Council Meeting of
June 28, 2011

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Transit – Adopt RESOLUTION authorizing the acceptance of Proposition 1B Funds

Expenditure: Annual grant allocations will vary.

RECOMMENDATION:
Recommendation of the Transit Director that Council adopt a RESOLUTION authorizing the Transit Department to receive Proposition 1B Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) Funds.

FUNDING:
The Transit Department is eligible for $2,886,067 from the State under the Proposition 1B PTMISEA funds for Transit, as identified by the State Controller of California. This funding amount represents three years of combined formula allocations (FY2011 through FY2013).

BACKGROUND/ANALYSIS:
State Proposition 1B - the Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) Bond Act of 2006 - authorizes the state to sell general obligation bonds to fund transportation projects. City and county transportation agencies are eligible for funding assistance for Capital related projects.

On June 1, 2011, Transit was notified that our latest grant application for FY2011 through FY2013 funds had been received by the State. In order to continue receiving PTMISEA funds – when funding becomes available – the State is now requiring Transit to provide a Governing Body Resolution. The attached Resolution (Attachment A), authorizes the Transit Director to receive and utilize PTMISEA funds.

Annual grant funds will vary, depending upon formula allocation percentages. Transit's request for FY2011 through FY2013 is for $2,886,067. In the grant application, Transit is requesting $2,500,000 for the Regional Transit Center (RTC) Project. The remaining $386,067 will be used to continue Transit's Fleet Modernization Project which will replace all of our Diesel powered buses with Alternative Fuel Buses.

The RTC and Fleet Modernization Project are Transit's highest priority projects. Transit believes both projects will provide significant benefit to residents of Torrance, as well as the South Bay Region.

Respectfully submitted,

Kim Turner
Transit Director

CONCUR:

LeRoy J. Jackson
City Manager

Attachment: PTMISEA Bond Program Certifications and Assurances with Resolution

Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Bond Program

Certifications and Assurances

Project Sponsor: ***City of Torrance, Transit Department (Torrance Transit System).***

Effective Date of this Document: ***June 28, 2011*** .

The California Department of Transportation (Department) has adopted the following certifications and assurances for the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) bond program. As a condition of the receipt of PTMISEA bond funds, project sponsors must comply with these terms and conditions.

A. General

(1) The project sponsor agrees to abide by the current PTMISEA Guidelines

(2) The project sponsor must submit to the Department a PTMISEA Program Expenditure Plan, listing all projects to be funded for the life of the bond, including the amount for each project and the year in which the funds will be requested.

(3) The project sponsor must submit to the Department a signed Authorized Agent form designating the representative who can submit documents on behalf of the project sponsor and a copy of the board resolution appointing the Authorized Agent.

B. Project Administration

(1) The project sponsor certifies that required environmental documentation is complete before requesting an allocation of PTMISEA funds. The project sponsor assures that projects approved for PTMISEA funding comply with Public Resources Code § 21100 and § 21150.

(2) The project sponsor certifies that PTMISEA funds will be used only for the transit capital project and that the project will be completed and remains in operation for its useful life.

(3) The project sponsor certifies that it has the legal, financial, and technical capacity to carry out the project, including the safety and security aspects of that project.

(4) The project sponsor certifies that they will notify the Department of pending litigation, dispute, or negative audit findings related to the project, before receiving an allocation of funds.

(5) The project sponsor must maintain satisfactory continuing control over the use of project equipment and facilities and will adequately maintain project equipment and facilities for the useful life of the project.

(6) Any interest the project sponsor earns on PTMISEA funds must be used only on approved PTMISEA projects.

(7) The project sponsor must notify the Department of any changes to the approved project with a Corrective Action Plan (CAP).

(8) Under extraordinary circumstances, a project sponsor may terminate a project prior to completion. In the event the Project Sponsor terminates a project prior to completion, the Project Sponsor must (1) contact the Department in writing and follow-up with a phone call verifying receipt of such notice; (2) pursuant to verification, submit a final report indicating the reason for the termination and demonstrating the expended funds were used on the intended purpose; (3) submit a request to reassign the funds to a new project within 180 days of termination.

(9) Funds must be encumbered and liquidated within the time allowed in the applicable budget act.

C. Reporting

(1) Per Government Code § 8879.55, the project sponsor must submit the following PTMISEA reports:

a. Semi-Annual Progress Reports by February 15th and August 15th each year.

b. A Final Report within six months of project completion.

c. The annual audit required under the Transportation Development Act (TDA), to verify receipt and appropriate expenditure of PTMISEA bond funds. A copy of the audit report must be submitted to the Department within six months of the close of the year (December 31) each year in which PTMISEA funds have been received or expended.

D. Cost Principles

(1) The project sponsor agrees to comply with Title 2 of the Code of Federal Regulations 225 (2 CFR 225), Cost Principles for State and Local Government, and 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

(2) The project sponsor agrees, and will assure that its contractors and subcontractors will be obligated to agree, that (a) Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allowability of individual project cost items and (b) those parties shall comply with Federal administrative procedures in accordance with 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. Every sub-recipient receiving PTMISEA funds as a contractor or sub-contractor shall comply with Federal administrative procedures in accordance with 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

(3) Any project cost for which the project sponsor has received payment that are determined by subsequent audit to be unallowable under 2 CFR 225, 48 CFR, Chapter 1, Part 31 or 49 CFR, Part 18, are subject to repayment by the project sponsor to the State of California (State). Should the project sponsor fail to reimburse moneys due to the State within thirty (30) days of demand, or within such other period as may be agreed in writing between the Parties hereto, the State is authorized to intercept and withhold future payments due the project sponsor from the State or any third-party source, including but not limited to, the State Treasurer and the State Controller.

