

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

DATE:	May 11, 2011
TO:	Riverside County Transportation Commission
FROM:	Budget and Implementation Committee Theresa Trevino, Chief Financial Officer
THROUGH:	Anne Mayer, Executive Director
SUBJECT:	Agreements to Thompson, Cobb, Bazilio & Associates, P.C., and Macias Gini O'Connell LLP for Audit Services for the Measure A Recipients and Transportation Development Act Claimants

BUDGET AND IMPLEMENTATION COMMITTEE AND STAFF RECOMMENDATION:

This item is for the Commission to:

- 1) Award Agreement No. 11-19-063-00 to Thompson, Cobb, Bazilio & Associates, P.C. (TCBA) to perform audit and related services pertaining to the Western County Measure A recipients and Transportation Development Act (TDA) claimants for a three-year term, and two one-year options to extend the agreement, for the amount of \$576,400, plus a contingency amount of \$57,600 for additional services that may be required due to additional recipients or claimants to be audited, for a total amount not to exceed \$634,000;
- 2) Award Agreement No. 11-19-103-00 to Macias Gini & O'Connell (Macias) to perform audit and related services pertaining to the Coachella Valley and Palo Verde Valley (Eastern County) Measure A recipients and TDA claimants for a three-year term, and two one-year options to extend the agreement, in the amount of \$443,740, plus a contingency amount of \$44,260 for additional services that may be required due to additional recipients or claimants to be audited, for a total amount not to exceed \$488,000; and
- 3) Authorize the Chair, pursuant to legal counsel review, to execute the agreements on behalf of the Commission.

BACKGROUND INFORMATION:

In March 2008, the Commission approved the selection of Mayer Hoffman McCann P.C. (MHM) to perform audit services, including agreed-upon procedures, for the Measure A recipients and TDA claimants for an initial three-year term and two

one-year options to extend the agreement. The initial term of the MHM contract expires with the conclusion of the FY 2009/10 audits, which is anticipated by May 13, 2011. Staff has elected to not exercise the first one-year option period under the MHM contract.

Procurement Process

Staff determined the weighted factor method of source selection to be the most appropriate for this procurement, as it allows the Commission to identify the most advantageous proposals with price and technical factors considered. Non-price, technical factors include elements such as experience, qualifications, personnel, and a proposer's ability to respond to the requirements set forth under the terms of Request for Proposals (RFP) No. 11-19-063-00.

RFP No. 11-19-063-00 for the provision of audit services related to the Measure A recipients/TDA claimants in the Western County and Eastern County was issued on March 3, 2011. The deadline for submittal of proposals was March 31, 2011. Staff responded to all questions from potential offerors, and four firms (TCBA, Macias, Crowe Horwath, and Caporicci & Larson) submitted responsive proposals prior to the deadline.

An evaluation committee was appointed to review the proposals received. The evaluation committee members included various Commission staff and a representative from SunLine Transit Agency, one of the Measure A recipients and TDA claimants. Based on the committee's evaluation of the written proposal submittals, and pursuant to the terms of the evaluation criteria included in the RFP, the committee selected TCBA and Macias to provide the services described in the RFP for the Western County and Eastern County, respectively.

The committee determined that both firms were qualified to perform the audit and related services and had an appropriate understanding of the scope and requirements related to the Measure A and TDA audit services. Furthermore, the cost proposals for these services in the aggregate were comparable to the fees for the FY 2009/10 services provided by MHM and were among the lowest costs proposed. For the maximum five-year contract period, TCBA's cost for the Western County audits is \$576,400 and Macias' cost for the Eastern County audits is \$443,740. A 10% contingency is recommended for additional recipients or claimants that may be included in the scope of work.

Due to the volume of work to be performed and the number of reports to be issued, the evaluation committee decided to divide the audit services between the two firms in order to ensure the timely completion of the audits and agreed-upon procedures. The Commission's standard form professional services agreement, in substantially the form attached hereto, will be entered into with each consultant

subject to any changes approved by the Executive Director, and pursuant to legal counsel review. Based on the results of the evaluation process for the required audit services, staff recommends approval of these two audit firms for contracts with initial three-year terms and two one-year options to extend the amount. The FY 2011/12 budget to be approved at the Commission's June 2011 meeting includes these audit service expenditures.

Financial Information					
In Fiscal Year Budget:	N/A N/A	Year:	FY 2011/12 FY 2012/13 +	Amount:	\$222,000 \$900,000
Source of Funds:	Measure A, LTF			Budget Adjustment:	N/A N/A
GL/Project Accounting No.:	001001 65401 00000 0002 101 19 65401				
Fiscal Procedures Approved:	<i>Theresa Iervino</i>			Date:	04/18/11

Attachment: Standard Form Professional Services Agreement

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
AGREEMENT FOR MEASURE A RECIPIENT AND TRANSPORTATION DEVELOPMENT
ACT CLAIMANT AUDIT AND RELATED SERVICES
WITH [___CONSULTANT___]**

1. PARTIES AND DATE.

This Agreement is made and entered into this ___ day of _____, 2011, by and between the RIVERSIDE COUNTY TRANSPORTATION COMMISSION ("the Commission") and [___NAME OF FIRM___] ("Consultant"), a [___LEGAL STATUS OF CONSULTANT e.g., CORPORATION___].

2. RECITALS.

2.1 Consultant desires to perform and assume responsibility for the provision of certain professional consulting services required by Commission on the terms and conditions set forth in this Agreement. Consultant represents that it is a professional Consultant, experienced in providing audit services to public clients and is familiar with the scope of services of Commission.

