

MEETING NOTICE

Date: Wednesday, March 22, 2017
Time: 3:00 P.M.
Place: Madera County Transportation Commission
 Conference Room
 2001 Howard Road, Suite 201
 Second Floor – Citizens Business Bank Bldg.

Agenda

Item	Description	Enclosure	Action
MCTC sitting as the Transportation Policy Committee			
I.	PLEDGE OF ALLEGIANCE		
II.	PUBLIC COMMENT This time is made available for comments from the public on matters within the Board's jurisdiction that are not on the agenda. Each speaker will be limited to three (3) minutes. Attention is called to the fact that the Board is prohibited by law from taking any substantive action on matters discussed that are not on the agenda, and no adverse conclusions should be drawn if the Board does not respond to the public comment at this time. It is requested that no comments be made during this period on items that are on today's agenda. Members of the public may comment on any item that is on today's agenda when the item is called and should notify the Chairman of their desire to address the Board when that agenda item is called.		
III.	TRANSPORTATION CONSENT ITEMS All items on the consent agenda are considered to be routine and non-controversial by MCTC staff and will be approved by one motion if no member of the Committee or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent agenda and will be considered in the listed sequence with an opportunity for any member of the public to address the Committee concerning the item before action is taken.		
A.	2017-18 Unmet Transit Needs Public Hearing - Update	No	Info/Disc
B.	Final 2017/18 – 2021/22 Short Range Transit Development Plan	Yes	Approve
C.	High Speed Rail 2017 Project Update Report	Yes	Info/Disc
D.	ASCE Fresno Branch – Award for SR 41 Passing Lanes Project	No	Info/Disc
E.	Low Carbon Transit Operations Program (LCTOP) List of Projects – Resolution 17-01	Yes	Approve
IV.	TRANSPORTATION ACTION/DISCUSSION ITEMS		
A.	Transportation Funding Legislation Update	Yes	Info/Disc/Direct
B.	Representative Jim Costa Letter to Caltrans Director Dougherty	No	Info/Disc
C.	Valley Voice – Sacramento 2017 Trip – March 1, 2017	No	Info/Disc
D.	Draft 2017 San Joaquin Joint Powers Authority Business Plan Update	No	Info/Disc
E.	2014 Regional Transportation Plan/EIR Amendment Update	No	Info/Disc

F. Award Contract – 2018 Regional Transportation Plan/EIR	No	Award
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MCTC Sitting as the Madera County Transportation Commission

V. REAFFIRM ALL ACTIONS TAKEN WHILE SITTING AS THE TRANSPORTATION POLICY COMMITTEE	No	Reaffirm
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VI. ADMINISTRATIVE CONSENT ITEMS

All items on the consent agenda are considered to be routine and non-controversial by MCTC staff and will be approved by one motion if no member of the Committee or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent agenda and will be considered in the listed sequence with an opportunity for any member of the public to address the Committee concerning the item before action is taken.

A. Executive Minutes –February 22, 2017	Yes	Approve
B. Transportation Development Act (TDA) Fund Compliance Audit Report for Fiscal Year ended June 30, 2016: County of Madera, City of Madera, City of Chowchilla	Yes	Accept
C. Transportation Development Act (LTF, STA) – Allocations, LTF Resolution 16-10 Amendment No.3, STA Resolution 16-11 Amendment No. 2	Yes	Approve

VII. ADMINISTRATIVE ACTION/DISCUSSION ITEMS

A. 2016-17 Overall Work Program and Budget – Amendment No. 2	Yes	Approve
B. Transportation Development Act Guidebook	Yes	Approve

MCTC Sitting as the Madera County 2006 Transportation Authority

VIII. AUTHORITY – ADMINISTRATIVE CONSENT ITEMS

All items on the consent agenda are considered to be routine and non-controversial by MCTC staff and will be approved by one motion if no member of the Committee or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent agenda and will be considered in the listed sequence with an opportunity for any member of the public to address the Committee concerning the item before action is taken.

A. FY 2015/16 Measure “T” Compliance Audit Report: County of Madera, City of Madera, City of Chowchilla	Yes	Accept
B. FY 2017/18 Measure “T” Allocation Estimate	Yes	Info/Disc

IX. AUTHORITY – ACTION/DISCUSSION ITEMS

None

X. Miscellaneous

A. Items from Caltrans		
B. Items from Staff	No	Info/Disc
C. Items from Commissioners	No	Info/Disc

XI. Adjournment	No	
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***Items listed above as information still leave the option for guidance/direction actions by the Board.**

Annotated Agenda

Madera County Transportation Commission March 22, 2017 Meeting

I. Pledge of Allegiance

II. PUBLIC COMMENT

III. TRANSPORTATION CONSENT ITEMS

A. 2017-18 Unmet Transit Needs Public Hearing – Update

Summary: The State Transportation Development Act (TDA) requires that the MCTC Policy Board determine that public transportation needs within Madera County will be reasonably met in FY 2017/18 prior to approving claims of Local Transportation Funds (LTF) for streets and roads. The MCTC's Social Service Transportation Advisory Council (SSTAC) is responsible for evaluating unmet transit needs. Each year the SSTAC begins the process of soliciting comments from the public by sending letters to agencies and individuals interested in providing feedback on their public transportation needs within Madera County. The request for comments letters was mailed out in March 2017.

MCTC's Unmet Transit Needs public hearing is scheduled as follows:

- **PUBLIC HEARING – Wednesday, April 19, 2017, 3:00 p.m.**
Location: Madera County Transportation Commission Board Room
2001 Howard Road, Suite 201, Madera, CA
- **SSTAC meeting – Wednesday, April 5, 2017, 10:30 a.m.**
Location: Madera County Transportation Commission Board Room
2001 Howard Road, Suite 201, Madera, CA

First Transit will provide free demand response service to the hearing. A Spanish language interpreter will also be available for those who wish to testify in Spanish. A public notice was printed in the local newspapers on Saturday, March 11 and flyers are being distributed throughout the community publicizing the hearing. (Davies)

Action: Information and Discussion Only

B. Final 2017/18 – 2021/22 Short Range Transit Development Plan

Summary: Included in your package is the Executive Summary of the *Madera County Short-Range Transit Development Plan FY2017/18 – FY2021/22 (SRTDP)*. The SRTDP is a 5-year planning document that is intended to serve as a guide for improving public transit agencies within the Madera County Region. The primary objectives of the SRTDP are to:

- Develop transit goals, objectives, and performance standards.
- Evaluate the efficiency and effectiveness of the existing transit systems.
- Develop a 5-year service plan to improve transit services based upon community need and public input.
- Provide marketing and outreach strategies to promote ridership.
- Develop financially feasible capital and operating plans that address existing and future transit needs.

The draft SRTDP was submitted to local agency staff, the Social Service Transportation Advisory Council (SSTAC), and the general public for review and comment. All comments received were incorporated into the final SRTDP document. Copies of the complete document are available for review at the MCTC offices or online at <http://www.maderactc.org/>. (Davies)

Action: Approve Final 2017/18 – 2021/22 Short Range Transit Development Plan

C. High Speed Rail 2017 Project Update Report

Summary: The California High-Speed Rail Authority submitted to the Legislature the 2017 Project Update Report, required pursuant to Section 185033.5 of the Public Utilities Code.

Since the last report in March 2015, California has made tremendous progress in building the nation's first high-speed rail system—and nation's largest infrastructure project.

Building high-speed rail is creating thousands of new jobs and economic benefits, especially for small and disadvantaged businesses. California's achievements include:

- Hundreds of workers are building—right now—119 miles of new transportation infrastructure at nine active construction sites that will bring passenger rail service to connect the Central Valley to the Silicon Valley by 2025
- Over 900 construction workers have good-paying jobs in the Central Valley, with many more coming across California
- 334 small businesses are engaged in the project right now, of which 102 are certified disadvantaged businesses and 39 are certified disabled veteran businesses

From July 2006 to June 2016, California has invested \$2.3 billion, of which 94 percent has gone to companies and people in California, to design and build the high-speed rail system—investments that have involved more than 600 companies and generated up to \$4.1 billion in economic activity, 52 percent of which occurred in disadvantaged communities. (*McNeil*)

Action: Information and Discussion

D. ASCE Fresno Branch – Award for SR 41 Passing Lanes Project

Summary: On March 2, 2017, the American Society of Civil Engineers (ASCE) Fresno Branch recognized the Highway 41 Passing Lanes project by awarding it the prestigious ASCE Fresno Branch Outstanding Roadway and Highway Project Award. The project was completed ahead of schedule and under budget. (*Taylor/McNeil*)

Action: Information and Discussion

E. Low Carbon Transit Operations Program (LCTOP) List of Projects – Resolution 17-01

Summary: This resolution is a publicly adopted document indicating approval of projects, including the amount of LCTOP funds requested, a description of the project, and the contributing sponsors. Multiple projects may be included in a single Board Resolution. (*Ebersole*)

Action: Approve LCTOP List of Projects – Resolution 17-01

IV. TRANSPORTATION ACTION/DISCUSSION ITEMS

A. Transportation Funding Legislation Update

Summary: There are presently four separate pieces of proposed legislation to increase transportation funding in California. Links to the individual bills and additional information are included below:

- Governor's Plan – State FY 2017-18 Budget
 - <http://www.ebudget.ca.gov/2017-18/pdf/BudgetSummary/Transportation.pdf>
- SB 1 (Beall)
 - http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB1
- AB 1 (Frazier)
 - http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1
- AB 496 (Fong)

- o http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB496

Estimated City and County Local Streets and Roads Funding under SB1 and AB 1 (estimated 12/15/16)

Annual at Full-Phase-In

County of Madera: \$9,865,041
City of Chowchilla: \$643,981
City of Madera: \$2,200,304

<http://www.californiacityfinance.com/BeallFrazierLSR170115.pdf>

CALCOG Analysis of Transportation Funding Bills

SB1 (Beal) – CALCOG Analysis – CALCOG Support

<https://www.calco.org/index.php?src=directory&view=legislation&submenu=BillTracking&srctype=detail&back=legislation&refno=73&id=73>

AB1 (Frazier) – CALCOG Analysis – CALCOG Support

<https://www.calco.org/index.php?src=directory&view=legislation&submenu=BillTracking&srctype=detail&back=legislation&refno=67&id=67>

AB 496 (Fong) – CALCOG Analysis – CALCOG No Position (at this time)

<https://www.calco.org/clientuploads/Transportation%20Plan%20Summary.pdf>

Current Transportation Funding in California

<http://www.lao.ca.gov/handouts/Transportation/2017/Overview-of-Transportation-Funding-012417.pdf>

Proposed State Constitutional Amendment

SCA 2 (Newman) A ballot measure for a State Constitutional Amendment that would prohibit the state from borrowing money from vehicle fees and gas taxes for use by non-transportation programs is currently being considered in the State Senate.

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SCA2

(Taylor)

Action: Information and Discussion. Direction may be provided.

B. Representative Jim Costa Letter to Caltrans Director Dougherty

Summary: Representative Jim Costa recently met with Caltrans Director Malcolm Dougherty while he was in Washington to meet with the Trump Administration on federal funding for California infrastructure. During that meeting, Rep. Costa mentioned to Director Dougherty that he would like to see improvements made to SR 99 in Madera County to reduce congestion and improve safety. Director Dougherty indicated that if additional funds were found, SR 99 in Madera County would be the next place that improvements to SR 99 would be made and specifically noted that if the southern SR 99 improvements were federally funded, additional funds could potentially be made available to advance some segments of the Madera County improvements. Representative Costa is drafting a letter to Director Dougherty to formalize this discussion and request the needed funds for SR 99 in Madera County.

(Taylor)

Action: Information and Discussion

C. Valley Voice – Sacramento 2017 Trip – March 1, 2017

Summary: The annual San Joaquin Valley Regional Planning Agencies Valley Voice trip to Sacramento was held on March 1, 2017. Supervisor Robert Poythress, Supervisor Brett Frazier, and Executive Director Patricia Taylor attended the trip on behalf of the Commission. Elected officials and MPO staff from each of

the eight San Joaquin Valley counties met with representatives from the Assembly, Senate, and statewide agencies to advocate for the priority issues identified in the Valley Legislative Platform. *(Taylor)*

Action: Information and Discussion Only

D. Draft 2017 San Joaquin Joint Powers Authority Business Plan Update

Summary: The San Joaquin Joint Powers Authority (SJJPA) Draft 2017 Business Plan (Business Plan) is currently open for public review. The purpose of this 2017 (SJJPA) Business Plan Update is to identify SJJPA's intentions for State Fiscal Year (FY) 2017/18 and FY 2018/19 in its proposed management of the San Joaquins and to request the annual funds required by SJJPA to operate, administer, and market the San Joaquins. This Business Plan summarizes the service and capital improvements that have contributed to the success of the San Joaquin s and identifies improvements to sustain its growth. A draft of this Business Plan will be submitted to the Secretary of the California State Transportation Agency (CalSTA) on April 1st, 2017 and a final draft will be submitted on June 15th, 2017.

The Business Plan proposes the following operation changes to serve the riders of the system more effectively:

- Relocation of the Madera Amtrak Station
- Creation of a Morning Express Service
- Addition of an 8th daily round trip
- Increased maximum operating speeds (90 MPH)
- Improvements to the Thruway Bus Pilot Program
- Implementation of Renewable Diesel
- Reducing overall running times

Other key areas of focus in the Business Plan include:

- Planned integration with the future California High Speed Rail System
- Maintaining and/or improving performance measures related to usage, cost efficiency and service quality
- Station area development
- Safety and security
- Annual funding requirements
- System improvement advocacy
- Outreach and marketing
- Administrative role and Action Plan

MCTC staff have reviewed the contents of the Business Plan and are in support of the proposed course of action detailed in its contents.

The San Joaquin Joint Powers Authority Draft 2017 Business Plan is available for download at the links below:

[Draft 2017 Business Plan Update - English](#)
[Draft 2017 Business Plan Update - Spanish](#)

(Stone)

Action: Information and Discussion Only

E. 2014 Regional Transportation Plan/EIR Amendment Update

Summary: The Madera County Transportation Commission (MCTC) will release for public review an Amendment to the 2014 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) on Thursday, March 22, 2017. The Amended RTP/SCS is accompanied by an addendum update to the Environmental Impact Report. MCTC will hold a public hearing on April 19, 2017 at 3:00pm at the MCTC

office building at 2001 Howard Road, Madera, Ca 93637.

The purpose of the public hearing is to receive public comments on these documents:

- The Amended 2014 RTP/SCS is a long-term coordinated transportation/land use strategy to meet Madera County transportation needs out to the year 2040.

Individuals with disabilities may call MCTC (with 3-working-day advance notice) to request auxiliary aids necessary to participate in the public hearing. Translation services are available (with 3-working-day advance notice) to participants speaking any language with available professional translation services.

A 55-day public review and comment period for the Amended 2014 RTP/SCS will take place between March 17, 2017 and May 16, 2017. The Amendment documents will be available for review at the MCTC office building at 2001 Howard Road, Madera, Ca 93637 and on the MCTC TRP/SCS webpage at www.maderactc.org and www.maderactc.org/rtpscs/.

Public comments are welcomed at the hearings, or may be submitted in writing by 5:00 pm on May 16, 2017 to Dylan Stone at the address below.

After considering the comments, the documents will be considered for adoption, by resolution, by the MCTC Policy Board at a regularly scheduled meeting to be held on May 17, 2017. The documents will then be submitted to state and federal agencies for approval. (*Stone*)

Action: Information and Discussion Only

F. Award Contract – 2018 Regional Transportation Plan/EIR

Summary: On February 1, 2017 staff released a Request for Proposals (RFP) which sought to retain a consultant firm to assist the Madera County Transportation Commission (MCTC) in developing the 2018 Regional Transportation Plan and Environmental Impact Report (RTP/EIR). Staff received two proposals from interested firms. The Scoring Committee reviewed and scored the proposals according to the established criteria, and the results of the scoring are:

1. VRPA Technologies – 93/100
2. KOA Corporation – 86/100

After conducting the RFP process and scoring and evaluating the submitted proposals, MCTC staff recommends retaining the firm of VRPA Technologies to help develop the 2018 RTP/EIR. This recommendation is based upon prior performance, relevant experience, qualifications of staff and subconsultants, and the recommendation from the Scoring Committee.

(*McNeil*)

Action: Award contract to VRPA Technologies for 2018 Regional Transportation Plan/EIR in an amount not to exceed \$250,000

V. REAFFIRM ALL ACTIONS TAKEN WHILE SITTING AS THE TRANSPORTATION POLICY COMMITTEE

VI. ADMINISTRATIVE CONSENT ITEMS

A. Executive Minutes – February 22, 2017

Summary: Included in your package is a copy of the February 22, 2017 Executive Minutes of the Policy Board.

Action: Approve Executive Minutes of February 22, 2017

B. Transportation Development Act (TDA) Fund Audit Report for Fiscal Year ended June 30, 2016: County of Madera, City of Madera, City of Chowchilla

Summary: MCTC has received the Report of Examination of Revenues and Expenses of the Transportation Development Act (TDA) allocations for the Fiscal Year ended June 30, 2016 for the County of Madera, City of Madera, and City of Chowchilla. These reports were done in accordance with Section 99245 of the Public Utilities Code by Price, Paige, and Company.

We are pleased to report that there are no adverse findings. (*McNeil*)

Action: Accept the FY 2015/16 TDA Fund Audit Report for the County of Madera, City of Madera, City of Chowchilla

C. Transportation Development Act (LTF, STA) – Allocations, LTF Resolution 16-10 Amendment No.3, STA Resolution 16-11 Amendment No. 2

Summary: As a result of the reduction of the STA estimate, Madera County and the City of Madera have submitted applications to revise their STA and LTF allocations. The City of Madera is also requesting to carryover the unused FY 15/16 balances and program them into FY 16/17.
(*McNeil*)

Action: Approve LTF Resolution 16-10 Amendment No. 3, STA Resolution 16-11 Amendment No. 2

VII. ADMINISTRATIVE ACTION/DISCUSSION ITEMS

A. 2016/17 Overall Work Program and Budget – Amendment No. 2

Summary: Included in your package is a letter to Caltrans requesting the amendment, copy of the amended budget, amended OWP spreadsheet, and amended work elements. The revised Budget is \$1,741,435, a decrease of \$35,127. The amendment reflects minor adjustments for movement of salary costs to different work elements, recognizes the still vacant position, and a minor salary adjustment for the Senior and Associate Regional Planner positions.

The amendment is recognized in the following:

Revenues – (Decrease \$35,127)

- FHWA PL Carryover – decrease \$27,946
- FTA 5303 Carryover – decrease \$7,733
- STIP PPM – decrease \$378
- SGC Sustainable Community Grant – increase \$254
- TDA Carryover – decrease \$7,255
- MCTA Carryover – increase \$7,931

Salaries and Benefits – (Decrease \$40,127)

- Salaries – decrease \$22,600
- ICMA 401(a) – decrease \$3,390
- FICA, Employer – decrease \$1,401
- Medicare – decrease \$328
- Worker’s Compensation – decrease \$169
- Health – decrease \$12,043
- Unemployment Insurance – decrease \$196

Indirect Costs – (Increase \$5,000)

- Legal Services – increase \$5,000

The amendment is reflected in the following OWP Work Elements: 100 – Regional Transportation Plan; 110 – Regional Planning Database; 111 – Traffic Monitoring Program; 112 – Traffic Modeling; 113 – Air Quality Transportation Planning; 120 – Goods Movement and Highway Planning; 122 – Project Coordination & Financial Programming; 130 – Public Transportation; 140 – Other Modal Elements; 150 – Public Participation Program; 151 – Alternative Transportation Activities; 200 – Transportation Program Development; 901 – Transportation Funds Administration; 902 – Overall Work Program and Budget; 904 – RPTA Coordination; 906 – SGC Sustainable Community Grant; 907 – Board Cost & Other Expenses; 910 – MCTA

Administration. (McNeil)

Action: Approve FY 2016/17 Overall Work Program and Budget – Amendment No. 2

B. Transportation Development Act Guidebook

Summary: A written Transportation Development Act (TDA) Guidebook has been developed to provide clarity as to the linkage between MCTC policies directing TDA, the TDA administrative activities that are conducted by MCTC, and the funding allocations to the local jurisdictions for eligible programs such as bike and pedestrian projects, public transit, and street and road projects.

The draft document was released in January to local jurisdictions for review and comment. Staff has incorporated the comments that were received.

(McNeil)

Action: Approve the Transportation Development Act Guidebook

MCTC Sitting as the Madera County 2006 Transportation Authority

VIII. AUTHORITY – CONSENT ITEMS

A. FY 2015/16 Measure “T” Compliance Audit Report: County of Madera, City of Madera, City of Chowchilla

Summary: MCTA has received the Measure “T” Compliance Audit Reports for the Fiscal Year ended June 30, 2016 for the County of Madera, City of Madera, and City of Chowchilla. These reports were done in accordance with Section 99245 of the Public Utilities Code by Price, Paige, and Company.

We are pleased to report that there are no adverse findings. (McNeil)

Action: Accept the Measure “T” FY 2015/16 Compliance Audits for the County of Madera, City of Madera, City of Chowchilla

B. FY 2017/18 Measure “T” Allocation Estimate

Summary: The FY 2017/18 Measure “T” Allocation Estimate is included in your package. The estimate provides a not to exceed budget allocation for each Measure “T” program for each agency.

Staff has requested that each agency prepare their Annual Expenditure Plan (AEP) identifying how each agency anticipates spending the funds in FY 2017/18 for each category, including the subcategories. The AEPs will then be incorporated into the Annual Work Program which will be presented as a draft document at the June Board meeting. (McNeil)

Action: Information and Discussion only.

IX. AUTHORITY – ACTION/DISCUSSION ITEMS

None

X. Miscellaneous

- A.** Items from Caltrans
- B.** Items from Staff
- C.** Items from Commissioners

XI. Adjournment

CHAPTER 1 – EXECUTIVE SUMMARY

Madera County is located in California’s San Joaquin Central Valley. Encompassing 2,147 square miles, the County is situated in the Geographic center of the State of California along State Route (SR) 99, approximately 18 miles north of Fresno. The County has an average altitude of 265 feet ranging from 180 to 13,000 feet above sea level. The San Joaquin River forms the south and west boundaries with Fresno County. To the north, the Fresno River forms a portion of the boundary with Merced County. Mariposa County forms the remainder of the northern boundary. The crest of the Sierra Nevada Mountains forms the eastern boundary with Mono County. Generally, the County can be divided into three broad geographic regions – the Valley area on the west; the foothills between Madera Canal and the 3,500 foot elevation contour; and the mountains from the 3,500 foot contour to the crest of the Sierra Nevada Mountains.

Madera County is served by a variety of human service organizations, senior center, private transportation companies and one public transit operator. Transit funding is limited at both the state and federal level. Therefore, it is important for these small organizations to coordinate transportation services in order to maximize mobility for residents and eliminate duplication of services.

Report Overview

This plan reflects Madera County’s “Short-Range Transit Development Plan” (SRTDP) for the five-year period, FY2017/18 through FY2021/22. This plan responds to state, federal and local requirements to ensure public transit services are effective in meeting the needs within the region.

The SRTDP is intended to serve as a guide for improving public transit agencies within Madera County. The plan reviews recent progress, evaluates existing operations and conditions, and recommends future strategic actions to effect positive changes. A key component of the SRTDP is the development of realistic operating and capital projections based on present and future performance of the existing systems over the next five years. In summary, the primary objectives of the SRTDP are to:

1. Assess the efficiency and effectiveness of existing transit services throughout Madera County.
2. Develop cost-effective recommendations and a five-year service plan to improve transit services based upon rider and community input.
3. Provide marketing and outreach strategies to promote services based on an understanding of the needs of current and potential riders.
4. Develop financially feasible capital and operating plans that support the five-year service plan and that address existing and future transit needs in Madera County.

There are six different public transit services offered in Madera County by three different jurisdictions. Many social service agencies within the County as well as private providers, such as Greyhound and charter bus and taxi companies also provide transportation. This plan focuses primarily on public transit operations, but addresses how all transportation services should be coordinated to the maximum extent

possible. The public transit operations include:

City of Madera

Madera Area Express (MAX)

Madera Dial-A-Ride (DAR)

City of Chowchilla

Chowchilla Area Transit Express (CATX)

Madera County

Madera County Connection (MCC)

Eastern Madera County Senior Bus & Escort Program

Transit operators in Madera County should use the SRTDP as an important planning tool as they evaluate their existing systems and seek ways to improve their services. The increase in transit demand over the next five years will require that public transit operators closely collaborate and coordinate their services to provide effective, affordable, and seamless public transportation throughout the Madera County region.

An outline of this report's contents is as follows:

1. Executive Summary,
2. Existing Conditions,
3. Transit Goals, Objectives and Performance Standards,
4. Existing Transit Services,
5. Performance Evaluation,
6. Needs analysis,
7. Financial Plan,
8. Transit Marketing Strategies,
9. Public Participation

Appendices

- A. Transportation Funding Sources,
- B. On-board Survey Results.

The [Existing Conditions](#) (Chapter 2) describes Madera's population characteristics, with a focus on those population groups most relevant to transit planning. The existing setting forms the basis for transportation demand that is anticipated to grow as the community's population and employment base expands. This demand will provide the impetus and direction for both the public and private sectors to cooperatively develop effective transportation options.

[Transit Goals, Objectives and Performance Standards](#) (Chapter 3) presents goals, objectives, and performance standards that will serve as a guide to public transit operators in Madera County. Clear and attainable goals and objectives, as presented in this section, are important in ensuring efficient and effective transit services. Performance standards will provide a means of measuring and comparing operations.

The [Existing Transit Services](#) (Chapter 4) provides an overview of existing transit services within Madera County and a summary of recent accomplishments. The Madera County region is served by two fixed-route and four demand-response public transit services. Also included is discussion of other transportation providers and a summary of recent accomplishments.

Following Existing Transit Services is [Performance Evaluation](#) (Chapter 5) which presents public transit performance evaluations. Performance or productivity indicators are used to evaluate public transit operations and how successful they are at meeting accepted performance standards. They include the following:

- Passengers Per Hour
- Passengers Per Mile
- Cost Per Passenger
- Cost Per Hour
- Cost Per Mile
- Subsidy Per Passenger
- Farebox Return

The [Needs Analysis](#) (Chapter 6) is a key step in developing and evaluating transit plans. This section will identify transit needs throughout Madera County. These needs must be identified to develop meaningful, realistic transportation solutions. This needs analysis is based on a number of studies and a variety of input.

The [Financial Plan](#) (Chapter 7) presents a five-year operating and capital plan for the period FY 2017/18 to FY 2021/22. Operating and capital budgets are based on projected revenue, current service levels, and key recommended service improvements. The capital plan projects the cost of new and replacement vehicle purchases and transit-related amenities, including benches and shelters. These improvements respond to the findings from the needs assessment and identification of specific issues by each transit operation.

A countywide total of \$29.2 million in public transit revenue and expenditures is projected over the next five years. The City of Madera expenditures during this period are estimated at \$18.9 million or 65% of the total, Madera County, \$7.9 million or 27% of the total, and the City of Chowchilla, \$2.3 million or 8%. Total operating costs for all Madera County transit systems are projected at \$14.9 million from FY2017/18 to FY2021/22. County-wide capital costs are estimated at \$14.3 million during this period.

The [Transit Marketing Strategies](#) (Chapter 8) describes marketing and how it plays an integral role in increasing public awareness of transit services and attracting and maintaining ridership. Key marketing objectives are to:

- Promote an understanding of services being offered
- Increase public acceptance
- Provide quality services
- Developing effective ongoing outreach and targeted marketing tools

Finally, the [Public Participation](#) (Chapter 9) describes the process that includes outreach efforts to a broad representation of groups within the community, including low-income, minority populations, elderly, disabled, Native Americans, community-based organizations and those with limited English proficiency. The approach utilized by the MCTC is comprehensive, collaborative, and well documented, as described in this chapter.

The appendices include the Transportation Funding Sources and On-board Survey Results.



March 1, 2017

BOARD MEMBERS

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CHAIR

Thomas Richards
VICE CHAIR

Daniel Curtin

Bonnie Lowenthal

Lorraine Paskett

Michael Rossi

Lynn Schenk

Jeff Morales
CHIEF EXECUTIVE OFFICER

The Honorable Jim Beall, Chair
Senate Transportation and Housing Committee
State Capitol, Room 2209
Sacramento, CA 95814

The Honorable Holly Mitchell, Chair
Senate Committee on Budget and Fiscal Review
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Jim Frazier, Chair
Assembly Transportation Committee
1020 N Street, Room 112
Sacramento, CA 95814

The Honorable Phil Ting, Chair
Assembly Committee on the Budget
State Capitol, Room 6026
Sacramento, CA 95814

Dear Senator Beall, Senator Mitchell, Assembly Member Frazier, and Assembly Member Ting:

The California High-Speed Rail Authority (Authority) is pleased to submit the enclosed 2017 Project Update Report.¹ Since the last report in March 2015, California has made tremendous progress in building the nation's first high-speed rail system—and nation's largest infrastructure project.

Building high-speed rail is creating thousands of new jobs and economic benefits, especially for small and disadvantaged businesses. California's achievements include:

- Hundreds of workers are building—right now—119 miles of new transportation infrastructure at nine active construction sites that will bring passenger rail service to connect the Central Valley to the Silicon Valley by 2025
- Over 900 construction workers have good-paying jobs in the Central Valley, with many more coming across California
- 334 small businesses are engaged in the project right now, of which 102 are certified disadvantaged businesses and 39 are certified disabled veteran businesses

From July 2006 to June 2016, California has invested \$2.3 billion, of which 94 percent has gone to companies and people in California, to design and build the high-speed rail system--investments that have involved more than 600 companies and generated up to \$4.1 billion in economic activity, 52 percent of which occurred in disadvantaged communities.

In May 2016, the Authority adopted a realistic, reasonable, and achievable business plan to fund and deliver the system with its initial operating line from the Silicon Valley to the Central Valley serving passengers in 2025 through funds committed by the Legislature and the federal government.

EDMUND G. BROWN JR.
GOVERNOR



¹ Pursuant to Section 185033.5 of the Public Utilities Code, this report is required to be submitted on or before March 1, 2017, and every two years thereafter.

In addition to the tremendous construction activity in the Central Valley, concurrent investments are being made along the Burbank to Los Angeles to Anaheim corridor and in the Northern California Peninsula, delivering early benefits and laying the foundation for high-speed rail service. As a result of strong local and federal partnerships, we are in a position to secure all necessary approvals efficiently and position ourselves to be shovel ready when funding becomes available on additional segments of high-speed rail. The Governor has also asked the President to expedite federal environmental review of the high-speed rail program, a request that, if granted, will help continue to keep the program on time and within budget.

High-speed rail is America's largest infrastructure project, an important point at a time when federal infrastructure spending is projected to dramatically increase nationwide. We are also using an aggressive risk management program to continually evaluate project status, anticipate potential challenges, and take action to overcome those challenges. Our Risk Management and Project Controls Office has a direct reporting relationship with the Board of Directors, and uses transparent and state-of-the-art analysis to help budget, manage risks, and support good decision-making. On a project of this size and scope, there are many factors and events that can slow the schedule or speed it up or increase costs or drive them down. This 2017 report offers a detailed discussion of those potential events, explains how they could impact the program, and offers specific steps being taken to prepare appropriately.

As construction work continues, we remain committed to working closely with the Legislature and all state, local, and federal partners to ensure continued partnership and transparency for the success of the program. If you have any additional questions, please contact Barbara Rooney, Deputy Director of Legislation, at barbara.rooney@hsr.ca.gov or (916) 330-5636.

Sincerely,



JEFF MORALES
Chief Executive Officer

Attachment: 2017 Project Update Report

Edmund G. Brown Jr.
Governor

915 Capitol Mall, Suite 350B
Sacramento, CA 95814
916-323-5400
www.calsta.ca.gov

Brian P. Kelly
Secretary

March 1, 2017

The Honorable Jim Beall, Chair
Senate Transportation and Housing Committee
State Capitol, Room 2209
Sacramento, CA 95814

The Honorable Jim Frazier, Chair
Assembly Transportation Committee
1020 N Street, Room 112
Sacramento, CA 95814

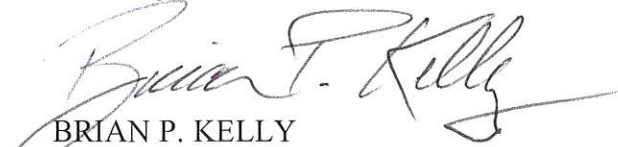
The Honorable Holly Mitchell, Chair
Senate Committee on Budget and Fiscal Review
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Phil Ting, Chair
Assembly Committee on the Budget
State Capitol, Room 6026
Sacramento, CA 95814

Dear Senator Beall, Senator Mitchell, Assembly Member Frazier, and Assembly Member Ting:

This letter is to indicate that I have reviewed and approve the California High-Speed Rail Authority's Project Update Report pursuant to California Public Utilities Code Section 185033.5.

Sincerely,



BRIAN P. KELLY
Secretary

Attachment

cc list: See next page

cc: Honorable Kevin de León, President pro Tem, California State Senate
Honorable Anthony Rendon, Speaker, California State Assembly
Honorable Anthony Cannella, Vice Chair, Senate Transportation and Housing Committee
Members of the Senate Transportation and Housing Committee
Honorable Jim Nielsen, Vice Chair, Senate Committee on Budget and Fiscal Review
Members of the Senate Committee on Budget and Fiscal Review
Honorable Vince Fong, Vice Chair, Assembly Transportation Committee
Members of the Assembly Transportation Committee
Honorable Jay Obernolte, Vice Chair, Assembly Committee on the Budget
Members of the Assembly Committee on the Budget
Mr. Manny Leon, Principal Consultant, Senate Transportation and Housing Committee
Ms. Melissa White, Senior Consultant, Assembly Transportation Committee
Ms. James Hacker, Consultant, Senate Budget and Fiscal Review Committee
Mr. Farra Bracht, Consultant, Assembly Committee on the Budget
Ms. Diane Boyer-Vine, Legislative Counsel, State Capitol, Room 3021
Mr. Daniel Alvarez, Secretary of the Senate, State Capitol, Room 3034
Mr. E. Dotson Wilson, Chief Clerk of the Assembly, State Capitol, Room 3196
Mr. Mac Taylor, Legislative Analyst
Mr. Brian Annis, Undersecretary, California Transportation Agency
Mr. Michael Martinez, Deputy Secretary of Legislative Affairs, Office of Governor Edmund
G. Brown Jr.

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CALIFORNIA
High-Speed Rail Authority

Managing the Nation's Largest Infrastructure Project

Project Update Report to the California State Legislature

March 1, 2017

Board of Directors**Dan Richard***Chair***Thomas Richards***Vice Chair***Daniel Curtin****Bonnie Lowenthal****Lorraine Paskett****Michael Rossi****Lynn Schenk****Jeff Morales***Chief Executive Officer***California High-Speed
Rail Authority***770 L Street, Suite 620
Sacramento, CA 95814**(916) 324-1541**info@hsr.ca.gov**www.hsr.ca.gov*

The California High-Speed Rail Authority (Authority) is responsible for planning, designing, building and operating the first high-speed rail system in the nation. California's high-speed rail system will connect the mega-regions of the state, contribute to economic development and a cleaner environment, create jobs and preserve agricultural and protected lands. By 2029, the system will run from San Francisco to the Los Angeles Basin in under three hours and will be capable of speeds of over 200 miles per hour. The system will eventually extend to Sacramento and San Diego, totaling 800 miles with up to 24 stations. In addition, the Authority is working with state and regional partners to implement a statewide rail modernization program that will invest billions of dollars in urban, commuter, and intercity rail systems to meet the state's 21st century transportation needs.



Statutory Requirements for the Project Update Report

In July 2012, the California Legislature approved – and Governor Brown signed into law – Senate Bill (SB) 1029 (Budget Act of 2012) which appropriated almost \$8 billion in federal and state funds to construct the first high-speed rail segments in the Central Valley and fund 15 bookend and connectivity projects throughout California. The bill also put into place reporting requirements to ensure project legislative oversight. The requirement for a project update report was updated in June 2015 (AB 95). The requirements for the submission of a biennial Project Update Report are as follows:

On or before March 1, 2017 and every two years thereafter, the Authority shall provide a project update report, approved by the Secretary of Transportation and consistent with the criteria in this section, to the budget committees and the appropriate policy committees of both houses of the Legislature, on the development and implementation of intercity high-speed train service pursuant to Section 185030. The report, at a minimum, shall include a program wide summary, as well as details by project section, with all information necessary to clearly describe the status of the project, including, but not limited to, all of the following:

- (a) A summary describing the overall progress of the project.
- (b) The baseline budget for all project phase costs, by segment or contract, beginning with the California High-Speed Rail Program Revised 2012 Business Plan.
- (c) The current and projected budget, by segment or contract, for all project phase costs.
- (d) Expenditures to date, by segment or contract, for all project phase costs.
- (e) A comparison of the current and projected work schedule and the baseline schedule contained in the California High-Speed Rail Program Revised 2012 Business Plan.
- (f) A summary of milestones achieved during the prior two-year period and milestones expected to be reached in the coming two-year period.
- (g) Any issues identified during the prior two-year period and actions taken to address those issues.
- (h) A thorough discussion of risks to the project and steps taken to mitigate those risks.

Project update reports are required to be prepared biennially in odd-numbered years. The Authority is also required to prepare and submit business plans to the Legislature, also on a biennial basis, in even-numbered years. Together these fulfill the requirements of Government Code 16724.4 which relates to annual reporting requirements associated with voter approved bond measures.



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Executive Summary

The California high-speed rail program represents the largest, most complex and, in many ways, most far-reaching public infrastructure project in the nation. As a mega project, it faces a myriad of regulatory, environmental, public policy, political, funding and other challenges that must be anticipated and effectively managed in order for the program to be successfully delivered. This is an ambitious but worthy undertaking. As the backbone of an integrated, modern, statewide rail network, it will fundamentally transform how people move around our state and will serve as a catalyst to California's future development, growth and prosperity.

This 2017 Project Update Report provides a comprehensive review of the substantial progress we have made on multiple fronts in delivering this momentous project since our last report in March 2015 shortly after the program's official groundbreaking. In the Central Valley, we now have over 119 miles of construction activity underway which includes land being cleared, bridges and other structures going up and people and businesses being put to work. In other project sections, environmental reviews, preliminary design and public outreach are advancing, and progress is being made on a range of regional passenger rail projects that will provide direct connectivity to the future high-speed rail system.

The Authority is continuing its transition from a very small planning agency to a project delivery organization with an equal focus on project development and project implementation and delivery. Our organizational and technical capacity has grown to meet the challenge of fulfilling our mission. And reflecting the magnitude and complexity of the program, there is a more pronounced focus on identifying, managing and mitigating potential risks, as well as continually improving our systems, processes and practices in order to effectively manage scope, schedule and budget pressures. Equally important, as a public project, we have instituted stringent oversight and reporting processes to provide a high degree of transparency and accountability to the citizens of California. This Project Update Report describes these and other developments associated with bringing the nation's first high-speed rail system to the State of California.

The 2016 Business Plan

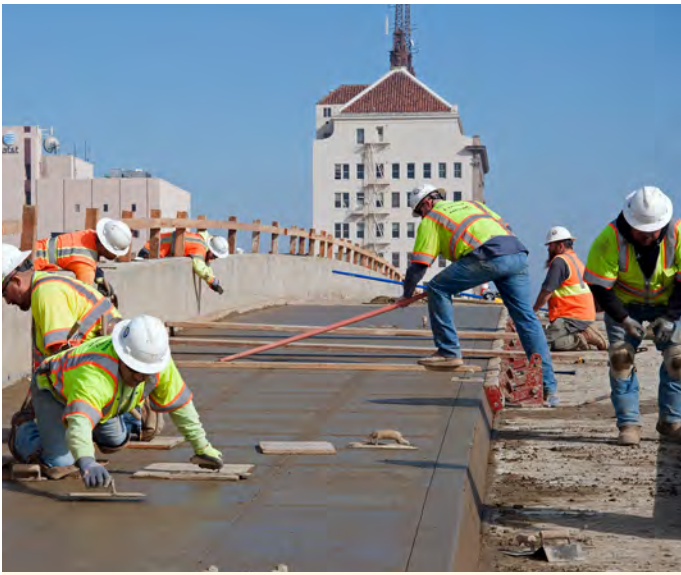
The 2016 Business Plan, which was adopted by the Board of Directors in April 2016, established three fundamental objectives for implementing the program.

→ First, initiate high-speed passenger rail service as soon as possible.

The 2016 Business Plan set forth a plan, based on current funding sources, to initiate passenger service on the Silicon Valley to Central Valley Line by 2025. Work is underway on a range of fronts from – design, station planning, environmental planning to procurement plans and the actual construction that is underway. The 2016 Business Plan also committed to exploring ways to extend initial service to San Francisco, Bakersfield and Merced. It presented a new, lower capital cost estimate for the Phase 1 system. The overall estimate—for the same scope

as the 2014 Business Plan—was reduced by 8 percent to \$62.1 billion; at the same time, new scope was added to fulfill the commitment of one-seat ride service to Anaheim, bringing the revised cost estimate to \$64.2 billion, still lower than the prior 2014 estimate of \$67.6 billion (YOES).

- **Second, make strategic, concurrent investments throughout the system that will be linked together over time.** The 2016 Business Plan underscored our intent to make concurrent investments in parts of the system, such as in the Burbank to Anaheim and San Francisco to San Jose corridors, to deliver early benefits and lay the foundation for high-speed rail service on the Phase 1 system between San Francisco and Los Angeles/Anaheim by 2029.
- **Third, position ourselves to construct additional segments as funding becomes available.** The Business Plan established a very important goal—to environmentally clear the entire Phase 1 system in order to be shovel ready as funding becomes available. Our ability to expedite environmental reviews depends on many factors that are under the control of other agencies. We work with multiple partners, such as the Federal Railroad Administration, the U.S. Army Corps of Engineers and others, who are required to comply with or address their own statutory mandates and/or may face resource constraints. To proactively mitigate those constraints wherever possible we consistently collaborate with our partners in the environmental process.



Construction in the Central Valley

Four construction contracts have been awarded and executed in the Central Valley. Construction of high-speed rail spans 119 miles including:

- ▶ 9 active project sites
- ▶ More than 900 construction workers
- ▶ 174 small businesses
- ▶ 50 grade separations
- ▶ \$500 million for local improvements

PROGRESS ON MULTIPLE FRONTS

High-Speed Rail is Happening

Two years have passed since the Authority officially broke ground on construction in the Central Valley in 2015, and now 119 miles of construction activities are underway. Three design-build construction teams are working between Madera and Kern Counties on contracts valued at \$3.24 billion. In addition, Caltrans is managing the realignment of a portion of State Route 99 in Fresno to make room for high-speed rail. Bridges, viaducts and grade separations are visible at multiple locations and the first complete structures are expected to be completed this year. Workers and residents of the Central Valley are already seeing the benefits of this monumental rail project as the project's economic benefits continue to bolster the recovery.

Becoming Shovel Ready

The 2016 Business Plan established a very important goal – to make the Phase 1 system between San Francisco/Merced and Los Angeles/Anaheim shovel ready as quickly as possible. To achieve that objective, the Authority established a timeline to environmentally clear all project sections by the end of 2017. The Authority remains committed to completing environmental reviews expeditiously in order to provide clarity to local communities, stakeholders and

regional partners as to the route and station locations, and to be shovel ready in order to build out the system and facilitate intermediate improvements as funding is available.

As a result of continued coordination among agency partners, we have updated our environmental review schedules and are targeting to identify all preferred alternatives and issuing draft environmental documents by the end 2017 for the remaining Phase 1 project sections. This schedule is still undergoing development with the Federal Railroad Administration. These updated environmental schedules will not affect in any significant way our ability to deliver the Silicon Valley to Central Valley Line as outlined in the 2016 Business Plan.

In support of this effort, on February 24, 2017, Governor Brown, in response to the Trump Administration's recent Executive Order 13766, sent to the President and the Acting Chair of the Council on Environmental Quality a letter requesting the expedited federal environmental review of 10 of California's highest-priority infrastructure projects. High-speed rail was included on this list. The President's Executive Order, which allows for the expediting of environmental review and approval for high-priority infrastructure projects, is intended to cut through federal red tape and would help position the high-speed rail program to be ready to utilize future funding, to deliver the program and to continue creating thousands of jobs in communities throughout the state.

Making Strategic, Concurrent Investments Across the State

The Authority is working with state and regional partners to advance and accelerate regionally significant concurrent investments that will provide early improvements to regional rail systems and serve as building blocks for high-speed rail. Senate Bill 1029 appropriated \$1.1 billion of Proposition 1A funds for blended system improvements in the bookends of the Phase 1 system.

Through the 2012 Southern California Memorandum of Understanding, the Authority committed \$500 million to boost projects in the region. This money will support over \$1 billion in bookend projects including projects in the Burbank to Los Angeles and Los Angeles to Anaheim corridors. A number of priority regional projects have been identified and are in various stages of planning and development. Examples of bookend projects currently being advanced include:

- **Los Angeles Union Station (Link US)** – A project designed to increase rail capacity at Los Angeles Union Station by 40 to 50 percent, improve access and connectivity, improve air quality and modernize the passenger concourse area – to date the Authority has committed funding for project development costs.
- **Rosecrans/Marquardt Grade Separation Project** – This project will implement the California Public Utilities Commission's highest priority grade separation project which will increase safety, improve the movement of freight, allow an additional 32 passenger rail trains per day to operate through the corridor including to East Los Angeles and the Inland Empire and reduce emissions from idling vehicles. A funding plan is being developed for this project.



On February 24, 2017 Governor Brown requests expedited environmental review of high-speed rail by the Trump Administration.

The Authority is also a funding partner for the Peninsula Corridor Electrification Project (PCEP), which will increase capacity and improve safety in the Caltrain commuter rail corridor between San Francisco and the Silicon Valley. The Authority's contribution is intended to advance key project elements which will initially improve service between Tamien Station in San Jose and the Caltrain terminal at 4th and King in San Francisco, and in the future, allow high-speed rail to use the corridor as part of blended operations with Caltrain. This critically important regional project is ready to move forward. However, the Trump Administration recently deferred a final decision on a grant that is also key to funding this project and federal action is still pending as this report is being released. Governor Edmund G. Brown Jr. has sent a letter to United States Department of Transportation Secretary Elaine Chao urging her to approve the Caltrain grant, and the Authority will continue to work with Caltrain to advance this critical project.

ECONOMIC IMPACT OF CALIFORNIA HIGH-SPEED RAIL

Creating Jobs and Stimulating California's Economy

From July 2006 through June 2016, the Authority has invested more than \$2.3 billion in planning and constructing the nation's first high-speed rail system. More than 630 different private sector firms have worked for the program during this period. These contractors have hired workers throughout the state

and have, in turn, paid suppliers for goods and services -- further stimulating industries in each of the state's economic megaregions. Together these direct and indirect jobs have induced wider economic activity by pumping money back into California's local economies with dollars spent in places such as local coffee shops, restaurants or grocery stores.

Overall this investment has resulted in 19,900 to 23,600 job-years of employment, and generated \$3.5 to \$4.1 billion in total economic activity. Our spending forecast of approximately \$1 billion during FY 2016-2017 will support approximately 12,000 additional job-years.

Of the \$2.3 billion invested through mid-2016:

- 52 percent of the spending occurred in disadvantaged communities.
- 94 percent of the spending went to companies and people within California.
- 70 percent was funded by the American Recovery and Reinvestment Act (ARRA), infusing the state's economy with federal dollars.

ES.1 ECONOMIC IMPACTS BY REGION (INCLUDING DIRECT, INDIRECT, AND INDUCED) JULY 2006 – JUNE 2016



The Central Valley has experienced the most substantial economic impacts as construction has started and ramped up over the past few years. The impact of the high-speed rail investment between July 2015 and June 2016 is equivalent to about 11 percent of the 32,000 jobs that were created in the Central Valley economy over the same period. Table ES.1 shows the distribution of economic impacts across the state by region.

Creating Opportunities for Small and Disadvantaged Businesses

Hundreds of California small businesses, disadvantaged businesses and disabled veteran businesses are hard at work planning, designing and construction the high-speed rail system. Since implementing small business goals in August 2012, the Authority's Small and Disadvantaged Business Enterprise Program has paid more than \$244 million to certified Small, Disadvantaged and Disabled Veteran Business Enterprises in California for their work on the program through October 2016. For the same period, professional services contractors have collectively met the 30 percent small business utilization target, while design-build contractors are working to attain their utilization target as construction activities ramp up.

As of October 2016 small business participation includes:

- 334 Small Businesses
- 102 Certified Disadvantaged Business Enterprises and
- 39 Certified Disabled Veteran Business Enterprises

MANAGING SCOPE, SCHEDULE AND BUDGET THROUGH A COMPREHENSIVE, STATE-OF-THE-ART RISK MANAGEMENT PROGRAM

The management of risk is one of the Authority's key responsibilities as we work to deliver the program. It is also an area that is often misunderstood. To help the Legislature and public gain a better understanding of the steps we are taking to proactively manage the program's risks, we have focused extensively on these items below and throughout this Project Update Report.

Like other large, complex infrastructure projects, we face a range of budget, schedule and other risk pressures every single day. We manage those risks through a robust and transparent risk management program, a thorough change control process, and by establishing and managing appropriate contingencies – with \$11 billion in contingency, out of a total cost of \$64 billion for the Phase 1 program, set aside for risk.

Risk Management Program: We use a highly sophisticated risk management program to continually identify, evaluate, assess, document, mitigate and manage all potential risks to scope, schedule and budget. Our Risk Management team has a direct reporting relationship with the Board of Directors, and provides regular updates on identified risks, what risks have occurred versus those that have been alleviated, and what actions are necessary. The risk team is supported by a robust Program Controls division that is constantly assessing current project progress, project changes, cost impacts and expenditures. Taken together, these independent programs are constantly taking the pulse of the project and report monthly to the Board on program elements, including environmental progress, right of way acquisition, third party negotiations, construction progress and budget versus actual expenditures. These actions

provide specific accounting and visibility on the program and support the Board of Directors in making informed decisions. More information on current program risks can be found in the Risk Management Section.

Change management: As we proceed through both the project development and construction phases, we employ a well-established process for monitoring and managing change.

- A Change Control Committee is responsible for reviewing proposed project-level (change orders) and program-level (configuration) changes. Once a full evaluation of the facts and effect to the program are understood, the Committee provides feedback, concurrence or recommendations for actions to be taken. Recommendations are then forwarded for decision making by the Board of Directors, Chief Executive Officer, or the Authority-delegated managers as defined in the Delegated Authority.
- The executed change orders through December 2016 total \$97 million from the Board approved contingency of \$483 million. Other changes to the construction contracts have been executed that added scope that was not originally included in those contracts but was part of the overall program (for example the Madera extension on Construction Package 1).

Contingency: We use a risk-based approach to establishing appropriate contingency as part of our capital cost estimating process. During the project development stage:

- Contingency levels are initially set higher and decrease as more detailed information on potential risk is available by completing additional engineering and design.
- Contingency is divided into two major categories – unallocated contingency (program wide) and allocated contingency (allowances allocated against specific cost categories).
- In setting allocated contingencies during the preliminary design stage, the percentage selected for each cost category is generally based on:
 - Level of complexity of the cost category and scope of work involved, (e.g., complex tunnels versus more straightforward at-grade construction)
 - Historical cost variability typically seen within that cost category.
 - Professional judgment and experience relative to the level of uncertainty

The allocated contingencies established for the cost categories for each project section still in preliminary engineering, range from 10 percent to 25 percent.

- Unallocated contingencies have been estimated at five percent of the total construction costs excluding right of way, high-speed trains and professional services for the sections that are still in preliminary engineering.
- For the full Phase 1 system, almost \$11 billion in contingency has been built into the \$64.2 billion estimate; as we proceed, we continually monitor and assess pressures and trends that could affect costs.

How The Authority Manages Scope, Schedule & Budget Pressures Through Risk Management

Since the inception of this program, a range of issues, pressures and decisions have been addressed that affect its delivery. Some pressures, like litigation and right-of-way acquisition, can delay the program and drive costs up while others, such as alternative design concepts, create opportunities to drive costs down. We use a robust risk management program to:

- ▶ Identify potential risks
- ▶ Assess the probability of their occurring
- ▶ Quantify the magnitude of their potential impact
- ▶ Develop measures to avoid, minimize, mitigate or manage those risks

Through this program, we manage the many pressures encountered in delivering the high-speed rail system, which are discussed on a monthly basis with the Board of Directors' Finance and Audit Committee. As we proceed through project development, our understanding of the potential risks increase and contingency levels are established based at appropriate levels to account for those risks. At the construction phase, each design-build contract includes its own contingency established through a risk-based approach where a detailed assessment of the actual potential risks, specific to the work to be performed, is conducted and a contingency is allocated to the contract budget. The Phase 1 capital cost estimate includes \$11 billion in contingency out of a total cost of \$64.2 billion (YOES). As the program advances, risks are monitored and managed with the goal of avoiding them or reducing their impact.

Here are examples of how we have met and addressed risk:

- ▶ **Risk management and contingency used to manage delays on Construction Package 1.**

In 2013, \$160 million in contingency was allocated for this design-build contract. One potential risk was the possibility of delay in the delivery of right of way to the contractor. A delay did indeed occur and change orders in the amount of \$63.5 million were executed for those delay-related impacts. This risk had been anticipated, contingency had been established for it and the change management process was used to effectively manage it.

- ▶ **Managing utility relocation costs and schedule for Construction Package 1.**

Originally this contract excluded work and costs for relocating utilities owned and/or operated by PG&E and AT&T because not enough information was available to accurately develop a scope and cost estimate. Contracts were executed directly with the two utility companies to perform the work. Subsequently, recognizing the need to keep pace with construction, we executed a change order to transfer the work to the design-build contractor and the budget for this work was included in the updated 2016 Business Plan cost estimate. This illustrates the dynamic nature of managing a complex project in a changing environment.

- ▶ **Alternative design proposals yielded cost savings for Construction Package 2-3.**

In January 2015, a contract for \$1.365 billion was awarded to design-builder Dragados/Flatiron/Shimmick; significantly less than our \$1.5 to \$2.0 billion estimate. As part of its proposal, the team suggested alternative technical concepts including, for example, building a portion of the alignment at-grade to reduce visual impacts, which shorten the construction schedule and included an estimated \$115 million in cost savings.

- ▶ **Early purchase of radio spectrum rights to avoid future obstacles and costs.**

Last year the Authority acquired rights for radio spectrum to establish a secure communication system for train operations. Knowing that this could require a lengthy search with many obstacles – intense competition, lack of willing sellers and prohibitive costs in some radio bands – we began an early search for spectrum for the Phase 1 system. In April 2016, we successfully acquired spectrum rights for both Phase 1 and Phase 2 for \$53.8 million, under the \$55 million budget established for Phase 1.

- ▶ **Central Valley Wye preferred alternative is \$221 million less than assumed in 2016 Business Plan.**

Since 2012, a wide range of alternative alignments have been reviewed with the goal of striking the best balance among project objectives, environmental impacts and community concerns. In January 2017, the preferred alternative for the Central Valley Wye was identified and is estimated to cost \$221 million less than the alternative assumed in the 2016 Business Plan.

These examples show that managing scope, schedule and budget is a dynamic and continuous process, not a one-time or occasional exercise. It is managed through proven project management practices and a continuous focus on risk and monitoring trends that could either drive costs up or provide opportunities to drive them down.

When preparing to procure each contract for construction, an engineers' estimate is developed. For design-build contracts, the Authority employs a state-of-the-art, risk-based approach for setting contract contingency that is reviewed by the Board of Directors prior to being allocated to the contract budget. More specifically:

- We conduct a detailed analysis to identify what the specific risks might be, quantify them and develop an estimated contingency based on that analysis. That is, we don't apply a rule of thumb percentage, but establish an amount based on a detailed assessment of the actual potential risks specific to the work to be performed under the contract and the contract terms.
- As we proceed, knowing what the potential risks are, we actively monitor and manage them, working to avoid the risks altogether or reduce their impacts – reducing the need to tap into the contingencies to cover actual risk occurrences.
- Analysis of the Construction Package 1 project indicates that there are cost and schedule pressures due to right-of-way acquisition, utility relocations, railroad and other third-party issues. These risks were identified in the 2016 Business Plan and in prior Project Update Reports, as well as in regular updates to the Board of Directors' Finance and Audit Committee, and partially accounted for in the approved Construction Package 1 contingency. It is expected that there will be a net increase in final cost to complete for Construction Package 1. Specific response and mitigation actions for these risks are addressed in detail in the Risk Management Section of this report. These risks and trends are, mitigated by cost savings associated with other elements of the program, such as the preferred alternative that was recently identified for the Central Valley Wye which is currently \$221 million less than the alternative assumed in the 2016 Business Plan estimate. Other savings may accrue from ongoing cost control, risk mitigation and value engineering.

The Authority has established a substantial contingency as part of the Central Valley Segment Funding plan. This contingency is \$923 million of a total cost of \$7.8 billion. The cost estimates in the Central Valley Segment Funding Plan were reviewed by the independent consultant whose [report](#) accompanied the funding plan. In the review they state, "We consider the cost estimates for the Central Valley segment, including the allowances for contingency, to be adequate (although some individual line items appear to be high or low from our standpoint, offsetting each other)..."

Oversight, transparency and accountability: A key aspect of effectively managing risk is ensuring that a detailed understanding of every aspect of the program is monitored, reported and managed. As the program has evolved and its complexity has increased, our reporting has become equally detailed and rigorous.

In September 2015, the Authority inaugurated a monthly Operations Report to the Finance and Audit Committee that addresses every aspect of project development and delivery.

- Currently, 19 financial and performance reports are generated every month providing detailed metrics which are rigorously scrutinized by the Committee.

- The Risk section of the Operations Report is updated, monitored and tracked in real time to allow for early identification and mitigation of all potential issues.

These reports are provided to the full Board, shared with the Legislature and posted on the website. All Committee and Board of Directors meetings are open to the public, and the Board meetings are streamed live online.

The California Peer Review Group – which reports to the Legislature reviews the planning, engineering, financing, and other elements of the Authority's plans and provides its view on the appropriateness and accuracy of the Authority's assumptions. Also, working with the Authority, the Peer Review Group developed a set of broad "dashboard" indicators meant to give the Legislature an overall perspective from period to period of how the project is progressing and of where problems might be arising. The Authority updates these dashboard indicators biannually and makes them available to the public and Legislature.

Anticipating and managing risks to delivering the Silicon Valley to Central Valley Line: Based on lessons from the first construction segment, steps are already underway to identify, manage and mitigate potential risks to delivering the Silicon Valley to Central Valley Line for revenue service in 2025.

- Additional right-of-way services are being procured to prepare for the approximately 1,800 parcels that will need to be surveyed, mapped and acquired for construction of the Silicon Valley to Central Valley Line.
- Procurement documents for the remaining major procurements, including the high-speed trains, track and systems, and design-build civil construction packages for the sections to be constructed between Madera and San Jose are being drafted with the intent of being able to quickly move into construction once environmental clearance (Notice of Determination/ Record of Decision) is complete.
- Identification of a preferred alignment for the Central Valley Wye near Chowchilla which, if adopted, should enhance public acceptance, reduce risk, and which is currently \$221 million less than the alternative assumed in the 2016 Business Plan estimate.
- Procurement of an Early Train Operator is also underway. Once on board the Early Train Operator, will provide advice on our other major procurements.

OUR PROGRESS IS IMPORTANT NOW MORE THAN EVER

This 2017 Project Update Report further details the important work we have accomplished and outlines the challenges that we face and how we manage them. When the California high-speed rail system is complete, it will connect and transform the state and will contribute to the state's future economic growth.

California is the largest state in the nation with one out of every eight Americans living here. If we were a country, we would be the sixth largest economy in the world. We are the epicenter of innovation, exploration and bold experimentation. Our standing as a national and global leader and economic

powerhouse has been shaped by those attributes and by investments in our university systems, our economy and our infrastructure.

Today, however, our state's transportation infrastructure is straining to keep up with growing demand and more investment is necessary. Too many people waste hours of productive time stuck in traffic or waiting for delayed flights. And too many people lack adequate access to well-paying jobs, educational opportunities and affordable housing. As the largest infrastructure project in the nation, California high-speed rail will be the backbone of a modern, integrated statewide passenger rail network which will dramatically improve access and connectivity and provide the transportation capacity we need to keep our state moving and prospering. It will link together the Bay Area, Los Angeles Basin and Central Valley economic regions, and once that is accomplished, the benefits will multiply for decades to come. Once it is complete, it will be hard to think of California without it.

CALIFORNIA HIGH-SPEED RAIL STATEWIDE SYSTEM



LEGEND

- Phase 1
- Phase 2
- Proposed Station

1. Statewide Update

2016 BUSINESS PLAN SETS STAGE FOR INITIAL PASSENGER RAIL SERVICE

On April 28, 2016, the Board of Directors adopted the 2016 Business Plan, which laid out an approach to sequencing the Phase 1 system that will ultimately connect San Francisco/Merced to Los Angeles/Anaheim via the Central Valley with high-speed rail passenger service. First, the 2016 Business Plan set forth a plan to initiate passenger service between the Silicon Valley and the Central Valley by 2025. Because of the Legislature’s commitment of ongoing Cap and Trade proceeds, we were able, for the first time, to identify the necessary funding from existing sources to achieve the goals of Proposition 1A. The 2016 Business Plan also committed to exploring ways to extend initial service to San Francisco, Bakersfield and Merced. Second, the implementation strategy laid out in the 2016 Business Plan focused on making strategic, concurrent investments throughout the system that will be linked together over time, particularly in the important passenger rail corridor between Burbank, Los Angeles and Anaheim. Third, it emphasized positioning the program to be shovel ready to move quickly into construction as funding becomes available by working to secure environmental approvals for every mile of the Phase 1 system as soon as possible.

The 2016 Business Plan showed that the overall Phase 1 capital costs were reduced based on a number of factors, including lessons learned from the initial construction contracts, more advanced design work and value engineering. It showed that once the Silicon Valley to Central Valley Line is up and running and revenues are demonstrated, it is projected to have material value to a potential private sector investor as a stand-alone service. The overall capital cost estimate—for the same scope as the 2014 Business Plan—was reduced by 8 percent to \$62.1 billion; at the same time, new scope was added to fulfill the commitment of a one-seat ride to Anaheim, bringing the revised cost estimate to \$64.2 billion, still lower than the prior 2014 estimate of \$67.6 billion (YOE\$). The 2016 Business Plan described the progress made since the 2014 Business Plan, updated available funding/financing and ridership/revenue forecasts and updated the risk management discussion. The public review process spanned 60 days, three legislative hearings and included more than 300 public comments. The plan was adopted by the Board of Directors in April and delivered to the Legislature on May 2, 2016. To read the 2016 Business Plan, visit www.hsr.ca.gov/About/Business_Plans/2016_Business_Plan.html

SB 1029 PROJECT UPDATE REPORT

Section (a)

A summary describing the overall progress of the project.



FUNDING PLANS SUBMITTED FOR CENTRAL VALLEY AND SAN FRANCISCO TO SAN JOSE PENINSULA CORRIDOR

At its December 13, 2016 meeting, the Board of Directors approved two funding plans—the San Francisco to San Jose Peninsula Corridor Segment Funding Plan and the Central Valley Segment Funding Plan—both of which will help fund the advancement of the Silicon Valley to Central Valley Line for passenger service in 2025. These funding plans are necessary steps under Proposition 1A before bond

proceeds can be used for construction in the Central Valley and for development and construction related to the Peninsula Corridor Electrification Project. As part of this action, the Board of Directors also designated these as “usable segments” consistent with Proposition 1A (as codified in California Streets & Highways Code). The Central Valley Segment Funding Plan would allow access to the \$2.61 billion in Proposition 1A funds that were appropriated in Senate Bill (SB) 1029, the Budget Act of 2012, for the 119-mile segment in the Central Valley that is currently under construction.

The San Francisco to San Jose Peninsula Corridor Funding Plan would allow access to the \$600 million in Proposition 1A bond funds appropriated in SB 1029 for Caltrain’s Peninsula Corridor Electrification Project, which represents 30 percent of the total funding for the \$1.98 billion project. However, the Trump Administration recently deferred a final decision on a grant that is also key to funding this project and federal action is still pending as this report is being released. Governor Edmund G. Brown Jr. has sent a letter to United States Department of Transportation Secretary Elaine Chao urging her to approve the Caltrain grant, and the Authority will continue to work with Caltrain to advance this critical project. Improvements to this corridor are a part of the Authority’s blended service plan consistent with the 2016 Business Plan, and with direction in SB 1029 that a blended system be developed between San Francisco and San Jose.

Consistent with statutory requirements, the funding plans were submitted to the Director of Finance and the Chair of the Joint Legislative Budget Committee, along with the required Independent Consultant Reports on January 3, 2017. Under Proposition 1A, the Director of Finance is required to review each plan within 60 days. After reviewing the plans, and receiving any communication from the Joint Legislative Budget Committee, if the Director finds the plans are likely to be successfully implemented as proposed, the Authority may enter into commitments to expend the bond funds as described in the funding plans.¹

FULFILLING AMERICAN RECOVERY AND REINVESTMENT ACT GRANT REQUIREMENTS

Of the \$3.48 billion in federal funds that the Authority has secured to advance the program, \$2.55 billion came from the American Recovery and Reinvestment Act (ARRA), which was enacted in 2009. This funding was intended to stimulate the economy, create jobs, spur technological development, and build new transportation infrastructure that provides long-term economic benefits. The ARRA funds for high-speed rail, matched with state funds, were directed toward construction in the Central Valley, as well as continuing to advance engineering and environmental reviews along the entire Phase 1 system extending from San Francisco and Merced in the north, to Los Angeles and Anaheim in the south. The decision to start construction in the Central Valley was made to lay



ARRA funding was intended to stimulate the economy, create jobs, spur technological development, and build new transportation infrastructure, such as California high-speed rail program, that will provide long-term economic benefits.

the groundwork for establishing a section where the high-speed rail trains can be tested and commissioned before being put into revenue service.

A key provision of the federal statute is that all funds provided through ARRA must be fully expended by September 30, 2017. By working collaboratively with the Federal Railroad Administration through its ARRA grant agreement, this objective is being met and the benefits associated with these economic stimulus funds are putting Californians to work as described above. As of February 21, 2017, \$2.29 billion or 89.7 percent of the \$2.55 billion had been invoiced and submitted for reimbursement to the Federal Railroad Administration. Since the expenditure rate has now reached about \$100 million per month, the full \$2.55 billion is expected to be fully expended before the deadline.

EARLY PROPOSITION 1A INVESTMENTS AND STATEWIDE RAIL MODERNIZATION

In 2012, SB 1029 appropriated \$2 billion in Proposition 1A funds that will leverage approximately \$5 billion in additional funding for bookend and connectivity projects. The Authority has endeavored to achieve early approval and release of Proposition 1A dollars for construction of a number of regionally significant connectivity projects, most notably in the heavily congested urban rail corridors in Northern and Southern California.

The largest investment has been in the blended operation bookends of the Phase 1 system totaling \$1.1 billion. This funding is the subject of two Memoranda of Understanding (MOU) with agency partners in Northern and Southern California. In 2016, the Authority agreed to a supplement to the MOU with Northern California agencies to increase funding for the Peninsula Corridor Electrification Project to a total of \$713 million. The MOU was updated to reflect the increased costs that resulted after bids were received. Additional funding was provided by multiple stakeholders, which is contained in the MOU supplement. All partners continue to work together to identify additional sources of funds for this important and foundational project.

In Southern California, the Authority continues to work with partner agencies to advance early investments associated with the Southern California MOU. These include the Doran Street Grade Separation and the Link Union Station (Link US) Project, the State College Grade Separation and the Fullerton Junction. The Rosecrans-Marquardt Grade Separation project has been identified as the first project to be funded using funds set aside for Southern California as a part of SB 1029. The Authority is working closely with its Southern California transportation partners to prepare the detailed funding plan required under Proposition 1A.

SB 1029 also appropriated \$819 million in Proposition 1A dollars for 17 regionally significant connectivity projects that will provide direct connectivity and support high-speed rail lines and facilities. More than 50 percent of these dollars have been expended. The California Transportation Commission manages and oversees the disbursement of funds. More information is available at:

www.hsr.ca.gov/Programs/Statewide_Rail_Modernization/index.html

CONSTRUCTION PROGRESS

In January 2015, the Authority and its partners celebrated the official groundbreaking for the high-speed rail system in Fresno. Today, construction is well underway with 119 miles of construction



www.buildHSR.com



ongoing from Madera to north of Bakersfield. Three design-build teams are working on three separate sections of high-speed rail stretching through the Central Valley. Meanwhile, the California Department of Transportation (Caltrans) is completing the State Route 99 Realignment in Fresno, which will move the highway about 100 feet to the west to make room for the high-speed rail line. Work began first on the most complex structures: bridges, viaducts and overcrossings. Clearing and demolition along the right of way and drilling for geotechnical investigations and utility locating can also be seen throughout the Central Valley.

Other work that supports future high-speed rail service is also underway. Besides the projects discussed above, and in the Milestone Section of this Project Update Report, the Transbay Transit Center is also under construction in downtown San Francisco and is set to open later this year. This urban transit hub, managed by the Transbay Joint Powers Authority (TJPA), will connect to 11 transportation systems, including the high-speed rail system.

High-speed rail construction is generating a lot of interest. Over the last two years, dozens of stakeholders – elected officials, federal officials, reporters and business leaders – have toured the construction sites. To find out more about construction progress on high-speed rail, visit www.buildhsr.com

ECONOMIC BENEFITS OF CALIFORNIA HIGH-SPEED RAIL

From July 2006 through June 2016, the Authority has invested more than \$2.3 billion in planning and constructing the nation's first high-speed rail system. This investment has created jobs and generated economic activity. Throughout California, more than 630 different private sector firms have worked on the program during this period. These contractors have hired workers throughout the state and have,



Faces of High-Speed Rail: Yovani Moreno

He's had lots of jobs, but a felony on Yovani Moreno's record held him at minimum wage, about \$8 an hour. Today, the 34-year-old makes nearly \$24 an hour on the high-speed rail project. He became a laborer's apprentice after taking Pre-Apprenticeship Training at the Construction and General Laborers' union hall in Fresno. He's moved beams, laid concrete, handled traffic control and more. "I come home tired but loving it," Moreno said. "I can pay my bills on time. And when my daughter's birthday comes up, I can throw her a birthday party and buy her a nice gift."

in turn, paid suppliers for goods and services further stimulating industries statewide. Together, these direct and indirect results have induced wider economic activity by pumping money back into California's local economies. Overall this investment has resulted in 19,900 to 23,600 job-years of employment and generated \$3.5 to \$4.1 billion in total economic activity.

