



Date: September 27, 2010  
Current Meeting: October 7, 2010  
Board Meeting: October 7, 2010

**BOARD MEMORANDUM**

**TO:** Santa Clara Valley Transportation Authority  
Board of Directors  
**THROUGH:** General Manager, Michael T. Burns  
**FROM:** Chief CMA Officer, John Ristow  
**SUBJECT:** Senate Bill 83 (SB 83) Administrative Procedures

APPROVED ACCEPTED ADOPTED AMENDED DEFERRED REVIEWED  
Santa Clara Valley Transportation Authority  
Board of Directors  
Dandra A. Weymouth, Board Secretary  
BY: *[Signature]*  
DATE: *10/7/10*

copy to: John Ristow  
10/8/10 md

Policy-Related Action: No Government Code Section 84308 Applies: No

**ACTION ITEM**

**RECOMMENDATION:**

Adopt administrative procedures for the SB-83 Vehicle Registration Fee (VRF) program.

**BACKGROUND:**

Senate Bill 83 (Hancock) was signed into law in 2009. This legislation authorizes a countywide transportation agency, such as VTA, to implement a vehicle registration fee (VRF) of up to \$10 on motor vehicles registered within the county for transportation programs and projects. The statute requires that the fee be approved by a simple majority of voters in the county.

The statute also requires that the fees collected be used only to pay for programs and projects bearing a relationship or benefit to the owners of motor vehicles paying the fee. The programs and projects must be consistent with the regional transportation plan and requires the agency's board to make a specified finding of fact in that regard. Finally, the governing board of the agency must adopt an expenditure plan that details the programs and projects that would result from the VRF.

On June 3, 2010, the VTA Board of Directors adopted a resolution to place a ballot measure before the voters of Santa Clara County in November 2010 to authorize a \$10 increase in the fees of motor vehicle registration for transportation-related projects and adopted an expenditure plan allocating the revenue to transportation-related programs and projects that have a relationship or benefit to the persons who pay the fee. The expenditure plan is provided in this memorandum as Attachment A.

**DISCUSSION:**

Staff recommends that the VTA Board adopt the following administrative procedures for the VRF fund, should the voters of Santa Clara County approve the VRF increase in November 2010.

**LOCAL ROAD IMPROVEMENT AND REPAIR (LRIR) PROGRAM**

**Fund Distribution**

*Fund Distribution Formula:* Funds will be distributed to the County of Santa Clara, based on the County's percentage share of the total roadway lane mileage recorded in the county by the Metropolitan Transportation Commission (MTC). The remaining funds will be distributed to the incorporated cities within Santa Clara County "Cities" based on each city's percentage share of the total county population (excluding unincorporated areas) as reported by the California Department of Finance. Roadway mileage and population shares will be updated annually.

*Initial Fund Distribution Date:* First working day on or after **July 1, 2012**, following execution of the SB-83 Local Program Funding Agreement and receipt of each agency's initial Annual Report.

*Initial Fund Distribution Amount:* Funds collected by the California Department of Motor Vehicles (DMV) **and** received by VTA from the date of initial fund collection to **June 30, 2012**, plus associated interest.

*Subsequent Fund Distribution Dates:* First working day on or after **July 1** of each year, following receipt of each city's or the County's annual SB-83 expenditure report.

*Annual Fund Disbursement Amounts:* Funds received by VTA from the DMV between July 1 of the previous year and June 30 of the calendar year of disbursement, plus associated interest generated in VTA's accounts.

**Good Faith Effort**

The intent of a Good Faith Effort is to assure that the SB-83 funds add to the current funding efforts of communities rather than using these funds to substitute for existing efforts.

Prior to receiving funds, the Cities and the County must notify to VTA in writing that they will make Good Faith Effort (GFE) to maintain a level of expenditures (including non-discretionary formula based state funds) on SB-83 eligible activities equivalent to the expenditures on these activities during the fiscal year 2011 (base year). The base year may be revised every five years, if needed, and SB-83 revenues will be excluded.

The following funds are excluded from the GFE expenditure calculation: State and Federal Discretionary Grants (including but not limited to ARRA, CMAQ, HBRR, HSIP, SR2S, STP, and Proposition 1B etc.), associated local matching funds, and one-time local expenditure.

*Waivers:* GFE requirements are automatically waived in years where the State of California fails to make non-discretionary payments of streets and roads funding to Cities and Counties. VTA may also consider granting waivers based on extraordinary circumstances beyond the control of



a city or town council, County Board of Supervisors, and/or city and County staff.

Annual Reports

Reports of Cities/County expenditures will cover twelve months, consisting of the previous State fiscal year. Reports are due from Cities/County to VTA by October 15 of each fiscal year, as a condition of receiving funds.

*Content of Initial Report:* Notification of GFE base year amount, and statement of GFE for FY13.

*Subsequent Reports:* Statement of GFE for upcoming fiscal year, description of SB-83 expenditures during prior fiscal year, statement of SB-83 fund expenditures, fund expenditures, SB-83 fund balances (if any) and interest accrued (if any) during prior fiscal year.

