and schedule. However, the following items will require an amendment to be approved by the Authority Board:

1. Adding a new Measure R project
2. Deleting a Measure R Project
3. Segmenting a project (not identified as segmenting in the Expenditure Plan)
4. Changing the basic scope of a project, as defined in the Expenditure plan or bi-annual work plan
5. Changing the scheduled year of a project
6. Changing the amount of Measure R funds that may be allocated to a project

IX. Project Delays

It is the intent of the Authority to spend Measure R funds in a timely manner. Projects that are not making reasonable progress may be reprioritized in order to facilitate the completion of other projects that are making better progress. Projects that are ready to proceed ahead of schedule may be advanced if Measure R funding is available. Delaying of project will still require Authority approval. Reasonable progress is defined as having a signed contract for each type of project component within the prescribed number of months as programmed in the Current Strategic Work Plan:

1. Environmental Studies (PA&ED) 6 months to have executed a consultant contract or initiate work if completed by the agency.
2. Design (PS&E) 6 months to have executed a consultant contract or initiate work if completed by the agency.
3. ROW Acquisition 6 months to have executed a consultant contract or initiate work if completed by the agency and 2 years to complete Acquisition
4. Construction 6 months to have executed a consultant contract and 2 years to complete construction

X. Project Advancement

The Adopted Expenditure Plan states the following on Page 5:

“Phase 2 projects are considered for advancement if additional funding is available and the projects are amended in to the current Regional Transportation Plan.”

All Phase 2 projects will be included in the 2007 Regional Transportation Plan (RTP) update. This requirement will be satisfied (once FHWA/Caltrans approval is received in the summer of 2007) for all regionally significant projects identified in the Expenditure Plan. The remaining requirement is for financial determination. There are four principle ways to identify additional funding beyond the need for Phase 1 projects:

1. The amount of funding required for a phase 1 project is reduced. Example: Project “A” costs are reduced from \$10 million to \$5 million. The agencies involved with the project can recommend to the authority that the savings be used to fund another specific project in the same urban area in the Expenditure Plan. Caution: costs savings will likely be off-set by cost increases.
2. A Phase 1 project is voluntarily delayed. Example: Agency A delays a project in Phase 1 to allow a Phase 2 project to be advanced. Capacity would then be created. Caution: An agency must have agreement with other agencies that will have a direct impact of delaying a regional facility. The voluntary delay and advancement will require Authority approval.
3. Additional revenue (beyond anticipated) is received. If significant additional revenue is received either from sales tax revenues that exceed the adjustment factor, an additional state bond that increases STIP funding or some other source, the additional funding should be used to advance projects or fund new projects amended in to the Expenditure Plan.
4. The use of bonding. Careful planning will be required to determine the amount and year of need for bonding. The bond assessment will occur as part of the development of the bi-annual Strategic Action Plan. Individual agencies are not precluded by anything in the Measure from issuing bonds secured by the revenues from the Local Program funding. However, the Authority is not required provide any assurances that such bonding is available.

Project advancement requires the approval of the Authority Board prior to agency expenditures. The following other criteria apply:

1. The agreement between an agency and the Authority will specify the year of reimbursement.

Reimbursement will be subject to the availability of funds. In the year of reimbursement, project advancements will be the priority for funding for the Regional Project Program. Reimbursement for advancement will be adjusted annually based on the lower of the following:

- a. The adjustment factor described in “Adjustment Section”
 - b. Actual annual revenue percentage increase. In a year when the revenues do not increase when compared to the prior year, then the escalation will be zero.
2. Projects will not be advanced prior to the year of need (IE Unacceptable Level of Service “E” or “F”) unless all regional projects with current need are fully funded.