Direct impacts are those supported by direct high-speed rail investment, including state employees and prime and subcontractors employing construction workers, planners, engineers, and others. Indirect impacts are one step removed and represent spending on goods and services that support direct investment, such as concrete supply and machine rental companies. As the income earned by employees supported by direct and indirect investment gets spent elsewhere in the economy, this supports induced impacts in places such as the local coffee shop, restaurant, or grocery store. Labor income refers to all forms of employment income associated with the activity, including employee compensation (wages and benefits) and proprietor income. Lastly, economic output represents the value of all sales of goods and services in the production process of direct, indirect, and induced activities. The vast majority of this economic activity has taken place in the State of California, with 94 percent of spending in the state, boosting California's economy. Additionally, about 70 percent of the \$2.3 billion spent was funded by the American Recovery and Reinvestment Act (ARRA), infusing the state's economy with federal dollars. The deadline to expend ARRA funds is September 2017, and forecast spending of approximately \$1 billion during FY 2016-2017 will support approximately 12,000 additional job-years. See Table 1.0 below.

What is a Job-Year?

Job-years represent a combination of total jobs and the length of time of those jobs; e.g., one job supported for five years equals five job-years; five jobs supported for one year also equals five job-years.

TABLE 1.0 CALIFORNIA ECONOMIC IMPACTS JULY 2006 – JUNE 2016¹

	Job-Years of Employment	Labor Income	Economic Output
Direct	8,900 - 10,500	\$730M - \$900M	\$1,600M - \$1,900M
Indirect	5,000 - 6,000	\$330M - \$390M	\$900M - \$1,000M
Induced	5,900 - 7,100	\$320M - \$390M	\$1,000M - \$1,200M
TOTAL	19,900 - 23,600²	\$1.38B - \$1.68B	\$3.5B - \$4.1B

¹ - More Information: http://hsr.ca.gov/docs/newsroom/fact%20sheets/Economic_Impact.pdf

² - Totals may not sum due to rounding

Within the state, the Central Valley has experienced the most substantial economic results as construction has started and ramped up over the past few years. The impact of the high-speed rail investment between July 2015 and June 2016 is equivalent to about 11 percent of the 32,000 jobs that the Central Valley economy added over the same period. In Fresno County, where most construction activities are currently taking place, the high-speed rail investment is equivalent to roughly 29 percent of the total jobs added during this time period, with direct jobs being about 17 percent.

The Authority's Community Benefits Policy and subsequent Agreement, established in 2012, is designed to assist small businesses and jobs seekers in finding or obtaining construction contracts, jobs and training opportunities for residents who live in economically disadvantaged areas along the high-speed rail alignment. The Agreement supports employment of individuals who reside in Disadvantaged Areas and

those designated as Disadvantaged Workers, including veterans. Following these policies, the program ensures that 30 percent of all project work hours are performed by National Targeted Workers, and at least 10 percent of those work hours are performed by Disadvantaged Workers. For more information about this policy see www.hsr.ca.gov/docs/brdmeetings/2012/December/brdmtg1212_bot3.pdf

At the same time, two federal reports have recently been released that underscore how investments in California's high-speed rail program have resulted in economic benefits and job creation in the Central Valley:

- A U.S. Department of Transportation report, *Shovel Work: What the Recovery Act Taught Us About Investing in Our Nation's Infrastructure*. This publication highlights how federal stimulus fund investments in the Central Valley have led to an economic turnaround in the region.
- A U.S. Treasury Department report, *40 Proposed U.S. Transportation and Water Infrastructure Projects of Major Economic Significance*. This publication shows that California's high-speed rail program as having the third-highest economic benefit of major infrastructure investments across the country.

MEETING SMALL BUSINESS PARTICIPATION GOALS

In 2012, the Authority established its Small and Disadvantaged Business Enterprise Program to ensure that small businesses, inclusive of Disadvantaged Business Enterprises (DBE) and Disabled Veteran Business Enterprises (DVBE), are afforded every practicable opportunity to participate in the high-speed rail program. The Small Business Program is consistent with state and federal law and established a 30 percent small business participation goal. Since then, the Authority has been actively engaging with the small business community and contractors through a variety of methods, including:

- **Business Advisory Council** – This group meets bi-monthly and serves as a forum to provide input and advice in implementing best practices for the small business community. It is also a valuable resource for expanding the network of small and disadvantaged businesses.
- **Small Business Certification Workshops** – From January 2015 to January 2016, the Authority joined forces with the California Department of General Services to conduct a series of free on-the-spot small business certification workshops, with nearly 400 small business participants attending, and with almost 100 firms receiving certifications.

Creating Job Opportunities for Disadvantaged Workers

The Community Benefits Agreement contains a Targeted Worker Program to ensure that 30 percent of all project work hours are performed by National Targeted Workers, and at least 10 percent are performed by Disadvantaged Workers.

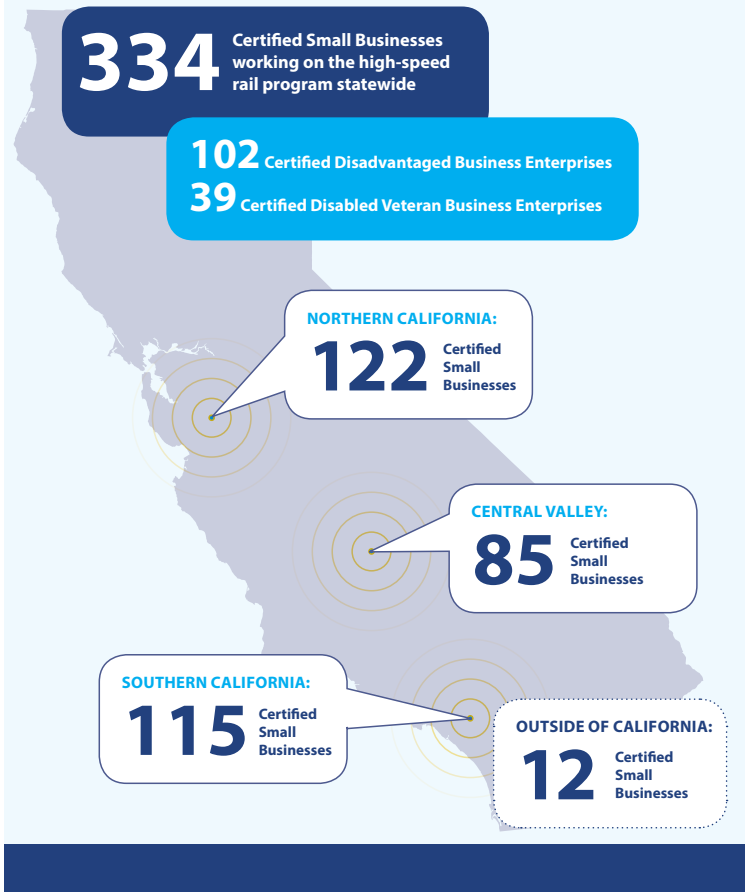
A Targeted Worker is an individual whose primary place of residence is within an Economically Disadvantaged Area or an Extremely Economically Disadvantaged Area in the United States.

A Disadvantaged Worker is an individual who prior to commencing work on the high-speed rail project meets the income requirements of a Targeted Worker and faces at least one of the following barriers to employment:

- ▶ Being a veteran
- ▶ Being a custodial single parent
- ▶ Receiving public assistance
- ▶ Lacking a GED or high school diploma
- ▶ Having a criminal record or other involvement with the criminal justice system
- ▶ Suffering from chronic unemployment
- ▶ Emancipated from the foster care system
- ▶ Being homeless or
- ▶ Being an apprentice with less than 15 percent of the required graduating apprenticeship hours in a program

To learn more, visit: www.hsr.ca.gov/docs/newsroom/fact%20sheets/CBA_Factsheet_FINAL_0050415.pdf

SMALL BUSINESS PARTICIPATION AS OF OCTOBER 2016



- **Direct Small Business Outreach** – Authority staff average over 70 speaking engagements per year at conferences, workshops and expos, resulting in thousands of direct touchpoints with the small business community.
- **Newsletter** – A Small Business Newsletter is issued quarterly documenting the progress of the program, the contributions of small businesses in building high-speed rail, and outlining how small businesses can connect with the Authority in pursuing contracting opportunities.
- **Conferences & Forums** – Pre-bid conferences and industry forums are typically held as part of the Request for Proposals or Request for Qualifications process. These events serve as an opportunity for small businesses to meet with potential primes to explore subcontracting opportunities.
- **Partnerships** – The Authority continues to partner with local stakeholders to direct potential job seekers to existing job training opportunities for high-speed rail construction work.

Since implementing the small business goals in August 2012, the Authority's Small and Disadvantaged Business Enterprise Program has paid more than \$196 million to certified Small, Disadvantaged and Disabled Veteran Business Enterprises in California for their work on the program through June 2016. For the same period, professional services contractors have collectively met the 30 percent small business utilization target, while design-build contractors are working to attain their utilization target as construction activities ramp up. As of October 2016, 334 small businesses are either committed, utilized, or actively working on the project. Additionally, as of October 2016, 102 certified Disadvantaged Business Enterprises and 39 certified Disabled Veteran Business Enterprises have been engaged with the high-speed rail program.

BENEFITING DISADVANTAGED COMMUNITIES

Through June 2016, 52 percent of project expenditures have occurred in designated disadvantaged communities throughout California, spurring economic activity in these areas. Construction of the system benefits disadvantaged communities (as identified by the California Environmental Protection Agency) by providing career opportunities. Construction has already resulted in over a thousand job-years of employment in disadvantaged communities throughout the State.

Our approach to green practices and sustainable operations also benefits disadvantaged communities. High-speed rail will provide California residents now and in the future with a clean, sustainable travel mode that will help reinforce improving overall community health and benefit the state for years to come. Current sustainability benefits include the use of Tier 4 equipment when possible at construction sites. Tier 4 engines help reduce Nitrogen Oxide, and reduce particulate matter and other pollutants. Additionally the Authority has a MOU with the San Joaquin Valley Air Pollution Control District that outlines a process for detailed Voluntary Emission Reduction Agreements (VERA) as the Authority builds out the high-speed rail project within the District boundaries. The MOU will ensure that while thousands of Valley residents get to work on construction of the project, their families and communities will not suffer negative impacts from the construction emissions and other pollutants.

Ultimately, once completed and operational, the system will provide greater mobility by improving access to jobs, schools, and businesses for disadvantaged community residents.

ADVANCING ENVIRONMENTAL CLEARANCE

In order to work more closely with our partners in managing environmental reviews and, in part, to manage schedule risk, we are improving on how we advance environmental clearance and update the environmental review schedule. The 2016 Business Plan established a very important goal – to make the Phase 1 system between San Francisco and Los Angeles/Anaheim shovel ready as quickly as possible. To achieve that, the Authority established a timeline to achieve environmental clearance on all project sections by the end of 2017. The Authority remains committed to completing environmental reviews



Faces of High-Speed Rail: O'Dell Engineering

O'Dell Engineering is a Modesto-based certified small business working on the program doing right-of-way and surveying work. The company began working on the project as a subcontractor in 2011, but since has become a prime contractor and its workforce has grown from 15 to 55 employees. O'Dell's work on the program has led to an expansion of its Fresno office, which has allowed them to gain additional work outside of high-speed rail.

TABLE 1.1 PROJECTED ENVIRONMENTAL SCHEDULE	
SECTION	ANTICIPATED RECORD OF DECISION
San Francisco to San Jose	2018
San Jose to Merced	2018
Merced to Fresno Central Valley Wye	Completed 2018
Fresno to Bakersfield Locally Generated Alternative	Completed 2018
Bakersfield to Palmdale	2018
Palmdale to Burbank	2018
Burbank to Los Angeles	2018
Los Angeles to Anaheim	2018
Los Angeles to San Diego (Phase 2)	TBD
Merced to Sacramento (Phase 2)	TBD

*Projected dates are still undergoing development with the Federal Railroad Administration.

Requesting Expedited Environmental Review

On February 24, 2017, Governor Brown, in response to the Trump Administration's recent Executive Order 13766, sent to the President and the Acting Chair of the Council on Environmental Quality a letter requesting the expedited federal environmental review of 10 of California's high-priority infrastructure projects, of which high-speed rail was included. The President's Executive Order, which allows for the expediting of environmental review and approval for high-priority infrastructure projects, is intended to cut through federal red tape and would help position the high-speed rail program to be ready to utilize future funding as well as to continue creating thousands of jobs in communities throughout the state. See the request here - www.gov.ca.gov/docs/2.24.17_Infrastructure_Letters.pdf

expeditiously in order to provide clarity to local communities, stakeholders and regional partners as to the route and station locations, and to be shovel ready in order to build out the system and facilitate intermediate improvements as funding is available.

The ability to expedite these reviews depends on many factors that the Authority is not able to fully control. For example, advancing environmental clearance involves working with multiple partners (e.g., Federal Railroad Administration, U.S. Army Corps of Engineers, etc.) each of which are required to comply with, or address their own statutory mandates, and/or may face resource constraints. These constraints can be mitigated through changes in process and/or new statutory or regulatory changes.

In response, we are improving on how we advance environmental clearance in two very important ways. First, we are now identifying a preferred alternative in advance of issuing the draft environmental doc-

uments, as required by recent environmental streamlining legislation, instead of deferring it until the end of the process.² Second, although we previously planned to complete all environmental clearances by December 2017, together with our partner, the Federal Railroad Administration, we have updated our schedule to provide more involvement with our broad range of project partners, particularly on complex technical and/or environmental issues. This schedule is still undergoing development with the Federal Railroad Administration.

Preferred alternatives have already been identified for the Central Valley Wye and the Bakersfield Locally Generated Alternative, and we are targeting identifying all preferred alternatives and issuing draft environmental documents by or before the end of 2017 for the remaining Phase 1 project sections. This reflects the Authority's commitment to collaborate with our partners and ensure that the high-speed rail system fulfills its objectives, minimizes impacts, protects the environment, and enhances communities.

This updated schedule will not affect the delivery of the Silicon Valley to Central Valley Line as described in the 2016 Business Plan. Potential delays will be mitigated in a number of ways including: advancing preliminary engineering further than we might otherwise have done before handing the design to a design-build contractor; having procurements ready to issue once environmental clearance is achieved; and conducting right-of-way mapping and surveying prior to final environmental clearance, which will position the Authority to move quickly into the acquisition process.

PROCUREMENT OF AN EARLY TRAIN OPERATOR

The 2016 Business Plan laid out the business model for delivering and operating the high-speed rail system. It described the operator's role as covering both a pre-operations phase, where the operator will advise the Authority on the planning, design and construction of the system, and an early operations phase, where the operator provides the actual operation of passenger service and works to build the market once the system is built. These two roles are being combined so that there is continuity between the advice offered by an Early Train Operator during the project development phase and the actual operations that the operator will perform once the system goes into service. The idea to combine these

two phases came from discussions with the rail industry, as well as through an unsolicited proposal that the Authority received consistent with its unsolicited proposals policy.

Ultimately, the high-speed rail system will be a commercial enterprise that, consistent with Proposition 1A, will not require an ongoing subsidy. A fundamental goal of the program is to create a commercially-successful high-speed rail transportation system. As segments of the program are delivered, they are projected to generate significant revenues and positive cash flow which will support private investment. Over time, the value of the system as a commercial enterprise will be significant for the State of California, creating the opportunity for private investment to support expansion of the system.

To achieve that goal, and in order to ensure commercial considerations are included upfront, the Early Train Operator will be brought on board to provide advice during operational design and development. They will provide input on procurements for trains, track and systems, maintenance facilities, station design and operations, revenue collection, market brand and financial planning and modeling, including ridership estimation. The intent is that this team will be a long-term partner into the ridership ramp up and operations phases. Strategically partnering with a private sector operator will help ensure that the system is designed to enhance its ultimate commercial value and profitability. The Early Train Operator will also be able to help the Authority reduce any early-year losses as the system is ramping up and to take on the responsibility for financing those losses to be recouped out of ongoing operating revenues. Selection of an Early Train Operator is expected by the summer.

TRANSPARENCY AND OVERSIGHT

In September 2015, the Authority inaugurated a monthly Operations Report under the ongoing oversight conducted by the Board of Directors' Finance and Audit Committee. Initially the Operations Report focused primarily on monitoring the right-of-way acquisition progress in the Central Valley. Over time, the extent and rigor of the Operations Report has increased and now addresses every aspect of program delivery, including: right of way, third party agreements, project development schedules, the status of contracts (including the three Central Valley design build construction contracts), and financial performance (including federal ARRA expenditures).

Currently, 19 financial and performance reports are generated on a monthly basis, reviewed in detail at every Finance and Audit Committee meeting, and reported quarterly to the full Authority Board of Directors. The risk section is updated, monitored and tracked in real time, enabling the early identification and mitigation of all potential issues. In addition, special items or issues that may need to be addressed, such as the project development milestone schedules, are also covered in the Operations Reports. The Finance and Audit Committee reports are posted on the website for public review and its meetings—which are typically scheduled to precede the monthly Board of Directors meetings—are open to the public. The reports are also shared with the Legislature. For more information about the Finance and Audit Committee and reporting, go to www.hsr.ca.gov/Board/index.html.

The California High-Speed Rail Peer Review Group (PRG) was established by the California Legislature in 2008 (Assembly Bill 3034) to provide oversight on behalf of the Legislature. Specifically, the PRG is charged with evaluating the Authority's funding plans and business plans and preparing its independent judgment as to the feasibility and reasonableness of the plans, assumptions, analyses, estimates,

and any other observations or evaluations it deems necessary. The PRG has issued several statements and letters to the Legislature regarding its reviews, which can be found on the Peer Review Group's website. Additionally, to provide an at-a-glance tool to the Legislature, the PRG has worked with the Authority to develop a set of broad "dashboard" indicators meant to give the Legislature an overall perspective from period to period of how the project is progressing and of where problems might be arising. Three dashboards have been submitted to date – the most recent in February 2017. Information on the Peer Review Group's work can be found at: www.cahsrprg.com/index.html.

2. Project Update By Section

PHASE 1 SYSTEM: INTRODUCTION

Work is advancing on every mile of the Phase 1 system – San Francisco/Merced to Los Angeles/Anaheim – and planning work is continuing on the Phase 2 sections – Merced to Sacramento and Los Angeles to San Diego. Construction is proceeding along a 119-mile alignment in the Central Valley from Madera to North of Bakersfield. In addition, two supplemental environmental analyses are being completed in the Central Valley, one to identify the alignment into Bakersfield and one for the Central Valley Wye, which will connect tracks branching off from the main line and serve as the junction for trains headed northwest to the Bay Area or north to Sacramento and south to Southern California.

Engineering, environmental analysis and public outreach is also progressing in the Northern and Southern California project sections. The Authority is working to environmentally clear every Phase 1 project section in order to provide clarity to local communities and jurisdictions as to the route that the system will take and to make them shovel ready as funding becomes available.

Moving the environmental process forward to completion involves a number of steps, including:

- Identifying a preferred alternative in the Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS).
- Holding a 45-day public comment period, which includes a formal hearing and open house community meetings.
- Preparing a Final EIR/EIS in which public and stakeholder comments are addressed.
- Issuing a Final EIR (CEQA) for certification by the Board of Directors as a Notice of Determination (NOD) and Final EIS (NEPA) for a Record of Decision (ROD) by the Federal Railroad Administration and authorization from the Surface Transportation Board.

NORTHERN CALIFORNIA

Northern California includes three project sections: San Francisco to San Jose, San Jose to Merced and Merced to Sacramento. Both San Francisco to San Jose and San Jose to Merced sections have active environmental analyses underway. Community engagement in both of these sections continues to be an essential part of this process as the Authority works toward environmental clearance. While the environmental process moves toward its conclusion, the Authority is collaborating with its Northern California partners, communities, and stakeholders to prepare for the next steps toward passenger rail service for the Silicon Valley to the Central Valley Line as outlined in the 2016 Business Plan.

SB 1029 PROJECT UPDATE REPORT

Section (a)

A summary describing the overall progress of the project.

HIGH-SPEED RAIL BY PROJECT SECTION



SAN FRANCISCO TO SAN JOSE

The San Francisco to San Jose project section is part of the first phase of the California high-speed rail system, which will connect communities from San Francisco and the Silicon Valley to the rest of the state. The approximately 51-mile project section will have stations in San Francisco (at the Transbay Transit Center and 4th and King), Millbrae (SFO) and San Jose (Diridon).

The San Francisco to San Jose project section differs from other project sections because the alignment has been defined by state legislation, SB 1029, and regional, multi-agency agreements. Per the requirements of SB 1029, high-speed rail service along the San Francisco to San Jose corridor will be implemented as blended service, with Caltrain and high-speed rail service predominantly sharing tracks.

Caltrain Modernization Program

In January 2015, the Peninsula Corridor Joint Powers Board, the entity which owns and operates Caltrain, completed the necessary environmental reviews for the electrification project, allowing this transformational investment to move forward. The project will also measurably improve the performance, operating efficiencies, and capacity of Caltrain's commuter rail service. Caltrain estimates that electrified service will increase ridership and fare revenue while decreasing fuel costs. In September 2016, Caltrain awarded contracts to Balfour Beatty to finish the design and construct the electrification infrastructure, and to Stadler to manufacture the high-performance electric trains for commuter rail service. However, the Trump Administration recently deferred a final decision on a grant that is also key to funding this project and federal action is still pending as this report is being released. Governor Edmund G. Brown Jr. has sent a letter to United States

Department of Transportation Secretary Elaine Chao urging her to approve the Caltrain grant, and the Authority will continue to work with Caltrain to advance this critical project.

Collaboration between the Authority, Caltrain, Bay Area partners and stakeholders is proceeding through current outreach activities. Activities in this corridor, including scoping, environmental analysis and community engagement, have substantially increased throughout 2016 and into 2017.

Through SB 1029, the Legislature provided funding support of electrification of the Caltrain corridor as the first stage of



Caltrain Corridor

The Caltrain Modernization Program, scheduled to be implemented by 2021, will electrify and upgrade the performance, operating efficiency, capacity, safety and reliability of Caltrain's commuter rail service between San Francisco and San Jose. High-speed rail's investment of \$713 million towards these improvements will allow the high-speed rail system to eventually blend with the Caltrain commuter system.



Transbay Transit Center

The Transbay Transit Center will eventually connect the eight counties of the San Francisco Bay Area through 11 transit systems: AC Transit, Amtrak, BART, Caltrain, Golden Gate Transit, Greyhound, High-Speed Rail, San Francisco Municipal Transportation Agency, SamTrans, WestCAT Lynx and Paratransit. It will ultimately serve as the northern California hub for future high-speed rail service from Los Angeles to San Francisco. The Transbay Transit Center received a \$400 million contribution in Authority funding through the federal government's High-Speed Intercity Passenger Rail Program, via the American Recovery and Reinvestment Act (ARRA).

high-speed rail implementation that would have independent utility. This contribution was documented in a Memorandum of Understanding (MOU) executed in January 2013. In 2016, the Authority and six other partners agreed to execute a supplement to the MOU, and the Authority's funding contribution was increased by an additional \$113 million. These funds are advancing primary elements in support of future high-speed service, including electrification of the Caltrain system between Tamien Station in San Jose and the Caltrain terminal at 4th and King in San Francisco.

Additional work that is being funded by the Authority includes safety improvements, operational improvements and station area planning work. SB 1029 also dedicated additional funds, detailed further in the Milestones Section of this report, for Caltrain positive train control and communications improvements in the corridor, and improvements to the Central Subway, BART train and maintenance facility improvements and Capitol Corridor improvements. These

elements will increase transit capacity in the region and allow for cleaner, faster travel, providing early benefits to local communities.

The 4th & King Street Station in San Francisco, Millbrae/SFO, and the San Jose Station at Diridon are currently under environmental review, while construction of the Transbay Transit Center in downtown San Francisco is expected to be complete in late 2017.

Ongoing public engagement is essential in this corridor, and the Authority is convening community working groups, open house community meetings, and collaborating with Caltrain to alternately host both a Local Policy Makers Group (LPMG) and a City/County Staff Coordinating Group (CSCG). These two groups function as well-established forums of outreach to stakeholders and communication with elected officials and city and county staff, which provides a collaborative process for sharing information and seeking input and comments.

In 2016, the Authority procured an engineering and environmental (E&E) consulting team led by HNTB to provide essential environmental and engineering services in this section as well as in the San Jose to Merced Section. In 2016, the environmental scoping process for this section began in the spring, with a final scoping report issued in October. Ongoing technical analysis continues with plans for the Board of Directors to identify a Preferred Alternative in fall 2017, which will be included in the Draft EIR/EIS for public review and comment.

Among other things, the Authority is studying the near-term benefits of safety improvements to this densely developed corridor. Key project elements under evaluation include at-grade crossings, traffic studies, perimeter fencing, four-quadrant gates, and channelization of at-grade crossings.

A light maintenance facility is also being studied in the environmental review process for this section. Alternatives under consideration include sites to the east and west of the existing Caltrain tracks. Currently, a 90 to 110 acre site in the Brisbane area is under review. The planning and construction of this facility will provide localized near-term benefits, as well as create new skilled jobs.

Next Steps: Technical analysis and community outreach will continue to support the identification of a staff recommended preferred alternative for consideration by the Board of Directors in summer 2017 and issuance of the Draft EIR/EIS for public review in late 2017. The Authority will continue to collaborate with Caltrain to develop a safe, modern, and urban corridor allowing for blended operations with other rail providers to maximize the use of this constrained corridor. Work will also continue with station cities, including Millbrae and San Francisco, to understand how joint operations at existing Caltrain stations at Millbrae and 4th and King will evolve over time.

The Authority will continue to coordinate with the City of San Francisco and the Transbay Joint Powers Authority on the Downtown Extension Project that will allow for a final rail connection to the Transbay Transit Center. Outreach will continue over the next year with the public, local jurisdictions, environmental justice communities and other stakeholders along the corridor as technical studies and environmental reviews are completed in 2018.

SAN JOSE TO MERCED

The San Jose to Merced project section is part of the first phase of the high-speed rail system and will provide an important rail link between the Silicon Valley and the Central Valley. The approximately 85-mile project section will connect stations in San Jose (Diridon), Gilroy and (passing through the Central Valley Wye) north to Merced and south to Fresno.

The project section generally follows the Caltrain corridor and then the Union Pacific Rail Road (UPRR) corridor through San Jose. From south of San Jose through Morgan Hill and Gilroy, the corridor could traverse either east of the UPRR corridor or along US 101. From Gilroy, the corridor extends east through the Pacheco Pass, generally following State Route 152, and then along Henry Miller Road up to Carlucci Road, approximately 8 miles east of Los Banos in Merced County.

Station locations studied in this project section include Diridon Station in San Jose, and a station



San Jose Diridon Station

Connecting high-speed rail into the Diridon Station in San Jose (the tenth largest city in the nation) will provide connections to Bay Area Rapid Transit (BART), Altamont Corridor Express, Caltrain, Santa Clara Valley Transportation Authority light rail and buses, Amtrak's Coast Starlight service and the Capitol Corridor (Amtrak). In April 2016, the Authority entered into a station area planning agreement with the City of San Jose and transportation partners to develop new intermodal transportation opportunities in the region and encourage transit-oriented development and smart growth policies around it.



Members of the public were invited to attend open house community meetings for the San Jose to Merced project section to learn more about potential alignments under consideration.

in either Downtown Gilroy or East Gilroy. Diridon Station in San Jose is being planned as a transformative community asset, offering multimodal connectivity with a wide range of transportation services, including: Caltrain, Bay Area Rapid Transit, (Santa Clara) Valley Transit Authority, Altamont Corridor Express, and Capitol Corridor, among others. For a number of years, the Authority has been working with stakeholders and local communities, to identify and evaluate potential alignments and planning alternatives. Throughout the past year, the Authority has been a partner with these agencies in an intermodal working group whose members have a role in the planning and development of the station and the surrounding area.

In 2016, the Authority procured an engineering and environmental (E&E) consulting team led by HNTB to provide

essential environmental and engineering services in the San Jose to Merced project section. Activities have also increased to include a robust outreach program coordinated with and supporting the environmental review process. Throughout 2016, community open house meetings, technical and community working groups were held. These meetings were designed to create and maintain a collaborative and informative conversation with stakeholders, environmental justice communities and residents along the alignment.

This outreach is essential to help the Authority develop and evaluate a refined range of alternatives that will allow staff to identify a preferred alternative, which is part of the environmental process outlined in the Schedule Section of this report.

Next Steps: Outreach and community engagement will continue along the corridor to gather input and feedback from the public, local communities, environmental justice communities and other stakeholders related to ongoing environmental reviews and station area planning studies. Environmental and technical analysis will continue with a staff recommended preferred alternative expected in summer 2017 and the release of a Draft EIR/EIS towards the end of the year. In addition, station area planning efforts will continue in advance of station design for the cities of Gilroy and San Jose.

The Authority will also be preparing for property acquisition activities and construction on this segment of the Silicon Valley to Central Valley Line by preparing procurement documents in anticipation of the completion of the environmental documentation. Work has already begun on critical geotechnical research related to the tunnel section through the Pacheco Pass in order to provide detailed information to potential contract bidders.

CENTRAL VALLEY

The Central Valley, which includes the Merced to Fresno and Fresno to Bakersfield project sections, serves as the backbone of the initial passenger rail service from Silicon Valley to the Central Valley. While the primary environmental processes have been completed to allow construction within portions of the two project sections, some additional engineering and environmental analysis remains at both ends of this corridor. Supplemental documents related to the Central Valley Wye, in the north, and the Bakersfield Locally Generated Alternative in the south, are being prepared and will be available for public review and environmental clearance and alignment selection, allowing construction to expand.

Construction Progress

Final design and construction is underway between Madera and Kern Counties. This work is covered by three design-build contracts covering 119 miles and an inter-agency agreement with the California Department of Transportation (Caltrans) for work on State Route 99:

→ **Construction Package 1 (CP 1) – Civil**

Infrastructure – Avenue 19 (Madera) to East American Avenue (Fresno), 32 miles, awarded to Tutor Perini/Zachry/Parsons (TPZP), a Joint Venture, in August 2013.

Tutor Perini • **ZACHRY** • **PARSONS**

a joint venture

→ **State Route 99 Realignment – Civil Infrastructure** – Realignment of State Route 99 from Clinton Avenue to Ashlan Avenue through Fresno, executed in February 2013.



→ **Construction Package 2-3 (CP 2-3) – Civil Infrastructure** – East American Ave (Fresno) to one-mile north of Tulare/Kern County line, 65 miles, awarded to the Dragados/Flatiron, a Joint Venture (DFJV) in June 2015.



→ **Construction Package 4 (CP 4) – Civil Infrastructure** – One-mile north of Tulare/Kern County line to Poplar Avenue north of Bakersfield, 22 miles, awarded to California Rail Builders (CRB) in February 2016.



The Authority has also awarded contracts to three Project Construction Manager (PCM) teams to oversee the day-to-day construction for each design-build contract. These contracts include:

→ Wong+Harris for Construction Package 1

→ Arcadis for Construction Package 2-3

→ HNTB for Construction Package 4

ACTIVE CONSTRUCTION PROJECT SITES



Current Activities on Construction Package 1

Construction activities on the high-speed rail system in the Central Valley have resulted in significant progress being made over the last two years, with work expanding to more than 119-miles of the spine of the system. In Madera and Fresno Counties, there is visible work along nine locations where structures are taking shape that will support passenger rail service connecting the Central Valley to the Silicon Valley.

Sites along the alignment under construction include:

- 1 AVENUE 8 (MADERA COUNTY)** – Among the newest construction is a 100-foot overcrossing at Avenue 8 near Madera that will safely take traffic over future high-speed rail and existing BNSF rail lines. Currently, thousands of cubic yards of fill material is being trucked in and compacted. Retaining walls have been constructed to create the passageway for high-speed trains and the height of the new structure can be seen from State Route 99.
- 2 FRESNO RIVER VIADUCT (MADERA COUNTY)** – All concrete has been poured for the deck of the Fresno River Viaduct in Madera County, bringing this 1,600-foot long structure closer to completion. Closure pours, expansion joints and barrier walls will be completed over the next couple months. The viaduct will span from Raymond Road to Watson Street across the Fresno River and State Route 145, and will run parallel to the BNSF tracks.
- 3 COTTONWOOD CREEK BRIDGE (MADERA COUNTY)** – Located northeast of the intersection of Avenue 13 and Road 30 ½, the 250-foot long, 43-foot wide span will carry high-speed trains over the creek bed. The structure is complete, including barrier walls and a concrete bridge deck.
- 4 ROAD 27 OVERPASS (MADERA)** - The project's newest construction site is progressing on Road 27 in the Madera Acres neighborhood north of Madera. The roadway is closed until late 2017 for the construction of a grade-separated overpass. Columns to support the overpass are under construction and initial column drilling has been completed on the north side. These improvements will allow Road 27 traffic to safely cross both the BNSF railroad tracks and the high-speed rail lines.
- 5 SAN JOAQUIN RIVER VIADUCT (NORTH FRESNO)** – The 4,700-foot structure will span the San Joaquin River in north Fresno and the Union Pacific tracks parallel to State Route 99. This viaduct will feature arches representing the northern gateway into Fresno and pergola structure in order to cross over the top of the Union Pacific tracks. Crews are drilling and installing rebar columns for support piers for the pergola structure along the railroad tracks east of State Route 99. When complete, the San Joaquin River Viaduct will be the longest structure on this first phase of high-speed rail construction.
- 6 STATE ROUTE 99 REALIGNMENT (FRESNO COUNTY)** – This high-speed rail project, with the California Department of Transportation (Caltrans) serving as the Authority's contractor, is moving State Route 99 from Clinton to Ashlan approximately 100 feet to the west to make way for the high-speed rail line. New pavement can be seen in Fresno for what will become new travel lanes, while utility relocation and installation of sewer lines continues farther north.

- 7 FRESNO TRENCH & STATE ROUTE 180 PASSAGEWAY (FRESNO)** – An approximately two-mile trench, 40-feet deep, is being constructed. This trench starts between Olive and Belmont Avenues, and runs to Stanislaus Street in Downtown Fresno. This will allow high-speed trains to cross under State Route 180, a rail spur off of the San Joaquin Railroad, Union Pacific tracks, and the Dry Creek Canal. Stage 1 of the trench construction is underway, which includes the first lane shift of westbound traffic on State Route 180 onto the eastbound side of the highway. This allows crews to work below State Route 180 to construct protective barrier walls and begin excavation between high-speed rail and Union Pacific Railroad lines and tunnel under the highway. Trench excavation is underway and dirt is being used elsewhere as fill. While lanes will shift as construction progresses, State Route 180 will remain open to traffic.
- 8 TUOLUMNE STREET BRIDGE (DOWNTOWN FRESNO)** – This new, higher bridge will accommodate two-way traffic into downtown Fresno, replacing what was once a one-way road. The bridge is being built so that the highest point is shifted to the west to accommodate clearance for high-speed rail trains. Construction of the new bridge is nearing completion as concrete has been poured for the sidewalks and barrier rails. Final utility relocation is beginning at the east end of the bridge, which will allow the new structure to be tied in to Tuolumne Street and reopened to traffic.
- 9 CEDAR VIADUCT (SOUTH FRESNO)** – Along State Route 99 near the intersection of North and Cedar Avenues, steel-support falsework has been assembled around the 3,700-foot Cedar Viaduct structure and concrete pours for the viaduct deck have begun. Work is beginning on three additional columns at the south end of the structure near Muscat Avenue. This feature of the bridge will include concrete arches and serve as a southern gateway to high-speed rail in Fresno County. When complete, the Cedar Viaduct will carry the high-speed rail trains over State Route 99.

Construction Package 1 Extension

In March 2016, the Authority extended the northern terminus of Construction Package 1 (CP 1) nearly three miles from Avenue 17 in Madera County northward to approximately Avenue 19. The extension better ensured compliance with the terms of the federal grant agreement, including the expenditure of American Recovery and Reinvestment Act funds. It also advances the work towards Merced on an environmentally cleared section and provides the capability for a more logical connection and transfer point near the existing Madera Amtrak Station. The extension also allows for a stop in Madera, which will provide enhanced connectivity with San Joaquin intercity passenger service as a critical link in the Silicon Valley to Central Valley Line.

Construction Package 2-3 Progress

Construction Package 2-3 is the second major design-build construction contract extending approximately 65 miles south from the terminus of Construction Package 1 at East American Avenue in Fresno to one-mile north of the Tulare/Kern county line. This package includes a large number of grade separations, including viaducts, underpasses and overpasses, which significantly improves safety and enhances environmental quality due to reduced traffic congestion at existing railroad crossings. A project office in Selma has been opened by design-build contractor Dragados/Flatiron (DFJV).

The team has been working on alternative technical design concepts and completing contractor-required environmental clearances and permitting since fall of 2015. A key alternative technical concept proposed by DFJV changes sections of the trackway alignment from an overhead viaduct to a raised earth embankment in order to reduce construction costs. In support of the design effort, geotechnical exploration has been underway since early 2016. Drill rigs have been obtaining soil samples throughout the alignment at depths of over 100 feet. DFJV has also been performing clearing and grubbing at acquired parcels since early 2016. This has included abatement of any hazardous materials and demolition of minor structures.

In November 2016, crews began construction of a test berm in Fresno County alongside the BNSF railroad tracks near Manning and Cedar Avenues for the high-speed rail track foundation. Road improvements in Tulare County have also started with overlay work on two county roads. These road improvements on Road 24 and Road 40 are being made to help accommodate diverted traffic during construction.

DFJV hosts quarterly community open house meetings within the CP 2-3 project footprint. A recent event was held in Corcoran that provided current information on the project, what to expect next and to answer questions. Outreach events will be held at different locations each quarter to inform the public about the project timeline and allow for community comments.

We expect construction on CP 2-3 to ramp up considerably in 2017 and continue through 2018.

Construction Package 4 Progress

This construction contract covers a 22-mile stretch bounded by a starting point approximately one-mile north of the Tulare/Kern County line extending south to Poplar Avenue. It includes construction of at-grade, retained fill and aerial sections including grade separations, removal of two at-grade BNSF rail crossings, and approximately 1.5 miles of a temporary shoo-fly rail tracks to maintain BNSF and Amtrak service through Wasco.

The design-builder for Construction Package 4 California Rail Builders team has opened an office in the city of Wasco. The team is progressing with 60 percent design and currently has completed environmental reviews on two of three alternative technical concepts to the original preliminary designs. Current activities include pre-construction



The first construction work in Construction Package 2-3 getting underway in November 2016 with the building of a test berm in Fresno County. Crews in CP 2-3 have also been busy with several road paving projects.



Pre-construction activities getting underway Construction Package 4 in October with “pot holing”. During this process crews locate utilities to in order to avoid them during construction. In some cases, utility relocation is necessary.

environmental surveys, biological, archaeological and cultural resource monitoring and securing the remaining necessary permits and third party agreements.

Right-of-way acquisition and pre-construction activities are also underway. The contractor has begun clearing and grubbing and demolition work at various locations. Geotechnical investigations to identify underground conditions for structures and to locate utilities is underway. This will continue at over 150 locations throughout early 2017.

Grade Separations and Roadway Improvements Will Improve Safety and the Environment

An important element of all three construction packages is an emphasis on safety and sustainability. Because high-speed trains will travel through the Central Valley at speeds in excess of 200 miles per hour, the system will be fully grade-separated. This includes the at-grade crossing at Avenue 12 in Madera, which was the site of a fatal car/train crash in 2014.

The Authority is converting 30 existing at-grade street/rail crossings in the Central Valley to grade-separated interchanges. Another 20 roadways will be rebuilt as grade separations where they cross high-speed rail lines and existing freight lines. There will be a total of 50 new, fully grade separated crossings in the Central Valley (10 existing crossings on roadways with low traffic counts will be permanently closed).

This investment, totaling more than \$250 million, will allow vehicles to travel over or under existing

rail lines and high-speed rail lines – which will eliminate the possibility of collisions, greatly improving safety and allowing freer-flowing vehicle traffic. In addition, approximately \$500 million is being invested in local road improvement projects that are necessary due to construction impacts along the alignment and address state of good repair conditions that have languished due to limited local funding.

Central Valley communities will benefit from these grade separations before high-speed rail service begins. The benefits of these investments include:

- **Enhanced safety** – Reducing the risk of car/rail-related conflicts and the resulting fatalities, injuries and accidents involving vehicles, pedestrians, bicyclists, school and transit buses.



Grade Separation

A grade separation is a roadway that is re-aligned over or under a railway to eliminate hazards. There will be a total of 50 new, fully grade-separated crossings in the Central Valley. Benefits of grade separations include:

- ▶ Improved safety
- ▶ Reduced noise (no train horns)
- ▶ Decrease in traffic congestion
- ▶ Reduction in GHG emissions from idling vehicles
- ▶ Improved train operations reliability

- **Free flowing traffic** – Decreasing traffic delays to local motorists and businesses, reducing congestion around rail crossings, and reducing delays to emergency vehicles. An ambulance or fire truck that has to route around a blocked train crossing adds minutes to its response time, which can make all the difference in an emergency.
- **Efficient rail operations** – Improving operations on existing freight and passenger rail lines, including Union Pacific Railroad, BNSF, the San Joaquin Valley Railroad, and the San Joaquin Amtrak service, which runs on these freight lines.
- **Improved air quality** – Reducing air pollution from idling cars and trucks stuck in traffic waiting for trains to pass.
 - According to the American Lung Association, residents of the Central Valley already experience some of the worst air quality in the United States, with rates of particulate and ozone pollution that are among the worst in the nation.
 - Exhaust contains many pollutants that are linked to asthma and other lung diseases, allergies, heart disease, increased risk of infections, cancer and other health problems.
 - An operating vehicle emits a range of gases from its tailpipe into the atmosphere, one of which is carbon dioxide, the principal greenhouse gas that contributes to climate change.

Right-Of-Way Progress to Advance Construction

As construction got underway on Construction Package 1, acquiring the necessary right of way lagged behind projections. Corrective steps were quickly taken to analyze and address this challenge. This included reorganizing and enhancing the land acquisition process and instituting aggressive management and mitigation strategies, including increasing communication with agencies involved in the process. The Authority continues to focus on the delivery of key priority construction parcels through the utilization of the right-of-way settlement teams, and is partnering with its design-build contractors to prioritize parcels to advance construction. This has resulted in identifying where delays occur and addressing issues early. Additional staff training and earlier outreach to property owners has helped to identify concerns and further reduce delays. In March 2016, the Board of Directors approved additional property acquisition consultant resources to increase the parcel delivery rate. As a result of these steps, and of prioritizing parcel acquisition at key construction areas, construction in multiple locations is well underway as project momentum continues throughout the Central Valley. As of mid-February, the Authority is in possession



Faces of High-Speed Rail: Main Event Graphics

One of the first properties needed for the high-speed rail project belonged to Al Perez, owner of Main Event Graphics in Fresno. When he found out he'd have to move his printing business, he was nervous. Perez says, despite his early fears, the agents he worked with were attentive and helpful. And he says the Authority offered him fair compensation for his property and the move. Now, just four blocks away from its previous home, business is booming at Main Event Graphics. See how his new business is doing here - www.youtube.com/watch?v=pil_xSh-lrs

of a total of 1,051 parcels. That's about 75 percent of all parcels necessary for CP 1, 60 percent of those needed for CP 2-3 and 25 percent of those necessary for CP 4.

Jobs and Small Business

The design-build teams utilize small businesses and various skills and crafts trades workers as each construction package progresses. As of November 2016, the contractors had paid nearly \$81 million to 281 small businesses for construction services. The following summarizes activities through November 2016:



Faces of High-Speed Rail: Outback Materials

Outback Materials is a certified small business with headquarters in Madera County that was awarded a contract to provide concrete for the first construction package in the Central Valley. As a result of this work, Outback has hired 25 new employees, purchased over a dozen new pieces of equipment and even built a new state-of-the-art concrete plant in the City of Fresno. Hear from owner Curtis Lovett about the positive impacts high-speed rail is having on his business – www.youtube.com/watch?v=QoAICTP_K8w

→ Construction Package 1 has contracted with 114 certified small and micro businesses, 49 Disadvantaged Business Enterprises and 17 Disabled Veteran Business Enterprises. This includes many engineers, construction managers, designers and all the support personnel in the project office in downtown Fresno. Currently the CP 1 workforce consists of nearly 200 people, a number that fluctuates depending on the project schedule and needs. In addition, nearly 735 construction workers have been dispatched accounting for over 300,000 hours, 36,000 of which have been for apprentice positions. This number includes everything from carpenters and heavy equipment operators to iron workers and laborers. Over 60 percent of workers are disadvantaged workers from economically and extremely economically disadvantage areas, the majority of which are from Fresno County.

→ Construction Package 2-3 has contracted with 41 small and micro businesses, 22 Disadvantaged Business Enterprises and eight Disabled Veteran Business Enterprises. Over 170 construction workers have been dispatched for nearly 32,000 hours, including nearly 200 apprentice hours. Workers from economically and extremely economically disadvantage communities comprise 65 percent of those dispatched.

→ Construction Package 4 has just started and already contracted with 19 small businesses.

In addition to supporting well-paying jobs, the high-speed rail project has also contributed to local business growth. The Quinn Company in Selma, Hertz in Fresno, and Sonsray Equipment in Stockton have all received more than \$8 million from sales and from leasing construction equipment on the project. Another \$2.5 million in construction materials has also been purchased locally. Everything from concrete to plywood to gravel and reinforcing steel has helped to pump money into the local economy.

In May 2016, the Center for Business and Policy Research published the California and Metro Forecast³. This report noted that the Fresno economy has experienced some of the fastest job growth in the state and unemployment has dropped to single-digits. It is expected that with construction on high-speed rail expanding, this will help keep the expansion going over the next two years.

Sustainable Approach to Construction

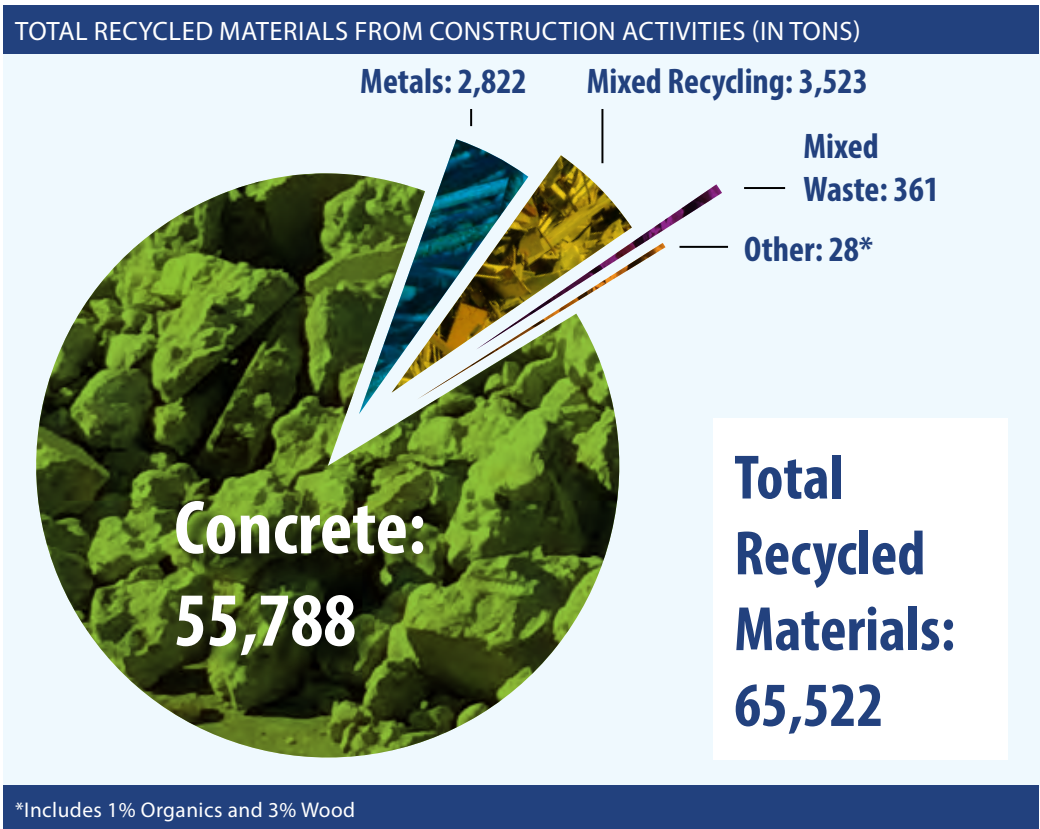
The Authority is leading the way in green practices and sustainable construction. As highlighted in the 2016 Sustainability Report, contracts with construction contractors include a range of specific methods associated with reducing greenhouse gases and other air pollutants, and increasing the recycling of materials. As part of its sustainability program, the Authority monitors several aspects of construction including waste management, cycled materials, fuel and water use and the use of environmental-friendly equipment. Contractors are required to track and report the use of materials, fuel, water and electricity, recycling and reuse volumes, as well as the type and age of on and off-road equipment utilized.

Early results show that the high-speed rail program has avoided emissions in several ways during construction:

- Prioritizing the use of renewable and bio diesel fuels
- Using more efficient vehicles by contractors
- Implementing an aggressive construction waste recycling program avoiding over 12,000 metric tons of greenhouse gas emissions through 2015

The Authority entered into a Voluntary Emissions Reduction Agreement with the San Joaquin Valley Air Pollution Control District. This agreement has involved using Air District programs to replace old, polluting farm equipment, trucks, and school buses. So far, the program has purchased 24 tractors, 12 trucks and one school bus. This has resulted in over 209 tons of lifetime pollution emission reductions. In addition, the program has avoided production of black carbon emissions through the purchase of cleaner Tier 4 construction equipment, which reduces particulate matter emissions as well as nitrogen oxide in engine exhaust by 90 percent. The requirement for clean equipment has resulted in an approximate 40 percent reduction in criteria air pollutants site-wide.

Next Steps: The Authority will complete the acquisition of all the right of way necessary to advance construction in the Central Valley. Construction will ramp up during 2018 with more construction locations coming online, and work will continue through 2019 when the three



design-build construction segments and the State Route 99 construction work are scheduled to be completed. The Authority will also advance the identification of maintenance and operational facilities along the first construction segment with support from the Early Train Operator.

The process will begin for the procurement of the Track and Systems contract, which will include the design and construction of rail and the installation of electrification and high-speed rail systems to begin train testing.

SUPPLEMENTAL ENVIRONMENTAL ANALYSIS IN THE CENTRAL VALLEY

Merced to Fresno

The Authority Board of Directors certified the Final EIR/EIS for the Merced to Fresno project section in May 2012. The Federal Railroad Administration issued the Record of Decision in September 2012. At that time, the Board of Directors determined that the Central Valley Wye alternatives should be further developed and evaluated in a subsequent environmental analysis. The Central Valley Wye will serve as the junction for trains that head to either northwest to the San Francisco Bay Area or north to Merced and ultimately Sacramento.

The Authority considered input from stakeholders and regulatory agencies which it used to narrow 14 separate alternatives down to four that are being evaluated as part of the Merced to Fresno Project Section Supplemental EIR/EIS. The following four Central Valley Wye alternatives share logical termini at Henry Miller Road/Carlucci Road to the west, Ranch Road/SR 99 to the north, and Avenue 19 near Madera Acres on the south.

→ State Route 152 (North) to Road 13 Wye Alternative

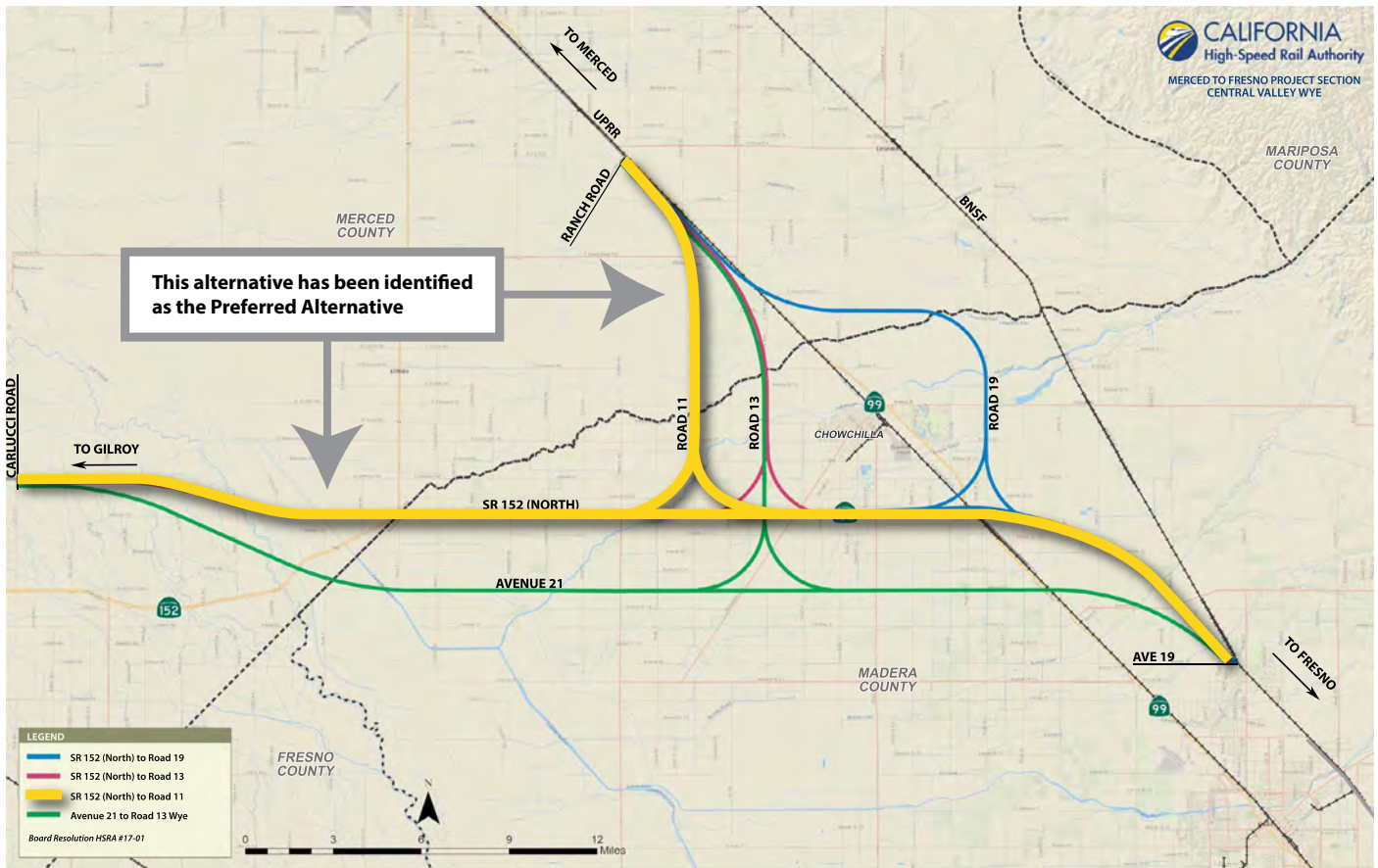
→ State Route 152 (North) to Road 19 Wye Alternative

→ Avenue 21 to Road 13 Wye Alternative

→ State Route 152 (North) to Road 11 Wye Alternative

In January 2017, the Board of Directors concurred with the staff's recommendation to identify the Road 11 to State Route 152 alternative as the preferred alternative in the Merced to Fresno Central Valley Wye Draft Supplemental EIR/EIS. The selection culminated many years of discussion and engagement with local communities, including Chowchilla and Fairmead, and local citizens and stakeholders.

In addition to the supplemental environmental document, station area planning work is underway with the cities of Fresno and Merced. The Authority executed agreements with these cities to assess the land uses and access around the station area to support land use and transportation planning updates. The city of Fresno anticipates completing a Master Area Plan and Implementation Strategy that will help turn the vision of the Fresno Station District into reality. This work is to leverage investment in the area, fuel economic development and ensure attention and investments surrounding the station. Merced is in the process of developing a District Scale Plan after holding public meetings in late 2016. This joint effort will create a vision for the station area and identify plans to generate economic development through enhanced access.



Next Steps: The Merced to Fresno Central Valley Wye Draft Supplemental EIR/EIS is expected to be released for public review and comment in summer 2017. The Authority will continue to work with communities and stakeholders as it works toward final environmental clearance in 2018. In anticipation of completion of the environmental document, procurement documents will be drafted so construction can continue for the Silicon Valley to Central Valley Line. In addition, as stated in the 2016 Business Plan, the Authority will work with the City of Merced to identify additional funding in order to pursue construction of a potential single track extension from Merced to Carlucci Road connecting Merced to the Bay Area.

The Authority will advance station area development, which will include the release of a station design contract for the Fresno Station. In addition, the Authority will begin planning efforts related to an initial stop at Madera to connect with Amtrak San Joaquin services as part of beginning service on the Silicon Valley to Central Valley Line.

Fresno to Bakersfield

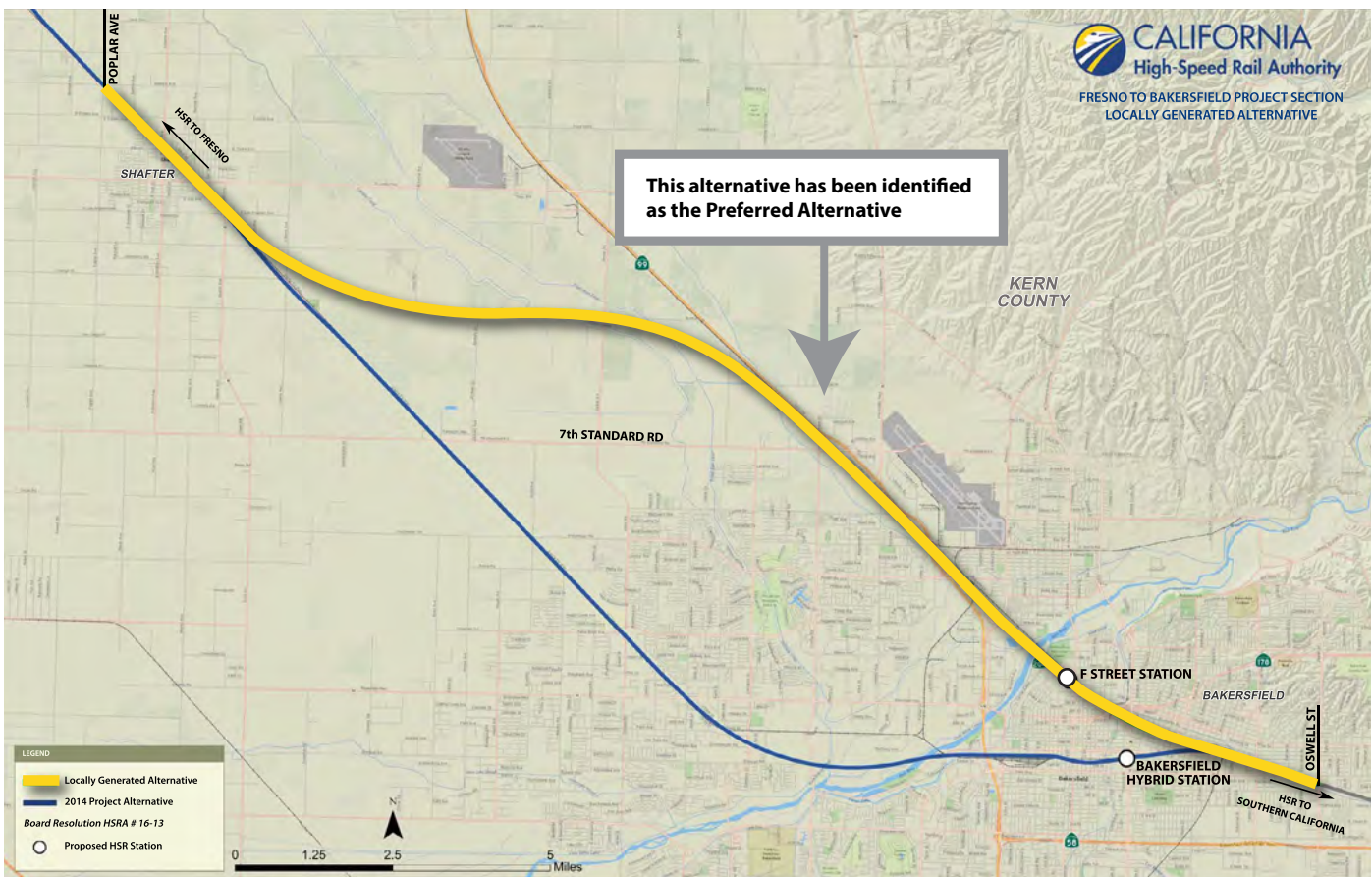
In May 2014, the Board of Directors certified a Final EIR/EIS for the Fresno to Bakersfield project section. The document identified a preferred alignment from the Fresno Station to the Bakersfield Station located at Truxtun Avenue. In June 2014, the City of Bakersfield filed a lawsuit challenging the approval under the California Environmental Quality Act (CEQA). As a result, the Authority and the City of Bakersfield continued meeting in an effort to resolve the issues addressed by the litigation. In December 2014, the Authority and the City of Bakersfield announced that they would study an alternative alignment, known as the Locally Generated Alternative, that includes a high-speed rail station at F Street and that the City agreed to dismiss its CEQA lawsuit.

The Authority has continued outreach and collaboration with local communities and stakeholders to inform and involve the people of these communities through the next steps of the process in delivering high-speed rail.

In May 2016, the Authority Board of Directors concurred with the staff's recommendation to identify the Locally Generated Alternative and the F Street Station as the preferred alternative in the Fresno to Bakersfield Project Section Supplemental EIR/EIS. Collaboration and communication is also continuing with the city of Shafter and with Kern County regarding high-speed rail in the region.

In addition, several station area planning agreements were executed over the last two years. Agreements were executed with Tulare County Association of Governments (TCAG) and the city of Bakersfield to begin development of station-area plans. Both have hired consultants to support this planning and have begun work on alternative development scenarios around each station. TCAG is focused on looking at connectivity from the surrounding cities to the Kings/Tulare station. Bakersfield has shared three alternative concepts with the community and is refining those concepts based upon public input.

An agreement was also executed with the city of Wasco in May 2016 to address environmental issues related to project impacts to farmworker housing along the high-speed rail alignment near the Wasco Amtrak station. The Authority will contribute \$10 million to support city efforts to relocate the housing within the city.



Next Steps: The Fresno to Bakersfield Locally Generated Alternative Draft Supplemental EIR/EIS is expected to be released for public review and comment in spring 2017. The Authority will work with the community, stakeholders and environmental justice communities to gather comments on the draft environmental document. A final document is anticipated to be released in early 2018. During this time, the agency will work with the cities of Shafter and Bakersfield to identify additional funding to potentially continue construction of the Silicon Valley to Central Valley Line from Poplar Street in Shafter to Bakersfield as outlined in the 2016 Business Plan.

In addition, station area planning work will continue with the TCAG on transportation access to the high-speed rail station near Hanford, and station design is expected to begin soon after completion. The development of a regional connectivity plan will include evaluating transit-oriented development opportunities and how economic development may be spurred through enhanced access to surrounding communities. It will also assess the feasibility and timing of future transit investments such as Bus Rapid Transit and light-rail along the Cross Valley Rail Corridor.

Planning work is also expected to be completed for a station in the city of Bakersfield. The city of Bakersfield, in partnership with, and with funding from the Authority, is developing a high-speed rail station area plan for downtown Bakersfield. The study area includes the approximate boundaries of the Kern River and 38th Street to the north, California Avenue to the south, Union Avenue to the east, and F Street to the west. This effort will identify and analyze opportunities and challenges in the area in order to develop an urban design, multi-modal transportation and economic development strategy that optimizes future growth in the area. When complete, the plan will serve as a vision document that will guide the future development of the station area. This is being done in preparation for station design when additional funding is identified to continue the Silicon Valley to Central Valley Line.

SOUTHERN CALIFORNIA

The Southern California portion of the high-speed rail system includes four Phase 1 project sections: Bakersfield to Palmdale, Palmdale to Burbank, Burbank to Los Angeles, and Los Angeles to Anaheim. Through community and stakeholder outreach, the Authority has advanced the environmental review process for all four project sections and is moving toward identification of preferred alternatives and the release of Draft EIR/EIS as outlined in the Schedule Section of this report. For each of the four project sections, the selection of a preferred alternative will come after years of technical analysis and public engagement. Each of these sections has unique circumstances, including several that are part of the nation's second busiest passenger rail corridor and are also vital for freight and goods movement. Combined, the

High-Speed Rail Funding Dedicated to Southern California Early Investments and Connectivity

Nearly \$1 billion in Proposition 1A funding has been dedicated towards early investments to advance statewide rail modernization. This includes nearly \$400 million dedicated to connectivity projects that support safety and modernization improvements, including positive train control, upgraded vehicles and rail corridor upgrades. In addition, \$500 million was set aside and memorialized in a Southern California Memorandum of Understanding executed in 2012 to support improvement projects in the Phase 1 system. Projects include:

- ▶ Link Union Station
- ▶ Rosecrans/Marquardt Grade Separation
- ▶ Doran Street and Broadway/Brazil Grade Separation
- ▶ State College Grade Separation
- ▶ Fullerton Junction

These investments are being made as part of an overall State of California rail modernization program, which is also dedicating Greenhouse Gas Reduction Funds, as well as other discretionary state funding towards improvements statewide. This includes funding through the Transit and Intercity Rail Capital Program, which is funding 14 projects in Southern California for a total of \$386.3 million and various projects funded through Proposition 1B as well as California Public Utilities Commission funding.

Burbank to Los Angeles and the Los Angeles to Anaheim sections make this a vital corridor to both the regional and state economies.

Active and continued public engagement, as well as technical analysis in all four project sections, remains an essential part of the Authority's process as it works toward the environmental milestones. Additionally, while the environmental process moves forward, the Authority is collaborating with regional transportation partners to identify, fund and develop early investments in local and regional rail lines that will improve and enhance this corridor and provide early benefits to Southern California communities even before high-speed rail service begins as discussed earlier in this report.

Bakersfield to Palmdale

The Bakersfield to Palmdale project section is part of the first phase of the high-speed rail system and will connect the Central Valley to the Antelope Valley, closing the existing passenger rail gap between Northern and Southern California over the Tehachapi Mountains. The approximately 80-mile project section will travel through or near the cities of Edison, Tehachapi, Rosamond, Lancaster and Palmdale with stations in Bakersfield and at the Palmdale Transportation Center.

The Authority completed a Supplemental Alternatives Analysis in April 2016, identifying four alignment alternatives (Alternatives 1, 2, 3 and 5) to carry forward for further analysis. The alignment alternatives address comments from government agencies, the public, employers, land owners, and local and regional governments. The alignments avoid or minimize potential impacts to existing facilities, land uses, and environmental resources. All four alternatives are being fully evaluated in the Draft EIR/EIS for this section. Preliminary geotechnical drilling, and a substantial amount of environmental field work and data gathering was completed in 2016.

Extensive public outreach in this project section has been conducted over the past two years and continues through 2017. In the most recent public engagement events earlier this year, the Authority hosted six community open houses. Correspondingly, agency and stakeholder working group meetings held in 2015 and 2016 included representation from more than 35 organizations. During the course of the outreach, the Authority has met with numerous federal, state and local entities, including the U.S. Department of Defense, Bureau of Land Management, Kern County, the community of Rosamond, and the cities of Tehachapi, Lancaster and Palmdale, local farm bureaus, and land and business owners along the alignments. Coordination with key resources agencies including the U.S. Army Corp of Engineers, and the U.S. Fish & Wildlife Service was also conducted during this time.

Next Steps: Environmental and technical analysis will continue with a staff recommended preferred alternative expected in summer 2017 and the release of a Draft EIR/EIS towards the end of the year. Public outreach and open houses will continue before, during and after the circulation of this document. Work with corridor stakeholders will identify where high-speed rail plans and local plans overlap. This will ensure that high-speed rail investments incorporate regional state of good repair and improvements, where a nexus exists, in high-speed rail environmental clearances and future planning activities.

As funding is available, the Authority will develop procurement documents and move forward on right-of-way acquisition and construction.

Palmdale to Burbank

The Palmdale to Burbank project section is part of the first phase of the high-speed rail system connecting the Antelope Valley to the San Fernando Valley to bring high-speed rail service to the urban Los Angeles area. The approximately 40-mile project section will connect stations at the Palmdale Transportation Center to a new high-speed rail station at the Hollywood Burbank Airport. The corridor travels through extremely diverse areas from rural and mountainous to suburban and dense urban environments.

The Authority completed a Supplemental Alternatives Analysis (SAA) in April 2016, identifying three alignment alternatives (SR 14, E1 and E2) to be carried forward for further analysis. After careful analysis and review with communities, these three alignment alternatives incorporated refinements that further avoid or minimize potential impacts to the existing communities, facilities, land uses, and environmental resources, while improving future high-speed rail operations and constructability. The three alignment alternatives identified in the SAA will be fully analyzed in the Draft EIR/EIS.

Since 2014, four rounds of public open house community meetings were held with more than 3,500 attendees. Additionally, multiple working group meetings with nearly 500 participants, and more than 200 community meetings, presentations or briefings took place. These efforts have included a multi-faceted, multi-lingual approach focused on reaching all affected communities in the area to involve them in the decision making process.

In addition, the Authority has worked with multiple federal, state, county and local agencies, including the U.S. Forest Service for geotechnical work that was conducted in the Angeles National Forest. This work included investigating rock quality and tunnel depth, as well as optimizing tunnel alignments while minimizing impacts.

The Authority has also established multiple agreements with local and regional transportation partners to improve the existing transportation network. For example, in January 2016, the Authority entered into separate station area planning agreements with the cities of Palmdale and Burbank to begin the planning process to develop world class multimodal transportation hubs. The Palmdale agreement incorporates the proposed high-speed rail station at the Palmdale Transportation Center and the Palmdale Civic Center area.



Geotechnical Investigation in the Angeles National Forest

In 2016, geotechnical investigations were initiated to analyze and minimize impacts to the Angeles National Forest for the alignment alternatives being considered between Palmdale and Burbank. The purpose of these investigations was to:

- ▶ Evaluate rock quality at the depth of the tunnels and characterize it for a tunnel boring machine
- ▶ Characterize bedrock faults and evaluate groundwater
- ▶ Optimize the tunnel alignment through Angeles National Forest with the objective of minimizing potential impacts

The scope of the geotechnical investigations included:

- ▶ Completing 6 exploratory core holes from 1,000 – 2,700 feet deep
- ▶ Measuring water pressures, rock stresses and hydraulic conductivities
- ▶ Conduct core hole geophysical surveys
- ▶ Sample groundwater and analyze water chemistry
- ▶ Install instrumentation for a laboratory testing program

A video with more information about these investigations is available at:

www.youtube.com/watch?v=J_zK3xkxwZg



Engineer Alvaro Relano explains refined alignments in the Palmdale to Burbank Project Section to community members at the Acton/Agua Dulce Open House meeting in September 2016.

The Burbank agreement incorporates the proposed high-speed rail station, the Regional Intermodal Transportation Center (RITC), Amtrak and Metrolink Stations, bus services, ride share, and active transportation all adjacent to the Hollywood Burbank Airport.

