

THIS PRINT COVERS CALENDAR ITEM NO. : 10.3

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance and Information Technology

BRIEF DESCRIPTION:

Authorizing the Director of Transportation, or his designee, to approve a program of projects, to execute the required Certifications and Assurances, including any amendments to such documents, with the California Department of Transportation for all transit projects funded by the Low Carbon Transit Operations Program for Fiscal Year (FY) 2019-20.

SUMMARY:

- The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities (Cap-and-Trade) Program established by the California Legislature in 2014.
- The SFMTA is an eligible project sponsor, and received \$9,715,915 in FY 2018-19 and anticipates receiving \$16,620,319 in FY 2019-20 LCTOP funds for a total of \$26,336,234 for transit purposes. The FY 2018-19 funds already received will be moved to different projects than requested last year.
- The funding administrator, the California Department of Transportation Division of Rail and Mass Transportation (Caltrans), requires a board resolution approving a program of projects, authorizing the execution of Certifications and Assurances, and designating the SFMTA's Authorized Agent(s) to sign documents with Caltrans for LCTOP.
- The projects to be approved for funding include Free Muni for Seniors and People with Disabilities, the Electric Bus Procurement, the 40' Motor Coach Expansion Procurement, and the 27 Bryant Tenderloin Reliability Project.

ENCLOSURES:

1. SFMTAB Resolution
2. LCTOP Program of Projects
3. LCTOP Certifications and Assurances

APPROVALS:

DIRECTOR  _____

SECRETARY  _____

DATE

April 15, 2020

April 15, 2020

ASSIGNED SFMTAB CALENDAR DATE: April 21, 2020

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PURPOSE

The purpose of this item is for the SFMTA Board to authorize the Director of Transportation, or his designee, to approve a program of projects, to execute the required Certifications and Assurances, including any amendments to such documents, with the California Department of Transportation for all transit projects funded by the Low Carbon Transit Operations Program for Fiscal Year 2019-20.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

The LCTOP program of projects supports the following goals and objectives within the SFMTA Strategic Plan including:

Goal 2: Make transit and other sustainable modes of transportation the most attractive and preferred means of travel.

Objective 2.1 – Improve transit service.

Objective 2.2 – Enhance and expand use of the city’s sustainable modes of transportation.

Goal 3: Improve the quality of life and environment in San Francisco and the region.

Objective 3.1 – Use agency programs and policies to advance San Francisco’s commitment to equity.

Objective 3.2 – Advance policies and decisions in support of sustainable transportation and land use principles.

Objective 3.4 – Provide environmental stewardship to improve air quality, enhance resource efficiency, and address climate change.

Objective 3.5 – Achieve financial stability for the agency.

Goal 4: Create a workplace that delivers outstanding service.

Objective 4.5 – Increase the efficiency and effectiveness of business processes and project delivery through the implementation of best practices.

This item will support the following Transit First Policy Principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.
2. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.
3. Decisions regarding the use of limited public street and sidewalk space shall encourage the use of public rights of way by pedestrians, bicyclists, and public transit, and shall

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- strive to reduce traffic and improve public health and safety.
4. Transit priority improvements, such as designated transit lanes and streets and improved signalization, shall be made to expedite the movement of public transit vehicles (including taxis and vanpools) and to improve pedestrian safety.
 5. Pedestrian areas shall be enhanced wherever possible to improve the safety and comfort of pedestrians and to encourage travel by foot.
 6. Bicycling shall be promoted by encouraging safe streets for riding, convenient access to transit, bicycle lanes, and secure bicycle parking.
 7. Parking policies for areas well served by public transit shall be designed to encourage travel by public transit and alternative transportation.
 8. New transportation investment should be allocated to meet the demand for public transit generated by new public and private commercial and residential developments.
 9. The ability of the City and County to reduce traffic congestion depends on the adequacy of regional public transportation. The City and County shall promote the use of regional mass transit and the continued development of an integrated, reliable, regional public transportation system.
 10. The City and County shall encourage innovative solutions to meet public transportation needs wherever possible and where the provision of such service will not adversely affect the service provided by the Municipal Railway.