XI. Bonding

It is the intent of the Authority to bond for projects that are ready for ROW acquisition and construction. The principle tool that will allow for project advancement and planning is the use of bonding. Due to complexity of the decision to bond, a financial committee will be created. The committee will be composed of: The TCAG Chair, TCAG Staff, The Citizen’s Oversight Committee Financial Representative, and three citizens with financial expertise. Upon direction from the TCAG Chair, staff will post an application on the TCAG website and provide to all agencies. Interested individuals will submit a completed application by the deadline indicated on the posting.

The Technical Advisory Committee will provide a recommendation to the Authority for approval. The term of the three citizens will be for two years or as designated by the Authority Board.

The purpose of the committee is to review and make recommendations for: bonding, financial consultant selection, and other financial funding issues that develop. The purpose of the committee is not project selection. It is to provide recommendations on how best to finance projects already selected or proposed by the Authority Board.

As identified above, the selection of projects for bonding will be part of the Strategic Work Plan effort.

XII. Additional Financial Policies

The Authority shall establish hardship borrowing policies that would allow a local agency to borrow a total maximum of \$1 million from the Authority providing the funding is available. The funding could only be used to advance an approved transportation project that the local agency does not have the financial resources to complete. The loan must be paid back and the local agency must be willing to pledge their local program funding to the loan repayment. The agreement will provide the timeline and the interest requirements.

The Authority shall also establish policies by which a local agency could use their local program money to “loan” another local agency Local Program capacity.

XIII. Measure R Reallocation

Over the life of Measure R, there exists the potential for changes to projects identified in the Expenditure Plan, and the potential to re-allocate funds based on a change in need. Some projects may no longer be viable, other projects may be scaled down, projects may receive adequate funding from another source, and other situations. The four situations where reallocation may occur are:

1. Removal: an allocation is no longer needed
2. Reduction: there may be a reduction of scope or new additional source of funding
3. Increase: Need to increase the project due to scope change or higher cost estimates
4. New project: A new project is added (see new project section)

In all cases, an amendment is likely required to the Expenditure plan and approval by the Authority Board. For cost increases, an agency should use local program funding to fund the shortfall, or savings from another project that is constructed for less than the amount noted in the Expenditure Plan, adjusted by the adjustment factor. If excess revenues (compared to the Strategic Work Plan projections) are available, the funding could be used to fund cost increases, to advance projects or to fund a new project(s) in the same urban area, based on agency recommendation and Authority approval.

XIV. Maintenance of Effort

At the beginning of each fiscal year, agencies will be asked to demonstrate compliance with the maintenance of effort requirements for both the local programs and Transit expansion projects. The maintenance of effort requirements are subject to independent audit. The local jurisdiction can choose to use the fiscal year of Measure R approval (2006-2007) or the prior three years fiscal average (2006-2007, 2005-2006, 2004-2005) as a baseline. All jurisdictions must comply to these requirements.

XV. Adding New Measure R Projects

There may be very limited circumstances in which to add a new project to the Measure R program. Adding a new Regional or Air Quality project will require an amendment to the Measure R Expenditure Plan. Amendment to Expenditure Plan may only be conducted once a year. Prior to a recommendation to add a new project, revenue projections should clearly demonstrate all other Regional projects can be funded over the life of the Measure, or it must be demonstrated that adequate funding is available, either through cost savings, reduced project scale or project deletion, or significantly increased revenues, to fund the new project. In itself, a proposed project deletion does not necessarily create additional capacity. A review of revenue projections will still be required along with an Expenditure plan amendment.

XVI. Strategic Work Plan

As outlined in the Expenditure Plan, a bi-annual Strategic Work Plan will be prepared. The Bi-annual work plan outlines five-year expenditures for the Regional and Air Quality Programs. The timing of preparing the Strategic Work Plan is to coincide with the preparation of the Regional Transportation Improvement Program (RTIP). The following are additional items:

