



**Stanislaus Council of Governments acting as  
the Stanislaus County Transportation Authority**

**Measure L: Local Roads First  
Transportation Funding Measure  
Ordinance #16-01**

# **Policies & Procedures: Local Control Funds**

# TABLE OF CONTENTS

## I GENERAL

1. Definitions .....	1
2. Measure L Purpose .....	1
3. Purpose of Policies and Procedures: Local Control Funds .....	2
4. Signed Measure L Master Funding Agreement.....	2

## II REPORTING REQUIREMENTS

1. Maintenance of Effort Requirements .....	3
2. Annual Project List .....	3
3. Monthly Expenditure & Revenue Reports .....	4

## III OTHER CONSIDERATIONS

1. Administrative and Staff Costs .....	5
2. Fund Exchange .....	5

## APPENDIX I FUNDING ALLOCATIONS

## APPENDIX II REPORTING AND SUBMITTAL REQUIREMENTS

## APPENDIX III SAMPLE MEASULRE L MAINTENANCE OF EFFORT FORM

# I GENERAL

## 1. Definitions

**Ordinance** - Measure L: Local Roads First Transportation Funding Measure Ordinance which establishes and implements the retail transaction and use tax in Stanislaus County.

**Measure L** – Measure L refers to the Ordinance and Expenditure Plan passed by the voters of Stanislaus County for the purposes of funding transportation projects in Stanislaus County.

**Authority** – The Stanislaus Council of Governments acting as the Local Transportation Authority as designated by the Stanislaus County Board of Supervisors pursuant to the Local Transportation Authority and Improvement Act set forth at California Public Utilities Code Section 180000 et seq.

**Jurisdiction** –The individual cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford, and the County of Stanislaus. The cities are sometimes referred to individually as “City” and collectively as “Cities.” The County of Stanislaus is sometimes referred to as “County.”

**Expenditure Plan** – The Expenditure Plan attached to the Ordinance which sets forth the funding allocations and approved categories of projects.

**Maintenance of Effort** - means a jurisdiction must demonstrate maintenance of a minimum level of local street and road expenditures in order to receive Local Streets and Roads funds.

**Compliant Jurisdiction** – means a jurisdiction that has met all of the reporting and submittal requirements set forth in the Measure L Master Funding Agreement and these Policies & Procedures.

## 2. Measure L Purpose

Measure L provides for the implementation of the Expenditure Plan, as approved and adopted by the Authority, which provides funding for countywide local street and road improvements, arterial street widening, signalization, pedestrian, bicyclist, and driver safety improvements. These needed improvements are funded by Measure L, the one-half of one percent retail transactions and use tax established for a twenty-five-year period, April 1, 2017-March 31, 2042. The revenues will be deposited in a special fund, used solely for the transportation projects, improvements and programs described in the Expenditure Plan which is considered a part of the Ordinance, and incorporated into the Measure L Policies and Procedures.

The Measure L funds generated may be used for transportation purposes including the administration by StanCOG of the Expenditure Plan, as may be amended, including defense

or prosecution of legal actions related thereto, the construction, acquisition, maintenance, and operation of streets, roads, highways, including state highways and public transit systems and for related transportation purposes, including project management and oversight of the projects to be funded using the transaction and use tax, such as coordination with other responsible agencies as well as project delivery and negotiation of project agreements. These purposes include expenditures for planning, environmental reviews, engineering and design costs, and related right-of-way acquisition. Expenditures also include, but are not limited to, debt services on bonds or other indebtedness, and expenses and reserves in connection with the issuance of the same. All Measure L expenditures shall be consistent with these Policies and Procedures.

### 3.

#### **Purpose of Policies and Procedures: Local Control Funds**

The Policies and Procedures are intended to ensure the integrity of the Measure L Program by:

- A. Maximize the cost-effective use of sales tax dollars.
- B. Measure L funds are intended to leverage non-Measure L funding sources.
- C. Support timely and cost-effective project delivery, with the objective that all strategies result in the achievement of measurable improvements.
- D. Promote a balanced use of funds throughout the County.
- E. “Local Control” dollars are provided based on actual revenues received and disbursed to the jurisdictions based on the percentage allocations contained in the Expenditure Plan.
- F. The Local Streets and Roads funds must be used to augment current transportation spending and cannot be used to replace general fund expenditures.
- G. All projects funded with Measure L funds must lie entirely within Stanislaus County.

These Policies and Procedures were adopted by the StanCOG Policy Board on \_\_\_\_\_.

### 4.

#### **Signed Measure L Master Funding Agreement**

The Measure L Master Funding Agreement sets forth the general terms and conditions each Jurisdiction must comply with in order to receive disbursements of “Local Control” (Local Streets and Roads, Traffic Management, and Bike and Pedestrian) funds. The Measure L Master Funding Agreement incorporates the provisions of these Policies and Procedures.

An executed copy of the Measure L Master Funding Agreement for each Jurisdiction along with the City Council/County Board Resolution by which the agreement was adopted will be on file with StanCOG. Periodic review and revisions of the Measure L Master Funding Agreement will take place at least 90 days prior to the conclusion date of each agreement.

