

Napa Valley Transportation Authority

625 Burnell Street
Napa, CA 94559



Agenda - Final

Wednesday, February 20, 2019
1:30 PM

NVTA Conference Room

NVTA Board of Directors - Tax Agency

All materials relating to an agenda item for an open session of a regular meeting of the NVTA-TA Board of Directors are posted on our website at <https://nctpa.legistar.com/Calendar.aspx> at least 72 hours prior to the meeting and will be available for public inspection, on and after at the time of such distribution, in the office of the Secretary of the NVTA-TA Board of Directors, 625 Burnell Street, Napa, California 94559, Monday through Friday, between the hours of 8:00 a.m. and 4:30 p.m., except for NVTA holidays. Materials distributed to the present members of the Board at the meeting will be available for public inspection at the public meeting if prepared by the members of the NVTA-TA Board or staff and after the public meeting if prepared by some other person. Availability of materials related to agenda items for public inspection does not include materials which are exempt from public disclosure under Government Code sections 6253.5, 6254, 6254.3, 6254.7, 6254.15, 6254.16, or 6254.22.

Members of the public may speak to the Board on any item at the time the Board is considering the item. Please complete a Speaker's Slip, which is located on the table near the entryway, and then present the slip to the Board Secretary. Also, members of the public are invited to address the Board on any issue not on today's agenda under Public Comment. Speakers are limited to three minutes.

This Agenda shall be made available upon request in alternate formats to persons with a disability. Persons requesting a disability-related modification or accommodation should contact Karrie Sanderlin, NVTA-TA Board Secretary, at (707) 259-8631 during regular business hours, at least 48 hours prior to the time of the meeting.

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Note: Where times are indicated for agenda items they are approximate and intended as estimates only, and may be shorter or longer, as needed.

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Adoption of the Agenda
5. Public Comment
6. Chairperson's and Board Members' Update
7. Director's Update

Note: Where times are indicated for the agenda item, they are approximate and intended as estimates only and may be shorter or longer as needed.

8. CONSENT AGENDA ITEM (8.1)

- 8.1 **Meeting Minutes of January 16, 2019 (Karrie Sanderlin) (Pages 6-8)**

Recommendation: Board action will approve the meeting minutes of January 16, 2019.

Estimated Time: 1:35 p.m.

Attachments: [Draft Minutes](#)

9. REGULAR AGENDA ITEMS

- 9.1 **Resolution No. 19-01-TA Adopting the Financial, Contract, and Procurement Policies, Practices, and Procedures of the Napa Valley Transportation Authority (NVTA) (Antonio Onorato) (Pages 9-138)**

Recommendation: Board action will approve Resolution No. 19-01-TA adopting the financial, contract and procurement policies of the NVTA.

Estimated Time: 1:35 p.m.

Attachments: [Staff Report](#)

9.2 Resolution No. 19-02-TA Authorizing Examination of Sales, Use and Transactions Tax Records (Antonio Onorato) (Pages 139-143)

Recommendation: Board action will adopt Resolution 19-02-TA authorizing Hinderliter, de Llamas & Associates (HDL) to examine the sales, use, and transactions tax records for Napa Valley Tax Authority-Tax Agency.

Estimated Time: 1:45 p.m.

Attachments: [Staff Report](#)

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

11.1 Approval of Next Meeting Date of Wednesday, March 20, 2019 at 1:30 p.m. and Adjournment

Estimated Time: 1:50 p.m.

I hereby certify that the agenda for the above stated meeting was posted at a location freely accessible to members of the public at the NVTA Offices, 625 Burnell Street, Napa, CA by 5:00 p.m. on Friday, February 15, 2019.

Karalyn E. Sanderlin (e-sign) February 14, 2019
Karalyn E. Sanderlin, NVTA-TA Board Secretary

Glossary of Acronyms

AB 32	Global Warming Solutions Act	GTFS	General Transit Feed Specification
ABAG	Association of Bay Area Governments	HBP	Highway Bridge Program
ADA	American with Disabilities Act	HBRR	Highway Bridge Replacement and Rehabilitation Program
ATAC	Active Transportation Advisory Committee	HIP	Housing Incentive Program
ATP	Active Transportation Program	HOT	High Occupancy Toll
BAAQMD	Bay Area Air Quality Management District	HOV	High Occupancy Vehicle
BART	Bay Area Rapid Transit District	HR3	High Risk Rural Roads
BATA	Bay Area Toll Authority	HSIP	Highway Safety Improvement Program
BRT	Bus Rapid Transit	HTF	Highway Trust Fund
BUILD	Better Utilizing Investments to Leverage Development	HUTA	Highway Users Tax Account
CAC	Citizen Advisory Committee	IFB	Invitation for Bid
CAP	Climate Action Plan	ITIP	State Interregional Transportation Improvement Program
Caltrans	California Department of Transportation	ITOC	Independent Taxpayer Oversight Committee
CEQA	California Environmental Quality Act	IS/MND	Initial Study/Mitigated Negative Declaration
CIP	Capital Investment Program	JARC	Job Access and Reverse Commute
CMA	Congestion Management Agency	LIFT	Low-Income Flexible Transportation
CMAQ	Congestion Mitigation and Air Quality Improvement Program	LOS	Level of Service
CMP	Congestion Management Program	LS&R	Local Streets & Roads
CalSTA	California State Transportation Agency	MaaS	Mobility as a Service
CTP	Countywide Transportation Plan	MAP 21	Moving Ahead for Progress in the 21 st Century Act
COC	Communities of Concern	MPO	Metropolitan Planning Organization
CTC	California Transportation Commission	MTC	Metropolitan Transportation Commission
DAA	Design Alternative Analyst	MTS	Metropolitan Transportation System
DBB	Design-Bid-Build	ND	Negative Declaration
DBF	Design-Build-Finance	NEPA	National Environmental Policy Act
DBFOM	Design-Build-Finance-Operate-Maintain	NOAH	Natural Occurring Affordable Housing
DED	Draft Environmental Document	NOC	Notice of Completion
EIR	Environmental Impact Report	NOD	Notice of Determination
EJ	Environmental Justice	NOP	Notice of Preparation
FAS	Federal Aid Secondary	NVTA	Napa Valley Transportation Authority
FAST	Fixing America's Surface Transportation Act	NVTA-TA	Napa Valley Transportation Authority-Tax Agency
FHWA	Federal Highway Administration	OBAG	One Bay Area Grant
FTA	Federal Transit Administration	PA&ED	Project Approval Environmental Document
FY	Fiscal Year	P3 or PPP	Public-Private Partnership
GHG	Greenhouse Gas	PCC	Paratransit Coordination Council
GGRF	Greenhouse Gas Reduction Fund		

