



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 7

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TDD/TTY 510.817.5769
FAX 510.817.5848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Memorandum

TO: Partnership Committees

DATE: February 26, 2007

FR: Melanie Choy and Christina Verdin

W. I.

RE: Amendment to Regional Measure 2 Policies and Procedures

The Bay Area Toll Authority (BATA) is responsible for conducting annual audits of the RM 2 projects and recently completed the Fiscal Year 2005-06 audit on the RM 2 projects. Findings and recommendations from the independent auditor's report recommend amending two areas of the existing RM 2 Policies and Procedures. Additionally, staff is taking this opportunity to add a discussion on close out procedures and make other minor clarifications and technical changes to the policies and procedures. Attached is a strikeout version of the proposed revisions to the policies and procedures. In summary, the following changes are being proposed:

Capital Program

- 1) Invoicing Requirements: Many sponsors have not been invoicing on a quarterly basis and the FY 2005-06 audit report recommends removing the requirements for quarterly invoicing since there aren't many negative repercussions from this. Staff concurs with this assessment and has modified the language to encourage quarterly invoicing. However, staff will encourage sponsors to invoice at least once per year to keep their financial data reconciled.
- 2) Timely Use of Funds Provision: Sponsors have not been drawing down funds according to the adopted cash flow plan. From a financial accounting point, this creates issues with truing up funds and is an unnecessary requirement. Staff recommends removing this requirement from the policies and procedures. However, staff will continue to monitor the sponsor's spend down rates as it relates to project delivery. Additionally, staff has clarified other timely use of funds provisions to require encumbrance of contracts within one year and recommend, instead of requiring, the completion of the environmental phase within 3 years.
- 3) Project Closeout Procedures: The policies and procedures are silent on project close out procedures. As the RM 2 program progresses, more projects will be nearing completion. Staff is proposing to add procedures for sponsors to certify the project completion and reconcile reimbursements after the final delivery of their project.
- 4) Technical Amendments: Staff is also proposing to make technical amendments to the policies and procedures to clarify the RM2 allocation and disbursement process. The intent of the policies and procedures in these areas remain the same.

Operating Program

- 1) Invoicing Requirements: Sponsors may submit the final fiscal year invoice within 45 days after June 30th, the end of the fiscal year. This only applies to sponsors that do not require monthly funding allocations in advance. Operators that require monthly allocations in advance must continue to invoice MTC not less than quarterly so that funds may be reconciled prior to the next quarter's allocations.
- 2) Updated Operating Assistance Proposal (OAP) Form: New allocation application forms (OAPs) must be used each fiscal year to ensure that past actual numbers and five years of projections are documented for each project. The forms are available at the MTC website or by contacting the RM2 Operating Projects project manager.
- 3) Deferred Funding for Qualifying Operating Projects: Projects 2, 3, 5, 6, 7 and 8 in the RM2 legislation may defer use of operating funds until such time as the capital elements of their respective projects are in place.
- 4) Environmental Documentation: The language has been modified to specify that all project sponsors must indicate that an environmental document has been filed with the county clerk for each project in the sponsor's OAP. Formerly, applicants were required to provide the document with their application.

After soliciting input from the Partnership Committees, staff plans to bring this proposal to the Programming and Allocations Committee on March 7, 2007, and if approved, to the Commission on March 28, 2007.