DESCRIPTION

The LCTOP is one of several programs that are part of the Cap-and-Trade Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities.

Beginning in FY 2015-16, the LCTOP received five percent of all statewide Cap-and-Trade auction proceeds. Distribution of LCTOP funds follows the well-established State Transit Assistance (STA) formula, with 50 percent of the funds awarded to transit operators and 50 percent awarded to the State's regional transportation planning agencies. The transit operator funds are distributed according to population and in proportion to the agency's generation of transit fare revenue. Acting as the Bay Area's regional transportation planning agency, the Metropolitan Transportation Commission (MTC) has approved programming \$3,328,131 in population-based LCTOP funds towards the SFMTA's 27 Bryant Tenderloin Transit Reliability Project.

Based on the State Controller's Office FY 2019-20 LCTOP fund estimate, the SFMTA will receive \$13,292,188 in revenue-based LCTOP funding in addition to the \$3,328,131 of population-based LCTOP MTC funding mentioned above. \$9,715,915 in FY 2018-19 LCTOP funds are also available for reassignment. Because of project timing issues, staff is requesting that Caltrans reprogram \$9,715,915 of last year's funds to the Electric Bus Procurement (\$4,900,000) and 40' Motor Coach Expansion Procurement (\$4,815,915), both described below. The delayed projects are the Prototype Battery Conversion Pilots and the Light Rail Vehicle Maintenance Equipment Procurement project.

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The LCTOP is unique in that both operating and capital projects are eligible for funding. The Director of Transportation, Director of Transit, and Director of Finance and Information Technology have determined that the following projects are the highest priority for use of the combined \$26,336,234 in FY 2018-19 and FY 2019-20 LCTOP funds:

- Electric Bus Procurement (\$4,900,000):
- 40' Motor Coach Expansion Procurement (\$4,815,915)
- 27 Bryant Tenderloin Transit Reliability Project (\$3,328,131)
- Free Muni for Seniors and People with Disabilities (\$13,292,188).

Project descriptions are contained as Enclosure 2.

Caltrans reviews the program of projects to ensure that it is eligible under LCTOP guidance. For its review, Caltrans requires a program of projects and a board resolution authorizing the execution of Certifications and Assurances and designating an Authorized Agent for LCTOP for FY 2019-20. The Agent will be the Director of Transportation or his designee. The required Certifications and Assurances are contained as Enclosure 3.

STAKEHOLDER ENGAGEMENT

The SFMTA's biennial budget process includes review and approval of the FY 2021-25 Capital Improvement Program (CIP), a listing of projects that includes three of the four projects listed above: the Electric Bus Procurement, the 40' Motor Coach Expansion, and the 27 Bryant Tenderloin Reliability Project. The FY 2021-25 CIP is anticipated to be adopted by the SFMTA Board on April 21, 2020. Free Muni for Seniors and People with Disabilities is an operating investment and is included in the "Fiscal Year 2021 & FY 2022 Operating and Capital Consolidated Budget" (Budget). Fare subsidy programs are consistent with the Board's intent to promote an equitable system through the adopted Muni Service Equity Policy in 2014 and 2018. Community outreach and engagement for the Budget and CIP included town hall meetings with in-person and online events held at both daytime and evening hours to ensure a variety of options for participation.

ALTERNATIVES CONSIDERED

If the SFMTA chooses not to pursue these funds, the SFMTA will have to identify another \$26,336,234 of funding from other projects or programs. Further, if the SFMTA does not pursue these funds, they will be lost to the Agency.

FUNDING IMPACT

The LCTOP provides an ongoing revenue source for which both transit operating and capital expansion projects are eligible. The program of projects being submitted to Caltrans includes \$26,336,234 of LCTOP funds:

- Electric Bus Procurement: \$4,900,000 is 27% of the project's \$18,025,000 funding need.