Glossary of Acronyms

PCI	Pavement Condition Index	STA	State Transit Assistance
PCA	Priority Conservation Area	STIC	Small Transit Intensive Cities
PDA	Priority Development Areas	STIP	State Transportation Improvement Program
PID	Project Initiation Document	STP	Surface Transportation Program
PMS	Pavement Management System	TAC	Technical Advisory Committee
Prop. 42	Statewide Initiative that requires a portion of gasoline sales tax revenues be designated to transportation purposes	TCM	Transportation Control Measure
PSE	Plans, Specifications and Estimates	TCRP	Traffic Congestion Relief Program
PSR	Project Study Report	TDA	Transportation Development Act
PTA	Public Transportation Account	TDM	Transportation Demand Management Transportation Demand Model
RACC	Regional Agency Coordinating Committee	TE	Transportation Enhancement
RFP	Request for Proposal	TEA	Transportation Enhancement Activities
RFQ	Request for Qualifications	TEA 21	Transportation Equity Act for the 21 st Century
RHNA	Regional Housing Needs Allocation	TFCA	Transportation Fund for Clean Air
RM2	Regional Measure 2 (Bridge Toll)	TIGER	Transportation Investments Generation Economic Recovery
RM3	Regional Measure 3	TIP	Transportation Improvement Program
RMRP	Road Maintenance and Rehabilitation Program	TLC	Transportation for Livable Communities
ROW	Right of Way	TLU	Transportation and Land Use
RTEP	Regional Transit Expansion Program	TMP	Traffic Management Plan
RTIP	Regional Transportation Improvement Program	TMS	Transportation Management System
RTP	Regional Transportation Plan	TNC	Transportation Network Companies
SAFE	Service Authority for Freeways and Expressways	TOAH	Transit Oriented Affordable Housing
SAFETEA-LU	Safe, Accountable, Flexible, and Efficient Transportation Equity Act-A Legacy for Users	TOD	Transit-Oriented Development
SB 375	Sustainable Communities and Climate Protection Act 2008	TOS	Transportation Operations Systems
SB 1	The Road Repair and Accountability Act of 2017	TPA	Transit Priority Area
SCS	Sustainable Community Strategy	TPI	Transit Performance Initiative
SHA	State Highway Account	TPP	Transit Priority Project Areas
SHOPP	State Highway Operation and Protection Program	VHD	Vehicle Hours of Delay
SNCI	Solano Napa Commuter Information	VMT	Vehicle Miles Traveled
SNTDM	Solano Napa Travel Demand Model		
SR	State Route		
SRTS	Safe Routes to School		
SOV	Single-Occupant Vehicle		

Napa Valley Transportation

Authority

Meeting Minutes - Draft

NVTA Board of Directors - Tax Agency

625 Burnell Street
Napa, CA 94559

Wednesday, January 16, 2019

1:30 PM

NVTA Conference Room

1. Call to Order

Chair Canning called the meeting to order at 1:40 p.m.

2. Pledge of Allegiance

3. Roll Call

Alfredo Pedroza
Belia Ramos
Chris Canning
Jill Techel
Leon Garcia
Paul Dohring
Kerri Dorman
Doris Gentry
Mark Joseph
John F. Dunbar
Gary Kraus
Geoff Ellsworth

4. Adoption of the Agenda

Motion **MOVED** by PEDROZA, **SECONDED** by GARCIA to **APPROVE** adoption of the agenda.
Motion carried by the following vote:

Aye: 9 - Pedroza, Ramos, Canning, Techel, Garcia, Dohring, Dorman, Gentry, and Joseph

Absent: 3 - Dunbar, Kraus, and Ellsworth

5. Public Comment

None

6. Chairperson's and Board Members' Update

None

7. Director's Update

None

8. CONSENT AGENDA ITEMS (8.1 - 8.3)

Motion **MOVED** by JOSEPH, **SECONDED** by TECHEL to **APPROVE** Consent Items 8.1-8.3. Motion carried by the following vote:

Aye: 9 - Pedroza, Ramos, Canning, Techel, Garcia, Dohring, Dorman, Gentry, and Joseph

Absent: 3 - Dunbar, Kraus, and Ellsworth

8.1 Meeting Minutes of October 17, 2018 (Karrie Sanderlin) (Pages 6-8)

Attachments: [Draft Minutes](#)

Board action approved the meeting minutes of October 17, 2018.