## **II REPORTING REQUIREMENTS**

### **1. Maintenance of Effort Requirements**

Each Jurisdiction will be asked to demonstrate compliance with the maintenance of effort requirements. (See Appendix III for the Sample Measure L Maintenance of Effort Form).

Annual Maintenance of Effort Compliance Reports will be submitted each April for the following fiscal year. The Reports will include local street and road expenditure amounts from the prior three-year's as contained in the State Controller's Office ("SCO") Annual Streets and Roads Reports. If the three-year average is not contained on the SCO Report, it will be calculated using the data from the Report. The first fiscal year of Measure L, FY2017/18, will use reported amounts from FY2015/16, FY2014/15 and FY2013/14. Each subsequent year will drop off the oldest fiscal year and add the most recent fiscal year.

In accordance with Sections 9.03 – 9.04 of the Ordinance, in calculating the maintenance of effort three-year average, annual general fund expenditures, any unrestricted funds which the local jurisdiction may expend at its discretion, which are expended for local streets and roads, are used to calculate the three-year average.

If any jurisdiction had extraordinary discretionary fund expenditures during any fiscal year, it may request that the StanCOG Policy Board make a determination that those extraordinary expenses (including assessment district contributions, development impact funds, or other non-recurring contributions) be subtracted from its total expenditures. The local jurisdiction may also petition the StanCOG Policy Board for special consideration to revise its minimum expenditure base beyond the subtraction of extraordinary expenses. The local jurisdiction will be responsible for supplying evidence of the need for special consideration and the petition must be approved by a majority vote of the StanCOG Policy Board.

### **2. Annual Project List**

Jurisdictions must submit an annual list for Street and Road Maintenance, Traffic Management, and Bicycle and Pedestrian projects that have been identified within its budget, capital improvement program, roadway resurfacing map, traffic management plan, pedestrian and bicycle plan, resolution, or other document approved and adopted by its governing board. The project list should identify projects for Local Road Maintenance, Traffic Management and Bike and Pedestrian projects that will be funded by Measure L. Project lists shall be submitted to StanCOG by June 30th of each year and shall contain the list of projects to be funded in the current or following Fiscal Year. Lists may be amended and modified during the course of a fiscal year, and updates shall be provided to StanCOG as these changes occur.

### 3. Monthly Expenditure & Revenue Reports

StanCOG has contracted with Abila, an online system which gives each jurisdiction the ability to log on and electronically submit monthly updates for revenue and expenditures for each category of Measure L funds as identified in the Expenditure Plan. These reports will be utilized by StanCOG to prepare financial documents that will be available on both the StanCOG website (<http://www.stancog.org/>) and the Stanislaus Local Roads First website (<http://www.stanislaus-localroadsfirst.com>) so members of the public can see how Measure L funds are being spent within each jurisdiction which will aid in transparency within the Stanislaus communities.

StanCOG receives Measure L funds from the BOE on a monthly basis. As Measure L funds are received, StanCOG will disburse funds to compliant jurisdictions and input these allocations to the appropriate category of funds for each jurisdiction in the Abila system. Each individual Jurisdiction will be responsible for using Abila to make reports for expenditures and confirm cash balances maintained in their individual financial systems.

The required reports are identified in paragraphs 1-4 below.

A checklist of the monthly, quarterly and annual reporting requirements can be found in Appendix II.

- A. **Monthly Expenditure** reports will be submitted by each Jurisdiction for the period ending 30 days prior to the report due date. For example, the Report due November 1 would be for the period September 1 thru September 30. StanCOG staff will review all reports to ensure funds are being expended on projects listed on the jurisdiction's approved project lists, and expenses paid meet the eligible criteria under the Ordinance and these Policies and Procedures.
- B. **Monthly Cash Balance** reports will be generated by StanCOG based on the data provided in the Monthly Expenditure Reports to identify if unused Measure L funds are being maintained and accounted for as required by the Ordinance and these Policies and Procedures. StanCOG will prepare and provide the same fund balance reports to identify Measure L funds held by StanCOG for future distributions.
- C. **Quarterly Milestone** reports are due within 30 days of completion of the calendar quarter. For example, for the quarter ended March 31, the Quarterly Milestone Report will be due April 30. The Quarterly Milestone Reports will contain a narrative on the work that has been initiated, is in progress, and has been completed during that quarter for the Measure L funded projects. The Report would also include, for example, the percentage of projects completed, project phase, amount of funds expended, challenges, successes, and anticipated time for project completion.

- D. Single Audits** are to be performed annually by each jurisdiction and submitted by March 31st. The annual independent audit will be conducted at each jurisdiction's sole cost and expense and will, at a minimum, verify Measure L revenues and expenditures, fund balances, and that the Maintenance of Effort requirement was met by the jurisdiction. StanCOG may, in its sole discretion, extend the due date of the annual audit for up to 90 days (*i.e., June 30*). StanCOG staff and the Measure L Oversight Committee will review the audits in June following the fiscal year end.