2.2 Commission desires to engage Consultant to render certain consulting services on the Measure A recipient and Transportation Development Act claimants ("Project") as set forth herein.

3. TERMS.

3.1 General Scope of Services. Consultant promises and agrees to furnish to Commission all labor materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately provide professional consulting services and advice on various issues affecting the decisions of Commission regarding the Project and on other programs and matters affecting Commission, hereinafter referred to as "Services". The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state, and federal laws, rules and regulations.

3.2 Term. The term of this Agreement shall be from May 12, 2011 to April 30, 2014, unless earlier terminated as provided herein. Commission shall have the option, in its sole discretion, to extend the term of this Agreement for two (2) additional one (1) year periods, through April 30, 2016, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules

and deadlines.

3.3 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with a schedule to be mutually agreed upon by both parties ("Schedule"). Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, the Commission shall respond to Consultant's submittals in a timely manner. Upon request of the Commission, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.4 Independent Consultant; Control and Payment of Subordinates. The Services shall be performed by Consultant under its supervision. Consultant will determine the means, method and details of performing the Services subject to the requirements of this Agreement. Commission retains Consultant on an independent Consultant basis and Consultant is not an employee of Commission. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall not be employees of Commission and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, and workers' compensation insurance.

3.5 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of Commission.

3.6 Substitution of Key Personnel or Sub-Consultants. Consultant has represented to Commission that certain key personnel and sub-Consultants will perform and coordinate the Services under this Agreement. Should one or more of such personnel or sub-Consultants become unavailable, Consultant may substitute other personnel or sub-Consultants of at least equal competence and experience upon written approval of Commission. In the event that Commission and Consultant cannot agree as to the substitution of key personnel or sub-Consultants, Commission shall be entitled to terminate this Agreement for cause, pursuant to provisions of Section 3.16 of this Agreement. The key personnel and sub-Consultants for performance of this Agreement are as follows: _____.

3.7 Commission's Representative. Commission hereby designates its Chief Financial Officer, or his or her designee, to act as its representative for the performance of this Agreement ("Commission's Representative"). Commission's representative shall have the power to act on behalf of Commission for all purposes under this Agreement. Consultant shall not accept direction from any person other than Commission's Representative or his or her designee.

3.8 Consultant's Representative. Consultant hereby designates [**INSERT NAME OR TITLE**], or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his or her best skill and attention, and shall be responsible for all means, methods, techniques, sequences and

procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.9 Coordination of Services. Consultant agrees to work closely with Commission staff in the performance of Services and shall be available to Commission's staff, Consultants and other staff at all reasonable times.

3.10 Standard of Care; Licenses. Consultant shall perform the Services under this Agreement in a skillful and competent manner, consistent with the standard generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subConsultants shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subConsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services and that such licenses and approvals shall be maintained throughout the term of this Agreement. Consultant shall perform, at its own cost and expense and without reimbursement from Commission, any Services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein, and shall be fully responsible to the Commission for all damages and other liabilities provided for in the indemnification provisions of this Agreement arising from the Consultant's errors and omissions.

3.11 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to Commission, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold Commission, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.12 Insurance.

3.12.1 Time for Compliance. Consultant shall not commence work under this Agreement until it has provided evidence satisfactory to the Commission that it has secured all insurance required under this section. In addition, Consultant shall not allow any subConsultant to commence work on any subcontract until it has secured all insurance required under this section.

3.12.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subConsultants. Consultant shall also require all of its subConsultants to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: \$2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *if Consultant has an employees, Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Practices Liability limits of \$1,000,000 per accident.

3.12.3 Professional Liability. Consultant shall procure and maintain, and require its sub-Consultants to procure and maintain, for a period of five (5) years following completion of the Project, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$1,000,000 per claim.

3.12.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms approved by the Commission to add the following provisions to the insurance policies:

(A) General Liability. The general liability policy shall be endorsed to state that: (1) the Commission, its directors, officials, officers, employees and agents shall be covered as additional insureds with respect to the Services or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the Commission, its directors, officials, officers, employees and agents, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Commission, its directors, officials, officers, employees and agents shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) the Commission, its directors, officials, officers, employees and agents shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects the Commission, its directors, officials, officers, employees and agents, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Commission, its directors, officials, officers, employees and agents shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(C) Workers' Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against the Commission, its directors,

officials, officers, employees and agents for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Commission; and, (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the Commission, its directors, officials, officers, employees and agents.

3.12.5 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the Commission. If the Commission does not approve the deductibles or self-insured retentions as presented, Consultant shall guarantee that, at the option of the Commission, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Commission, its directors, officials, officers, employees and agents; or, (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.12.6 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VIII, licensed to do business in California, and satisfactory to the Commission.

3.12.7 Verification of Coverage. Consultant shall furnish Commission with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the Commission. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements must be received and approved by the Commission before work commences. The Commission reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.13 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life saving equipment and procedures; (B) instructions in accident prevention for all employees and subConsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.14 Fees and Payment.

3.14.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto. The total compensation shall not exceed [INSERT WRITTEN DOLLAR AMOUNT] (\$[INSERT NUMERICAL DOLLAR AMOUNT]) without written

approval of Commission's Executive Director ("Total Compensation"). Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.14.2 Payment of Compensation. Consultant shall submit to Commission a monthly statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. Commission shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.14.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by Commission.