Aye: 9 - Pedroza, Ramos, Canning, Techel, Garcia, Dohring, Dorman, Gentry, and Joseph

Absent: 3 - Dunbar, Kraus, and Ellsworth

8.2 Resolution No. 19-01-TA Setting the Regular Meeting Time, Place, and Schedule of the Napa Valley Transportation Authority-Tax Agency (NVTA-TA) Governing Board and the Independent Taxpayer Oversight Committee (ITOC) for Calendar Year (CY) 2019 (Karrie Sanderlin) (Pages 9-14)

Attachments: [Staff Report](#)

Board action approved Resolution No. 19-01-TA setting the regular meeting time, place, and schedule for the NVTA-TA and ITOC for calendar year 2019.

Aye: 9 - Pedroza, Ramos, Canning, Techel, Garcia, Dohring, Dorman, Gentry, and Joseph

Absent: 3 - Dunbar, Kraus, and Ellsworth

8.3 Napa Countywide Road Maintenance Act and Expenditure Plan (Measure T) Independent Taxpayer Oversight Committee (ITOC) Member Appointment (Karrie Sanderlin) (Pages 15-21)

Attachments: [Staff Report](#)

Board action approved the appointment of Kevin Alfaro to the ITOC as a member who is a Certified Public Accountant and has experience in financial audits.

Aye: 9 - Pedroza, Ramos, Canning, Techel, Garcia, Dohring, Dorman, Gentry, and Joseph

Absent: 3 - Dunbar, Kraus, and Ellsworth

9. REGULAR AGENDA ITEMS

9.1 City of American Canyon Five-Year Documents for Maintenance of Effort (MOE) Figure (Alberto Esqueda) (Pages 22-28)

Attachments: [Staff Report](#)

Information Only / No Action Taken

The Board received information on the City of American Canyon's revised MOE figures.

9.2 Napa Countywide Road Maintenance Act Measure T Process and Procedures (Alberto Esqueda) (Pages 29-38)

Attachments: [Staff Report](#)

[Staff Report REVISED 01-16-2019.pdf](#)

Board action approved the Measure T Process & Procedures as provided in Item 1 of the Meeting Handout Packet.

Motion MOVED by PEDROZA, SECONDED by JOSEPH to APPROVE the Revised Napa Countywide Road Maintenance Act Measure T Process & Procedures. Motion carried by the following vote:

Aye: 9 - Pedroza, Ramos, Canning, Techel, Garcia, Dohring, Dorman, Gentry, and Joseph

Absent: 3 - Dunbar, Kraus, and Ellsworth

10. FUTURE AGENDA ITEMS

None

11. ADJOURNMENT

11.1 Approval of Next Meeting Date of Wednesday, February 20, 2019 at 1:30 p.m. and Adjournment

The next regular meeting will be held on Wednesday, February 20, 2019.

Chair Canning adjourned the meeting at 2:10 p.m.

Karalyn E. Sanderlin, NVTA-TA Board Secretary



NAPA VALLEY TRANSPORTATION AUTHORITY-TAX AGENCY Board Agenda Letter

TO: Board of Directors
FROM: Kate Miller, Executive Director
REPORT BY: Antonio Onorato, Director of Administration, Finance, and Policy
(707) 259-8779 / Email: anonorato@nvta.ca.gov
SUBJECT: Resolution No. 19-01-TA Adopting the Financial, Contract and Procurement Policies, Practices, and Procedures of the Napa Valley Transportation Authority

RECOMMENDATION

That the Napa Valley Transportation Authority-Tax Agency (NVTA-TA) Board approve Resolution No. 19-01-TA (Attachment 1) adopting the Napa Valley Transportation Authority's Financial Management Policies, Practices, and Procedures (Attachment 2) and Contract and Procurement Policies, Practices, and Procedures (Attachment 3).

COMMITTEE RECOMMENDATION

None

EXECUTIVE SUMMARY

As an independent government agency, NVTA-TA must establish policies and procedures to clarify the roles, authority, and responsibilities for essential financial management activities and decisions. Staff recommends using the Napa Valley Transportation Authority's Financial Management and the Contract and Procurement Policies as the Policies, Practices, and Procedures of the NVTA to conduct and transact financial matters.

PROCEDURAL REQUIREMENTS

1. Staff Report
2. Public Comment
3. Motion, Second, Discussion and Vote

FISCAL IMPACT

Is there a Fiscal Impact? No

Consequences if not approved: Without established policies, NVTA-TA would not be in compliance with standard public agency practices thereby limiting its ability to contract and complete financial transactions.

CEQA REQUIREMENTS

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 16378 (California Environmental Quality Act (CEQA) Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Public agency policies and procedures establish standards and processes for conducting business to ensure compliance with laws and regulations. They further give guidance to boards and staff for decision-making to ensure effective and efficient operations.

Staff is requesting the Board adopt two (2) Napa Valley Transportation Authority policies and procedures manuals guiding financial management, contracting, and procurements. The policies will ensure that NVTA-TA will be in compliance standards public agency practices. The resolution also includes language that triggers automatic updates of NVTA-TA's policies when NVTA's policies are updated.