1. Priority for Regional projects will be given to projects (Tier 1) ready for construction
2. The Plan can fund construction, Project Approval and Environmental Documentation (PA&ED), right of way, and Plans, Specification, and Estimate (PS&E) to have projects ready for construction and capture the STIP construction money in the year in which it is programmed.
3. Regardless of Tier, all interchange projects require a Caltrans approved Project Study Report (PSR) prior to the programming and authorization of funding. Also, a Project Report is required for any project that is fully or partially located within Caltrans Right-Of-Way.
4. The selection of projects will also be done to maximize expenditure of state and federal funds first. From time to time State/Federal programs become available that may result in the need to select regional projects that best qualify and are not necessarily the current priority.
5. As part of preparing the Strategic Work Plan, the plan will include a summary of potential projects that could be funded if bonding was to occur over the next five year period.
6. Proposed bonding would be limited to ROW acquisition and Construction only.
7. Actual revenue received in excess of the five year projections could be used to fund cost increases. Excess revenue could also be used to create a reserve for future cost increases.

XVII. Local Preference (updated September 21, 2015)

Measure R was approved by the Tulare County electorate in November 2006. Projects in Measure R are, for the most part, well-defined and require that they benefit Tulare County residents. One of the challenges in the implementation of Measure R is how to ensure participation by local consulting firms in the development of Measure R projects including project design, environmental studies, right of way acquisition and construction management. State law requires a Qualifications Based Selection process be used when local agencies select certain identified consulting firms. There is considerable flexibility in the criteria that can be used by local agencies to score the consultant selection process. However, there can be considerable variation of opinion concerning the best methods for encouraging the use of local consultants while taking care to avoid placing undue constraints on the selection of the most appropriate firm for the assignment.

In response to that challenge, the following language is required to be included on the first full page of any RFP/RFQ utilizing Measure R funding for any phase of a project that is not using federal or state funding for that phase:

“Measure R was approved by Tulare County voters in November 2006. Measure R was supported locally and the transportation projects are for the benefit of the residents of Tulare County. Tulare County citizens will benefit from the contributions that local firms can make to Measure R projects. Such benefits include strong local knowledge, established relationships with the community and close proximity to the project locations. All prospective firms submitting for this RFP/RFQ are strongly encouraged to include local firms as part of the consultant team. For local consultants, the proposal should indicate the location of the office where the work will actually be performed on the specific project.”

The proposed language as set out above will communicate to any prospective firm that plans to work in Tulare County that inclusion of local firms is desired and encouraged as a part of the selection of consultants for Measure R projects.

To provide a mechanism to report to the TCTA Board the utilization of local consulting firms, the following shall apply:

- Tulare County Transportation Authority staff shall track Measure R projects and identify those projects that have the potential to apply the TCTA local preference policy. At the time the fully executed Measure R supplemental agreement is returned to the member agency, TCTA staff shall remind the member agency to incorporate the local preference policy language into applicable consultant selection processes. The failure of TCTA staff to remind the local agency to incorporate the local preference policy language into an applicable consultant selection process does not absolve the local agency from needing to include the local preference policy language into an applicable consultant selection process.

- Member agencies shall report to TCTA staff the use of local consultants on applicable projects. The report shall include at a minimum:
- The name of the member agency;
- The name of the Measure R funded project;
- The location of the Measure R funded project;
- The name of the consulting firm chosen for the particular phase of the project;
- The location of the consulting firm's office that will be performing the majority of the work;
- The amount of the contracted fee; and
- Any additional information that the member agency desires to report.

This report shall be submitted no later than the time that the member agency submits the first quarterly report following the issuance of a contract on an applicable Measure R project.

1. Member agencies shall report to their policy board the use of local consultants on Measure R projects at the earliest possible time. It is recognized that due to purchasing practices this may not occur until the time a construction contract is awarded. Otherwise, the report shall occur at the time the policy board approves the professional services agreement with the consulting firm. The member agency shall report to TCTA staff when this report has occur. The report to TCTA staff shall occur no later than the time that the member agency submits the first quarterly report following the report to their policy board.
2. Tulare County Transportation Authority staff shall report to the TCTA Board, on an annual basis, of the use of local consultants by member agencies on Measure R projects. The first report shall occur at the December 2016 TCTA Board meeting for the 2015/2016 fiscal year. Subsequent reports shall occur annually at the December TCTA Board meeting.