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- 40' Motor Coach Expansion Procurement: \$4,815,915 is 9% of the project's \$54,423,175 funding need.
- 27 Bryant Tenderloin Transit Reliability Project: \$3,328,131 is 38% of the project's \$8,839,800 funding need.
- Free Muni for Seniors and People with Disabilities: \$13,292,188 is 91% of the project's \$14,646,509 funding plan.

ENVIRONMENTAL REVIEW

The projects proposed for receipt of LCTOP funding are subject to the California Environmental Quality Act (CEQA). Related CEQA findings follow.

Electric Bus Procurement

On August 22, 2019, the SFMTA, under authority delegated by the San Francisco Planning Department, determined that the Electric Bus Procurement is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

40' Motor Coach Expansion Procurement

On March 5, 2020, the SFMTA, under authority delegated by the San Francisco Planning Department, determined that the 40' Motor Coach Expansion Procurement is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

27 Bryant Tenderloin Transit Reliability Project

The proposed 27 Bryant Tenderloin Transit Reliability Project is subject to the California Environmental Quality Act (CEQA). CEQA provides a categorical exemption from environmental review for minor alterations to existing facilities as defined in Title 14 of the California Code of Regulations Section 15301.

On March 7, 2019 the San Francisco Planning Department determined (Case Number 2019-001882ENV) that the proposed 27 Bryant Tenderloin Transit Reliability Project is categorically exempt from CEQA as defined in Title 14 of the California Code of Regulations Section 15301.

The proposed action related to the 27 Bryant is the Approval Action as defined by the S. F. Administrative Code Chapter 31.

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A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and may be found in the records of the San Francisco Planning Department at 1650 Mission Street in San Francisco and is incorporated herein by reference.

Free Muni for Seniors and People with Disabilities

The proposed Free Muni for Seniors and People with Disabilities program is subject to the California Environmental Quality Act (CEQA). CEQA provides a statutory exemption from environmental review—as defined in Title 14 of the California Code of Regulations Section 15273 and 21080(b)(8)—for the establishment, modification, structuring, restructuring or approval of rates, tolls, fares, and other charges, which the public agency finds are for the purpose of (1) meeting operating expenses, (2) purchasing or leasing supplies, equipment, or materials, (3) meeting financial reserve needs and requirements, (4) obtaining funds for capital projects, or (5) obtaining funds necessary to maintain intracity transfers.

On April 3, 2020, the SFMTA, under authority delegated by the San Francisco Planning Department, determined (Case Number 2020-004013ENV) that the proposed Free Muni for Seniors and People with Disabilities program is statutorily exempt from environmental review under Title 14 of the California Code of Regulations Sections 21080(b)(8) and 15273.

The proposed action related to the Free Muni program is the Approval Action as defined by the S. F. Administrative Code Chapter 31.

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and may be found in the records of the San Francisco Planning Department at 1650 Mission Street in San Francisco and is incorporated herein by reference.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The City Attorney's Office has reviewed this calendar item.

LCTOP allocation requests and other documentation are subject to review by Caltrans.

RECOMMENDATION

Staff recommends that the SFMTA Board authorize the Director of Transportation, or his designee, to approve a program of projects, to execute the required Certifications and Assurances, including any amendments to such documents, with the California Department of Transportation for all transit projects funded by the Low Carbon Transit Operations Program for Fiscal Year 2019-20.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) is an eligible project sponsor for California's Low Carbon Transit Operations Program (LCTOP), established under Senate Bill 862 in 2014, and administered by the State Department of Transportation Division of Rail and Mass Transportation (Caltrans); and

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

WHEREAS, Senate Bill 862 (2014) named the Department of Transportation (Department) as the administrative agency for the LCTOP; and

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

WHEREAS, The San Francisco Municipal Transportation Agency wishes to delegate authorization to execute these documents and any amendments thereto the Director of Transportation or his designee; and