Next Steps: Environmental and technical analysis will continue with a staff recommended preferred alternative expected in fall 2017 and the release of a Draft EIR/EIS towards the end of the year. Outreach, including open house community meetings, will continue to further engage local jurisdictions, environmental justice populations, regulatory agencies, and other stakeholders. Environmental clearance efforts will conclude in 2018 and the Authority will identify early next steps, including development of procurement documents and right of way acquisition in order to move into construction as funding is available. The Authority continues to work with corridor stakeholders to identify where high-speed rail plans and local plans overlap. To the extent possible, given a nexus with future high-speed rail improvements, the Authority will ensure

that regional state of good repair and other improvements are discussed in environmental clearance and future planning activities.

The City of Palmdale will continue station area planning related to land use changes around the proposed station area and will complete these efforts in 2017. Related to this effort, coordination will continue with the city, developers and the community to ensure that the station is integrated with future development plans for the area.

Burbank to Los Angeles

The Burbank to Los Angeles project section is part of the first phase of the high-speed rail system connecting two key multi-modal transportation hubs, the Hollywood Burbank Airport and Los Angeles Union Station (LAUS), providing an additional link between Downtown Los Angeles, the San Fernando Valley and the state. The approximately 12-mile project section proposes to utilize the existing railroad right-of-way to the extent possible, adjacent to the Los Angeles River, through the cities of Burbank, Glendale and Los Angeles.

This project section is of regional and statewide significance and is essential to the economy of Southern California. In addition to moving people, it is a vital for freight and goods movement. While the ongoing environmental analysis is happening in this project section, early investments are being made and focus on grade separations. These early benefits for this congested corridor will increase capacity, as well as improve safety and air quality in a disadvantaged community.

In this project section, existing Amtrak/Metrolink stations in downtown Burbank and in Glendale will remain. The two electrified tracks needed for high-speed rail will share the current rail corridor utilized by Amtrak, Metrolink and freight railroads. This enhanced corridor, with additional tracks, will improve operations for both existing passenger rail services and freight rail, and will enhance safety at six current grade crossings with roads that will be fully grade-separated (over or under a railway to eliminate

hazards). Improvements will also consider the future needs of the corridor and identify opportunities for joint use of tracks in select locations.

The Authority completed the Supplemental Alternatives Analysis (SAA) for the Burbank to Los Angeles project section in April 2016. As part of the development of the SAA, an updated alternative was recommended with design variations and options at specific locations. The alignment has been further refined with respect to street and rail crossings that will need to be modified.

The Authority is working closely with project partners to improve and refine the proposed alternative. Public meetings were held throughout 2014 and 2015, informing hundreds of community members about the Burbank to Los Angeles project section. This includes scoping meetings in 2014 and a round of three community open houses in the fall of 2015 to receive feedback on the alignment. Most recently, the Authority hosted public outreach meetings in late 2016. This outreach including working group meetings, stakeholder meetings, and community open house meetings.

Starting in 2015, a robust Stakeholder Working Group representing a wide-range of community organizations has met three times and provides valuable insight at key project milestones. Focused outreach has been conducted to ensure community participation, with 180 community briefings and presentations completed since 2014.

Next Steps: Environmental and technical analysis will continue with a staff recommended preferred alternative expected in summer 2017 and the release of a Draft EIR/EIS in late summer. Extensive public and stakeholder outreach will continue focusing on community discussions around proposed grade separations and continued outreach to environmental justice populations.

The City of Burbank will complete station area planning work related to land use changes around the proposed station area. Related to this effort, coordination will continue with the city, Hollywood Burbank Airport, developers and the community to ensure that the station is integrated with future development plans for the area.

The Authority will continue to work with LA Metro on planning and design at and around Los Angeles Union Station, including the Link Union Station Project, which will integrate high-speed rail into the historic station while providing for improved regional rail operations and passenger experience for all users of this important station. This is part of a broader regional undertaking with other major transit operators to plan for how all services operating at the station will be integrated. It is designed to increase rail capacity, improve access and connectivity, improve air quality and modernize the passenger concourse area.

Additionally, the Authority will continue to work with rail corridor owners and operators to further define a safe, modern, urban corridor that will allow for blended passenger and freight operations and advance opportunities for early investment projects to deliver



Members of the public attended an open house community meeting in 2016 in the Burbank to Los Angeles project section. At the meeting, they viewed potential alignments and learned more about the project.

immediate benefits to existing users, as well as define next steps for high-speed rail implementation following environmental clearance. The Authority continues to work with corridor stakeholders to identify where high-speed rail plans and local plans overlap. This will multiply the benefits of the high-speed rail investment by incorporating regional state of good repair and other improvements in high-speed rail environmental clearances and future planning efforts where there is a nexus with high-speed rail investment.

Los Angeles to Anaheim

The Los Angeles to Anaheim project section connects Los Angeles and Orange counties by traveling from Los Angeles Union Station (LAUS) to the Anaheim Regional Transportation Intermodal Center (ARTIC) using the existing Los Angeles-San Diego-San Luis Obispo (LOSSAN) rail corridor. The approximately 30-mile corridor travels through the cities of Los Angeles, Vernon, Commerce, Bell, Montebello, Pico Rivera, Norwalk, Santa Fe Springs, La Mirada, Buena Park, Fullerton and Anaheim.

Similar to investments in the north, improvements in this section will involve sharing tracks with other providers in the rail corridor, which will result in blended passenger operations with existing passenger and freight rail systems. The corridor will be augmented with additional tracks that will improve overall passenger and freight rail operations, increase capacity, and improve the speed, safety and efficiency of existing passenger and freight services. The investments in this corridor will enhance safety at current grade crossings with roads that are grade-separated.

The Authority completed a Supplemental Alternatives Analysis in April 2016, analyzing two build alternatives. Alternative 2 would have fewer right of way impacts, have lower capital costs, have less impacts on parks, trails and bikeways, schools, historic architectural resources, and generally have less impacts on wildlife, waters and wetlands, and would also satisfy the needs of the shared use corridor. As such, Alternative 2 will be fully analyzed in the Draft EIR/EIS.

The Authority is working closely with project partners, including the individual corridor cities, the Gateway Cities Council of Governments, Metro, the Orange County Transportation Authority, LOSSAN Joint Powers Authority and others in order to improve and refine the proposed alternative. In October 2015, the Authority hosted a series of public meetings with more than 200 in-person and online participants. Current outreach activities include a robust Stakeholder Working Group representing a wide-range of community organizations, and focused outreach within the adjacent communities.

In 2016, the Authority committed early investment bookend funds appropriated in 2012 by Senate Bill 1029 for the Rosecrans/Marquardt Grade Separation Project – the highest-priority rail grade separation project in the state as rated by the California Public Utilities Commission, which is located in this project section. This critical grade separation will provide immediate operational and safety benefits that will be shared by Metrolink, BNSF, and Amtrak passenger rail services (and eventually high-speed rail), as well as improve the local traffic in the area.

Next Steps: Environmental and technical analysis will continue with a staff recommended preferred alternative expected in summer 2017 and the release of a Draft EIR/EIS in the fall. The Authority will continue outreach to the public and stakeholders over the coming year, including open house community meetings and focused outreach at proposed grade separations.

The Authority will continue to work with rail corridor owners and operators to develop the safe, modern, urban corridor that will allow for blended operations with other passenger and freight providers to allow for maximum use of this constrained corridor. This shared use approach multiplies the benefits of high-speed rail by providing safety, air quality and state of good repair benefits to the existing rail corridor.

Also, the Authority will advance opportunities for early investment projects to deliver immediate benefits, as well as define next steps for high-speed rail implementation following environmental clearance. To the extent there is a nexus with the high-speed rail program, the Authority will incorporate regional state of good repair and other improvements in the high-speed rail environmental clearance and future planning activities.

PHASE 2

Los Angeles to San Diego (Via the Inland Empire)

The Authority meets every other month and/or as needed with regional transportation partners from the four-county Southern California Inland Corridor Group (ICG) to coordinate the high-speed rail program with regional land use planning and transportation plans. The Inland Corridor Group has been essential in fostering integrated regional planning in order to promote synergy among the many systems and agencies along the 170 mile Los Angeles to San Diego alignment. With input from the Inland Corridor Group, advancement of conceptual engineering and preliminary environmental review activities continue as the Authority addresses stakeholder feedback received on the alignments presented in the Preliminary Alternatives Analysis Report. A draft alignment refinement report has been developed and continues to be updated to reflect the most recent coordination efforts. The Authority will document these efforts and present its findings and recommendations in a Supplemental Alternatives Analysis Report.

In conjunction with corridor definition efforts, the Authority and the Inland Corridor Group partners have embarked on the development of a technical planning study that will present strategies for how high-speed rail will be implemented in the project section. This includes prioritizing locations for advancing enhanced connections to the Phase 1 system, opportunities for right of way preservation, strategies for environmental clearance, and opportunities for partnerships and shared funding to move high-speed rail forward.

The planning document and process will identify opportunities in the region that provide for improved connectivity from the Inland Empire and San Diego to the Phase 1 high-speed rail system and across the region, while also accommodating the



Stakeholder Working Group members, comprised of community leaders and service providers from across various sectors serving the community, discuss desired project objectives for the Los Angeles to Anaheim project section. They included improving mobility, the environment, the economy, community livability, and other participant specified objectives.

future Phase 2 high-speed rail corridor. Additional alignment refinements and planning in key areas such as Ontario International Airport and San Diego International Airport inform local investments that are already occurring and provide input to future, regional and state projects that improve mobility and provide connectivity.

Concurrently, other agencies are advancing planning efforts that will support and enhance the Southern California passenger rail network, including the 2018 California State Rail Plan. The Los Angeles to San Diego planning work is being performed collaboratively with these efforts. Upon completion, it will reflect these plans and inform other ongoing studies.

Next Steps: The Authority will continue to advance corridor planning and project definition. The project team will work with the Inland Corridor Group to complete the technical planning study for high-speed rail as part of the regional rail network and will move towards producing a Supplemental Alternatives Analysis. The Authority will also coordinate with local agencies to identify opportunities for concurrent investments that will provide immediate benefits and could facilitate future high-speed rail.

Merced to Sacramento

As part of its efforts to integrate the high-speed rail system into the state's overall passenger rail network, the Authority continues to work with the Northern California Rail Partners to identify and prioritize near-term regional rail improvements as part of the Northern California Unified Rail Service and for the 2018 California State Rail Plan work. Stakeholder engagement and coordinating with nearly 30 public agencies, including congressional, state, regional, and local governments planning for the Merced to Sacramento project section.

The purposes of the Authority's stakeholder outreach are to inform and engage stakeholders in the Merced to Sacramento area of planning efforts, identify tradeoffs between near term and long term investments, and gain valuable feedback from the community and technical service providers.

As part of this collaborative effort, we are coordinating with affected rail providers and considering transportation service connections to the Bay Area and south to Fresno and Bakersfield. The planning efforts consist of an assessment of the opportunities and constraints for better, faster, more frequent and more coordinated passenger rail service from Merced to Sacramento. The study will include options for conceptual phasing and will develop prioritization for service goals and the associated infrastructure requirements that support those goals. This high level prioritization will provide the framework for future investments that meet the service goals that will ultimately lead to the development of a phased capital program.

With construction of the high-speed rail backbone underway in the Central Valley, we are working to assess other locally planned improvements that increase connectivity and enhance the network. The Authority will continue to work with our partners to explore upgrades to the San Joaquin, Altamont

and Capitol Corridor passenger rail lines to improve service frequency, reduce travel times, and provide connectivity to the future high-speed rail system.

Planning in this corridor focuses on connectivity improvements in anticipation of future high-speed rail service. Staff works closely with local partners and collaborates with the California State Transportation Agency and Caltrans on the 2018 State Rail Plan, which will advance additional efforts to develop a seamless statewide rail network.

The Authority is committed to pursuing Merced to Sacramento and Altamont Corridor planning efforts, as addressed through spending appropriations for these corridor segments as identified in SB 1029.

There are two SB 1029 connectivity projects located in this section:

- Sacramento Intermodal Facility High-Speed - \$600,000

- Stockton Passenger Track Extension - \$6 million

The Sacramento project is nearing completion and the Stockton project has just completed contract negotiations with Union Pacific Railroad and will be progressing to project completion in June 2018.

Next Steps: The Authority will continue to coordinate with partner agencies on the investments through SB 1029 and will stay engaged in planning efforts and stakeholder outreach to receive input on mobility improvements and setting project priorities.

3. Financials

BASELINES, CURRENT AND PROJECTED BUDGETS AND EXPENDITURES TO DATE

The 2016 Business Plan presented a comprehensive update of the cost estimates for the Phase 1 system as it was defined in Proposition 1A -- San Francisco/Merced to Los Angeles/Anaheim. Notably, it also laid out a new implementation strategy for delivering the Phase 1 system. Specifically, the 2016 Business Plan identified the Silicon Valley to Central Valley Line as the initial operating line for passenger rail service. This implementation strategy represents a change from the 2012 and 2014 Business Plans and the most recent 2015 Project Update Report. In prior business plans and project update reports, the Authority identified a three-stage plan for completing the Phase 1 system: Initial Operating Section (Merced to San Fernando Valley); Bay to Basin (San Jose to San Fernando Valley); Phase 1 (San Francisco to Los Angeles/Anaheim). However, the long-term commitment of Cap and Trade proceeds by the Legislature and the Governor (Senate Bill 862) influenced the program's strategic direction, positioning the Authority to shift to an implementation strategy to deliver an initial operating line using available funds in 2025.

PRE-CONSTRUCTION PHASE

Pre-construction expenditures are defined in California Streets and Highways Code Section 2704.08(g) as, "environmental studies, planning, and preliminary engineering activities, and for (1) acquisition of interests in real property and right of way and improvement thereof (A) for preservation for high-speed rail uses, (B) to add to third-party improvements to make them compatible with high-speed rail uses, or (C) to avoid or to mitigate incompatible improvements or uses; (2) mitigation of any direct or indirect environmental impacts resulting from the foregoing; and (3) relocation assistance for property owners and occupants who are displaced as a result of the foregoing."

It is important to note, that the overall Phase 1 Project Development budget represents approximately 1.6 percent of the overall \$64.2 billion Phase 1 program capital cost. This cost is low when compared with national trends (TCRP and other experience) which show that these costs can range from 2.5 to 6 percent of total project costs.

Table 3.0 shows the current pre-construction contracts by implementation phase (Phase 1, Phase 2 and Program-wide). Each contract provides a summary of the original contract value, contract start and end dates, expenditures through December 2016, and projected costs at completion. The Authority's initial contracts were awarded between 2006 and 2008; during that timeframe it was assumed that the environmental reviews for all of the Phase 1 sections would be complete by 2014 and Phase 1 of the high-speed rail would be implemented and operational by 2020. All but one of these contracts have expired; the one that still is in effect is for completing the supplemental environmental document for the Central Valley Wye section of the Merced to Fresno project section. The projected completion of all

SB 1029 PROJECT UPDATE REPORT

Section (b)

The baseline budget for all project phase costs, by segment or contract, beginning with the California High-Speed Rail Program Revised 2012 Business Plan.

Section (c)

The current and projected budget, by segment or contract, for all project phase costs.

Section (d)

Expenditures to date, by segment or contract, for all project phase costs.

Phase 1 environmental clearance has been updated so that the preferred alternatives are targeted to be identified and draft environmental documents will be issued by or before the end of 2017 with final environmental clearance in 2018. As shown on Table 3.0, three contracts were originally issued as single contracts for larger environmental sections but were subsequently divided as follows:

- Initially, a contract was issued for the Sacramento to Fresno project section; it was subsequently divided into two project sections – the Merced to Fresno and the Merced to Sacramento project sections with both remaining under contract to AECOM. Subsequently, the Merced to Fresno environmental document was completed and a contract with Precision Engineering was procured in May 2014 to continue Phase 2 planning in the Merced to Sacramento section. The Precision work was completed and the contract has expired.
- Similarly, subsequent to issuing a contract for the Fresno to Palmdale project section; it was divided into two project sections – the Fresno to Bakersfield and Bakersfield to Palmdale project sections with both remaining under contract to the URS-HMM-Arup/JV. Subsequently, the Fresno to Bakersfield EIR/EIS was completed and the contract expired. Work related to Fresno to Bakersfield supplemental environmental work and the Bakersfield to Palmdale environmental work was re-procured and is now with T.Y.Lin.
- Originally, a contract was issued for a larger Palmdale to Los Angeles project section (under contract to HMM-URS-Arup/JV) which has now expired. That longer section was divided into two project sections and re-procured, with the Palmdale to Burbank project section with SENER and the Burbank to Los Angeles project section with STV.
- Since the 2015 Project Update Report, five regional sections have been re-procured: San Francisco to San Jose and San Jose to Merced (HNTB), Palmdale to Burbank (SENER), Burbank to Los Angeles (STV) and Los Angeles to Anaheim (STV). New contract durations were for a set period of time and all currently extend beyond the proposed record of decision milestone to allow for permitting and other post-environmental activities.

A number of program-wide contracts have also been procured or re-procured since 2015. Table 3 shows the Program Management Team Contract (Parsons Brinckerhoff) that was re-procured in 2015 as the Rail Delivery Partner (RDP) Contract (WSP | Parsons Brinckerhoff). The table also shows Agency Costs and other, which represents a number of contracts with state and federal agencies that support environmental, permitting and other aspects of program delivery such as the U.S. Army Corps of Engineers and the California Department of Fish and Wildlife. It also includes additional professional services contracts such as financial advisory, geotechnical and right of way services, among others.

The projected costs at completion shown in Table 3 reflect the current forecast (subject to change) to complete the pre-construction phase (as documented in the Authority/FRA grant funding contribution plan) plus all expenditures through December 2016. Program Management and Agency Costs cover both pre-construction and construction phases. The Authority prepares comprehensive updates on all pre-construction contracts and presents them to the Board of Directors' Finance and Audit Committee for review on a monthly basis. Table 3.0 summarizes information from the Finance and Audit Committee

TABLE 3.0 PRE-CONSTRUCTION PHASE BUDGETS BY CONTRACT AS OF 12/31/16 (DOLLARS IN MILLIONS)

	Section	Contract Start	Board Authorization for Amendment	Current Contract Completion	Current Contract Value	Projected Cost at Complete	Expenditures Thru December 2016
PHASE I	San Francisco - San Jose (HNTB)	7 Feb	N/A	Completed	--	\$45	\$45
	San Francisco - San Jose and San Jose - Merced (HNTB)	15 Nov	15 Nov	18 Nov	\$36	\$36	\$15
	San Jose - Merced (Parsons Transportation Group)	8 Dec	N/A	Completed	--	\$45	\$45
	Merced - Fresno Central Valley Wye (Parsons Transportation Group)	8 Dec	14 Jun	18 Jun	\$77	\$77	\$72
	Merced - Fresno (AECOM)	7 Feb	13 May	Completed	--	\$50	\$50
	Fresno Bakersfield (URS-HMM-Arup/JV)	7 Feb	13 Apr	Completed	--	\$118	\$118
	Bakersfield- Palmdale (URS-HMM-Arup/JV)	7 Feb	N/A	Completed	--	\$26	\$26
	Fresno - Bakersfield Locally Generated Alternative (T.Y.Lin)	14 Feb	16 Oct	19 Jan	\$22	\$22	\$4
	Bakersfield - Palmdale (T.Y.Lin)	14 Feb	13 Nov	19 Nov	\$46	\$46	\$36
	Palmdale - Los Angeles (HMM-URS-Arup/JV)	6 Dec	14 Jun	Completed	--	\$74	\$74
	Palmdale - Burbank (Sener)	15 Apr	15 Mar	20 Apr	\$56	\$56	\$30
	Burbank - Los Angeles (STV)	15 Feb	14 Apr	20 Jan	\$21	\$21	\$4
	Los Angeles - Anaheim (STV)	6 Dec	N/A	Completed	--	\$50	\$50
	Los Angeles - Anaheim (STV)	15 Feb	14 Apr	20 Jan	\$30	\$30	\$16
	PHASE II	Los Angeles - San Diego (HNTB)	7 Feb	N/A	Completed	--	\$12
Los Angeles - San Diego (CH2M Hill)		14 Feb	13 Oct	18 Jan	\$5	\$5	\$3
Merced -Sacramento (AECOM)		7 Feb	13 May	Completed	--	\$8	\$8
Merced - Sacramento (Precision Civil Engineering)		14 May	13 Aug	Completed	--	\$1	\$1
Altamont (AECOM) (Under SJRRC direction)		8 Nov	14 Apr	19 Jun	\$55	\$23	\$18
PROGRAM-WIDE	Agency Costs & Other (Estimate)	N/A	N/A	N/A	--	\$292	\$57
	Program Management ¹ (Parsons Brinckerhoff)	6 Nov	13 May	Completed	--	\$256	\$256
	Rail Delivery Partner (Parsons Brinckerhoff)	15 Jul	15 Jun	22 Jun	\$700	\$700	\$119
TOTAL					\$1,048	\$1,993²	\$1,059

1 - Program management costs include pre-construction and construction cost.

2 - Includes pre-construction and construction costs as outlined in February 2017 Capital Outlay Summary Report.

February Contracts & Expenditures and Capital Outlay reports and represents data through December 31, 2016. These reports can be found on the Authority's website at: www.hsr.ca.gov/Board/monthly_fa_committee_meeting.html

Table 3.1 shows the breakdown of costs for the four Central Valley construction contracts that have been executed to date: the three design-build construction packages and the State Route 99 (SR 99) Realignment Project inter-agency agreement executed with the California Department of Transportation (Caltrans). The contract execution date, contract value, contingency and expenditures to date as of December 31, 2016 are summarized. Contingency amounts for each contract are based on the Authority risk-informed assessment reports, recommended contingency estimates and the unit price allowance for hazardous soil remediation. These are approved separately by the Authority's Board of Directors after contracts are awarded. In addition to the allocated contingencies for each contract, the Authority also maintains an unallocated contingency to address unknown conditions.

- Tutor Perini/Zachry/Parsons (TPZP) was awarded the contract for Construction Package 1 in 2013 at a contract price of \$970 million with additional Authority-controlled provisional sums of \$53 million for utility relocation, construction contract work and unforeseen circumstances, such as the discovery of hazardous materials. A \$160 million contingency was approved by the Authority's Board of Directors in September 2013. This contract was amended in 2016 to include a nearly 3-mile extension to Madera and various change orders, including extending the contract completion date, for a total of \$400 million.
- In 2013, the Authority decided to utilize the California Department of Transportation (Caltrans) to manage a 2.5-mile realignment of State Route 99 in Fresno to create space for high-speed rail between the Union Pacific Railroad line and State Route 99⁴. The original inter-agency agreement was \$226 million with \$9 million contingency approved by the Authority Board of Directors. A change order was executed in early 2017 increasing the contract value by \$35 million to a total of \$261 million for increased costs associated with utilities and railroad agreements that were not fully known in 2013.
- Dragados/Flatiron Joint Venture (DFJV) was awarded the contract for Construction Package 2-3 in January 2015. The contract price is \$1,205 billion with additional Authority-controlled provisional sums of \$160 million in April 2016. The Board of Directors also approved \$261 million in contingency.
- California Rail Builders (CRB) was awarded the contract for Construction Package 4 in January 2016. The contract price is \$337 million with additional Authority-controlled provisional sums of \$107 million, including \$62 million in contingency approved by the Board in April 2016.

Detailed updates on the status of these construction contracts is reported in the Finance and Audit Committee's monthly status reports, which are organized by construction package. The Authority has established a Change Control Committee responsible for the review of project-level (change orders) and Program-level (configuration) changes. The committee provides feedback, concurrence, or recommendations for actions to be taken once a full evaluation of the facts and affects to the program are

TABLE 3.1 CONSTRUCTION PHASE BUDGETS BY CONTRACT AS OF 12/31/16³

Contract	Contract Execution Date	Original Contract Value	Original Contract Value + Provisional Sums	Approved Change Orders	Current Contract Value	Board of Directors Approved Contingency	Current Contingency Balance	Expenditures to Date
DB Services for CP 1 (Tutor Perini/ Zachry/ Parsons)	8/16/2013	\$970	\$1,023	\$400 ¹	\$1,423	\$160	\$72	\$455
Construction Services for SR99 (Caltrans)	2/19/2013	\$226	\$226	\$0	\$226 ²	\$9	\$8	\$123
DB Services for CP 2-3 (Dragados/ Flatiron)	6/10/2015	\$1,205	\$1,365	\$7	\$1,372	\$261	\$254	\$279
DB Services for CP 4 (California Rail Builders)	2/29/2016	\$337	\$444	\$2	\$446	\$62	\$60	\$41

¹ - The executed change order amount of \$400 million includes \$153 million for the Madera Extension, \$159 million for excluded third party budget (\$112 million for future costs and \$47 million for executed change orders), and \$88 million for various change orders from contingency.
² - February 2017 Board action increased SR99 contract by \$35 million, which will be reflected in subsequent reports.
³ - Source of data - February 2017 Monthly Status Reports: www.hsr.ca.gov/Board/monthly_fa_committee_meeting.html
 Expenditures to date are based on approved invoices.

understood. Recommendations are then forwarded for decision making by the Board of Directors, Chief Executive Officer or the Authority delegated managers as defined in the Delegated Authority policy.

CAPITAL COST ESTIMATES

The Authority prepared a comprehensive update of its capital cost estimates in the 2016 Business Plan, factoring in the lessons learned from the first design-build construction bids, design refinements suggested in those proposals and through other reviews, advancing preliminary engineering for environmental clearance, conducting value engineering, incorporating contractors' viewpoints and other changes. Through this process, the overall Phase 1 cost estimate was reduced. For the same scope of work as reflected in the 2014 Business Plan and the 2015 Project Update Report, the updated estimates reflected an eight percent reduction in costs, down to \$62.1 billion in year of expenditure dollars (YOES) when compared to the \$67.6 billion estimate presented in the 2014 Business Plan.

At the same time, the Authority enhanced the scope for the Los Angeles to Anaheim project section as part of the updated 2016 Business Plan. Specifically, a \$2.1 billion investment in that corridor is now planned, which fulfills the commitment made in the 2012 and 2014 Business Plans to provide one-seat ride service all the way to Anaheim. This additional investment will enhance capacity, speed, safety and reliability in this heavily-traveled corridor. After adding in the higher level of investment for the corridor to Anaheim, the cost estimate for the Phase 1 system was still reduced from \$67.6 billion to \$64.2 billion (YOES), which is the Authority's current revised Phase 1 system capital cost estimate.

The cost estimates presented in Table 3.2 show the updated Phase 1 cost estimates for each project section. The updated costs are presented in both base year 2015 dollars and in YOE dollars. The cost estimates are presented differently from the way they were shown in the 2015 Project Update Report, specifically:

- The previous 2015 report allocated approximately \$8 billion in system wide costs across each of the project sections. These system costs included approximately \$4.4 billion for high-speed rail trains (vehicles), \$1.5 billion for program, project and construction management costs, and \$2.3 billion in unallocated contingency funds.
- In the 2016 Business Plan, costs for high-speed rail trains and maintenance facilities have been separated as independent cost categories and the estimates have been updated. This more accurately reflects the system's operational requirements as opposed to being a function of an individual segment length. Because of that, in this 2017 Project Update Report, the costs of trains and maintenance facilities have been subtracted from the project section costs and are shown separately. Program, project and construction management costs, as well as unallocated contingency, continue to be allocated across project sections.

It is important to note that when comparing estimates over time there are many variables to take into account. A variety of factors have caused the estimates to change, including refined designs, lessons learned, recent bids and the fact that the train and maintenance facility costs have now been subtracted from project section costs, as discussed above.

In addition, the 2012 and 2014 Business Plans assumed a different phasing plan than the implementation strategy laid out in the 2016 Business Plan; specifically, prior plans identified Merced to San Fernando Valley as the initial line for revenue service, but the 2016 Business Plan now identifies the Silicon Valley to Central Valley Line as the initial line for service. This change in sequencing and timing affects the calculation of the year of expenditure costs.

The costs in the Merced-Fresno and Fresno-Bakersfield sections in Table 3.2 includes program scope that goes beyond the Silicon Valley to Central Valley Line described in the 2016 Business Plan and the Central Valley Usable Segment identified in the Funding Plan from January 2017. Costs for trainsets are for the full Phase 1 system inclusive of the trainsets that will be purchased for the initial Silicon Valley to Central Valley Line.

A detailed report on the updated construction cost estimates, how they were prepared, and how the cost estimates have changed and why, is available in the Capital Cost Basis of Estimate Report that was prepared as a technical supporting document to the 2016 Business Plan: www.hsr.ca.gov/docs/about/business_plans/2016_Business_Plan_Basis_of_Estimate.pdf

TABLE 3.2 PHASE 1 CONSTRUCTION COST BY SECTION AS OF 12/31/16 (DOLLARS IN MILLIONS)

Baseline Budgets by Section		Cost Alignment Estimates (Constant Year Dollars ¹)	Cost Alignment Estimate (YOE)
San Francisco - San Jose	2012 Business Plan	\$5,699	\$8,363
	2014 Business Plan	\$5,813	\$7,960
	2016 Business Plan	\$3,136	\$3,501
San Jose - Merced	2012 Business Plan	\$14,042	\$19,757
	2014 Business Plan	\$14,332	\$18,978
	2016 Business Plan	\$9,859	\$11,171
Merced - Fresno	2012 Business Plan	\$5,214	\$5,482
	2014 Business Plan	\$5,392	\$5,972
	2016 Business Plan	\$3,797	\$4,270
Fresno - Bakersfield	2012 Business Plan	\$6,705	\$7,711
	2014 Business Plan	\$6,927	\$7,813
	2016 Business Plan	\$8,317	\$8,891
Bakersfield - Palmdale	2012 Business Plan	\$8,092	\$9,533
	2014 Business Plan	\$8,359	\$9,418
	2016 Business Plan	\$9,746	\$11,818
Palmdale - Los Angeles	2012 Business Plan	\$13,100	\$16,704
	2014 Business Plan	\$13,468	\$16,627
	2016 Business Plan	\$13,470	\$16,254
Los Angeles - Anaheim	2012 Business Plan	\$591	\$815
	2014 Business Plan	\$603	\$825
	2016 Business Plan	\$2,329	\$2,642
Maintenance Facilities	2016 Business Plan	\$1,242	\$1,499
High-Speed Rail Trains (Trainsets)	2016 Business Plan	\$3,399	\$4,192
TOTAL	2012 Business Plan	\$53,443	\$68,365
	2014 Business Plan	\$54,894	\$67,593
	2016 Business Plan	\$55,295	\$64,238

1- For full explanation see Capital Costs Basis of Estimates Report in the 2016 Business Plan: www.hsr.ca.gov/docs/about/business_plans/2016_Business_Plan_Basis_of_Estimate.pdf

4. Schedule

The 2016 Business Plan laid out an approach to sequencing the Phase 1 system that is based on three fundamental objectives:

- 1. Initiate high-speed passenger rail service as soon as possible** – Based on this sequencing approach, the Silicon Valley to Central Valley Line was identified as the initial operating line that could be completed within existing identified funding services with passenger service starting in 2025.
- 2. Make strategic, concurrent investments throughout the system that will be linked together over time** – This means making discrete investments that connect state, regional and local rail systems, which can provide early mobility, environmental, economic, safety and community benefits, as well as lay the foundation for high-speed rail. For example, \$818 million of Authority and Proposition 1A funds are going to improvements in the Caltrain corridor and nearly \$1 billion of Proposition 1A funds has been committed to early bookend and connectivity investments in Southern California, including the Rosecrans/Marquardt Grade Separation Project.
- 3. Position the program to construct additional segments as funding become available** – Completing the required environmental analyses and securing environmental approvals as soon as possible for the entire system will position every mile of the system to be shovel ready as funding becomes available, with the goal of having the full Phase 1 system in operation by 2029.

The Authority establishes program and segment schedules based on a number of factors, and incorporates some contingency in anticipation of unforeseeable external factors. The schedules are based on the best available information and represent the Authority's plans and expectations. However, there are many factors that the Authority does not control that can affect the schedule, such as delays due to litigation, stakeholder and community consultations and actions required by other parties such as state and federal regulatory agencies. The Authority proactively monitors and seeks to mitigate these factors, particularly through its risk management program and its monthly Finance and Audit Committee reporting and review process.

ENVIRONMENTAL SCHEDULE

In the Central Valley, the Authority has completed some of the environmental documentation and received some approvals and certification under NEPA and CEQA for the 119 miles that is currently under construction through the Central Valley encompassing the Merced to Fresno and Fresno to Bakersfield project sections. Supplemental environmental documents are now being prepared to address specific issues related to these two project sections:

SB 1029 PROJECT UPDATE REPORT

Section (e)

A comparison of the current and projected work schedule and the baseline schedule contained in the California High-Speed Rail Program Revised 2012 Business Plan.

- Merced to Fresno Project Section: Central Valley Wye – A supplemental environmental document is being prepared to identify the alignment for the Central Valley Wye, a junction that will connect the Central Valley both to San Francisco and Sacramento to the north.
- Fresno to Bakersfield Project Section: Locally Generated Alternative (LGA) – A supplemental environmental document is being prepared to identify the alignment and station location through the City of Bakersfield, which came out of a lawsuit settlement agreement between the Authority and the City of Bakersfield in 2014.

Together with the Federal Railroad Administration, the federal lead agency for environmental review, we are improving how we advance environmental clearance and have updated the environmental review schedule in order to work more closely with our partners in managing environmental reviews and, in part, manage schedule risk. The 2016 Business Plan established a very important goal – to make the Phase 1 system between San Francisco and Los Angeles/Anaheim shovel ready as quickly as possible. To achieve that, we established a timeline to get environmental clearance on all project sections by the end of 2017. We remain committed to completing environmental reviews expeditiously in order to provide clarity to local communities, stakeholders and regional partners as to the route and station locations and to be shovel ready in order to facilitate intermediate improvements as funding is available.

However, our ability to expedite these reviews depends on many factors that are under the control of other agencies. For example, advancing environmental clearance involves working with multiple partners (e.g., Federal Railroad Administration, U.S. Army Corps of Engineers, etc.) each of which are required to comply with or address their own statutory mandates and/or may face resource constraints. These constraints can be mitigated through changes in process and/or new statutory or regulatory changes.

In response, we are improving how we advance environmental clearance in two very important ways.

- First, we are now identifying a preferred alternative in advance of issuing the draft environmental documents, as required by recent environmental streamlining legislation, instead of deferring it until the end of the process.

- Second, although we previously planned to complete all environmental clearances by December 2017, together with the Federal Railroad Administration, we have updated our schedule to provide more involvement by our partners, particularly on complex technical and/or environmental issues.

TABLE 4.0 PROJECTED ENVIRONMENTAL SCHEDULE	
SECTION	ANTICIPATED RECORD OF DECISION
San Francisco to San Jose	2018
San Jose to Merced	2018
Merced to Fresno Central Valley Wye	Completed 2018
Fresno to Bakersfield Locally Generated Alternative	Completed 2018
Bakersfield to Palmdale	2018
Palmdale to Burbank	2018
Burbank to Los Angeles	2018
Los Angeles to Anaheim	2018
Los Angeles to San Diego (Phase 2)	TBD
Merced to Sacramento (Phase 2)	TBD

*Projected dates are still undergoing development with the Federal Railroad Administration.

Preferred alternatives have already been identified for the Central Valley Wye and the Bakersfield Locally Generated Alternative and we are targeting identifying all preferred alternatives and issuing draft environmental documents by or before the end of 2017 for the remaining Phase 1 project sections. This schedule is still undergoing development with the Federal Railroad Administration. This reflects our commitment to collaborate with our partners and ensure that the high-speed rail system fulfills its objectives, minimizes impacts, protects the environment and enhances communities.

In support of this effort, on February 24, 2017, Governor Brown, in response to the Trump Administration's recent Executive Order 13766, sent to the President and the Acting Chair of the Council on Environmental Quality, a letter requesting the expedited federal environmental review of 10 of California's highest-priority infrastructure projects, of which high-speed rail was included. The President's Executive Order, which allows for the expediting of environmental review and approval for high-priority infrastructure projects, is intended to cut through federal red tape and would help position the high-speed rail program to be ready to utilize future funding as well as to continue creating thousands of jobs in communities throughout the state.

This revised schedule will not affect the delivery of the Silicon Valley to Central Valley Line as described in the 2016 Business Plan. Risks to the identified schedule will be mitigated in a number of ways, including advancing preliminary engineering further before handing the design off to a design-build contractor, having procurements ready to issue once environmental clearance is achieved, and conducting right of way mapping and surveying prior to final environmental clearance which will allow entering in the acquisition process quickly.

CONSTRUCTION SCHEDULE

Central Valley

As discussed earlier in this report, Tutor Perini/Zachry/Parsons (TPZP) has made significant progress advancing construction work on Construction Package 1, the 32-mile stretch between Avenue 19 in Madera County to East American Avenue in Fresno County, with contract completion expected by September 2019.

The Authority entered into an inter-agency agreement with the California Department of Transportation to manage an approximately 2.5-mile realignment of State Route 99 within the limits of Construction Package 1, the purpose of which is to create adequate space for high-speed rail between Union Pacific Rail Road and State Route 99. The construction work is being conducted by Granite Construction Company with contract completion scheduled for June 2018.

In 2016, work began on Construction Package 2-3, the 65-mile segment between East American Avenue in Fresno County and one-mile north of the Tulare-Kern County line. Recently, Dragados/Flatiron Joint Venture (DFJV), the design-build contractor, started major construction activities near Manning and Cedar Avenue in Fresno County. Contract completion is scheduled for August 2019.

On April 15, 2016, a Notice to Proceed was issued to California Rail Builders, the design-build contractor for Construction Package 4 for the third construction contract executed in the Central Valley. It covers a

22-mile segment bounded by a point approximately one-mile north of the Tulare/Kern County Line at the terminus of Construction Package 2-3 and Poplar Avenue, just north of Shafter, to the south. Contract completion is expected by June 2019.

Phase 1 Program Schedule

As previously noted, the 2016 Business Plan laid out a new implementation strategy which focuses on completing construction on the Silicon Valley to Central Valley Line and opening it for passenger service in 2025. It also focuses on completing environmental reviews and making early strategic investments throughout the Phase 1 system, linking them together over time, completing construction on the full Phase 1 system in 2028, with service on the entire system in 2029. This represents a change from the 2014 Business Plan and the 2015 Project Update Report, which showed completing an initial line from Merced to the San Fernando Valley first. This new implementation schedule is reflected in Table 4.1.

As we have advanced the environmental process since the 2012 Business Plan, which is the baseline for Project Update Reports, new alternatives or refinements have been introduced and evaluated in almost every project section. These include, among other things, evaluating shorter or longer alignments or more or less tunneling, shifting alignments to minimize impacts to waterways or local communities and evaluating the best options for traversing through urbanized areas. One example is the Los Angeles to Anaheim section, where the scope was significantly expanded to fulfill a commitment for one-seat ride service in to Anaheim which introduced new alternatives for that section. Another is the Central Valley Wye where, after several years of evaluating multiple alternatives, the Authority identified a preferred alternative in January 2017. It was essential to take the time necessary to evaluate a wide range of alternatives in order to balance operational needs, impacts to businesses and address impacts to an environmental justice community.

The current schedule for completing environmental reviews – as compared to the schedule anticipated in 2012 – reflects the complexity of clearing a new 500-mile high-speed rail corridor, while also working to protect critical natural resources and species, developing routes and station locations in consultation with local communities to minimize impacts and maximize benefits, and meeting statutory and regulatory requirements. Our commitment to expedite the environmental review process as quickly as possible is balanced by our commitment to ensure that we “do it right” for the people of California.

TABLE 4.1 PROJECTED MILESTONES FOR ENVIRONMENTAL REVIEW PROCESS/CONSTRUCTION

Section		Receive Record of Decision ¹	Complete Construction
Merced - Fresno	2012 BASELINE PUR 2015	JUNE 2012 SEPTEMBER 2012 COMPLETED	2018 2019 ²
Supplemental – Central Valley Wye	REVISED	2018	2025 ³
Fresno - Bakersfield	2012 BASELINE PUR 2015	DECEMBER 2012 JUNE 2014 COMPLETED	2018 2019
Supplemental – Locally Generated Alt	REVISED	2018	2025 ⁴
San Francisco - San Jose ⁵	2012 BASELINE 2015 PUR REVISED	December 2014 2017 2018	2028 2028 2025
San Jose - Merced	2012 BASELINE 2015 PUR REVISED	December 2013 2017 2018	2026 2026 2025
Bakersfield - Palmdale	2012 BASELINE 2015 PUR REVISED	December 2014 2017 2018	2021 2021 2029
Palmdale - Burbank ⁶	2012 BASELINE 2015 PUR REVISED	December 2013 2017 2018	2022 2022 2029
Burbank - Los Angeles	2012 BASELINE 2015 PUR REVISED	October 2013 2017 2018	TBD TBD 2029
Los Angeles - Anaheim	2012 BASELINE 2015 PUR REVISED	December 2014 2017 2018	TBD TBD 2029
Merced - Sacramento (Phase 2)	2012 BASELINE	TBD	TBD
Los Angeles - San Diego (Phase 2)	2012 BASELINE	TBD	TBD

1 - Projected dates are still undergoing development with the Federal Railroad Administration.

2 - Construction schedule applies to Construction Package 1 from Avenue 19 in Madera to East American Avenue in Fresno.

3 - The 2016 Business Plan assumes that the leg connecting Avenue 19 to Carlucci Road is constructed as part of the Silicon Valley to Central Valley Line by 2025; it also identifies a potential single-track extension from Merced to Carlucci Road as a priority to also be completed by 2025 should additional funding become available. The third leg connecting Avenue 19 to Merced would be completed in 2029 as part of Phase 1.

4 - Construction schedule applies to Construction Packages 2-3 and 4 from East American Avenue in Fresno to Poplar Avenue north of Shafter.

5 - The 2016 Business Plan identifies initial improvements in this section to allow reasonable operation of high-speed rail trains in the Caltrain corridor by 2025 should additional funding become available with the full buildout of the section completed in 2029 as part of Phase 1.

6 - In 2014, the Palmdale to Los Angeles Project Section was split into two sections, Palmdale to Burbank and Burbank to Los Angeles.

5. Milestones Achieved

Since the 2015 Project Update Report

Over the past two years, significant progress has been made in implementing the statewide high-speed rail program that will connect and transform California. Many of the milestones in this section represent significant steps in moving the program forward on a number of fronts including environmental clearance, construction and collaborative partnership agreements.

2016 BUSINESS PLAN ADOPTED

On April 28, 2016, the Board of Directors adopted the 2016 Business Plan, which lays out an approach to sequencing the Phase 1 system within existing identified funding sources that will ultimately connect San Francisco/Merced to Los Angeles/Anaheim via the Central Valley with high-speed passenger rail service. The plan was delivered to the Legislature on May 2, 2016. The 2016 Business Plan set forth a plan to complete the construction of a high-speed rail line between the Silicon Valley and the Central Valley and open for passenger service starting in 2025, with the goal of having the full Phase 1 system in operation in 2029. It summarized the progress made over the last two years, updated available funding and financing, ridership and revenue and other forecasts, and updated risk management information. The public review process included a 60-day review period and included three legislative hearings. More than 300 public comments were received.

FUNDING PLANS – CENTRAL VALLEY AND SAN FRANCISCO TO SAN JOSE

In January 2017, a Central Valley Segment Funding Plan and San Francisco to San Jose Peninsula Corridor Segment Funding Plan⁵, along with corresponding Independent Consultant Reports, were submitted to the Director of Finance and the Chair of the Joint Legislative Budget Committee. These two funding plans are integral to advancing the Silicon Valley to Central Valley Line for passenger service in 2025 and are required for the Authority to expend bond funds approved under Proposition 1A and allocated by SB 1029. The Director of Finance is required to review each plan submitted by the Authority within 60 days of submission. If the Director finds that the Funding Plans are likely to be successfully implemented as proposed, the Authority may enter into commitments to expend the bond funds as described in the Funding Plans.

ARRA EXPENDITURES BY 2017

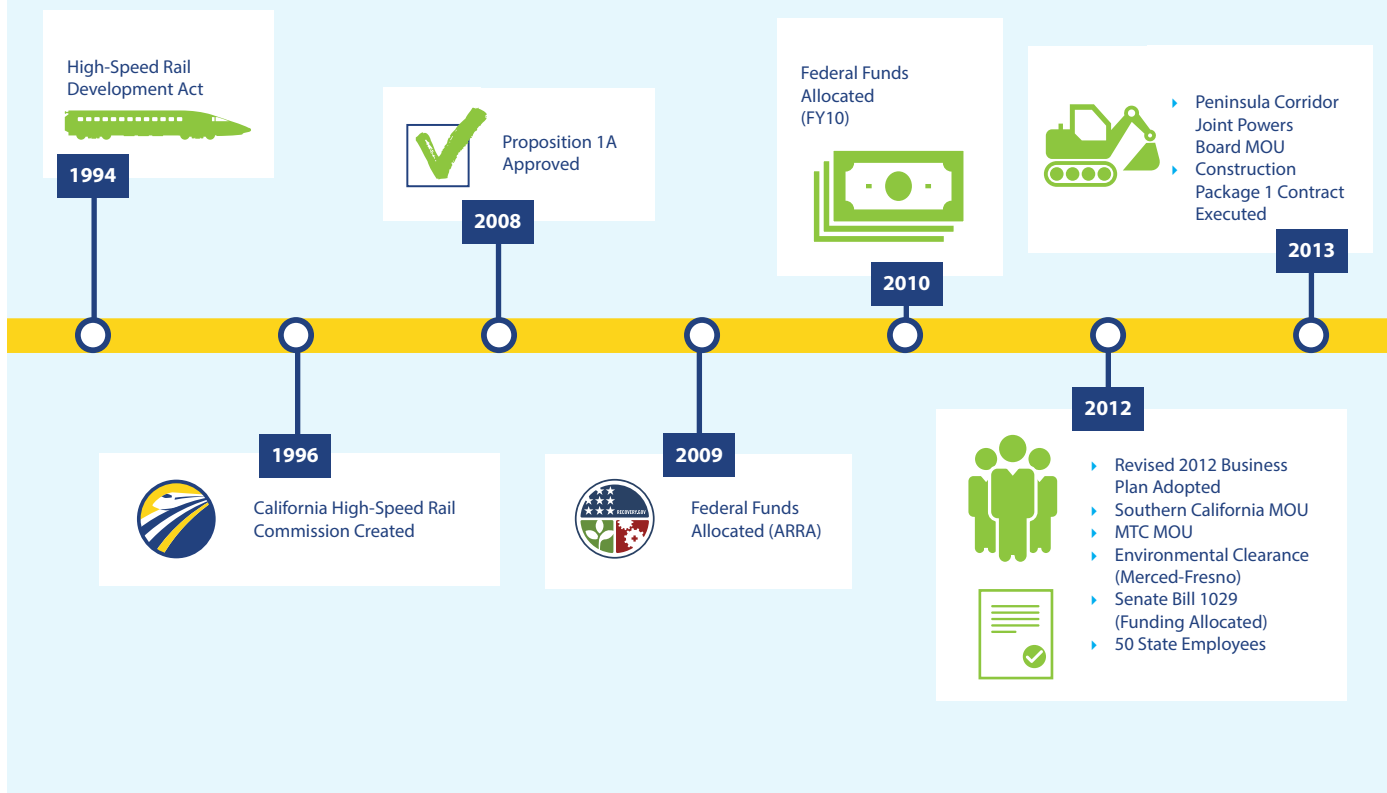
Of the \$3.48 billion in federal funds that the Authority has secured to date to advance the program, \$2.55 billion is funding through the American Recovery and Reinvestment Act (ARRA) which was enacted in 2009 in response to the recession. ARRA was intended to stimulate the economy, create jobs, spur technological development, and build new transportation infrastructure that provides long-term economic benefits. The ARRA funds for high-speed rail, which are matched with state and local funds are directed toward construction in the Central Valley, as well as continuing to advance engineering and environmental reviews along the entire Phase 1 system from San Francisco/Merced to Los Angeles/Anaheim. A key provision of the federal statute is that all funds provided through ARRA must be fully

SB 1029 PROJECT UPDATE REPORT

Section (f)

A summary of milestones achieved during the prior two-year period and milestones expected to be reached in the coming two-year period.

HIGH-SPEED RAIL MILESTONES



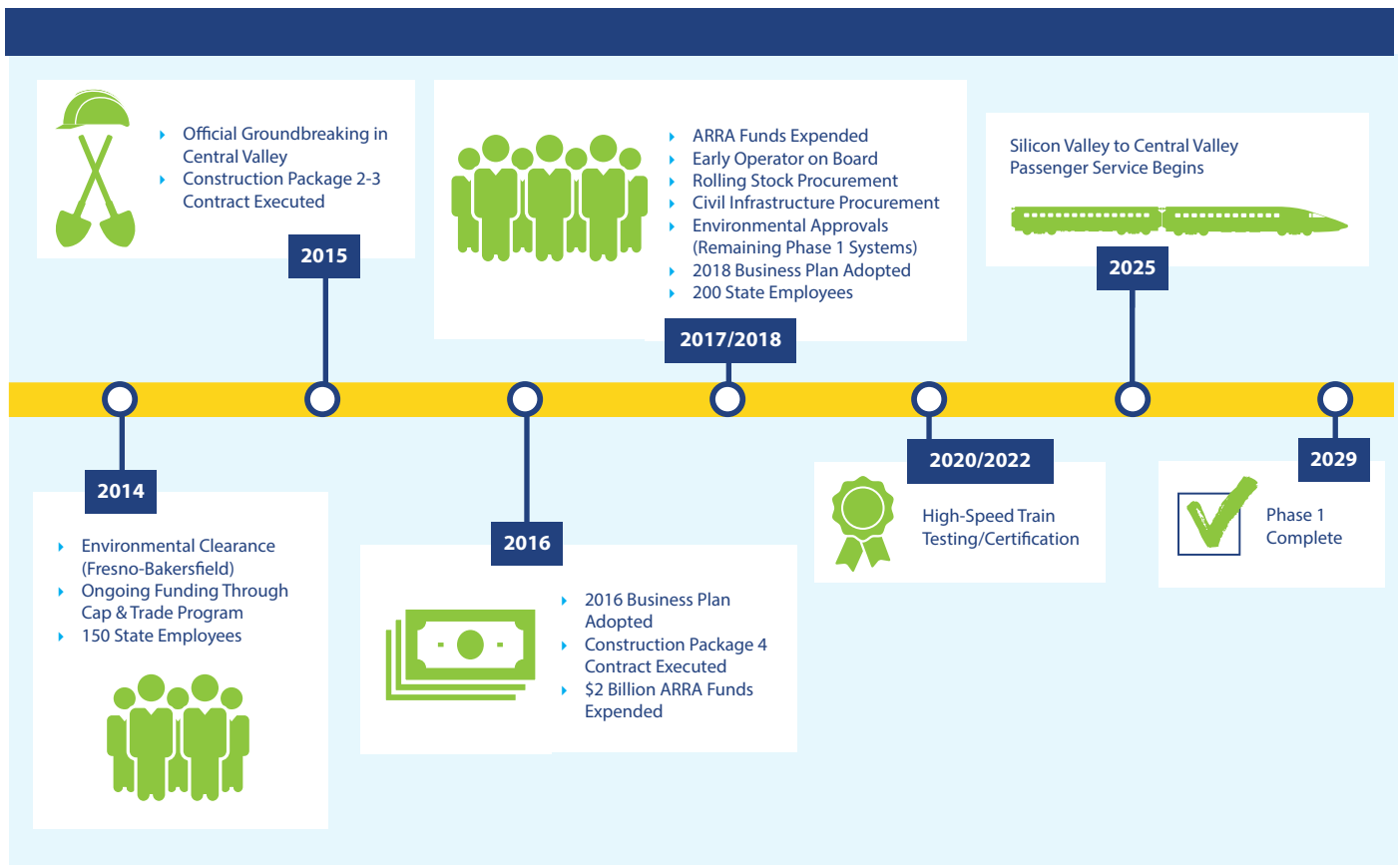
expended by September 30, 2017. The Authority has worked collaboratively with the Federal Railroad Administration (FRA) through its grant agreement to meet this objective and ensure that the benefits associated with these economic stimulus funds are used to put Californians and small businesses to work on this significant expansion to California’s transportation system capacity. As of February 21, 2017, \$2.29 billion or 89.7 percent had been invoiced and submitted for reimbursement to FRA. The Authority anticipates that the full \$2.55 billion will be expended as of April 2017, prior to the deadline.

AMENDED FEDERAL GRANT AGREEMENTS

The federal ARRA grant was awarded prior to the Legislature’s commitment of ongoing annual Cap and Trade proceeds and the Authority’s adoption of the 2016 Business Plan. As a result, the grant agreement did not align with the current status of the program. The Authority and FRA amended the ARRA grant agreement in May 2016 and made a number of technical fixes and other adjustments to reflect the changed circumstances around the program and progress that has been made since it was originally executed in 2010.

Key amendments to the agreement included:

- Modification of the overall project (the work funded with the grant) schedule from 2018 to 2022 to incorporate the Central Valley segment into the operating segment consistent with the 2016 Business Plan.
- Establishment of a working capital account for right of way – ensuring that sufficient funding is available to maintain the pace of right-of-way acquisition without limitation. This streamlines the payment process.



- Continuity of the “tapered match” approach, which allows for the expenditure of federal funds first followed by the use of state funds.
- Amendment of the grant budget to include the Construction Package 1 northern extension to Madera and the purchase of radio spectrum to support train communications and safety measures.
- Increasing the amount of ARRA funding that can be expended on project development.

In January 2017, the Authority and FRA also completed an amendment to the \$929 million High-Speed Intercity Passenger Rail grant, funded by the FY 10 Consolidated Appropriations Act. This agreement had not been amended since it was signed in November 2011. An update to this companion grant to the ARRA grant described above was necessary to align the grants’ scopes of work, as well as periods of performance.

INVESTMENTS IN BOOKEND AND CONNECTIVITY PROJECTS BRINGS EARLY PROGRESS AND ADVANCES THE STATEWIDE RAIL MODERNIZATION PROGRAM

In 2012, Senate Bill (SB) 1029 appropriated \$2 billion in Proposition 1A funds that will leverage approximately \$5 billion in additional funding for bookend and connectivity projects. These investments are strengthening and improving existing passenger rail networks, while also connecting them with the future high-speed rail system. As they are completed, they will begin generating significant near-term benefits—capacity, frequency, reliability and safety for regional and interregional rail services—as well as air quality improvements and economic benefits. The Authority has achieved early approval and

release of Proposition 1A dollars for construction of a number of regionally significant connectivity projects, most notably in the heavily congested urban rail corridors in Northern and Southern California.

There was also substantial investment in SB 1029 for blended operation bookends of the Phase 1 system to be funded through Memoranda of Understanding totaling \$1.1 billion. This funding is the subject of two Memorandum of Understanding (MOU) with agency partners in Northern and Southern California.

Supplement to the Northern California MOU

In 2016, the Authority and its partners agreed to a supplement to the MOU with Northern California agencies to increase funding for the Peninsula Corridor Electrification Project to a total of \$713 million. Bids to design and construct the project were received that identified costs at \$1.98 billion. The MOU was updated to reflect the increased costs and funding contributions by the multiple stakeholders. The partners continue to work together to identify multiple sources of funds for the important and foundational project.

Rosecrans-Marquardt Grade Separation Project

In Southern California, the Authority continues to work with partner agencies to advance early investments associated with the MOU. These include the Doran Street Grade Separation and Link Union Station (Link US) Project, the State College Grade Separation and the Fullerton Junction. The Rosecrans-Marquardt Grade Separation project has been identified as the first project to be funded using funds set aside for the Southern California MOU as a part of SB 1029. The Authority will contribute up to 50 percent of the capital costs for the Rosecrans and Marquardt Avenues grade separation project in Santa Fe Springs. This intersection has been rated by the California Public Utilities Commission (CPUC) as the most hazardous grade crossing in California which is traversed by over 110 freight and passenger trains and over 52,000 vehicles every day. The Los Angeles County Metropolitan Transportation Author-

ity (Metro) is the lead agency in collaboration with the Federal Railroad Administration, Caltrans, the CPUC, BNSF, the City of Santa Fe Springs and other regional/local partners. This project will provide significant near-term mobility, safety, environmental and economic benefits to the region by making necessary improvements for high-speed rail service. In addition, the safety benefits this projects will bring will also increase passenger rail capacity to the Inland Empire by 60 percent.

The Authority is working closely with its Southern California transportation partners to prepare the detailed funding plan required under Proposition 1A.



Rosecrans-Marquardt Grade Separation in Southern California

The Authority is funding a portion of the project to grade separate Rosecrans and Marquardt Avenues in Santa Fe Springs. This intersection has been rated by the California Public Utilities Commission as the most hazardous grade crossing in the State of California – with over 52,000 vehicles and around 110 trains using this grade crossing every day. See why the high-speed rail program is investing in this key safety improvement project that will benefit drivers and pedestrians, and improve overall regional mobility:

www.youtube.com/watch?v=GGL2WTHMdqU&feature=youtu.be

Statewide Rail Modernization and Senate Bill 1029 Early Investments

Senate Bill 1029 also appropriated \$819 million in Proposition 1A dollars for 17 regionally significant connectivity projects that will provide direct connectivity to high-speed rail lines and facilities. Over 50 percent of the Proposition 1A dollars for these projects have been expended. Caltrans manages and oversees the disbursement of funds.

Northern California

While the Authority has begun construction of high-speed rail in the Central Valley, additional investments are also underway on improvements to existing systems throughout Northern California. Funding of these connectivity projects will generate early benefits to existing regional transportation systems and enhance access to the future high-speed rail. These projects include:

→ **Caltrain Advanced Signal System (CBOSS/PTC)** – Part of the Caltrain Modernization Program (which also includes the Peninsula Corridor Electrification Project) consists of installing positive train control technology along the Caltrain corridor.

→ **San Francisco Municipal Transportation Agency Central Subway** – Extends the light rail line from the Caltrain depot at 4th and King Street to Union Square and Chinatown by 1.7 miles.

→ **Millbrae Station Track Improvements and Car Purchase** – Lengthens rail storage tracks south of the station and involves purchase of 46 new rail cars. Six pilot vehicles have been delivered for testing.

→ **BART Maintenance Shop & Yard Improvements** – Expands the existing Main Shop to support double-ended operation and improvements to connect the Hayward Maintenance Complex to the existing mainline BART tracks.



- **Positive Train Control (PTC) of the San Joaquin Corridor** – PTC improvements to these Amtrak lines are designed to improve safety in the corridor. Project is complete and all funds expended.
- **Capitol Corridor (and ACE) Travel Time Reduction Project** – Reduces total travel time through alignment improvements to curves and replacing existing rail to allow higher operating speeds.

Southern California

The Authority is working with the California State Transportation Agency, regional and local partners to advance planning and investments in network integration and rail modernization. This includes investments in the shared use urban rail corridor connecting Burbank, Los Angeles and Anaheim, which is part of the second busiest passenger rail corridor in the U.S. In 2012, Senate Bill SB 1029 provided an additional \$239 million for connectivity projects in Southern California which include:



→ **Positive Train Control: Metrolink and San Diego North County Transit District (Coaster)** – Installation of predictive collision avoidance technology.

→ **Metrolink High-Speed Rail Readiness Program** – Purchase of Tier 4 Locomotives for Metrolink. The locomotives are projected to be delivered 2019.

→ **LA Metro Regional Rail Connector** – Construction of a two-mile extension that will connect the Metro light rail system to high speed rail through downtown, including construction of three new underground light rail stations.

→ **Blue Line Improvements** – Improvements to existing infrastructure including tracks,

switches, signaling and existing platforms to accommodate low-floor vehicles. All work was scheduled to be completed by December 2016.

LOS ANGELES UNION STATION PLANNING AGREEMENT (LAUS)

The Authority is also collaborating with LA Metro to advance planning for integration of high-speed rail at Los Angeles Union Station, a major regional gateway offering passengers connections to local, regional and intercity passenger rail systems and other travel options. This is part of a broader regional undertaking with other major transit operators to plan for how to integrate all services operating at the station. It is designed to increase rail capacity, improve access and connectivity, improve air quality and modernize the passenger concourse area. In 2016, the Authority Board of Directors approved up to \$15 million to help fund engineering and technical studies and to environmentally clear a range of investments to help modernize and integrate high-speed rail at Los Angeles Union Station.

SAN MATEO GRADE SEPARATION PROJECT MEMORANDUM OF UNDERSTANDING

In August 2016, the Board of Directors approved executing an Memorandum of Understanding to contribute \$84 million towards three connected grade separations. This work is subject to further technical and environmental analysis, but would allow for the construction of improvements associated with the blended service corridor. These grade separations are on the California Public Utilities Commissions list of top priorities for safety improvements and will be necessary for high-speed rail operations.

HIGH-SPEED RAIL IS HAPPENING AT MULTIPLE CENTRAL VALLEY CONSTRUCTION SITES

Two years have passed since the Authority officially broke ground on construction in the Central Valley in 2015 and now 119 miles of construction are underway. Workers and residents of the Central Valley are already seeing the benefits of this monumental rail project. The monthly construction updates issued by the Authority provides the latest highlights on construction. In addition, up-to-date information on the high-speed rail construction can be found at www.buildhsr.html. This site provides the latest information about construction, local road closures and detours, upcoming public forums and the latest photo's, animations and renderings of what's being built. The Authority Board of Directors is also provided monthly updates on construction as part of regular Finance and Audit Committee monthly status reports on the design-build contracts, including financial information as well as what work is currently underway and coming up next.



Laborer Glen Matheny (right) received a personal thanks from Governor Brown when he stopped by the Fresno Trench Project in September 2016.

GOVERNOR BROWN TOURS CENTRAL VALLEY CONSTRUCTION

On September 14, 2016, Governor Edmund G. Brown Jr. joined legislative, environmental, business and community leaders in Fresno to sign legislation that directs \$900 million in Cap and Trade funds to greenhouse gas reducing programs that benefit disadvantaged communities, support clean transportation and protect natural ecosystems. En route to the bill signing ceremony, the Governor visited the Fresno Trench construction site and visited with workers. He also met workers who had just started on the project who were benefiting from the new construction jobs being added as a result of the program.

FORMER U.S.D.O.T SECRETARY FOXF TOURS CENTRAL VALLEY CONSTRUCTION

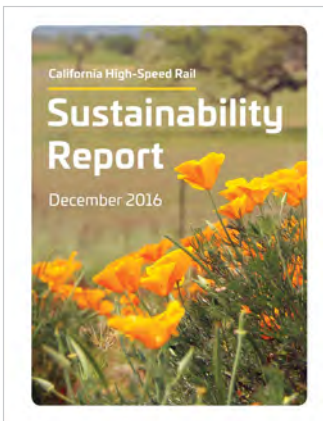
On October 17, 2016, former U.S. Department of Transportation Secretary Anthony Foxx toured construction sites of the nation's first high-speed rail system in the Central Valley. Secretary Foxx, accom-

panied by California State Transportation Agency Secretary Brian Kelly and Authority CEO Jeff Morales, visited three active work sites. The tour provided an opportunity to show how federal dollars were being put to use to create jobs, put small businesses to work and build the project. While on the tour Secretary Foxx had the opportunity to speak with construction workers about their roles on building high-speed rail.

SUSTAINABILITY IN ACTION

In December 2016, the Authority issued its first annual Sustainability Report that describes the innovative approach the Authority is taking to designing and building the system. As the backbone of a modern, statewide rail network, high-speed rail is a cornerstone of California's cutting edge policies to tackle climate change and protect the environment. The report highlights the Authority's objectives, plans and progress on several fronts including energy, natural resources, public health, station communities, habitat protection and other priorities.

The Authority is committed to recycling 100 percent of the steel and concrete used during construction and to divert at least 75 percent of all waste from landfills. It is working with its contractors to reduce greenhouse gases and air pollution emissions generated during construction; in 2015, more than 12,000 metric tons of greenhouse gas emissions were avoided by recycling 99 percent of construction materials. The Authority's contractors are also using some of the most environmentally friendly Tier IV construction equipment available, dramatically reducing air pollutants released during construction. Sustainability will also permeate all aspects of the system when it begins carrying customers. Over time, the average annual greenhouse gas emissions savings of the system is projected to be equivalent to taking 285,000 passenger vehicles off the road every year.



Both public and private organizations are taking notice of the Authority's progress and commitment to sustainability. Recently the high-speed rail program was included in the first international assessment of the environmental, social and governance performance of infrastructure assets and real estate portfolios. This notable assessment was conducted by a range of global infrastructure investors, representing \$1.5 trillion in assets, who are developing a tool to help investors make informed decisions regarding which projects or programs demonstrably contribute to infrastructure that is low-carbon, climate resilient and socially inclusive. For more information, read the Sustainability Report at:

www.hsr.ca.gov/docs/programs/green_practices/sustainability/Sustainability_Report_Dec_2016.pdf

RENEWABLE ENERGY POLICY

The Authority is committed to using 100 percent renewable energy for powering the system. This is a unique commitment and reflects the abundance of renewable energy resources in California: sun, wind, geothermal, and bioenergy. While the precise contracts and agreements will be worked out over the next several years, the ultimate result will be a net-zero rail system. Net-zero is achieved by procuring or producing enough renewable energy to offset the amount of energy the system takes from the state's power grid to operate trains and facilities. A net-zero rail system will increase the environmental benefits and reinforce California's renewable energy economy, while providing the Authority with a cost-stable source of electricity.

STATEWIDE URBAN FORESTRY PROGRAM

In March 2016, the Authority entered into an agreement with the California Department of Forestry and Fire Protection to plant hundreds of thousands of trees to offset emissions that have been created during construction. The Statewide Urban Forestry Program will target communities in the vicinity of the rail system, with special focus on providing benefits to disadvantaged communities. Trees will provide added benefits by improving urban air quality, reducing energy use by providing shade, improving storm water runoff, preventing soil erosion and restoring habitats.

CALIFORNIA ENERGY COMMISSION MEMORANDUM OF UNDERSTANDING

In June 2016, the Authority and the California Energy Commission (Energy Commission) announced a Memorandum of Understanding (MOU) that will ensure that the high-speed rail program will help California meet its climate goals and become a greener state. The general objectives of the MOU are to expand the use of renewable energy, zero net energy buildings and zero emissions vehicles in California. The Authority is committed to powering the high-speed rail system with 100 percent renewable energy sources, maximizing the reduction of greenhouse gas emissions throughout design and construction, and making energy efficiency a priority in design.

MAJOR CONTRACTS AND PROCUREMENTS

Early Train Operator

In December of 2016, the Authority released a Request for Qualifications for Early Train Operator services to assist with the development and management of the initial system operations. Early engagement of a train operator will help to move the program beyond planning, design and construction toward commercial operations. The 2016 Business Plan called for this early engagement of a train operator to ensure an operator's perspective is considered in the planning and design of the infra-

"The Sustainability Report shows that California has embedded the concept of sustainability into every element of the High-Speed Rail project. Not only will it transform the transportation system of California leading to reductions in emissions of greenhouse gases and other pollutants, it is already showing how infrastructure projects – both large and small – can be built sustainably at every stage."

Richard Corey
Executive Officer
California Air
Resources Board

structure, stations, high-speed trains and facilities. The Early Train Operator will advise the Authority on strategies to improve asset performance and revenues, while managing and reducing program costs. It is anticipated that this procurement will be completed in 2017 with the selection of an operator and a notice to proceed.

Integrated Rail Delivery Partner

As the high-speed rail program has transitioned from planning to delivery, the Authority Board of Directors approved in June 2015 a Rail Delivery Partner (RDP) contract that takes a new and expanded approach to the delivery of the nation's first high-speed rail program. This new partnership – led by WSP | Parsons Brinckerhoff - recognizes a shift in the program from planning to construction and draws on a seasoned team of international experts with experience delivering high-speed rail systems from around the world. WSP | Parsons Brinckerhoff is a global consulting firm that assists public and private clients to plan, develop, design, construct, operate and maintain critical infrastructure. Network Rail Consulting is also providing major contributions as members of the RDP team. Network Rail Consulting is a London-based international consulting arm of Network Rail, which is responsible for operating and maintaining the United Kingdom's railway network.

New Financial Services Advisor

In June 2016, the Authority procured the services of KPMG LLC for financial advisory services. Expert financial advisory services are critical not only to support the Authority in the fiscal management of the high-speed rail program, but to ensure that all opportunities for efficiencies and private sector involvement are evaluated and explored effectively. Financial advisory services are also essential as the program transitions from a planning organization to an implementation organization.

Environmental and Engineering

HNTB Corporation (HNTB) was awarded the contract to conduct preliminary engineering and environmental services for the San Francisco to San Jose and San Jose to Merced project sections. The two project sections extend approximately 135 miles and will connect the Bay Area to the Central Valley. HNTB is assisting the Authority in further defining and environmentally clearing high-speed rail blended operations along the Caltrain Corridor from 4th and King Streets in San Francisco to the Tamien Station in San Jose and from San Jose to the Central Valley Wye through Gilroy.

Right-of-Way Services

With over 1,600 parcels necessary for construction of the initial Central Valley portion of the line, the Authority began taking steps to augment its right of way services contracts in an effort to streamline and improve the process. In February 2017, the Authority awarded six new contracts to help accelerate the right of way acquisition program, which are now in the process of being executed. In January 2017, the Authority released the first of five Requests for Qualifications for additional right of way engineering and support services for the Silicon Valley to Central Valley Line. The goal is to have as much of the appraisal work finished as possible when environmental clearance is complete, so that the purchase of the estimated 1,800 parcels that will be necessary can begin as quickly as possible.

Habitat Restoration

In June 2015, the Authority secured habitat mitigation services through a contract with Westervelt Ecological Services to deliver environmental mitigations solutions in the Central Valley. This contractor will assist the Authority in its commitment to building a high-speed rail system that minimizes impacts to the natural and built environment, encourages compact land development around transit stations, and helps California manage its pressing issues with climate change, traffic and airport congestion, and energy dependency.

Additionally, the Authority executed a contract with the Lazy K Ranch, a working horse and cattle ranch in Chowchilla, to secure a 446-acre parcel for habitat mitigation. This is a unique parcel that is contiguous with a much larger site, allowing the expansion and connection necessary for quality habitats and providing a matrix of seasonal ponds, thereby improving the overall quality of the mitigation site.

In addition to the Lazy K Ranch, the Authority, working through Westervelt Ecological Services, has recently secured the rights to establish a conservation easement on 822 acres along Cross Creek in Kings and Tulare counties. This conservation easement will preserve some of the last remaining intact parcels of pristine vernal pool grasslands along an important wildlife movement corridor that supports species such as the California Tiger Salamander, San Joaquin Kit Fox, and vernal pool invertebrates.

Geotech Northern California Site Contract for Silicon Valley to Central Valley Line

In August 2016, the Authority secured geotechnical site investigative services for the Silicon Valley to Central Valley Line. These services provide surface and subsurface information in the planning and design of the program. This work will assist the Authority in the preparation for design and construction and advances critical information needed during the construction procurement. This information will provide bidders a common foundation that will reduce risks associated with design-build contracts by providing more detailed information to inform procurement documents and the resulting bids. This will help mitigate schedule risks associated with the updated environmental schedule.