XVIII. Request for Qualifications/Proposals (added January 23, 2017)

When preparing a request for qualifications, or a request for proposals when a RFQ is not used, for the preparation of the plans, specifications and estimate for a project that is wholly or partially funded by Measure R, the member agency shall require the consultants responding to the RFQ or RFP to identify the five most recent public projects that have gone to construction and for which a notice of completion has been filed or are substantially complete. The respondent consulting firm shall provide the following information for each project: The name and contact information of the lead agency; the name and location of the project; the name of the federal-aid and/or state funding program, if any, utilized; the original engineer's estimate; the actual bid amount received; and the (estimated) final construction cost including all change orders. The public projects identified can be from anywhere in California. If the respondent consulting firm cannot identify five recent public projects in California they shall so state in

their response and the reason why they are not able to do so. The member agency may consider this information when considering the qualifications of the consulting firm.

XIX. Prior to Bidding (added January 23, 2017)

Prior to releasing a project for bid that is wholly or partially funded by Measure R, a member agency shall submit a copy of the plans, specifications and estimate to the Tulare County Transportation Authority. In addition, the member agency shall provide a copy of the Local Federal-Aid Project Finance Letter (Local Assistance Procedures Manual Exhibit 3-O) for a federal-aid project or the State-Only Finance Letter (Local Assistance Program Guidelines Exhibit 23-C) for a state-only funded project. The Tulare County Transportation Authority reserves the right to review the project to determine if any project costs are non-participating (i.e. not in compliance with Tulare County Transportation Authority Ordinance No. 2006-01 and any regulations and policies adopted pursuant thereto) and are not to be funded by the Authority. The decision by the Executive Director that a project cost is non-participating may be appealed to the Tulare County Transportation Authority Board. This policy only applies to Measure R regional projects.

XX. Use of Consultants (added January 23, 2017)

In some cases, cities may rely on outside consulting engineering companies for their designated City Engineer or for various City Engineering staff services. In such instances, those outside consulting firms are not prohibited from participating in any competitive selection process or from performing work on projects funded by Measure R or any other locally funded projects if they are selected to perform that work.

The Tulare County Transportation Authority believes it to be good public policy to require that for all projects where the preliminary engineering phase or the construction engineering phase is expected to exceed \$150,000 that all contracts awarded to consulting engineering firms be based on a competitive process. When the preliminary engineering phase or construction engineering phase is partially or wholly funded by Measure R (without any federal-aid or state funds), a member agency that utilizes a contract engineering firm to serve as their city engineer may utilize that firm for the preliminary engineering phase or construction engineering phase without the requirement for an additional competitive procurement process when the consulting fee is less than \$150,000. For the purposes of the preliminary engineering phase, the engineering design task, the environmental document task and the right of way engineering task can be treated as separate tasks and each subject to the \$150,000 limitation. For the construction engineering phase the construction management task, the construction surveying task and the construction quality assurance task can be treated as separate tasks and each subject to the \$150,000 limitation. Project splitting shall not be used to take advantage of this provision. The full amount of any contract modification or amendment that would cause the total contract amount to exceed the \$150,000 threshold would be ineligible for Measure R funding. Should the project scope change such that an exceedance of the \$150,000 threshold is a possibility, the member agency should contact the Executive Director.

This threshold shall be adjusted from time to time to be consistent with the Small Purchase Procedures (currently set at \$150,000) identified in the Caltrans Local Assistance Procedures Manual, Chapter 10, Consultant Selection.