3.14.4 Extra Work. At any time during the term of this Agreement, Commission may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by Commission to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from Commission's Executive Director.

3.15 Accounting Records. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred and fees charged under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of Commission during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.16 Termination of Agreement.

3.16.1 Grounds for Termination. Commission may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof. Upon termination, Consultant shall be compensated only for those services which have been fully and adequately rendered to Commission through the effective date of the termination, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.16.2 Effect of Termination. If this Agreement is terminated as provided herein, Commission may require Consultant to provide all finished or unfinished Documents and Data, as defined below, and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.16.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, Commission may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.17 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

CONSULTANT:

Attn: _____

COMMISSION:

Riverside County

Transportation Commission

4080 Lemon Street, 3rd Floor

Riverside, CA 92501

Attn: Executive Director

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.18 Ownership of Materials/Confidentiality.

3.18.1 Audit Reports. All final and draft, if any, audit reports, and exhibits thereto, fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, prepared by or on behalf of Consultant under this Agreement ("Audit Reports") shall become the property of Commission upon the completion of the term of this Agreement. Consultant shall have the right to retain copies of all such Audit Reports for its records but may not use any such Audit Reports other than in the performance of services under this Agreement without the separate written consent of the Executive Director of the Commission, unless otherwise required by federal or state law. All documents pertaining to Services under this Agreement, including audit workpapers, will be made available to Commission for viewing or copying upon request, during normal business hours. Notwithstanding the foregoing, in accordance with applicable state and federal guidelines, any audit workpapers of a proprietary nature will be available only for viewing and not for copying.

The working papers for this engagement are the property of the Consultant. However, other government audit staffs and the U.S. General Accounting Office may request access to the audit working papers. In that event, Consultant shall advise the Commission in writing that the regulator has requested access to (and possibly copies of the audit documentation and whether the Consultant intends to comply with such request.) Any compliance with such request shall be in conformity with American Institute of Certified Public Accountants Professional Standards, particularly AU Section 9339, as amended. Consultant shall maintain the working papers for a period of at least three (3) years after the date of the issuance of the report, or for a longer period if Consultant is requested to do so by the cognizant or oversight agency. Access to requested workpapers will be provided under the supervision of the Consultant audit personnel and at a location designated by Consultant.

3.18.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of Commission, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use Commission's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of Commission.

3.19 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.20 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and costs of such actions.

3.21 Indemnification. Consultant shall defend, indemnify and hold Commission, its directors, officials, officers, employees, Consultants, agents and volunteers free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged negligent acts, omissions or willful misconduct of Consultant, its officials, officers, employees, agents, Consultants and Consultants arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages and attorney's fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against Commission or its directors, officials, officers, employees, Consultants, agents and volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against Commission or its directors, officials, officers, employees, Consultants, agents and volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse Commission and its directors, officials, officers, employees, Consultants, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Commission or its directors, officials, officers, employees, Consultants, agents and volunteers.

3.22 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.23 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

3.24 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.25 Commission's Right to Employ Other Consultants. The Commission reserves the right to employ other Consultants in connection with this Project.

3.26 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties, and shall not be assigned by Consultant without the prior written consent of Commission.

3.27 Prohibited Interests.

3.27.1 Solicitation. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, Commission shall have the right to rescind this Agreement without liability.

3.27.2 Conflict of Interest. For the term of this Agreement, no member, officer or employee of Commission, during the term of his or her service with Commission, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.28 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of Commission's Disadvantaged Business Enterprise program, Affirmative Action Plan or other related Commission programs or guidelines currently in effect or hereinafter enacted.

3.29 Subcontracting. Consultant shall not subcontract any portion of the work or Services required by this Agreement, except as expressly stated herein, without prior written approval of the Commission. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

3.30 No Waiver. Failure of Commission to insist on any one occasion upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any rights or powers hereunder at any one time or more times be deemed a waiver or relinquishment of such other right or power at any other time or times.

**SIGNATURE PAGE
TO
RIVERSIDE COUNTY TRANSPORTATION COMMISSION
AGREEMENT FOR MEASURE A RECIPIENT AND TRANSPORTATION DEVELOPMENT
ACT CLAIMANT AUDIT AND RELATED SERVICES
WITH [___CONSULTANT___]**

IN WITNESS WHEREOF, this Agreement was executed on the date first written above.

**RIVERSIDE COUNTY
TRANSPORTATION COMMISSION**

**CONSULTANT
[INSERT NAME OF CONSULTANT]**

By: _____
Gregory S. Pettis, Chair

Signature

Name

Title

APPROVED AS TO FORM:

By: _____
Best Best & Krieger LLP
General Counsel

Exhibit "A"

Scope of Services

A. General

The Riverside County Transportation Commission (Commission) is issuing this Request for Proposal in order to secure services from a Consultant(s) of certified public accountants to perform financial and compliance audits of the Commission's Transportation Development Act (TDA) claimants and agreed-upon procedures for the Commission's Measure A recipients, as presented in Section I.0 Introduction and Background, for the fiscal years ending June 30, 2011, 2012, and 2013, with the options of performing such services for two (2) additional one-year terms. The cost proposal shall present all inclusive audit fees for each year of the contract term and the two one-year options.