MAJOR AGREEMENTS

BNSF Agreement

The Authority has completed various agreements with BNSF, including purchase and sales for real property, construction and relocation, overcrossings and joint corridor use agreements. The overall purpose of these agreements is to allow the Central Valley segment to be built adjacent to, over and under the existing BNSF freight line. Real property will be purchased from BNSF and some of the BNSF tracks and facilities will be relocated. Appropriate barriers will be placed between freight and passenger operations in areas of closer proximity to ensure safety of operations. These agreements also include terms related to adjacency once high-speed rail operations begin, including indemnity, insurance and safety features.

Broadband Initiative CENIC Agreement

In November of 2016, the Authority and the Corporation for Education Networking Initiatives in California (CENIC) entered into a Memorandum of Understanding that will foster initiatives to expand the availability and accessibility of high-capacity broadband to communities and institutions throughout California. As a part of the high-speed rail system corridor, the Authority and CENIC will create an ultra-fast broadband network, connecting into CENIC's statewide research and education network as well as to other public and private sector broadband networks.

Acquisition of Radio Spectrum for Train Communication

In April 2016, a major milestone in safety and security occurred when the Authority Board of Directors approved the acquisition of exclusive rights to the radio spectrum needed to operate future communications systems for its trains. The agreement to purchase 44 frequencies is critical for the development of secure and reliable train communication systems. These systems include positive train control, a state-of-the-art collision avoidance technology that allows trains, tracks and dispatch centers to actively communicate with each other. Radio spectrum is also needed to monitor train conditions and diagnostics and to operate security systems along the high-speed rail system.

Station Area Planning

As part of the federal grant agreement, the FRA and the Authority have set aside funds to work with station cities to plan for growth and transportation access to and around high-speed rail stations.

Northern California – The Authority has entered into station area planning agreements with the City of San Jose (April 2016) and with the Santa Clara Valley Transportation Authority (VTA) in September of 2016 related to transportation master planning around the station. An existing agreement with the city of Gilroy was already in place.

Central Valley – Agreements are in place and have been amended with the cities of Fresno, Merced and Bakersfield. In addition, an agreement was executed in April 2016 with the Tulare County Association of Governments (TCAG) to consider regional access improvements surrounding the Kings/Tulare station.

Southern California – The Authority executed an agreement with the City of Palmdale in April 2015, followed by an agreement with the City of Burbank in late 2015. Work has begun to identify alternative station area scenarios. In addition, as mentioned previously, the Authority is working with Los Angeles County Metropolitan Transportation Authority on master planning efforts in and around Los Angeles Union Station.

GOVERNANCE AND OVERSIGHT

The Authority is governed by a nine-member Board of Directors (5 appointed by the Governor, 2 appointed by the Senate Committee on Rules and 2 by the Speaker of the Assembly). Within the Board, there is an elected chair and vice-chair.

Dan Richard is the Board Chair, Chair of the Transit and Land Use Committee and was appointed by the Governor. He is the principal of Dan Richard Advisors since 2010. He was formerly managing partner and co-founder of Heritage Oak Capital Partners, an infrastructure finance firm, and a senior vice president of public policy and governmental relations at Pacific Gas and Electric Company. He was elected to the San Francisco Bay Area Rapid Transit District and served twice as president of the Board and served as Governor Brown's deputy legal affairs secretary.

Tom Richards is the Vice Chair and was also appointed by the Governor. He is currently Chair and CEO of The Penstar Group, a Fresno-based real estate investment, development and construction company. He works with local government leaders to address homelessness issues in Fresno and Fresno County and chairs the Fresno First Steps Home Initiative. He is a board member of Fresno's Property Based Improvement District and Chair of both the Fresno Regional Workforce Investment Board and Premier Valley Bank.

Lou Correa is a former state senator, representing Anaheim and Orange counties, was appointed to the Authority Board of Directors in March 2015. He stepped down in November 2016 with his election to the U.S. Congress. This position is currently unfilled.

Daniel Curtin is currently a member of the California Water Commission and also serves on the California State Compensation Insurance Fund. He is a graduate of the City College of New York. Toni G. Atkins, Speaker of the Assembly, appointed Curtin to the Authority Board in May 2015. His term lasts until the end of 2017.

Bonnie Lowenthal was a State Assembly member representing Long Beach, Signal Hill, San Pedro and Catalina Island. Ms. Lowenthal was appointed chair of the Assembly Committee on Transportation in 2010, and as an ex-officio member of the California Transportation Commission, she oversaw public investment in highway, passenger rail and transportation projects. Toni G. Atkins, Speaker of the Assembly, appointed Ms. Lowenthal to the Authority Board in January 2016 to replace outgoing Vice-Chair Thea Selby.

Lorraine Paskett has more than 25 years in the energy, water and environmental sectors with 15 years of focused experience in the energy sector. As owner of the Cambridge LCF Group, she works with conventional and emerging energy companies, focusing on alternative energy, energy markets, climate change policies, and improving air quality with a focus on the Los Angeles basin and the San Joaquin Valley basin. The California State Senate Rules Committee appointed Ms. Paskett to the Authority Board in January 2016 to replace former Vice-Chair Jim Hartnett who stepped down in March 2014.

Michael Rossi, board member and chair of the Finance and Audit Committee, was appointed by the Governor. He is a retired vice chairman of Bank of America Corporation. He is Chair of the Workforce Investment Board and a senior advisor for Jobs and Economic Development for Governor Brown. He is past president of the Board for the Bankers Association for Foreign Trade.

Lynn Schenk is an attorney and senior corporate advisor. Ms. Schenk brings a mix of private sector experience with public service. She has practiced general business law in San Diego, co-founded a community bank, was special counsel to a large international law firm and has served on the Board of Directors of several publicly traded companies. She was re-appointed to the Board by Governor Jerry Brown.

There are currently two vacancies on the Board of Directors.

Ex Officio Board Members to be Appointed

In 2016, the Legislature increased its direct oversight of the program when the Legislature and Governor approved Assembly Bill 1813 providing for the appointment of two non-voting ex officio members of the Board. One member is to be a Member of the Senate, appointed by the Senate Committee on Rules, and the other is to be a Member of the Assembly, appointed by the Speaker of the Assembly. As ex officio members, they will neither vote nor serve as Chair or Vice Chair of the Board of Directors.

Congressional Hearing

On August 29, 2016, the U.S. House Subcommittee on Railroads, Pipelines and Hazardous Materials conducted a field hearing in San Francisco to examine the status of the project. Board of Directors Chair

Dan Richard and Federal Railroad Administrator Sarah Feinberg were among the panelists appearing at the hearing. Both provided updates on the progress of environmental reviews and construction in the Central Valley. There was also an update on the expenditure to date of the federal American Recovery and Investment Act of 2009 funds awarded to the program, including jobs created and small businesses engaged as a result of the federal investment. The Board Chair also updated the committee on the Authority's 2016 Business Plan.

Staffing Levels Report to the Legislature

Pursuant to SB 1029 (Chapter 152, Statutes of 2012), the Authority has submitted to the Legislature three Staff Management Reports (October 2012, December 2013, and March 2015) that describe the organizational structure supporting the delivery of the high-speed rail program, as well as the staffing structure and key construction management procedures established by the Authority. The Staff Management Reports document the enhanced organizational strategies implemented by the Authority's executive management team to achieve the program goals and to implement a program funded through SB 1029 and SB 862. The Authority's fundamental strategies and principles to staffing as delineated in the prior Staff Management Reports remain unchanged.

A Staffing Levels Report was provided in accordance with the Supplemental Report of the 2015-16 Budget Act. This report required the Authority to report to the appropriate fiscal committees of the Legislature and the Legislative Analyst's Office no later than February 1, 2016 with information on state staffing levels for the Authority. Specifically, the report includes the rationale for the current state staffing level and the extent to which this staffing level is consistent with best practices for construction oversight on large projects of comparable size and scale of the California High Speed Rail project. A copy of the report can be found on the Authority's website at: http://hsr.ca.gov/docs/about/legislative_affairs/Transmittal_and_Staffing_Levels_Report_Feb_2016.pdf



ConnectHSR Vendor Registry Launched

To encourage small businesses participation on high-speed rail, the Authority has developed a free, online vendor registry that allows businesses interested in subcontracting opportunities with our design-build and other prime contractors to enter their information through a quick and easy registration process. It provides the Authority's current and prospective prime contractors the capability to search for businesses interested in working on the project. Registration is open to all current contractors and prospective bidders, both large and small, and is designed in part to assist in facilitating the Authority's aggressive 30 percent goal for small business participation. A link to the registry is on the Authority's web site at:

www.connecthsr.com

Resolution of Legal Challenges

The Authority has resolved several legal challenges over the last few years. Most notably several environmental lawsuits have been settled including:

- Coffee-Brimhall LLC v. California High-Speed Rail Authority
- City of Bakersfield v. California High-Speed Rail Authority
- County of Kern v. California High-Speed Rail Authority

In addition, two other cases were resolved over the last two years. These included the:

- John Tos, Aaron Fukuda and County of Kings v. California High-Speed Rail Authority alleging violation of the terms of Proposition 1A by the Authority. The Court of Appeal, Third Appellate District, ruled that the (c) funding plan, developed by the Authority pursuant to SHC Section 2704.08 was compliant and Judge Kenny on February 11, 2016 and on March 4, 2016 denied the Petition and Complaint in favor of the Authority.
- Transportation Solutions Defense and Education Fund v. California Air Resources Board the court granted a motion and the Authority was dismissed from the action on November 21, 2016.

6. Future Milestones

ENVIRONMENTAL CLEARANCES AND DECISIONS ON FINAL ALIGNMENTS AND STATION LOCATIONS

The Authority is continuing to advance every Phase 1 project section forward through preliminary design and environmental review. Throughout the next two years, this will include continuing to collaborate with partner agencies, corridor cities, stakeholders and community members as well as local and state leaders to advance environmental clearance of the remaining project sections. This is part of a comprehensive, ongoing outreach program that incorporates public input and feedback as the program is being developed. Moving forward to obtain environmental approvals for the full Phase 1 system will maximize the Authority's ability to advance any segment of the system as resources become available.

CONTINUED COLLABORATION WITH COMMUNITIES ON STATION AREA PLANNING

The Authority will continue to work with local governments to develop station area plans around the future high-speed rail stations. The Authority, in partnership with the FRA, has dedicated funding to support station cities in the development of station area plans that are consistent and supportive of local and regional planning efforts required by SB 375 (Steinberg, Chapter 728, Statutes of 2008) and the Authority's Station Area Development Policies. These planning efforts focus on a range of activities to create high-speed rail stations that serve appropriate local contexts and provide community development and local economic opportunities. It will also include working with regional and local transit providers to enhance connectivity to high-speed rail stations, plan for more efficient development around stations. The work will additionally facilitate adoption or amendments to general plans and zoning codes, and help develop financing and phasing plans to support the station area plan as well as options to attract private investors. Information specific to each station can be found in the Project Update by Section.

RIGHT-OF-WAY ACQUISITION

Additional right-of-way resources will be added in 2017 to continue the development of the right-of-way acquisition program in support of the implementation of the Central Valley to Silicon Valley Line. This work will help address the evaluation of right-of-way needs for alternative alignments evaluated in the environmental documents, as well as address allowable early acquisition actions in advance of environmental clearance.

CENTRAL VALLEY CONSTRUCTION

Construction will continue throughout the next two years, and the program will deliver several construction milestones. The State Route 99 realignment project within Construction Package 1 is projected to be complete in June 2018. The remainder of Construction Package 1 between Avenue 19 in Madera County to East American Avenue in Fresno County is scheduled to be completed by August

SB 1029 PROJECT UPDATE REPORT

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A summary of milestones achieved during the prior two-year period and milestones expected to be reached in the coming two-year period.

2019. Construction Package 2-3, the 65-mile segment between Fresno County and one-mile north of the Tulare-Kern County line, is scheduled to be completed by August 2019. Construction Package 4, the 22-mile segment bounded by a point approximately one-mile north of the Tulare-Kern County Line and Poplar Avenue, is scheduled to be completed by June 2019.

PLANNING FOR OPERATIONAL ELEMENTS OF THE SYSTEM

Now that construction is well underway, the Authority is beginning to plan for operations. Procurement of an Early Train Operator is progressing, as detailed in previous sections of this report. The role of the early operator will be to advise the Authority on the design, construction and operations of the system, including the many operational elements that will support future passenger rail operations. The intent is that the firm selected would be responsible for beginning operations of the system once construction of the Silicon Valley to Central Valley Line is complete.

In addition to moving forward with an early operator, high-speed rail tracks and systems and a number of facilities will need be built to support high-speed rail service. These include heavy and light maintenance facilities to service trains, stations, maintenance facilities for rail infrastructure, a dispatching center, and headquarters. The various operational and maintenance functions will create permanent jobs and the facilities will be located at various points along the corridor to meet system needs.

Facilities include:

- **Stations** – In some locations, high-speed rail will serve passengers at stations owned and operated by other transportation partners, (e.g. Los Angeles Union Station and Diridon Station in San Jose.) In other locations, the Authority is building new stations which will be owned by the State of California and managed by the system operator. Over the next several years, station designer(s) will be procured to begin station design to accommodate passengers and other station activities and services, such as ticketing, as well as amenities that might be incorporated into the stations such as retail and dining.
- **Operations Control Center and Headquarters** – The system operator will manage all of the real-time operations and actions required to operate high-speed rail passenger service. Staff at the center will use a variety of systems to dispatch and monitor trains, detect and respond to conditions, and manage schedules and personnel.
- **Maintenance of Infrastructure Facilities** – Maintenance of way facilities will be spread along the high-speed rail route and will be used to maintain the track and other infrastructure. Staff will be at these facilities 24/7 to undertake inspection and maintenance work. Staff will be dispatched from these locations to undertake work that stretches a 100 miles or more.
- **Heavy Maintenance Facility** – The Heavy Maintenance Facility will be located in the Central Valley. It will be the main location for inspecting, cleaning, repairing and maintaining the high-speed rail trains. Workers at this facility will include mechanical and electrical technicians, supervisors, laborers, cleaners, storehouse employees, and others. In addition, train engineers and crews will be dispatched from this facility to operate the trains.

- **Light Maintenance Facilities** – Two smaller maintenance facilities, one in Northern California and one in Southern California, will be built to conduct minor train maintenance functions, inspections, and other routine tasks as well as to provide alternative locations for engineer and crew dispatch to meet schedule requirements.

FUTURE PROCUREMENTS

- **Early Train Operator** – As outlined in the Milestones Section of this report, the Authority Board of Directors approved the procurement of an Early Train Operator at its December 2016 meeting, directing staff to issue a Request for Qualifications. The next steps in this process will be issuance of a Request for Proposals, the selection of an operator and a notice to proceed, which is anticipated to be completed during 2017.
- **Other Procurements for 2017-2018** – The delivery and operation of a high-speed rail system involves procuring numerous elements and integrating them into one, contiguous operating asset. The Authority's procurement plan involves phasing numerous procurements over time based on availability of funding and financing, the goal of driving competition, and meeting schedule targets. Future procurements associated with delivering the Silicon Valley to Central Valley Line will include civil engineering packages, track and systems, station construction and high-speed trains. These procurements are in the planning and development stage.

STATEWIDE RAIL MODERNIZATION AND EARLY INVESTMENTS

Progress is underway and will continue through the next two years on multiple connectivity projects throughout the state. These projects are investments that will benefit the overall high-speed rail system and provide early benefits to local systems. In addition to funds set aside to support Caltrain Electrification and the Southern California improvements identified in the Milestones section of this report, SB 1029 allocated an additional \$819 million in Proposition 1A dollars for regionally-significant connectivity projects that provide direct connectivity to high-speed rail lines and facilities. Four projects are complete and seven more are expected to be completed in the next two years.

2018 BUSINESS PLAN

Every two years, the Authority prepares, adopts, publishes, and submit a business plan to the California Legislature, per the Public Utilities Code 185033. The next Business Plan will be published in 2018. The Authority's Business Plan is an overarching policy document used to inform the Legislature, the public, and stakeholders of the project's implementation, progress, and assist the Legislature in making policy decisions regarding the project.

The 2018 Business Plan will summarize the progress made since 2016 as well as outline updates, project information, and forecasts for ridership, operation and maintenance costs, and capital costs. The 2018 plan will additionally identify key milestones and decisions that are anticipated during the next two years as well as an estimate of anticipated funding sources.

7. Issues

As with any significant capital infrastructure program, there are a variety of challenges to project delivery that need to be managed and monitored on a consistent basis. The Authority uses multiple project management tools to identify and assess the various pressures that can affect program scope, schedule and budget. When evaluating project management, it's important to understand that these challenges can come from both internal and external sources.

State-of-the-art risk management practices are used to identify, assess and manage these issues. The Authority also understands that stakeholder engagement is a major element to ensuring program success. It is important that community issues are addressed, program goals and achievements are clearly communicated and challenges are outlined. This can help to address challenges and maintain program momentum.

The Authority Board of Directors' Finance and Audit Committee evaluates current program status on a monthly basis in a public forum. The competing demands between scope, schedule and budget are discussed and possible mitigation measures are considered. The issues identified below are not unique to high-speed rail and can be found when delivering any large capital infrastructure program. However, we view this Report as an important opportunity to make sure that all interested parties, stakeholders, and the public can have a clear view of the challenges that we are working on every day to overcome in delivering the nation's first high-speed rail system. Risk is inherent to any big endeavor, and so it is important that project partners can understand the risks involved, as well as the tools we are using to manage those risks.

MANAGING SCOPE, SCHEDULE AND BUDGET

Like other major infrastructure projects, risks are identified, managed and mitigated on an ongoing basis. There are a number of countervailing pressures that can affect scope, schedule and budget – driving costs upward or downward – creating challenges to meeting environmental and construction schedules and, conversely, opportunities to expedite them.

A discussion of the risks that the program faces and how they are managed is provided in the Executive Summary and Risk Management sections of this report. For example, in the Executive Summary and Schedule sections of this Report it has been noted that the environmental schedules are being updated. These schedules are still undergoing development with the Federal Railroad Administration. Two key risk areas that we continue to manage – right-of-way acquisition and third-party agreements – are discussed below.

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Section (g)

Any issues identified during the prior two-year period and actions taken to address those issues.

RIGHT OF WAY

Advancing construction on the first design-build construction package has been challenging. Specifically, as construction got underway, acquiring the necessary right of way lagged, in part due to legal challenges. The Authority acted quickly to analyze and address this challenge. Based on this experience, we reorganized and enhanced our land acquisition processes, expanded our resources and instituted aggressive management and mitigation strategies with a focus on delivery of parcels. As a result, over 75 percent of the required right of way has been delivered to the Construction Package 1 design-builder, allowing construction to begin in multiple locations in the Central Valley, with many more expected in 2017.

Before construction can begin the Authority must obtain legal possession of a property. There are many steps required to identify and then complete the acquisition process. Acquisition is affected by the completion of environmental milestones, receipt of funding, completion of design, followed by multiple levels of governmental review and approval processes and the cooperation of property owners. Acquisition has also been affected by alternative technical concepts proposed by the design-build construction teams. These design changes require new right of way to be surveyed, appraised and acquired. Delays in the acquisition process are affecting the contractor's ability to meet project deadlines. Some delays are the result of the contractor, some have been Authority-driven, and some are external factors within the process outside of anyone's control.

It is important to note that the magnitude of parcel acquisition is very large for this project. Over 1,600 parcels will be acquired for construction in the Central Valley. As of mid-February, the Authority has acquired 1,051 parcels, a significant milestone in the right-of-way acquisition process. For more detail on this topic, see this report's Risk Management section.

Actions Taken: The Authority is mitigating and managing the risk associated with right of way in a variety of ways, including development of a highly detailed acquisition plan, vetting the acquisition plan with contractors and prioritizing acquisition to meet initial contractor work-zone requirements and securing technical expertise and additional capacity. The Authority is also working to streamline administration of the right-of-way process in order to mitigate for schedule challenges that gave a late start to property acquisition. In anticipation of the Silicon Valley to Central Valley Line, the Authority is proceeding to procure additional right-of-way support services to survey and map parcels that may be needed for that line in order to be positioned to begin securing those parcels once environmental clearance is complete.

THIRD-PARTY AGREEMENTS

The Authority is in the process of negotiating numerous agreements to facilitate design, cost apportionment and relocations of utilities, facilities and railroads that are affected by the design and construction of the high-speed rail project. Due to the complexity of the program, and the necessity of developing new relationships with these entities which will extend from construction through operations, some of these agreements have taken longer to finalize than anticipated. Some of the stakeholder concerns that the Authority works to address include: compliance with federal requirements such as Buy America;

Managing the design-build construction packages in the Central Valley

Over the last two years, we have encountered and managed a number of risk pressures during construction:

- ▶ **Right-of-way acquisition:** This project requires the acquisition of an unprecedented number of parcels of land. Due to circumstances related to federal funding through the American Recovery and Reinvestment Act, the first design-build construction package (Construction Package 1) was awarded with virtually no right of way in place. The right-of-way acquisition process was also slow to start due to litigation-related delays. This resulted in a need to act quickly to reorganize and refine the land acquisition process and implement improvements to its management strategies. As a result, right-of-way acquisition has become an even higher priority focus for the Authority, requiring ongoing, active coordination with other agencies involved in the process. It has resulted in now having about two thirds of the 1,695 parcels needed for construction in the Central Valley and has enabled construction to begin at more than a dozen sites.
- ▶ **Finalizing third-party agreements:** Due to the complexity of the project and the necessity of developing new relationships and agreements with a large number of entities including utilities, railroads and water districts – completing these agreements has taken longer to finalize than projected. Mitigation strategies were implemented so that key agreements with these companies and agencies were completed in order to begin construction. We are now able to build on the relationships established and the experience garnered through those initial agreements. We are now also initiating outreach to third parties earlier in the process.
- ▶ **Spending federal American Recovery and Reinvestment Act (ARRA) funds:** The deadline to spend ARRA funds is September 2017, and spending must take place by the end of June 2017 in order to meet that statutory requirement. With construction slow to start, there was a risk of not expending the \$2.55 billion in federal ARRA funds before the deadline. Failure to do so risked losing a portion of those funds for the program. To address this risk, we worked closely with all three design-build contractors to identify and prioritize activities and manage roadblocks so that work could be advanced and funds could be expended more quickly. In addition, we worked with the Federal Railroad Administration to establish a working capital fund for right of way which enabled acceleration of right of way acquisition. As of February 21, 2017, \$2.29 billion of the \$2.55 billion had been invoiced and submitted for reimbursement to FRA.

The above challenges are indicative of the types of risk pressures we face in delivering the high-speed rail program. The actions taken demonstrate how the risk management process is used to identify risks early and put corrective actions in place to effectively manage and mitigate them. This process continues as work proceeds on construction in the Central Valley, and we will continue to face and manage a range of scope, schedule and cost pressures.

An important part of delivering a complex infrastructure project is building upon, incorporating and applying lessons learned. We are doing this not only as we continue to manage Central Valley construction, but also as we plan and prepare for future construction to complete the Silicon Valley to Central Valley Line.



possible impacts of the high-speed rail project on future growth; maintenance of facilities or services provided by these entities; designing relocations to be compatible with the safety standards of high-speed rail; and, ensuring continuation of service during construction. Third parties are also concerned with setting precedents with a new state agency and project funding, and can therefore be very cautious in negotiating agreements. Failure to execute these agreements in a timely fashion can impact project schedules.

Actions Taken: The Authority is addressing these concerns on a number of fronts, including working closely with the affected utility companies in managing utility design and construction requirements, and in finalizing all cooperative utility agreements. The Authority is entering into both general and location specific agreements with utilities to establish an early understanding with the utilities on scope, schedule and financial relocation details. The agreements also provide additional information to the design-build contractors on potential unknown variables such as durations of design, review and construction and expectations for specifications, processes and any potential disputes. In addition, the Authority is collaborating with the utilities and the FRA to identify any potential Buy America issues.

The Authority is moving forward with the railroads on design work and coordination to address concerns about future growth and safety measures and has negotiated an agreement with the BNSF and Union Pacific Railroad to include intrusion barriers where appropriate.

Issues related to the electrification of the train are being handled through the rulemaking process with the California Public Utilities Commission (CPUC). The Authority has reached a tentative agreement on a new General Order, subject to the completion of the CPUC approval process.

FUNDING

Since the inception of planning for high-speed rail in California, it has been assumed that the program would be funded with federal funds, state funds and private sector investment, each at approximately one-third. This was the underlying assumption when the California Legislature and the voters approved Proposition 1A in 2008, which included the following language directing that the Authority "...pursue and obtain other private and public funds, including but not limited to, federal funds, funds from revenue bonds, and local funds..." to augment the high-speed rail bond funds.

The challenges of funding a transportation system or network are not new to this program or most other large-scale programs. The Authority is funding and implementing it in the same way that high-speed rail systems are developed throughout the world in a series of overlapping phases each supported by available funding.

More specifically, the Authority has developed a sequenced approach to the Phase 1 system that is designed to maximize current federal and state dollars to deliver the earliest operating high-speed rail line within anticipated funding levels and to comply with Proposition 1A requirements. Once the system is operational and begins generating revenue, private sector entities will bid for the right to operate the system and receive those revenues, with the resulting investment being used to continue building out the system.

To date, the Authority has secured three funding sources to design, develop and construct the system.

- **Federal Grants** – The Passenger Rail Investment and Improvement Act of 2008 (PRIIA) established the framework for the national high-speed rail and intercity passenger rail programs. In 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA). Using PRIIA as a framework, Congress appropriated through ARRA an investment of \$8 billion for new high-speed and intercity passenger rail grants. The Authority has received \$3.48 billion in federal grants to date, an award under ARRA and under the High-Speed Intercity Passenger Rail Program for Federal Fiscal Year 2010.
- **State Proposition 1A Bond Proceeds** – In 2008, California voters approved the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Proposition 1A) authorizing the state to issue \$9.95 billion of general obligation bonds. Of this, \$9 billion in bond funds are available to pay for planning and constructing the system and the remaining \$950 million is allocated to capital improvements for commuter and intercity rail lines which will connect to the system.
- **State Cap and Trade Proceeds** – The Budget Act of 2014 (SB 852) included a \$250 million appropriation of proceeds from the Cap and Trade Program. Also in 2014, the Governor signed SB 862 establishing a programmatic structure which included a continuous appropriation of annual Cap and Trade proceeds from the Greenhouse Gas Reduction Fund, including 25 percent of all proceeds for the high-speed rail program. SB 862 also appropriated \$400 million to the Authority to be made available when needed and continuously appropriated until expended. In making the continuous appropriation the California Legislature determined that these funds could be used to pay for planning and construction costs and/or to repay loans made to the Authority. On September 8, 2016, Governor Brown signed Senate Bill 32 which required the state to cut emissions at least 40 percent below 1990 levels by 2030 and has proposed legislation to extend the Cap and Trade program. To date, \$1.2 billion in Cap and Trade proceeds has been appropriated for the project.

The 2016 Business Plan lays out a funding strategy for the Silicon Valley to Central Valley Line that is based on these three funding sources and assumes financing a portion of the capital costs of that line with Cap and Trade proceeds through the year 2050⁶. This line has been deemed to be the most logical approach for how and where to start sequencing the system – building off construction already underway in the Central Valley and based on current circumstances. This line can be delivered with currently available funds, is compliant with Proposition 1A, can generate operating revenue sooner and, with the sale of an operating concession, will accelerate access to private capital to fund additional construction of Phase 1.

Identifying and securing additional funds necessary to complete construction of the entire Phase 1 system is an ongoing process and will require the engagement of the California Legislature, U.S. Congress, the federal government, the private sector and others.

There are two key sources of funding to help complete the full Phase 1 system: (1) the positive cash flow generated from selling tickets (fare revenues), ancillary revenues and value capture which can be

leveraged for financing and private investment; and (2) additional public funds, including federal funds, which can help match project-generated funding. Although not a source of funding, the Authority continues to work to identify ways to reduce costs and deliver the program more effectively through alternative delivery models such as public-private partnerships. This comprehensive strategy is consistent with general practice for large infrastructure projects and provides a reasonable approach for funding the program.

A fundamental goal of the program, which informs many of the Authority's decisions, is to create a commercially successful transportation system to connect the state. As segments of the program are delivered and opened for revenue service, they are projected to generate significant positive cash flow which will support private investment. As discussed above, over time, the value of the system as a commercial enterprise will be significant for the State of California.

The 2016 Business Plan presents an analysis of the potential range of future revenues that could be generated, starting with the Silicon Valley to Central Valley Line. These revenues are projected to have material value to a potential private sector investor which could be captured (monetized) by financing and private sector investment secured by the system's future net operating cash flows. For example, approximately \$3.1 billion could be available in 2028 after ridership and net operating cash flow have been demonstrated. If the line were extended from San Francisco (4th & King Street) to Bakersfield, an additional \$4.4 billion could be available in 2027, for a total of \$7.5 billion. The total value from the initial monetization of the Silicon Valley to Central Valley Line through the completion of Phase 1 to Anaheim (using an 11 percent discount rate) is estimated at \$21 billion. For more information regarding this analysis, see the 2016 Business Plan, Section 6: Funding and Financing: www.hsr.ca.gov/docs/about/business_plans/2016_BusinessPlan.pdf

Actions Taken: Identifying and securing additional funds necessary to complete construction of the entire system will be an ongoing process and will require the engagement of the California Legislature, U.S. Congress, the federal government, the private sector and others.

CEQA LEGAL CHALLENGES ON-GOING

COUNTY OF KINGS V. CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Sacramento Superior Court, Filed June 5, 2014

FIRST FREE BAPTIST CHURCH OF BAKERSFIELD V. CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Sacramento Superior Court, Filed June 6, 2014

DIGNITY HEALTH V. CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Sacramento Superior Court, Filed June 6, 2014

CITY OF SHAFTER V. CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Sacramento Superior Court, Filed June 6, 2014

On May 7, 2014, the Board certified that the Final EIR/EIS for the Fresno to Bakersfield project section had been completed in compliance with CEQA. The above listed parties thereafter filed lawsuits under CEQA alleging that, among other claims, that the Authority certified a legally inadequate EIR, failed to

recirculate the revised draft EIR properly, and made inadequate CEQA findings. A few of the lawsuits have minor non-CEQA claims.

Actions Taken: Most of the administrative record has been completed and lodged with the Court. The Authority filed a motion to stay the proceeding on February 19, 2015. After the hearing on March 27, 2015, the Court granted the Authority's motion for stay, pending the outcome of the California Supreme Court Friends of Eel River v. North Coast Railroad Authority case, which is currently under review. In Eel River the Court will decide whether CEQA is preempted for a publically owned railroad that is under the jurisdiction of the Surface Transportation Board. Eel River will have implications in the CEQA cases filed against the Authority.

KINGS COUNTY; KINGS COUNTY FARM BUREAU; CALIFORNIA CITIZENS FOR HIGH-SPEED RAIL ACCOUNTABILITY; COMMUNITY COALITION ON HIGH-SPEED RAIL; CALIFORNIA RAIL FOUNDATION; TRANSDEF V. SURFACE TRANSPORTATION BOARD (STB); CHSRA INTERVENOR
Federal District Court of Appeals, Filed February 2015

In October 2014, the Authority petitioned with the Surface Transportation Board (STB) for a declaratory order that a Court remedy stopping the construction in the Fresno to Bakersfield (F-B) section is not available under CEQA. The five CEQA lawsuits challenging the F-B Section EIR pray for injunctive relief which, if granted, could stop construction. Since STB took jurisdiction over the construction and operation of the California high-speed rail system in June 2013 the federal ICC Termination Act preempts CEQA meaning third parties cannot challenge the Authority's compliance with CEQA.

STB found CEQA is categorically preempted for the F-B section and therefore the Authority cannot be sued for not complying with CEQA. STB also found the Authority's voluntary compliance with CEQA during the environmental review is not controlling because the Authority consistently stated it reserves its right to assert federal preemption.

Plaintiffs have challenged the STB's declaratory order claiming that the Authority must comply with CEQA and that third parties can file a lawsuit to challenge the compliance.

Actions Taken: The Federal Court of Appeals, 9th Circuit is deciding the case. All briefs have been submitted.

OTHER LEGAL CHALLENGES ONGOING
JOHN TOS, TOWN OF ATHERTON, COUNTY OF KINGS, MORRIS BROWN, PATRICIA LOUISE HOGAN-GIORNI, ANTHONY WYNNE, COMMUNITY COALITION ON HIGH-SPEED RAIL, TRANSPORTATION SOLUTIONS DEFENSE AND EDUCATION FUND, CALIFORNIA RAIL FOUNDATION V. CALIFORNIA HIGH-SPEED RAIL AUTHORITY
Sacramento Superior Court, Filed December, 13, 2016

The lawsuit is related to two Proposition 1A bond funding plan actions approved by the Board of Directors for the San Francisco to San Jose Corridor electrification project and the Central Valley construction segment. These funding plans will allow Proposition 1A bonds to be sold after Department of Finance

review and approval. The lawsuit alleges that the Legislature violated the California Constitution when it passed AB 1889 (2016) because AB 1889 materially modified Proposition 1A without voter approval. AB 1889 legislation states that a corridor or usable segment is, "suitable and ready for high-speed trains to operate immediately of after additional planned investments are made on the usable segment and passenger train service providers will benefit from the project in the near-term." Plaintiffs want the court to declare AB 1889 unconstitutional and therefore the two Funding Plans adopted by the Board of Directors in December 2016 which relies upon AB 1889. Plaintiffs also allege the two funding plans that were approved by the Authority, and the associated independent consultant reports, fail to meet a number of the requirements of Proposition 1A.

Actions Taken: This matter will be handled by the Attorney General's office. The Authority was served on February 13, 2017 and a responsive pleading is due in March of 2017. The Authority is currently reviewing the lawsuit and intends to vigorously defend this matter.

8. Risk Management

Identifying and managing project risk is an essential tool to successfully deliver the high-speed rail program. Most of the risks identified in this section – right of way, third-party agreements, and technical – are not unique to high-speed rail, and are inherent to delivering any large infrastructure program.

The Authority is utilizing a state-of-the-art approach to risk management, including an extensively detailed calculation of variables to quantify risk, and the incorporation of lessons learned by global experts from other high-speed rail programs. To that end, the Authority has developed and integrated a quality management system, designed to manage and mitigate quality-related risks, and to ensure the high-speed rail program meets or exceeds acceptable industry and government standards.

The Authority is additionally working with the California Legislature's Peer Review Group (PRG), not just to implement provisions of Senate Bill 1029 (Budget Act of 2012), but to also gain the benefit of the group's perspective and guidance to continually improve the program.

The risk management program provides the Authority with a formal, systematic approach to identifying, assessing, evaluating, documenting and managing risks that could jeopardize the success of the program. These include specific engineering, environmental, planning, right of way, procurement, construction, organizational, stakeholder, budget and schedule risks.

OVERVIEW OF KEY RISK AREAS

Environmental Approvals

The risk associated with environmental clearances and approvals may be broadly separated into two categories: (1) the risk of obtaining clearances and approvals in the required time necessary to avoid delays to construction; and (2) the risk associated with conditions of the approval (e.g. work windows).

While the staff working relationships with Federal Railroad Administration and the various resource agencies (including the U.S. Army Corps of Engineers, U.S. Environmental Protection Agency, U.S. Fish and Wildlife Service, State Water Resources Control Board, and the California Department of Fish and Wildlife, among others) are constructive, delays occur partially and perhaps largely because of review periods that are extending longer than anticipated.

Schedule impacts can be driven by the complexity of assessments, for example, the consideration of an alignment through the San Luis Reservoir between San Jose and Merced and discussions with the Bureau of Reclamation or with the US Forest Service on proposed tunnel alignments through the Angeles Nation Forest. Because of the interdependencies among various approvals/permits granted by different agencies, it could take delays to only one or two documents/permits at one or two agencies to delay the entire environmental approval process.

SB 1029 PROJECT UPDATE REPORT

Section(h)

A thorough discussion of risks to the project and steps taken to mitigate those risks.

The conditions and restrictions associated with these clearances, permits or approvals are another area of uncertainty. For example, the likelihood of encountering important archaeological sites in certain geographic areas is high, but the actual sites in which these are found are generally not known until they are uncovered during construction. The environmental clearance stipulates the process to follow if this happens.

In addition, property acquisition and the ability to exercise permits to gain access to property (permission to enter) for pre-construction requirements also introduces uncertainties that have caused delays in construction. This includes identifying an endangered species whose habitat had expanded beyond previously known boundaries, as has happened with the Buena Vista Lake Ornate Shrew (*Sorex ornatus relictus*). In order for construction to continue, special species surveys, manual vegetation removal, and exclusionary fencing or other protective provisions are required.

Completion of Phase 1 project sections clearances, which includes both rural and the urban areas in Northern and Southern California, is presenting opportunities to evaluate streamlining of existing environmental processes. This includes the permitting process, which is being accelerated for issuance soon after the Federal Railroad Administration issues the Record of Decision (RODs) and the Board of Directors issues a Notices of Determinations (NODs). Per terms of the contract with design-build contractors, meeting mitigation and permitting conditions is the responsibility of the design-build contractor. However, the conditions are not always fully known until the RODs/NODs are issued and the permits are in hand and the property(ies) in question are acquired.

MANAGEMENT AND MITIGATIONS

We continue to manage these risks by increasing program staff that have specialized environmental expertise and by increasing staff at cooperating federal and state agencies. We are also continually evaluating ways to expedite processes and develop new approaches to strengthen intergovernmental collaboration. In one computerized database the Authority tracks and reports compliance with mitigation and permitting obligations. The Authority has transferred the risk as appropriate to the design-build contractor as explained above.

The Authority specifically:

- Implemented a number of federal and state environmental clearance strategies to achieve NOD/ROD timelines.
- Coordinated with the United States Department of Transportation to recommend that all Phase 1 project sections be placed on the Federal Permitting Dashboard, which will assign accountability and coordination with federal permitting agencies, the FRA, and the Authority.
- Obtained written commitments for set review periods through Authority funding agreements.
- Obtained process concurrences from lead and permitting agencies for many of our necessary permits and approvals.
- Established Memorandum of Understanding/Memorandum of Agreement (MOUs/MOAs) with the required agencies.

- Work with the FRA to prioritize resources and reviews.
- Implemented project permitting strategies on parallel tracks with environmental clearances.
- Develop and fund Permission to Enter (PTE) agreements with public entities and private land owners to facilitate access to properties.
- Establish close working relationships with state and federal agencies to expedite permits whenever feasible and continue to keep agencies informed of the schedule requirements and how they affect the schedule.
- Provides funding for additional staff resources for the federal and state regulatory agencies whose staff we rely on for project consultation, reviews and permitting.
- Pursues early access to parcels and funding of environmental survey work whenever feasible.
- Develops and implements an outreach and communication plan through the Regional Managers for coordination with property owners to minimize adverse project impacts.
- Identifies strategies and backup plans anticipating delayed decisions and reviews.
- Coordinates with state and federal resource and regulatory agencies to develop integrated regional planning solutions to develop and optimize landscape level conservation solutions. This advanced planning and land acquisition for conservation, mitigation and permitting will allow sustained project construction.
- Maintains construction schedules, by strengthening Central Valley-based environmental resources, to allow efficient consideration and development of environmental re-examinations on design-build contractors' alternative technical concepts and Authority directed project changes.

Financing and Funding

A number of risks exist related to funding and financing. Funding risks include failure to receive the anticipated amount of public funding at the requisite time, and the inability to manage the timing of committed funds against the cash flow requirements of the program. Both of these funding risks could delay the development of the program. Financing risks include failure to attract lenders and/or investors, as well as potential increases in interest rates. Both of these financing risks could increase the cost of borrowing and investment, delaying construction until borrowing can be put in place, or threaten the ability to finance. While the Central Valley civil infrastructure is fully funded, there remains funding risks related to meeting the administrative requirements for full and timely receipt of the state and federal funding already identified for the Central Valley project.

MANAGEMENT AND MITIGATIONS

The near-term funding risk is mitigated by the identification of all necessary sources of funding at various stages of program development. Long-term funding risk has been reduced by the Authority securing a long-term, continuous funding stream of auction proceeds from the Greenhouse Gas Reduction Fund (GGRF) program. The Authority receives 25 percent of GGRF proceeds, appropriated on a continuous basis. This provides the Authority with a continuous funding source with which it can

advance future sections of the program. The 2016 Business Plan assumes that the 25 percent will on average equate to approximately \$500 million each year.

In order to mitigate future funding and financing risks, we continue to:

- Utilize phased implementation to align construction costs with funding.
- Implement innovative delivery models that appropriately transfer risk, reduce costs and accelerate schedule.
- Work with the private sector to position the program for private sector participation.
- Work with private sector lenders and investors to define requirements for financing secured by Cap and Trade.
- Utilize American Recovery and Reinvestment Act (ARRA) reserves to preserve funding for the minimum systems and track connections.
- Work with legislators, the USDOT, the private sector, and other stakeholders to maintain support for funding the programs, such as the High-Speed Intercity Passenger Rail Program; the Passenger Rail Investment and Improvement Act of 2008; the FTA New Starts Program; the Transportation Investment Generating Economic Recovery Discretionary Grant program; the Passenger Rail Investment and Improvement Act reauthorization, etc., and investigate other available funding sources.
- Engage the private sector to discuss timing and requirements for private investment and delivery strategies to reduce costs and attract investment.
- Monitor Greenhouse Gas Reduction Fund proceeds to understand the level of future funding that the program may generate.
- Work closely with the FRA regarding ARRA grant funding requirements.
- Analyze the Authority's ability to utilize innovative federal financing tools, such as Railroad Rehabilitation and Improvement Financing (RRIF) program.
- Perform scenario and sensitivity analysis to test the project's financial performance under different ranges of inputs (see Ridership).

Legal

In the normal course of business associated with implementing a complex transportation infrastructure project, public agencies typically address a range of litigation challenges and adjudicatory administrative processes related to project funding, environmental clearances, property acquisition and contract disputes. These litigation challenges have the potential to affect project schedules, costs, and financing.

MANAGEMENT AND MITIGATIONS

The Authority works closely with affected stakeholders to address issues before they become formal lawsuits or, for lawsuits, the Authority typically seeks to resolve them directly with the stakeholders through settlement discussions. In addition to court resolution processes, the Authority seeks to use alternative dispute resolution such as mediation or arbitration. For litigation purposes, the Authority is represented by the California Attorney General's office except in cases where additional expertise may be required.

Operations and Maintenance Costs

Operations and maintenance (O&M) costs are a key component in the viability of the high-speed rail system. Proposition 1A requires that operating revenue must be sufficient to cover the operations and maintenance costs of the system. As a result, if current operations and maintenance (O&M) cost forecasts differ from actual costs, the Authority risks violating the Proposition 1A no subsidy requirement. Without a directly comparable system operating in the U.S., it is challenging to accurately forecast future system O&M costs.

MANAGEMENT AND MITIGATIONS

The Authority undertook a comprehensive effort to develop a bottom-up O&M cost model for the 2014 Business Plan. The 2014 Business Plan O&M cost model was developed with the U.S. Department of Transportation Inspector General's High-Speed Intercity Passenger Rail Best Practices: Operating Costs Estimation serving as a guiding document and included a detailed estimate of each cost category based on the current information about the system, service plans, federal regulations, and industry standards that is available.

A thorough assessment was undertaken to develop risk-based contingencies on a number of applicable reference projects (for a particular O&M cost category), guidance contingency percentages defining limits, and a group of experts' judgment regarding the uncertainty or risk surrounding a particular O&M category's cost. These assessments were then averaged and combined with the guidance contingency percentages to determine a recommended contingency percentage for the particular O&M cost element. Several external experts reviewed the O&M cost model, including the Peer Review Group, Government Accountability Office, Legislative Analyst Office of California, and the International Union of Railways. All of the reviews found the model adequate for the purposes for which it was being used, and reviewer feedback was incorporated into the cost model. Additionally, the Authority conducted a significant effort to understand the risks associated with the O&M forecasts more thoroughly as part of the 2014 Business Plan. To do that, the Authority conducted Monte Carlo simulations that analyzed the risk to the total cost estimate based on the accuracy of other O&M forecasts (reference cases) and to specific cost categories based on uncertainties internal to those categories (bottom-up). These two simulations showed that current contingency percentages covered the majority of the scenarios in the reference case and nearly all scenarios in the bottom-up case.

In the 2016 Business Plan, the Authority used the same O&M cost model and the top-down risk analysis approach for forecasts, but took additional steps to mitigate forecast risks. Since the 2014 Business Plan, Network Rail Consulting, the operator and maintainer of both the high-speed and conventional rail network infrastructure in the United Kingdom, joined the program and conducted a technical review of the model to ensure international best practices were maintained in the model forecasts, assumptions and approach. The Network Rail recommendations were incorporated in the O&M cost model used for the 2016 Business Plan. For more information on the specific updates to the 2016 Business Plan O&M cost model, please refer to the Operations & Maintenance Cost Model Documentation. www.hsr.ca.gov/docs/about/business_plans/2016_Business_Plan_Operations_and_Maintenance_Cost_Model.pdf

Finally, the Authority is bringing in an Early Train Operator to advise on preparations for operations and maintenance along with other essential commercial aspects of the future system. One of the many important tasks an early operator will provide will be to help the Authority forecast, manage and mitigate future operations and maintenance cost risks. The program will benefit from the industry expertise an early operator will bring the program, including further refinement of operations and maintenance forecasts as well as employing best practices to manage the forecast risks.

Railroad Agreements

Given the proximity between the Authority's alignment in the Central Valley and the existing freight railroad right of way, there is a need to negotiate several agreements with the railroad companies.

To date, the Authority has finalized and signed a series of important agreements within the Merced to Bakersfield Corridor with the Union Pacific Railroad. Specifically, the Authority and the Union Pacific Railroad have executed an Engineering, Construction and Maintenance (ECM) Agreement, an Insurance and Indemnification (I&I) Agreement, and an Environmental Liability Agreement. In addition, the Authority and Union Pacific Railroad have reached agreement and signed several Grade Separation and Right-of-Entry agreements. Finally, the Authority and Union Pacific Railroad finalized and signed two required Easement Acquisition Agreements for Union Pacific Railroad properties in the Central Valley that will be impacted.

The Authority and BNSF have executed a Confidentially Agreement, a Memorandum of Understanding, a Reimbursement Agreement, a Master Agreement and a Joint Corridor Agreement for the Central Valley. A CP 1 Relocation and Construction Agreements, Purchase and Sale Agreement, and Overpass Agreement have been executed and are being used as a template for similar agreements for CP 2-3 and CP 4 that will also be executed in the near term when project designs are at a higher level for BNSF to understand and plan for its facility relocations, including tracks as part of the scope of these CP contracts. All of these agreements inform the design and construction of modifications to BNSF facilities and right of way and operational requirements.

The Authority has also negotiated with two short-line railroads including the San Joaquin Valley Railroad (SJVRR) and West Isle Line (WIL) to finalize and execute various agreements. To date, all needed agreements have been completed with SJVRR and terms have been finalized with WIL to provide a reimbursement agreement for design review.

There is continued risk related to fulfilling the obligations of the agreements once they are in place. The Union Pacific Railroad is currently constructing mitigation projects to their facilities that have the potential to increase cost if conditions differ from assumptions made during preliminary stages of the project. Also, in several instances the scope of the final agreements differs from the draft agreements, which the design-build contractors used for their lump sum bids. In those cases, the Authority compensates the design-build contractors for the extra work through change orders, increasing the contract cost. An example of change orders required by the railroad companies is for the design and construction of additional intrusion protection barriers to eliminate the risk of a freight rail road derailing and intruding onto the high-speed rail right-of-way. In addition, there may be additional costs to the program associated with any unanticipated disruptions to service experienced by BNSF and Union Pacific Railroad during construction. If the remaining agreements cannot be executed with the railroad companies in a timely manner, then design work in progress, or already completed, may be affected, leading to cost increases or schedule delays that could become significant depending upon the length of the delay.

MANAGEMENT AND MITIGATIONS

While the Authority is responsible for securing the agreements with the railroad companies, the Authority has transferred much of the risk related to performance under the agreements to the design-build contractors. The design-build contract mandates that the contractor will be responsible for fulfilling the Authority's obligations under the agreements that were provided to the contractor to base its bid upon.

The Authority has executed reimbursement agreements with the following railroads and operating agencies: Orange County Transportation Authority, Southern California Regional Rail Authority, Capitol Corridor Joint Power Authority, San Joaquin Regional Rail Commission, SJVRR, BNSF and Union Pacific Railroad. In addition, the Authority has executed Memoranda of Understanding with both BNSF and Union Pacific Railroad. To date, the Authority has executed an Engineering, Construction and Maintenance Agreement and a variance to the agreement with the Union Pacific Railroad, which provides for all agreed upon mitigations. The Authority has also negotiated and executed Easement Acquisition Agreements with Union Pacific Railroad for the purchase of parcels required for CP 1. Union Pacific Railroad has begun construction on several mitigation projects and are working to complete these projects in accordance with the agreed upon terms.

At this point, agreement has been reached between the Authority and BNSF in the negotiating of templates for the overpass agreements, the insurance and indemnification requirements, construction and maintenance questions, and property acquisitions which have been executed for CP 1. To expedite the execution of these agreements, BNSF has agreed to the terms of a master agreement. These agreements collectively establish the roles and responsibilities for the parties and will reduce future delays throughout the Central Valley. The Authority and BNSF have recently worked cooperatively to identify engineering solutions for mitigating the adjacency issues within Construction Packages 1, 2-3, and 4.

Ridership and Farebox Revenue

Ridership and revenue are key components in the viability of the high-speed rail system. Proposition 1A requires that operating revenue must be sufficient to cover the operations and maintenance costs of the system. Further, expanding the system depends in part on operating revenue to support access to

private capital as the program matures. The Authority uses sophisticated travel demand modeling techniques that adhere to international best practices to forecast ridership and revenue, but the possibility of forecasting errors remains. Given that the program is a greenfield project with no direct U.S. comparison, it is important to mitigate the risk that actual ridership demand and revenue will differ from current forecasts. The impact to the program could be wide ranging and include the following:

- Decreased commercial and financial viability;
- Lower-than-expected operating revenue;
- Inability to meet Proposition 1A requirements;
- Delay to system expansion;
- Loss of stakeholder support.

MANAGEMENT AND MITIGATIONS

The 2016 Business Plan ridership and revenue forecasts have been through several external peer reviews and evaluated through a range of revenue sensitivity scenarios. High, medium, and low revenue estimates illustrate that the project will generate a positive operating cash flow. For additional detail on the ridership and revenue forecasts, see the 2016 Business Plan Ridership and Revenue Technical Supporting Document. www.hsr.ca.gov/docs/about/business_plans/2016_Business_Plan_Ridership_Revenue_Forecast.pdf

In addition to the external peer reviews, three key mitigation strategies reduce the risk that actual ridership and revenue will differ from current forecasts:

- An enhanced travel demand model used for the 2016 Business Plan that incorporates the latest available input data and information
- A more comprehensive risk analysis used for the 2016 Business Plan
- The procurement of an Early Train Operator to leverage industry expertise and help manage ridership and revenue risks

The model developed for the 2016 Business Plan was enhanced with the most recently available input data and new variables to better reflect travel behavior and current travel network information. Specifically, the 2016 Business Plan travel demand model fully integrated the 2013-2014 revealed preference/stated preference survey data, improved model parameters such as trip length, group travel, and transit access. All model updates were made in consultation with the Ridership Technical Advisory Panel, a group of international travel demand forecasting experts. As part of the 2016 Business Plan forecasting effort, the Authority also developed a Risk Analysis Model to estimate a ridership and revenue forecast range and an associated probability for each of the Business Plan scenarios. The risk model was used to develop Monte Carlo simulations for each of the Business Plan scenarios and associated forecast year. The risk analysis model included a range of assumptions relating to various risk factors having the greatest combination of uncertainty and impact on the results.

Main risk factors considered in this analysis include:

- High-speed rail mode constant
- Trip frequency constant
- Auto operating costs
- High-speed rail fares
- High-speed rail frequency of service
- Coefficient on transit access/egress time/auto distance variable
- Availability, frequency of service of conventional rail and buses that connect with high-speed rail
- Airfares
- Auto travel time
- Number and distribution of households across the state

The Authority conducted a risk analysis for 2025 (Silicon Valley to Central Valley scenario), 2029 and 2040; a different combination of risk factors were used for each risk analysis year. For example, airfare risks are more relevant during the Phase 1 system in 2029 and 2040, when high-speed rail will connect San Francisco and Anaheim, but was not used in the Silicon Valley to Central Valley 2025 risk analysis. For each risk factor, minimum, most-likely, and maximum values were estimated based on best available research and analysis. These served as inputs to Monte Carlo simulations which allowed the Authority to quantify the full range of potential ridership and revenue outcomes with the probability of each outcome. Based on this distribution of outcomes, low, medium and high projected values for ridership and revenue were also determined. The low projection is more likely than not to be exceeded by actual future ridership. It is just as likely that the actual results will be greater than the medium projection as that the medium projection will exceed actual results. The high projection will have a correspondingly smaller probability that it will be met or exceed by actual results. Together, these values provide a better picture of the range of potential ridership and revenue scenarios than a single point estimate as well as quantify the probability for each potential outcome. Applying Monte Carlo simulations to each 2016 Business Plan scenario, the risk model provided a probability distribution of ridership and revenue outcomes resulting from identified risk factors together with a sensitivity analysis highlighting the main drivers for ridership and revenue.

Finally, the Authority will bring an Early Train Operator on board to advise on preparations for revenue service. Of the many important tasks, a key item will be to develop mitigation strategies based on real operations experience to help make future decisions on how to maximize ridership and revenue. The Authority will benefit from the industry expertise an early operator will bring to the program, including further refinement of ridership and revenue forecasts as well as employing best practices to manage the forecast risks.

Right of Way

Before construction can begin on a given parcel of land, the Authority must obtain legal possession of the parcel. Thus, the possession of property directly impacts the ability of a contractor to commence construction. The process of real property possession under the federal Uniform Relocation and Assistance Act and the State Public Acquisition Law includes the completion of environmental milestones, receipt and access to funding, participation of multiple levels of governmental review and approval processes, and the cooperation of property owners. This process may include condemnation through the courts to obtain legal possession.

The right-of-way appraisal and acquisition process is active across the entire first construction section which has been defined as CP 1A, CP 1B, CP1C, CP 1D, CP 2-3 and CP 4. (Note that a nearly three-mile northern extension was added to the CP 1 design-build contract and is referred to as CP 1D). CP 1A and CP1B started first and the majority of the learning curve and the establishment of the Authority's right-of-way policies and procedures were developed during this effort. While the right-of-way acquisition process on the CP 1A and CP 1B continues to lag behind the estimated baseline acquisition schedule provided in the awarded CP 1 contract, the prioritized delivery of parcels has allowed commencement of significant construction activity in the Central Valley during 2016. In addition, the Authority executed a contract change order in mid 2016 to mitigate contractor delay claims related to right-of-way delivery. Many of the same challenges are continuing in CP 2-3 and CP 4 including design changes that necessitate modifications to the right-of-way acquisitions resulting in extending the overall delivery timeframes needed to commence construction. The parcels needed for construction in the northern six miles of CP 2-3 have been delivered and construction has now commenced in late 2016. The CP 4 design-builder has proposed several design changes that are being finalized before acquisition can commence in those areas. The Authority has successfully partnered with the CP 1 design-builder during 2016 to continuously identify critical parcels that allow the Authority to prioritize delivery and enable earlier construction at those locations. That model may effectively mitigate potential right-of-way delays as acquisition continues on remaining parcels.

The Authority continues to seek opportunities to improve the right-of-way acquisition process in order to meet the re-baselined acquisition schedules for CP 2-3 and CP 4. While different parcels present different challenges in the right of way acquisition schedule, the primary risk drivers are the following:

- Acceptance rate on first written offers;
- Design changes resulting in modified or additional acquisition needs after negotiations have been processed through the Department of General Services and State Public Works Board (SPWB);
- Railroad agreements;
- Necessary environmental clearances for modified project areas resulting from design changes.

Beyond the first construction segment, the Authority is continuing with the completion of environmental clearances for the Silicon Valley to Central Valley Line. The start of design-build procurement, design and construction of civil and systems infrastructure for operations along the Silicon Valley to Central Valley Line is necessary to meet the operations goal of 2025 identified in the 2016 Business Plan. The Authority faces a challenge in acquiring right of way parcels for the remaining Silicon Valley to Central Valley segment in a timely manner to support the 2016 Business Plan schedule milestones.

MANAGEMENT AND MITIGATIONS

The Authority continues to mitigate and manage the risk associated with right of way in a variety of ways, including development of a highly detailed acquisition plan, vetting the acquisition plan with contractors and prioritizing acquisition to meet initial contractor work-zone requirements and securing technical expertise, and additional capacity. Since March 2014, the Authority has worked to establish better communication with impacted property owners. Additional right-of-way consultants have been hired, and assigned a dedicated right of way program manager, who is charged with strategic planning as well as identifying and addressing procedural bottlenecks.

The initial risk-informed contingency assessment for Construction Package 1 factored in the risk of delays in acquiring right of way parcels and included cost of potential delay claims in the Board-approved contingency of \$160 million. The Construction Package 1 project contract was awarded in August 2013 with a contract completion date of March 2018. Delays in delivering parcels to the contractor resulted in contract delays of approximately 24 months through December 2015. The Authority resolved all contract delays with the contractor through December 2015 by negotiating a \$49.9 million delay claim to extend the completion date from March 2018 to August 2019, without impacting the overall program schedule, and negotiated change order for an additional \$13.6 million to recover the remaining 7 months of delay.

To mitigate the risk of right-of-way acquisition delays in the remaining portions of the Silicon Valley to Central Valley Line, the Authority plans to seek Board of Directors approval to start development of appraisal mapping soon after the environmental preferred alternative recommendations but before the Record of Decision. Also, during the environmental evaluation, the right-of-way team will work closely with project engineering and environmental team to clear sufficient corridor width to provide more design flexibility to the design-build contractors in order to reduce additional right of way requirements during future design refinements. Right-of-way task managers are also reviewing preliminary alignments to evaluate acquisition costs and minimize complex parcels that may require longer acquisition timelines. Additional steps include:

- Implementation of project management principles in the delivery of right of way including assignment of task managers for each construction contract that report to the Project Manager.
- Management of critical path schedules for delivery of key parcels.
- Establishment of additional performance measures on the delivery process to increase accountability and enhance performance.

- Partnering with the design-build contractors to identify critical parcels needed for near term planned construction and potentially re-sequence or accelerate portions of the work in the most efficient manner based on parcel availability.
- Consultation with Department of General Services and the State Public Works Board to reduce review processes and enhance delivery.
- Focused training on distinct aspects of the Authority's right of way process (e.g. partial acquisition appraisals, RON/condemnation process) for all right of way consultants and reviewing and approving agencies.
- Coordination with all review agencies with respect to the project status and expected workload.
- Coordination with Caltrans legal team to manage the potential caseload.
- Continue regular meetings with right of way and design-build contractor to identify status of parcel acquisition and provide that priority parcels receive proper attention.
- Hiring additional staff with institutional knowledge of the right-of-way acquisition process as well as utilizing loaned staff from Caltrans.
- Provide clear expectations to the right of way consultants and manage the work effort with the intent to adhere to the timing and quality requirements as outlined.
- Improved data management and weekly reporting capabilities, including numerous reports to provide visibility on the process, progress, performance and status with improved forecasting.
- Identification of bottlenecks in the process for right-of-way management to resolve.

Staffing and Organizational Structure

During peak construction years, the annual construction outlay will exceed a billion dollars annually. The Authority's challenge is to attract and retain the appropriate number of experienced staff and consultants to meet the demands of the program. During the peak years, staff is needed to mitigate and manage multiple construction contracts, contract change orders, configuration management, funding, finance, contract administration, project management and other capital outlay program issues specifically related to the high-speed rail program. Without adequate staffing and expertise to support and make the necessary timely and informed decisions to advance the program, delays and cost increases become a greater risk.

MANAGEMENT AND MITIGATIONS

The Authority has strategically grown its staff and organizational structure to support the delivery of the program and intended project phases. In past years, the Authority has grown incrementally year-over-year to support the organization's initial start-up and planning tasks, then increasing staff to support and manage the start of construction. Later positions were added to provide additional legal, project management and oversight of the project construction packages and assist with planning, develop-

ment and execution of upcoming phases. Most recently, positions were added in the Audit Division to perform contract and performance audits that will assist the Authority in carrying out the project in a sound, economical, and efficient manner. Significant progress has been made in filling positions - as of February 24, 2017, the Authority has 193 of 226 positions filled with the remaining 33 positions estimated to be filled by mid-2017.

Stakeholder Support

The high-speed rail program could experience adverse effects if public support declined at either the local or statewide level. Local or regional stakeholders or community interest groups could attempt to prevent or delay advancement of the system by hampering the environmental process, local authorization and permitting processes, or inhibiting local collaboration. At the state level, a decline in public support could translate into reduced political support for the program or and/or funding support and oversight functions. Maintaining strong public support at all levels through education and outreach, while clearly vital, also poses its own risks to the system if expectations are not prudently managed and mitigated. If the Authority does not clearly articulate both the program's impacts, costs and benefits, support could weaken. As well, if the Authority agrees to mitigations without first determining their cost implications for the overall program, there is a risk that public support will erode and/or the program's overall costs could exceed current estimates.

MANAGEMENT AND MITIGATIONS

Mitigation of this risk is managed at all levels within the organization, both statewide and at the regional level. The Authority maintains and manages a comprehensive public information and involvement program, and uses multiple means to inform the public and stakeholders as well as an internal communications system to share updates with employees and contractors.

At the regional/project section level, outreach activities include open house community meetings, community and technical working groups, as well as community and stakeholder outreach specific to each project section's needs. The Regional Directors and local section outreach teams act as a point of contact for local and regional stakeholders to address community needs and concerns related to potential project effects in their regions. Regular stakeholder and/or public meetings are held to facilitate communication opportunities and relationships between the high-speed rail program and its myriad publics.

At the state level, ongoing communication with legislators and state agencies are ongoing to ensure that current and factual information is shared at multiple levels. Similarly, at the federal level, Authority staff maintain an ongoing line of communication with members of Congress and their staff and with federal agencies.

The Authority maintains a robust and responsive media relations program to provide timely and accurate information. In addition, the Authority uses a wide range of media channels, both digital and traditional, and develops public information materials and content, such as videos, newsletters, fact sheets and simulations, to inform and update the public.

The Authority's Small Business Advocate, and small business outreach team, serve as the main points of contact with small businesses. This coordinated effort conducts outreach sessions to educate small businesses regarding the high-speed rail program and opportunities, partners with other state agencies to provide resources to small businesses, and advocates for California certified small businesses.

Technical

The program will be measured by compliance with Proposition 1A passed by voters in 2008, which outlines the legal, political, financial, and technical requirements for the system. Transportation programs have varying degrees of technical issues throughout each phase of a major capital program that include the environmental phase, preliminary engineering and final design through construction, and startup of revenue operations. Technical issues are usually evaluated in an analytical manner and resolved through established design procedures and standards that meet best practices in the industry.

Since high-speed rail systems do not currently operate in the U.S., the Authority assessed European and Asian high-speed rail systems in order to develop guidance and technical requirements that could be adapted to the U.S. market. With the majority of alignment segments in the program outside the Central Valley still largely in the project level environmental phase, a concerted effort was made to develop criteria and provide technical guidance to support the ongoing work by the regional environmental teams. This criteria informs the team as alignment alternatives are developed and project impacts evaluated and appropriate mitigation measures considered to eliminate or minimize impacts on the environment. These criteria were needed to provide guidance focused on engineering challenges specific to the mountainous terrain north and south of the Central Valley.

MANAGEMENT AND MITIGATIONS

Technical challenges will be identified throughout development of the program and solutions will be developed by engineers and industry experts. Several of the significant engineering challenges and steps being taken to provide solutions are listed below:

- Models were developed that quantify the risks of potential derailment by adjacent freight railroads and allow the risks to be evaluated and ranked as to their significance. Discussions on mitigation measures such as intrusion protection barriers, earth or retained berms, increased track separation and intrusion protection through early detection with advance signal notification to approaching high-speed rail trains have been successfully concluded with the freight railroads. Refinement of model parameters including trainset length, weight and configuration, train speed, coupler rotation, and offset of barrier from track have been completed. And, a final draft intrusion barrier assessment report was prepared to document the adequacy of the intrusion barrier and other mitigation measures including earth or retained berms to mitigate the potential impact of freight or high-speed rail derailments. An agreement is in place with Union Pacific Railroad and final negotiations with BNSF are in progress.

- Earthquake faults throughout Northern and Southern California regions pose challenges particularly for the alignments through the Tehachapi Mountains between Bakersfield and Palmdale, through the San Gabriel Mountains between Palmdale and the San Fernando Valley, and through the Diablo Range near Pacheco Pass, between Gilroy and Los Banos. Mitigations include crossing active faults at-grade where practical or crossing faults in underground struc-

tures with seismic fault chambers or oversized tunnel segments that can accommodate shifts in track alignment, so that tracks and systems can be repaired and revenue service restored if movement occurs along a fault. The Southern California and Northern California segments are continuing with project-level environmental analysis, and supported by seismic and tunnel experts who are conducting analyses to identify location and magnitude of potential impacts in conjunction with completion of project footprints. Technical solutions are being evaluated based on practices that balance cost, reliability and risk to the project.

- Mountainous terrain also poses challenges in establishing vertical alignments that achieve the high-speed operational requirements without requiring the extensive use of capital-intensive underground structures and support facilities. Even with careful preparation of design requirements tailored to the topography, long tunnels and tall aerial viaducts, or high embankments, are still required in certain sections to support the high-speed tracks, and are included in the environmental assessment. In an effort to minimize potentially long haul distances through mountainous terrain, to reach quarry sites and obtain fill material or dispose of tunnel muck, the potential re-use of tunnel muck and identification of additional and more nearby disposal sites is under consideration.
- Hazards analysis in long tunnels is being evaluated by the regional teams and a Steering Committee that is assessing the risk and probability of occurrence of tunnel specific events that includes risks related to construction, operation, fire, seismic, flooding and other catastrophic events. Potential mitigations include high-strength tunnel liners, egress cross passages, mechanical ventilation, and points of safe refuge.
- Groundwater resources in tunnel alignments, notably in Southern California with the deeper tunnels under the Angeles National Forest, are being identified through early geotechnical investigations to establish groundwater regimes and to assist in creating groundwater model to assess impacts and help identify where additional geotechnical investigations are needed to assist final design and construction. Groundwater resources include underground aquifers, wells, springs seeps, and perennial streams. Control of groundwater inflows to the tunnels may require construction techniques such as pre-excavation grouting, special liner gaskets, and secondary tunnel lining systems. Data obtained from the geotechnical investigations will guide designers in preparing tunnel construction plans that are appropriate for the in situ conditions. In addition, the establishment of a groundwater resource monitoring program is required by the U.S. Forest Service to be in place years in advance of actual construction work. Mitigations measures will be implemented during pre-construction and construction phases.
- Phased geotechnical investigation programs have been conducted to support the environmental review process and evaluation of geologic conditions, seismic ground motions, ground water depths, and hydrostatic pressure, are in progress to support environmental analysis. With the 2016 Business Plan commitment to a Silicon Valley to Central Valley Line, an expanded geotechnical investigation program—necessary to establish baseline conditions for the development of final design, construction and to secure permits—will be underway in 2017.

- Earthquake early warning systems are under evaluation for the high-speed rail program and will provide early detection of seismic waves to allow trains to slow and minimize risk of damage. The early warning system will work independently but will be able to integrate with the State's proposed early warning system once implemented.
- Regional ground subsidence in the Central Valley is accelerating due to consolidation settlement of the deep alluvium soils. This occurs in response primarily to excessive groundwater pumping. In prior wet years, the associated decrease in groundwater pumping had resulted in a steady recovery of water levels and a reduced rate of subsidence. This issue is being evaluated along the high-speed rail alignment to understand impacts to system construction and operation.
- Further data and analytical work is being completed by a specialized consultant to evaluate available data in the region relevant to subsidence and potential impacts to construction and operation of high-speed rail facilities as a result of subsidence. Analysis has shown that induced change in vertical slopes, vertical curvature, horizontal displacement and curvature are all within established high-speed rail track tolerances. Differential settlement is a potential concern, but can be mitigated through an operations and maintenance program that is planned for the system. Ultimately, groundwater will be regulated by the 2014 Sustainable Management Act that is being implemented by Department of Water Resources and requires all groundwater extractions to reach a sustainable level by 2040. Impacts on floodplain elevations attributed to ongoing subsidence in the Central Valley are also being evaluated. Changes in floodplains is a concern to high-speed rail operations, but is a regional issue, and is recommended to be addressed on a regional level by appropriate state and federal agencies.
- Further development of design criteria, with lessons learned from Central Valley, is underway to reflect the higher seismic regions in northern and southern California and to recognize the technical challenges that include tunneling, landslide, complex structures, and high embankments. This updated criteria will be included in new procurements. During the updating of the design criteria, the Authority has employed a Technical Advisory Panel to provide expert opinions, review design criteria, and provide constructive feedback. The Authority is also working with the Caltrans Seismic Advisory Panel to provide additional independent input on criteria and has set up a Seismic Specialty Team to develop site specific seismic criteria for final design.

Third-Party Agreements

Prior to selecting a preferred alternative, the program faces information limitations regarding the physical location of many utilities (both major and minor), ownership of utilities. There is generally a limited understanding of the location of the utilities, and therefore how this and other third-party work will best be integrated with construction of high-speed rail infrastructure and systems. With limited information on the location of utilities, it is not possible to provide schedules and cost estimates with a high degree

of confidence. While the Authority is currently in negotiations with the identified utility owners who will be impacted, there are variable levels of utility information available. The Authority, the design-build contractors, and utility owners, may need to include significant risk contingencies/price in risk for the cost of the relocation or removal of the utilities.

MANAGEMENT AND MITIGATIONS

The Authority is working to mitigate and manage the risk associated with utilities in a variety of ways, including working closely with the affected utility companies in managing utility design and construction requirements, and in finalizing all cooperative utility agreements. In June 2013, Governor Brown signed SB 85 (Committee on Budget and Fiscal Review, Chapter 35, Statutes of 2013) that established a framework for the reimbursement or payment, and apportionment, of utility relocation costs, clarifying the Authority's utility relocation process on land acquired for the high-speed rail project. Additionally, the Authority has reached agreement on the General Order, pending adoption by the CPUC that resolves design and coordination with the utilities.

Furthermore, the Authority is entering into both general and location specific agreements with utility companies, to gain an early understanding of the scope, schedule and financial details of the utility relocations. The agreements also provide additional information to the design-build contractors as to potential unknown variables such as durations of design, review and construction and expectations for specifications, processes, and any potential disputes.