XXI. Measure R Administration Procedures

Preliminary Review/ General Requirements

1. Check that the project requested is in the Measure R Expenditure Plan (voter-approved), corresponds to the Measure R Strategic Work Plan and meets the requirements of both plans.
2. If the project is not in the Expenditure Plan, an Expenditure Plan Amendment is required. Expenditure Plan Amendments may occur only once a year.
3. If the project is in the Expenditure Plan but not in the Strategic Work Plan, a Work Plan Amendment is required and will need TCTA Board approval.
4. Member agency must have a Cooperative Agreement (master) with TCTA. Currently all member agencies have a Cooperative Agreement in place with the Authority.
5. Member agencies wishing to collect indirect costs must have an approved Cost Allocation Plan (CAP) by the Agency's federal cognizant agency to be eligible for reimbursement. The CAP shall be in accordance with OMB A-87 and be submitted to TCAG Staff before any expenditures are incurred.
6. It is the agency's responsibility to ensure procurement and the award package is in compliance with the California Public Contract Code.
7. Member agencies are responsible for their internal fiscal/accounting controls and should not depend on TCAG/TCTA to monitor or implement member agency internal controls. Accounting practices shall be in accordance with Generally Accepted Accounting Principles that adequately track project expenditures.
8. Member agencies are responsible to submit quarterly updates of Measure R funding expenditures. Disbursement of Measure R funds may be delayed until the quarterly expenditure reports are submitted. Also, refer to the section "Local Preference Attachment A" for additional reporting requirements listed under "to Provide a mechanism to report to the TCTA Board the utilization of local consulting firms, the following shall apply:" (sample reports attached)

Project Initiation

9. Member Agency must submit a complete Draft of Measure R Supplemental with project description, schedule, costs, and financing plan to TCAG/TCTA for review prior to Agency Approval. The amount to be paid for with Measure R funds may not exceed the amount approved in the Work Plan.
10. Member agency submits award summary of firm(s)/contractor(s) providing goods and services that will be reimbursed by Measure R. A project financing summary must also be provided showing all proposed funding for the project.

11. After supplemental and award summary are received, reviewed and accepted then invoices may be submitted for reimbursement by member agency and will include the use of the approved TCAG Measure R invoice form and the invoice backup will contain copies of all invoices to be reimbursed on the TCAG Measure R invoice form with a cover sheet summary showing funding allocation for all sources. (sample forms attached) .

Reimbursement Requests

12. The date that both the member agency and Authority signatory have signed the supplemental agreement becomes the effective date for reimbursement. Work done before the supplemental agreement is signed will not be reimbursed unless stipulated in the supplemental agreement. There are no verbal authorizations to incur costs.
13. Measure R reimbursement is made on reimbursement basis and are not pre-paid unless otherwise stipulated in the supplemental agreement. Member agencies wishing to have funds advanced must request so in writing before any Measure R expenditures are incurred on the project. Funds that are advanced will still need to provide proper expenditure verification once they are expended.
14. Reimbursement requests for projects shall be submitted at least every six months from the date of agency expenditures and the initial invoice is due within six months of the supplemental agreement effective date. The reimbursement request shall include sufficient documentation of costs incurred, such as a project specific general ledger report, that will tie back to audited financial statements.
15. Member agencies shall submit a status report on projects if there has not been a reimbursement request submitted within six months. Reasonable allowances will be made of up to 12 months at the discretion of TCAG/TCTA. Funds may be suspended, at the discretion of the TCTA, for other Measure R project use should the project have over 12 months of no activity. Before any funds are suspended the member agency will be given a thirty day notice of the proposed suspension. Any Measure R funds that are suspended for inactivity will have to be reallocated by the Authority when the funds become available.
16. At the discretion of TCAG/TCTA, Agency may be required to submit detailed invoices, payroll detail, or cancelled checks. If agency does not comply, the reimbursement request will be denied.
17. TCAG staff will review reimbursement requests for accuracy and relevancy. Reimbursement requests that meet all requirements will be submitted for processing within ten (10) working days. Incomplete Reimbursement requests will not be processed until all proper documentation (including back-up) has been submitted.