The selected audit Consultant (Consultant) will be responsible for the audits and agreed-upon procedures for the jurisdictions presented in Section I.0 Introduction and Background and report directly to the audit oversight committee designated by the Commission. The Chief Financial Officer is designated as the coordinator of the work and may appoint the Accounting and Human Resources Manager to coordinate day-to-day oversight. The Chief Financial Officer will serve as the liaison to the audit oversight committee designated by the Commission.

The audits are to be performed by the Consultant(s) in accordance with generally accepted auditing standards, including use of the most current version of each of the following standards and guidelines:

- The standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards*;
- The provisions of the federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as applicable;
- Measure A conformance requirements (Section H);
- Transportation Development Act regulations (Section I); and
- Proposition 1B Compliance Requirements (Section J).

B. Scope of Work to be Performed

TDA funding is provided for transit operators (Article 4 and State Transit Assistance), bicycle and pedestrian projects (Article 3), and local streets and roads (Article 8), while Measure A funding is provided for local streets and roads and for specialized transit. Funding allocations are determined as follows:

- TDA Transit operating and capital allocations are approved annually by the Commission in July based on the submittal of each transit operator's Short-Range Transit Plan. The transit operators also may receive Proposition 1B funding for capital/rehabilitation and/or security projects through Caltrans and the California Department of Emergency Management Agency (CalEMA), respectively. (Two of these transit operators, Riverside Transit Agency and city of Beaumont, have elected to engage their own auditors and are not included in the scope of services.)

- TDA bicycle and pedestrian project allocations are approved annually by the Commission in July based on a call for projects. Claimants may request disbursement of their allocations by the Commission in accordance with the Commission's policies.
- TDA local streets and roads funding is allocated only to the Palo Verde Valley area (city of Blythe and County of Riverside for unincorporated area) after an unmet transit needs hearing is held in the Palo Verde Valley. The Commission does not anticipate any future allocations to these jurisdictions.
- Measure A local streets and roads funding is allocated to the cities and the county of Riverside, as specified in Measure A. (City of Beaumont is not included in scope of services as noted above.)
- Measure A specialized transit allocations are approved biennially by the Commission in May based on a call for projects.

The selected Consultant(s) will be required to perform the following tasks:

- Audit of the transit (Article 4 and State Assistance funding) and transportation (Articles 3 and 8 funding) financial statements of the jurisdictions receiving TDA funds in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the California Code of Regulations Sections 6661 and 6751 (TDA); and Proposition 1B audit guidelines specified by Caltrans and CalEMA. Apply certain limited procedures on the methods of measurement and presentation of the management discussion and analysis (MDA) and the required supplementary information (RSI) for SunLine Transit Agency (SunLine).
- Audit of SunLine to satisfy the requirements imposed by the Single Audit Act, as amended, and U.S. Office of Management and Budget (OMB) Circular A-133 and OMB's Compliance supplement titled *Uniform Requirements for Grants to State and Local Governments*, assuming a single major program.
- Performance of agreed-upon procedures similar to those performed for the Fiscal Year 2009/10 (Section F) solely to assist the Commission in evaluating the applicable jurisdictions' Measure A Transportation Funds and degree of their compliance with the Commission's requirements of the Measure A local streets and roads program.
- Performance of agreed-upon procedures similar to those performed for the Fiscal Year 2009/10 (Section G) solely to assist the Commission in evaluating the applicable jurisdictions'/agencies' Measure A Specialized Transit Funds and degree of their compliance with the Commission's requirements of the Measure A specialized transit program.
- Summarization of the results of the audits and agreed-upon procedures, including findings and observations, for discussion with audit oversight committee designated by the Commission.

C. Reports to be Issued

Following completion of the audits and agreed-upon procedures and a review of the draft reports by the Commission, the Consultant shall issue:

- A Management Letter addressed to SunLine for distribution to the Commission setting forth recommendations (as applicable) for improvements in SunLine’s accounting systems. A draft of the management letter will be provided to the SunLine and the Commission’s management for review prior to publication.
- A report on the fair presentation of the Financial Statements for SunLine and the TDA claimants in conformity with generally accepted accounting principles and on compliance and internal control.
- A report on the agreed-upon procedures related to the Measure A recipients of local streets and roads funding.
- A report on the agreed-upon procedures related to the Measure A recipients of specialized transit funding.
- A single audit report on SunLine’s internal control and compliance with laws and regulations related to audit of the financial statements and federal awards. The report shall include the provisions of the *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
- A Board of Commissioners or equivalent letter as promulgated by the reporting standards of the *Government Auditing Standards*.

D. Required Communications

Significant Deficiencies – In the required reports on compliance and internal controls, the Consultant shall communicate any significant deficiencies found during the audit of the TDA claimants. A significant deficiency shall be defined as a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

Significant deficiencies that are also material weaknesses shall be identified as such in the report. Other control deficiencies discovered by the Consultant may be reported in a separate letter to management, which shall be referred to in the reports on compliance and internal controls, except that other control deficiencies discovered by the Consultant for SunLine shall be reported in a separate letter to management.

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance may be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls, except that nonmaterial instances of noncompliance for SunLine shall be reported in a separate letter to management.

Irregularities and illegal acts – The Consultant shall be required to make an immediate, written report of all irregularities and illegal acts or indication of illegal acts of which they become aware to the jurisdiction/agency and Commission’s audit oversight committee, Executive Director, and Chief Financial Officer.