WHEREAS, The SFMTA has requested \$26,336,234 in LCTOP funds for the following projects:

- Electric Bus Procurement (\$4,900,000)
- 40' Motor Coach Expansion Procurement (\$4,815,915)
- 27 Bryant Tenderloin Transit Reliability Project (\$3,328,131)
- Free Muni for Seniors and People with Disabilities (\$13,292,188); and

WHEREAS, The San Francisco Municipal Transportation Agency wishes to implement the following LCTOP project(s) listed above, and

WHEREAS, On August 22, 2019, the SFMTA, under authority delegated by the San Francisco Planning Department, determined that the Electric Bus Procurement is not a "project" under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and

WHEREAS, On March 5, 2020, the SFMTA, under authority delegated by the San Francisco Planning Department, determined that the 40' Motor Coach Expansion Procurement is not a "project" under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and

WHEREAS, The proposed 27 Bryant Tenderloin Transit Reliability Project is subject to the California Environmental Quality Act (CEQA); CEQA provides a categorical exemption

from environmental review for minor alterations to existing facilities as defined in Title 14 of the California Code of Regulations Section 15301; and, on March 7, 2019, the San Francisco Planning Department determined (Case Number 2019-001882ENV) that the proposed 27 Bryant Tenderloin Transit Reliability Project is categorically exempt from CEQA as defined in Title 14 of the California Code of Regulations Section 15301; and, the proposed action related to the 27 Bryant is the Approval Action as defined by the S. F. Administrative Code Chapter 31; and

WHEREAS, The proposed Free Muni for Seniors and People with Disabilities program is subject to the California Environmental Quality Act (CEQA); CEQA provides an exemption from environmental review for the establishment, modification, structuring, restructuring or approval of rates, tolls, fares, and other charges, as defined in Title 14 of the California Code of Regulations Sections 21080(b)(8) and 15273; and

WHEREAS, On April 2, 2020, the SFMTA, under authority delegated by the San Francisco Planning Department, determined (Case Number 2020-004013ENV) that the proposed Free Muni for Seniors and People with Disabilities program is statutorily exempt from environmental review under Title 14 of the California Code of Regulations Sections 21080(b)(8) and 15273; the proposed action related to the Free Muni program is the Approval Action as defined by the S. F. Administrative Code Chapter 31; and

WHEREAS, Copies of the CEQA determinations are on file with the Secretary to the SFMTA Board of Directors, and for the 27 Bryant and Free Muni program items, a copy may be found in the records of the San Francisco Planning Department at 1650 Mission Street in San Francisco; all such determinations are incorporated herein by reference; and

WHEREAS, Should the SFMTA designate any other capital projects for receipt of all or a portion of the LCTOP funds, the Agency shall conduct appropriate environmental review prior to approving such capital projects; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation, or his designee, to approve a program of projects, to execute the required Certifications and Assurances for all transit projects funded by the Low Carbon Transit Operations Program for Fiscal Year 2019-20, including any amendments to such documents, with the California Department of Transportation.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of April 21, 2020.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

Enclosure 2

FY 2019-2020 LCTOP Program of Projects

Project Name: Electric Bus Procurement

Amount of LCTOP funds requested: \$4,900,000

The scope of this Electric Bus Procurement project is to procure three long-range battery electric buses in addition to the nine battery electric vehicles being procured from three vendors. The SFMTA would like to include this fourth vendor into the evaluation to provide a better overview of the current products available in the transit market. This battery electric project is a key part of the SFMTA's compliance to legislation from the California Air Resources Board (CARB) to set a statewide goal for public transit agencies to transition to 100 percent zero-emission bus fleets by 2040. To meet this goal, the SFMTA will need to begin to purchase all-electric buses starting in 2025. This project is necessary to allow the SFMTA to test the all-electric and battery bus technology to transition the entire rubber tire fleet by 2035 and to be a leader in meeting new CARB compliance goals ahead of the 2040 deadline.