Endnotes

1. Streets and Highways Code Section 2704.08(d) requires the preparation and approval of a Funding Plan in order to commit bond fund proceeds for the high-speed rail system. Section 2704(f) requires that a Usable Segment be selected and Section 2704(g) provides the criteria for its selection. Section 2704.08, subdivision (d)(2) requires that an Independent Consultant prepare a report on the Funding Plan. Section 2704.08(d) also lays out the requirements associated with the 60-day review by the Joint Legislative Budget Committee and the review/approval process by the Director of Finance.
2. This aligns with recent federal laws regarding approval of transportation projects (MAP-21 and FAST Act) and with CEQA. It is important to note that the identification of a preferred alternative does not represent a final decision - which will only be made at the conclusion of the process at the issuance of the Record of Decision and the Notice of Determination. An alignment other than that designated as the preferred alternative may still be selected.
3. www.pacific.edu/Academics/Schools-and-Colleges/Eberhardt-School-of-Business/Centers-and-Institutes/Center-for-Business-and-Policy-Research/California-and-Metro-Forecast.html
4. Public Utilities Code Section 185036 allows the Authority to enter into contracts with public entities for the design and construction of its high-speed rail facilities; Caltrans owns and operates this section of SR 99.
5. Caltrain applied for \$647 million from the Federal Transit Administration's Core Capacity program. However, the Trump Administration recently deferred a final decision on the grant which is also key to funding this project and federal action is still pending as this report is being released. Governor Edmund G. Brown Jr. has sent a letter to United States Department of Transportation Secretary Elaine Chao urging her to approve the Caltrain grant, and the Authority will continue to work with Caltrain to advance this critical project.
6. The 2016 Business Plan also places high priority on making concurrent investments in the Burbank to Anaheim corridor and funding extensions of the Silicon Valley to Central Valley line to complete links to Bakersfield, Merced and San Francisco.

BEFORE
THE COMMISSIONERS OF THE MADERA COUNTY TRANSPORTATION COMMISSION
COUNTY OF MADERA, STATE OF CALIFORNIA

In the matter of) Resolution No. 17-01
AUTHORIZATION FOR)
THE EXECUTION OF THE)
LOW CARBON TRANSIT)
OPERATIONS PROGRAM)
(LCTOP) PROJECTS)

WHEREAS, the Madera County Transportation Commission (MCTC) is an eligible recipient and may receive state funding from the Low Carbon Transit Operations Program (LCTOP) now or sometime in the future for transit projects; and

WHEREAS, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

WHEREAS, Senate Bill 862 (2014) named the Department of Transportation (Department) as the administrative agency for the LCTOP; and

WHEREAS, the Department has developed guidelines for the purpose of administering and distributing LCTOP funds to eligible project sponsors (local agencies); and

WHEREAS, the MCTC wishes to implement the LCTOP project(s) listed above,

WHEREAS, the MCTC acknowledges that transit agencies whose service areas include disadvantaged communities (DAC) as identified in Section 39711 of the Health and Safety Code, at least 50 percent of the total funds received shall be expended on projects or services that benefit the DAC,

NOW, THEREFORE, LET IT BE RESOLVED by the MCTC that the fund recipient agrees to comply with all conditions and requirements set forth in the applicable statutes, regulations and guidelines for all LCTOP funded transit projects.

NOW, THEREFORE, BE IT FURTHER RESOLVED by the MCTC that it hereby authorizes the submittal of the following project nomination(s) and allocation request(s) to the Department in FY 2016-17 LCTOP funds:

Project Name: City of Chowchilla Transit Bus Stop Enhancement Project
Amount of LCTOP funds requested: \$5,475
Short description of project: Purchase Bus Stop Shelter.

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Project Name: MCC Bus Stop Shelter and Bike Lockers

Amount of LCTOP funds requested: \$34,162

Short description of project: Purchase Bus Stop Shelters and Bike Lockers for installation on MCC System.

Project Name: New and Improved Bus Stops and Amenities

Amount of LCTOP funds requested: \$28,876

Short description of project: The City of Madera proposed to implement bus shelters and amenities that will attract new transit riders.

The foregoing resolution was adopted this 22nd day of March, 2017 by the following vote:

- Commissioner Wheeler voted: _____
- Commissioner Rodriguez voted: _____
- Commissioner Frazier voted: _____
- Commissioner Oliver voted: _____
- Commissioner Medellin voted: _____
- Commissioner Ahmed voted: _____

Chairman, Madera County Transportation Commission

Executive Director, Madera County Transportation Commission

MEMORANDUM

ITEM IV-A

DATE: March 22, 2017
TO: MCTC Policy Board
FROM: Patricia Taylor, Executive Director
RE: Transportation Funding Legislation Update – ITEM IV-A

I. Requested Action:

Information and Discussion.

II. Summary:

There are presently four separate pieces of proposed legislation to increase transportation funding in California. Links to the individual bills and additional information are included below:

- Governor’s Plan – State FY 2017-18 Budget
 - <http://www.ebudget.ca.gov/2017-18/pdf/BudgetSummary/Transportation.pdf>
- SB 1 (Beall)
 - http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB1
- AB 1 (Frazier)
 - http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1
- AB 496 (Fong)
 - http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB496

Estimated City and County Local Streets and Roads Funding under SB1 and AB 1 (estimated 12/15/16)

Annual at Full-Phase-In

County of Madera: \$9,865,041
City of Chowchilla: \$643,981
City of Madera: \$2,200,304

<http://www.californiacityfinance.com/BeallFrazierLSR170115.pdf>

CALCOG Analysis of Transportation Funding Bills

SB1 (Beal) – CALCOG Analysis – CALCOG Support

<https://www.calcog.org/index.php?src=directory&view=legislation&submenu=BillTracking&srctype=detail&back=legislation&refno=73&id=73>

AB1 (Frazier) – CALCOG Analysis – CALCOG Support

<https://www.calcog.org/index.php?src=directory&view=legislation&submenu=BillTracking&srctype=detail&back=legislation&refno=67&id=67>

AB 496 (Fong) – CALCOG Analysis – CALCOG No Position (at this time)

<https://www.calcog.org/clientuploads/Transportation%20Plan%20Summary.pdf>

Current Transportation Funding in California

<http://www.lao.ca.gov/handouts/Transportation/2017/Overview-of-Transportation-Funding-012417.pdf>

Proposed State Constitutional Amendment

SCA 2 (Newman) A ballot measure for a State Constitutional Amendment that would prohibit the state from borrowing money from vehicle fees and gas taxes for use by non-transportation programs is currently being considered in the State Senate.

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SCA2

III. Fiscal Impact:

No fiscal impact to the MCTC Overall Work Program and Budget.

Transportation Plan Comparison

	AB 496 (Fong)	Governor's Plan	AB 1 (Frazier)	SB 1 (Beall)
Preliminary Revenue Estimate	\$7.8 billion (\$5.6 billion annual/\$2.2 billion one-time revenues)	\$4.3 billion (\$4.2 billion annual/\$0.7 billion one-time revenues)	\$6.8 billion (\$6.1 billion annual/\$0.7 billion one-time revenues)	\$6.8 billion (\$6.1 billion annual/\$0.7 billion one-time revenues)
Gas Tax Increase ¹	No Increase	11.7 cents/gallon + annual inflation adjustment	19.5 cents/gallon +annual inflation adjustment	19.5 cents/gallon over 3 years (Y1: 13.5 cents; Y2: 3 cents; Y3: 3 cents +annual inflation adjustment)
Vehicle Registration Tax	None	\$65/year	\$38/year +annual inflation adjustment	\$38/year +annual inflation adjustment
Diesel Excise Tax Increase ²	No Increase	11 cents/gallon +annual inflation	17 cents/gallon +annual inflation adjustment	17 cents/gallon +annual inflation adjustment
Diesel Sales Tax Increase	No Increase	No increase	3.5% +annual inflation adjustment	4% +annual inflation adjustment
Zero Emission Vehicle Tax	None	None	\$165/year +annual inflation adjustment	\$100/year +annual inflation adjustment
Weight Fee Diversion (-\$1 billion/year)	100% restored Takes effect immediately	No Restoration	Partial Restoration (10% per year over 5 years)	Partial Restoration (10% per year over 5 years)
Loan Repayment	100% repayment in year 1 (\$2.2 billion)	Partial Repayment (32% over 3 years)	Partial Repayment (16% in year 1; 16% in year 2)	Partial Repayment (16% in year 1; 16% in year 2)
Vehicle Sales and Use Taxes	Dedicated to transportation	Diverted to General Fund	Diverted to General Fund	Diverted to General Fund
Vehicle Insurance Taxes	Dedicated to transportation	Diverted to General Fund	Diverted to General Fund	Diverted to General Fund

¹ Increase over 2016-17 rate of 27.8 cents/gallon

² Increase over 2016-17 rate of 16 cents/gallon

MEMORANDUM

ITEM IV-B

DATE: March 22, 2017

TO: MCTC Policy Board

FROM: Patricia Taylor, Executive Director
Madera County Transportation Commission

RE: Representative Jim Costa Letter to Caltrans Director Dougherty – ITEM IV-B

I. Requested Action:

Information and Discussion Only.

II. Summary:

Representative Jim Costa recently met with Caltrans Director Malcolm Dougherty while he was in Washington to meet with the Trump Administration on federal funding for California infrastructure. During that meeting, Rep. Costa mentioned to Director Dougherty that he would like to see improvements made to SR 99 in Madera County to reduce congestion and improve safety. Director Dougherty indicated that if additional funds were found, SR 99 in Madera County would be the next place that improvements to SR 99 would be made and specifically noted that if the southern SR 99 improvements were federally funded, additional funds could potentially be made available to advance some segments of the Madera County improvements. Representative Costa is drafting a letter to Director Dougherty to formalize this discussion and request the needed funds for SR 99 in Madera County.

III. Fiscal Impact:

No fiscal impact to the approved 2016-17 Overall Work Program and Budget.

MEMORANDUM

ITEM IV-C

DATE: March 22, 2017

TO: MCTC Policy Board

FROM: Patricia Taylor, Executive Director
Madera County Transportation Commission

RE: Valley Voice – Sacramento 2017 Trip – March 1, 2017 – ITEM IV-C

I. Requested Action:

Information and Discussion Only.

II. Summary:

The annual San Joaquin Valley Regional Planning Agencies Valley Voice trip to Sacramento was held on March 1, 2017. Supervisor Poythress, Supervisor Frazier and Executive Director Patricia Taylor attended the trip on behalf of the Commission. Elected officials and MPO staff from each of the eight San Joaquin Valley counties met with representatives from the Assembly, Senate, and statewide agencies to advocate for the priority issues identified in the Valley Legislative Platform.

III. Fiscal Impact:

No fiscal impact to the approved 2016-17 Overall Work Program and Budget.

MEMORANDUM

ITEM IV-D

DATE: March 22, 2017
TO: MCTC Policy Board
FROM: Dylan Stone, Regional Planning Supervisor
Madera County Transportation Commission
RE: Draft 2017 San Joaquin Valley Joint Powers Authority Business Plan

I. Requested Action:

Information and Discussion

II. Summary:

The San Joaquin Joint Powers Authority (SJJPA) Draft 2017 Business Plan (Business Plan) is currently open for public review. The purpose of this 2017 (SJJPA) Business Plan Update is to identify SJJPA's intentions for State Fiscal Year (FY) 2017/18 and FY 2018/19 in its proposed management of the San Joaquins and to request the annual funds required by SJJPA to operate, administer, and market the San Joaquins. This Business Plan summarizes the service and capital improvements that have contributed to the success of the San Joaquins and identifies improvements to sustain its growth. A draft of this Business Plan will be submitted to the Secretary of the California State Transportation Agency (CalSTA) on April 1st, 2017 and a final draft will be submitted on June 15th, 2017.

The Business Plan proposes the following operation changes to serve the riders of the system more effectively:

- Relocation of the Madera Amtrak Station
- Creation of a Morning Express Service
- Addition of an 8th daily round trip
- Increased maximum operating speeds (90 MPH)
- Improvements to the Thruway Bus Pilot Program
- Implementation of Renewable Diesel
- Reducing overall running times

Other key areas of focus in the Business Plan include:

- Planned integration with the future California High Speed Rail System
- Maintaining and/or improving performance measures related to usage, cost efficiency and service quality
- Station area development
- Safety and security
- Annual funding requirements
- System improvement advocacy
- Outreach and marketing
- Administrative role and Action Plan

MCTC staff have reviewed the contents of the Business Plan and are in support of the proposed course of action detailed in its contents.

The San Joaquin Joint Powers Authority Draft 2017 Business Plan is available for download at the links below:

[Draft 2017 Business Plan Update - English](#)
[Draft 2017 Business Plan Update - Spanish](#)

III. Fiscal Impact:

No Impact to Fiscal Year 2016/2017 Budget

MEMORANDUM

ITEM IV-E

DATE: March 22, 2017
TO: MCTC Policy Board
FROM: Dylan Stone, Regional Planning Supervisor
Madera County Transportation Commission
RE: 2014 Madera County Regional Transportation/Sustainable Communities Strategy Amendment

I. Requested Action:

Information and Discussion

II. Summary:

The Madera County Transportation Commission (MCTC) will release for public review an Amendment to the 2014 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) on Thursday, March 22, 2017. The Amended RTP/SCS is accompanied by an addendum update to the Environmental Impact Report. MCTC will hold a public hearing on April 19, 2017 at 3:00pm at the MCTC office building at 2001 Howard Road, Madera, Ca 93637.

The purpose of the public hearing is to receive public comments on these documents:

- The Amended 2014 RTP/SCS is a long-term coordinated transportation/land use strategy to meet Madera County transportation needs out to the year 2040.

A 55-day public review and comment period for the Amended 2014 RTP/SCS will take place between March 17, 2017 and May 16, 2017. The Amendment documents will be available for review at the MCTC office building at 2001 Howard Road, Madera, Ca 93637 and on the MCTC TRP/SCS webpage at www.maderactc.org www.maderactc.org/rtpscs/.

Public comments are welcomed at the hearings, or may be submitted in writing by 5:00 pm on May 16, 2017 to Dylan Stone at the address below.

After considering the comments, the documents will be considered for adoption, by resolution, by the MCTC Policy Board at a regularly scheduled meeting to be held on May 17, 2107. The documents will then be submitted to state and federal agencies for approval.

III. Fiscal Impact:

No Impact to Fiscal Year 2016/2017 Budget

MEMORANDUM

ITEM IV-F

DATE: March 22, 2017
TO: MCTC Policy Board
FROM: Troy McNeil, Fiscal Supervisor
RE: 2018 Regional Transportation Plan/EIR Contract Award – ITEM IV-F

I. Requested Action:

Approve the 2018 Regional Transportation Plan/EIR contract award to VRPA Technologies in an amount not to exceed \$250,000.

II. Summary:

On February 1, 2017 staff released a Request for Proposals (RFP) which sought to retain a consultant firm to assist the Madera County Transportation Commission (MCTC) in developing the 2018 Regional Transportation Plan and Environmental Impact Report (RTP/EIR). Staff received two proposals from interested firms. The Scoring Committee reviewed and scored the proposals according to the established criteria, and the results of the scoring are:

1. VRPA Technologies – 93/100
2. KOA Corporation – 86/100

After conducting the RFP process and scoring and evaluating the submitted proposals, MCTC staff recommends retaining the firm of VRPA Technologies to help develop the 2018 RTP/EIR. This recommendation is based upon prior performance, relevant experience, qualifications of staff and subconsultants, and the recommendation from the Scoring Committee.

III. Fiscal Impact:

Already included in budgets for FY 2016-17 and Draft FY 2017-18. No additional fiscal impact to the MCTC Overall Work Program and Budget.

MADERA COUNTY TRANSPORTATION COMMISSION

EXECUTIVE MINUTES

Date: Wednesday, February 22, 2017

Time: 3:03 p.m.

Place: MCTC Board Chambers

Members Present: Chairman - Andrew Medellin – Mayor, City of Madera
Vice Chairman -Brett Frazier - Supervisor, Madera County
Waseem Ahmed – Councilmember, City of Chowchilla
Tom Wheeler - Supervisor, Madera County
Max Rodriguez - Supervisor, Madera County
William Oliver – Councilmember, City of Madera

Members Absent: None

Policy Advisory Committee: Above Members present and Caltrans Representatives:
Gail Miller, Dist. 06, Planning Director

MCTC Staff Present: Patricia Taylor, Executive Director
Dylan Stone, Regional Planning Supervisor
Troy McNeil, Fiscal Supervisor
Jeff Findley, Senior Regional Planner
Amelia Davies, Regional Planner
Sandy Ebersole, Grants Analyst
Sheila Kingsley, Office Asst.

MCTC sitting as the Transportation Policy Committee

I. PLEDGE OF ALLEGIANCE

II. PUBLIC COMMENT

None.

III. TRANSPORTATION CONSENT ITEMS

A. *Initiate 2017-18 Unmet Transit Needs Public Hearing Process*

The State Transportation Development Act (TDA) requires that the MCTC Policy Board determine that public transportation needs within Madera County will be reasonably met in FY 2017/18 prior to approving claims of Local Transportation Funds (LTF) for streets and roads. The MCTC's Social Service Transportation Advisory Council (SSTAC) is responsible for evaluating unmet transit needs. Each year the SSTAC begins the process of soliciting comments from the public by sending letters to agencies and individuals interested in providing feedback on their public transportation needs within Madera County. The request for comments letters, included in the Commissioner's packet, will be mailed late February 2017.

MCTC's Unmet Transit Needs public hearing is scheduled as follows:

PUBLIC HEARING – Wednesday, April 19, 2017 at 3:00 p.m.

Location: Madera County Transportation Commission Board Room
2001 Howard Road, Suite 201, Madera, CA

First Transit will provide free demand response service to the hearing. A Spanish language interpreter will also be available for those who wish to testify in Spanish. A public notice will be printed in the local newspapers and flyers will be distributed throughout the community publicizing the hearing

Action: Information and Discussion Only.

B. Memorandum of Understanding with Caltrans for Planning and Programming

The Caltrans' Division of Transportation Planning is currently updating the Memorandum of Understanding (MOU) for Planning and Programming with the various MPOs throughout the state. This document is an agreement between Caltrans and each MPO that outlines overall planning and programming roles and responsibilities. It was last updated in 2005, and while the update is mostly consistent with the previous agreement, many citations have been corrected and the following sections have been added:

- Coordination in urban areas that cross MPA boundaries
- Resolution of disagreements
- New section on Consultation
- Performance based planning
- Listing of obligated projects

Included in the Commissioner's packet was a copy of the MOU requesting authorization for signature to enter into the MOU.

Action: Approve and authorize MCTC Chair signature for execution.

C. Federal Lands Access Program

Federal Lands Access Program (CA FLAP) is a competitive, discretionary program for states, counties, tribes and local governments. The program provides funds for transportation facilities that provide access to, or are located on or adjacent to Federal lands, with emphasis placed on facilities that improve access to high use recreation sites or Federal economic generators. The Federal lands access transportation facility must be owned or maintained by the state, tribe or local government. Applications are due April 7, 2017. For more information please see:

<https://flh.fhwa.dot.gov/programs/flap/ca/>

Action: Information and Discussion Only.

D. National Governors Association Request for Infrastructure Projects

The National Governors Association is collecting priority infrastructure projects throughout the country in response to a request by the Federal government for shovel-ready projects that meet the following criteria:

- A national security or public safety "emergency"
- Be on a path to "shovel-ready" – with at least 30 percent of initial design and engineering work already completed – such that they could be initiated in 2017
- Direct job creator
- Project with the potential for increased U.S. manufacturing

The Commission submitted the SR 99 Avenue 12 to Avenue 17 Widening Project for consideration.

Action: Information and Discussion Only.

E. Draft 2017/18 – 2021/22 Short Range Transit Development Plan

Available on the MCTC website is a copy of the Draft *Madera County Short-Range Transit Development Plan FY2017/18 – FY2021/22 (SRTDP)*. The SRTDP is a 5-year planning document that is intended to serve as a guide for improving public transit agencies within Madera County. The primary objectives of the SRTDP are to:

- Develop transit goals, objectives, and performance standards.
- Evaluate the efficiency and effectiveness of the existing transit systems.
- Develop a 5-year service plan to improve transit services based upon community need and public input.
- Provide marketing and outreach strategies to promote ridership.
- Develop financially feasible capital and operating plans that address existing and future transit needs.

The draft SRTDP will be available to local agency staff, the Social Service Transportation Advisory Committee (SSTAC), and the general public for review and comment. All public comments must be received by Friday, March 3, 2017. Comments may be incorporated into the final SRTDP document pending MCTC staff review. For the complete draft SRTDP please see: <http://www.maderactc.org/projects/transit/>

The final SRTDP will be submitted to the MCTC Policy Board in March for approval.

Action: Information and Discussion Only.

F. State Route 41 Draft Environmental Impact Report – SCH#2015051074

The MCTC Policy Board at its January 18, 2017 meeting requested staff to draft a letter supporting the County of Madera's comments related to the SR 41 Draft EIR. Included in the Commissioner's packet was a copy of MCTC's comment letter addressed to Caltrans prepared by staff in consultation with MCTC's legal counsel, Aleshire & Wynder, LLP.

Action: Information and Discussion Only.

G. Assembly Bill 174

Assemblyman Bigelow, along with a bipartisan coalition, introduced AB 174, which requires one voting member of the California Transportation Commission to reside in a county with a population of less than 100,000. Currently, the California Transportation Commission consists of 11 voting members. There are no requirements to fill these positions. This bill will ensure the voices of small, rural California counties are heard.

Attached is a fact sheet for your reference. The language of AB 174 can be found here: http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB174

Action: Information and Discussion Only.

Transportation Consent Calendar Action: Upon motion by Commissioner Frazier, seconded by Commissioner Wheeler to approve the Transportation Consent Calendar (Items A-G). A vote was called and the motion carried.

IV. TRANSPORTATION ACTION/DISCUSSION ITEM

A. 12th Annual San Joaquin Valley Regional Policy Conference

The Annual San Joaquin Valley Regional Policy Conference will be hosted by the San Joaquin Valley Regional Policy Council, representing eight counties within the San Joaquin Valley including Kern, Tulare, Kings, Fresno, Madera, Merced, Stanislaus and San Joaquin. The 2017 San Joaquin Valley Regional Policy Conference will take place March 8th through 10th at the Falls Event Center in Fresno.

This forum provides an excellent avenue for our Valley to communicate on regional issues that impact the entire San Joaquin Valley region. Issues such as transportation, air quality and state and federal advocacy for community priorities will be covered at this conference.

Additional details related to the conference can be found at: <http://www.fresnocog.org/12th-annual-san-joaquin-valley-policy-conference>

MCTC extends the invite to its Policy Board members. If you are interested, please contact Sheila Kingsley at sheila@maderactc.org or (559) 675-0721 extension 10.

Action: Information and Discussion Only

B. 2014 Regional Transportation Plan Amendment, Addendum EIR Update

The 2014 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) and Environmental Impact Report (EIR) were adopted by the Madera County Transportation Commission (MCTC) Board in June of 2014. Senate Bill 375 (SB 375) introduced a new component of the Regional Transportation Plan involves the development of a sustainable communities strategy to reduce greenhouse gas (GHG) emissions from vehicle tailpipes through the integration of transportation and land use planning. The California Air Resource Board (ARB) established targets for GHG reductions in the years 2020 and 2035 measured against GHG levels in 2005. The 2014 RTP/SCS preferred planning scenario did not meet the GHG reduction goals established by ARB. SB 375 provides an option for a RTP/SCS which does not meet the targets to develop an Alternative Planning Strategy (APS) which can. MCTC will be amending the 2014 RTP/SCS instead of creating an APS to demonstrate GHG reductions meeting the exceeding the reduction targets established by the ARB.

MCTC Staff is finalizing an amendment to the 2014 RTP/SCS and EIR. This amendment will be the culmination of many staff and consultant hours aimed towards assessing why the preferred RTP/SCS scenario was unable to meet the GHG reduction targets, what steps need to be taken to develop a scenario which does meet the targeted reductions, and actions taken to implement a plan that does meet the GHG targeted reductions. In the steps leading to the decision to amend the plan, staff decided to forgo the creation of an APS to focus on a plan that is both feasible and fiscally constrained as required of an RTP but not an APS.

Staff will convene the Madera County SCS stakeholder committee, hold public workshop, and meet with interested individual groups to provide comprehensive information regarding the amendment of the 2014 RTP/SCS and EIR before officially bringing the amendment before the MCTC board. Staff expects the total outreach and amendment process to be completed this fiscal year and to be acted upon by the MCTC Board in Spring of 2017.

Action: Information and Discussion Only.

V. REAFFIRM ALL ACTIONS TAKEN WHILE SITTING AS THE TRANSPORTATION POLICY COMMITTEE

Action: Upon motion by Commissioner Frazier seconded by Commissioner Oliver to reaffirm all actions taken while sitting as the Transportation Policy Committee. A vote was called and the motion carried.

VI. ADMINISTRATIVE CONSENT ITEMS

A. Executive Minutes – January 18, 2017

Included in the Commissioner's packet was a copy of the January 18, 2017 Executive Minutes of the Policy Board.

Action: Approve Executive Minutes of January 18, 2017.

B. 2017-18 Transportation Development Act (TDA): Local Transportation Fund (LTF) and State Transit Assistance (STA) Estimates

Local Transportation Fund (LTF): Prior to February 1 of each year, the county auditor provides MCTC an estimate of monies to be available for apportionment and allocation during the ensuing fiscal year. The estimate for FY 2017-18 is **\$3,935,153**. The estimate includes monies anticipated to be deposited in the fund during the ensuing fiscal year. The county auditor makes an estimate from such data including those which may be furnished by the State Board of Equalization. The county auditor will furnish a revised or updated estimate of funds available when requested by MCTC staff.

State Transit Assistance (STA): Pursuant to Public Utilities Code Section 99312.7, the State Controller is directed to send a preliminary estimate of STA Funds to each transportation planning agency. For fiscal year 2017-18, there is \$293,792,000 budgeted according to the most current information from the State Controller's Office. The STA allocation estimate for Madera County is **\$581,318**.

MCTC advised prospective LTF claimants of the estimated area apportionments within Madera County.

Action: Information and Discussion only

Administrative Consent Calendar Action: Upon motion by Commissioner Frazier, seconded by Commissioner Oliver to approve the Administrative Consent Calendar (Items A-B). A vote was called and the motion carried.

VII. ADMINISTRATIVE ACTION/DISCUSSION ITEMS

A. *DRAFT FY 2017/18 Overall Work Program and Budget*

Included in the Commissioner's packet was a copy of the DRAFT 2017-18 MCTC Overall Work Program (OWP) and Budget. This document is prepared annually pursuant to Caltrans guidelines and is required to be submitted to Caltrans, FHWA and FTA. The OWP discusses the MCTC, its organizational structure, regional planning issues, and presents work element descriptions and budgets. Following review, the OWP will be brought before the Commission for adoption at its May 2017 meeting.

The Annual Group Meeting, which includes the federal and state agency review group that meets with MCTC staff, was conducted on January 19, 2017 to help prepare for the FY 2017/18 OWP.

The DRAFT 2017-18 MCTC Overall Work Program (OWP) is also available for download at:

Action: MCTC Board authorized circulation of Draft 2017-18 MCTC Overall Work Program for agency review.

MCTC Sitting as the Madera County 2006 Transportation Authority

VIII. AUTHORITY – CONSENT ITEMS

None.

IX. AUTHORITY – ACTION/DISCUSSION ITEMS

None.

X. Miscellaneous

A. *Items from Caltrans*

Gail Miller, Dist. 06, Planning Director, provided a brief update on the local projects in Madera County

B. *Items from Staff*

Wye Madera County requested MCTC to support the Wye Madera County Center Point Heavy Maintenance Facility expression of interest to the California High Speed Rail Authority.

C. *Items from Commissioners*

AB1 and SB1 were discussed among the Commissioners and staff.

XI. Adjournment

Meeting adjourned at 3:40 p.m.

Next meeting set for Wednesday, March 22, 2017

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'P. Taylor', with a long horizontal flourish extending to the right.

Patricia S. Taylor
Executive Director
Madera County Transportation Commission

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2016**

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act Funds (TDA Funds) of the County of Madera, California (County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Funds of the County of Madera, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds of the County of Madera and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2016, and the changes in financial position or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis (MD&A) and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the County's internal control over financial reporting as it relates to the TDA Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
March 13, 2017

FINANCIAL STATEMENTS

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
BALANCE SHEET
JUNE 30, 2016**

ASSETS	
Due from LTF/STA	\$ <u>129,111</u>
Total assets	\$ <u><u>129,111</u></u>
LIABILITIES	
Accounts payable	\$ <u>129,111</u>
Total liabilities	<u>129,111</u>
FUND BALANCE	
	<u>-</u>
Total liabilities and fund balance	\$ <u><u>129,111</u></u>

The accompanying notes are an integral part of this statement.

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016**

REVENUES	
LTF non-transit allocations	\$ 1,583,151
LTF/STA transit allocation claims - EMADCO Transit	109,337
LTF/STA transit allocation claims - Madera County Connection	141,869
STA transit allocation claims - Dial-A-Ride	245,182
Chowchilla Area Transit Express	90,098
PTMISEA distributions	418,875
RSTP distributions	<u>682,032</u>
 Total revenues	 <u>3,270,544</u>
 EXPENDITURES	
Road construction and maintenance	2,257,930
Chowchilla Area Transit Express costs	90,098
EMADCO Transit costs	109,337
Dial-A-Ride costs	245,182
Madera County Connection transit costs (operating)	141,869
Madera County Connection transit costs (nonoperating)	418,875
Amtrak Station Maintenance	<u>7,253</u>
 Total expenditures	 <u>3,270,544</u>
 Net change in fund balance	 -
 Fund balance - beginning	 <u>-</u>
 Fund balance - ending	 <u>\$ -</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The accompanying financial statements present only the Transportation Development Act Funds allocated to the County of Madera (TDA Funds) and are not intended to present fairly the financial position, changes in financial position, or cash flows of the County of Madera (County) with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

The financial statements of the TDA Funds have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the TDA Fund's accounting policies are described below.

The TDA Funds are accounted for in governmental funds. Governmental funds are accounted for on a spending of "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

The TDA Funds are governmental funds specifically categorized as special revenue funds. Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the TDA Funds are Local Transportation Fund allocations and other intergovernmental revenues. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

Public Transportation Fund

The County contracts bus services in the Bass Lake, Oakhurst, Ahwahnee and Coarsegold areas from the Madera County Community Action Agency. The Community Action Agency operates the service, the "Eastern Madera County Senior Citizen Bus," on a cost reimbursement basis (net of revenue collected). The bus service is available on a twenty-four hour advance notice pick-up schedule running Monday through Friday.

The County also contracts with the Madera County Community Action Agency for an escort service which provides transportation between Oakhurst, North Fork, Madera and Fresno. The program employs individuals driving privately-owned vehicles who are paid for each day of service.

In addition, the County contracts with First Transit, Inc. to operate the Madera County Connection bus service which connects the City of Chowchilla, California and the Eastern Madera County mountain area with the City of Madera, California and Children's Hospital of Central California.

The County also shares costs with the City of Chowchilla, California to enable the Chowchilla Area Transit Express bus to cover areas of the County.

**COUNTY OF MADERA, CALIFORNIA
 TRANSPORTATION DEVELOPMENT ACT FUNDS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – PROPOSITION 1B (PTMISEA FUNDING)

In November 2006, California Voters passed a bond measure enacting the Highway Safety Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 million was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements and for rolling stock procurement, rehabilitation or replacement.

Activity of the County PTMISEA account is as follows:

PTMISEA funds received in FY 2015/2016	\$ 418,875
Expenditures incurred in FY 2015/2016	<u>(418,875)</u>
PTMISEA funds, as of June 30, 2016	<u><u>\$ -</u></u>

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COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
AND THE TRANSPORTATION DEVELOPMENT ACT

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act Funds (TDA Funds) of the County of Madera, California (County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2017, which included an explanatory paragraph describing that the financial statements only present the County's TDA Funds.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting as it relates to the County's TDA Funds to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's TDA Funds financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's TDA Funds financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that TDA Funds allocated to and received by the County were expended in conformance with applicable statutes, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Madera County Transportation Commission as required by Sections 6666 and 6667 of Title 21 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the Transportation Development Act.

Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)

In November 2006, California Voters passed a bond measure enacting the Highway Safety Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 million was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements and for rolling stock procurement, rehabilitation or replacement.

Activity of the County PTMISEA account is as follows:

PTMISEA funds received in FY 2015/2016	\$ 418,875
Expenditures incurred in FY 2015/2016	<u>(418,875)</u>
PTMISEA funds, as of June 30, 2016	<u>\$ -</u>

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance as it relates to the TDA Funds. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
March 13, 2017

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2016**

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act Funds (TDA Funds) of the City of Madera, California (City), as of and for the year ended June 30, 2016 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TDA Funds of the City, as of June 30, 2016, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds of the City of Madera and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2016, and the changes in financial position or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 16-18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the City's internal control over financial reporting as it relates to the TDA Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
March 13, 2017

FINANCIAL STATEMENTS

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds		
	Street Construction	Intermodal Building Operations	Total
ASSETS			
Cash and cash equivalents	\$ 24,238	\$ 198,636	\$ 222,874
Due from local government agencies	<u>113,985</u>	<u>12,026</u>	<u>126,011</u>
Total assets	<u>\$ 138,223</u>	<u>\$ 210,662</u>	<u>\$ 348,885</u>
LIABILITIES			
Accounts payable	\$ 9,426	\$ 1,732	\$ 11,158
Other liabilities	-	142	142
Unearned revenue	<u>-</u>	<u>180,606</u>	<u>180,606</u>
Total liabilities	<u>9,426</u>	<u>182,480</u>	<u>191,906</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>113,985</u>	<u>716</u>	<u>114,701</u>
Total deferred inflows of resources	<u>113,985</u>	<u>716</u>	<u>114,701</u>
FUND BALANCES (DEFICITS)			
Restricted	-	27,466	27,466
Unassigned	<u>14,812</u>	<u>-</u>	<u>14,812</u>
Total fund balances (deficits)	<u>14,812</u>	<u>27,466</u>	<u>42,278</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 138,223</u>	<u>\$ 210,662</u>	<u>\$ 348,885</u>

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Street Construction</u>	<u>Intermodal Building Operations</u>	
REVENUES			
Local transportation funds	\$ 1,169,835	\$ 65,297	\$ 1,235,132
Aid from other governmental agencies	-	2,689	2,689
Building rents and leases	-	21,120	21,120
Utility reimbursements	-	12,184	12,184
	<u>1,169,835</u>	<u>101,290</u>	<u>1,271,125</u>
EXPENDITURES			
Street and road maintenance	489,868	-	489,868
Administrative	-	89,505	89,505
	<u>489,868</u>	<u>89,505</u>	<u>579,373</u>
Excess (deficiency) of revenues over (under) expenditures	<u>679,967</u>	<u>11,785</u>	<u>691,752</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	126,159	-	126,159
Transfers out	(525,985)	(258)	(526,243)
	<u>(399,826)</u>	<u>(258)</u>	<u>(400,084)</u>
Total other financing sources (uses)	<u>(399,826)</u>	<u>(258)</u>	<u>(400,084)</u>
Change in fund balances	280,141	11,527	291,668
Fund balances (deficits) - beginning	<u>(265,329)</u>	<u>15,939</u>	<u>(249,390)</u>
Fund balances (deficits) - ending	<u>\$ 14,812</u>	<u>\$ 27,466</u>	<u>\$ 42,278</u>

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016**

	<u>Local Transit Enterprise Fund</u>
ASSETS	
Current assets:	
Due from local governmental agencies	\$ 354,656
Prepaid expenses	1,897
Total current assets	356,553
Capital assets, net	2,495,786
Total assets	2,852,339
DEFERRED OUTFLOWS OF RESOURCES	
Contributions to pension plan in current fiscal year	35,297
Total deferred outflows of resources	35,297
LIABILITIES	
Current liabilities:	
Accounts payable	90,919
Accrued liabilities	5,880
Due to general fund	222,013
Compensated absences, due within one year	14,814
Total current liabilities	333,626
Noncurrent liabilities:	
Compensated absences, due in more than one year	4,336
Other postemployment benefits obligation	18,022
Net pension liability	273,069
Total noncurrent liabilities	295,427
Total liabilities	629,053
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	22,409
Total deferred inflows of resources	22,409
NET POSITION	
Net investment in capital assets	2,495,786
Unrestricted	(259,612)
Total net position	\$ 2,236,174

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Local Transit Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ 124,233
Other	<u>225</u>
Total operating revenues	<u>124,458</u>
Operating expenses:	
Salaries and benefits	276,298
General and administrative	270,057
Contracted services	952,723
Vehicle supplies and maintenance	157,196
Parts and supplies	39,688
Depreciation	<u>345,317</u>
Total operating expenses	<u>2,041,279</u>
Operating income (loss)	<u>(1,916,821)</u>
Nonoperating revenues (expenses):	
Interest	762
Operating grant	1,263,534
Capital grants	365,262
Capital contributions	1,058,813
Transfers out	<u>(62,052)</u>
Total nonoperating revenues	<u>2,626,319</u>
Change in net position	709,498
Net position - beginning	<u>1,526,676</u>
Net position - ending	<u>\$ 2,236,174</u>

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Local Transit Enterprise Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 279,000
Payments to suppliers	(1,564,758)
Payments to employees	(258,524)
Payments to other funds	<u>(11,014)</u>
Net cash provided (used) by operating activities	<u>(1,555,296)</u>
Cash flows from noncapital financing activities:	
Transfers from (to) other funds	(62,052)
Operating grants	<u>1,263,534</u>
Net cash provided (used) by noncapital financing activities	<u>1,201,482</u>
Cash flows from capital and related financing activities:	
Capital grants	365,262
Acquisition and construction of capital assets	<u>(12,210)</u>
Net cash provided (used) by capital and related financing activities	<u>353,052</u>
Cash flows from investing activities:	
Interest received	<u>762</u>
Net cash provided (used) by investing activities	<u>762</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (1,916,821)
Adjustments to reconcile net operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	345,317
Changes in assets and liabilities:	
(Increase) decrease in due from local governmental agencies	154,544
(Increase) decrease in prepaid expenses	(1,897)
(Increase) decrease in deferred outflows of resources from pensions	(7,618)
Increase (decrease) in accounts payable	(143,197)
Increase (decrease) in salaries payable	1,661
Increase (decrease) in unearned revenue	(2)
Increase (decrease) in due to other funds	(11,014)
Increase (decrease) in deferred inflows of resources from pensions	(28,941)
Increase (decrease) in net pension liability	45,868
Increase (decrease) in compensated absences	4,025
Increase (decrease) in postemployment benefit obligations	<u>2,779</u>
Net cash provided (used) by operating activities	<u><u>\$ (1,555,296)</u></u>
Noncash investing, capital, and financing activities:	
Developer and other capital contributions	<u><u>\$ 1,058,813</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

The accompanying financial statements present only the Transportation Development Act Funds of the City of Madera (TDA Funds) and are not intended to present fairly the financial position, changes in financial position, or cash flows of the City of Madera (City) with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

The financial statements of the TDA Funds have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the TDA Fund's accounting policies are described below.

Governmental funds are accounted for on a spending of "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the TDA Funds are Local Transportation Fund allocations and other intergovernmental revenues. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for as a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Operating revenues in the enterprise fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Intergovernmental revenues (primarily grants and subventions), which are received as reimbursement for specific purposes or projects, are recognized based upon the expenditures recorded. Intergovernmental revenues, which are usually unrestricted as to use and are revocable only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipts or earlier, if they meet the availability criteria.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at their estimated fair market value on the date donated.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	25-30 years
Improvements	5-50 years
Equipment	4-15 years
Infrastructure	10-50 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, bridges, sidewalks, drainage systems, and lighting systems, etc. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction-related debt incurred during the period of construction for business-type and proprietary fund assets is capitalized as a cost of the constructed assets. Capital assets acquired under capital leases are capitalized at the net present value of the total lease payments.

Transfers Between Funds

With City council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund.

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is classified in the following categories:

- ***Net investment in capital assets*** – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- ***Restricted net position*** – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Position*** – This category represents net amounts that do not meet the criteria for “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted first, and then unrestricted resources as they are needed.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in governmental fund financial statements are as follows:

Nonspendable Fund Balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted Fund Balance

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the Finance Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned Fund Balance

This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The various funds are grouped in the accompanying financial statements into fund types as follows:

Government Fund Type

Special Revenue Funds – Street construction and intermodal building operations are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Fund Type

Enterprise Fund – The local transit fund is used to account for operations financed and operated similar to business activities such as services rendered to the general public on a fee basis.

The City records the transit allocations of both the City of Madera and the County of Madera (County) for Dial-A-Ride service in a separate fund on the City's books. The fund also records the costs of the City's fixed route service. The City contracts for Dial-A-Ride and fixed route services from First Transit, Inc.

The City and County's agreement to fund the costs of the Dial-A-Ride service provides for the County to reimburse the City at a fixed rate per annum. The rate is calculated to reflect the greater distances required by Dial-A-Ride's County riders. The City collects ticket sales proceeds and has allocated them between the City and County based upon the ratio of the County's contracted fixed rate of funding to total Dial-A-Ride costs. The City submits requests for reimbursement of costs, net of ticket sales, to the Local Transportation Fund (LTF) on behalf of both the City and County.

Use of Estimates

A number of estimates and assumptions relating to the reporting of revenues, expenditures/expenses, assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Due from Local Governmental Agencies

Claims made for reimbursement of costs incurred during the fiscal year have been accrued as due from the Madera CTC or from other governmental agencies in the same fiscal year.

Payables

Certain costs are incurred by the City during the current period but are not paid until after the beginning of next fiscal period. These costs are reported as payables in the financial statements. The City's current accounts payable balance of \$11,158 in the Local Transit Enterprise Fund and \$90,919 in the Special Revenue Fund as of June 30, 2016, respectively, is related to certain contract services and payments for utility fees.

Unavailable Revenue

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations. Typical transactions for which unavailable revenue is recorded are grants when funding requirements have been met, but the related funding is not yet available.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue

Unearned revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrued basis of accounting. The City typically records intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

Due to General Fund

These amounts resulted from temporary reclassifications made at June 30, 2016 to cover cash shortfalls and reimbursement agreements.

NOTE 2 – CASH AND INVESTMENTS

Cash is pooled in the City's cash and investments. Income from the investment of pooled cash is allocated to the City on a monthly basis, based upon the actual daily balance of the fund as a percentage of the total pooled cash balance. Cash and investments consist of U.S. government-backed securities and investments in the State of California Local Agency Investment Fund, as well as banker acceptances, commercial paper and money market funds, and are not identified with any single fund of the City. The City values its cash and investments at fair value on a portfolio basis. The City manages its pooled idle cash and investments under a formal investment policy that is adopted and reviewed by the City Council, and that follows the guidelines of the State of California Government Code.

Investments are stated at fair value. The increase in the fair value of investments is recognized as an increase to the interest income revenue. The City normally holds investments to term; therefore, no realized gain/loss is recognized.

Citywide information concerning cash and investments for the year ended June 30, 2016, including authorized investments, custodial credit risk, credit and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments, may be found in the notes to the City's Financial Statements.

NOTE 3 – CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Non-depreciable assets:				
Construction in progress	\$ 126,921	\$ 1,071,023	\$ -	\$ 1,197,944
Depreciable assets:				
Buildings and improvements	66,737	-	-	66,737
Equipment	2,692,778	-	-	2,692,778
Less accumulated depreciation	<u>(1,116,355)</u>	<u>(345,318)</u>	<u>-</u>	<u>(1,461,673)</u>
Net depreciable assets	<u>1,643,160</u>	<u>(345,318)</u>	<u>-</u>	<u>1,297,842</u>
Total capital assets, net	<u>\$ 1,770,081</u>	<u>\$ 725,705</u>	<u>\$ -</u>	<u>\$ 2,495,786</u>

For the year ended June 30, 2016, depreciation expense was \$345,318.

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City Deferred outflows of resources reported in the proprietary funds of \$35,297 is related to contributions to the pension plan.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type, which is unavailable revenue. The unavailable revenues arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. Deferred inflows of resources in the proprietary funds of \$22,409 is related to the pension plan. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	<u>Street Construction</u>	<u>Intermodal Building Operations</u>	<u>Total</u>
Intergovernmental	\$ 113,985	\$ 716	\$ 114,701
Total	<u>\$ 113,985</u>	<u>\$ 716</u>	<u>\$ 114,701</u>

NOTE 5 – PENSION PLANS

The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the City’s fiscal year-end or the City’s proportionate share thereof in the case of a cost-sharing multiple-employer plan. The amounts reported in the TDA Enterprise Fund as pension liability and the related deferred inflows and outflows represent that funds allocable share of the total City liability and deferred items. For a more comprehensive description of the City of Madera’s pension activity, refer to footnote 8 contained in the City-wide financial statements located on the City’s website.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MADERA, CALIFORNIA
 BUDGETARY COMPARISON SCHEDULE
 STREET CONSTRUCTION SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local transportation funds	\$ 2,485,044	\$ 2,485,044	\$ 1,169,835	\$ (1,315,209)
Total revenues	<u>2,485,044</u>	<u>2,485,044</u>	<u>1,169,835</u>	<u>(1,315,209)</u>
EXPENDITURES				
Local transportation funds	<u>2,486,212</u>	<u>2,486,212</u>	<u>489,868</u>	<u>1,996,344</u>
Total expenditures	<u>2,486,212</u>	<u>2,486,212</u>	<u>489,868</u>	<u>1,996,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,168)</u>	<u>(1,168)</u>	<u>679,967</u>	<u>681,135</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	126,157	126,157	126,157	-
Transfers out	<u>(525,984)</u>	<u>(525,984)</u>	<u>(525,983)</u>	<u>-</u>
Total other financing sources (uses)	<u>(399,827)</u>	<u>(399,827)</u>	<u>(399,826)</u>	<u>-</u>
Net change in fund balance	<u>\$ (400,995)</u>	<u>\$ (400,995)</u>	280,141	<u>\$ 681,135</u>
Fund balance - beginning			<u>(265,329)</u>	
Fund balance - ending			<u>\$ 14,812</u>	

**CITY OF MADERA, CALIFORNIA
 BUDGETARY COMPARISON SCHEDULE
 INTERMODAL BUILDING OPERATIONS SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Local transportation funds	\$ 94,922	\$ 119,853	\$ 65,297	\$ (54,556)
Aid from other governmental agencies	47,461	47,461	2,689	(44,772)
Building rents and leases	21,000	21,000	21,120	120
Utility reimbursements	<u>7,000</u>	<u>11,661</u>	<u>12,184</u>	<u>523</u>
Total revenues	<u>170,383</u>	<u>199,975</u>	<u>101,290</u>	<u>(98,685)</u>
EXPENDITURES				
Administrative	<u>113,132</u>	<u>90,942</u>	<u>89,505</u>	<u>1,437</u>
Total expenditures	<u>113,132</u>	<u>90,942</u>	<u>89,505</u>	<u>1,437</u>
Excess (deficiency) of revenues over expenditures	<u>57,251</u>	<u>109,033</u>	11,785	<u>(97,248)</u>
OTHER FINANCING USES				
Transfers out	<u>(258)</u>	<u>(258)</u>	<u>(258)</u>	<u>-</u>
Total other financing uses	<u>(258)</u>	<u>(258)</u>	<u>(258)</u>	<u>-</u>
Net change in fund balance	<u>\$ 56,993</u>	<u>\$ 108,775</u>	11,527	<u>\$ (97,248)</u>
Fund balance - beginning			<u>15,939</u>	
Fund balance - ending			<u>\$ 27,466</u>	

**CITY OF MADERA, CALIFORNIA
TRANSPORTATION DEVELOPMENT FUNDS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

A. BUDGETARY INFORMATION

The City establishes annual budgets for the Special Revenue Funds. Except for encumbrances and long-term projects in progress, which are carried forward to the following year, all appropriations remaining will lapse at year-end. The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) The department heads prepare a budget request based upon the previous year's expenditures.
- 2) A meeting is held between the department heads, Finance Director and City Administrator for the purpose of reviewing and prioritizing the budget requests.
- 3) The City Administrator submits the proposed City Budget to the City Council, who makes decisions regarding department budgets.
- 4) The approved budget is placed in the City's accounting system and monitored by the finance department as well as by the department heads.

Department heads may, with the City Administrator's authorization, transfer amounts between line items which do not change the original operational budget appropriation limit of the department. The transfers between departments and funds require approval of the City Council.

- 5) Budgets are adopted on the modified accrual basis. Revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. Budgeted amounts are maintained as originally adopted and as further amended by the City Council. The level of control (level at which expenditures may not exceed budget) is at fund level for the Transportation Development Act Funds.

OTHER REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS* AND THE TRANSPORTATION DEVELOPMENT ACT

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act Funds (TDA Funds) of the City of Madera, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2017, which included an explanatory paragraph describing that the financial statements only present the City's TDA Funds.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting as it relates to the City's TDA Funds to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's TDA Funds financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's TDA Funds financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that TDA Funds allocated to and received by the City were expended in conformance with applicable statutes, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Madera County Transportation Commission as required by Section 6666 and 6667 of Title 21 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the Transportation Development Act.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance as it relates to the TDA Funds. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
March 13, 2017

**CITY OF CHOWCHILLA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2016**

**CITY OF CHOWCHILLA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act Funds of the City of Chowchilla (TDA Funds), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the TDA Funds' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control as it relates to the TDA Funds. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Development Act Funds of the City of Chowchilla, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds of the City of Chowchilla and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2016, and the changes in financial position or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 12-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2017, on our consideration of the City's internal control over financial reporting as it relates to the TDA Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
March 15, 2017

FINANCIAL STATEMENTS

**CITY OF CHOWCHILLA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
BALANCE SHEET
JUNE 30, 2016**

	<u>Street & Road Fund</u>	<u>Transit Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 73,145	\$ -	\$ 73,145
Receivables:			
Due from LTF	27,840	-	27,840
Due from other governmental agencies	<u>4,271</u>	<u>197,302</u>	<u>201,573</u>
Total assets	<u>\$ 105,256</u>	<u>\$ 197,302</u>	<u>\$ 302,558</u>
LIABILITIES			
Accounts payable	\$ 22,671	\$ 39,722	\$ 62,393
Due to other funds	<u>-</u>	<u>88,283</u>	<u>88,283</u>
Total liabilities	<u>22,671</u>	<u>128,005</u>	<u>150,676</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	<u>27,840</u>	<u>197,302</u>	<u>225,142</u>
Total deferred inflows of resources	<u>27,840</u>	<u>197,302</u>	<u>225,142</u>
FUND BALANCES			
Unassigned	<u>54,743</u>	<u>(128,005)</u>	<u>(73,262)</u>
Total fund balances (deficit)	<u>54,743</u>	<u>(128,005)</u>	<u>(73,262)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 105,254</u>	<u>\$ 197,302</u>	<u>\$ 302,556</u>

The accompanying notes are an integral part of this statement.

**CITY OF CHOWCHILLA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Street & Road Fund</u>	<u>Transit Fund</u>	<u>Total</u>
REVENUES			
LTF - non-transit allocations	\$ 301,285	\$ -	\$ 301,285
LTF - transit allocation claims	-	360,340	360,340
STA - transit allocation claims	-	121,045	121,045
Other non-transit revenues	62,691	-	62,691
Other intergovernmental revenues	30,136	1,147,177	1,177,313
Transit bus ticket sales	<u>-</u>	<u>19,712</u>	<u>19,712</u>
 Total revenues	 <u>394,112</u>	 <u>1,648,274</u>	 <u>2,042,386</u>
EXPENDITURES			
Street improvement projects	477,012	-	477,012
Traffic signal maintenance	2,639	-	2,639
Street maintenance	7,182	-	7,182
Transit bus costs	<u>-</u>	<u>1,553,299</u>	<u>1,553,299</u>
 Total expenditures	 <u>486,833</u>	 <u>1,553,299</u>	 <u>2,040,132</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(92,721)</u>	 <u>94,975</u>	 <u>2,254</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	541,147	-	541,147
Transfers out	<u>(156,010)</u>	<u>-</u>	<u>(156,010)</u>
 Total other financing sources (uses)	 <u>385,137</u>	 <u>-</u>	 <u>385,137</u>
 Net change in fund balances	 292,416	 94,975	 387,391
Fund balances (deficit) - beginning restated (Note 7)	<u>(237,673)</u>	<u>(222,980)</u>	<u>(460,653)</u>
Fund balances (deficit) - ending	<u>\$ 54,743</u>	<u>\$ (128,005)</u>	<u>\$ (73,262)</u>

The accompanying notes are an integral part of this statement.

**CITY OF CHOWCHILLA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION

Description of Reporting Entity

The accompanying financial statements present only the Transportation Development Act Funds of the City of Chowchilla (TDA Funds) and are not intended to present fairly the financial position, changes in financial position, or cash flows of the City of Chowchilla (City) with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

The financial statements of the TDA Funds have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the TDA Fund's accounting policies are described below.

The TDA Funds are accounted for in governmental funds. Governmental funds are accounted for on a spending of "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the TDA Funds, are Local Transportation Fund allocations and other intergovernmental revenues. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for as a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The TDA Funds are governmental funds specifically categorized as special revenue funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Intergovernmental revenues (primarily grants and subventions), which are received as reimbursement for specific purposes or projects, are recognized based upon the expenditures recorded. Intergovernmental revenues, which are usually unrestricted as to use and are revocable only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipts or earlier, if they meet the availability criteria.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF CHOWCHILLA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Transportation Fund

The City records the transit allocations of both the City of Chowchilla and the County of Madera for Chowchilla Area Transit Express (CATX) service in the Transit Fund. The CATX is a general public, curb-to-curb, demand-response system operated by the City of Chowchilla.

The City and County's agreement to fund costs of the CATX service provides for the County to reimburse the City at a fixed rate per annum.

The City collects fare proceeds and has allocated them to the County based upon the terms of the Inter-Agency Agreement.

The City submits requests for reimbursement of costs, net of transit revenues, to the Madera County Transportation Commission (Madera CTC) on behalf of both the City and County.

Due from Other Governmental Agencies

Claims made for reimbursement of costs incurred during the fiscal year have been accrued as due from the Madera CTC or due from other governmental agencies in the same fiscal year.

Unavailable Revenue

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations. Typical transactions for which unavailable revenue is recorded are grants when funding requirements have been met, but the related funding is not yet available.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance

Amounts cannot be spent either because they are in nonspendable form (such as inventory or prepaid expense, and long-term loans and notes receivable) or because they are legally or contractually required to be maintained intact (such as principal of a permanent fund).

Restricted Fund Balance

Amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, contributors, or laws or regulations of other governments, etc.) or imposed by law through constitutional provisions or enabling legislation.

**CITY OF CHOWCHILLA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, the City's highest level of decision-making authority, through an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified uses through the same type of formal action taken to establish the commitment.

Assigned Fund Balance

Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. For all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed must be designated as assigned fund balance.

Unassigned Fund Balance

This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

The City would typically use restricted fund balances first, followed by committee resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to deter the use of these other classified funds.

NOTE 2 – CASH AND INVESTMENTS

TDA Funds participate in the City's cash and investments pool that includes all other City funds, which the City Treasurer invests to enhance interest earnings. Income from the investment of pooled cash is allocated on a quarterly basis, based upon the average quarterly balance of the fund as a percentage of the total pooled cash balance for the quarter.

The City participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Assets-Backed Securities. The City values all of its cash and investments at fair value on a portfolio basis. The City manages its pooled idle cash and investments under a formal investment policy that is adopted and reviewed by the City Council, and that follows the guidelines of the State of California Government Code.

Citywide information concerning cash and investments for the year ended June 30, 2016, including authorized investments, custodial credit risk, credit and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments, may be found in the notes to the City's financial statements.

**CITY OF CHOWCHILLA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – PTMISEA

In November 2006, California Voters passed a bond measure enacting the Highway Safety Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 million was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement. During the fiscal year ended June 30, 2016, the City did not expend any PTMISEA funding.

NOTE 4 – DEFICIT FUND BALANCE - TRANSIT FUND

A deficit fund balance at June 30, 2016, in the amount \$128,005 is due primarily to the fact that revenues were recorded but not received within 60 days from the end of the year and, therefore, were treated as unavailable revenue in the financial statements.

NOTE 5 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items to report as a deferred outflow of resources.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type, unavailable revenues, which totaled \$225,142 as of June 30, 2016.

NOTE 6 – TRANSFERS

Transfers for the year ended June 30, 2016 are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Street and Road Fund	541,147 (2)	156,010 (1)

- (1) The Street & Road Fund transferred \$156,010 to the Debt Service Fund for debt service payments related to the PFA Streets bond.
- (2) The Gas Tax Fund transferred \$352,010 to Street and Road Fund for street maintenance and operational costs. The RSTP Fund transferred \$113,297 to the Street and Road Fund for street maintenance and operational costs. The Measure T Fund Transferred \$75,840 to the Street and Road Fund for street maintenance and operational costs.

NOTE 7 – RESTATEMENT

Beginning fund balance in the Transit Fund was decreased by \$188 due to an overstatement of revenue in a prior period.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CHOWCHILLA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
STREET & ROAD FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
LTF non-transit allocations	\$ 315,573	\$ 315,573	\$ 301,285	\$ (14,288)
Other non-transit revenues	230,000	862,000	62,691	(799,309)
Other intergovernmental revenues	<u>17,010</u>	<u>17,010</u>	<u>30,136</u>	<u>13,126</u>
Total revenues	<u>562,583</u>	<u>1,194,583</u>	<u>394,112</u>	<u>(800,471)</u>
EXPENDITURES				
Street improvement projects	530,000	1,162,000	477,012	684,988
Traffic signal maintenance	8,000	10,000	2,639	7,361
Street maintenance	<u>580,859</u>	<u>563,156</u>	<u>7,182</u>	<u>555,974</u>
Total expenditures	<u>1,118,859</u>	<u>1,735,156</u>	<u>486,833</u>	<u>1,248,323</u>
Excess of revenues over (under) expenditures	<u>(556,276)</u>	<u>(540,573)</u>	<u>(92,721)</u>	<u>447,852</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	401,840	541,147	541,147	-
Transfers out	<u>-</u>	<u>(156,010)</u>	<u>(156,010)</u>	<u>-</u>
Total other financing sources (uses)	401,840	385,137	385,137	-
Net changes in fund balances	<u>\$ (154,436)</u>	<u>\$ (155,436)</u>	292,416	<u>\$ 447,852</u>
Fund balance (deficit) - beginning			<u>(237,673)</u>	
Fund balance (deficit) - ending			<u>\$ 54,743</u>	

**CITY OF CHOWCHILLA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
LTF - transit allocation claims	\$ 306,964	\$ 306,964	\$ 360,340	\$ 53,376
STA - transit allocation claims	63,271	63,271	121,045	57,774
Other intergovernmental revenues	168,500	1,295,200	1,147,177	(148,023)
Transit bus ticket sales	<u>23,200</u>	<u>23,200</u>	<u>19,712</u>	<u>(3,488)</u>
 Total revenues	 <u>561,935</u>	 <u>1,688,635</u>	 <u>1,648,274</u>	 <u>(40,361)</u>
EXPENDITURES				
Transit bus costs	<u>569,796</u>	<u>1,696,746</u>	<u>1,553,299</u>	<u>143,447</u>
 Total expenditures	 <u>569,796</u>	 <u>1,696,746</u>	 <u>1,553,299</u>	 <u>143,447</u>
 Net changes in fund balances	 <u>\$ (7,861)</u>	 <u>\$ (8,111)</u>	 94,975	 <u>\$ 103,086</u>
Fund balance (deficit) - beginning			<u>(222,980)</u>	
Fund balance (deficit) - ending			<u>\$ (128,005)</u>	

**CITY OF CHOWCHILLA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

A. BUDGETARY INFORMATION

The City establishes annual budgets for the Transportation Development Act Funds. Except for encumbrances and long-term projects in progress, which are carried forward to the following year, all appropriations remaining will lapse at year-end. The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) The department heads prepare a budget request based upon the previous year's expenditures.
- 2) A meeting is held between the department heads, Finance Director and the City Administrator for the purpose of reviewing and prioritizing the budget requests.
- 3) The City Administrator submits the proposed City Budget to the City Council, who makes decisions regarding department budgets.
- 4) The approved budget is placed in the City's accounting system and monitored by the Finance Department as well as by the department heads.

Department heads may, with the City Administrator's authorization, transfer amounts between line items which do not change the original operational budget appropriation limit of the department. The transfers between departments and funds require approval of the City Council.

- 5) Budgets are adopted on the modified accrual basis. Revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. Budgeted amounts are maintained as originally adopted and as further amended by the City Council. The level of control (level at which expenditures may not exceed budget) is at fund level for the Transportation Development Act Funds.

OTHER REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS AND THE TRANSPORTATION DEVELOPMENT ACT

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act Funds (TDA Funds) of the City of Chowchilla (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 15, 2017, which included an explanatory paragraph describing that the financial statements only present the City's TDA Funds.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting as it relates to the City's TDA Funds, to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's TDA Funds financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's TDA Funds financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that TDA Funds allocated to and received by the City were expended in conformance with applicable statutes, rules and regulations of the Transportation

Development Act and the allocation instructions and resolutions of the Madera County Transportation Commission as required by Sections 6666 and 6667 of Title 21 of the California Code of Regulations. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the Transportation Development Act.

Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)

In November 2006, California Voters passed a bond measure enacting the Highway Safety Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 million was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

During the fiscal year ended June 30, 2016, the City did not expend any PTMISEA funding.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance as it relates to the TDA Funds. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
March 15, 2017

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BEFORE
THE COMMISSIONERS OF THE MADERA COUNTY TRANSPORTATION COMMISSION
COUNTY OF MADERA, STATE OF CALIFORNIA

In the matter of) Resolution No. **16-10**
ALLOCATION OF 2016/17) **Amendment #3**
LOCAL TRANSPORTATION FUND)

WHEREAS, the California Transportation Development Act established the Local Transportation Fund (LTF) and a continuous appropriation of said Fund, and

WHEREAS, the Madera County Transportation Commission (MCTC) is empowered to authorize apportionment and allocation of said Fund, and

WHEREAS, \$70,000 has been apportioned for Administration, \$79,144 has been reserved for Pedestrian and Bicycle facilities, and

WHEREAS, the Local Agencies have agreed to a MCTC expenditure of \$118,715 for shared system planning costs, per Section 99233.2 of the Transportation Development Act; and

WHEREAS, there is the sum of \$3,957,179 to be allocated from LTF, 2016/17;

WHEREAS, the Madera County Transportation Commission has made the finding in Resolution No. 16-06 that there are no substantial unmet transit needs that are reasonable to meet in FY 2016/17 within the jurisdictions of the County of Madera, City of Madera, and the City of Chowchilla, and

WHEREAS, the City of Madera is requesting to carryover the remaining 15/16 funds into FY 16/17;

WHEREAS, the City of Madera and the County of Madera are requesting to revise their allocations;

NOW, THEREFORE, LET IT BE RESOLVED, that the following sums have been allocated under the California Administrative Code by the Madera County Transportation Commission to be expended by the City of Chowchilla, the City of Madera, and the County of Madera for the purposes set forth below:

ARTICLE 8

	<u>Section 99402</u>	<u>Section 99400 (A), (B), (C)</u>
(A) <u>City of Chowchilla</u>		
CATX		\$ 255,433
Pedestrian & Bicycle Projects		\$ 23,990
MCTC Planning Services	\$ 9,487	
Street Maintenance	\$ 134,619	

1 (B) City of Madera

2	MAX, Dial-A-Ride, Intermodal		\$ 387,814
3	Pedestrian & Bicycle Projects		\$ 148,862.07
4	MCTC Planning Services	\$ 50,034	
5	Street Maintenance	\$ 50,000	
6	Road & Street Improvement Projects	\$ 3,693,431.03	

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9 (C) County of Madera

10	Amtrak		\$ 0
11	Senior/Escort		\$ 125,000
12	MCC		\$ 318,484
13	CATX, City of Chowchilla		\$ 96,517
14	DAR, City of Madera		\$ 0
15	Pedestrian & Bicycle Projects		\$ 39,463
16	MCTC Planning Services	\$ 59,194	
17	Street Maintenance	\$ 1,350,489	

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22 The foregoing resolution was adopted this 22nd day of March 2017 by the following vote:

23
24 Commissioner Ahmed voted: _____
25 Commissioner Rodriguez voted: _____
26 Commissioner Frazier voted: _____
27 Commissioner Oliver voted: _____
28 Commissioner Medellin voted: _____
29 Commissioner Wheeler voted: _____

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Chairman, Madera County Transportation Commission

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Executive Director, Madera County Transportation Commission

BEFORE
 THE COMMISSIONERS OF THE MADERA COUNTY TRANSPORTATION COMMISSION
 COUNTY OF MADERA, STATE OF CALIFORNIA

In the matter of) ALLOCATION OF 2016/17) STATE TRANSIT ASSISTANCE) <u>FUNDS</u>)	Resolution No. <u>16-11</u> Amendment #2
--	---

WHEREAS, State Transit Assistance funds have been made available to the Madera County Transportation Commission by the State Controller in the amount of \$528,054, a decrease of \$116,804 from the original allocation;

WHEREAS, the Madera County Transportation Commission has apportioned these funds to the City of Chowchilla, City of Madera, and the County of Madera for the provision of Transit Operations and Transit Planning, and has invited applications for proposed uses of these funds; and

WHEREAS, the City of Chowchilla, the City of Madera, and the County of Madera submitted its applications recognizing the State Controller’s allocated amount;

WHEREAS, the agencies have complied by submitting appropriate documents detailing those projects and have sought authority to proceed; and

WHEREAS, priority consideration has been given to claims to enhance existing public transportation services, and to meet high priority regional, county-wide, or area-wide public transportation needs; and

WHEREAS, the sum of each of the three entities allocations from the State Transit Assistance Fund does not exceed the amount that each claimant is eligible to receive;

WHEREAS, the Cities of Chowchilla and Madera and the County of Madera request to revise their 16/17 allocations;

NOW, THEREFORE, LET IT BE RESOLVED, that the County Auditor shall establish the following reserves and pay out the State Transit Assistance Fund in the amount listed for the transit projects shown below:

<u>CLAIMANT</u>	<u>2016-17 STA</u>
City of Chowchilla	
CATX	\$ 54,942
City of Madera	
MAX	\$ 222,556
County of Madera	
MCC	\$ 13,212
DAR, City of Madera	\$ 250,086

1 The foregoing resolution was adopted this 22nd day of March, 2017 by the following vote:
2

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4 Commissioner Wheeler voted: _____
5 Commissioner Rodriguez voted: _____
6 Commissioner Frazier voted: _____
7 Commissioner Oliver voted: _____
8 Commissioner Medellin voted: _____
9 Commissioner Ahmed voted: _____

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Chairman, Madera County Transportation Commission

Executive Director, Madera County Transportation Commission

MEMORANDUM

ITEM VII-A

DATE: March 23, 2016
TO: MCTC Policy Board
FROM: Troy McNeil, Fiscal Supervisor
RE: FY 2016/17 Overall Work Program Budget Amendment No. 2 – ITEM VII-A

I. Requested Action:

Approve 2016/17 Overall Work Program Amendment No. 2.

II. Summary:

Included in your package is a letter to Caltrans requesting the amendment, copy of the amended budget, amended OWP spreadsheet, and amended work elements. The revised Budget is \$1,741,435, a decrease of \$35,127. The amendment reflects minor adjustments for movement of salary costs to different work elements, recognizes the still vacant position, and a minor salary adjustment for the Senior and Associate Regional Planner positions.

The amendment is recognized in the following:

Revenues – (Decrease \$35,127)

- FHWA PL Carryover – decrease \$27,946
- FTA 5303 Carryover – decrease \$7,733
- STIP PPM – decrease \$378
- SGC Sustainable Community Grant – increase \$254
- TDA Carryover – decrease \$7,255
- MCTA Carryover – increase \$7,931

Salaries and Benefits – (Decrease \$40,127)

- Salaries – decrease \$22,600

- ICMA 401(a) – decrease \$3,390
- FICA, Employer – decrease \$1,401
- Medicare – decrease \$328
- Worker’s Compensation – decrease \$169
- Health – decrease \$12,043
- Unemployment Insurance – decrease \$196

Indirect Costs – (Increase \$5,000)

- Legal Services – increase \$5,000

The amendment is reflected in the following OWP Work Elements: 100 – Regional Transportation Plan; 110 – Regional Planning Database; 111 – Traffic Monitoring Program; 112 – Traffic Modeling; 113 – Air Quality Transportation Planning; 120 – Goods Movement and Highway Planning; 122 – Project Coordination & Financial Programming; 130 – Public Transportation; 140 – Other Modal Elements; 150 – Public Participation Program; 151 – Alternative Transportation Activities; 200 – Transportation Program Development; 901 – Transportation Funds Administration; 902 – Overall Work Program and Budget; 904 – RPTA Coordination; 906 – SGC Sustainable Community Grant; 907 – Board Cost & Other Expenses; 910 – MCTA Administration.

III. Fiscal Impact:

There is a decrease of \$35,127 to the MCTC FY 2016/17 Overall Work Program and Budget.

March 22, 2017

Mr. Michael Navarro, Chief
Caltrans, District 06
1352 W. Olive
P.O. Box 12616
Fresno, California 93778

Attn: Lorena Mendibles, Associate Transportation Planner

SUBJECT: FY 2016-17 Overall Work Program & Budget Amendment No. 2

Dear Mr. Navarro:

The Madera County Transportation Commission, at its March 22, 2017 meeting, approved Amendment No. 2 to MCTC's FY 2016-17 Overall Work Program & Budget. The overall Budget is \$1,741,435, a decrease of \$35,127. Attached is a copy of the amended budget, amended OWP spreadsheet and amended Work Elements.

The amendment is recognized in the following:

Revenues – (Decrease \$35,127)

- FHWA PL Carryover – decrease \$27,946
- FTA 5303 Carryover – decrease \$7,733
- STIP PPM – decrease \$378
- SGC Sustainable Community Grant – increase \$254
- TDA Carryover – decrease \$7,255
- MCTA Carryover – increase \$7,931

Salaries and Benefits – (Decrease \$40,127)

- Salaries – decrease \$22,600
- ICMA 401(a) – decrease \$3,390
- FICA, Employer – decrease \$1,401
- Medicare – decrease \$328
- Worker's Compensation – decrease \$169
- Health – decrease \$12,043
- Unemployment Insurance – \$196

Indirect Costs – (Increase \$5,000)

- Legal Services – increase \$5,000

The amendment is reflected in the following OWP Work Elements: 100 – Regional Transportation Plan; 110 – Regional Planning Database; 111 – Traffic Monitoring Program; 112 – Traffic Modeling; 113 – Air Quality Transportation Planning; 120 – Goods Movement and Highway Planning; 122 – Project Coordination & Financial Programming; 130 – Public Transportation; 140 – Other Modal Elements; 150 – Public Participation Program; 151 – Alternative Transportation Activities; 200 – Transportation Program Development; 901 – Transportation Funds Administration; 902 – Overall Work Program and Budget; 904 – RPTA Coordination; 906 – SGC Planning Grant; 907 – Board Cost & Other Expenses; 910 – MCTA Administration.

If you have any questions or require further information, please contact me at (559) 675-0721 extension 13.