SUPPORTING DOCUMENTS

Attachments: (1) Resolution No. 19-01-TA
(2) NVTA Financial Management Policies and Procedures
(3) NVTA Contract and Procurement Policies and Procedures

RESOLUTION No. 19-01-TA

**A RESOLUTION OF THE
NAPA VALLEY TRANSPORTATION AUTHORITY - TAX AGENCY (NVTA-TA)
ADOPTING THE FINANCIAL, CONTRACTING, AND
PROCUREMENT POLICIES, PRACTICES, AND PROCEDURES OF
THE NAPA VALLEY TRANSPORTATION AUTHORITY (NVTA)**

WHEREAS, the voters of Napa County approved Ordinance No. 2012-01 - the Napa Countywide Road Maintenance Act (known as Measure T) at the General Election held on November 6, 2012, thereby authorizing NVTA-TA to administer the proceeds from a one-half cent transaction and use tax; and

WHEREAS, the NVTA-TA is a separate agency with an independent Board of Directors, independent organizational structure, and independent finances from the administration agency; and

WHEREAS, the Napa Valley Transportation Authority (NVTA) provides staff to administer and oversee the Measure T processes and procedures; and

WHEREAS, NVTA staff are subject to and follow all applicable NVTA policies and procedures relevant to Measure T; and

WHEREAS, the NVTA-TA is authorized to engage in financial transactions granted in the Ordinance, but requires written procedures to transact financial matters; and

WHEREAS, the NVTA-TA hereby adopts the NVTA Financial Policies, Practices, and Procedures and updates thereto; and

WHEREAS, the NVTA-TA hereby adopts the NVTA Contracting and Procurement Policies, Practices, and Procedures and updates thereto; and

NOW THEREFORE BE IT RESOLVED that the Napa Valley Transportation Authority-Tax Agency hereby adopts the Financial Management and Contracting and Procurement Policies, Practices, and Procedures as approved by NVTA as set forth in Exhibit "A" attached hereto and incorporated by reference herein.

BE IT FURTHER RESOLVED that any future amendments by the Napa Valley Transportation Authority Financial Management and Contracting and Procurement Policies, Practices, and Procedures are hereby approved by the Napa Valley Transportation Authority – Tax Authority and shall apply immediately to the Napa Valley Transportation Authority – Tax Agency without any further action or approval by the Napa Valley Transportation Authority – Tax Agency.

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED by the Board of Directors of the Napa Valley Transportation Authority-Tax Agency, at a regular meeting held on February 20, 2019, by the following vote:

Ayes:

Chris Canning, NVTA-TA Chair

Nays:

Absent:

ATTEST:

Karalyn E. Sanderlin, NVTA Board Secretary

APPROVED:

DeeAnne Gillick, NVTA-TA General Counsel

Exhibit "A"
Resolution No. 19-02-TA

CHAPTER 7: FINANCIAL MANAGEMENT

POLICIES, PRACTICES AND PROCEDURES MANUAL

The Napa Valley Transportation Authority (NVTA or the "Authority") will maintain sound financial practices in accordance with all federal, state and local laws and direct its financial resources towards meeting NVTA's long-term goals.

NVTA will cultivate and further develop programs to ensure its long-term ability to pay the costs necessary to provide the level and quality of service required by the public.

Board of Directors Approval Date:

Amendment Approval Date:

Board Approved:

SECTION 7.1 FINANCIAL MANAGEMENT	3
7.1.1 Responsibility and Authority	3
7.1.2 Information Security	4
7.1.3 Financial Management	4
7.1.4 Internal Controls	7
7.1.5 Wire Transfers.....	10
7.1.6 Budget Development.....	11
7.1.7 Budget Monitoring and Reporting.....	13
7.1.8 Accounting Principles	15
7.1.9 Fund Accounting	17
7.1.10 Revenues and Expenditures	18
7.1.11 General Ledger	21
7.1.12 Encumbrances	22
7.1.13 Accounts Payables.....	22
7.1.14 Vendor Invoice Processing.....	23
7.1.15 Audits	26
7.1.16 Petty Cash.....	29
7.1.17 Cash Handling.....	31
7.1.18 Revenue Collections and Distribution.....	36
7.1.19 Purchasing Cards.....	38
SECTION 7.2 RESERVES AND FINANCING.....	40
7.2.1 Cash Reserves.....	41
7.2.2 Investment Policy	46
7.2.3 Interfund Loans and Transfers	46
7.2.4 Debt Financing and Management	46
SECTION 7.3 ASSET MANAGEMENT	50
7.3.1 Fixed Assets.....	50
7.3.2 State of Good Repair.....	54
7.3.3 Transit Pass Inventory Control	55
7.3.4 Alternative Fuels and Fleet Replacement.....	56
SECTION 7.4 GRANTS MANAGEMENT	56
7.4.1 Grant Accounting and Administration	56
7.4.2 Grant Management	64
7.4.3 Project Management	71
7.4.4 Third Party Oversight	74
7.4.5 Subrecipient Monitoring	81
SECTION 7.5 REIMBURSEMENTS.....	84
7.5.1 Travel	84
7.5.2 Meals and Meeting Expenses	88

7.1 FINANCIAL MANAGEMENT

7.1.1 RESPONSIBILITY AND AUTHORITY

This policy establishes the general responsibilities and authority of management and staff with regard to the financial operations of the Authority.

NVRTA is subject to the rules and policies established by the Board of Directors to promote efficiency and uniformity. Within the boundaries established by the Board of Directors, the Authority is responsible for managing its own operations. All staff are expected to fulfill the requirements of their positions and to conduct themselves with integrity and professionalism. Staff should also operate within the specific levels of authority that may be established for their positions.