Benefit to Priority Populations: The SFMTA's motor coach service connects all San Francisco disadvantaged communities and priority populations. The additional new battery electric buses (BEBs) could reduce harmful greenhouse gas emissions to routes within disadvantaged communities providing benefits to public health. As the SFMTA delivers revenue service with BEBs procured through this application, residents of disadvantaged communities will have even greater access to reliable, emission free transit options. BEBs purchased through this application will also contribute to service reliability across all disadvantaged communities. The SFMTA transit system connects disadvantaged communities to medical facilities, schools, shopping and regional transit connections.

Contributing Sponsors (if applicable): N/A

Project Name: 40' Motor Coach Expansion Procurement

Amount of LCTOP funds requested: \$4,815,915

Procure up to an additional 50 40' motor coaches. The SFMTA's current Fleet Management Plan expresses a desire to expand the motor coach fleet to keep pace with the City's rapidly growing job and housing market. Procuring additional vehicles will enable the SFMTA to provide expanded transit service and meet the increasing service demand.

Benefit to Priority Populations: As the SFMTA implements its motor coach expansion, residents of disadvantaged communities will be even better served by transit. Expanded service and system efficiencies funded by the LCTOP will allow some of San Francisco's most disadvantaged communities to have more frequent travel options for work, school and daily life. The additional new hybrid electric transit vehicles could provide increased service intervals to

routes within low-income communities. The system connects disadvantaged communities to medical facilities, schools, shopping and regional transit connections. The buses will be able to provide service throughout the City.

Contributing Sponsors (if applicable): N/A

Project Name: 27 Bryant Tenderloin Transit Reliability Project

Amount of LCTOP funds requested: \$3,328,131

Install up to ten transit bulbs for the 27 Bryant in the Tenderloin and through SoMa. Transit signal priority would also be added at approximately 20 intersections.

Benefit to Priority Populations: The 27 Bryant is one of the ten slowest routes in the Muni system, with an average speed of 4.5 miles per hour north of Market. This service also runs through one of the poorest neighborhoods in San Francisco, the Tenderloin. These improvements related to the speed and safety to the surrounding areas around the 27 Bryant line will provide better and improved services to the members of the disadvantaged communities who reside along this route.

Contributing Sponsors (if applicable): The MTC is contributing \$3,328,131 of LCTOP funds to the project.

Project Name: Free Muni for Seniors and People with Disabilities

Amount of LCTOP funds requested: \$13,292,188

SFMTA/Muni offers a variety of free and reduced fare programs that support San Francisco riders who are most price-sensitive. Free Muni for Seniors is available to San Francisco residents ages 65+ with a gross annual family income at or below 100% of Bay Area median income. Free Muni for People with Disabilities is available to San Francisco residents with disabilities with a gross annual family income at or below 100% of Bay Area median income. Benefiting passengers must be in possession of a registered Regional Transit Connection (RTC) card.

Benefit to Priority Populations: Early feedback from the low-income and disadvantaged communities indicated that there is a cost barrier in accessing the transit system. Many of these residents prior to this program had quality of life issues related to mobility to medical appointments, grocery runs, getting to work, and other common transportation needs. This transit subsidy program provides free access to the SFMTA's complete transit network promoting the equitable use of the system.

Contributing Sponsors (if applicable): N/A

Enclosure 3

Certifications and Assurances

Lead Agency: San Francisco Municipal Transportation Agency
Project Title: Electric Bus Procurement (\$4,900,000), 40' Motor Coach Expansion Procurement (\$4,815,915), 27 Bryant Tenderloin Transit Reliability Project (\$3,328,131), and Free Muni for Youth, Seniors, and People with Disabilities (\$13,292,188)
Prepared by: Charles Leung

The California Department of Transportation (Caltrans) has adopted the following Certifications and Assurances for the Low Carbon Transit Operations Program (LCTOP). As a condition of the receipt of LCTOP funds, the SFMTA, as the Lead Agency, must comply with these terms and conditions.