Sincerely,

Patricia Taylor, Executive Director
Madera County Transportation Commission

enclosures

cc: Scott Carson, Federal Highway Administration

Appendix B: OWP Budget

Madera County Transportation Commission
2016-17 Annual Budget
 14-Mar-17

Revenues	16-17 Budget	Amend #1	Amend #2	Amended Budget
FHWA PL	\$602,134			\$602,134
FHWA PL Carryover	\$276,537	\$69,476	(\$27,946)	\$318,067
FTA 5303	\$52,163			\$52,163
FTA 5303 Carryover	\$3,182	\$5,447	(\$7,733)	\$896
STIP Carryover	\$31,860	(\$31,860)		\$0
STIP Planning	\$121,000	(\$355)	(\$378)	\$120,267
SGC Sustainable Community Grant	\$302,150	(\$2,800)	\$254	\$299,604
TDA Carryover	\$0	\$17,157	(\$7,255)	\$9,902
TDA Administration	\$70,000			\$70,000
TDA Planning	\$108,523	\$10,192		\$118,715
Member Assessment Fees	\$18,000	(\$2,000)		\$16,000
MCTA Carryover	\$0	\$13,109	\$7,931	\$21,040
MCTA	\$117,453	(\$10,453)		\$107,000
Other	\$0	\$5,647		\$5,647
Total Revenues	\$1,703,002	\$73,560	(\$35,127)	\$1,741,435
Non-cash information				
Toll Credits (PL)	\$0			\$0
Toll Credits (5303)	\$0			\$0
<hr/>				
Expenses	16-17 Budget			Amended Budget
Salaries & Benefits				
Salaries	\$596,630	(\$20,306)	(\$22,600)	\$553,724
ICMA 401(a)	\$87,694	(\$3,045)	(\$3,390)	\$81,259
FICA, Employer	\$36,991	(\$1,259)	(\$1,401)	\$34,331
Medicare	\$8,651	(\$294)	(\$328)	\$8,029
Worker's Compensation	\$4,713	(\$391)	(\$169)	\$4,153
Health	\$127,755	\$6,012	(\$12,043)	\$121,724
Unemployment Insurance	\$1,568	\$196	(\$196)	\$1,568
Subtotal Salaries & Benefits	\$864,002	(\$19,087)	(\$40,127)	\$804,788
Indirect Costs				
Advertising/Publications	\$2,000			\$2,000
Auto & Cell Allowance	\$4,200			\$4,200
Computer software	\$1,500			\$1,500
Conference/Training/Educat	\$10,000			\$10,000
Equipment Leases	\$13,500			\$13,500
Bldg/Equip. Maint. & Repairs	\$6,000			\$6,000
Insurance	\$1,000			\$1,000
Janitorial Services	\$4,800			\$4,800
Legal Services	\$10,000		\$5,000	\$15,000
MCTC Audit	\$21,000			\$21,000
Membership Fees	\$3,500			\$3,500
Miscellaneous	\$3,500			\$3,500
Office Furniture	\$1,000			\$1,000
Office Supplies	\$6,000			\$6,000
Postage	\$1,000			\$1,000
Rent	\$69,000			\$69,000
Technology Related Equipment	\$10,400	(\$1,000)		\$9,400
Telephone/Internet	\$7,600			\$7,600
Travel Expenses	\$8,000			\$8,000
Utilities	\$6,000	\$1,000		\$7,000
	\$0			\$0
Subtotal Indirect Costs	\$190,000	\$0	\$5,000	\$195,000
Other Direct Costs				
Active Transportation Plan (Consultant)	\$100,000	\$30,000		\$130,000
Board Costs and Other Costs	\$22,500	\$5,647		\$28,147
MCTA Conference(s)/Travel	\$4,000			\$4,000
MCTA Fin Asst/Audits/Annual Report	\$24,000			\$24,000
MCTA Project Development	\$15,000			\$15,000
MCTC TDA Audits	\$11,000			\$11,000
Origin/Destination Study	\$25,000			\$25,000
Other MCTA Costs	\$4,000			\$4,000
Planning Grant Match	\$10,000			\$10,000
Public Participation Program	\$10,000			\$10,000
RTP EIR	\$25,000	\$45,000		\$70,000
RTP/SCS Development	\$15,000	\$16,000		\$31,000
SGC Planning Grant Consultants	\$300,000	(\$4,000)		\$296,000
Technical/Modeling On-Call Services	\$50,000			\$50,000
Traffic Model & GIS Support	\$4,500			\$4,500
Traffic Monitoring Program	\$10,000			\$10,000
Translation Services	\$4,000			\$4,000
Valley Coordination Participation	\$15,000			\$15,000
Subtotal Other Direct Costs	\$649,000	\$92,647	\$0	\$741,647
\$0	0			\$0
Total Expenses	\$1,703,002	\$73,560	(\$35,127)	\$1,741,435
	\$0	\$0	\$0	\$0

FY 2016-17 Overall Work Program

	Funds Available by Revenue Source										Total		
	MCTC	Other	Total	MCTC LTF	Member Assessmen t	MCTA	SGC Planning Grant	STIP PPM	FHWA PL (021) Carryover	FTA 5303		FTA 5303 Carryover	Other
Carryover Prior Years				614,913	(12,228)	49,599	322,000	500	0	820,717	36,553	5,647	1,837,701
Current Year Allocation				188,715	28,228	107,000	0	121,000	602,134	0	52,163	0	1,099,240
Carryover				(605,011)		(28,559)	(22,396)	(1,233)	(502,650)		(35,657)	0	(1,195,506)
Total Available Funds	999,788	741,647	1,741,435	198,617	16,000	128,040	299,604	120,267	602,134	318,067	52,163	896	1,741,435
3/14/2017 17:27													
Work Element Description	Expenditures by Agency										Total		
	MCTC	Other	Total	MCTC LTF	Member Assessmen t	MCTA	SGC Planning Grant	STIP PPM	FHWA PL (021) Carryover	FTA 5303		FTA 5303 Carryover	Other
100 Regional Transportation Plan	111,925	106,647	218,572	24,423				0	99,087	89,415		5,647	218,572
110 Regional Planning Database	26,185		26,185	3,003				0	23,182				26,185
111 Traffic Monitoring Program	5,453	10,000	15,453	1,772				0	4,828	8,853			15,453
112 Regional Transportation Modeling	64,651	64,500	129,151	10,000				13,666	48,383	57,102			129,151
113 Air Quality Transportation Planning	58,566	9,300	67,866	7,785				0	51,848	8,233			67,866
120 Goods Movement & Highways Planning	65,345	25,000	90,345	0				10,362	57,850	22,133			90,345
122 Project Coordination & Financial Programming	80,546		80,546	0				80,546	0				80,546
130 Public Transportation	59,933		59,933	6,874				0	72,288	122,593	896		59,933
140 Other Modal Elements	90,130	130,000	220,130	25,249				0	39,138	9,738			220,130
150 Public Participation Program	44,209	11,000	55,209	6,333				0					55,209
151 Alternative Transportation Activities	19,854		19,854	19,854				0					19,854
200 Transportation Program Development	136,814		136,814	0				15,693	121,121				136,814
901 Transportation Funds Administration	45,842	14,000	59,842	59,842				0					59,842
902 OWP & Budget	39,260		39,260	4,503				0	34,757				39,260
904 RTPA Coordination	50,385	5,700	56,085	6,433				0	49,652				56,085
906 SGC Sustainable Communities Planning Grant	3,604	296,000	299,604	0			299,604	0	0	0			299,604
907 Board Cost & Other Expenses	16,046	22,500	38,546	22,546	16,000			0	0	0			38,546
910 MCTA Administration	81,040	47,000	128,040	0		128,040		0	0	0			128,040
Total Expenditures	999,788	741,647	1,741,435	198,617	16,000	128,040	299,604	120,267	602,134	318,067	52,163	896	1,741,435
										920,200	53,059		

TOLL CREDITS (Non-cash match)

Objective

To develop and publish the Regional Transportation Plan (RTP) for Madera County pursuant to State and Federal guidelines (every four years). The Regional Transportation Plan is to be long-range (25-year planning horizon), comprehensive and financially constrained, air quality conformed and updated every four years. It must include a Sustainable Communities Strategy (SCS), be responsive to air quality issues and provide for adequate citizen participation in its development. In the development and preparation of the 2014 RTP, staff implemented the requirements of legislation related to Global Warming Solutions Act of 2006 (AB 32) and any other subsequent legislation such as SB 375.

Discussion

The Commission, as the State of California designated Regional Transportation Planning Agency (RTPA) and federally designated Metropolitan Planning Organization (MPO) for Madera County, is required to update the RTP every four years in compliance with guidelines established by the California Transportation Commission (CTC) and to remain consistent with Federal law. Federal requirements, as identified in the Moving Ahead for Progress in the 21st Century Act (MAP-21) and the Fixing America's Surface Transportation Act (FAST Act), includes consideration of metropolitan planning emphasis areas. Although the plan must be fiscally constrained, identified needs and recommended funding strategies beyond current financial capacity are included. This work element identifies staff time required to develop the plan, with recognition that RTP development also draws upon work activities within other modal elements identified in the Overall Work Program. The 2014 RTP was adopted by the MCTC Policy Board on July 23, 2014. The RTP is the primary planning document produced by the Commission and provides the policy basis for all major transportation infrastructure funding programs within the county.

This work element identifies staff time required to assemble information developed primarily through specific transportation modal elements identified in the OWP. In 2004, a consultant developed a methodology to prioritize regional capital improvement projects. The results of the 2004 Regional Project Prioritization Study were incorporated into the 2004 RTP Update. The 2007 RTP was updated to incorporate the Measure T Investment Plan that was approved by the voters in November 2006 and for SAFETEA-LU compliance consistent with the FHWA & FTA guidance provided by the MPO Planning Final Rule. The 2011 RTP update carried forward the Measure "T" Investment Plan in anticipation of the next RTP update, which incorporated the mandates of SB 375. The 2011 RTP Environmental Impact Report (EIR) also incorporated the greenhouse gas requirements of AB 32. The RTP was also developed in accordance with the 2007 RTP Guidelines adopted by the CTC. The 2014 RTP details an SCS funding implementation strategy focusing on a shift towards implementation of non-single occupancy vehicle trip transportation strategies with the goal of reducing per capita greenhouse gas tailpipe emissions. In the course of the ongoing transportation planning process, staff compiles information into a consistent presentation format, verifies local, State, and Federal planning requirements, and submits amendments on regular updates for Commission consideration. The stakeholders assisting in the development and review of the RTP consist of the following: Commission staff; local jurisdiction staffs; social service transportation agencies; Sheriff's department; Economic Development Department; School Districts; Native American Tribal Governments; consultants; and other interested public agencies and individuals. Additionally, the

State Department of Housing and Community Development (HCD) consults with MCTC during the preparation of the Madera County Regional Housing Needs Assessment. This consultation ensures the coordination of information utilized for the preparation of the RTP.

Preparations for the 2018 RTP/SCS and EIR will officially commence in the summer of 2016. Planning activities ancillary to the development of a successful new plan are already under way including detailed focus and study on enhanced travel via public transportation and non-motorized modes (Madera County Coordinated Public Transit Human Services Plan, Madera County Short Range Transit Plan, Madera County Active Transportation Plan).

As part of the next RTP and SCS formulation process, the MCTC Policy Board will discuss directing MCTC staff to form a subcommittee to analyze, discuss and provide recommendations on possible policies aimed at the preservation of agricultural, natural and working lands; sustainable planning and infrastructure programs; and needs assessment activities, for inclusion into the transportation planning process at MCTC. Working collaboratively with community-based organizations, interested stakeholders and professional staff, this committee would be on-going, and discuss the formulation of policy and program language to:

- Develop a methodology to help implementing agencies quantify the conversion of prime farmland, unique farmland, farmland of statewide importance, and farmland of local importance associated with their proposed projects.
- Develop a methodology for implementing agencies to consider preservation ratios to minimize loss of prime, unique, and statewide importance farmland; and coordinate efforts to provide a mechanism for preservation activities.

Sustainable Communities Strategy Implementation

The 2014 RTP included a sustainable communities strategy (SCS) based on scenario planning activities that began in 2012. MCTC engaged in an extensive public outreach campaign and agency consultation utilizing upgraded modeling tools for scenario development to prepare the SCS. Environmental Justice Analysis and community participation played an important role in determining scenario development. As part of the creation of the 2014 RTP, an SCS funding implementation strategy was developed to identify funding for smart growth projects. This implementation strategy will be an outlet for local jurisdictions to provide support, assistance, and tools integrating land use and transportation principles and programs from the Sustainable Communities Strategy into their general plans.

The preferred SCS Scenario contained in the 2014 RTP did not yield emissions results able to meet the targets for reduction set by the ARB. MCTC staff has worked to address the factors needed to create a fiscally constrained RTP and SCS which can meet the GHG reduction targets established by the ARB. MCTC began undertaking this task upon the adoption of the 2014 RTP. Staff will continue this effort with consultations with ARB in 2016/17.

Performance Monitoring Measures

In conjunction with MCTC's long-range transportation planning products, staff will continue to establish appropriate performance measures in order to maintain effective performance based planning and programming.

California Planning Emphasis Areas

Performance Management

MCTC initiated a 2004 RTP Prioritization Study that for the first time prioritized RTP projects by cost effectiveness based upon established RTP performance measures. Projects are advanced for programming in the TIP thereafter based upon deliverability within the four-year element of the TIP. The 2018 RTP will utilize performance measures to reprioritize projects for each scenario developed for the SCS.

Previous Work

1. Amend 2014 Regional Transportation Plan, Sustainable Communities Strategy and Environmental Impact Report to reflect meeting target GHG reduction goals set by the ARB.
2. Final – 2014 Regional Transportation Plan, Sustainable Communities Strategy and Environmental Impact Report.
3. Final – 2011 Regional Transportation Plan and Environmental Impact Report.
4. Final – 2007 Regional Transportation Plan and Environmental Impact Report Re-certification.
5. Incorporated the Measure T Investment Plan into the 2007 RTP Update.
6. 2007 RTP Update – SAFETEA-LU gap analysis and compliance
7. RTP/Measure T Environmental Impact Report - 2006

Product

1. Maintain and update the 2014 RTP/SCS as required.
2. Amendments to 2014 RTP as needed
3. Document Tribal government-to-government relations

Tasks

	Task Description	Work Schedule	% of Work
100.1	Development of 2018 RTP/SCS and EIR	2016-17	40%
100.2	Maintain the 2014 RTP/SCS and develop amendments as necessary	2016-17	10%
100.3	Continue to develop and optimize SCS Funding Implementation Strategy.	2016-17	15%
100.4	Monitor regional transportation issues and development of modal elements. Maintain file of pending update information. Review regional goals, policies, and objectives in consultation with member agencies.	2016-17	10%
100.5	Work with other valley agencies within nonattainment basin to consistently present multimodal issues of valley wide concern	2016-17	5%
100.6	Continue to monitor air quality issues related to transportation, conduct air quality analyses as needed, and update the Air Quality section of the Environmental Impact Report when indicated. Work with the Air District on air quality issues.	2016-17	10%
100.7	Conduct RTP public involvement process during the development and adoption of 2014 RTP amendments	cont.	5%
100.8	Conduct public workshops/hearings to solicit public participation in the planning process, including government to government coordination, consultation and collaboration with the tribal governments.	cont.	5%
			100%

FTE: .38

110 REGIONAL PLANNING DATABASE

Objective

To develop and maintain a database of regional planning information for use in support of all transportation planning activities of the Commission. The database includes information on regional demographics, streets and highways inventories including congestion management issues, transit systems and services, rail, aviation, and non-motorized facilities.

Discussion

The Commission has developed several planning databases in support of regional transportation planning activities. These include demographic projections for use in traffic modeling and air quality analysis; an inventory of regionally significant roads (including all State highway facilities); and land use and zoning summaries. This information is maintained in computer files using database managers as well as in the Commission's geographic information system (GIS).

In 2004, MCTC conducted an RTP prioritization study, which identified all roadway facilities with modeled deficiencies in the year 2030. Improvement projects were scoped for all deficient road segments, and each project was assigned a score based on several evaluation criteria: cost/benefit ratio, environmental sensitivity, ability of project to improve deficiency, and existing (year 2000) LOS. MCTC maintains this database of projects for use in future RTP updates.

This work element provides for the continuing maintenance and development of these databases. GIS training and continued development of a GIS program are ongoing tasks. Focus will be on refining information related to defining road infrastructure needs as well as incorporating demographic data as available from the 2010 Federal census.

All databases will be made available to Caltrans upon request for use in meeting statewide management system requirements as well as statewide traffic modeling needs.

As a component of the Madera County 2010 Traffic Model Update, the MCTC regional planning database was updated and validated. The existing land use database was updated using available data sources and future land use projections were developed using two different methods. The GIS database was also updated and an integrated spatial projection created for MCTC GIS data was created.

Previous Work

1. Developed demographic projections by TAZ for 2040 in support of the 2014 RTP/FTIP.
2. Developed demographic projections for the 2030 San Joaquin River Crossing Study.
3. Developed demographic projections for 2050 for the San Joaquin Valley Blueprint.
4. Developed demographic projects for the 2025 Rio Mesa Area Traffic Model.
5. Developed demographic projections by TAZ for 2014 and for 2020, 2025, and 2030 for use in new model.
6. Developed basic inventory of regionally significant roads with geographic keys.
7. Established database structure for roads inventory.
8. Provided GIS training for two employees.

9. Developed GIS database for Madera County housing units by TAZ based upon the 2010 Census demographics at the block level.
10. Worked with Caltrans and the local agencies to adjust the urban boundary limits according to the year 2000 Census.
11. Develop demographic projections and GIS databases for 2010 Madera County traffic model update.
12. Developed layer and database of disadvantaged communities for use in funding applications.
13. Developed database of transit routes and stops.

Product

1. Maintenance of GIS databases and related map layers for use by local agencies, tribal governments and the State for describing existing conditions on transportation facilities within Madera County.
2. Maintenance of demographic database for Madera County with projections by TAZ as needed to support air quality analysis requirements for amendments to the 2014 RTP and 2015 FTIP.

Tasks

	Task Description	Work Schedule	% of Work
110.1	Participate with Madera County agencies and other transportation planning agencies (including Tribal Governments) on the San Joaquin Valley Regional GIS Council and in development of the San Joaquin Valley GIS system.	cont.	10%
110.2	Maintain Madera County traffic model layer to include TAZs, network and demographic data & 2000/2010 census data.	cont.	35%
110.3	Maintain layer and database for regionally significant local roads to include "as built" configuration, planned configuration, pavement condition, maintenance status, and congestion levels.	cont.	15%
110.4	Maintain layer and database for bridges.	cont.	5%
110.5	Maintain layer and database for bicycle, pedestrian, and transit networks.	cont.	20%
110.6	Maintain administrative layers for land use and zoning.	cont.	10%
110.7	Maintain layer and database for disadvantaged communities.	cont.	5%
			100%

FTE: .10

110 Regional Planning Database			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	3,003	MCTC	26,185
MCTA			
FHWA-PL	23,182		
FTA-Section 5303			
PPM-STIP			
Other (Specify)			
Total	326,185	Total	26,185

111 TRAFFIC MONITORING PROGRAM

Objective

To maintain the Madera County Traffic Monitoring Program as a source of current traffic information for use by local agencies, Tribal Governments and the public, and as a validation tool for the county wide traffic model and VMT monitoring requirements.

Discussion

The Commission utilizes a qualified consultant to conduct traffic counts and to prepare the Traffic Monitoring Program report. Staff and the consultant developed a standardized triennial regional count program with the assistance from the local agencies.

The Commission also maintains the regional traffic monitoring program as a source of data to support traffic modeling activities. The Madera County Traffic Monitoring report is published annually to provide local planners and the public with up to date information about travel characteristics on the streets and highways system. Counts taken pursuant to this program are according to an established schedule and are not intended to supplant local agency count programs.

Highway Performance Monitoring System (HPMS)

The HPMS is a nationally recognized highway information system that collects and analyzes data on the extent, condition, performance, use and operating characteristics of the Nation's highways. Annually, local agencies, through their MPO, are requested to provide sample data on arterials and collectors for inclusion in the HPMS. MCTC coordinates the data submission to Caltrans.

Previous Work

1. Published Madera County Traffic Monitoring – 2015 Annual Report.
2. Developed a triennial Regional Traffic Count program to enhance the calibration of the MCTC Travel Demand Model.
3. Speed studies; accident diagrams and traffic warrants as required.

Product

1. Madera County Traffic Monitoring – 2016 Annual Report
2. Traffic counts
3. HPMS data submission to Caltrans
4. Document Tribal government-to-government relations

Tasks

	Task Description	Work Schedule	% of Work
111.1	Conduct traffic counts at various locations	Mar- May-17	50%
111.2	Provide traffic monitoring support to local agencies, including Tribal Governments	cont.	25%
111.3	Collect data from local agency and Caltrans traffic count programs	cont.	20%
111.4	Coordinate the submission of HPMS data to Caltrans from local agencies as required	cont.	5%
			100%

FTE: .03

111 Traffic Monitoring Program			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	1,772	MCTC	5,453
MCTA		Consultant Services	10,000
FHWA-PL	13,681		
FTA-Section 5303			
STIP-PPM			
Other (Specify)			
Total	15,453	Total	15,453

112 REGIONAL TRANSPORTATION MODELING

Objective

To maintain a regional travel demand model for support in transportation and air quality planning activities.

Discussion

The Madera County travel demand model was initially developed in 1993-94 with major updates in 2001 and in 2012. It was updated as part of the San Joaquin Valley Model Improvement Program utilizing the Cube Base/Voyager software system.

MCTC participated in the San Joaquin Valley Model Improvement (MIP) Plan which updated all of the San Joaquin Valley transportation demand models. As a result the new transportation demand model has been updated to improve its sensitivity to smart growth strategies and improve interregional travel estimates. These improvements were required to respond to the requirements of Assembly Bill 32 the Global Solutions Warming Act of 2006 and Senate Bill 375 which requires the development of a Sustainable Community Strategy (SCS) in our Regional Transportation Plan (RTP). Phase 2 of the MIP is scheduled to be completed in mid-2016 so it may be used for future planning activities related to the 2018 RTP/SCS and EIR as well as subsequent Federal air quality conformity determinations.

The Madera CTC MIP model with 2010 base year and 2040 analysis year was used for the 2014 RTP/SCS process as the basis for scenario evaluation through performance measures. The Madera CTC MIP Model was approved with the 2014 RTP/SCS in July 2014.

An additional second round of San Joaquin Valley model improvements is currently under way. The second round will include enhancing and revalidating the traffic model using 2010 California Household Travel Survey data, American Community Survey data and the 2010 Census Transportation Planning Package (CTPP) data. These new data sources will facilitate numerous model improvements, e.g.: better interregional estimates and forecasts, better trip distribution, gateway station and friction factor estimates; and improved volume-capacity and speed flow relationships.

The model is used in support of traffic analyses for plans, programs, and projects carried out by the City of Chowchilla, the City of Madera, Madera County, Tribal Governments, and Caltrans. In addition, the model is used by Madera County as the basis for its traffic impact fee program. This work element provides for network database maintenance (i.e. reflecting newly constructed roads) and enhancements necessary to provide air quality modeling capabilities as well as support for ongoing streets and roads planning.

This element also includes the costs for maintenance of the modeling software itself in addition to providing for on-call technical planning/modeling consultant support to address technical planning and modeling issues as they may arise.

Air quality issues are increasingly driving traffic model application. The San Joaquin Valley transportation planning agencies have jointly sponsored a comprehensive review of modeling needs within the valley with the intent of identifying a strategic plan for model development in order to satisfy air quality requirements. By an agreement executed in 1999 between the San Joaquin Valley Regional Transportation Planning Agencies and the California Air Resources Board,

a new modeling software platform has been implemented. The software represents a significant improvement in the state of the art and in particular is expected to provide a higher level of information for use in ongoing air quality planning activities.

Commission staff retained Kittleson & Associates, Inc. to update the traffic model to a 2010 base year with projected models developed in five year increments to 2040. The updated model incorporates many improvements originally developed for the Rio Mesa area model update and the Madera County Blueprint process, including: a master network, feedback loop, and equilibrium assignment. The current three-county model network has been pared down to represent Madera County alone, with gateway nodes at the county borders. Trip generation and assignment was recalibrated using the most recent traffic count and InfoUSA land use data.

Commission staff and consultants retained for the development of the 2014 RTP/SCS are utilizing UPlan scenario modeling software to evaluate how the Plan and its policies will impact land use. The UPlan land use model uses a combination of computer based Geographic Information System, or "GIS" tools to accomplish the land use modeling tasks. The primary tool, UPlan, was developed by the University of California, Davis. It is a land use modeling software used to generate future growth models. The key components of UPlan modeling are projected populations, general plan land use, attraction areas, discouragement areas, and masks. UPlan is used in conjunction with ESRI's ArcGIS software, allowing the results of UPlan models to be displayed visually as easy to understand maps.

As part of the San Joaquin Valley Blueprint Planning Process, MCTC retained Kittleson & Associates, Inc. to prepare a 2050 Blueprint model scenario. The Blueprint process seeks to integrate land use and transportation planning through the development of modeling tools to optimize land use decisions to enable the most efficient allocation of transportation resources and to promote alternative modes of transportation. The result of the Blueprint effort was the selection of a Blueprint preferred scenario. Since the Blueprint process is now a familiar concept within the county, MCTC decided to use the Blueprint scenarios as the base for the SCS scenario development for the 2014 RTP update. Based upon this directive, Community Design and Architecture (the MCTC consultant firm) is preparing the data inputs for the MCTC updated UPLAN software, utilizing the parcel-based databases from the Blueprint process, as well as the MCTC Blueprint scenario definitions.

Commission staff retained Fehr and Peers in 2013 to develop a TxD Model Post Processor for use in future SCS and RTP scenario analysis. The TxD process adjusts vehicle trips and vehicle miles traveled results from MCTC's Cube Model based on statistical analysis of the difference in sensitivity of the travel model to small-scale land use changes compared to the sensitivity of set parcel based regression models. The data, findings, and tools in the TxD Model Post Processor will provide the ability to better capture the effects of smart growth strategies in the travel modeling they employ for regional scenario evaluation and planning.

Commission staff retained VRPA Technologies and Fehr and Peers to further refine the current transportation model's validation and calibration statistic, oversee and review updates to land use assumptions and assist with trouble shooting and alleviating any technical issues related to updating and operating the traffic model for planning and air quality conformity purposes.

Commission staff worked with the other seven Valley MPOs to implement the Central Valley I-PLACE³S Pilot Project. This project involved the development of an I-PLACE³S application that enables planners and the public to evaluate land use scenarios using quantifiable criteria. The project was funded by the Strategic Growth Council Model Incentives Grant Program.

Commission staff worked with the other seven Valley MPOs, UC Davis, and the California Air Resources Board on an interregional San Joaquin Valley model improvement project. This project developed a new tour-based travel demand model for the San Joaquin Valley and a web based travel model storage system that allows model data to be shared across the Valley.

In 2014 the Protect and Improve Critical Transportation Planning Tools for Rural and Growing Counties Project proposed by Amador, Calaveras, and Tuolumne Counties was awarded a Caltrans Partnership Planning for Sustainable Transportation Grant. Madera, Glenn, and Lassen Counties agreed to help pay the local match for this grant. The grant and contract agreement is with UC Davis and includes a task wherein the model update/upgrade, when it's completed, will be brought to these three counties and installed with assistance. MCTC staff will coordinate with and help facilitate the development of the Protect and Improve Critical Transportation Planning Tools for Rural and Growing Counties Project as requested and provide Local Match funding for the project at a sum of \$10,000 in fiscal year 2016/17.

Previous Work

1. Developed and Updated Traffic Analysis Zones, Land Use Assumptions and Model Network for 2014 RTP/SCS and EIR projects and Federal Air Quality Conformity Determinations.
2. Network development for the 2025 Rio Mesa Area Traffic Model.
3. Installation and implementation of Cube Base/Voyager traffic modeling software system.
4. Provided data for various transportation planning studies
5. Network development for the 2050 Blueprint Model
6. Model runs in support of Blueprint scenario planning process
7. Implement San Joaquin Valley Model Improvement Program utilizing Prop 84 funding (in kind).
8. Implement Central Valley MPOs I-PLACE³S Pilot Project (in kind).
9. Implement the UCD/ARB San Joaquin Valley model improvement project (in kind).
10. Developed 2010 update of countywide travel demand model, with projected models developed in five year increments to 2040.

Product

1. Maintain the current traffic model for the Madera regional area.
2. Model runs in support of air quality analysis, environmental studies, and project development activities.
3. Network updates and model runs producing VMT and speed bin data supporting air quality conformity analysis for 2015 FTIP & 2014 RTP amendments as needed.
4. Develop model runs for the 2014/2018 RTP and SCS.

Tasks

	Task Description	Work Schedule	% of Work
112.1	Maintain network and zonal database for year 2010 and projected years to 2040.	cont.	40%
112.2	Organize Model Coordinating Committee Meetings as Needed	cont.	10%
112.3	Local and regional project model runs	cont.	15%
112.4	Utilize modeling tools in support of SJ Valley Blueprint	cont.	5%
112.5	Participate in the MIP Phase II	cont.	25%

112.6	Participate in the Protect and Improve Critical Transportation Planning Tools for Rural and Growing Counties Project as required.	2016-17	5%
			100%

FTE: .22

112 Regional Transportation Modeling			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	10,000	MCTC	64,651
MCTA		Technical/Modeling On Call Services	50,000
FHWA-PL	105,485	Cloud Computing	1,000
FTA-Section 5303		Software Maintenance	3,500
PPM-STIP	13,666	Planning Grant Match	10,000
Other (Specify)			
Total	129,151	Total	129,151

Objective

To maintain an ongoing coordinated transportation/air quality planning process consistent with the goal of attaining and maintaining Federal and State air quality standards.

Discussion

Ongoing air quality planning incorporates all activities necessary to ensure compliance with Federal and State air quality standards. The United States Environmental Protection Agency (EPA) has designated the entire San Joaquin Valley Air Basin as an “Extreme” 8-Hour Ozone and PM 2.5 non-attainment area. The Madera County Transportation Commission (Commission) participates with the eight San Joaquin Valley Transportation Planning Agencies, the San Joaquin Valley Air Pollution Control District, and State and Federal agencies to proactively address air quality issues. Focus is maintained on support of improved technical analyses of transportation related issues, development of effective transportation control measures, and addressing the overall air quality problem through staying informed and engaged in a broad range of efforts to identify solutions. The San Joaquin Valley Interagency Consultation Group (IAC) serves as the conduit for interagency consultation required for air quality conformity determinations and for coordinating member agency commitments to implement TCMs consistent with the approved attainment demonstration plans.

The San Joaquin Valley Air Pollution Control District (Air District) holds primary responsibility for development and adoption of attainment plans for the San Joaquin Valley. The eight Valley transportation planning agencies and the Air District have developed a coordinated, cooperative and consistent planning process through a joint Memorandum of Understanding (MOU). An annual “Work Plan” provides for coordination of work items including (1) submission of Vehicle Miles Traveled (VMT) forecasts for development of emission budgets, (2) updating of attainment demonstration plans, (3) joint evaluation of TCMs, and other opportunities to work jointly on projects or studies that address air quality improvement.

Traditional control methods directed at stationary and mobile sources are reportedly reaching their limits of effectiveness. It is, therefore, necessary to review and broaden assignment of responsibility for the quality of our air. Local government control measures are being implemented to address areas under the jurisdiction of local government. Additionally, as transportation choices made by the general public can significantly affect emissions from motor vehicles, education of the general public regarding effects of behavioral patterns is critical. The Commission coordinates and advises in the development of local government control measures and encourages conscientious travel choices. Pertinent air quality information is disseminated directly to the local tribal governments and MCTC staff is made available to assist with air quality requirements.

The Valley TPA Directors continue joint funding for a valley-wide air quality coordinator, responsible to the Directors, to ensure that air quality conformity and related modeling within the Valley is accomplished on a consistent and timely basis consistent with the requirements of MAP-21 and the FAST Act. The Federal Clean Air Act requirements are complex and require continual monitoring of changes and interpretations of the requirements. Increased involvement in technical analyses of plans, programs, and projects has been necessary during the last several years to ensure compliance. The Commission remains involved in the air quality conformity

process through participation in statewide and regional workshops and committees (i.e. EMFAC 20011-SG, etc.).

MCTC has demonstrated its transportation planning related air quality impacts conform to the 2008 Ozone and 2012 PM2.5 standards. The MCTC Policy board acknowledged these findings and directed commission staff to forward the results of the analysis to appropriate state and federal authorities who concurred with the findings.

Previous Work

1. Demonstrated conformity for the 2008 Ozone and 2012 PM2.5 Standards.
2. Monitored developments of Federal and State Clean Air Acts.
3. Executed MOU with eight Valley TPAs and the Air District to ensure a comprehensive and cooperative approach to air quality transportation planning.
4. Assisted in development of travel and emissions travel forecasts.
5. Projected motor vehicle emission forecasts for Madera County.
6. Continued to work jointly with the Air District in matters pertaining to transportation planning.
7. Provided updated travel factors to the Air District.
8. Completed Reasonably Available Control Measure (RACM) process for Madera County for inclusion in the Air District's Ozone Extreme Plan.
9. Completed the Best Available Control Measure (BACM) process for Madera County for inclusion in the Air District's PM10 Plan.
10. Participated with other Valley TPAs in the San Joaquin Valley Modeling/Air Quality Committee.
11. Prepared 8-Hour Ozone, PM 10, and PM 2.5 Air Quality Conformity Determinations for the 2011 FTIP/RTP.
12. Prepared 8-Hour Ozone, PM 10, and PM 2.5 Air Quality Conformity Determinations for the 2013 FTIP.
13. Developed greenhouse gas reduction targets for Madera County to meet SB 375 mandates.
14. Prepared 8-Hour Ozone, PM 10, and PM 2.5 Air Quality Conformity Determinations for the 2013 FTIP.
15. Prepared 8-Hour Ozone, PM 10, and PM 2.5 Air Quality Conformity Determinations for the 2015 FTIP/ 2014 RTP.

Product

1. Contract with Valley Air Quality Consultant (approx. \$10,000).
2. Prepare Conformity Determinations as required for any amendments to the 2015 FTIP or 2014 RTP.
3. Prepare 8 Hour Ozone, PM 10, and PM 2.5 Air Quality Conformity Determination for the 2017 FTIP.
4. Document Tribal government-to-government relations.

Tasks

	Task Description	Work Schedule	% of Work
113.1	Participate with other Valley MPOs in the San Joaquin Valley Director's Association-Interagency Consultation Group (IAC), and State agencies to address ongoing pertinent transportation modeling, air quality modeling, and transportation conformity analysis issues.	cont.	10%
113.2	Prepare Air Quality Analysis necessary for 2017 FTIP.	cont.	15%
113.3	Monitor State and Federal guidance related to air quality transportation planning requirements.	cont.	10%
113.4	Submit future year travel forecasts to the SJVAPCD and the CARB as requested.	cont.	10%

113.5	Work with the SJVAPCD and other agencies in determining whether there are TCMs, Reasonably Available Control Measures (RACM) and/or Best Available Control Measures (BACM), which could be pursued for congestion or inclusion in attainment demonstration plans.	cont.	10%
113.6	Evaluate various alternative modes of transportation as they relate to air quality.	cont.	10%
113.7	Continue with the ongoing public education process and work to develop outreach programs on conformity and other transportation issues.	cont.	5%
113.8	Continue to work with the SJVAPCD and SJV Model Coordinating Committee to jointly evaluate the development of the updated EMFAC (Emissions FACTor model) and current California mobile source control measures on motor vehicle emission projections.	cont.	10%
113.9	Update interagency coordination process to comply with Federal interagency consultation requirements listed under 40 CFR 93.105 as necessary.	cont.	15%
113.10	Continue with ongoing coordination, consultation, collaboration and communication and provide necessary technical assistance to the tribal governments. Pertinent air quality information is disseminated directly to the local tribal governments and MCTC staff is made available to assist with air quality requirements.	cont.	5%
113.11	Prepare conformity finding for amendments to the 2015, 2017 FTIPs and 2014 RTP	July 16- June-17	10%
			100%

FTE: .21

113 Air Quality Transportation Planning			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	7,785	MCTC	58,566
MCTA		Air Quality Consultant	9,300
FHWA-PL	60,081		
FTA-Section 5303			
STIP-PPM			
Other			
Total	67,866	Total	67,866

120 GOODS MOVEMENT & HIGHWAYS PLANNING

Objective

To maintain a continuing, cooperative and coordinated regional Goods Movement Streets and Highways planning process which coordinates with our San Joaquin Valley partners and is also responsive to local needs and to State and Federal planning requirements.

Discussion

The San Joaquin Valley COG Directors commissioned the development of a Valley wide Goods Movement Action Plan. Based on the success of the Route 99 Business Plan and in order to compete for goods movement funding, the valley needed a Goods Movement Action Plan that was similar in nature to the Route 99 Business Plan. The Goods Movement Action Plan identifies the priorities and the necessity of goods movement projects in the valley. In Madera County, there is particular interest in the State Route 99, State Route 152, and State Route 41 Corridors for economic development and goods movement primarily from farm to market.

State Route 99 Coordination

MCTC staff has been in active coordination and consultation with Caltrans regarding the State Route 99 Corridor. Working with the Great Valley Center and Caltrans, a Business Plan was developed for the corridor running through the valley. Partly because of this coordination and Business Plan, the Proposition 1B bond included a State Route 99 earmark, the only transportation earmark in the bond placed before the voters. Those funds have been awarded to needed projects, but there is an additional \$5 Billion plus in projects remaining to be funded. The next objective is to update the Business Plan and develop a Financial Plan for the remaining projects that need to be funded.

Throughout this process is the potential consideration by the State of interstate status for State Route 99. At the prompting of various valley interests, the Governor did issue a letter stating, without any financial commitment, that interstate status should be investigated. Caltrans in consultation with the Federal Highways Administration determined that pursuing interstate status was not feasible at this time, but will re-evaluate in the future.

San Joaquin Valley Interregional Goods Movement Plan

The San Joaquin Valley Interregional Goods Movement Plan was completed in August of 2013. It identifies future preferred goods movement system for the Valley implemented through a comprehensive interregional strategy.

The planning effort involved numerous stakeholders including the Federal Highway Administration, Caltrans, ports, private trucking industry, railroads, regional transportation agencies, the agricultural industry and others. The product of this joint study is a San Joaquin Valley Policy Council planning document. Results of the Plan were included in the 2014 RTP.

San Joaquin Valley Goods Movement Sustainable Implementation Plan

The San Joaquin Valley Goods Movement Sustainable Implementation Plan (SJVGMSIP) will build upon the previously completed San Joaquin Valley Interregional Goods Movement Plan which identified “first and last mile connectivity” (e.g. to-and-from freight hubs located within proximity of highways or agricultural processing centers, distribution centers, intermodal facilities, and industrial and commercial zoned land and other freight hubs), truck routing and

parking needs, rural priority corridors, and developing a goods movement performance and modeling framework for the San Joaquin Valley as critical needs steps for further evaluation and development.

This study is funded through a 2014-15 Caltrans Partnership Planning for Sustainable Transportation grant program for continued evaluation and refinement of the San Joaquin Valley goods movement system. Cambridge Systematics is the prime consultant engaged on this study.

San Joaquin Valley I-5 Goods Movement Plan

Building upon previous goods movement planning efforts, the eight San Joaquin Valley Regional Planning Agencies are currently undertaking a study for Interstate 5 and State Route 99, major freight movement corridors identified as part of the United States Department of Transportation (USDOT) National Primary Freight Network and vital to Valley's economy.

This study is funded through a 2015-16 Caltrans Emerging Priorities grant for continued evaluation and refinement of the San Joaquin Valley goods movement system. Cambridge Systematics is the prime consultant engaged on this study. Commission staff has joined many other Central California transportation stakeholders to participate on the SJV Goods Movement Technical Advisory Committee.

Study of Short-Haul Rail Intermodal Facilities in the San Joaquin Valley

A major outcome of the San Joaquin Valley Regional Goods Movement Action Plan 2007 was the proposal of a rail corridor system extending from the Port of Oakland, to the Tehachapi Pass, and connecting to points east of south of the San Joaquin Valley.

The rail corridor system will allow goods currently being trucked through the Valley to be "diverted" to the rail corridor. This will relieve congestion, facility deterioration and air pollution by reducing truck vehicle miles traveled (VMT) – the number one contributor to all of these factors. Cambridge Systematics has been retained to conduct an analysis of Short Haul Rail Intermodal Facilities in the San Joaquin Valley.

Origin/Destination and Fiscal Impact Study

MCTC has joined with Fresno COG, Madera County, Fresno County and the City of Fresno in undertaking an Origin/Destination and Fiscal Impact Study. This study will provide for a comprehensive understanding of transportation movements and effects between Fresno and Madera Counties, the Fresno Council of Governments (Fresno COG) and the Madera County Transportation Commission (MCTC) – in partnership with the Counties of Fresno and Madera, and the Cities of Fresno and Madera – seek to conduct a joint Origin-Destination Study. It is anticipated that the joint study would consist of two parts. Part one would consist of an analysis of origin and destination traffic movements between the two counties. Part two would provide an analysis of the fiscal impacts of such movements on the local and regional economy. The results of the joint study are intended to better inform local decision-making bodies regarding commuter patterns and their economic impacts, while improving the regional planning agencies' abilities to implement their Sustainable Communities Strategies. The total timeline of the study would consist of a 12-month period; allowing for 6 months of traffic analysis and 6 months of fiscal analysis with integrated administrative report editing/review and completion taking place concurrently. The budget for this study is \$250,000 of which \$50,000 is provided by MCTC.

The Commission also maintains an active streets and highways planning process which is used to identify and document the need for new facilities and expansion of

existing facilities to accommodate projected regional growth. Future needs are evaluated relative to projections of available financial resources and fundable projects are advanced to the Regional Transportation Plan and the Regional Transportation Improvement Program.

Included in this work element is staff participation in corridor studies, project level traffic studies, review of agency general plan updates, and review of local agency circulation elements for adequacy to meet projected needs. Streets and highways is a major focus of the Regional Transportation Plan (RTP). Passage of Measure “T” provides a needed infusion of funding into the local program. Generally, staff efforts will be directed towards the identification of safety and congestion problems in order to establish priorities for future project funding. Additionally, opportunities for implementation of Intelligent Transportation Systems to problems will be explored.

Funding of transportation infrastructure is a critical need. Staff will work to develop tools necessary to identify costs of improvements needed to accommodate projected regional growth and to assign benefits by geographic area. Staff will also continue efforts to identify and maximize external funding sources to support transportation improvements within Madera County.

Previous Work

1. Provided technical support and participated in the Fresno-Madera County Freeway Interchange Deficiency Study – Phase I & II.
2. San Joaquin Valley Goods Movement Action Plan
3. Participation in Goods Movement Study
4. San Joaquin River Regional Transportation Study
5. Participation on VTA sponsored SR 152 Trade Corridor Study
6. Participation in SR 99 and SR 41 Congestion Management Plans.
7. Participation in the San Joaquin Valley Interregional Goods Movement Plan.

Product

1. Staff reports on various corridor and project level traffic studies, including SR 41 High Emphasis Focus Route, SR 49 designation, and SR 99.
2. Study of San Joaquin Valley Interregional Goods Movement Plan, San Joaquin Valley Goods Movement Sustainable Implementation Plan, and the San Joaquin Valley I-5/SR 99 Goods Movement Corridor Study.
3. Study of Short-Haul Intermodal Facilities in the San Joaquin Valley.
4. Participation with Fresno COG and Merced CAG in the exploration of circulation issues of mutual concern.
5. Origin/Destination with Fiscal Impact Study
6. Document Tribal government-to-government relations.

Tasks

	Task Description	Work Schedule	% of Work
120.1	Review local agency circulation elements including goals, policies and objectives.	cont.	10%
120.2	Prepare staff analysis on impacts of existing, proposed, and new State and Federal funding programs on local agencies.	cont.	20%
120.3	Consultation, coordination and collaboration with tribal governments for the Indian Reservation Roads (IRR) Program Inventory.	cont.	10%
120.4	Participate and provide technical support for the Madera-Fresno Origin/Destination and Fiscal Impact Study	FY 16-17	25%
120.5	Prepare staff analysis on various studies, including the SR 41 High Emphasis Focus Route, SR 49 designation, SR 99, and review local agency traffic studies as required.	cont.	15%

120.6	Participate and provide technical support for planned or ongoing Valleywide Goods Movement Projects	FY 16-17	20%
			100%

FTE: .23

<i>120 Goods Movement and Highways Planning</i>			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF		MCTC	65,345
MCTA		Origin/Destination Study	25,000
FHWA-PL	79,983		
FTA-Section 5303			
STIP-PPM	10,362		
Other (Specify)			
Total	90,345	Total	90,345

122 PROJECT COORDINATION AND FINANCIAL PROGRAMMING

Objective

To prioritize regional transportation projects by monitoring State and Federal funding requirements, including existing and proposed regulations and through coordination with local agencies to establish priorities according to accepted performance measures.

Discussion

Senate Bill 45 provided a new opportunity for regions to utilize State funding (STIP) for improvements to State highways and local streets and roads. Regional Transportation Planning Agencies and local agencies have expanded responsibilities for project development, programming and delivery and are expected to satisfactorily complete all procedural requirements pursuant to State and Federal regulations. This work element provides staff time dedicated to keeping current with all State/Federal regulations affecting project delivery and working with local agencies to ensure that project work activities are responsive to these requirements, are timely, and are processed correctly. Local agencies are responsible for normal engineering and environmental work activities related to project delivery, but are expected to coordinate closely with MCTC staff to ensure that required work activities and products satisfy current State/Federal requirements and are consistent with the Regional Transportation Plan.

It is anticipated that projects will be advanced by local agencies from the priority list of projects in the Regional Transportation Plan. These projects must have a completed Project Study Report, prepared by the implementing agency (City of Chowchilla, City of Madera and County of Madera), prior to proceeding to programming. Once programmed, there are various applications for funds which must be processed as well as requirements for the timely use of funds. State/Federal requirements change in response to new legislative initiatives such as the Moving Ahead for Progress in the 21st Century Act (MAP-21), Fixing America's Surface Transportation Act (FAST Act) and Senate Bill 45 and as guidelines are developed and modified to respond. Rather than have each Commission member agency try to keep current with all requirements, this work element provides a staff resource to be utilized by each agency with particular emphasis on those activities related to responding to State/Federal agency requirements.

With the passage of Proposition 1B in November 2006, Commission staff has been tasked with the administration of two new transit funding sources: the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) and the Transit System Safety, Security, and Disaster Response Account (TSSSDRA). MCTC currently suballocates both TSSSDRA and PTMISEA funds to local agencies by population. For the PTMISEA program, MCTC is also responsible for review and submission of project applications, disbursement of funds to local agencies, and project tracking, including semiannual reporting to Caltrans.

The Commission is charged with distributing funding from the Low Carbon Transit Operations Program (LCTOP) to transit agencies pursuant to the Transit, Affordable Housing, and Sustainable Communities Program, which was established by the California Legislature in 2014 by Senate Bill 862 (SB 862). These programs have a goal of reducing greenhouse gas emissions and are funded by auction proceeds from the California Air Resource Board's (ARB) Cap-and-Trade Program. These funds have their own statutory requirements under SB 862, but are also required to meet the statutory requirements of the Transportation Development Act.

Commission staff assists local agencies (including Tribal Governments) and attends relevant workshops in preparation of Sections 5307, 5310, 5311, and the new 5339 grant applications to fund purchase of new transit vehicles or provide operating funds pursuant to the guidelines. Commission staff has informed local agencies (including Tribal Governments) about the Job Access and Reverse Commute (JARC) grant program that is now part of the Section 5311 program. The JARC program provided competitive grants to assist States and local communities in developing flexible transportation services to connect welfare recipients and other low-income persons to employment and support services.

Previous Work

1. Madera County 2011, 2014 Regional Transportation Plans
2. Madera County 2008, 2010, 2012, 2014 Regional Transportation Improvement Program
3. Planning, Programming, and Monitoring of STIP projects
4. Prop 1B: PTMISEA and TSSSDRA administration
5. Section 5310, Section 5311, Section 5311(f), Section 5305 and Section 5307 grant applications.

Product

1. Project transportation planning and programming support services.
2. Prioritization and financial cash flow analysis
3. Prop 1B: PTMISEA and TSSSDRA administration – suballocation, application processing, tracking, and reporting.
4. Section 5311, Section 5311(f), Section 5310, Section 5304, and Section 5307 grant applications
5. Low Carbon Transit Operations Program (LCTOP) Allocations and administration

Tasks

	Task Description	Work Schedule	% of Work
122.1	Maintain currency with all Federal/State project programming and delivery requirements.	cont.	20%
122.2	Provide staff time dedicated to keeping current with all State/Federal regulations affecting project delivery and working with local agencies to ensure that project planning and programming work activities are responsive to these requirements, are timely, and are processed correctly.	cont.	15%
122.3	Prioritize projects for inclusion in TIP and RTP based upon accepted performance measures and financial analysis.	cont.	45%
122.4	Administer Prop 1B transit programs: PTMISEA and TSSSDRA.	cont.	10%
122.5	Assist local agencies in development of project applications for Section 5311, 5311(f), Section 5310; Section 5304 Section 5307.	cont.	5%
122.6	Administer and allocate LCTOP	cont.	5%
			100%

FTE: .37

122 Project Coordination and Financial Programming		
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>
LTF		MCTC 80,546
MCTA		
FHWA-PL		
FTA-Section 5303		
STIP-PPM	80,546	
Other (Specify)		
Total	80,546	Total 80,546

Objective

To maintain a continuing public transportation planning process pursuant to requirements of the Alquist-Ingalls Act (AB-402, 1977); the Social Service Improvement Act (AB-120, 1979); the Mello Act (SB-157, 1985); the Social Service Transportation Act (SB-498, 1987), and the Specialized Transportation Services: unmet transit needs Act (SB-826, 1988 and SB 807, 1989).

Discussion

Planning to meet the transportation needs of residents of Madera County is a continuing program of the Commission.

Commission staff has implemented the requirements of the Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) pertaining to coordination and the need for developing a locally developed coordinated public-transit human services transportation plan. MCTC last adopted a coordinated plan on July 22, 2015. The coordinated plan will be updated pursuant to the Moving Ahead for Progress in the 21st Century Act (MAP-21) and the Fixing America’s Surface Transportation Act (FAST Act), as necessary to assist the local agencies in applying for funds from Sections 5310 and 5311.

Commission staff will partner with the County of Madera and the State of California in the State’s effort to promote public participation in transportation planning to address common goals of promoting mobility, equity, access, safety and sustainable communities in our area.

Commission staff maintains the Short Range Transit Development Plan, a five year plan completed in 2009/10 and valid through 2013/14. MCTC staff has begun work on an updated Short Range Transit Development Plan. Completion of the plan is expected to occur in summer of 2016.

Commission staff will continue to work closely with the Transit Advisory Board (TAB) and monitor transit issues in the City of Madera.

Commission staff will post information related to public transportation on the Commission’s website.

Commission staff will examine transit as it relates to non-social services oriented travel and farmworker transportation needs.

Commission staff encourages transit operators to update their emergency preparedness plans and to conduct frequent emergency drills and exercises for the safety and security of the transportation system.

Commission staff has created a transportation guide which contains information about all transit operators in Madera County including Madera Area Express (MAX), Dial-A-Ride (DAR), Chowchilla Area Transit Express (CATX), CATLinX, Madera County Connection (MCC), Eastern Madera County Escort Service, Eastern Madera County Senior Bus, Yosemite Area Regional Transit Service (YARTS), CalVans, and Amtrak in a way that allows users to see how those systems complement each other and can be used in combination to reach most destinations in Madera County and beyond. Staff will engage in public outreach activities that use the transportation guide to educate residents about all their transit options and encourage mode shift to transit.

Commission Staff has worked closely with the Fresno Council of Governments on the Yosemite, Sequoia and Kings Canyon National Parks Transit Market Assessment & Feasibility Study. Upon completion of the feasibility study, Fresno COG staff was directed to work more closely with MCTC and Madera County staff in gathering additional public opinion in Eastern Madera County concerning a potential National Park transit service. Fresno COG approved an amount of \$15,000 in their 2012/2013 Overall Work Plan Budget for this purpose. The Madera County Board of Supervisors directed their staff to collaborate with MCTC and Fresno COG staff in conducting more extensive outreach related to this project. MCTC conducted a scientific survey among Eastern Madera County residents regarding the potential system's impact on the Eastern Madera Region. The study was completed in November of 2013.

The North Fork Rancheria of Mono Indians of California operates the North Fork Rancheria Tribal Transit Program (NFRRTTP), jointly funded through the Tribal Transit Program administered by the Federal Transit Administration and the Tribal Transportation Program administered by the Bureau of Indian Affairs. The NFRRTTP also serves target populations of elderly, persons with disabilities, and low-income to medical and other essential services.

Previous Work

1. Transit Development Plans
2. Regional Transportation Plan – Public Transportation Element
3. Social Services Transportation Inventory and Action Plan
4. Updated Action Plan or Progress Report (SB 826)
5. City of Madera Fixed Route Feasibility Study
6. Documentation of annual Unmet Transit Needs Process
7. Coordinated Public Transit-Human Services Transportation Plan - 2015
8. Strategic Implementation Plan for Madera County public transit services - 2007
9. Short Range Transit Development Plan – 2009/10-2013/14
10. Participation in the Steering Committee for a new Valley-wide Rideshare Entity
11. Participant in Southern San Joaquin Valley Rural Vanpool and Rideshare Assessment Study 2006/07
12. Conduct scientific public survey of Eastern Madera County Residents regarding potential transit system between Fresno and Yosemite National Park.

Product

1. Transit services database for Madera County to include GIS maps of service areas
2. Document Tribal government-to-government relations
3. Short Range Transit Plan
4. Review transit operator agreements and update if needed
5. Madera County Transportation Guide

Tasks

	Task Description	Work Schedule	% of Work
130.1	Continue to maintain and update information for the transit services inventory.	cont.	10%
130.2	Monitor information for update of the RTP.	cont.	30%
130.3	Review transit operator agreements and update as necessary.	cont.	5%
130.4	Consultation, coordination and collaboration with Social Services Transportation Advisory Committee, tribal governments, farmworker transportation groups as needed to ensure that environmental justice requirements are being addressed/complied with.	cont	15%

130.5	Participation on Transit Advisory Board and monitor related transit agencies.	2016-17	15%
130.6	Update of Short Range Transit Development Plan, as needed	cont.	10%
130.7	Transportation Guide related updates and outreach	cont.	15%
			100%

FTE: .24

130 Public Transportation			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	6,874	MCTC	59,933
MCTA			
FHWA-PL			
FTA-Section 5303	53,059		
STIP-PPM			
Other			
Total	59,933	Total	59,933

Objective

To maintain a continuing, cooperative, and coordinated transportation planning process for the non-motorized, aviation and rail modes consistent with the principles of livable communities.

Discussion

The Commission monitors local, State and Federal requirements impacting local plans for the non-motorized, aviation and rail transportation modes. Information developed is documented in staff reports and included in the Regional Transportation Plan for action.

The Commission has taken many steps in RTP development to ensure safety and capacity issues are addressed on all roads through better planning and design, and using Travel Demand Management approaches to system planning and operations. As a result of these activities, MCTC has met livability/sustainability Planning Emphasis Area objectives.

The Madera County Bicycle and Pedestrian Facilities Plan were updated in 2004 and recommendations from the Plan were incorporated into the 2014 RTP. Continuing staff support to local agencies in the implementation of the Bicycle and Pedestrian Facilities Plan is provided.

The Bicycle and Pedestrian Facilities Plan will be replaced by the new Madera County Regional Active Transportation Plan which will include an audit of the bicycle and pedestrian networks, safety assessments, recommendations, and public outreach. The Plan development is scheduled to kickoff at the start of the 2016-17 fiscal year and continue throughout the remainder of the 2016-2017 fiscal year. The Plan will lay the groundwork for an ongoing active transportation program to be utilized in all Madera County jurisdictions. MCTC Staff applied for an Active Transportation Program Grant in 2015 and Caltrans Sustainable Communities Planning Grants in 2014 and 2015, and a San Joaquin Valley Health Fund Grant in 2015 for the purpose of developing the Active Transportation Plan.

A Complete Streets Policy Guide will be developed to assist local jurisdictions with the adoption of their own Complete Streets Policy. Complete Streets policies ensure a connected network of streets that are accessible to all users which can encourage mode shift to non-motorized transportation that will support the goals and objectives of the Active Transportation Plan and the Sustainable Communities Strategy.

MCTC partnered with the City of Madera and the Technology Transfer Program at University of California, Berkeley's Institute of Transportation Studies in 2015 to conduct a Pedestrian Safety Assessment at various locations within the City of Madera.

A biennial update of the aviation Capital Improvement Program is required by the Regional Transportation Planning Agencies under Section 21702, et seq., of the Public Utilities Code.

The Commission participated in the Valleywide Intelligent Transportation Systems (ITS) Implementation Committee for the San Joaquin Valley. The ITS plan for the San Joaquin Valley was completed in November 2001. The San Joaquin ITS SDP provides an analysis of needed functional areas, development of a regional ITS architecture, and a recommendation of projects for deployment. Staff continues to participate on the San Joaquin Valley ITS architecture maintenance team to further

develop and strengthen a regional architecture consistent with the Federal Highway Administration ITS Architecture and Standards Final Rule. An ITS Architecture Maintenance Plan was formally adopted in July 2005. Other ITS projects include the deployment of a San Joaquin Valley 511 traveler information system in participation with a working group of Valley MPOs (included in WE 151).

The County of Madera is responsible for the Airport Land Use Compatibility Plan (ALUCP), formerly known as the Comprehensive Land Use Plan (CLUP). MCTC staff has recommended to the county that the CLUP be updated.

Commission staff will monitor the development of the California High-Speed Train. With the passage of Proposition 1A in November 2008, the High-Speed Train project was given an infusion of \$9.95 billion in bond funding. The California High-Speed Rail Authority has divided the proposed system into several segments for the purpose of Project-level Preliminary Engineering Design and Environmental analysis. Since Madera County sits on the "wye-connection" between three of these segments (San Jose-Merced, Merced-Fresno, and Fresno-Bakersfield), Commission staff will attend meetings and engage in other forms of stakeholder outreach to ensure that the County is fully represented at every step of the process. The 2012 HSR Business Plan funds the construction of the first phase of the segment through Madera and Fresno counties with the sale of Prop 1A bonds to match federal HSR grant funds beginning in 2014. The 2014 RTP/SCS addresses local connectivity to the Merced and Fresno stations focusing on Amtrak along the SR 99 corridor and BRT along the SR 41 corridor into Fresno.

Previous Work

1. Developed the Madera County 2004 Regional Bicycle Transportation Plan.
2. Developed the Madera County Bicycle and Pedestrian Facilities Plan – 1994. Prepared individual agency updates in 1998, 2000.
3. Madera County Aviation Systems Plan - 1997.
4. Monitored rail development plans for Multimodal facility in Madera and relocation of Amtrak station.
5. A biennial update of the aviation Capital Improvement Program.
6. Member of the Fresno Rail Consolidation Project Development Team – Rail Consolidation Study (2001/02).
7. Updated information on bicycle and pedestrian facilities and rail planning for inclusion in the 2004, 2007 and 2011 RTP.
8. San Joaquin Valley ITS Strategic Deployment Plan.
9. Coordinated with the eight Valley MPOs, Caltrans and FHWA to develop an ITS Architecture Maintenance Plan – 2005.
10. Member of the Madera County High Speed Rail Technical Working Group.
11. Incorporated livability/sustainability PEA principles in RTP development.
12. Conducted Pedestrian Safety Assessment with City of Madera.

Product

1. Updated information on bicycle and pedestrian facilities, aviation systems planning (planning only) and rail planning for inclusion in the updates of the RTP.
2. Staff reports on non-motorized, aviation, and rail issues.
3. Complete grant applications for non-motorized, aviation, and rail projects.
4. Participate in updates to the ITS Architecture Maintenance Plan.
5. Madera County Regional Active Transportation Plan.
6. Complete Streets Policy Guide.

Tasks

	Task Description	Work Schedule	% of Work
140.1	Review planning issues related to bicycle and pedestrian facilities, aviation systems planning, and rail.	cont.	10%
140.2	Provide staff analysis of available funding resources for non-motorized, aviation, and rail planning and projects.	cont.	5%
140.3	Review goals, objectives and policies for bicycle and pedestrian, aviation, and rail. Update for inclusion in the RTP as necessary.	cont.	5%
140.4	Participate in meetings/workshops related to ITS, rail, aviation, bicycle and pedestrian facilities, and other modal elements	cont.	5%
140.5	Monitor and participate in the EIR/EIS development process for the California High-Speed Rail system, including proposed alignments and potential maintenance facility locations in Madera County and ensure consistency and compliance with the RTP and other plans and products.	cont.	5%
140.6	Represent Madera County on the San Joaquin Valley Rail Committee.	cont.	5%
140.7	Coordinate activities to secure funding from the Active Transportation Program.	cont.	5%
140.8	Develop Active Transportation Plan including existing bicycle and pedestrian facilities inventory, project list, identification of funding sources, and implementation plan.	2016-17	25%
140.9	Collect data to support the creation and maintenance of an Active Transportation Plan including bicycle and pedestrian counts, collision data, and bicycle and pedestrian safety assessments.	cont.	15%
140.10	Develop and maintain Active Transportation website.	cont.	10%
140.11	Develop a Complete Streets Policy Guide to support both ATP and SCS implementation	2016-17	10%
			100%

FTE: .34

140 Other Modal Elements			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	25,249	MCTC	90,130
MCTA		Consultant	130,000
FHWA-PL	194,881		
Toll Credits (PL)			
FTA-Section 5303			
STIP-PPM			
Other (Specify)			
Total	220,130	Total	220,130

150 PUBLIC PARTICIPATION PROGRAM

Objective

To develop and maintain an ongoing program with assistance from the public to provide for effective public participation in development of the Commission's plans, programs, and decision-making process, consistent with Federal transportation legislation requirements. Provide public with information on activities, meetings, planning documents and reports, and to seek input from the public on Commission's planning activities. Special emphasis is placed on public participation from environmental justice communities.

Discussion

The Federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users - SAFETEA-LU placed an emphasis on the need for the transportation planning process to provide an adequate opportunity for participation by interested local citizens and consult with the Native American Tribal Governments (North Fork Rancheria and the Picayune Rancheria of the Chukchansi Indians). The Federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users - SAFETEA-LU required an early, proactive, and continuing public involvement in the transportation planning process. The Commission must document its public participation process and allow 45 days for public comment and review. The process should provide complete information, timely public notice, full public access to key decisions, and support early and continuing public involvement in developing plans and programs.

This work element develops the structure for both a formal participation program and exploring alternative methods for providing public information about Commission activities. Improved information access should lead to more public involvement and improved decision making. Early public participation from stakeholders and diverse interests are important and considered in identifying regional transportation problems and issues, and in the development of recommended solutions during project planning and development.

Public hearings, workshops and meetings will be conducted as required. Public hearings and workshops are advertised in local newspapers, and outreach for special events utilize fliers, mailings, postings, libraries, social centers and newsletters. Most public hearings and workshops will be advertised 30-45 days in advance. MCTC will hold public hearings, workshops, and meetings to solicit input from the public on transportation planning issues in the Madera County area, such as: Unmet Transit Needs Public Hearing; Regional Transportation Plan Workshops; Section 5310 Grant opportunities; Adoption of Federal Transportation Improvement Program; Adoption of Regional Transportation Improvement Program; Air Quality Conformity Determinations; Transportation Control Measures; Active Transportation Plan; Short-Range Transit Development Plan; and other regional planning issues. Input received will be incorporated into the work products developed by staff for recommendation to the Policy Board for review, acceptance and/or approval. Public hearings and meetings all abide by the requirements established by the Ralph M. Brown Act (Government Code sections 54950-54962) and the Americans with Disabilities Act.

Commission staff developed a county-wide list of low-income, minority, Native American, elderly and disabled organizations to better target traditionally underserved groups (i.e. elderly, disabled, low income and minority, African American, Hispanic, Asian American, American Indian / Alaskan Native, and

Pacific Islander). Additionally, for the Regional Transportation Plan (RTP) update, staff held a specific workshop within the City of Madera to address traditionally underserved communities.

Commission staff also updated the Public Participation Plan (PPP) per Federal requirements. The Plan documents the Commission's procedure to allow for public input in the development of the Commission's plans and programs. The current PPP is on display at the MCTC office and website.

Title VI and Environmental Justice: Pursuant to 23 CFR 450.316(b)(1), the Federal Highways Administration expects Metropolitan Planning Organizations to have a proactive public involvement process that seeks out and considers the needs of those traditionally underserved groups (i.e. elderly, disabled, low income and minority, African American, Hispanic, Asian American, American Indian / Alaskan Native, and Pacific Islander) by existing transportation systems, including but not limited to low-income and minority households (23 CFR 450.316(b)(1)(vi)). Staff evaluated the distribution of low-income and minority household benefits and burdens associated with the current transportation planning process and its outcomes. The analysis is detailed in the Environmental Justice Policy and Procedures document, which was adopted in FY 2004.

Executive Order 12898, Federal Actions to Address Environmental Justice for Minority Populations and Low-Income Populations, mandates that Federal agencies make achieving environmental justice part of their missions. This order requires that disproportionately high and adverse human health or environmental effects on minority and low-income populations be identified and addressed in order to achieve environmental justice. Minority populations are defined in the order as African-American, Hispanic, Asian/Pacific Islander, American Indian and Alaskan Native. Low-income populations are defined in the order as persons whose household income (or in the case of a community or group, whose median household income) is at or below the U.S. Department of Health and Human Services poverty guidelines.

Executive Order 13175 requires agencies to consult and coordinate with local Indian Tribal governments. MCTC staff does notify and consult local tribes in Madera County and as needed in the neighboring counties of our planning activities. Tribes in Madera County are invited to participate in MCTC's technical advisory meetings.

Executive Order 13166 states that people who speak limited English should have meaningful access to Federally conducted and Federally funded programs and activities. It requires that all Federal agencies identify any need for services to those with limited English proficiency and develop and implement a system to provide those services so all persons can have meaningful access to services. MCTC takes steps to solicit input from non-English speaking residents of Madera. Public notices and flyers advertising particular public hearings are translated into Spanish, as well as subsequent documentation. When warranted or requested, a Spanish language interpreter is made available for public hearings.

MCTC updated its Public Involvement Procedures (PIP) in preparation for the development of the 2014 RTP consistent with Federal transportation legislation requirements as well as new state requirements related to SB375. The PIP delineates the mission of the MPO and establishes public involvement requirements and procedures for the development of the various MCTC plans and programs. The PIP was developed in consultation with various stakeholder groups, regulatory agencies, and input from the general public. MCTC is committed to updating the PIP periodically to ensure that a collaborative interface is fostered and maintained with the public. The PIP was last updated in May of 2015 to more concisely direct federal public engagement practices.

MCTC participated in The Central Valley Tribal Environmental Justice Project. The Project was a collaborative effort between the eight valley Councils of Governments (COGs) to develop a report containing tribal input on transportation, cultural preservation, participation in decision-making and environmental justice as part of the region's Blueprint process. The Commission has an assigned staff person to serve as a Tribal Liaison.

MCTC in consultation with its regulatory agency partners, local agencies, stakeholder groups, and the general public will engage in a update of the Public Participation Procedures that provide requirements and guidelines regarding MCTC interaction with the public during the planning; programming; and monitoring of transportation plans, programs, projects, studies, etc. in preparation for the Madera County 2014 Regional Transportation Plan update.

As a recipient of federal dollars, MCTC is required to comply with Title VI of the Civil Rights Act of 1964 and ensure that services and benefits are provided on a non-discriminatory basis. MCTC has in place a Title VI Complaint Procedure, which outlines the process for local disposition of Title VI complaints and is consistent with guidelines found in the Federal Transit Administration Circular 4702.1B dated October 1, 2012. MCTC adopted a Title VI Plan with Limited English Proficiency (LEP) Plan in July 2014, and will update as necessary.

Previous Work

1. MCTC 2007 Public Participation Plan – SAFETEA-LU Compliant.
2. Environmental Justice Policy and Procedures Plan in the 2004 and 2007 RTP.
3. Document Tribal government-to-government relations.
4. Madera Ranchos Planning Project (2008/2009).
5. Fairmead Neighborhood Mobility and Revitalization Strategies (2008/2009).
6. Picayune Rancheria of Chukchansi Indians Development Project (2008/2009).
7. Central Valley Tribal Collaboration Transportation Planning Project (2008/2009).
8. San Joaquin Valley Blueprint – Vision and Values and Locally Preferred Scenario workshops.
9. 2011 MCTC Public Participation Plan, 2012 Update.
10. Participation in the Central Valley Tribal Environmental Justice Project.
11. Conducted extensive outreach efforts with environmental justice communities as part of the 2014 RTP and Unmet Transit Needs.
12. Title VI Analysis for the 2014 RTP.
13. Title VI Plan and Limited English Proficiency Plan.

Product

1. MCTC Public Participation Plan
2. Document Tribal government to government public participation
3. Title VI Compliance and updates, as necessary.

Tasks

	Task Description	Work Schedule	% of Work
150.1	Amend as necessary the MCTC Public Participation Plan to comply with Federal and State requirements.	cont.	25%
150.2	Evaluate the distribution of low-income and minority household benefits and burdens associated with the current transportation planning process and its outcomes.	cont.	10%
150.3	Provide Spanish language translations	cont.	10%
150.4	Coordinate, Consult, Collaborate with Tribal governments	cont.	10%
150.5		cont.	10%

	Implement MCTC Policy for Government-to-Government Consultation with Federal Land Management Agencies and Federally Recognized Native American Tribal Governments		
150.6	Develop and implement bicycle and pedestrian safety, education, and encouragement programs	cont.	10%
150.7	Maintain website and social media to keep public informed about MCTC activities, public hearings, workshops, and meetings.	cont.	10%
150.8	Review CalEPA's EnviroScreen Version 2.0 and other relevant analysis tools as they relate to identifying disadvantaged communities, where they are concentrated and how the transportation planning process may impact these communities.	cont	10%
150.9	Collaborate with the Madera Community College Center to engage student community in outreach and education activities.	cont.	5%
			100%

FTE: .18

150 Public Participation Program			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	6,333	MCTC	44,209
MCTA		Public Notices/Brochures	9,000
FHWA-PL	48,876	Translation Services	2,000
Toll Credits (PL)			
FTA-Section 5303			
STIP-PPM			
Other (specify)			
Total	55,209	Total	55,209

151 ALTERNATIVE TRANSPORTATION ACTIVITIES

Objective

To provide information to travelers about transportation services available within Madera County and to encourage the use of alternatives to single occupant commuting.

Discussion

The Commission's alternative transportation activities are designed to provide transportation related information to the community in order to promote safety, enhance the quality of life, and protect the environment. Many services and options are available within Madera County that offers alternatives to single occupancy commuting. As our community grows at a steady pace, the selection of transportation modes becomes increasingly important to the quality of life. Among other negative impacts, increased traffic congestion results in increased emissions, loss of productivity, and unpleasant driving conditions.