The following define the general responsibilities of managers, supervisors and staff.

Executive Director (ED) The Executive Director has the responsibility and authority for the development, resourcing, implementation, review and continuous improvement of NVRTA. The Executive Director is accountable to the Board and the public for the performance of NVRTA and ensures that commitments are delivered. The Executive Director has the overall responsibility to ensure that an accountability process exists at NVRTA so that staff are held accountable for their performance.

Financial Officer or Equivalent The financial officer is responsible for managing financial operations, accounting, financial reporting, and audits. The financial officer plans, organizes and directs the finance department; provides assistance to the Executive Director; and performs other related work as required. The financial officer also:

- Maintains and enforces all financial policies and procedures, whether they are developed internally or prescribed by the ED or Board.
- Maintains the integrity of the accounting system and financial records.
- Assures the implementation of a system of financial internal controls.
- Develops the budget process.
- Assures that all funds collected are handled securely, properly recognized, deposited and accurately reported.
- Ensures operations are in compliance with GAAP and Government Accounting Standards Board (GASB) standards, and comply with all statutory and regulatory requirements for grant funding received.
- Monitors budget and actual expenditures to identify variances, determine their cause and implement measures to reduce or eliminate future variances.
- Prepares the financial statements including the quarterly unaudited financial statements.
- Monitors cash flow and projects future cash flow needs to assure the Authority can meet its financial obligations.
- Serves as the primary point of contact in the event of an audit or review.
- Performs other financial duties that may be delegated.

- Files application(s) to receive and administer grant funding as required.
- Maintains inventory record of assets and inventory items.

Directors/Managers/Supervisors/Project Managers Managers and supervisors are responsible for ensuring that all financial operations and staff under their direction comply with the policies and procedures.

Staff Each staff member is responsible for observing the Authority's rules for ethical behavior and for complying with the policies and procedures.

Levels of Authority NVTA establishes a system of authorization to provide effective management control over its assets, liabilities, revenues and expenditures. Specific levels and scopes of authority are established where appropriate in areas such as procurement, contract approval, payment authorization, etc. The Signature Authorization form dictates the levels of authority for financially related matters. See the Procurements & Contract Administration section for further details.

7.1.2 INFORMATION SECURITY

The information security policy is to maintain the confidentiality and security of financial information and its transmission across data lines and the internet.

Security services are essential to maintain the integrity of financial operations. NVTA has entered into an agreement with the County of Napa that specifies the agreed-upon level of information security services provided, associated costs and payment for services.

7.1.3 FINANCIAL MANAGEMENT

This policy establishes uniform guidelines to monitor and control financial operations and account for its performance.

NVTA will employ sound business, financial and accounting practices to conduct its financial operations. The Authority is responsible for monitoring and controlling its financial operations and accounting publicly for its financial performance through:

- Adherence to the highest ethical standards.
- Developing short and long-range strategic financial plans.
- Use of generally accepted accounting principles.
- Institute a system of internal controls.
- Retain financial and accounting records for appropriate periods.
- The issuance of financial reports that account for the use of public funds.
- Maintain adherence to all applicable state and federal laws and requirements.

Financial Management Responsibilities NVTA is responsible for developing plans, obtaining resources for implementing the plans, monitoring its operations and accounting publicly for its performance. These plans include, but are not limited the biennial budget,

overall work program (OWP), the short range transit plan, the countywide transportation plan and other regulatory strategic plans.

NVRTA is dedicated to providing an environment of openness and transparency. The Authority is responsible for evaluating its needs and providing relevant workload and cost data to establish funding priorities and compete for funds with federal, state, and local programs. It is also the responsibility of the Authority to develop a long-range strategic financial plan for the efficient and effective use of resources, technology and the incorporation of community needs and concerns.

Accounting System NVRTA will use an efficient and organized accounting system that ensures the accurate reporting of all transactions. The Authority is responsible for assuring that transactions recorded by its accounting system are supported by documentation and evidential matter that can withstand internal or external financial audits.

The key elements of an efficient and organized accounting system include an:

- Efficient method of accumulating, recording and reporting all transactions.
- Effective assignment of authority and responsibility.
- Effective approach to segregation of duties.
- Efficient method of detecting errors and irregularities.

Financial transactions should be executed and accounted for in accordance with generally accepted accounting principles. The Authority complies with the standards and principles established by the GASB, administrative policies and procedures that apply to the Authority's financial management, and regulatory and statutory requirements guiding the administration of grant revenues and eligible expenditures.

Accounting Records The financial officer should document its financial activities and maintain sufficient accounting records to:

- Ensure that all transactions are properly and accurately recorded.
- Provide sufficient evidence and justification for all transactions.
- Maintain accountability for assets and resources.
- Document accountability of staff who execute and process financial transactions.
- Permit preparation of accurate, informative and reliable reports that conform to applicable criteria.
- Support management during reviews and audits.

A detailed discussion of record retention procedures is provided in the *Record Retention* section for further information.

Financial Reporting NVRTA is obligated to account for its use of public funds. To satisfy this obligation, the Authority prepares and issues periodic financial statements. The GASB Concepts Statement 1 defines the objectives of financial reporting as follows:

- Should assist in fulfilling the government's duty to be publicly accountable and should enable users to assess that accountability.
- Should assist users in evaluating the operational results of the governmental entity for the year.
- Should assist users in assessing the level of services that can be provided by the governmental entity and its ability to meet its obligations as they become due.