**Distribution of Funds:** Provided all reporting and maintenance of effort requirements are met, StanCOG will disburse funds to compliant jurisdictions based on the percentage allocations contained in the Expenditure Plan (see Appendix I) and the terms and conditions of the Measure L Master Funding Agreement and these Policies and Procedures. StanCOG will distribute funds monthly but in no event later than 90 days following receipt of funds from the Board of Equalization.

### **III OTHER CONSIDERATIONS**

#### **1. Administrative and Staff Costs**

Direct staff costs associated with delivery of programs and projects funded by Measure L are eligible uses of Measure L Funds.

The following items are not eligible for Measure L Reimbursement:

- A.** Activities relating to obtaining matching funds for a project.
- B.** Activities related to general Measure L administration (not specific to a project), education or preparation performed by the jurisdiction or contractor (*e.g., presentation to Rotary, Kiwanis, Lion's Clubs, establishing internal accounting system and procedures, staff training on internal procedures, staff training on Measure L, etc.*).
- C.** Activities related to another project not funded by Measure L.

#### **2. Fund Exchange**

A Jurisdiction has the authority to loan its Measure L receipts allocated to it for Local Control Projects to other jurisdictions for the implementation of transportation projects subject to the review and acceptance by the StanCOG Policy Board. The proposed loan should be approved by both the borrowing and lending jurisdiction's governing body before it is presented to the StanCOG Policy Board.

In order to be eligible to borrow Local Control Funds, the borrowing jurisdiction must be in compliance with its reporting requirements and maintenance of effort requirement. Both the lending and borrowing jurisdiction will have the obligation to report on the

lent/borrowed funds until the loan is completely repaid. For example, the lending jurisdiction will report the total dollar amount lent from each category, the amount repaid in each category, and any interest received. Similarly, the borrowing jurisdiction will report the total dollar amount borrowed from each category, the amount repaid in each category, and any interest paid. These reporting requirements will be in addition to the reporting requirements contained in Article II, Section III.



## Appendix I Funding Allocations

Local Control Funds derived from Measure L receipts to the Jurisdiction as described in the voter-approved Measure L Expenditure Plan and as summarized below by jurisdiction for each of the three different programs covered under Local Control Funds (Local Streets and Roads, Traffic Management, and Bike and Pedestrian Improvements). Local Control Funds comprise 65% of the Measure L receipts (after deducting the 1% Administrative Expense Cap authorized in the Measure L Ordinance and Expenditure Plan).

Local Control Funds*	
Ceres	6.36%
Hughson	1.26%
Modesto	35.79%
Newman	1.26%
Oakdale	3.86%
Patterson	4.55%
Riverbank	3.42%
Turlock	15.26%
Waterford	1.26%
Stanislaus County	26.98%
Total	100.00%

\*Source: Measure L Expenditure Plan

The breakdown of the 65% of Local Control Funds by program is as follows: 50% to Local Streets and Roads; 10% to Traffic Management; and 5% to Bike and Pedestrian Improvements.

The Local Streets and Roads funds must be used to augment current transportation spending and cannot be used to replace general fund expenditures.

## **Appendix II Reporting and Submittal Requirements**

### I. Monthly Requirements

#### A. Submit on the 10<sup>th</sup> of each month\*:

\_\_\_ Monthly Expenditure Report

\_\_\_ Monthly Cash Balance Report

\*These Reports submitted monthly through Abila

### II. Quarterly Requirements (Due by the 30<sup>th</sup> of the Month following the end of the calendar Quarter)

\_\_\_ Quarterly Milestone Report

### III. Annual Requirements

#### A. Submit annually by March 31<sup>st</sup>:

\_\_\_ Maintenance of Effort Form (See Appendix III)

\_\_\_ Annual Single Audit – Measure L

#### B. Submit annually by June 30<sup>th</sup>:

\_\_\_ Annual Budget for Road Maintenance, Traffic Management and Bike & Pedestrian Improvements

\_\_\_ Resolution approving Annual Budget or Capital Improvement Program identifying projects to be funded by Measure L

\_\_\_ Annual Measure L Project List

## Appendix III Sample Measure L Maintenance of Effort Form

### Measure L Maintenance of Effort (MOE) FY 2017/18

	Jurisdiction Name	
	Discretionary	MOE Average 3 Years
<b>State Controller's Reports</b>		
<b>2013-14</b>	\$ -	
<i>Less Adjustments</i>	-	
<b>Adjusted FY2013-14</b>	\$ -	
<b>2014-15</b>	-	
<i>Less Adjustments</i>	-	
<b>Adjusted FY2014-15</b>	-	
<b>2015-16</b>	-	
<i>Less Adjustments</i>	-	
<b>Ajdusted FY2015/16</b>	-	
<b>Total Three Year Average</b>	\$ -	\$ -

<b>FY2016-17 MOE</b>	<b>\$ -</b>
----------------------	-------------

**Explanation of Adjustments (supporting documents to be attached):**

\_\_\_\_\_  
Finance Signature

\_\_\_\_\_  
Date

<b>StanCOG Boarrd Approval</b>	
Date:	
Resolution #	
Signature StanCOG Authority	

Note: Add as many lines as needed to explain Adjustments