These activities capture many of the Transportation Control Measure commitments made by the Commission. Through these activities, the Commission hopes to foster a spirit of concern for the environment and gather community support for the selection of alternative modes of transportation. Staff will continue to work with a variety of regional agencies and committees to gain expertise in this area and enhance its alternative transportation activities. Special effort will be made to reach and engage all segments of the community including Native Americans, minorities, low-income groups and community based organizations. Commission staff will continue to address tribal concerns through a consultation process.

Staff will also participate in the operation of the San Joaquin Valley 511 traveler information system in participation with a working group of Valley COGs. MCTC has a board-approved Memorandum of Understanding (MOU) with 7 other San Joaquin Valley transportation planning agencies. The conditions of the MOU are valid for 36 months after which the efficiency and effectiveness of the service will be further evaluated. Staff will work closely with the SJV511 Oversight Committee for the duration of this agreement.

MCTC is a member of the California Vanpool Authority (CalVans) JPA. The expansion of Kings County's Agricultural Industries Transportation Services (AITS) vanpool program into neighboring counties and beyond emphasized the need for a representative entity that can oversee, adjust, and make improvements to the system. The CalVans JPA was created to fund, operate and otherwise manage public transportation projects and programs aimed at providing qualified agricultural workers with safe and affordable transportation between home and work. CalVans operates as a Public Transit Agency.

The "Intercity Passenger Rail Act of 2012" (AB 1779), was enacted on September 29, 2012. AB 1779 reauthorizes regional government agencies' ability to form the San Joaquin Joint Powers Authority (SJJPA) to take over the governance/management of the existing San Joaquin intercity passenger rail service between Bakersfield-Fresno-Modesto-Stockton-Sacramento-Oakland. Madera County will be represented on the SJJPA Board by an MCTC Commissioner backed by an additional MCTC Commissioner as an Alternate.

The San Joaquin Valley Rail Committee (SJVRC) acts as a technical advisory group to the SJJPA Board. Previously, MCTC staff as well as MCTC Policy Board

Members was voting members of this group. New bylaws proposed by the SJJPA Board altered the nature of the SJVRC membership. MPO board members and staff are no longer eligible to be representatives for this group. Commission staff assisted the SJJPA in finding new Madera County representatives for the SJVRC and is committed to assisting these volunteers in the new role in any way possible.

Previous Work

1. Rideshare promotion activities.
2. Contacts with local agencies and Madera County employers.
3. Developed logo, newsletter, and website.
4. Assisted local agencies with the renewal/adoption of Transportation Control Measures according to the Air District’s voluntary bump-up to Extreme non-attainment for Ozone.
5. Evaluated and strengthened MCTC Transportation Control Measures.
6. Participated in Phase 1 deployment of the San Joaquin Valley 511 traveler information system

Product

1. Maintain and update website and develop promotional materials.
2. Update and maintain San Joaquin Valley 511 Traveler Information system.

Tasks

	Task Description	Work Schedule	% of Work
151.1	Represent rideshare program as required	2016-17	10%
151.2	Provide rideshare promotional materials as required	2016-17	10%
151.3	Write TDM articles for MCTC newsletter	2016-17	5%
151.4	Develop/print promotional materials	2016-17	20%
151.5	Maintain and update TDM activities on MCTC website	2016-17	15%
151.6	Participate in operations related to the SJV 511 system	2016-17	5%
151.7	Conduct community outreach activities as needed	2016-17	10%
151.8	Participate in CalVans joint powers agency.	2016-17	10%
151.9	Participate in activities related to the San Joaquin Joint Powers Authority and San Joaquin Valley Rail Committee as needed.	2016-17	10%
151.10	Coordinate with tribes and major employers on employer-based trip reduction programs for existing and future employment centers.		5%
			100%

FTE: .09

151 Alternative Transportation Activities			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	19,854	MCTC	19,854
MCTA			
FHWA-PL			
FTA-Section 5303			
STIP-PPM			
Other (Specify)			
Total	19,854	Total	19,854

200 TRANSPORTATION PROGRAM DEVELOPMENT

Objective

To identify transportation improvements proposed for implementation within four year time frame of the Federal Transportation Improvement Program (FTIP), and other associated documents and plans, in compliance with State and Federal requirements.

Discussion

State law and Federal regulations require regional transportation planning agencies to prepare transportation improvement programs (TIPs). TIPs are formulated at three levels: regional, State and Federal. In order for a transportation project to receive State or Federal funding or project approvals, the project must be advanced from an air quality conforming RTP and TIP. The TIP is a short-range, four year capital improvement program which is updated biennially to satisfy Federal requirements. Projects are advanced from the Regional TIP to the Federal STIP by Caltrans following an air quality conformity finding by Madera County Transportation Commission as the recognized Metropolitan Planning Organization (transportation planning agency). Work on the 2017 FTIP will be finalized during Fiscal Year 2016/17.

State legislation (Senate Bill 45) restructured the STIP development process and places increased responsibility on local agencies for identifying and advancing projects for State Transportation Improvement Program (STIP) programming. Funding is now made available on the basis of a 75%/25% county minimum and Caltrans split. The "local share" is apportioned to the county based upon the old "county minimums" formula. The "local share" is now programmed by the Madera County Transportation Commission pursuant to certain project eligibility requirements as identified in STIP guidelines. The MCTC also has the option to bid for projects in the 25% Caltrans share subject to specific conditions. The STIP has a five year programming period which is updated biennially by the region and approved by CTC. Each year involves considerable effort by staff to monitor developments related to the implementation of revised STIP requirements.

Under Federal transportation legislation, the Commission is responsible for Federal funding programs: the Regional Surface Transportation Block Grant Program (RSTP); the Congestion Mitigation and Air Quality Program (CMAQ); and other Federal funding sources. Project funding decisions on these three sources are under the MCTC's control within Federal program guidance. Appropriate prioritization and selection processes for the region was consistent with the requirements of Federal transportation legislation. The Commission is eligible to exchange its RSTP funds for State funds.

Assembly Bill 1012 was enacted into law during February of 1999 in an effort to speed up the delivery of RSTP, CMAQ, and TEA projects. The legislation establishes "Program Delivery Advisory" teams representing State, Regional and Local Transportation Officials. The team's main goal is to assist in the expeditious delivery of transportation projects and to expedite the use of the large cash balance in the State Highway Account. One of the main objectives of the project delivery teams was to seek ways in which to integrate environmental reviews more extensively into the transportation planning process. The Caltrans' Environmental Review team and local agencies are investigating ways in which to coordinate activities with resources and permit agencies; to establish increased use of

environmental inventories to identify sensitive areas; and improve analytical tools in order to speed up deliver of projects.

The legislation also provides that funds apportioned for Federal transportation programs shall remain available for three Federal fiscal years. The funds are subject to a “use it or lose it” legal requirements. The Commission in conjunction with its member agencies will be responsible for establishing project delivery and obligation authority milestones through preparation of AB 1012 Obligation Plans. These Plans will be prepared utilizing the recommended Caltrans format and will indicate on a monthly basis the amounts of Federal funds anticipated to be obligated.

The State Department of Transportation (Caltrans) in cooperation with State Metropolitan Planning Organizations has developed the California Transportation Improvement Program System (CTIPS). CTIPS is a project programming database that enables secure electronic information sharing between Caltrans and MPOs. The CTIPS project, funded by Caltrans, was initiated several years ago by the Data Base Users Group (DBUG), a joint Caltrans-MPO transportation information and programming group. It was determined that State and regional transportation planning and programming areas should be supported with the best available information and databases. CTIPS has resulted in enhanced State and regional decision making capabilities.

Previous Work

1. Exchanged RSTP and programmed TEA funds.
2. Programmed CMAQ funding consistent with adopted Expedited Project Selection Process (EPSP)
3. Coordinated FTIPs with RTIPs.
4. Provided updated information to member agencies concerning AB 1012 activities and new State requirements for the “timely use” of State and Federal funds.
5. Prepared “local” Obligation Plans for the CMAQ program in order to track regional obligation progress in meeting AB 1012 requirements.
6. Entered into MOU with Caltrans to “Lump-Sum” the State Highway Operation and Protection Program (SHOPP) to help accelerate the delivery of State projects.
7. Adopted previous and 2015 Madera County FTIP and Air Quality Conformity Findings.
8. Various FTIP amendments.
9. Annual Listing of Obligated Projects: 2002-2015.

Product

1. Complete 2017 FTIP and Air Quality Conformity Analysis for MCTC adoption in July-September 2016.
2. Amendments to the 2015 FTIP and Air Quality Conformity Analysis
3. Amendments to the 2017 FTIP and Air Quality Conformity Analysis
4. Coordinate FTIP Amendments with any Amendments to RTIP.
5. Staff analysis of project funding available to Madera County.
6. RSTP / CMAQ / TEA Appropriation Process
7. Prepare local Obligation Plans for CMAQ per AB 1012 requirements
8. Prepare and publish the Annual Listing of Obligated Projects

Tasks

	Task Description	Work Schedule	% of Work
200.1	Review California Transportation Commission Fund Estimates and policies.	cont.	1%
200.2	Review Caltrans proposed IIP and solicit local agency input.	cont.	1%

200.3	Prepare Federal Transportation Improvement Program Amendments and Conformity Analysis (as necessary) for submittal to Caltrans, the Federal Transit Administration, and the Federal Highways Administration	Jul-16 – June-17	38%
200.4	Prepare to Finalize and adopt 2017 Federal Transportation Improvement Program and corresponding Conformity Analysis	January 16 – Sept 16	35%
200.5	Coordination of Federal Transportation Improvement Program with Regional Transportation Improvement Program	July 16 – June 17	5%
200.6	Prepare, submit, and upload various CMAQ Reports	July 16 – June 2017	10%
200.7	Prepare and submit AB 1012 report	cont.	5%
200.8	Participate in the Statewide Data Base Users Group. Program Regional TIP information utilizing the CTIPS	cont.	1%
200.9	Prepare Annual Listing of Obligated Projects	Dec-16	3%
200.10	Evaluate Strategic Growth Council's Affordable Housing and Sustainable Communities Program for applicability and implementation in Madera County.	July 16 – June-17	1%
			100%

FTE: .58

200 Transportation Program Development			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF		MCTC	136,814
MCTA			
FHWA-PL	121,121		
FTA-Section 5303			
STIP-PPM	15,963		
Other (Specify)			
Total	136,814	Total	136,814

901 LOCAL TRANSPORTATION FUNDS ADMINISTRATION

Objective

To administer the Local Transportation Fund and State Transit Assistance Fund pursuant to the California Transportation Development Act (TDA).

Discussion

The Madera County Transportation Commission, as the Regional Transportation Planning Agency and the Local Transportation Commission, is responsible for administering the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STA). These funds, derived from various State taxes, are available to local agencies for transportation planning, bicycle and pedestrian facilities, public transportation services, social services transportation, and streets and roads projects. The Commission's responsibility is to ensure the funds are apportioned, allocated, and expended in accordance with current statutory and administrative code requirements. To facilitate the process, staff assists in claim preparation and monitors related legislative activity.

Commission staff works closely with the Social Service Transportation Advisory Council (SSTAC) required by SB 498. The SSTAC will participate in the 2017/18 Unmet Transit Needs process by reviewing public testimony and submitting annual recommendations to the MCTC Policy Board regarding any unmet public transit needs in Madera County. If it is found that there are unmet transit needs which are reasonable to meet, TDA funding must be used to address those unmet needs before being released to local agencies for local streets and roads expenditures.

Previous Work

1. Records of LTF/STA apportionment, allocations and claims.
2. LTF/STA fiscal and performance audits.
3. Social Services Transportation Advisory Council meetings.
4. Unmet Transit Needs Hearings.
5. 2011 Triennial Performance Audit.
6. 2014 Triennial Performance Audit.

Product

1. LTF/STA finding of apportionment, allocations and claims.
2. LTF/STA fiscal audits.
3. Social Services Transportation Advisory Council meetings as required.
4. Unmet Transit Needs Hearing and staff report.
5. Documentation of FY 2016/17 Unmet Needs Process.

Tasks

	Task Description	Work Schedule	% of Work
901.1	Prepare finding of apportionment for LTF/STA and make allocations.	May-17	5%
901.2	Review and Process LTF/STA claims – review for conformance with applicable TDA law, the RTP, and SRTDP	cont.	25%
901.3	Prepare LTF/STA financial reports	Dec-16	15%
901.4	Conduct meeting of the SSTAC	March - May-17	5%
901.5	Conduct Unmet Transit Needs hearing	Apr-17	5%

901.6	Prepare Unmet Transit Needs staff report	Apr-17	25%
901.7	Maintain appropriate financial activity records	cont.	5%
901.8	Contract for appropriate fiscal audits	Aug-16	15%
			100%

FTE: .31

901 Local Transportation Funds Administration			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	59,842	MCTC	45,842
MCTA		Audits	11,000
FHWA-PL		Translation Services	2,000
FTA-Section 5303		Public Notices	1,000
STIP-PPM			
Other (Specify)			
Total	59,842	Total	59,842

902 OVERALL WORK PROGRAM

Objective

To develop an Overall Work Program and Budget consistent with State and Federal funding priorities and responsive to local agency needs.

Discussion

The Overall Work Program is prepared by Commission staff and reflects State and Federal funding priorities balanced against local agency needs for transportation planning services. It is used to document annual grant funding to the Commission and includes a discussion of the organization, significant transportation issues, proposed work activities, and the annual program budget and Commission line item budget.

Previous Work

MCTC Overall Work Program and Budget.

Product

1. 2017-18 MCTC Overall Work Program and Budget.
2. Compliance Certifications.
3. Quarterly Reports.

Tasks

	Task Description	Work Schedule	% of Work
902.1	Initiate OWP development process/review IPG and State OWP guidelines	Nov-16	10%
902.2	Identify local project needs through public input	Oct-May-16-17	5%
902.3	Develop Quarterly Reports	cont.	13%
902.4	Circulate Draft OWP and Budget for public and agency review	Feb-17	50%
902.5	Prepare Indirect Cost Allocation for Commission and submit to Caltrans	July-16	10%
902.6	Prepare compliance certifications. Certifications of Planning Process, Restrictions on Lobbying, and FTA Certifications and Assurances	Feb-June-17	5%
902.7	Adopt OWP and process State & Regional Planning Assistance agreement	May-17	2%
902.8	Continually monitor fiscal resources, and maintain sufficient reserves to ensure provision of stable services on a year to year basis	July16-June-17	5%
			100%

FTE: .18

902 Overall Work Program & Budget			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	4,503	MCTC	39,260
MCTA			
FHWA-PL	34,757		
FTA-Section 5303			
STIP-PPM			
Other (Specify)			
Total	39,260	Total	39,260

Objective

To represent Madera County Transportation Commission interests through participation in meetings of the San Joaquin Valley transportation agency executive directors and the San Joaquin Valley Policy Council.

Discussion

The San Joaquin Valley transportation agencies (Valley TPAs) have organized in response to the need to address certain issues of valley-wide concern. Air quality, aviation systems, freight and goods movement and certain rail issues in particular require a broader more coordinated approach to planning. Agency activities are being coordinated through quarterly meetings of the directors with additional staff meetings as required. To date, the agencies have developed a Memorandum of Understanding (MOU) with Caltrans and the San Joaquin Valley Unified Air Pollution Control District to ensure a coordinated transportation / air quality planning approach. This agreement (1) ensures maximum effectiveness and compatibility of regional air quality and transportation plans; (2) complies with the transportation conformity requirements of Federal transportation legislation and the Federal Clean Air Act Amendments; (3) complies with the Federal and State transportation related mandates; and (4) helps achieve attainment of air quality standards

The SJ Valley COG Directors have funded a coordinator position to facilitate and conduct the business of the association and to provide administrative support to the association chairman. The COG Directors have identified major transportation / air quality planning issues and have established staff sub-committees to discuss and develop coordinated and consistent planning strategies. The critical planning areas include transportation modeling, development of Regional Transportation Plans and Regional Transportation Improvement Programs, air quality conformity, goods movement and Trade Corridors Improvement Fund, transportation control measures and coordinating comments on proposed air quality plans, rules, regulations and new standards. Other issues which are being discussed cooperatively include: development of a valley-wide geographic information system, truck and goods movement, valley-wide blueprint, State and Federal transportation legislation, coordination of SJV Regional Policy Council, freight movement, energy, valley-wide Intelligent Transportation System planning and the current status of the management systems issue.

Overall, the valley coordination efforts described in this work element are to strengthen the regional transportation planning process and any efforts that are not Federally eligible (i.e. lobbying) are identified in work element 907 – Board Costs and Other Expenses.

Previous Work

1. Participation in San Joaquin Valley COG Directors meetings.
2. Participation in SJ Valley Policy Council meetings.
3. Participation in the Rural Counties Task Force meetings.
4. Participation in RTPA Group meetings.

Product

1. Contract for Valley COG Director Organizational Support (approx. \$5,500).

Tasks

	Task Description	Work Schedule	% of Work
904.1	SJ Valley COG Directors Association	cont.	35%
904.2	SJ Valley Policy Council Meetings	Quarterly 2016-17	25%
904.3	Attend RTPA Group Meetings	Monthly 2016-17	15%
904.4	Attend Rural Counties Task Force meetings	Quarterly 2016-17	15%
904.5	SJVAPCD coordination and participation	Ongoing	10%
			100%

FTE: .19

904 RTPA Coordination			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	6,433	MCTC	50,385
MCTA		COG Director Support	5,500
FHWA-PL	49,652	SJV Website	200
FTA-Section 5303			
STIP-PPM			
Other (Specify)-			
Total	56,085	Total	56,085

906 SGC PLANNING GRANT

Objective

To create a Sustainable Energy Roadmap (SER) for the San Joaquin Valley.

Discussion

The Sustainable Energy Roadmap (SER) will leverage a proven process and set of tools to support municipal agencies in the San Joaquin Valley to adopt and pursue clean energy and sustainable development goals that optimize outcomes for their most disadvantaged communities. SER is a regional model that includes the Valley's regional planning agencies, self-selected municipal participants, community stakeholders, and experts on smart growth. The project will deliver a triple bottom line (environment, economy and equity) benefit. Successful SER implementation will rely heavily on extensive community input and local adoption of best practices to enable resilient and thriving communities.

Work began during FY 2014/15 and will continue through FY 16/17.

Previous Work

None

Product

Energy Roadmap

Tasks

	Task Description	Work Schedule	% of Work
906.1	Process reports and invoices	FY 16-17	3%
906.2	Sustainable Energy Roadmap	FY 16-17	97%
			100%

FTE: .04

906 SGC Planning Grant			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF		MCTC	3,604
MCTA		Consultants	296,000
FHWA-PL			
FTA-Section 5303			
STIP-PPM			
Other (SGC Planning Grant)	299,604		
Total	299,604	Total	299,604

907 BOARD COSTS & OTHER EXPENSES

Objective

To allow for Board and staff representation at State and Valley wide transportation conferences and events.

Discussion

To allow for Board and staff representation at State and Valley wide conferences and events. To provide Policy Board members a stipend and travel for attendance of Policy Board meetings.

To provide funding for annual Valley Voice advocacy trips to Sacramento and Washington, D.C. Staff represents MCTC on the San Joaquin Valley Legislative Affairs Committee (VLAC).

Previous Work

1. Valley Voice Program – Sacramento and Washington, D.C.
2. CALCOG Conference
3. Stipend and Travel
4. Participated in meetings and activities of the Valley Legislative Affairs Committee

Product

1. Valley Voice Program – Sacramento and Washington, D.C.
2. CALCOG Conference and meetings
3. Stipend and Travel

Tasks

	Task Description	Work Schedule	% of Work
907.1	Valley Voice Program – Washington, D.C. and Sacramento	Sep-16 / Mar-17	25%
907.2	Valley Legislative Affairs Committee	Ongoing	10%
907.3	Stipend and Travel	Ongoing	35%
907.4	CALCOG Conference and meetings	April	10%
907.5	CALCOG Annual Fees	June-17	20%
			100%

FTE: .09

907 Board Costs and Other Expenses			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF	22,546	MCTC	16,046
MCTA		Board Ex/Other Costs	22,500
FHWA-PL			
FTA-Section 5303			
STIP-PPM			
Other (Member Assessment)	16,000		
Total	38,546	Total	38,546

Objective

To provide effective administrative and fiscal support to the Madera County Transportation Authority pursuant to the enabling legislation and adopted authority procedures.

Discussion

The Madera County Transportation Authority was formed in 2007 (approved by Madera County voters in November 2006) and is responsible for administering the proceeds of the 1/2 percent sales tax enacted in Measure “T”. The Authority contracts with the Commission for provision of the Measure “T” Investment Plan and Annual Work Program, agency administrative functions, and funds administration. The Commission Executive Director also serves as the Authority’s Executive Director and performs all staff administrative functions required to support the activities of the Authority.

The Authority produces an annual report of Measure T activities, which is widely distributed to the public and other interested stakeholders by mail and posted on the MCTA website.

The Authority also provides staffing for the Measure T Citizens’ Oversight Committee, an appointed body of community representatives that provide independent review and oversight of Authority compliance audits. The Committee issues an Annual Report to the Public summarizing Authority audit findings and recommendations presented to the Authority board.

Previous Work

1. Meeting of the Madera County Transportation Authority and Technical Advisory Committee.
2. Annual Fiscal Audits.
3. MCTA Policies and Procedures
4. Organization and administration of Citizens’ Oversight Committee.
5. Planning, Programming and Monitoring of Measure “T” projects and develop financial analysis and cash flow analysis

Product

1. Annual Fiscal Audits (approx. \$10,000).
2. Review and process project claims.
3. Prepare financial reports.
4. MCTA Operating Budget.
5. Annual Work Program.
6. Administration of Citizens’ Oversight Committee.
7. Planning, Programming and Monitoring of Measure “T” projects
8. Financial assistance and cash flow analysis.
9. Publication of Measure T annual report

Tasks

	Task Description	Work Schedule	% of Work
910.1	Conduct MCTA and TAC meetings	cont.	10%
910.2	Prepare MCTA Budget	May-17	5%
910.3	Maintain MCTA financial records	cont.	15%
910.4	Review and process project claims	cont.	10%
910.5	Prepare Annual Work Program	June-17	20%
910.6	Administration of Citizens' Oversight Committee	cont.	10%
910.7	Conduct Fiscal Audit	Oct-16	10%
910.8	Planning, programming and monitoring of Measure "T" projects	cont.	10%
910.9	Cash flow analysis may be provided by financial consultant	cont.	5%
910.10	Attend Conferences, including Focus on the Future	cont.	5%
			100%

FTE: .38

910 MCTA Administration			
<i>Revenue by Source</i>		<i>Expenditure by Agency</i>	
LTF		MCTC	81,040
MCTA Admin & Planning	128,040	Financial Assistance;	39,000
FHWA-PL		Audits; Annual Report	
FTA-Section 5303		MCTA Conf/Travel/Other	8,000
STIP-PPM		Costs	
Other (Specify)			
Total	128,040	Total	128,040

MEMORANDUM

ITEM VII-B

DATE: March 23, 2016
TO: MCTC Policy Board
FROM: Troy McNeil, Fiscal Supervisor
RE: Transportation Development Act Guidebook – ITEM VII-B

I. Requested Action:

Approve Transportation Development Act Guidebook.

II. Summary:

A written Transportation Development Act (TDA) Guidebook has been developed to provide clarity as to the linkage between MCTC policies directing TDA, the TDA administrative activities that are conducted by MCTC, and the funding allocations to the local jurisdictions for eligible programs such as bike and pedestrian projects, public transit, and street and road projects.

The draft document was released in January to local jurisdictions for review and comment. Staff has incorporated the comments that were received. MCTC staff will train and work with the local agency staff on the new written policies and procedures.

III. Fiscal Impact:

There is no fiscal impact to the MCTC FY 2016/17 Overall Work Program and Budget.

2017

Transportation Development Act Guidebook



FINAL DRAFT
MARCH 2017

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TRANSPORTATION DEVELOPMENT ACT GUIDEBOOK

VOLUME I

TDA OVERVIEW AND BACKGROUND

CHAPTER 1 - INTRODUCTION

1.1 GUIDEBOOK PURPOSE

The Madera County Transportation Commission (MCTC) Transportation Development Act (TDA) Guidebook was developed to provide a useful reference for claimants of TDA funds and MCTC staff to continue to provide a clear and understandable process for the filing and administration of TDA claims now and into the future.

The intent of this guidebook is to help those managing the claim process to understand:

- What the TDA is;
- What the different categories of TDA funds are and their allowable uses;
- What the TDA requirements are and the reasons for the requirements;
- What MCTC's responsibilities are in administering the TDA program and how those impact the TDA claim review, approval and schedule;
- How to complete claims; and
- How the process fits together in Madera County, the City of Madera and the City of Chowchilla.

The objective of the guidebook is to increase program understanding and thereby expedite the administrative process. The guidebook has nine chapters and is organized in two Volumes, intended to make it easier for the reader to work through the different topics. Volume I is a reference document which provides detailed background information on the TDA and uses of its funds; while Volume II provides the TDA claimant with instructions and MCTC policies for filing a TDA claim.

1.2 TDA OVERVIEW

The **Transportation Development Act (TDA)** provides a State funding source for use by local jurisdictions at the county level to improve existing public transportation and encourage regional public transportation coordination. It also provides some funding for bicycle and pedestrian projects and when certain conditions are met, streets and roads. The main purpose and priority of TDA, however, is to provide funding for public transportation.

The TDA provides two major sources of funding, the Local Transportation Fund (LTF) and the State Transit Assistance (STA) Fund. The following provides background on each of these two funding sources:

The **Local Transportation Fund (LTF)** is a local fund into which the state deposits sales tax revenue to be used for transportation purposes defined by TDA. The State Board of Equalization, based on sales tax collected in each county, returns the general sales tax revenues to each county's LTF. Madera County is the local jurisdiction responsible for holding the fund.

Revenue for Madera County's Local Transportation Fund comes from $\frac{1}{4}$ of one percent of the state general sales tax collected in Madera County (both incorporated and unincorporated areas). Given the fluctuation of sales tax revenues during varying economic environments, LTF revenues deposited in the County fund vary from year to year.

The **State Transit Assistance (STA)** fund provides a second source of TDA funding for transportation planning, public transportation, and community transit purposes as specified by the Legislature. The STA program was created under Chapter 161 of the Statutes of 1971 (SB 620). STA funds are generated from the statewide sales tax on diesel fuel, which is deposited in the Transportation Planning and Development Account in the State Transportation Fund. Unlike LTF, STA funds may not be allocated for fund administration, streets, roads, or pedestrian/bicycle facility purposes.

The STA funds are appropriated by the Legislature to the State Controller's Office (PUC Sec. 99312). That Office then allocates the tax revenue, by formula, to each Regional Transportation Planning Agency (RTPA), for which MCTC is the RTPA. The formula allocates 50% of the funds on the basis of Madera County's population compared to the total state population. The other 50% is allocated on the basis of the amount of passenger fares and local support revenues collected by the transit operator in Madera County compared to the amount collected by transit operators statewide.

Public participation is a key component of the TDA. Public meetings are held to discuss transportation needs and hear concerns. Regional planning agencies, such as the Madera County Transportation Commission (MCTC), are required to establish a Social Service Transportation Advisory Council (SSTAC), comprised of the transit-dependent, including persons with disabilities, older adults, and low-income representatives. The SSTAC role is to participate and advise MCTC of transit needs and coordinate transit services with other specialized transportation services (private and social service agencies). SSTAC members work with local agencies in developing unmet transit needs criteria, which are used in making project approval decisions.

To ensure **program compliance**, fiscal and performance audits are conducted. Fiscal audits are conducted annually, and include transit operator's expense-to-revenue ratio, known as farebox recovery. Performance audits are conducted every three years and include performance measures that verify the efficiency and effectiveness of planning agencies and transit operators. Both fiscal and performance audits are conducted by an independent auditor designated by the transportation planning agency.

The TDA **funds are distributed** in payments monthly to the County by the State, and are held in trust in the County Treasury until disbursed to recipients. The County Auditor makes payments from the funds based on instructions received from MCTC. Claimants receive payments on a reimbursement basis. It is MCTC's responsibility to ensure that payments are made and funds used are in compliance with the TDA statutes. Both the LTF and STA funds have stringent performance and fiscal audit requirements for approved expenditures.

1.3 GOVERNING LEGISLATION AND SOURCE OF INFORMATION

The legislature establishes overall policies, including determining funding sources and distribution, and spending priorities through state statutes such as Revenue and Taxation Code, Streets and Highways Code, and Government Code. The Legislature appropriates funds through the annual budget for transportation projects and has authority to designate transportation projects statutorily.

The Transportation Development Act was signed by the Governor on November 4, 1971 and became effective July 1, 1972. The TDA is also known as SB 325 and the Mills-Alquist-Deddeh Act. Several bills have since amended the TDA. The STA Fund is also sometimes referred to as SB 620.

The TDA program is governed by the rules and statutes contained in the Public Utilities Code (PUC), the California Code of Regulations (CCR), and by non-TDA statutes contained in the California Vehicle Code (CVC). These rules and statutes will be referenced throughout this Guidebook.

The TDA statute is divided into sections called “articles”. As a result, claims for TDA funds are often referenced by the Article of the statute under which they are filed. There are nine (9) TDA Articles. Each Article has different requirements and provisions. Chapters 3 through 5 detail these requirements and the claims process for each funding purpose.

The full text of the TDA, as amended in 2013, is available in a California Department of Transportation (Caltrans) publication entitled Transportation Development Act – Statutes and California Code of Regulations (<http://www.dot.ca.gov/hq/MassTrans/State-TDA.html>).

The MCTC TDA Guidebook is authorized under Section 99261 of the California Public Utilities Code.

CHAPTER 2 - HOW TDA FUNDS ARE ALLOCATED

2.1 WHO CAN USE THE MONEY?

Several different agencies can use Transportation Development Act (TDA) money for several different purposes. To do so, agencies must meet the eligibility requirements set forth in the TDA. Figure 2-1 shows the agencies eligible in Madera County per the TDA.

Figure 2-1 Local Agencies that Can Use Local Transportation Funds

Eligible Agencies Per TDA	Eligible Agencies in Madera County
County Auditor	Madera County Auditor-Controller
Regional Transportation Planning Agency (RTPA)	Madera County Transportation Commission (MCTC)
Transit Operators	In Madera County, by definition, there are no current transit operators.
Transit Districts	There are no transit districts in Madera County
Consolidated Transportation Service Agencies (CTSAs)	There are no CTSAs in Madera County
County	Madera County
Cities/Towns	City of Madera, City of Chowchilla

2.2 LOCAL TRANSPORTATION FUND – USES AND ALLOCATION PROCESS

Local Transportation Funds (LTF) may be claimed by local agencies under Articles 3, 4, 4.5 and 8 of the TDA legislation. Claimants should apply for the funding programs that are most appropriate for their transit operations. The choice will depend on the type of claimant, purpose for which the money will be used, administrative and fiduciary responsibilities associated with the funding program, and the amount of money available. Figure 2-2 lists the claimant categories and associated articles.

Figure 2-2 Applicable Claimant Categories

Claimant Categories	Articles
Transit Operators	4
Consolidated Transportation Services Agency (CTSAs) – Responsible for services to Social Service recipients	4.5
Transit Service Claimant – city and/or county filing for contract payments	8 (c)
City and County	
- Streets & roads	8 (a)
- Bicycle & pedestrian	3, 8(e)
- Capital assistance (bus shelters, etc.)	8(e)

The TDA legislation establishes priorities among the programs that may be funded by the Local Transportation Fund (LTF). For some purposes, funds from the LTF may be allocated “off the top” that is, before apportionment. Figure 2-3 shows these purposes in priority order, as set forth in the TDA.

Figure 2-3 LTF Allocation Purposes and Priorities for Madera County

Priority	Purpose	Article/Section	Eligible Claimants In Madera County	Amount Allowed per TDA
1 – Off the Top	TDA Administration	Article 3 PUC 99233.1	MCTC and County Auditor	As necessary
2 – Off the Top	Pedestrian & Bicycle Facilities	Article 3 PUC 99233.3, 99234	Taken off the top for Cities and County	Countywide, up to 2% of remaining money
3 – Off the Top	Community Transit Services	Article 4.5 (Section 99275), PUC 99233.7	Not utilized in Madera County	Countywide, up to 5% of remaining money
4 – Equal Priority	Public Transportation	Article 4 PUC 99233.8	Transit Operator/County	
	Support of public transportation systems	Article 4 PUC 99260(a), 99262	Transit Operator/County	Remaining Area Apportionment after Priorities 1-3
	Aid to research & development projects	Article 4 PUC 99260(b)	Transit Operator/County	Funded after priorities 1-3 are funded
	Peak hour service contract	Article 4 PUC 99260.2(a)	Transit Operator/County	
	Claims for separate service to elderly & handicapped	Article 4 PUC 99260.7	Cities, County, Joint Powers Agency	
5 – Equal Priority	Public transportation service contract	Article 8 PUC 99233.9, 99400(c)	Transit Operator Contract/County/Cities	Remaining Area Apportionment after Priority 4 is Funded
	Capital expenditures	Article 8 PUC 99400(e)	Transit Operator/County/Cities	
	Local streets & roads; pedestrian and bicycle projects	Article 8 PUC 99400(a), 99402, 99407	Cities & County	
	Multimodal transportation terminal	PUC 99400.5	Cities and County	

Funding from the LTF can be described as a three-step process: (1) apportionment, (2) allocation, and (3) payment. The following is a description of the process for Madera County:

1. APPORTIONMENT

Apportionment is the required division of available funds by population to jurisdictions within each county. Once funds are apportioned to a given jurisdiction in Madera County, they are available only for reimbursement to claimants for that jurisdiction. Reimbursement is the discretionary action of MCTC designating funds for a specific claimant for a specific purpose.

Per the TDA, MCTC divides the remaining amount anticipated, after taking “off the top” amounts (see Figure 2-3), to be deposited in the fund over the coming fiscal year to the County (PUC Sec. 99231).

- Given the uncertainty of sales tax revenues (LTF fund source), each January, the County Auditor develops an estimate of what the coming year should bring. The estimate is based on economic forecast and past experience. The auditor prepares a conservative estimate which is due by February 1st.
- Prior to March 1st, MCTC informs the Member Agencies of this amount, called the apportionment (21 CCR Sec. 6644). The amount apportioned to each jurisdiction for the coming fiscal year is called the “findings of apportionment.” The MCTC must adopt the findings of apportionment by March 1st of each year for the coming fiscal year (21 CCR Sec. 6644).

The MCTC shall, from an analysis and evaluation of the total amount anticipated to be available in the LTF and for which the fund is intended, and consistent with the provisions of this chapter, annually determine the amount to be apportioned to each claimant by population.

All operators and city or county governments with responsibility for providing services to a given area collectively may file claims for only those moneys that represent that area's apportionment.

Once money is apportioned to a jurisdiction, the money can only be allocated to that jurisdiction unless an agreement is made so that a portion of a jurisdiction's apportionment goes to another jurisdiction.

2. Allocation

Allocation is the step where the jurisdiction decides what they want to do with their apportionments in the coming year. The jurisdiction files an “application” with MCTC requesting dollar amounts for different purposes. For example, the jurisdiction might claim all of its LTF apportionment for transit, or they might claim the majority for transit, some for bicycle projects, and some for streets and roads. The total amount of the application cannot be more than the amount apportioned to a jurisdiction.

Given the intent of the TDA is to fund public transportation, each jurisdiction claiming funds through the TDA must prove certain things to be able to use it for other purposes (refer to Chapter 5). Before MCTC releases the money allocated to a jurisdiction, the claimant must meet several requirements. If

these requirements are not met, MCTC can hold on to an apportionment (or part of it) and not allocate it until requirements are satisfied (21 CCR Sec. 6633.9). Please refer to Chapter 6 for the required documentation.

3. Payment

This is the step where the jurisdiction actually receives the money. Based on the amount claimed, MCTC provides instructions to the County Auditor for writing checks to the County and/or Cities throughout the year. MCTC must provide written instructions at least annually prior to the start of the fiscal year, although the instructions could be delayed if agreed to by the claimant (21 CCR Sec. 6659).

Since the RTPA is allowed to set the “terms and conditions” for payment, MCTC currently authorizes payment on a reimbursement basis as money becomes available.

2.3 STATE TRANSIT ASSISTANCE FUNDS - USES AND ALLOCATION PROCESS

Money from the STA Fund is obtained similarly to LTF; through apportionment, allocation, and payment. This fund is allocated under PUC Sections 99313 and 99314. The entire amount received by the County from the State is available for distribution to the Cities and County, as no money is taken “off the top” of STA. Figure 2-4 summarizes the funding purposes for STA. There is no priority order within STA funds. STA funds are described under Article 6.5 of the TDA statute.

Figure 2-4 STA Funding Purposes Applicable in Madera County

Purpose	PUC Section
Transit operations and capital	99313.6 and 21 CCR 6730 (a) & (b)
Contract payments for public transit services	99313.6 and 21 CCR 6731 (b)
Administrative and planning cost of contracted public transportation	99313.6 and 21 CCR 6731 (a) & (b)
Capital requirements of contracted public transportation system	99313.6 referencing Sec. 99400(e)
Construction and maintenance of intermodal transportation facilities	99313.6 and 21 CCR 6731 (a)

The amount of STA funds received by Madera County each year depends on the following factors:

1. The amount of STA funds designated by the State legislature each year.
2. The relative size of the County’s population of the RTPA jurisdictions within the state. Half (50%) of the STA funds are allocated by the State Controller to the transportation planning agencies, for Madera County it is MCTC, based on the relative size of their populations.

The State Controller informs MCTC in January of the estimated amount of STA that it will receive for the coming fiscal year. In August, which is after the start of the fiscal year and after local jurisdictions have been allocated, the State Controller updates the estimate. The updated estimate is made after the legislature determines how much money is appropriated to the Transportation Planning and Development Account. Based on the adopted State Budget, the amount of STA funds originally estimated in January usually changes by August. Therefore, it is possible an approved application is greater than the amount of STA available.

1. Apportionment

The population formula apportionment funds received by Madera County are apportioned to each eligible jurisdiction within Madera County based on relative share of that jurisdiction’s population. The revenue apportioned funds received by Madera County are apportioned to those jurisdictions that file their TDA applications as “transit operators” or for contracted services. Presently, the County of Madera, the City of Madera and the City of Chowchilla are the only agencies eligible to apply in Madera County. MCTC informs the County and the Cities of the amount of STA that is estimated to be available in the coming fiscal year at the same time that it informs the County and Cities about the LTF findings of apportionment.

2. Allocation

Similar to LTF, the County and the Cities file an application with MCTC for its STA Funds. STA applications are a little more straight-forward, because the purposes for which STA can be used are narrower than LTF. As a result, there are fewer sections of the code to understand in order to file a STA application.

3. Payment

MCTC follows the same process to instruct the County to make payments from the STA fund to the jurisdictions as was described above for LTF.

CHAPTER 3 - TRANSIT CLAIMS

Eligible claimants for transit are the County of Madera, the City of Madera, and the City of Chowchilla. This chapter describes the eligibility requirements to apply for funds for planning, operating, capital, and/or administering public transportation services.

Since the TDA statute is divided into sections, or “articles”, claims are referenced by the article of the statute under which they are filed. Unfortunately, the TDA does not group all claim types, such as transit, into one article; instead, transit claimants are eligible to receive funding under different articles for different purposes. The following will describe each article for which transit claims are filed.

3.1 ELIGIBLE TRANSIT CLAIMS

Both funding sources, LTF and STA, are available to fund associated costs for operating general public transit including operations and capital, administration and planning, and transit-related research and development projects. Figure 3-1 lists the different fund sources for which a jurisdiction may file transit claims and for what purposes.

A jurisdiction will file its LTF transit claim under Article 4 or Article 8 depending on its applicability and eligibility. In some cases, a jurisdiction may qualify under both articles. Once a claimant is determined to be eligible for funding under either Article 4 or Article 8 of LTF, they are then eligible to file a claim for STA funds.

Figure 3-1 Eligible TDA Statutes to File Transit Claims

Article	Section	Purpose	Eligible Claimants
Operating and Planning			
LTF Article 4	PUC 99260 (a) or 99262	All purposes necessary to operate the system including planning	Jurisdiction operating transit system
STA	CCR 6730 (a)	Operating cost of operator’s public transportation system	Jurisdiction operating transit system
LTF Article 4	PUC 99260 (b)	Public transportation research and demonstration projects	Jurisdiction operating transit system
LTF Article 8	PUC 99400 (c)	Contract payments for operations	Jurisdiction contracting for transit operations
LTF Article 8	PUC 99400 (d)	Administration and planning costs associated with operations contract	Jurisdiction contracting for transit operations
STA	CCR 6731 (b)	Operating, administrative and planning costs for Article 8 transit claimants	Jurisdiction contracting for transit operations

Capital			
LTF Article 4	PUC 99262	Capital for acquisition of real property, construction of facilities and buildings, purchase and replacement of vehicles, and system maintenance and repair	Jurisdiction operating transit system
STA	CCR 6730 (a)	Capital requirements of operator’s public transportation system	Jurisdiction operating transit system
LTF Article 8	PUC 99400 (e)	Capital for vehicles and equipment, bus shelters and benches, and communication equipment	Jurisdiction contracting for transit operations
LTF Article 8	PUC 99400.5	Multi-modal Transportation Facilities	City and County

ARTICLE 4 VERSUS ARTICLE 8 TRANSIT CLAIMS

The main difference in funding under Article 4 and Article 8 is the definition of eligible “transit operator”. For purposes of Article 4, the city or county acting as transit operator is responsible for the direct operation of the service. In contrast, Article 8 (PUC Section 99400 (c)) only applies to claimants that contract for operation of their transit services with outside vendors. Under Article 8, the jurisdiction can contract out its entire transit system – from planning and fare establishment to drivers and vehicles.

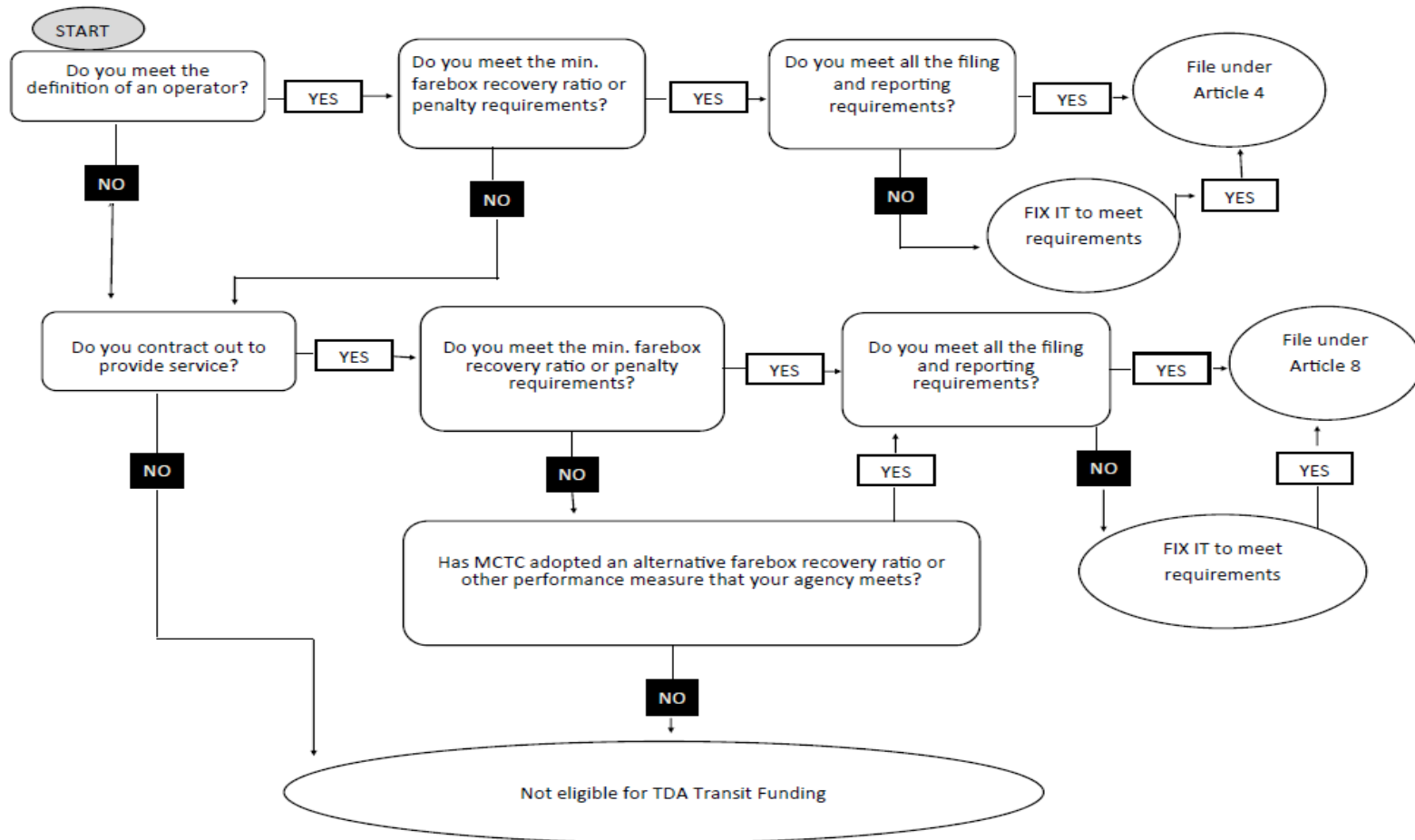
LTF claimed under Article 4 can be used more broadly for transit. Claims made by transit operators for support of public transportation systems under Article 4 may include reimbursement for all purposes necessary and convenient to the development and operation of the transit service. Funds are available under this article for the support of public transportation systems that are operated in-house by a city or county, as well as public transportation research and demonstration programs, and the construction of grade separation projects (PUC Section 99262). Payments for Article 4 claims can be direct expenses or payment of principal and interest on equipment, other indebtedness or bonds.

Under Article 8, claimants may seek funding for administration and planning costs, and capital investments in transit vehicles, bus shelters and benches, and communication equipment. Claimants may be paid for the administrative and planning expenses associated with contracting for transit services as described in PUC Section 99400 (c).

The requirements to file under Article 4 and 8 differ slightly as well. Requirements under Article 8 are generally less stringent than under Article 4. Section 3.2 of this chapter discusses claimant eligibility requirements.

Figure 3-2 illustrates the decision process to assist local jurisdictions in choosing what Article is more applicable to file a transit claim for LTF.

Figure 3-2 LTF Transit Claimant Decision Trees



ARTICLE 4.5 TRANSIT CLAIMS

Article 4.5 claims may be filed for community transit services (trip origin and destination both located within community boundaries), including such services for those, such as persons with disabilities, who cannot use conventional transit services (PUC Section 99275). An eligible organization must be designated by the regional planning agency (MCTC) in order to claim funds under this Article.

Pursuant to PUC Section 99233.7, MCTC may allocate up to 5% of the remaining LTF for Article 4.5 purposes after apportionments for administrative purposes and for bicycle and pedestrian funds. There are no designated Article 4.5 claimants in Madera County, therefore, no funds are reserved for this use.

STATE TRANSIT ASSISTANCE TRANSIT CLAIMS

State Transit Assistance funds can only be used for transit purposes. The California Code of Regulations (CCR), which includes the rules and requirements of this program, outlines the types of transit expenditures applicable to the jurisdictions of Madera County that are allowable. These include transit operations, transit capital, and community transit services (CCR Section 6730).

3.2 CLAIMANT ELIGIBILITY REQUIREMENTS

The TDA stipulates various requirements, such as a specified level of productivity, each transit claimant must comply with in order to receive funding for transit operations and capital purposes. These requirements vary based on the source of funds (i.e., LTF Article 4, LTF Article 8, or STA). For simplicity purposes, this section is organized by first, the requirements for all TDA transit claims, and then second, the specific requirements or exceptions under each fund source.

REQUIREMENTS FOR ALL TRANSIT CLAIMANTS

Jurisdiction must either directly operate the transit system or contract with a private entity to operate the transit system to receive LTF and STA funds for transit. The following are six (6) requirements all TDA transit claimants in Madera County must comply with, regardless of the article filed under.

1

Farebox Ratio Requirement

Farebox recovery ratio = total fare revenues divided by total expenses (minus certain exclusions). Used as an indicator of the financial health of the transit service.

Minimum farebox requirement - An operator filing under Article 4 is required to meet a minimum farebox recovery ratio in order to retain eligibility for funding. The farebox recovery ratio for non-urban rural transit systems, in general, must meet a minimum standard of **10 percent**.

If an Operator Does Not Meet its Farebox Recovery Ratio

- a. If an operator fails to achieve its fare ratio requirement for two consecutive fiscal years, the operator’s eligibility for LTF and STA funds is reduced by the difference between the required fare revenues and the actual fare revenues for the second fiscal year that the required ratio was not maintained (PUC Sec. 99268.9 and CCR 6633.9). For example, if a rural operator’s farebox recovery ratio is 9% in Fiscal Year 1 and 8% in Fiscal Year 2, then beginning in Fiscal Year 4, the operator will have to forfeit 2% of the LTF and STA it could have claimed.
- b. Exceptions apply specific to Article 4 and Article 8 claimants. Please refer to appropriate section below.

2

Triennial Performance Audit (PUC 99246) – Only for LTF claims

The California Public Utilities Code requires that all transit operators and Regional Transportation Planning Agencies that receive TDA have a triennial performance audit conducted of their activities.

Operators must participate and cooperate with the Triennial Performance Audit which helps monitor service trends and gives transit operators the opportunity for an outside auditor to make service improvement recommendations carried forward by MCTC.

3

Implementation of Productivity Improvements

Claimants must make a reasonable effort to implement the productivity improvements recommended by the Triennial Performance Audit through MCTC (PUC Section 99244). Please refer to Chapter 9 which discusses the Productivity Improvement Program.

4

CHP Inspection (PUC Section 99251)

Certification from the Department of California Highway Patrol that has been completed within the last 13 months indicating that the operator is in compliance with Section 1808.1 of the Vehicle Code. The certification may be issued following a terminal inspection, or a terminal reinspection conducted within 60 days thereafter, by the Department of the California Highway Patrol.

5

180-Day Annual Certified Fiscal Audit

MCTC is responsible to ensure that all claimants to whom it allocates funds shall submit to it an annual certified fiscal audit conducted by an independent auditor. This audit shall be submitted to MCTC and to the State Controller within 180 days after the end of the fiscal year. However, an extension of up to 90 days may be granted if deemed necessary. MCTC will not allocate a claimant's full LTF apportionment until a TDA audit has been completed and received by MCTC. The audit report shall include a certification of compliance with the Act. (Sections 99245, 6663, 6666, 6667).

6

90-Day Annual State Controller's Reports

Operators must submit annual State Controller's Reports, documenting their agency operations, to MCTC and the State Controller within 90 days of the end of the fiscal year (PUC Section 99243).

SPECIFIC ARTICLE 4 REQUIREMENTS AND EXCEPTIONS

In addition to the above listed requirements for TDA transit claims, Article 4 provides for some exceptions, as well as additional requirements. These include the following:

1. Meets definition of transit operator

To file under Article 4, a City or County must be considered a transit “operator”. To be considered an operator, a City or County must establish the service provided by setting the route structure, schedules, and fares to control the quality and basic operation of the system. A City or County can be considered an operator regardless of whether it leases or owns the transit vehicles and/or regardless of whether it employs or contracts drivers.

2. Exceptions to farebox recovery requirement

There are two financial standards applicable to Article 4 claimants, referred to as the “50 percent expenditure limitation” and the “farebox recovery ratio”.

50 Percent Expenditure Limitation (PUC Section 99268)

Not applicable in Madera County for transit claims. Transit operators established after 1974 are exempt from this provision of the TDA. In general, this provision limits LTF funding for a transit system to 50 percent of the transit system’s budget. Funds received from the STA program, and certain capital expenditures for grade separated mass transit, are exempted for the calculation.

Farebox Ratio Requirement

Article 4 provides for exceptions to the general rules for farebox ratios for the following types of transit services:

- *Exclusive service for elderly and disabled persons (PUC Section 99268.5)*
Not currently applicable in Madera County.
- *Exemption for extension of services (PUC Section 99268.8)*
Required ratios of fare revenues to operating cost shall not apply to an extension of public transportation services until two years after the end of the fiscal year in which the extension of services was put into operation.

This may include additions of geographical areas or route miles, or improvements in service frequency or hours of service greater than 25 percent of the route total, or the addition of new days of service, and for transit service claimants also includes the addition of a new type of service, such as van, taxi, or bus.

- *New urbanized areas (PUC Section 99270.2)*
Not currently applicable in Madera County.
- *Farebox revenues supplementation (PUC Section 99268.19)*
If fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost required, an operator may satisfy that requirement by supplementing its fare

revenues with local funds. “Local funds” means revenues derived from taxes imposed by the operator or other approved sources.

3. Additional requirements:

- A transit operator cannot routinely staff a public transit vehicle designed to be operated by one person with two or more persons (PUC Sec. 99264).
- A transit operator’s claim cannot include an operating budget that is more than 15% greater than its previous year budget. It also cannot include a substantial increase or decrease in scope of operations or capital for major new fixed facilities. However, it can include such increases if the claim is supported by documentation that substantiates such change (PUC Sec. 99266).
- The current cost of the operator’s retirement system must be fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by MCTC, which will fully fund the retirement system within 40 years (PUC Sec. 99271).
- An operator that has a private pension plan shall be eligible for Article 4 funds only if it:
 - Conducts periodic actuarial studies of its employee pension plans to determine the annual cost of future pension benefits (PUC Sec. 99272);
 - Sets aside and invests funds sufficient to provide for the payment of future pension benefits (PUC Sec. 99272);
 - Includes the actuarially determined amount of pension liability in its annual financial statement (PUC Sec. 99273);
 - Includes in its annual financial statements the amount of cash funds set aside and invested to meet the pension liability (PUC Sec. 99273);
 - Includes in its annual financial statements the amount of any deficit in the pension fund (PUC Sec. 99273); and
 - Includes in its annual financial statements, the financial plan adopted to eliminate any deficit in the pension fund (PUC Sec. 99273).

SPECIFIC ARTICLE 8 REQUIREMENTS AND EXCEPTIONS

To file under Article 8 for operating and capital transit claims, a jurisdiction must meet the following additional requirements:

1. Contract operations

The claimant must be using these funds for payment to an entity which is under contract with a county or city for public transportation or for transportation services for any group, as determined by the transportation-planning agency, requiring special transportation assistance (PUC Section 99400 (c)).

2. Exceptions to farebox recovery ratio requirement

Article 8 provides for an exception to the minimum farebox recovery ratio requirement. Article 8 claimants must meet one of the following three rules:

- Ensure that its Article 8 funds do not represent more than 50% of the amount required to meet the claimant's total proposed expenditures (PUC Sec. 99405 (a));
OR
- Maintain the fare and local support recovery ratio requirements and be subject to the penalty if not maintained (CCR 6633.9);
OR
- Be subject to regional, countywide, or county subarea performance criteria, local match requirement, or fare recovery ratios adopted by MCTC resolution (PUC Sec. 99405 (c)).

The last “or” above means that if the MCTC Board chose, it could adopt by resolution a farebox recovery ratio to allow a jurisdiction to continue to receive LTF money for transit under Article 8, even if the jurisdiction could not meet its farebox recovery ratio required under Article 4.

SPECIFIC STA FUND REQUIREMENTS AND EXCEPTIONS

The following are additional eligibility requirements to receive STA operating and capital funds.

1. Must be eligible to claim LTF Article 4 or Article 8 funding

2. Population formula funds (PUC Section 99313)

50 percent of STA funds available is based on each region's total population relative to the state. This is called “population formula funds”. To receive STA population formula funds, a jurisdiction must be eligible to file an LTF transit claim under either Article 4 or Article 8 (PUC Sec. 99314.5 (a) and (b)).

3. Revenue formula funds (PUC Section 99314)

50 percent of STA funds is distributed according to the ratio of the sum of the region's prior year fare revenues and local contributions relative to those statewide. These are called “revenue formula funds”. Only transit operators eligible to claim LTF funding under Article 4 may also apply for STA revenue formula funds (PUC Sec. 99314.5 (b)). Currently, no STA revenue funds are appropriated to Madera County because there are no Article 4 claimants.

4. Conform with Regional Transportation Plan (RTP)

The claimant's proposed expenses must be in conformity with the RTP.

5. Full use of federal funds

Claimant is making full use of federal funds available under the Federal Transit Act (21 CCR 6754 (a))

6. Efficiency Standards – Only applicable to claims for operating costs (i.e., does not apply to STA capital claims)

Either of the following two efficiency standards must be met in order to receive STA funding for operating purposes (PUC Sec. 99314.6):

- *Efficiency Standard 1:* An operator’s total operating cost per vehicle revenue hour for the most recent fiscal year must not exceed the prior year’s operating cost per revenue vehicle hour, by a percentage greater than the percentage change in the Consumer Price Index (CPI) for the same period.
- *Efficiency Standard 2:* An operator’s total operating cost per vehicle revenue hour for the most recent fiscal year must not exceed the average total operating cost per vehicle revenue hour for the three prior years, increased by the average percentage change in the CPI for the same period.

The operator is allowed to adjust the calculation for operating costs and revenue vehicle hours to account for the following factors:

- Exclusion of cost increases beyond the change in the CPI for fuel, alternative fuel programs, insurance or state or federal mandates, and/or
- Exclusion of start-up costs for new services for a period of not more than two years.

If an operator fails to meet either efficiency standard, MCTC will withhold and retain the operator’s STA funding for reallocation to that operator for two years following the year of ineligibility.

7. Employ part-time drivers – Only applicable to claims for operating costs

Operators must be allowed to employ part-time drivers or contract with common carriers operating under a franchise or license (PUC Sec. 99314.5(c)).

3.3 AMOUNT OF LTF AND STA FUNDS THAT CAN BE CLAIMED FOR TRANSIT

There are some technicalities about the amount of LTF and STA an operator can claim for the transit system. The State wants to ensure that an agency does not claim more than the actual transit budget minus the amount received from other sources. Section 6634 of the California Code of Regulations (CCR) explains the total amount of LTF and STA funding that transit claimants are eligible to receive

during the fiscal year. The transit claimant's annual fiscal audit will test to ensure that the jurisdiction is not in violation of 21 CCR 6634.

OPERATING COSTS

21 CCR 6634 (a) stipulates that an operator or claimant cannot receive funding for operating costs in an amount that exceeds its fiscal year operating cost minus the sum of:

- Fare revenues received during the Fiscal Year
- The amount of local support required to meet the required farebox ratio
- The amount of federal operating assistance received during the FY
- The amount received during the Fiscal Year from a city or county to which the operator provides service beyond its boundaries
- Any reduced funding eligibility resulting from the operator's failure to meet the required farebox recovery ratio.

CAPITAL AND DEBT SERVICE COSTS

An operator or claimant cannot receive funding for capital costs and debt service purposes in an amount that exceeds the operator's actual Fiscal Year capital requirements and actual Fiscal Year debt service requirements minus any revenues received from other sources for such purposes (21 CCR 6634(b) and (c)).

3.4 REPORTING REQUIREMENTS

When submitting a transit claim, claimants should submit one copy of the claim forms (Appendix A) and one set of the documentation requirements to the MCTC for approval:

- A letter of transmittal to MCTC;
- Application form(see Appendix A);
- A copy of the operating and capital budgets for the coming fiscal year for the transit system the jurisdiction operates (21 CCR 6632) (Form D1, D2);
- Description of capital projects, including time frame over which project will be funded and implemented;
- A certification completed within the last 13 months from the California Highway Patrol indicating that the operator is in compliance with Section 1808.1 of the Vehicle Code (21 CCR 6632);
- Statement identifying and substantiating the reason or need for an increase in operating budget in excess of 15% or more over the previous year, if applicable (21 CCR 6632);
- Explanation why there is a substantial increase or decrease in operations or capital for fixed facilities, if applicable (21 CCR 6632);
- A statement of projected or estimated revenues and expenditures from the prior fiscal year (21 CCR 6632). If filing a claim from FY14, the prior year would be FY13. FY13 would not be

complete at the time a jurisdiction files its FY14 claim, so this will have to be a projection or estimate. This allows MCTC to compare claims to actual revenues and expenditures; and

- If claiming Article 8(c) transit funds, copy of signed contract with whom claimant is contracting for transit service.

A step-by-step instruction for filing a claim can be found in Chapter 6.

CHAPTER 4 - BICYCLE AND PEDESTRIAN CLAIMS

The Transportation Development Act (TDA) provides limited funding for non-transit purposes, including bicycle and pedestrian facilities. MCTC allows Madera County jurisdictions to apply for funds for bicycle and pedestrian projects deemed appropriate by the jurisdiction.

If the City or County wants to use TDA funds to pay for a bicycle and/or pedestrian project, it can file an application under Article 3 and Article 8 (with leftover LTF funds). As further explained in Chapter 2 and illustrated in Figure 2-3, two (2) percent of LTF funds (after administrative costs are taken off the top) are put into a pedestrian and bicycle account (PUC Section 99233.3). An application for these funds is filed under Article 3. If a jurisdiction wanted to utilize excess LTF money (after transit needs are met) for bicycle and pedestrian facilities, it may do so through filing a claim under Article 8.

According to the TDA, MCTC is required to adopt rules and regulations delineating procedures for the submission of applications for bicycle and pedestrian projects, authorized under Article 3 (PUC Section 99234) and Article 8 (PUC Section 99400 (a)) of the Local Transportation Fund (LTF), and stating criteria for which they will be analyzed and evaluated.

4.1 ELIGIBLE PROJECTS

Eligible applications include facilities for the exclusive use of bicyclists and pedestrians. Projects must be derived from the latest Regional Transportation Plan for Madera County which is updated every four years.

Projects eligible under Article 3 specifically include:

- Bicycle safety education programs (limited to 5% of funds available for bicycle and pedestrian purposes);
- Construction, including related engineering expenses, of those facilities;
- Maintenance of bicycling trails, which are closed to motorized traffic;
- Projects that serve the needs of commuting bicycles, including, but not limited to, new trails swerving major transportation corridors, secure bicycle parking at employment centers, park and ride lots, and transit terminals where other funds are unavailable;
- Development of bicycle and pedestrian facilities plan (may not be more than once every five years);
- Re-striping class II bicycle lanes (limited to 20% of annual amount available for bicycle and pedestrian purposes); and
- There are no guidelines on the types of bicycle and pedestrian projects that might be eligible under Article 8.

4.2 ELIGIBILITY REQUIREMENTS

As with all other TDA claims, claimants are required to submit:

- An annual certified fiscal audit to MCTC and to the State Controller within 180 days after the close of the fiscal year (PUC Sec. 99245). Upon written request with justification, MCTC may extend the deadline up to 90 days; and
- A report to the State Controller regarding the expenditure of funds received for bicycle and pedestrian facilities (CCR 6665).

MCTC requires that jurisdictions making bicycle and pedestrian applications certify that the requested amounts and purposes are in conformity with the Regional Transportation Plan (21 CCR 6651) and that are included in a jurisdiction's adopted bicycle and pedestrian plans.

In evaluating bicycle and pedestrian applications, MCTC shall use the general design criteria established pursuant to Section 156.4 of the Streets and Highways Code (PUC Sec. 99401).

4.3 AMOUNT AVAILABLE FOR USE

ARTICLE 3

For Article 3 claims, MCTC allocates two (2) percent of the LTF for bicycle and pedestrian facilities pursuant to PUC Section 99233.3 and CCR Section 6655.2. These moneys are annually reserved in the fund for allocation to claimants for pedestrian and bicycle facilities or bicycle safety education programs.

ARTICLE 8

For Article 8 claims, each jurisdiction may determine, if there are remaining LTF funds after transit needs are met, if they want to use these funds or a portion thereof for bicycle and pedestrian facilities. As described in Chapter 2 and illustrated in Figure 2-3, Article 8 claims are allocated by population only when there are remaining LTF funds after the needs under the higher priority claims (Articles 3, 4, and 4.5) are funded.

50% Funding Limitation

LTF allocated for bicycle and pedestrian projects under Article 8 cannot represent more than 50% of the amount required to meet the City's or County's total proposed expenditures for the project in the year. Capital expenses, however, are exempt from this 50% limitation requirement. MCTC may allocate the total amount budgeted for the project's capital expenses if the project is consistent with the Regional Transportation Plan (PUC Sec. 99405 (a) and (b)).

4.4 REPORTING REQUIREMENTS

When submitting a bicycle/pedestrian project application, the claimant must submit the following to MCTC:

- Application form (See Appendix A);
- A letter of transmittal to MCTC;
- Bicycle and pedestrian project description, including time frame for project completion, and financial plan (Form E);
- Certification of compliance with eligibility requirements in Section 4.2 (i.e., fiscal audit, RTP, etc.); and

The application form must be accompanied by a resolution from the claimant's governing board approving the application and its submittal to MCTC and the Standard of Assurance. Approval of the application by the MCTC Board then programs the funds for that particular jurisdiction's bicycle and pedestrian facility projects.

A step-by-step instruction for filing an application can be found in Chapter 6.

CHAPTER 5 - OTHER CLAIMS AND THE UNMET TRANSIT NEEDS PROCESS

Madera County jurisdictions may file for LTF under Article 8 for local streets and roads, and multimodal transportation terminals (PUC Sec. 99400 (a), 99400 (b) and 99400.5). The eligibility to file for streets and roads projects by a city or county is based upon the latest unmet transit needs finding.

Before MCTC can approve an application for funding of streets and roads projects under Article 8, an unmet transit needs process must be conducted. Given the purpose of the TDA is to provide funding for transportation services, use of TDA funds for streets and roads is given a lower priority; therefore, a condition for approval of applications for this purpose is the finding that there are no unmet transit needs that could be reasonably met. Please refer to Chapter 2, Figure 2-3 for a more detailed description of LTF funding priorities.

5.1 ELIGIBLE PROJECTS

Street and road projects eligible for LTF include those that are “necessary or convenient to the development, construction, and maintenance of the city or county’s streets or highway network, including planning, acquisition of real property, and construction of facilities and buildings” (PUC Sec. 99402).

The City or County may also file an LTF Article 8 claim for the construction and maintenance of multimodal transportation terminals (PUC Sec. 99400.5). Multimodal transportation facilities include park and ride lots, transit centers, or other locations where passengers can transfer between modes.

5.2 ELIGIBILITY REQUIREMENTS

REGIONAL TRANSPORTATION PLAN

TDA funds can only be allocated to projects that are in conformity with the Regional Transportation Plan (21 CCR 6651). MCTC prepares the Regional Transportation Plan every four years.

5.3 AMOUNT AVAILABLE FOR USE – UNMET TRANSIT NEEDS

50% FUNDING LIMITATION

LTF allocated under Article 8 cannot represent more than 50% of the amount required to meet the City/Town or County’s total proposed expenditures for the project in the year. Capital expenses, however, are exempt from this 50% limitation requirement. MCTC may allocate the total amount budgeted for the project’s capital expenses if the project is consistent with the Regional Transportation Plan (PUC Sec. 99405 (a) and (b)).

UNMET TRANSIT NEEDS PROCESS

Before MCTC can allocate funds for purposes “not directly related to public transportation services, specialized transportation services, or facilities provided for the exclusive use of pedestrians and bicycles” (PUC Sec. 99401.5), MCTC must first implement the unmet transit needs process. Since the primary purpose of the TDA is to fund transit, the unmet transit needs process is used to prove that there are no “unmet transit needs” that are “reasonable to meet” prior to funding street and road projects.

The Unmet Transit Needs process must be completed on an annual basis before MCTC, as the administrator of the TDA funds, can approve an application for funding of streets and roads projects under Article 8 of the Public Utilities Code. The Unmet Transit Needs process requires MCTC to perform specific tasks, which are:

1. MCTC must establish and consult with the Social Services Transportation Advisory Council.
2. MCTC must perform an annual assessment of transportation needs within Madera County, including an assessment of the size and location of potentially transit dependent groups, analysis of the adequacy of existing transportation systems in providing service for those groups, and analysis of the potential for transit service to provide service that would meet the demand of those groups.
3. MCTC must adopt a definition of "unmet transit need" and "reasonable to meet."
4. MCTC must hold an annual Unmet Transit Needs hearing to solicit comments on unmet transit needs that may exist.
5. MCTC must consider all the available information obtained in the above actions, and adopt an Unmet Transit Needs finding. This finding shall be one of the following:
 - There are no unmet transit needs
 - There are no unmet transit needs that are reasonable to meet
 - There are unmet transit needs including needs that are reasonable to meet

Unless the Unmet Transit Needs process is completed, MCTC cannot approve an LTF application by any jurisdiction for streets and roads funding. Further, if the MCTC Board of Directors adopts a finding that there are unmet transit needs, including those which are reasonable to meet, then the unmet need must be funded before the jurisdiction can apply for funds for street and road projects. The funding to meet the unmet transit need must be reflected in the claimant's transit budget in order for any application for streets and roads funding to be approved.

MCTC adopted the current **definitions of “unmet transit needs” and “reasonable to meet”** on December 2, 2009. The definitions are as follows:

Unmet Transit Need Definition

The MCTC definition of the term “unmet transit needs” includes all essential trip requests by transit-dependent persons for which there is no other convenient means of transportation. The MCTC definition of the term “reasonable to meet” is applied to all related public or specialized transportation services that:

- Are feasible
- Have community acceptance
- Serve a significant number of the population
- Are economical
- Can demonstrate cost effectiveness by having a ratio of fare revenues to operating cost at least equal to 10 percent

5.4 REPORTING REQUIREMENTS

DOCUMENTATION WHEN SUBMITTING AN APPLICATION

When submitting applications for other projects, the claimant must submit the following to MCTC:

- Application form (See Appendix A)
- A letter of transmittal to MCTC

REPORTING REQUIREMENTS

All street & road, rail, and multimodal facility claimants are required to submit:

- An annual certified fiscal audit to MCTC and to the State Controller within 180 days after the close of the fiscal year (PUC Sec. 99245). Upon written request with justification, MCTC may extend the deadline up to 90 days; and
- A report to the State Controller regarding the expenditure of funds received for projects (CCR 6665).

Additional information about the annual fiscal audit requirement and the State Controller’s Report is included in Chapter 8.



**TRANSPORTATION DEVELOPMENT ACT
GUIDEBOOK**

VOLUME II

MCTC TDA APPLICATION/CLAIM PROCESS

CHAPTER 6 - FILING A TDA APPLICATION

In order to receive the annual allocation of Local Transportation Funds (LTF) and State Transit Assistance (STA) funds, jurisdictions must submit an application to MCTC for approval. The key parts of the application are the amount of funding requested and the purpose for which the funds will be used. MCTC requires this information to ensure claimants are in compliance with the requirements of the Transportation Development Act (TDA).

6.1 TDA APPLICATION INSTRUCTIONS AND REQUIRED DOCUMENTATION

Appendix A includes the forms which must be completed and submitted to MCTC to obtain TDA (both LTF and STA) funds.

Claimants should submit one copy of the application and one set of the documentation requirements listed in this section to the MCTC for approval.