The primary use of financial reports is to assess accountability in its use of public funds. According to GASB Concepts Statement 1 financial reports accomplish this by:

- Comparing actual financial results with the legally adopted budget.
- Assessing financial condition and results of operations.
- Assisting in determining compliance with finance-related laws, rules and regulations.
- Assisting in evaluating efficiency and effectiveness.

NVRTA acknowledges that reports need to be transparent and understandable to communicate information adequately to the public, elected officials, funding agencies and creditors. To effectively communicate information, NVRTA will publish information in the following forms on its website and written formats as required:

- Publish the biennial budget
- Publish GASB-required audited financial statements.
- Publish an annual report listing the accomplishments and audited financial information
- Present quarterly financial updates to the Board, including any adjustments to the annual budget necessary to carry out the NVRTA's mission
- Publish an Overall Work Program which allocates staff members to the tasks and projects scheduled for the upcoming financial year.

The Financial department's internal financial reporting functions include, but are not limited to, preparation of the following reports:

- Quarterly financial statement reports comparing actual revenues and expenditures to budget items.
- Quarterly cash flow reports to analyze the current position and project future needs.
- Monthly or quarterly reimbursement claims for grants and other state or federal programs.

GAAP, GASB and other government and public entity standards are applied to prepare financial and other required reports. Exceptions should be disclosed in the form of qualifications or footnotes to the financial statements or reports.

7.1.4 INTERNAL CONTROLS

NVTA's policy is to maintain effective internal control systems as an integral part of its management practices. NVTA continuously monitors and evaluates internal control systems for the purpose of strengthening existing operational, administrative and accounting controls. The objective of an internal control system is to minimize financial risks and provide reasonable assurance that assets are properly safeguarded.

Purpose of Internal Controls As a public sector institution, NVTA must maintain the highest standard of ethics and integrity to inspire confidence and trust. Moreover, some operations include handling large sums of money routinely. The risks associated with such operations are apparent and NVTA must protect its assets from potential acts of impropriety and its reputation from negative public perceptions.

An effective system of internal controls minimizes the Authority's exposure to risks and negative perceptions. A properly designed, implemented and continuously monitored system of internal controls protects the Authority's assets and resources by reducing or eliminating opportunities to commit and conceal errors or fraudulent acts.

Key Elements of an Effective System of Internal Controls A system of effective internal controls must be an integral part of Authority management practices. It covers all aspects of the Authority's operations from the overall planning of the organization to the implementation of specific operating and administrative procedures.

The components of an effective system of internal controls include, but are not limited to, the following:

- Appropriate segregation of duties (checks and balances)
- Comprehensive policies and procedures
- Competent personnel
- Continuous monitoring and supervision
- Controlled access to assets
- Proper authorization and documentation
- Sufficient review
- Leave coverage

Appropriate Segregation of Duties NVTA has an established organization structure that provides for an appropriate segregation of duties that safeguards assets. Segregation of duties is based on the concept that no one individual controls all phases of an activity or transaction. Segregation of duties provides for a built-in system of checks and balances that is designed to catch and correct errors as soon as they are detected. Another important objective is to eliminate or minimize opportunities to conceal errors and irregularities.

Whenever possible, key duties and functions are assigned to separate staff to minimize the risk of impropriety and establish a system of checks and balances. If segregation of

duties cannot be achieved due to staffing limitations, Authority management must apply alternate control methods to mitigate the risks.

Supervision Management should provide appropriate supervision of Authority staff to assure that approved procedures are followed. NVTA should ensure that all staff apply due care and diligence in the daily performance of their duties.

Controlled Access to Assets NVTA should limit access to its assets to authorized personnel who require these assets to perform their assigned duties. Access includes both direct physical access and indirect access such as preparing and processing documents authorizing transactions that impact resources.

Proper Authorization and Documentation NVTA has established a system of authorization to provide effective management control over its assets, liabilities, revenues and expenditures. The specific levels and scope of authority of executives, directors, managers, supervisors and staff, along with assigned dollar limits are established and documented and provided to applicable staff, County of Napa and relevant parties for reference on a no less than annual basis.

When processing transactions, evidence of authorization should be maintained in the accounting files to document that:

- Proper authorizations are obtained and issued by staff acting within the scope of their authority.
- Transactions conform to the terms of the authorizations.

Sufficient Internal Review NVTA has establish an effective system of internal review to ensure that all financial transactions are properly and accurately recorded and reported.

Minimum Internal Control Standards This section provides minimum internal control standards to (1) define its organizational boundaries, (2) monitor and control its financial operations and (3) maintain accountability for its resources. The Authority will continuously assess its system of internal controls against these minimum standards. Areas of weakness must be corrected or, if impractical or cost prohibitive, be properly documented and reported.

Bank Accounts To establish the conditions and operational controls under which the Authority may maintain funds outside the County of Napa treasury. NVTA will:

- Obtain Executive Director's approval before opening or closing any bank account. Authority requests to open or close any bank account must be signed by the Executive Director and Financial Officer.
- Assure that banking relationships do not create any actual or perceived conflict of interest with the Board of Directors, managers or officers.
- Keep detailed records for all money received.
- Provide for the safety and security of staff, employees and funds when making bank deposits.