Planning meetings – The Consultant shall meet with the audit oversight committee designated by the Commission at least once a year upon completion of the audits and agreed-upon procedures. The audit oversight committee will be informed of each of the following:

- 1) The Consultant's responsibility under generally accepted auditing standards;
- 2) The Consultant's approach to the work performed;
- 3) Disagreements with management;
- 4) Management consultation with other accountants;
- 5) Major issues discussed with management prior to retention;
- 6) Difficulties encountered in performing the work; and
- 7) Results of the work performed.

E. Audit Schedule

The work to be performed at the jurisdictions and agencies shall be arranged with the individual jurisdiction or agency after the conclusion of a planning meeting with the Commission and the Commission's issuance of audit notification letters to each jurisdiction and agency. While some entities may be ready for the initiation of the work activities in August, the work should be scheduled for no later than November 15 of each year. Barring unforeseen circumstances, the Consultant must conduct the work activities and provide all required reports and information to the Commission no later than December 31 of each year. The TDA audits are required to be submitted to the State Controller by December 31 of each year; however, an extension may be granted by the Commission for no more than 90 days. The Commission's policy for Measure A reports follows the TDA requirement; however, a formal extension is generally not issued. The Consultant shall keep the Commission apprised on the status of the audits and any issues which have been encountered. The Commission will provide assistance, to the extent necessary and/or possible, to resolve such issues. The Chief Financial Officer shall review and approve each report prior to issuance.

F. Measure A Proposed Local Streets and Roads Agreed-Upon Procedures (applied to FY2009/10)

1. Review the 2009 Measure A (Ordinance 02-001) compliance requirements. Western County jurisdictions are required to participate in the Transportation Uniform Mitigation Fee (TUMF) program and in the Multi-Species Habitat Conservation Plan (MSHCP), which are administered by the Western Riverside Council of Governments (WRCOG) and the Western Riverside County Regional Conservation Authority (RCA), respectively. Coachella Valley jurisdictions are required to participate in the TUMF program administered by the Coachella Valley Association of Governments (CVAG).
2. Obtain from RCTC the approved Five-Year Capital Improvement Plan (CIP) for the fiscal year.
3. Obtain from the jurisdiction a detail general ledger and balance sheet for the fiscal year.
 - a. Identify as to the amount of Measure A cash and investments recorded at the end of the fiscal year.

- b. Identify any amounts due from other funds.
 - c. Identify any reservations or designations of ending fund balance for the Measure A activity.
 - d. Identify the existence of any restatement of Measure A fund balance; inquire of management as to the reason for any restatement.
4. Obtain an operating statement for the Measure A activity for the fiscal year, including budget amounts; include the operating statement as an exhibit to the report.
- a. Review the revenues in the operating statement.
 - i. Inquire of management as to what fund is used to record Measure A revenues received from RCTC and identify what the total revenues were for the fiscal year.
 - ii. Obtain from RCTC a listing of Measure A payments to the jurisdiction.
 - 1. Compare the Measure A sales tax revenues recorded by the jurisdiction to the listing of payments made by RCTC.
 - iii. Obtain from the jurisdiction an interest allocation schedule for the fiscal year.
 - 1. Identify the allocation amount of interest income to Measure A activity and what the amount of interest income was for the fiscal year.
 - b. Review the expenditures in the operating statement.
 - i. Inquire of management as to what fund is used to record Measure A expenditures and what the total expenditures were for the fiscal year.
 - ii. Select expenditures for testing that comprise at least 20% of the total expenditures.
 - 1. For the expenditures selected for testing, compare the dollar amount listed on the general ledger to the supporting documentation.
 - 2. For the expenditures selected for testing, review the 5-Year CIP and note if the project is included in the 5-Year CIP and is an allowable cost.
 - iii. Inquire of management as to the nature of any transfers recorded in the Measure A fund.

- iv. Inquire of management as to the amount of indirect costs, if any, included in expenditures.
- 5. Compare the budgeted expenditures to actual amounts; inquire of management as to the nature of significant budget variances.
- 6. Obtain from RCTC a listing of jurisdictions who participate in the Western County or Coachella Valley TUMF programs.
 - a. If the jurisdiction is a participant in the TUMF program, select at least one disbursement for validation as to the amount remitted to WRCOG or CVAG, as applicable.
 - b. Indicate the total amount of TUMF fees collected and remitted during the fiscal year.
- 7. Obtain from RCTC a listing of jurisdictions who participate in the Western County MSHCP program.
 - a. If the jurisdiction is a participant in the MSHCP program, select at least one disbursement for validation as to the amount remitted to RCA, as applicable.
 - b. Inquire of management as to the existence of any fees collected in prior years and not remitted to RCA as the end of the fiscal year.
 - c. Indicate the total amount of MSHCP fees collected and remitted during the fiscal year.
- 8. Obtain from RCTC the MOE base year requirement. (Note that new MOE base year amounts will be established and effective beginning FY2011/12.)
 - a. Obtain a copy of schedule 3 from the annual street report. (Note that beginning in FY2011/12, the General Fund general ledger will be required instead of the street report.)
 - b. Compare the amount of discretionary funds spent per the street report to the MOE base requirement.
 - c. If the amount of discretionary funds spent is less than the MOE base requirement (MOE deficiency), determine the amount of any prior year MOE carryover using the FY 2009 report and reduce the MOE deficiency by any available MOE carryover to determine an adjusted current year expenditure amount.

G. Measure A Proposed Specialized Transit Agreed-Upon Procedures (applied to FY2009/10)

- 1. Obtain specialized transit grant funding agreement from RCTC, including exhibit of budget submitted with funding application, amount of Section 5316 Jobs Access

Reverse Commute (JARC)/Section 5317 New Freedom federal funds, and matching requirements.