Supplemental Amendments and Change Orders

18. Contract change orders (CCO) that, in the aggregate, increase any original contract by more than 10% shall be submitted to TCAG/TCTA for review prior to reimbursement. CCOs must have authorization from the member agency board or designated approving committee or official. If the change order exceeds the amount approved for the project in the work plan or expenditure

plan additional cost may not be reimbursed with Measure R funds. For the purposes of this section, the term “original contract” is deemed to mean the amount of the contract plus any contingency authorized by the agency at the time of award of the contract.

19. If there is a CCO(s) or project scope changes that result in the greater of \$100,000 or 25% of the contract, approval by Agency Council/Board and TCTA is required. For the purposes of this section, the term “contract” is deemed to mean the amount of the contract plus any contingency authorized by the agency at the time of award of the contract.
20. Any new contract(s) or agreement(s) that are entered into after the original supplemental and supporting documents were approved have the same requirements as the original supplemental and contract(s) or agreements(s) that were approved with the original supplemental and must be submitted to TCAG staff. Any additional costs over and above the budgeted amount in the Work Plan may not be covered with Measure R funds.

Project Completion/Close Out

21. Member agencies shall submit a close-out letter at the end of a project stating the project has been completed. Invoices may no longer be submitted for that project after the date of the letter.
22. TCAG reserves the right for a final project cost review and final audit when the project is complete and prior to disbursement of the final 5% of the total allocation.
23. TCAG/TCTA will perform an internal project review/audit at the completion of the project.
24. The project review/audit will be triggered by the close-out letter. A project is not considered complete by the Authority until it undergoes a project close-out review/audit. All Measure R funds will undergo an annual independent audit at the expense of the Authority.
25. The project will also be subject to review by an independent auditor if the Authority and the member agency cannot come to a conclusion on the requested reimbursement of the project. Any project specific independent audit will be done at the expense of the project sponsor agency.
26. Reimbursements to member agencies do not result in a waiver of the right of the Authority to require fulfillment of all terms of the Measure R Cooperative and Supplemental Agreement(s).
27. The Authority has the right to conduct an audit of all member agencies’ records pertaining to Measure R projects any time during the four (4) year period after close-out of the project(s).
28. The Authority and TCAG staff do not have the duty of maintaining member agency internal controls. Member agencies’ administration and councils/boards are ultimately responsible for the actions of their agency and staff.
29. The Tulare County Transportation Authority allocates and coordinates all Measure R funds. Those funds are collected through a county-wide sales tax, and therefore all Measure R funds are to be spent in the best interest of all the residents of Tulare County.

XXII. Disagreement Resolution

The Authority Board will have the final approval regarding all decisions within the jurisdiction of the Authority. An agency may appeal a decision, recommendation, or action by Authority staff by providing your appeal in writing. Appeals are required to be received three weeks prior to a meeting.

XXIII. For Further Information:

Contact the Tulare County Association of Governments/Tulare County Transportation Authority to inquire about the Measure process, discuss the candidate projects and programs contained in this Plan, or to inquire about the next steps in the Measure process.

Tulare County Association of Governments/Tulare County Transportation Authority

210 N. Church Street, Suite B

Visalia, CA 93271

Ph: (559) 623-0450 Fax: (559) 733-6720

Visit the TCAG website at <http://www.tularecog.org/> for more information, to sign up for our email list, and to receive updates on Measure R activities.

Appendix

1. Invoice Template Measure R only
2. Invoice Template
3. Measure R Program Supplement
4. Project Reimbursement Cost Summary
5. Attachment A of Supplemental (funding distribution)
6. Measure R Quarterly Reports
7. Amendment 1 Resolution 2008-008
8. Amendment 2 Resolution 2010-008
9. Amendment 3 Resolution 2012-003
10. Amendment 4 Resolution 2015-007
11. Amendment 5 Resolution 2017-102