- Endorse all checks, warrants, money orders, and other negotiable instruments immediately upon receipt.
- Make all disbursements by check, credit card or electronic transfer, except for petty cash disbursements.
- Record all checks issued in a check register (this function is managed by the County of Napa).
- Keep all check stock under locked control.
- Reconcile all bank accounts not administered by the County of Napa at the end of the financial year.
- The annual bank balance and financial accounting cash balance information will be completed for all bank accounts locally operated and reconciled as of June 30.
- Require all withdrawals accompany two (2) signatures- the Executive Director and the Financial Officer.

Accounting Processes In order to minimize overpayments and ensure payments adhere to the content of a contract, NVTA will:

- Employ a system that assigns a unique contract number to track the status of each contract, purchase order, work order or agreement.
- Maintain records on payments associated with each contract.
- Seek payment approval from project manager, financial officer and Executive Director.

Accounts Payable To process and pay vendor invoices and claims in a timely according to the terms and conditions of the purchase agreements and contracts. All invoices and claims must be supported by appropriate documentation and approved for payment by authorized staff.

NVTA staff should:

- Direct all vendors to submit invoices to accounts payable for processing. Electronic invoices should be sent to ap@nvta.ca.gov.
- Date stamp all invoices upon receipt by Accounts Payable.
- Require that individuals and firms submitting claims within a reasonable period after services are rendered.
- Establish the dollar limits and the scope of authority of staff authorized to approve invoice payment.
- Perform a match of the purchase agreement, invoice and proof of receipt and acceptance of goods or services prior to payment if a purchase order was issued.
- Require that authorized staff review each invoice for appropriateness, accuracy and reasonableness. Invoices should be initialed by the program manager.

7.1.5 WIRE TRANSFERS

This policy provides guidance for outgoing or incoming wire transfers, electronic funds transfers (EFT), automated clearing house (ACH) or ECHO drawdowns.

Wire Payments

Initiating the Wire The department creates and prints a journal entry in the enterprise resource planning software. Attach a wire transfer authorization form and supporting documentation (usually an original receipt or vendor's invoice). The payee on the voucher should match the account title on the wire transfer authorization form.

Once voucher and supporting paperwork is complete, the department obtains appropriate signatory approval from the authorized signer. By approving the wire, the signer is authorizing the transaction and attesting that the transaction and supporting documentation is appropriate. Wire payments are subject to the same approval process as other payments.

Accounting Office Review The Auditor-Controllers Office (ACO) reviews and approves the wire transfer authorization form and the journal. The document is then taken by staff to the Treasury for processing. After approving the availability of funds, the Treasurer's Office sends the journal entry for payment. **Electronic Funds Transfer (EFT).** Electronic funds transfers (EFT) are defined as a transmission of an electronic message to a financial institution instructing it to make an electronic entry reflecting the transfer of ownership of funds from one depositor to another.

Automated Clearing House (ACH). An ACH debit is an electronic transfer of funds directly out of the remitter's bank account which is originated by an outside entity.

The use of the ACH network to initiate payments and to receive funds has become a common business practice. It has also become common for some governments and businesses to require that certain payments be remitted to them electronically.

NVRTA may be required to make certain payments by receiving an ACH debit. In addition there may be certain payment applications which, by nature and under the proper control environment, could be processed more timely and efficiently through the receipt of an ACH debit, without sacrificing audit trail and internal controls otherwise available with warrant, check or ACH credit payment processing.

General ACH Rules and Procedures. The receipt of ACH debits to accounts is permissible in the following conditions:

- Where required by federal or state law or associated regulations, or where required by an entity for payment of necessary goods or services.
- Where the County of Napa Treasurer have authorized the receipt of ACH debits after determining that it is in the best interest of NVRTA.

Prior to implementing ACH debits, NVTA must first notify the Treasurer. The Treasurer will request information on the frequency, timing, volume of transactions and other information as deemed appropriate. This information will assist in determining whether the application is appropriate for receiving ACH debits, and if so, what payment controls and procedures will be utilized.

ECHO Drawdown policy

Cash Management Requirements. All eligible FTA grantee organizations or sponsors paid by the requisition method of payment may now apply to be converted to US Treasury's Automated Clearing House (ACH) method of payment, regardless of the money amount involved. ACH electronically sends payment to a payee's bank for deposit to their bank account.

Guidelines for Disbursements Disbursement guidelines are in accordance with policies established in U.S. Department of Treasury Circular 1075, Part 205, "Withdrawal of Cash From The Treasury for Advances Under Federal Grant and Other Programs," and by FTA financing agreements. These guidelines state that the recipient organization should commit itself to:

- Initiating cash drawdowns for immediate disbursement needs. This has been defined as three calendar days. Excess federal funds held more than three days must be returned to FTA along with any interest earned.
- Providing control and accountability for all project funds consistent with FTA requirements and procedures for use of the ECHO-Web System.
- Furnishing reports of cash disbursements and balances, when required by means of the Financial Status Report for FTA and the Federal Cash Transaction Report.

The Federal Transit Administration Agreement (Form FTA II (A)), Part II or II Terms and Conditions, dated December 1992, Section 107.a and b. (1), describes the process for requesting payment and the requirement for payment processing under the ECHO System.

7.1.6 BUDGET DEVELOPMENT

The Authority is responsible for developing and managing its budgets so that its resources are utilized efficiently and effectively, in a manner that inspires public confidence. This policy presents uniform guidelines to use in developing and managing its biennial budget cycle. It is the policy of the Authority to comply with applicable legislation and follow the procedures adopted by the Board of Directors for budget development and management.