- a. Inquire of management as to the accounting and identification of Measure A funded programs including 5316 and 5317 funded programs.
 - b. Inquire of management as to whether the accounting of Measure A funds received by the Agency were accounted for separately or commingled with other programs and/or funding sources (other than 5316 and 5317 programs).
2. Obtain monthly reporting package for third, sixth, ninth, and last months of the annual reporting period.
- a. Recalculate totals on reporting packages.
 - b. Inquire of management as to the accomplishment of the following applicable program goals and source of documentation for accomplishing program goals. Agree third, sixth, and ninth month reports provided by RCTC to source documents from agency as to total passenger one-way trips made or number of people served.
 - c. Include a summary of revenues and expenses for the fiscal year compared to budgeted amounts (in format of monthly reporting package) as an exhibit.
 - d. For the exhibit summary of revenues and expenses, calculate variances of budgeted amounts compared to actual amounts in terms of dollars and percentages. For variances greater than 10%, inquire of management as to the existence of approval from RCTC.
3. Determine if funding agreement includes federal JARC or New Freedom funds. If agency was eligible for such federal funds, perform the following procedures:
- a. Inquire of management if the agency provides charter service or school bus service.
 - b. Inquire of management if the agency has standards and policies related to energy conservation.
 - c. Inquire of management if the agency has standards and policies related to clean water and clean air and if any violations were reported.
 - d. Inquire of management if the agency has acquired rolling stock with federal funds. If rolling stock has been acquired with federal funds, inquire if bus testing and pre-award and post delivery audit requirements were followed.
 - e. Inquire of management if the agency received a federal award greater than \$100,000. If the federal award is greater than \$100,000, inquire of management if the federal certification for lobbying activities was filed.

- f. Inquire of management if the agency has retained documents pertaining to this funding agreement.
 - g. Inquire of management if any employee or subconsultant funded by the federal award worked in excess of forty hours in a workweek and if compensation for such excess was at a rate not less than one and one-half times the basic rate of pay.
 - h. Inquire of management if the agency, its principal, or affiliates are excluded or disbarred (suspension and debarment) in accordance with federal regulations.
 - i. Inquire of management if the agency complies with federal privacy requirements.
 - j. Inquire of management if the agency discriminates against any employee or applicant for employment because of race, color, creed, national origin, sex, age, or disability.
 - k. Inquire of management if the agency has contracted with a subconsultant for any goods or services funded with the federal award. If the agency has such contracts, inquire of management as to the agency's annual Disadvantaged Business Enterprise goal.
 - l. Inquire of management if employees funded by a federal award are required to hold commercial driver's licenses and, for those funded by JARC, are included in the agency's drug and alcohol testing program.
 - m. For federal funds presented on the third, sixth, and ninth month reporting packages, compare such amounts to supporting documentation of receipts from Riverside Transit Agency or SunLine Transit Agency.
4. Determine if funding agreement includes requirement for matching contributions. If agency was required to provide matching contributions, perform the following procedures:
- a. Review RCTC's policy on qualifying in-kind matching contributions.
 - b. Inquire of management how matching requirements per the funding agreement were satisfied (i.e., sources) and what the total dollar value was for cash match and for in-kind matching contributions. Indicate if cash and in-kind matching amounts were met, as applicable.
 - c. If source of match was in-kind contributions, inquire of management as to the following:
 - i. If such contributions were made by a third party.
 - ii. If such third party contributions were related to property or services which benefited the project or program and which were contributed by third parties without charge to the grantee, or through a modified cost arrangement;

- iii. If such contributions were necessary and reasonable for the efficient accomplishment of program objectives; and
 - iv. If using volunteer time, a tracking method existed to identify when donated services were provided.
 - d. For in-kind matching contributions presented on the third, sixth, and ninth month reporting packages, compare such contribution amounts to supporting documentation provided by the third party.
- 5. Obtain amount disbursed to Agency from RCTC for specialized transit grant purposes for the fiscal year.
 - a. Agree amount from RCTC to amount recorded by the agency.
- 6. Obtain a summary of expenses by major line item incurred by the Agency related to the specialized transit grant; include summary as an exhibit to the report.
 - a. Inquire of management how Measure A expenses are recorded (i.e., direct costs, allocations, or indirect costs).
 - b. Select operating expenses for testing that comprise at least 20% of the total expenses.
 - c. Select all capital expenditures for testing.
 - d. For the expenses/capital expenditures selected for testing, compare the dollar amount listed on the general ledger to the supporting documentation.
 - e. For the expenses/capital expenditures selected for testing, compare the type of expense to the allowable costs included in the funding agreement.
 - f. Compare the summary of expenses/capital expenditures by major line item to the budget included in the funding agreement and note any variances.
 - g. Inquire of management as to the amount of indirect or overhead costs, if any, included in expenses and compare amount to the budget included in the funding agreement.
- 7. List the total revenues and expenses from the last month reporting package and calculate the difference between funding received and expenses/capital expenditures incurred.
- 8. Inquire of management as to the existence of any temporarily restricted net assets or deferred revenues as of 6/30/10 related to the Measure A funded program.
 - a. Obtain a copy of approval letter from RCTC, if applicable, for the carryover of such balances.