A. General

1. The Lead Agency agrees to abide by the current LCTOP Guidelines and applicable legal requirements.
2. The Lead Agency must submit to Caltrans 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 Lead Agency certifies that required environmental documentation is complete before requesting an allocation of LCTOP funds. The Lead Agency assures that projects approved for LCTOP funding comply with Public Resources Code § 21100 and § 21150.
2. The Lead Agency certifies that a dedicated bank account for LCTOP funds only will be established within 30 days of receipt of LCTOP funds.
3. The Lead Agency certifies that when LCTOP funds are used for a transit capital project, that the project will be completed and remain in operation for its useful life.
4. The Lead Agency certifies that it has the legal, financial, and technical capacity to carry out the project, including the safety and security aspects of that project.
5. The Lead Agency certifies that they will notify Caltrans of pending litigation, dispute, or negative audit findings related to the project, before receiving an allocation of funds.
6. The Lead Agency 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.
7. Any interest the Lead Agency earns on LCTOP funds must be used only on approved LCTOP projects.

8. The Lead Agency must notify Caltrans of any changes to the approved project with a Corrective Action Plan (CAP).
9. Under extraordinary circumstances, a Lead Agency may terminate a project prior to completion. In the event the Lead Agency terminates a project prior to completion, the Lead Agency must (1) contact Caltrans 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.

C. Reporting

1. The Lead Agency must submit the following LCTOP reports:
 - a. Semi-Annual Progress Reports by May 15th and November 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 LCTOP funds. A copy of the audit report must be submitted to Caltrans within six months of the close of the year (December 31) each year in which LCTOP funds have been received or expended.
 - d. Project Outcome Reporting as defined by CARB Funding Guidelines.
2. Other Reporting Requirements: CARB is developing Funding Guidelines that will include reporting requirements for all State agencies that receive appropriations from the Greenhouse Gas Reduction Fund. Caltrans and project sponsors will need to submit reporting information in accordance with CARB's Funding Guidelines, including reporting on greenhouse gas reductions and benefits to disadvantaged communities.

D. Cost Principles

1. The Lead Agency agrees to comply with Title 2 of the Code of Federal Regulations 225 (2 CFR 225), Cost Principles for State and Local Government, and 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
2. The Lead Agency 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 allow ability of individual project cost items; and

- b. Those parties shall comply with Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. Every subrecipient receiving LCTOP funds as a contractor or subcontractor shall comply with Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
3. Any project cost for which the Lead Agency has received funds that are determined by subsequent audit to be unallowable under 2 CFR 225, 48 CFR, Chapter 1, Part 31 or 2 CFR, Part 200, are subject to repayment by the Lead Agency to the State of California (State). All projects must reduce greenhouse gas emissions, as required under Public Resources Code section 75230, and any project that fails to reduce greenhouse gases shall also have its project costs submit to repayment by the Lead Agency to the State. Should the Lead Agency 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 Lead Agency from the State or any third-party source, including but not limited to, the State Treasurer and the State Controller.

A. Record Retention

1. The Lead Agency 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 Lead Agency, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles (GAAP) and enable the determination of incurred costs at interim points of completion. All accounting records and other supporting papers of the Lead Agency, its contractors and subcontractors connected with LCTOP funding shall be maintained for a minimum of three (3) years after the "Project Closeout" report or final Phase 2 report is submitted (per ARB Funding Guidelines, Vol. 3, page 3.A-16), 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 Lead Agency, 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 Lead Agency pursuant to the provisions of federal and State law. In the absence of such an audit, any acceptable audit work performed by the Lead Agency'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 Lead Agency'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 Lead Agency shall furnish copies thereof if requested.

3. The Lead Agency, 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

Caltrans may perform an audit and/or request detailed project information of the project sponsor's LCTOP funded projects at Caltrans' discretion at any time prior to the completion of the LCTOP.

I certify all of these conditions will be met.

Leo Levenson
(Print Authorized Agent)

Director of Finance and Information Technology
(Title)

(Signature)

(Date)