Audits and Maintenance of Financial Records

Financial records pertaining to the SB-83 Expenditure Plan LRIR Program must be maintained for five years, and be available to VTA upon request for review and audit purposes. Financial audits will be performed at VTA's discretion. Cities/County will be contacted in writing, in advance of any audit or other program review.

Program Agreements

VTA will execute a SB-83 LRIR Funding Agreement with each city and the County of Santa Clara prior to transferring SB-83 LRIR funds.

**COUNTYWIDE PROGRAM**

Fund Distribution

VTA will solicit projects and/or programs for funding on an annual basis, implementing a five-year county wide program that addresses the SB-83 eligible categories. This program will be developed in consultation with VTA's Technical Advisory Committee (TAC), approved by the VTA Board of Directors and updated as needed. The initial program will be adopted on or before July 1, 2012, and the initial project solicitation will follow adoption by the Board of Directors.

Disbursements and Funding Agreements

VTA will execute SB-83 Countywide Program funding agreements with project sponsors. Sponsors will invoice VTA on a reimbursement basis. Interest earned on funds designated for the Countywide Program will accrue to the Countywide Program, for distribution through the expenditure plan process.

**PROGRAM ADMINISTRATION**

Fund Distribution

Funds shall be made available to VTA to reimburse expenses directly related to the development of the expenditure plan and initial election ballot. Thereafter, 5% of the funds collected in the

previous year and distributed to VTA by the California Department of Motor Vehicles will be available each year to pay for expenses directly related to ongoing administration, oversight, programming and auditing/accounting of the SB-83 programs. Unused administrative funds and any associated interest will revert to the Countywide Program for programming after the accounting close-out of each State fiscal year.

Reports

*Annual Reports:* VTA will publish an annual financial report of collections, disbursements, expenditures and interest accrued on its website.

*Publication of Projects:* VTA will publish an annual listings of all projects funded through the SB-83 LRIR Program and the Countywide Program on its website.

**ALTERNATIVES:**

The VTA Board of Directors may adopt other administrative procedures.

**FISCAL IMPACT:**

Adoption of these procedures will authorize the reimbursement to VTA of eligible administrative expenditures.

**ADVISORY COMMITTEE DISCUSSION/RECOMMENDATION:**

This item was discussed at the August 12, 2010 Technical Advisory Committee meeting. Members raised issues about the requirement of providing Maintenance of Effort (MOE) certification. The Committee's concerns included penalizing cities that are spending their own funds, maintaining current efforts during economic down turn, and excessive effort needed to obtain MOE certification. The TAC unanimously voted to exclude the MOE certification requirement from the SB83 Administrative Procedures. Staff reported that comments and input would be received and that the administrative procedures item would be brought back for further review and action at the September TAC meeting.

This item was revised and discussed at the September 9, 2010 Technical Advisory Committee meeting. Members suggested few additional changes which are incorporated in the memo. The TAC unanimously voted to approve the staff report with the changes.

**STANDING COMMITTEE DISCUSSION/RECOMMENDATION**

The Congestion Management Program and Planning Committee received this as an information item at their August 20, 2010 meeting. VTA staff explained that the VTA staff and the TAC needed additional time to work through outstanding issues, including those reported in the preceding Advisory Committee Discussion/Recommendation. This item will return to CMPP for action at a later date. There was no Committee comment.

This revised item was discussed at the September 24, 2010 Congestion Management Program &

Planning (CMPP) Committee meeting. The committee met as a Committee of the Whole and forwarded this item to the VTA Board for adoption.

Prepared by: Marcella Rensi  
Memo No. 2706



## Attachment A

# “The Local Transportation Investment Fund” Senate Bill 83 Expenditure Plan

Revised (6.7.10)

1. **80% - Local Road Improvement and Repair Program** (Direct return-to-source based on City population and County of Santa Clara road and expressway lane mileage)
  - Revenue Estimate – \$11.2 million (FY 2011)
  - Eligible Project Categories: (includes all expenses for administration, planning, design, construction, procurement and operation of a Complete Streets System)
    - Pavement Rehabilitation/Reconstruction
    - Traffic Control Signals, Traveler Information & Safety Devices
    - Curb & Gutter Rehabilitation/Reconstruction
    - Roadway-Related Facilities to Improve Safety
    - Automobile-Related Environmental Mitigation including Roadway Sweeping & Litter Control
  
2. **15% - Countywide Program**
  - Revenue Estimate – \$2.1 million (FY 2011)
  - Eligible Project Categories: (includes all expenses for administration, planning, design, construction, procurement and operation of a Complete Street System)
    - Intelligent Transportation System Technologies (transportation-related technologies including traffic control signals, safety and traveler information systems)
    - Countywide Environmental Mitigation related to pollution caused by autos and trucks
    - Matching funds for Federal/State/Regional transportation grants applied to any roadway transportation project included in the adopted Valley Transportation Plan
  
3. **Up to 5% - Program Administration**
  - Revenue Estimate – \$0.7 million (FY 2011); (unused funds to be disbursed through Countywide Program)
  - Eligible Expense Categories:
    - Expense directly related to administration, oversight, programming, reporting, surveys, initial election ballot and auditing/accounting of the program.
    - Annual public report of expenditures