9. Review the prior year's report and note the existence of any temporarily restricted net assets or deferred revenues as of the end of the fiscal year; inquire of management as to the disposition of such amounts.
10. Inquire of management as to the rating of the agency's insurer for commercial general liability insurance, business automobile liability insurance, and worker's compensation insurance.

H. Measure A Conformance Requirements

1. **Allowable Costs.** Measure A funds may only be used for transportation purposes including the administration of Division 25 including legal actions related thereto; the construction, capital acquisition, maintenance, and operation of streets, roads, highways including state highways and public transit systems; and for related purposes. These purposes include expenditures for the planning, environmental reviews, engineering and design costs, and related right-of-way acquisition.
 - a. Eligible state highway, commuter rail, and regional arterial costs shall be in accordance with the Expenditure Plan included in the Ordinance. *(Applicable to RCTC)*
 - b. Eligible local street and road projects costs include any engineering, capital, or maintenance cost. Decisions on projects are to be made by local jurisdictions subject to Capital Improvement Program requirements. *(Applicable to RCTC Recipients)*
 - i. Annual budget reflecting the local government or agency's anticipated receipts and expenditures should be prepared and submitted to the Commission upon approval by the governing board. The data contained in the capital improvement plans submitted to the Commission should be included in the recipient's budgets. These budgets allow for proper evaluation by the Commission of the recipient's activities on an annual basis. (Policy adopted May 8, 1991)
 - c. Eligible transit programs include special discount fares for seniors and handicapped people, commuter bus services, funding for computer assisted rideshare programs, and "seed" programs to encourage the creation of vanpools. Additionally, funds will be used to provide further reductions for the truly needy and to expand existing services and implement new services. Bus capital replacement and additional bus service may also be an eligible program within the Coachella Valley, subject to a determination of funding by the Coachella Valley Association of Governments (CVAG). *(Applicable to RCTC and Recipients)*
2. **Indebtedness.** The outstanding aggregate principal amount of Measure A limited tax bonds at any time may not exceed \$975 million for 2009 Measure A. Such bonds are to be used for capital outlay purposes for the purpose set forth in allowable costs (1) above, including to carry out the transportation projects described in the expenditure plan. *(Applicable to RCTC)*
3. **Maintenance of Effort (MOE).** Additional funds provided under Measure A are intended to supplement existing local revenues being used for transportation purposes. Government agencies shall maintain their existing commitment of local funds for street highway and public transit purposes pursuant to Measure A.
 - a. The local cities and the County shall annually submit to the Commission a list of the proposed uses for these funds and a certification that the MOE requirement

is being met. If in any fiscal year, the maintenance of effort requirement is not met, the agency shall not be eligible for any Measure A funds in the following fiscal year. Such funds shall be distributed to the remaining local governments using the formula for the area. *(Applicable to Recipients)*

- i. Agencies may use any local discretionary funds expended for local streets and roads purposes during previous fiscal years which were in excess of their maintenance of effort requirements to meet their MOE requirements for the fiscal year. (Measure A Maintenance of Effort Guidelines)
 - b. The Commission shall assure the cities' and county compliance with MOE funding requirements before allocating funds for local streets and roads. *(Applicable to RCTC)*
 - c. The Commission shall not allocate funds to an individual city or the County for local streets and roads use within the Western County and Coachella Valley areas unless WRCOG or CVAG indicates participation of agency in the Transportation Uniform Mitigation Fee program necessary for implementation of the planned regional arterial system. *(Applicable to RCTC)*
4. **Allocation of Funds to Geographic Areas.** Funds for transportation purposes shall be allocated to the Western County, Coachella Valley, and Palo Verde Valley areas proportionate to the Measure A funds generated within these areas. *(Applicable to RCTC)*
5. **Administrative Cost Limitation.** The Commission shall expend only that amount of the funds generated from Measure A for staff support, audit, administrative expenses, and contract services that are necessary and reasonable to carry out its responsibilities pursuant to Division 25, and in no case shall the funds for salaries and benefits exceed one percent (1%) of the annual net amount of revenue raised by Measure A. *(Applicable to RCTC)*
6. **Appropriations Limit.** The appropriations limit for the first fiscal year is \$75 million and shall be subject to adjustment as provided by law. *(Applicable to RCTC)*
7. **Expenditure Plan Amendments.** The Measure A Expenditure Plan may only be amended, if required, by the following process: (1) Initiation of amendments by the Commission reciting findings of necessity; (2) Approval by the Board of Supervisors; and (3) Approval by a majority of the cities constituting a majority of the incorporated population. *(Applicable to RCTC)*
8. **Allocation of Funds within Geographic Areas.** The Commission shall return 2009 Measure A funds to the geographic areas as follows *(Applicable to RCTC)*:
 - a. **Western County.** To be distributed for the following programs: \$370 million (approx. 11% to new corridors; \$1,020 million (approx. 30%) to highways; \$390 million (approx. 12%) to public transit; \$300 million (approx. 9%) to regional arterials; \$970 million (approx. 29%) to local streets and roads; \$270 million (approx. 8%) to bond financing; and \$40 million (approx. 1%) to economic development.
 - i. Local streets and roads funding are to be distributed by a formula based on 75% on proportionate population and 25% on 2009 Measure A revenues generated within each jurisdiction, if they participate in the Transportation Uniform Mitigation Fee program and Multi-Species Habitat Conservation Plan. If local agencies choose not to participate in the TUMF and MSHCP programs, the funds they would otherwise receive for local streets and roads will be added to the Measure A funds for the Regional Arterial System administered by RCTC.