All Applications

- A letter of transmittal to MCTC addressed to the Executive Director that attests to the accuracy of the application and all its accompanying documentation. The application must be signed by the department head of the claimant (21 CCR 6632);
- A resolution by Board/Council demonstrating the public process of allocating TDA funds;
- A project description (Form E) of each project and its conformity to the RTP;
- The Standard Assurances provides the applicant with a checklist of eligibility requirements and documentation.

All Transit Applications

- A copy of the operating and capital budgets for the coming fiscal year for the transit system the jurisdiction operates (21 CCR 6632);
- Description of capital projects, including time frame over which project will be funded and implemented; and
- Form C - Productivity Improvement Progress Report.

Article 4 Transit Applications

- A certification completed within the last 13 months from the California Highway Patrol indicating that the operator is in compliance with Section 1808.1 of the Vehicle Code (21 CCR 6632);
- Statement identifying and substantiating the reason or need for an increase in operating budget in excess of 15% or more over the previous year, if applicable (21 CCR 6632);
- Explanation why there is a substantial increase or decrease in operations or capital for fixed facilities, if applicable (21 CCR 6632); and

- A statement of projected or estimated revenues and expenditures from the prior fiscal year (21 CCR 6632). If filing an application from FY14, the prior year would be FY13. FY13 would not be complete at the time a jurisdiction files its FY14 claim, so this will have to be a projection or estimate. This allows MCTC to compare claims to actual revenues and expenditures.

Article 8 Transit Applications

- If applying for Article 8(c) transit funds, copy of signed contract with whom claimant is contracting for transit service

Non-Transit Claims - Bicycle/Pedestrian, Streets & Roads Applications

- Application Form A
 - Project description (Form E) that includes the timeframe for project completion.

Figure 6-1 summarizes the eligibility requirements, document submission requirements, and reporting requirements for each type of application. Figure 7-1 summarizes the application process timeline.

Figure 6-1 Eligibility and Claim Requirements

	Transit			Bike & Ped	Street & Road
	LTF		STA		
	Article 4	Article 8			
Eligibility Requirements					
Operator	X				
Contract Operations		X			
Farebox Recovery Ratio	X ¹	X ¹	X ²		
Vehicle Staffing (PUC Sec. 99264)	X				
Fully fund operator’s retirement system	X				
Private pension plan requirements	X				
Part time employee requirements			X		
Reduced transit fares for elderly and disabled	X ¹	X ¹	X ¹		
Full use of Federal Funds			X		
Must be allowed to employ part-time drivers or contract			X		
Efficiency Standards			X ¹		
Productivity Improvement Program	X	X	X		
Conform with RTP			X	X	X
Included in jurisdiction’s bike plan				X	
Use general design criteria of Streets & Highways code				X	
50% Limitation				X	X
Funded only after findings of Unmet Transit Needs process					X
Use of fund balances and deferred revenues	X	X	X	X	X
Documentation to Submit with Application					
Application Forms	X	X	X	X	X
Letter of Transmittal	X	X	X	X	X
Capital & Operating Budget	X	X	X		
CHP Inspection (PUC Sec. 99251)	X	X	X		
Statement of Estimated Revenues & Expenditures for prior FY	X				
Statement of operating budget growth >15% (PUC Sec. 99266)	X				
Reporting Requirements					
Submit annual certified fiscal audit	X	X	X	X	X
Submit annual State Controller’s Reports	X	X	X	X	X
Triennial Performance Audits	X ¹	X ¹			
Service extension report (if applicable)	X ¹				

¹Operating funds only

²For Article 8 claimants, MCTC may adopt performance criteria or a lower farebox recovery ratio on a temporary or permanent basis. If no separate ratio or criteria has been adopted by MCTC, the Article 8 transit claimant must meet the TDA minimum farebox recovery ratio.

6.2 OTHER CLAIM POLICIES

AMENDMENT OF APPLICATIONS

For amendments to applications, the same materials for the submittal of the original application forms should be submitted with an explanation of specific amendments. The amendment requires approval by the MCTC Board prior to payment of reimbursement.

PAYMENT OF CLAIMS

TDA claims submitted by local agencies to MCTC are reviewed by MCTC staff. If all claim information is in order, MCTC staff prepares a reimbursement instruction and submits it to the County Auditor's office. This reimbursement instruction directs the Auditor's office to issue payment to the appropriate claimant for the requested purposes. Payment is made by the County Auditor to the claimant, commensurate with receipt of sales tax revenues by the County Auditor's office.

CARRYOVER

TDA funds may be used to cover actual expenses during the fiscal year of the application only. If not all of the allocated funds are used, the funds should be moved to the following year by way of an amendment.

AUDIT POLICY

To help ensure that TDA audits are completed in a timely manner and the requirements of the TDA are met, MCTC will not reimburse a claimant's LTF apportionment until a TDA audit has been completed and received by MCTC (as required by PUC Section 99245 and CCR Section 6664). No reimbursement will be paid until a TDA audit has been received by MCTC.

BICYCLE AND PEDESTRIAN ACCOUNT

MCTC allocates 2% "off the top" of the annual LTF allocation for bicycle and pedestrian facilities and projects pursuant to PUC Section 99233.3.

PLANNING AND PROGRAMMING

MCTC allocates 3% of the annual LTF allocation for transportation planning and programming purposes pursuant to PUC Section 99233.2.

CHAPTER 7 - MCTC TDA CLAIM SCHEDULE

The following Figure 7-1 summarizes the TDA claim steps in an annual timeline and identifies the agency responsible for each step.

Figure 7-1 Responsibilities and Timeline for Apportionment, Allocation and Payment

Who	What	When
State Controller	Provides an estimate of the amount of STA funds to be allocated to Madera County in the coming fiscal year (PUC sec. 99312.7(a))	By January 31
County Auditor	Prepares an estimate of the amount of LTF funds that will be available in the coming fiscal year (21 CCR Sec. 6620)	By February 1
MCTC staff	Advises claimants of their estimated apportionments (21 CCR Sec. 6644) and (PUC Sec. 99230)	By March 1
City and County	Files LTF and STA applications (budget for funding) with MCTC (21 CCR Sec. 6630, 6732)	By July 1
MCTC staff	Give allocation instructions to County Auditor and claimants (CCR Sec. 6659) and (PUC Sec. 99235)	By August 1*
State Controller	Sends an updated estimate to MCTC of the amount of STA funds to be allocated to Madera County in the coming fiscal year based on amount appropriated in the State Budget Act (PUC Sec. 99312.7(b))	By August 1
Cities and County	Submit reports of transit operation to MCTC and State Controller (CCR Sec. 6665)	By September 30
MCTC staff	Submits annual financial transaction reports to the State Controller (PUC Sec. 99406, 6660)	By September 30
Cities and County	Non-transit claimants submit expenditure reports to the State Controller (CCR Sec. 6637)	By October 1
County Auditor	Reports status of funds to MCTC (CCR 6622)	Quarterly
Cities and County	Submit revised applications	As needed during fiscal year

**According to the TDA, MCTC shall convey at least one allocation instruction annually and prior to the beginning of the fiscal year for each transit service claimant, which has filed an annual application. MCTC may, however, delay an allocation instruction until after the beginning of the fiscal year with the consent of the operator or transit service claimant.*

CHAPTER 8 - MANAGEMENT OF THE TDA PROGRAM

8.1 APPROPRIATING AND ALLOCATING FUNDS

ROLE OF THE STATE CONTROLLER

The State Controller notifies MCTC of the annual Transportation Development Act (TDA) appropriation that is available to the County, including Local Transportation Fund (LTF) and State Transit Assistance (STA) funds. This process begins as an estimate of funds available in January, and then more accurate updates are transmitted to MCTC throughout the year. The State Controller has an adopted uniform system of accounts and records for use in reporting TDA funding activities. In this regard, the Controller requires certain annual fiscal reports of each TDA claimant from MCTC.

ROLE OF THE COUNTY AUDITOR

The County Auditor manages a local transportation fund within the County Treasury, and pays claimants from this fund according to directions it receives from MCTC. Funds are dispersed to claimants by reimbursement.

The County Auditor shall also maintain accounting records of the fund in accordance with the State Controller's Manual of Accounting Standards and Procedures for Counties (CCR 6622). At quarterly intervals, the County Auditor shall report the status of the fund to MCTC. The report of the status of the fund shall include a statement that shows the beginning fund balance, the amount and source of revenues received, the amount and recipient of payments made identified by allocation instruction, and the ending fund balance. Portions of the fund balance held in reserve shall be identified by amount and purpose. Interest earned on funds held shall be retained in reserve.

ROLE OF MCTC

MCTC is the regional transportation planning agency (RTPA) for the cities and unincorporated areas within the County of Madera. In this role it has the responsibility each year to *apportion* and *allocate* TDA funds that have been *appropriated* to its jurisdiction.

Each year, a state *appropriation* of STA funds is earmarked to MCTC as the RTPA for Madera County. From the total sum *appropriated*, MCTC makes an *apportionment* to each of the eligible claimants in its jurisdiction, based on population. MCTC then notifies all of the eligible claimants of their annual TDA apportionment.

Through the application process, claimants indicate the programs and projects they would like to fund during the next fiscal year. After a review of the applications, MCTC *allocates* the funds according to the accepted applications, and notifies the County Auditor of these allocations. In notifying the County Auditor of the TDA allocations that have been made to each of the eligible

claimants, MCTC is also required to convey allocation instructions regarding dispersal of the funds. In summary, MCTC as administrator of TDA funds has the following responsibilities:

- Apportions LTF and STA funds to eligible claimants;
- Ensures compliance and claimant eligibility of TDA funds prior to reimbursement;
- Approves and reimburses LTF and STA funds to eligible claimants;
- Manages claims process for LTF and STA funding; and
- Monitors use of the funds to ensure fiscal responsibility

8.2 SUMMARY OF IMPORTANT REPORT DATES

Time Period	Activity
January to May	County Auditor provides an annual revenue estimate of LTF funding to MCTC
	MCTC advises claimants of their apportionments
	MCTC conducts Unmet Transit Needs Public Hearings
	MCTC adopts definitions for Unmet Transit Needs and Reasonable to Meet criteria
May to July	Claimants submit applications
	MCTC adopts Unmet Transit Needs determination
July to September	MCTC issues allocation instructions to County Auditor
	Transit claimants submit report to State Controller and MCTC
October to December	MCTC submits TDA Annual Report and Financial Transactions for RTPA's to the State Controller
	MCTC reviews and evaluates fiscal audits of claimants

8.3 REQUIRED AUDITS AND REPORTS

The following fiscal reports and audits are required of TDA claimants, and the regional transportation planning agency.

State Controller's Annual Report of Financial Transactions of Transit Operators (90 Day State Controller's Report)

The annual report to the State Controller includes basic financial information from TDA claimants including a list of all sources of revenues, purposes of expenses, and capital additions to equity for transit purposes. Transit services are required by the State Controller's uniform accounting system to maintain records and to file reports on a full accrual enterprise basis of accounting.

Annual Certified Fiscal Audit (180 Day Report)

An annual certified fiscal and conformance audit conducted by an independent Certified Public Accountant of every TDA claimant must be submitted to MCTC and the State Controller within 180 days of the fiscal year end.

Triennial TDA Performance Audits

A triennial TDA Performance Audit is a systematic process of evaluating an organization's effectiveness, efficiency, and economy in the conduct of its operations. The objectives of the audit are to provide a means for evaluating an organization's operating performance, and also to seek ways to enhance that performance by making recommendations for improvements to its administrative processes and operational functions.

Triennial performance audits are conducted of all California's regional transportation planning agencies, such as MCTC. According to the *Caltrans Performance Audit Guidebook*, and state code, transit operators that receive TDA allocations under Article 8 are not mandated to commission triennial performance audits of their operations. However, the Guidebook encourages these audits because they are beneficial to improving transit operations.

Report of Streets and Roads Expenditures

Expenditures for streets and highway purposes must be reported annually to the State Controller. The *Transit Operators and Non-Transit Claimants Annual Report* includes a list of the jurisdictions for which funds have been allocated, the amount of the allocations, and the total funds available to each jurisdiction.

MCTC Semi-Annual Transit Operators' Report

At least twice a year, MCTC will collect performance data from the transit operators. The information includes the following:

- Revenue vehicle miles
- Days of Service
- Revenue vehicle hours
- Ridership
- Fare revenues
- Operating costs
- Subsidy

The reports will show several performance measures. These include the following:

- Passengers per hour
- Passengers per mile
- Passengers per day
- Vehicle hours per employee
- Operating cost per passenger
- Operating cost per vehicle revenue hour
- Subsidy per passenger
- Operating cost per hour
- Operating cost per mile
- Farebox ratio

Required TDA Reports

- Triennial Performance Audit
- Annual Fiscal Audit
- Annual State Controller Report
- Annual Unmet Transit Needs Findings Report
- Annual Street/Road Report to State Controller

8.4 GUIDELINES FOR AUDIT OF TDA COMPLIANCE

GUIDELINES FOR AUDIT OF TDA COMPLIANCE

This guide has been prepared to meet the requirements of the Transportation Development Act (TDA) with respect to conformance audits of claimants. The Public Utilities Code (PUC) sections, California Code of Regulations (CCR) sections, and MCTC Guidelines included herein are significant in auditing claimant's compliance with TDA requirements.

It is MCTC's opinion that a conformance review of the sections referred to in this guide will meet the requirements of PUC Section 99245 and CCR Sections 6664, 6666, and 6667 for most claimants. In the event that certain claimants are subject to sections not stated herein, the provisions of the TDA and the California Code of Regulations for the audit year shall control the determination of conformance. The annual fiscal audit shall include a certification that funds allocated to the claimant were expended in conformance with applicable laws, rules, and regulations of the TDA and allocation instructions of MCTC.

A report of a fiscal and compliance audit made by an independent auditor shall be submitted by each claimant within 180 days after the end of the fiscal year. MCTC may, under special circumstances, grant an extension of up to 90 days as it deems necessary (CCR 6664). No reimbursement shall be made to any claimant that is delinquent in its submission of a fiscal and compliance audit report. The audit shall be conducted in accordance with generally accepted auditing standards of the claimant's financial statements for the fiscal year, which shall be prepared in accordance with generally accepted accounting principles.

AUDITING FOR CONFORMANCE

General Guidelines

Application of the following procedures will provide a standard approach in auditing for conformance and should be applied during the preliminary stages of the fiscal audit:

- Obtain and review relevant documents and statements;
- Review tasks in CCR 6666 or 6667 (whichever is applicable);
- Interview responsible personnel as to compliance with laws, rules and regulations;

- Seek verification of above interviews; and
- Document the conformance review.

The procedures are described in detail in the following text.

Obtain and Review Relevant Documents and Statements:

- TDA claim(s) corresponding to fiscal year being audited and related allocation instructions.
- Statement by claimant that an effort was made to obtain federal funds for any major capital intensive improvement.
- Management statements designating exceptions, waivers and/or provisions of the TDA that claimant may be subject to that are not identified in CCR 6666 or 6667 (whichever is applicable).
- Copy of Short Range Transit Development Plan.
- Copy of State Controller’s Uniform System of Accounts and Records for Transit Operators.
- Current copy of Transportation Development Act Statutes and California Code of Regulations, and the MCTC Guide to the Transportation Development Act.
- Books, records, financial reports, and other pertinent data of claimant.

Review Tasks in CCR 6666 or 6667; whichever is appropriate

(a) Interview Personnel

Interview responsible personnel as to compliance with laws, rules and regulations. Upon identification of the applicable laws, rules, and regulations relating to conformance tasks, responsible personnel representing claimant should be questioned as to claimant’s compliance. Comments and observations should be encouraged in addition to yes or no responses. If nonconformance is suggested or determined, further discussion should be held with senior personnel.

(b) Seek Verification

Seek verification of above interviews. Two of the facts that generally determine the amount of evidence necessary to verify conformance are:

- The procedures and systems of controls used by the claimant to ensure reliability of management information; and
- The significance of the conformance area. (The auditor should obtain more evidence to verify compliance if procedures or controls are not adequate or the conformance area is significant.)

The process of verifying conformance may involve:

- Testing the records and procedures of the claimant;
- Observing the operations and physical assets of the claimant;
- Analyzing information and data; and
- Interviewing additional personnel.

The procedures selected to verify conformance answers are a matter of judgment on the part of the auditor. However, regardless of the method selected, the auditor should be satisfied that the answers given during the conformance interviews are accurate and correct in all material respects.

(c) ***Document the Review***

The determination of conformance with applicable laws and regulations should be documented. A simple and effective method of documenting the conformance review is to use a columnar work paper to record the responses and the comments of the claimant and the types of procedures used to verify the responses and comments.

CHAPTER 9 - PRODUCTIVITY IMPROVEMENT PROGRAM

9.1 WHAT IS A PRODUCTIVITY IMPROVEMENT PROGRAM?

A Productivity Improvement Program (PIP) allows MCTC to monitor a transit operator's or transit claimant's progress toward meeting recommended improvements that can lower transit operating costs. MCTC is required to identify, analyze, and recommend potential improvements on an annual basis for transit operators receiving TDA funds under Article 4 (PUC Sec. 99244). At its discretion, MCTC can also recommend and track productivity improvements for transit claimants receiving TDA funds under Article 8.

9.2 HOW ARE RECOMMENDATIONS DEVELOPED?

The recommendations should include, but are not limited to, the productivity recommendations made in the operator's most recent TDA triennial performance audit (PUC Sec. 99244). MCTC can make recommendations on its own or set up a productivity committee to provide advice on developing productivity improvement recommendations and tracking improvements.

TYPES OF RECOMMENDATIONS

Productivity improvement recommendations for transit operators or transit claimants are divided into two categories: performance audit recommendations, and specific operator or claimant initiated efforts to improve productivity.

PERFORMANCE AUDIT RECOMMENDATIONS

MCTC staff will meet with each transit operator or transit claimant upon completion of the triennial performance audit process to review the audit recommendations and solicit the operator's and claimant's responses to the recommendations. MCTC will notify the operator and transit claimant of their responsibilities to implement the recommendations. At the time of application submittal, each operator or transit claimant shall submit a Productivity Improvement Progress Report form. Information provided on the form shall include:

1. A discussion of the work undertaken to implement each recommendation during the current fiscal year;
2. A short discussion of any problems encountered in implementing individual recommendations, and the success or failure of implemented recommendations in improving transit productivity; and
3. Next steps the operator or transit claimant will take in continuing to implement the recommendation.

EFFORTS TO IMPROVE PRODUCTIVITY

In addition to implementing the performance audit recommendations, each operator and transit claimant shall indicate if any special efforts have been or will be made to help cover costs and/or increase ridership. These efforts shall be summarized for both fixed-route and demand responsive operations and be included on the annual Productivity Improvement Progress Report.

9.3 WHAT HAPPENS IF AN OPERATOR DOES NOT FOLLOW UP ON RECOMMENDATIONS?

Before MCTC reimburses TDA funds to an operator, MCTC must evaluate the operator's efforts to implement any recommended improvements.

If MCTC determines that the operator has not made a reasonable effort to implement the recommended improvements, MCTC shall not approve LTF transit reimbursements for the coming fiscal year that exceed the transit reimbursement for the current fiscal year (PUC Sec. 99244).

9.4 HOW IS PROGRESS TOWARD MEETING THE RECOMMENDATIONS TRACKED?

Each operator and, if applicable, each transit claimant is required to submit the Productivity Improvement Progress Report form on an annual basis with its annual TDA application form. Each operator or transit claimant is required to provide sufficient information to enable MCTC to determine if a reasonable effort was made to implement the recommendations. A sample form is included in Appendix A (Form C).



TRANSPORTATION DEVELOPMENT ACT GUIDEBOOK

APPENDICES

APPENDIX A APPLICATION FORMS

The attached forms must be completed and submitted to MCTC to obtain TDA (both LTF and STA) funds. Please review Chapter 6 for documentation needed to submit with a TDA application.

The following TDA application forms used in Madera County, the City of Madera and the City of Chowchilla are:

1. Transportation Development Act Application Summary Form (Form A)
2. Resolution (Form B)
3. Productivity Improvement Progress Report (Form C)
4. Proposed Transit Operating Budget (Form D1)
5. Proposed Transit Capital Budget (Form D2)
6. Project Description and RTP Conformity (Form E)
7. Standard Assurances (Form F)

APPENDIX B

GLOSSARY OF TERMS

Allocation

This is the process by which a jurisdiction elects to split its TDA apportionment between transit, bicycle, pedestrian, and street and road projects. Also refers to the division of total annual TDA funding among eligible claimants in the MCTC region.

Apportionment

The share of Madera County's TDA funds earmarked for each jurisdiction, generally according to population. For each fiscal year, it is the maximum amount for which claimants in any one area may apply.

Assignment

Monies which a city, county, or transit district authorizes to be claimed by an agency other than itself. Assignments are normally made to support the operation of a joint powers transit authority and to undertake cooperative projects. This action may also be referred to as a "transfer".

CEQA

California Environmental Quality Act enacted in 1970 which requires environmental reporting on all "projects" which significantly affect the environment.

Claimant

A city, county, consolidated transportation service agency, or operator that is eligible to file a TDA claim. Other terms, such as applicant, mean the same.

Consolidated Transportation Service Agency

This type of agency is eligible for Article 4.5 funds under specific funding criteria as amended into the TDA by AB 120, and including an agency formed to consolidate social service transit operations in order to increase service and cost-effectiveness, to improve driver training, vehicle dispatching and maintenance, and to provide better administration of social service transit operations.

Demand Responsive

Transit service provided without a fixed-route and without a fixed schedule that operates in response to calls from passengers or their agents to the transit operator or dispatcher. Service is usually provided using cars, vans, or buses with fewer than 25 seats.

Depreciation

An expense that records the diminishing value of certain assets, does not represent an actual cash outlay.

Elderly

Refers to persons 65 years of age or older.

Enterprise Fund

A method of accounting which treats an activity like a commercial entity, and which encompasses a complete set of self-balancing accounts. This enables the preparation of financial statements which depict the financial position and results of operations by fiscal period.

Fare Revenue

This revenue includes all revenues in the following uniform system of accounts revenue classes:

- 401.000 Passenger Fares for Transit Service
- 402.000 Special Transit Fares
- 403.000 School Bus Service Revenues

Fare revenue also includes cash donations made by individuals in lieu of prescribed fares. Also, in the case of claimants allocated funds to pay contract transit costs to another entity, fare revenues include the amount of fares received by the entity providing the service and not transferred to the claimant.

Farebox Recovery Ratio

Transit systems funded by TDA claimants are required to maintain certain expense to revenue ratios. The formula for calculating the ratio is total fare revenue divided by the total cost of transit operations.

Fiscal Year

The state fiscal year begins July 1 and ends on June 30.

General Public Transportation

Transportation services which are provided using vehicles for use by the general population within a given service area.

Person with Disabilities

Any individual who by reason of illness, injury, age, congenital malfunction, or other permanent or temporary incapacity or disability, including, but not limited to, any individual confined to a wheelchair, is unable, without special facilities or special planning or design, to use public transportation facilities and services as effectively as a person who is not so affected. As used in law, a temporary incapacity or disability is a condition which lasts more than 90 days. (PUC Section 99206.5)

Joint Powers Agreement

A legally binding agreement between two or more units of government which establishes a multi-jurisdictional special district with specified powers and responsibilities, such as to provide public transportation.

Local Transportation Fund (LTF)

This is the fund established in each county pursuant to the Transportation Development Act (TDA). Into this fund is deposited $\frac{1}{4}$ of 1 cent of state general sales tax generated in each county and returned to the county of origin to be used for transportation purposes.

Municipal Operator

A city or county, including any nonprofit corporation or other legal entity wholly owned or controlled by the city or county, which operates a public transportation system, or which on July 1, 1972, financially supported, in whole or in part, a privately owned public transportation system, and which is not included, in whole or in part, within an existing transit district. It also refers to a county which is located in part within a transit district and which operates a public transportation system in the unincorporated area of the county not within the area of the district. (PUC Section 99209 and 99209.1)

NEPA

The National Environmental Policy Act, enacted in 1969, requires environmental reporting on all federally funded “projects” which significantly affect the environment.

Nonprofit Corporation

Any corporation organized for any lawful purposes which does not contemplate the distribution of gains, profits, or dividends to the members thereof, such as religious, social, and public transportation corporations.

Nonurbanized Area

An area having a population of less than 50,000 as defined by population figures from the latest Federal Census. An operator serves a “nonurbanized area” if 50 percent or more of the population of its service area is located within the boundaries of a nonurbanized area.

Operating Cost

All costs in the operating expense object classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the State Controller pursuant to PUC Section 99243 and exclusive of all subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission and of all direct costs for providing charter services, and exclusive of all vehicle lease costs. (PUC Section 99247)

Operator

Includes any transit district, included transit district, municipal operator, included municipal operator, or transit development board. For the purposes of filing an Article 4 Public Transportation Claim a transit district, included municipal operator, or municipal operator must own or lease the equipment, establish routes and service frequencies, regulate and collect fares, and otherwise control the efficiency and quality of the operation of the system.

Passenger Miles

The total number of miles traveled by transit passengers, so that a bus that carries 5 passengers for a distance of 3 miles incurs 15 passenger miles.

Performance Audit

Independent triennial performance audits are required to be conducted of transportation planning agencies, and operators receiving Article 4 funding. The purpose of these audits is to evaluate the efficiency, effectiveness, and economy of the operation of the entity being audited. The audits are completed in accordance with the Comptroller General’s *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*. (PUC Section 99246)

Private Corporation or Entity

A corporation, company, association, or joint stock association engaged in transacting business for compensation within the state.

Productivity Improvement Program

A program that allows MCTC to monitor a transit operator’s or transit claimant’s progress toward meeting recommended improvements that can lower transit operating costs. Recommendations are developed by the SSTAC whose membership consists of representatives from management of the operators, employee organizations, and users of transportation services.

Regional Transportation Plan (RTP)

The plan adopted every four (4) years by the MCTC to establish transportation policies, and by the state to guide development of transportation services and facilities in California. The RTP relates transportation to land use, population, environmental and social policy issues, and is required by state and federal law.

Regional Transportation Planning Agency (RTPA)

An RTPA is responsible for the preparation of all federal and state transportation plans and programs that secure transportation funding for highways, local streets and roads, transit, aviation, rail and bikeway/pedestrian facilities. The MCTC is the RTPA for Madera County.

Reserve

An allocation of TDA monies to be held in the fund by the County Auditor for a period not to exceed three years.

Social Services Technical Advisory Council (SSTAC)

A committee appointed by MCTC made up of representatives from social service providers, the elderly and the disabled. The SSTAC participates in the annual unmet transit needs process. This includes a finding by resolution that in its area (a) there are no unmet transit needs, (b) there are no unmet transit needs that are reasonable to meet, (c) there are unmet transit needs, including needs that are reasonable to meet. (PUC Section 99238)

Specialized Transportation Services

Transit that primarily serves older adults, people with disabilities, and others whose mobility needs are not addressed by traditional fixed-route service. Typical services include demand-response, feeder, community bus, and route and point deviation services.

State Transit Assistance Fund (STA)

One of the two transportation funding programs contained in the Transportation Development Act (TDA). This fund was created by the passage of SB 620 in 1979 to supplement existing funding sources for public transit services. STA funds are generated from the statewide sales tax on diesel fuel, state sales tax revenue from the excise tax, and Proposition 42. Each year during the budget process, the State Legislature designates the amount of money available for STA.

Transit District

A public district organized pursuant to state law and designated in the enabling legislation as a transit district or rapid transit district to provide public transportation service. (PUC Section 99213)

Transit Service Claimant

In Madera County, a jurisdiction may file a claim for contract transit payments pursuant to Article 8 (c). A claimant filing under Article 4 is considered an operator.

Transportation Development Act (TDA)

State law, SB 325, enacted in 1971, with subsequent amendments that created a Local Transportation Fund in each county in which $\frac{1}{4}$ of 1 cent of local sales taxes are deposited annually, to be used for transportation purposes. Also includes the State Transit Assistance Fund (STA) enacted in 1979 as SB 620.

Transportation Improvement Program (TIP)

A federal and state mandated document that lists a four-year program of transportation projects for federal, state, and local funding.

Transportation Planning Agency (TPA)

An agency that has responsibility for administering the transportation funds available for the area under its jurisdiction. MCTC was established as a planning agency under PUC Section 99214 (c).

Uniform System of Accounts

The chart of accounts and financial reporting format specified in the State Comptroller General’s *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*. (PUC Section 99246) This financial accounting system is required of all TDA funding recipients.

Unmet Transit Needs Process

TDA requires that before any Article 8 funds can be allocated for street and road purposes, MCTC must afford opportunities for citizen participation, called the “Unmet Needs” process. The SSTAC is to be involved in this process in order to hear the transit needs of transit dependent or disadvantaged persons. A least one public hearing must be held annually, and the findings must be forwarded to MCTC and Caltrans concerning whether there are any unmet transit needs that are judged reasonable to meet in the jurisdiction. (PUC Sections 99238, 99401)

Urbanized Area

An urbanized area has a population of 50,000 persons or more, according to the most recent federal census. An operator serves in an urbanized area if 50 percent or more of the population of its service area is located within the boundaries of an urbanized area, with exceptions as specified in PUC Section 6645.

**MADERA COUNTY TRANSPORTATION COMMISSION
TRANSPORTATION DEVELOPMENT ACT APPLICATION SUMMARY
(All claimants must complete this document)**

Line

1 Project Year (FY) _____

2 Claimant _____

3 Address _____

4 Contact Person _____ Title _____

5 Telephone Number _____

6 The above named claimant hereby applies for allocations of Transportation Development Act funds for FY 0 for the purposes and in the amount(s) specified below:

Purpose	
Local Transportation Fund	
7 Regional Transportation Planning (PUC 99262 & 99402)	
8 Pedestrian & Bikeway Facilities (PUC 99234)	
9 Article 4 Transit (PUC 99260)	
10 Article 4.5 Community Transit (PUC 99275)	
11 Article 8a Streets & Roads (PUC 99400a)	
12 Article 8b Rail (PUC 99400b)	
13 Article 8c Transit Contracts (PUC 99400c)	
14 TOTAL LTF	\$ -
State Transit Assistance	
15 Transportation Planning	
16 Mass Transportation	
17 TOTAL STA	\$ -
18 TOTAL TRANSPORTATION DEVELOPMENT ACT APPLICATION <i>(add lines 14 and 17)</i>	\$ -

Claimant acknowledges that payment by the County Auditor of an allocation made by MCTC is subject to such monies being on hand and available for distribution and to the provision that such moneys be used only in accordance with the terms of the allocation instruction issued by MCTC.

19 By: _____

20 Title: _____

21 Date: _____

I hereby attest to the reasonableness and accuracy of the financial statements included in Documents E & F. (Sec. 6632)

22 Signed: _____
Chief Financial Officer

23 Name: _____

24 Title: _____

Reference: CCR Section 6630

Approved by MCTC:

Authorized Official Date

FORM A

RESOLUTION
(All claimants must complete this document)
(Sample format)

RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION WITH THE MADERA COUNTY TRANSPORTATION COMMISSION FOR ALLOCATION OF TRANSPORTATION DEVELOPMENT ACT FUNDS FOR FISCAL YEAR 0

WHEREAS, the Transportation Development Act (TDA), as amended (Public Utilities Code Section 99200 et seq.), provides for the allocation of funds from the Local Transportation Fund for use by eligible claimants for various transportation purposes; and

WHEREAS, pursuant to the provisions of the TDA, as amended, and pursuant to the applicable rules and regulations thereunder (21) Cal. Code of Regulations Sections 6600 et seq.) a prospective claimant wishing to receive an allocation from the Local Transportation Fund or State Transit Assistance fund shall file its claim or amended claim with the Madera County Transportation Commission.

NOW, THEREFORE, BE IT RESOLVED, that 0, 0 is authorized to execute and file an appropriate claim and necessary claim amendments pursuant to the terms of the TDA, as amended, and pursuant to applicable rules and regulations promulgated there under, together with all necessary supporting documents, with the Madera County Transportation Commission for an allocation of TDA in FY 0.

BE IT FURTHER RESOLVED THAT the authorized claim includes \$ - for regional transportation planning, \$ - for pedestrian and bicycle facilities, \$ - for transit or paratransit purposes, \$ - for street and road purposes.

BE IT FURTHER RESOLVED THAT a copy of this resolution be transmitted to the Madera County Transportation Commission in conjunction with the filing of the application.

PRODUCTIVITY IMPROVEMENT PROGRESS REPORT

1. List the recommendations provided in your last Triennial Performance Audit and your progress toward meeting them.

Recommendation	Implementation Status*

** Indicate whether the recommendation has been fully implemented, partially implemented, or not implemented.*

2. For any recommendation in #1 above that has been fully implemented, describe the work your agency has undertaken to implement each performance audit recommendation.

3. For any recommendation in #1 above that has been partially implemented, describe the work your agency has undertaken to implement each performance audit recommendation and the steps it will take to fully implement the recommendation.

4. For any recommendation in #1 above that has not been implemented, explain why the recommendation has not been implemented and describe the work your agency will undertake to implement each performance audit recommendation.

5. Describe any problems encountered in implementing individual recommendations.

6. Indicate any areas where special efforts have been made in the last fiscal year to help cover costs and/or increase ridership for both fixed-route and demand responsive operations.

7. Indicate any areas where special efforts will be made in the next fiscal year to help cover costs and/or increase ridership for both fixed-route and demand responsive operations.

8. Describe the success or failure of implemented recommendations in improving transit productivity.

PROPOSED OPERATING BUDGET
(All transit claimants must complete this document)

Transit System _____

<u>Line</u>	<u>Prior Year (FY)</u>	<u>Project Year (FY)</u>
1 Budget Year	2017	2018
2 Total Eligible Operating Cost		
3 Estimated Fares		
4 Operating Deficit (subtract Line 3 from Line 2)	\$ -	\$ -
 <u>Other Operating Revenues</u>		
5 Local Taxes		
6 Local Transportation Fund		
7 LTF Balance from Prior Year		
8 State Transit Assistance Fund		
9 Federal Operating Assistance		
10 Measure T		
11 Other (specify):		
12 Other (specify):		
13 Other (specify):		
14 Net Surplus/(Deficit) (add Lines 5-13 to Line 4)	\$ -	\$ -

Footnotes

Reference: CCR Section 6632

PROPOSED CAPITAL BUDGET
(All transit claimants must complete this document)

<u>Line</u>	<u>Prior Year (FY)</u>	<u>Project Year (FY)</u>
15 Budget Year	2017	2018
<u>Capital Expenditures</u> (Itemize by Project)		
16		
17		
18		
19		
20		
21		
22		
23		
24 Total Capital Expenditures (Add Lines 16-23)	\$ -	\$ -
<u>Capital Revenues</u>		
25 Local Taxes		
26 Local Transportation Fund (LTF)		
28 LTF Balance from Prior Year		
29 State Transit Assistance Fund (STAF)		
30 STAF Balance from Prior Year		
31 Federal Capital Assistance		
32 Other (specify):		
33 Other (specify):		
34 Other (specify):		
35 Other (specify):		
36 Total Capital Revenues (add Lines 25-35)	\$ -	\$ -
37 Net Surplus/(Deficit) (subtract Line 36 from Line 24)	\$ -	\$ -

PROJECT DESCRIPTION & REGIONAL TRANSPORTATION PLAN CONFORMITY
(All claimants must complete this document)

Complete sections for **every article** under which you are applying for TDA funds.

ARTICLE 3 BIKE/PED

Describe how you plan to use LTF Article 3 Bike/Ped funds. Include, as applicable, location, type of bike facility, length of project (if bike lane), construction start date, and expected date of opening.

List the corresponding RTP project and/or page numbers.

List the corresponding local bicycle plan project and/or page numbers.

ARTICLE 4 TRANSIT

Describe how you plan to use LTF Article 4 Transit funds. Include, as applicable, type of project, construction start date, expected date of opening.

List the corresponding RTP project and/or page numbers.

ARTICLE 4.5 COMMUNITY TRANSIT SERVICES

Describe how you plan to use LTF Article 4.5 CTSA funds. Include, as applicable, type of project, construction start date, expected date of opening.

List the corresponding RTP project and/or page numbers.

ARTICLE 8(c) TRANSIT

Describe how you plan to use LTF Article 8 Transit funds. Include, as applicable, type of project, construction start date, expected date of opening.

List the corresponding RTP project and/or page numbers.

ARTICLE 8(b) RAIL

Describe how you plan to use LTF Article 8 Rail funds. Include, as applicable, type of project, construction start date, expected date of opening.

List the corresponding RTP project and/or page numbers.

ARTICLE 8(a) STREETS AND ROADS

Describe how you plan to use LTF Article 8 Streets/Roads funds. Include, as applicable, type of project, construction start date, expected date of opening.



Reference: CCR Section 6651

STANDARD ASSURANCES FOR APPLICANTS – LTF
(All claimants must complete this document)

APPLICANT ASSURANCES: *Initial Each Section or Indicate N/A.*

- 1) Applicant certifies it has submitted a satisfactory, independent fiscal audit, with required certification statement, to MCTC and to the State Controller, pursuant to PUC 99245 and 21 CCR 6664, for the prior fiscal year (project year minus two). Applicant also assures this audit requirement will be completed for the current fiscal year (project year minus one).
Applies to all TDA claimants.
- 2) Applicant certifies that no more than 50% of the CTSA's operating budget for the year came from LTF. Applicant also certifies that its fiscal audit contains verification of this limitation.
Applies to Article 4.5 (CTSAs)
- 3) Applicant certifies it has submitted an annual report, documenting agency operations, in conformance with the uniform system of accounts and records, to MCTC and to the State Controller, pursuant to PUC 99243, for the prior year (project year minus two). Applicant also assures this report will be completed for the current fiscal year (project year minus one).
Applies to Articles 4 (transit), 4.5 (CTSAs), and 8 (transit)
- 4) Applicant certifies it has submitted an annual report, regarding expenditure of funds received, to the State Controller, pursuant to 21 CCR 6665, for the prior year (project year minus two). Applicant also assures this report will be completed for the current fiscal year (project year minus one).
Applies to Articles 3 (bike/ped) and 8 (streets/roads)
- 5) Applicant certifies that (initial one):

 - a) the current cost of its retirement system is fully funded with respect to the officers and employees of its public transportation system (PUC 99271(a)); or
 - b) the operator is implementing a plan approved by MCTC which will fully fund the retirement system for such officers and employees within 40 years (PUC 99271(a)); or
 - c) the operator has a private pension plan which sets aside and invests, on a current basis, funds sufficient to provide for the payment of future pension benefits and which is fully compliant with the requirements stated in PUC 99272 and 99273.
Applies to Articles 4 (transit), 4.5 (CTSAs), and 8 (transit)
- 6) Applicant certifies that, pursuant to PUC 99264, it does not routinely staff, with two or more persons, a vehicle for public transportation purposes designed to be operated by one person.
Applies to Articles 4 (transit), 4.5 (CTSAs), and 8 (transit)
- 7) Applicant certifies that the transit operator's operating budget has not increased more than 15% over the preceding year, and does not include a substantial increase or decrease in scope of operations or capital budget provisions for major new fixed facilities. ***If the budget does include such changes, documentation is attached*** that identifies and substantiates the reason and need for the changes, pursuant to PUC 99266, CCR 6632(b). E.g., if there is a substantial change between the capital expenditures proposed in this application and those described in the Short Range Transit Development Plan (TDP), the applicant must provide a statement that substantiates the need for this change.
ATTACHMENTS MAY BE REQUIRED
Applies to Articles 4 (transit), 4.5 (CTSAs), and 8 (transit)

8) Applicant certifies that **attached is certification from the Department of California Highway Patrol** (CHP), completed within the last 13 months, that indicates the operator is in compliance with Section 1808.1 of the Vehicle Code. Section 1808.1 of the Vehicle Code requires, among other things, that operators participate in a pull notice system for obtaining current driver records from the Department of Motor Vehicles.

ATTACHMENTS REQUIRED

Applies to Articles 4 (transit), 4.5 (CTSAs), and 8 (transit)

9) Applicant certifies it is in compliance with PUC 99155: if it offers reduced fares to seniors, it offers the same reduced rate to disabled persons, handicapped persons, and disabled veterans, and it honors the federal Medicare card for identification to receive reduced fares.

Applies to Articles 4 (transit), 4.5 (CTSAs), and 8 (transit)

10) Applicant certifies it is in compliance with PUC 99155.5: dial-a-ride and paratransit services are accessible to handicapped persons and the service is provided to persons without regard to vehicle ownership and place of residence.

Applies to Articles 4 (transit), 4.5 (CTSAs), and 8 (transit)

11) Applicants that contract with another entity or entities for transit service certify that a copy of **the contract negotiated with that entity is attached**, pursuant to CCR 6630.

ATTACHMENTS REQUIRED

Applies to Articles 4 (transit) and 8 (transit)

12) Applicant certifies that **attached to this claim is an operations plan and budget** that describes existing and proposed service, and report on progress of coordination and consolidation objectives.

ATTACHMENTS REQUIRED

Applies to Article 4.5 (CTSAs)

13) Applicant certifies that in its TDA claim, not less than 5% of the amount claimed under Article 4 will be expended for demand-response service for the elderly and individuals with disabilities.

Applies to Articles 4 (transit) in service areas without a designated CTSA

14) If MCTC has found that there are unmet transit needs that are reasonable to meet within its jurisdiction, the claimant certifies it has **attached a summary of the actions it plans** to take to meet the needs.

ATTACHMENTS MAY BE REQUIRED

Applies to Article 8 (streets/roads)

The undersigned hereby certifies that the above statements are true and correct.

Signature:

Name:

Title:

Date:

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2016**

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND
JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure "T" Fund of the County of Madera (Measure "T" Fund), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure "T" Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control as it relates to the Measure "T" Fund. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "T" Fund of the County of Madera, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure "T" Fund of the County of Madera and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2016, and the changes in financial position or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis (MD&A) and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure "T" Fund's basic financial statements. The Balance Sheet by Funding Source and the Schedule of Revenues and Expenditures by Funding Source (the Schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017 on our consideration of the County's internal control over financial reporting as it relates to the Measure "T" Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
March 13, 2017

FINANCIAL STATEMENTS

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND
BALANCE SHEET
JUNE 30, 2016**

ASSETS	
Cash	\$ 7,905,383
Due from other governments	<u>127,383</u>
Total assets	<u>\$ 8,032,766</u>
LIABILITIES	
Due to other funds	<u>\$ 252,772</u>
Total liabilities	<u>252,772</u>
FUND BALANCE	
Restricted	<u>7,779,994</u>
Total liabilities and fund balance	<u>\$ 8,032,766</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016**

REVENUES	
Measure "T" sales tax	\$ 2,473,734
Interest	<u>45,573</u>
Total revenues	<u>2,519,307</u>
EXPENDITURES	
Highway and streets	<u>4,131,364</u>
Total expenditures	<u>4,131,364</u>
Net change in fund balance	(1,612,057)
Fund balance - beginning	<u>9,392,051</u>
Fund balance - ending	<u><u>\$ 7,779,994</u></u>

The accompanying notes are an integral part of this statement.

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION

Description of Reporting Entity

The accompanying financial statements present only the Measure "T" Fund as recorded in the County of Madera (County) and are not intended to present fairly the financial position, changes in financial position, or cash flows of the County with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

The financial statements of the Measure "T" Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Measure "T" Fund's accounting policies are described below.

The Measure "T" Fund is accounted for in a governmental fund. Governmental funds are accounted for on a spending of "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

The Measure "T" Fund is a governmental fund specifically categorized as a special revenue fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual, are intergovernmental revenues. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

Measure "T" revenues, which are received as allocations for specific purposes or projects, are recognized based upon the receipts received. Intergovernmental revenues, which are usually unrestricted as to use and are revocable only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier, if they meet the availability criterion.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance

In governmental fund financial statements, reservations of fund balances represent amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**COUNTY OF MADERA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS

The Measure "T" Fund participates in the County's cash and investments pool that includes all other County funds, which the County Treasurer invests to enhance interest earnings. Income from the investment of pooled cash is allocated on a quarterly basis, based upon the actual daily balance of the fund as a percentage of the total pooled cash balance.

The County participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Assets-Backed Securities. The County values all of its cash and investments at fair value on a portfolio basis. The County manages its pooled idle cash and investments under a formal investment policy that is adopted and reviewed by the County Council, and that follows the guidelines of the State of California Government Code.

Countywide information concerning cash and investments for the year ended June 30, 2016, including authorized investments, custodial credit risk, credit and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments, may be found in the notes of the County's Financial Statement.

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SUPPLEMENTARY INFORMATION

**COUNTY OF MADERA, CALIFORNIA
 MEASURE "T" FUND
 BALANCE SHEET
 BY FUNDING SOURCE
 JUNE 30, 2016**

	Commuter Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Total
ASSETS					
Cash	\$ 3,490,086	\$ 3,757,184	\$ 64,999	\$ 593,114	\$ 7,905,383
Due from other governments	<u>62,138</u>	<u>59,851</u>	<u>423</u>	<u>4,971</u>	<u>127,383</u>
Total assets	<u>\$ 3,552,224</u>	<u>\$ 3,817,035</u>	<u>\$ 65,422</u>	<u>\$ 598,085</u>	<u>\$ 8,032,766</u>
LIABILITIES					
Due to other funds	<u>\$ 64,261</u>	<u>\$ 151,034</u>	<u>\$ -</u>	<u>\$ 37,477</u>	<u>\$ 252,772</u>
Total liabilities	<u>64,261</u>	<u>151,034</u>	<u>-</u>	<u>37,477</u>	<u>252,772</u>
FUND BALANCE					
Restricted	<u>3,487,963</u>	<u>3,666,001</u>	<u>65,422</u>	<u>560,608</u>	<u>7,779,994</u>
Total liabilities and fund balance	<u>\$ 3,552,224</u>	<u>\$ 3,817,035</u>	<u>\$ 65,422</u>	<u>\$ 598,085</u>	<u>\$ 8,032,766</u>

**COUNTY OF MADERA, CALIFORNIA
 MEASURE "T" FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BY FUNDING SOURCE
 FOR THE YEAR ENDED JUNE 30, 2016**

	Commuter Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Total
REVENUES					
Measure "T" sales tax	\$ 1,195,409	\$ 1,151,452	\$ 8,130	\$ 118,743	\$ 2,473,734
Interest	<u>20,489</u>	<u>21,607</u>	<u>350</u>	<u>3,127</u>	<u>45,573</u>
Total revenues	<u>1,215,898</u>	<u>1,173,059</u>	<u>8,480</u>	<u>121,870</u>	<u>2,519,307</u>
EXPENDITURES					
Highway and streets	<u>2,983,317</u>	<u>1,106,172</u>	<u>-</u>	<u>41,875</u>	<u>4,131,364</u>
Total expenditures	<u>2,983,317</u>	<u>1,106,172</u>	<u>-</u>	<u>41,875</u>	<u>4,131,364</u>
Net changes in fund balance	(1,767,419)	66,887	8,480	79,995	(1,612,057)
Fund balance - beginning	<u>5,255,382</u>	<u>3,599,114</u>	<u>56,942</u>	<u>480,613</u>	<u>9,392,051</u>
Fund balance - ending	<u>\$ 3,487,963</u>	<u>\$ 3,666,001</u>	<u>\$ 65,422</u>	<u>\$ 560,608</u>	<u>\$ 7,779,994</u>

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE
RULES AND REGULATIONS OF THE MEASURE "T" ENABLING LEGISLATION

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure "T" Fund of the County of Madera (Measure "T" Fund), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Measure "T" Fund's basic financial statements, and have issued our report thereon dated March 13, 2017, which included an explanatory paragraph that the financial statements only present the County's Measure "T" Fund.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Madera's internal control over financial reporting, as it relates to the Measure "T" Fund, to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Measure "T" Fund's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's Measure "T" Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that allocations made and

expended by the County were made in accordance with the Measure "T" Enabling Legislation. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance as it relates to the Measure "T" Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
March 13, 2017

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**CITY OF MADERA, CALIFORNIA
MEASURE "T" FUND**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2016**

**CITY OF MADERA, CALIFORNIA
MEASURE "T" FUND
JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure "T" Fund of the City of Madera (Measure "T" Fund), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure "T" Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control as it relates to the Measure "T" Fund. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "T" Fund of the City of Madera, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure "T" Fund of the City of Madera and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2016, and the changes in financial position or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 10-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure "T" Fund's basic financial statements. The Schedule of Assets, Liabilities and Fund Balances by Funding Source and the Schedule of Revenues and Expenditures by Funding Source (the Schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the City's internal control over financial reporting as it relates to the Measure "T" Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
March 13, 2017

FINANCIAL STATEMENTS

**CITY OF MADERA, CALIFORNIA
MEASURE "T" FUND
BALANCE SHEET
JUNE 30, 2016**

ASSETS	
Cash	\$ 6,813,823
Due from MCTA	<u>466,944</u>
Total assets	<u>\$ 7,280,767</u>
LIABILITIES	
Accounts payable	<u>\$ 50</u>
Total liabilities	<u>50</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	<u>102,403</u>
Total deferred inflows of resources	<u>102,403</u>
FUND BALANCE	
Restricted	<u>7,178,314</u>
Total fund balance	<u>7,178,314</u>
Total liabilities and fund balances	<u>\$ 7,280,767</u>

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
 MEASURE "T" FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2016**

REVENUES	
Measure "T" sales tax	\$ 1,969,510
Interest	<u>24,618</u>
Total revenues	<u>1,994,128</u>
 EXPENDITURES	
Highway and streets	<u>824,469</u>
Total expenditures	<u>824,469</u>
Net change in fund balance	1,169,659
Fund balance - beginning	<u>6,008,655</u>
Fund balance - ending	<u>\$ 7,178,314</u>

The accompanying notes are an integral part of this statement.

**CITY OF MADERA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION

Description of Reporting Entity

The accompanying financial statements present only the Measure "T" Transportation Sales Tax Fund as recorded in the Measure "T" Fund of the City of Madera and are not intended to present fairly the financial position, change in financial position or cash flows of the City of Madera with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

The financial statements of the Measure "T" Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Measure "T" Fund's accounting policies are described below.

The Measure "T" Fund is a governmental fund specifically categorized as a special revenue fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Governmental funds are accounted for on a spending of "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Measure "T" Fund are intergovernmental revenues. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

Intergovernmental revenues (primarily grants and subventions), which are received as reimbursement for specific purposes or projects, are recognized based upon the expenditures recorded. Intergovernmental revenues, which are usually unrestricted as to use and are revocable only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier, if they meet the availability criterion.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Due from Madera County Transportation Authority (MCTA)

Costs are incurred during the current reporting period but are not reimbursed until after the beginning of the next fiscal period. These costs are reported as receivables in the financial statements. The Measure "T" Fund's current due from MCTA balance of \$466,944, as of June 30, 2016, is related to payments for construction costs and fees.

**CITY OF MADERA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance

Amounts cannot be spent either because they are in nonspendable form (such as inventory or prepaid expense, and long-term loans and notes receivable) or because they are legally or contractually required to be maintained intact (such as principal of a permanent fund).

Restricted Fund Balance

Amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, contributors, or laws or regulations of other governments, etc.) or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, the City's highest level of decision-making authority, through an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified uses through the same type of formal action taken to establish the commitment.

Assigned Fund Balance

Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. For all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed must be designated as assigned fund balance.

Unassigned Fund Balance

This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

The City would typically use restricted fund balances first, followed by committee resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to deter the use of these other classified funds.

**CITY OF MADERA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS

The Measure "T" Fund participates in the City's cash and investments pool that includes all other City funds, which the City Treasurer invests to enhance interest earnings. Income from the investment of pooled cash is allocated on a quarterly basis, based upon the actual daily balance of the fund as a percentage of the total pooled cash balance.

The City participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Assets-Backed Securities. The City values all of its cash and investments at fair value on a portfolio basis. The City manages its pooled idle cash and investments under a formal investment policy that is adopted and reviewed by the City Council, and that follows the guidelines of the State of California Government Code.

Citywide information concerning cash and investments for the year ended June 30, 2016, including authorized investments, custodial credit risk, credit and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments, may be found in the notes of the City's Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MADERA, CALIFORNIA
 MEASURE "T" FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Measure "T" sales tax	\$ 1,862,972	\$ 1,862,972	\$ 1,969,510	\$ 106,538
Interest	<u>-</u>	<u>-</u>	<u>24,618</u>	<u>24,618</u>
Total revenues	<u>1,862,972</u>	<u>1,862,972</u>	<u>1,994,128</u>	<u>131,156</u>
EXPENDITURES				
Highway and streets	<u>5,780,894</u>	<u>5,780,894</u>	<u>824,469</u>	<u>4,956,425</u>
Total expenditures	<u>5,780,894</u>	<u>5,780,894</u>	<u>824,469</u>	<u>4,956,425</u>
Net change in fund balance	<u>\$ (3,917,922)</u>	<u>\$ (3,917,922)</u>	1,169,659	<u>\$ 5,087,581</u>
Fund balance - beginning			<u>6,008,655</u>	
Fund balance - ending			<u>\$ 7,178,314</u>	

**CITY OF MADERA, CALIFORNIA
MEASURE "T" FUND
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

A. BUDGETARY INFORMATION

The City establishes annual budgets for the Measure "T" Fund. Except for encumbrances and long-term projects in progress, which are carried forward to the following year, all appropriations remaining will lapse at year-end. The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) The department heads prepare a budget request based upon the previous year's expenditures.
- 2) A meeting is held between the department heads, Finance Director and the City Administrator for the purpose of reviewing and prioritizing the budget requests.
- 3) The City Administrator submits the proposed City Budget to the City Council, who makes decisions regarding department budgets.
- 4) The approved budget is placed in the City accounting system and monitored by the Finance Department as well as by the department heads.

Department heads may, with the City Administrator's authorization, transfer amounts between line items which do not change the original operational budget appropriation limit of the department. The transfers between departments and funds require approval of the City Council.

- 5) Budgets are adopted on the modified accrual basis. Revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. Budgeted amounts are maintained as originally adopted and as further amended by the City Council. The level of control (level at which expenditures may not exceed budget) is at fund level for the Measure "T" Fund.

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OTHER SUPPLEMENTARY INFORMATION

**CITY OF MADERA, CALIFORNIA
MEASURE "T" FUND
BALANCE SHEET BY FUNDING SOURCE
JUNE 30, 2016**

	Commuter Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Total
ASSETS					
Cash	\$ 4,881,861	\$ 1,467,149	\$ 267,403	\$ 197,410	\$ 6,813,823
Due from MCTA	<u>227,777</u>	<u>202,722</u>	<u>18,223</u>	<u>18,222</u>	<u>466,944</u>
Total assets	<u>\$ 5,109,638</u>	<u>\$ 1,669,871</u>	<u>\$ 285,626</u>	<u>\$ 215,632</u>	<u>\$ 7,280,767</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 50	\$ -	\$ 50
Total liabilities	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	<u>49,953</u>	<u>44,458</u>	<u>3,996</u>	<u>3,996</u>	<u>102,403</u>
Total deferred inflows of resources	<u>49,953</u>	<u>44,458</u>	<u>3,996</u>	<u>3,996</u>	<u>102,403</u>
FUND BALANCE					
Restricted	<u>5,059,685</u>	<u>1,625,413</u>	<u>281,580</u>	<u>211,636</u>	<u>7,178,314</u>
Total fund balance	<u>5,059,685</u>	<u>1,625,413</u>	<u>281,580</u>	<u>211,636</u>	<u>7,178,314</u>
Total liabilities and fund balances	<u>\$ 5,109,638</u>	<u>\$ 1,669,871</u>	<u>\$ 285,626</u>	<u>\$ 215,632</u>	<u>\$ 7,280,767</u>

**CITY OF MADERA, CALIFORNIA
 MEASURE "T" FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BY FUNDING SOURCE
 FOR THE YEAR ENDED JUNE 30, 2016**

	Commute Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Total
REVENUES					
Measure "T" sales tax	\$ 1,042,844	\$ 799,844	\$ 63,411	\$ 63,411	\$ 1,969,510
Interest	<u>16,850</u>	<u>5,897</u>	<u>1,085</u>	<u>786</u>	<u>24,618</u>
Total revenues	<u>1,059,694</u>	<u>805,741</u>	<u>64,496</u>	<u>64,197</u>	<u>1,994,128</u>
EXPENDITURES					
Highway and streets	<u>352,614</u>	<u>301,962</u>	<u>72,248</u>	<u>97,645</u>	<u>824,469</u>
Total expenditures	<u>352,614</u>	<u>301,962</u>	<u>72,248</u>	<u>97,645</u>	<u>824,469</u>
Net change in fund balance	707,080	503,779	(7,752)	(33,448)	1,169,659
Fund balance - beginning	<u>4,352,605</u>	<u>1,121,634</u>	<u>289,332</u>	<u>245,084</u>	<u>6,008,655</u>
Fund balance - ending	<u>\$ 5,059,685</u>	<u>\$ 1,625,413</u>	<u>\$ 281,580</u>	<u>\$ 211,636</u>	<u>\$ 7,178,314</u>

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OTHER REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* AND THE RULES AND
REGULATIONS OF THE MEASURE "T" ENABLING LEGISLATION

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure "T" Fund of the City of Madera (Measure "T" Fund), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Measure "T" Fund's basic financial statements, and have issued our report thereon dated March 13, 2017, which included an explanatory paragraph that the financial statements only present the City's Measure "T" Fund.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Madera's internal control over financial reporting, as it relates to the Measure "T" Fund, to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Measure "T" Fund's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Measure "T" Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that allocations made and expended by the City were made in accordance with the Measure "T" Enabling Legislation. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance as it relates to the Measure "T" Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
March 13, 2017

**CITY OF CHOWCHILLA, CALIFORNIA
MEASURE "T" FUND**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2016**

**CITY OF CHOWCHILLA, CALIFORNIA
MEASURE "T" FUND
JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure "T" Fund of the City of Chowchilla (Measure "T" Fund), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure "T" Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control as it relates to the Measure "T" Fund. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "T" Fund of the City of Chowchilla, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure "T" Fund of the City of Chowchilla and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2016, and the changes in financial position or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 12-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's Measure "T" Fund's basic financial statements. The Balance Sheet and the Schedule of Revenues and Expenditures by Funding Source (the Schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2017, on our consideration of the City's internal control over financial reporting as it relates to the Measure "T" Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
March 15, 2017

FINANCIAL STATEMENTS

**CITY OF CHOWCHILLA, CALIFORNIA
MEASURE "T" FUND
BALANCE SHEET
JUNE 30, 2016**

ASSETS	
Cash	\$ 1,385,291
Due from MCTA	<u>117,155</u>
 Total assets	 <u>\$ 1,502,446</u>
 LIABILITIES	
Accounts payable	<u>\$ -</u>
 Total liabilities	 <u>-</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	<u>48,299</u>
 Total deferred inflows of resources	 <u>48,299</u>
 FUND BALANCE	
Restricted for highway and streets	<u>1,454,147</u>
 Total fund balance	 <u>1,454,147</u>
 Total liabilities, deferred inflows or resources, and fund balance	 <u>\$ 1,502,446</u>

The accompanying notes are an integral part of this statement.

**CITY OF CHOWCHILLA, CALIFORNIA
 MEASURE "T" FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2016**

REVENUES	
Measure "T" sales tax	\$ 414,040
Interest	<u>4,057</u>
Total revenues	<u>418,097</u>
EXPENDITURES	
Current:	
Highway and streets	11,435
Debt service:	
Principal	157,500
Interest expense	<u>1,481</u>
Total expenditures	<u>170,416</u>
Excess of revenues over (under) expenditures	<u>247,681</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	<u>(75,840)</u>
Total other financing sources (uses)	<u>(75,840)</u>
Net change in fund balance	171,841
Fund balance - beginning	<u>1,282,306</u>
Fund balance - ending	<u><u>\$ 1,454,147</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF CHOWCHILLA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION

Description of Reporting Entity

The accompanying financial statements present only the Measure "T" Transportation Sales Tax Fund as recorded in the Measure "T" Fund of the City of Chowchilla (Measure "T" Fund) and are not intended to present fairly the financial position, changes in financial position, or cash flows of the City of Chowchilla with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

The financial statements of the Measure "T" Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Measure "T" Fund's accounting policies are described below.

The Measure "T" Fund is a governmental fund specifically categorized as a special revenue fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Governmental funds are accounted for on a spending of "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Measure "T" Fund are intergovernmental revenues. Expenditures are recorded in the accompanying period in which the related fund liability is incurred.

Intergovernmental revenues (primarily grants and subventions), which are received as reimbursement for specific purposes or projects, are recognized based upon the expenditures recorded. Intergovernmental revenues, which are usually unrestricted as to use and are revocable only for failure to meet prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier, if they meet the availability criterion.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Due from Madera County Transportation Authority (MCTA) / Unavailable Revenue

Costs incurred during the current reporting period may not be funded from current year allocations until after the beginning of the next fiscal year. These amounts, if any, are reported as receivables in the financial statements. The Measure "T" Funds due from MCTA in the amount of \$117,155, as of June 30, 2016, are related to the final and excess disbursement of the 2015-16 Measure "T" allocation.

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations. Typical transactions for which unavailable revenue is recorded are grants when funding requirements have been met, but the related funding is not yet available. The City received the final disbursement of fiscal year 2015-16 Measure "T" monies after the available period (60 days after year-end).

**CITY OF CHOWCHILLA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance

Amounts cannot be spent either because they are in nonspendable form (such as inventory or prepaid expense, and long-term loans and notes receivable) or because they are legally or contractually required to be maintained intact (such as principal of a permanent fund).

Restricted Fund Balance

Amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, contributors, or laws or regulations of other governments, etc.) or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, the City's highest level of decision-making authority, through an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified uses through the same type of formal action taken to establish the commitment.

Assigned Fund Balance

Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. For all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed must be designated as assigned fund balance.

Unassigned Fund Balance

This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

The City would typically use restricted fund balances first, followed by committee resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to deter the use of these other classified funds.

**CITY OF CHOWCHILLA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS

The Measure "T" Fund participates in the City's cash and investments pool that includes all other City funds, which the City Treasurer invests to enhance interest earnings. Income from the investment of pooled cash is allocated on a quarterly basis, based upon the actual daily balance of the fund as a percentage of the total pooled cash balance.

The City participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Assets-Backed Securities. The City values all of its cash and investments at fair value on a portfolio basis. The City manages its pooled idle cash and investments under a formal investment policy that is adopted and reviewed by the City Council, and that follows the guidelines of the State of California Government Code.

Citywide information concerning cash and investments for the year ended June 30, 2016, including authorized investments, custodial credit risk, credit and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments, may be found in the notes of the City's Financial Statements.

NOTE 3 – LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2016:

	<u>June 30, 2015</u>	<u>Reductions</u>	<u>June 30, 2016</u>
Measure T Interprogram Loan (MCTA)	\$ 630,000	\$ (157,500)	\$ 472,500
Total Long-Term Debt	<u>\$ 630,000</u>	<u>\$ (157,500)</u>	<u>\$ 472,500</u>

The City entered into a loan agreement in 2009, with the Madera County Transportation Authority to receive an advance of Measure "T" revenues. The loan is a lien on the City's portion of the Regional Rehabilitation/Reconstruction/Maintenance Program and Safe Routes to School and Job Program. Principal is payable annually on June 30 in the amount of \$157,500, plus interest payments calculated as the total principal outstanding times the average LAIF rate for the prior calendar year. The loan matures on June 30, 2019.

Annual debt service requirements to maturity of the Measure "T" Interprogram loan are as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 157,500	\$ 307
2018	157,500	-
2019	<u>157,500</u>	<u>-</u>
	<u>\$ 472,500</u>	<u>\$ 307</u>

Long-term debt is not reported on the Balance Sheet which uses the "current financial resources" measurement focus and the modified accrual basis of accounting as required by the Generally Accepted Accounting Principles (GAAP). However, under the modified accrual basis of accounting, the principal and interest expense on the long-term debt is reported on the Statement of Revenues, Expenditures and Changes in Fund Balances.

**CITY OF CHOWCHILLA, CALIFORNIA
MEASURE "T" FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items to report in this category.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type, unavailable revenues, which totaled \$48,299 as of June 30, 2016.

NOTE 5 – TRANSFERS

Transfers for the year ended June 30, 2016 are summarized as follows:

	<u>Transfers Out</u>
Measure T Fund	75,840 (1)

(1) The Measure T Fund transferred \$75,840 to the Street and Road Fund for street maintenance and operational costs.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CHOWCHILLA, CALIFORNIA
 MEASURE "T" FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Measure "T" sales tax	\$ 357,408	\$ 357,408	\$ 414,040	\$ 56,632
Interest	<u>1,500</u>	<u>1,500</u>	<u>4,057</u>	<u>2,557</u>
Total revenues	<u>358,908</u>	<u>358,908</u>	<u>418,097</u>	<u>59,189</u>
EXPENDITURES				
Current:				
Highway and streets	-	-	11,435	(11,435)
Debt service:				
Principal	157,500	157,500	157,500	-
Interest expense	<u>2,050</u>	<u>2,050</u>	<u>1,481</u>	<u>569</u>
Total expenditures	<u>159,550</u>	<u>159,550</u>	<u>170,416</u>	<u>(10,866)</u>
Excess of revenues over (under) expenditures	<u>199,358</u>	<u>199,358</u>	<u>247,681</u>	<u>48,323</u>
Other financing sources (uses)				
Transfers out	<u>(75,840)</u>	<u>(75,840)</u>	<u>(75,840)</u>	<u>-</u>
Total other financing sources (uses)	(75,840)	(75,840)	(75,840)	-
Net change in fund balance	<u>\$ 123,518</u>	<u>\$ 123,518</u>	171,841	<u>\$ 48,323</u>
Fund balance - beginning			<u>1,282,306</u>	
Fund balance - ending			<u>\$ 1,454,147</u>	

**CITY OF CHOWCHILLA, CALIFORNIA
MEASURE "T" FUND
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

A. BUDGETARY INFORMATION

The City establishes annual budgets for the Measure "T" Fund. Except for encumbrances and long-term projects in progress, which are carried forward to the following year, all appropriations remaining will lapse at year-end. The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) The department heads prepare a budget request based upon the current anticipated expenditures.
- 2) A meeting is held between the department heads, Finance Director and the City Administrator for the purpose of reviewing and prioritizing the budget requests.
- 3) The City Administrator submits the proposed City Budget to the City Council, who makes decisions regarding department budgets.
- 4) The approved budget is placed in the City's accounting system and monitored by the Finance Department, as well as by the department heads.

Department heads may, with the City Administrator's authorization, transfer amounts between line items which do not change the original operational budget appropriation limit of the department. The transfers between departments and funds require approval of the City Council.

- 5) Budgets are adopted on the modified accrual basis. Revenues are budgeted in the year in which receipt is expected, and expenditures are budgeted in the year in which the applicable purchase orders are to be made. Budgeted amounts are maintained as originally adopted until further amended as described above. The level of control (level at which expenditures may not exceed budget) is at the fund levels for the Measure "T" Fund.

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SUPPLEMENTARY INFORMATION

**CITY OF CHOWCHILLA, CALIFORNIA
 MEASURE "T" FUND
 BALANCE SHEET
 BY FUNDING SOURCE
 JUNE 30, 2016**

	Commute Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Fund Total
ASSETS					
Current Assets:					
Cash	\$ 313,314	\$ 950,095	\$ 69,180	\$ 52,702	\$ 1,385,291
Due from MCTA	<u>57,164</u>	<u>50,877</u>	<u>4,557</u>	<u>4,557</u>	<u>117,155</u>
Total assets	<u>\$ 370,478</u>	<u>\$ 1,000,972</u>	<u>\$ 73,737</u>	<u>\$ 57,259</u>	<u>\$ 1,502,446</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	<u>23,576</u>	<u>20,983</u>	<u>1,870</u>	<u>1,870</u>	<u>48,299</u>
Total deferred inflows of resources	<u>23,576</u>	<u>20,983</u>	<u>1,870</u>	<u>1,870</u>	<u>48,299</u>
FUND BALANCE					
Restricted for highway and streets	<u>346,902</u>	<u>979,989</u>	<u>71,867</u>	<u>55,389</u>	<u>1,454,147</u>
Total fund balance	<u>346,902</u>	<u>979,989</u>	<u>71,867</u>	<u>55,389</u>	<u>1,454,147</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 370,478</u>	<u>\$ 1,000,972</u>	<u>\$ 73,737</u>	<u>\$ 57,259</u>	<u>\$ 1,502,446</u>

**CITY OF CHOWCHILLA, CALIFORNIA
MEASURE "T" FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BY FUNDING SOURCE
FOR THE YEAR ENDED JUNE 30, 2016**

	Commute Corridors/ Farm to Market	Safe Routes to School and Jobs	Transit Enhancement	Environmental Enhancement	Fund Total
REVENUES					
Measure "T" sales tax	\$ 201,972	\$ 179,755	\$ 16,155	\$ 16,158	\$ 414,040
Interest	<u>2,325</u>	<u>1,684</u>	<u>24</u>	<u>24</u>	<u>4,057</u>
Total revenues	<u>204,297</u>	<u>181,439</u>	<u>16,179</u>	<u>16,182</u>	<u>418,097</u>
EXPENDITURES					
Current:					
Highway and streets	-	7,944	-	3,491	11,435
Debt service:					
Principal	95,193	62,307	-	-	157,500
Interest expense	<u>875</u>	<u>606</u>	<u>-</u>	<u>-</u>	<u>1,481</u>
Total expenditures	<u>96,068</u>	<u>70,857</u>	<u>-</u>	<u>3,491</u>	<u>170,416</u>
Excess of revenues over (under) expenditures	<u>108,229</u>	<u>110,582</u>	<u>16,179</u>	<u>12,691</u>	<u>247,681</u>
Other financing sources (uses)					
Transfers out	<u>-</u>	<u>(75,840)</u>	<u>-</u>	<u>-</u>	<u>(75,840)</u>
Total other financing sources (uses)	<u>-</u>	<u>(75,840)</u>	<u>-</u>	<u>-</u>	<u>(75,840)</u>
Net change in fund balance	108,229	34,742	16,179	12,691	171,841
Fund balance - beginning	<u>238,673</u>	<u>945,247</u>	<u>55,688</u>	<u>42,698</u>	<u>1,282,306</u>
Fund balance - ending	<u>\$ 346,902</u>	<u>\$ 979,989</u>	<u>\$ 71,867</u>	<u>\$ 55,389</u>	<u>\$ 1,454,147</u>

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OTHER REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE
RULES AND REGULATIONS OF THE MEASURE "T" ENABLING LEGISLATION

To the Board of Commissioners
Madera County Transportation Commission
Madera, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure "T" Fund of the City of Chowchilla, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Measure "T" Fund's basic financial statements, and have issued our report thereon dated March 15, 2017, which included an explanatory paragraph describing that the financial statements only present the City's Measure "T" Fund.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting as it relates to the Measure "T" Fund, to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's Measure "T" Fund financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Measure "T" Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that allocations made and expended by the City were made in accordance with the Measure "T" Enabling Legislation. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance as it relates to the Measure "T" Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
March 15, 2017