E. Record Retention

(1) The project sponsor agrees, and will assure that its contractors and subcontractors shall establish and maintain an accounting system and records that properly accumulate and segregate incurred project costs and matching funds by line item for the project. The accounting system of the project sponsor, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles (GAAP), enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices. All accounting records and other supporting papers of the project sponsor, its contractors and subcontractors connected with PTMISEA funding shall be maintained for a minimum of three (3) years from the date of final payment and shall be held open to inspection, copying, and audit by representatives of the State and the California State Auditor. Copies thereof will be furnished by the project sponsor, its contractors, and subcontractors upon receipt of any request made by the State or its agents. In conducting an audit of the costs claimed, the State will rely to the maximum extent possible on any prior audit of the Project Sponsor pursuant to the provisions of federal and State law. In the absence of such an audit, any acceptable audit work performed by the project sponsor's external and internal auditors may be relied upon and used by the State when planning and conducting additional audits.

(2) For the purpose of determining compliance with Title 21, California Code of Regulations, Section 2500 et seq., when applicable, and other matters connected with

the performance of the project sponsor's contracts with third parties pursuant to Government Code § 8546.7, the project sponsor, its contractors and subcontractors and the State shall each maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts. All of the above referenced parties shall make such materials available at their respective offices at all reasonable times during the entire project period and for three (3) years from the date of final payment. The State, the California State Auditor, or any duly authorized representative of the State, shall each have access to any books, records, and documents that are pertinent to a project for audits, examinations, excerpts, and transactions, and the project sponsor shall furnish copies thereof if requested.

(3) The project sponsor, its contractors and subcontractors will permit access to all records of employment, employment advertisements, employment application forms, and other pertinent data and records by the State Fair Employment Practices and Housing Commission, or any other agency of the State of California designated by the State, for the purpose of any investigation to ascertain compliance with this document.

F. Special Situations

(1) A project sponsor may lend its unused funds from one year to another project sponsor for an eligible project, for maximum fund use each fiscal year (July1 – June 30). The project sponsor shall collect no interest on this loan.

(2) Once funds have been appropriated in the budget act, a project sponsor may begin a project with its own funds before receiving an allocation of bond funds, but does so at its own risk.

(3) The Department may perform an audit and/or request detailed project information of the project sponsor's PTMISEA funded projects at the Department's discretion at any time prior to the completion of the PTMISEA program.

I certify all of these conditions will be met.

Torrance Transit System

BY: _____

Kim Turner, Director
City of Torrance Transit Department/Torrance Transit System

ATTACHMENT I
(INSERT Agency Board Resolution approving this document)

See Sample at

http://www.dot.ca.gov/hq/MassTrans/Proposition-1B.html
under Forms

ATTACHMENT I

RESOLUTION #_____

AUTHORIZATION FOR THE EXECUTION OF THE CERTIFICATIONS AND ASSURANCES FOR THE PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT BOND PROGRAM

WHEREAS, the ____City of Torrance_____ is an eligible project sponsor and may receive state funding from the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) now or sometime in the future for transit projects; and

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

WHEREAS, Senate Bill 88 (2007) named the Department of Transportation (Department) as the administrative agency for the PTMISEA; and

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

WHEREAS, the ____City of Torrance_____ wishes to delegate authorization to execute these documents and any amendments thereto to the _Transit Director of the Transit Department/Torrance Transit System.

NOW, THEREFORE, BE IT RESOLVED by the _City Council_ of the _City of Torrance___ that the fund recipient agrees to comply with all conditions and requirements set forth in the Certification and Assurances document and applicable statutes, regulations and guidelines for all PTMISEA funded transit projects.

NOW THEREFORE, BE IT FURTHER RESOLVED that the _Transit Director of the Transit Department/Torrance Transit System_ be authorized to execute all required documents of the PTMISEA program and any Amendments thereto with the California Department of Transportation.

AGENCY BOARD DESIGNEE:

BY: _____

Frank Scotto, Mayor
City of Torrance

STATE OF CALIFORNIA • DEPARTMENT OF TRANSPORTATION

Division of Mass Transportation
Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)
Authorized Agent Form

Caltrans

Authorized Agent

AS THE Director
(Chief Executive Officer / Director / President / Secretary)

OF THE City of Torrance – Transit Department (Torrance Transit System)
(Name of County/City Organization)

I hereby authorize the following individual(s) to execute for and on behalf of the named Regional Entity/Transit Operator, any actions necessary for the purpose of obtaining Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds provided by the California Department of Transportation, Division of Mass Transportation. This form shall remain valid for one year from date signed.

James R. Mills, Administration Manager *OR*
(Name and Title of Authorized Agent)

Art Estrada, Transit Fleet Services Manager *OR*
(Name and Title of Authorized Agent)

Eddie Harris, Senior Business Manager .
(Name and Title of Authorized Agent)

Kim Turner — Director
(Print Name) — *(Title)*

(Signature)

Approved this 28th *day of* June, *20* 11

STATE OF CALIFORNIA • DEPARTMENT OF TRANSPORTATION

Division of Mass Transportation

Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)

Authorized Agent Form