- b. **Coachella Valley.** To be distributed for the following programs: 50% to highways and regional arterial projects; 35% to local streets and roads; and 15% to specialized public transit.
 - i. Local streets and roads funds will be provided to Coachella Valley cities and the County if they participate in the Transportation Uniform Mitigation Fee program. If local agencies choose not to participate in the TUMF program, the funds they would otherwise receive for local streets and roads will be added to the Measure A funds for the Regional Arterial System administered by CVAG.
 - ii. Local streets and roads funds are to be distributed by a formula based on 50% on proportionate dwelling units and 50% on 2009 Measure A revenues generated within each jurisdiction, as interpreted in Ordinance and direction provided by CVAG.
 - c. **Palo Verde Valley.** To be distributed 100% to local streets and roads.
 - i. Local streets and roads funds are to be distributed by a formula based on 75% on proportionate population and 25% on sales tax revenues generated in each jurisdiction.
 - d. Annual population estimates for the distribution formula for the Western County and Palo Verde Valley areas shall be from the State Department of Finance. Dwelling unit estimates used for the distribution formula for the Coachella Valley shall be from the Riverside County Planning Department. Actual State Board of Equalization retail sales transactions shall be used for the formula in all three areas for cities. The County Planning Department shall estimate the share for each of the unincorporated areas for the three areas, from the total retail sales transactions for the total unincorporated area.
9. **Accounting Records.** Measure A recipients are required to maintain accurate, complete, and separate accounting records for all sources of the funds they receive. Small not-for-profit agencies are encouraged but not required to maintain separate accounting records as long as Measure A receipts, related revenues, and expenditures can be readily identified. If the Commission's independent auditors are unable to readily identify which funds are being used for expenditures, then the agency will be required to maintain separate accounting records and cash accounts if they are to continue receiving Measure A allocations. Any agency which maintains poor accounting records will receive funding allocations on a reimbursement basis only. (Policy adopted May 12, 1993) (*Applicable to Recipients*)
10. **Interfund Borrowing.** Interfund borrowing from Measure A funding sources to another local jurisdiction fund is strictly prohibited. Cities and agencies must maintain sufficient cash balances so as not to impair their Measure A funds. Evidence of interfund borrowing or impaired cash balances will result in the city or agency receiving funds from the Commission on a reimbursement basis only after any existing city or agency reserves of prior Commission funds have been fully depleted. (Policy adopted May 12, 1993) (*Applicable to RCTC/Recipients*)
11. **Interest Income Allocations.** Interest on Measure A funds shall accrue separately for all of the Commission's programs as defined in the text of Measure A. This interest allocation policy is applicable to the entire County, and such allocations shall be made monthly. Interest earned on unexpended Measure A monies should be recorded in the Measure A fund established by a local government or other agency receiving local streets and roads or specialized transit monies. As these funds are restricted, the related interest earned should be restricted as required by governmental regulations and other transportation funding including the

- Transportation Act. (Policy adopted May 8, 1991 and May 12, 1993) *(Applicable to RCTC and Recipients)*
12. **Accumulated Deficits.** Accumulated funding source deficits are the responsibility of the local jurisdiction. The Commission will consider allocating additional funds for such deficits when justifiable on a case-by-case basis. (Policy adopted May 12, 1993) *(Applicable to Recipients)*
 13. **Budget Variances.** Significant budget variances should be avoided. All local jurisdictions are required to compare the budget to actual results and make mid year revisions as needed. (Policy adopted May 12, 1993) *(Applicable to Recipients)*
 14. **Unexpended Monies.** Whenever the annual fiscal audit or the proposed update of the Five Year Capital Improvement Program of a local agency shows a Measure A Local Streets and Road Program carryover balance in excess of three (3) times the annual allocation to an agency, Commission staff will:
 - a. Meet with the local agency to have them explain the reason for the carryover and explore alternatives for moving projects faster, and
 - b. Present a report of their findings to the Commission's Budget and Finance Committee to determine if any further action should be considered and proposed to the full Commission.(Policy included in December 13, 1995 revisions to the RCTC Program and Funding Guide) *(Applicable to Recipients)*

I. Transportation Development Act (TDA) Compliance Requirements

As to TDA requirements for Local Transportation Fund and State Transit Assistance funding, the auditors should review the TDA Regulations which are available electronically at www.dot.ca.gov/hq/MassTrans. CA Code Section 6664 discusses the fiscal and compliance audits of all claimants. Section 6666 provides the compliance audit tasks for non-transit claimants, and Section 6667 provides the compliance audit tasks for transit claimants.

J. Proposition 1B Compliance Requirements

Proposition 1B accountability requirements for Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) funds received through Caltrans are located at the following website (see section 14 for audit requirement):

http://www.dot.ca.gov/hq/transprog/ibond/ptmisea_guide_and_application_3_6_08.pdf

Proposition 1B guidelines for Transit System Safety, Security, and Disaster Response Account (TSSSDRA) funds received through CalEMA are located at the following website:

[http://www.calema.ca.gov/WebPage/oeswebsite.nsf/ClientOESFileLibrary/Homeland%20Security%20Files/\\$file/FY2010-11MassTransitFinalGuidance012711.pdf](http://www.calema.ca.gov/WebPage/oeswebsite.nsf/ClientOESFileLibrary/Homeland%20Security%20Files/$file/FY2010-11MassTransitFinalGuidance012711.pdf)

Exhibit "B"
Compensation
[__INSERT__]