NVTA collects fare revenues, receives annual allocations from the Metropolitan Transportation Commission, the State of California, the Federal government, and other entities. The Authority operates on a financial year beginning July 1 and ends June 30 of the year thereafter.

Sources of Authority Funding NVTA receives federal, state, regional, and locally generated funding for specific purposes and Authority may also receive revenues from private contributions. Funding received is deposited into the Governmental, Proprietary, or Fiduciary Funds.

Authority Funds Each year, MTC releases a TDA and STA fund estimate to NVTA for the operations of the Authority. Money disbursed for operations is deposited into one of the Authority’s funds.

The Governmental Fund is used for administration, transportation planning, coordination of transportation and land use in the region, and programming of regional funding activities.

The Proprietary Fund is used for transit services and capital projects.

Authority Budget Cycle and Timelines There are two major phases of the biennial budget cycle – *development* and *implementation*. The development phase includes evaluation of available revenues, current year activities and performance and planning for future year financial requirements.

The Board also receives quarterly updates that make periodic revenue and expense adjustments to the budget.

Budget Development Process The Board of Directors is responsible for adopting the biennial budget and approving any amendments to that budget. The Board of Directors has delegated the responsibility for adopting budgeting policies and procedures and the annual schedule of budget development to the Executive Director. The Authority budget development process, which ends with the Board of Director’s approval becomes effective at the beginning of the financial year (July 1), is described in the following table.

Authority Budget Development Process and Timeline

Activity Purpose Prepared/Issued By When

Activity	Purpose	Prepared/ Issued By	When
Gather information on financial sources of funds	Budget cycle commencement	Finance	December/January
Develop biennial budgets	Input and review initial budget recommendations	Finance	January-March
Budget Committee meeting	Review budgets with Board Chair and Vice Chair and have questions answered	Finance, Board of Directors	February or March

1st reading and comment period	To ensure that the proposed budgets settles all outstanding questions posed by Board and other stakeholders.	Finance	March or April
2 nd reading, finalize budget	Complete budget input process	Finance	May
Budget approval	Formalize financial years budgets	Board of Directors	May Board of Directors meeting
Input budgets into ERP software	For reporting purposes	Finance	June

Budget Execution Once plans, resources and controls are in place the Authority executes its operating plan, thereby incurring operating expenses and receiving revenues. As part of this process, encumbrances are established to account for contracts and purchase orders.

7.1.7 BUDGET MONITORING AND REPORTING

This policy establishes uniform guidelines to monitor and control its biennial budget and helps ensure responsible management of available resources. NVTA will manage its operations in a financially prudent manner. Expenditures may not exceed the amounts established in the Authority's approved budget.

The Authority will monitor actual expenditures against its quarterly and annual budget. Cash flow also will be monitored to assure that NVTA has sufficient funding to meet its obligations. On a quarterly basis, the Authority should submit a report of revenues and expenditures.

Background and Monitoring After the biennial budget has been approved by the Board of Directors and funds programmed, NVTA must operate within the limitations of the available funding. The Authority must establish budgetary control procedures to monitor its budget on an ongoing basis throughout the year to assure that actual expenditures do not exceed budgeted amounts.

Regular budget monitoring allows the Authority to: 1) assure that funds are available for operations, and 2) reallocate limited resources in the event of budget shortfalls or surpluses. Monitoring both expenditure and cash flow allows the Authority to exercise an appropriate level of control over available funds and to take corrective action as necessary.

It is NVTA's responsibility to monitor its budget on a regular basis. It is recommended that the Authority prepare and review a comparison of actual expenditures with the approved budget that provides the following information for each program and budget line item of expenditure:

- Actual expenditures incurred for the previous quarter.
- Expenditures incurred for the financial quarter-to-date and year-to-date compared with their respective budgets for the same time frame.
- The variance between month-to-date actual and budgeted expenditures.

In addition, the Authority should analyze its cash flow needs for the current month and project its cash flow for the remainder of the financial year.

Informal expenditure to budget comparisons and cash flow monitoring reports should be prepared and reviewed as soon as is practicable after closing information becomes available each month.

Overall Work Program Once the Board has adopted a budget, staff will prepare the Overall Work Program (OWP) that expands on the tasks and projects that each division will undertake during the financial year. The OWP will allocate staff and other resources to each task and project.

Quarterly Financial Statements The Authority should submit quarterly financial statements that provide the following information:

- Actual expenditures incurred during the previous quarter.
- Cumulative expenditures for the financial quarter-to-date and year-to-date.
- The variance between actual and budgeted expenditures for the quarter.
- The remaining budgeted balance for each object of expenditure.
- Budget transfers among expenditures. (These adjustments should net to zero).
- Budget revisions reflecting changes to NVRTA's available budget, such as additional allocations or receipt of new grants.

In addition, monthly monitoring reports are to be provided to the Executive Director and management staff to ensure adherence to budgeted expenditures.

Budget Revisions During the financial year, the Authority may receive additional or amended allocations from Federal, State, MTC, or regional entities and receive revenues above those originally budgeted, or receive new grants from other governments or private sources.

NVRTA may revise the budget and report the budget revisions the Board of Directors for formal approval. Budget revisions are reported and reflect an overall increase or decrease to the Authority's approved budget.

NVRTA will conduct regular reviews of actual expenditures versus budgeted amounts and project expenditures to assure that the remaining budget is sufficient to cover anticipated expenditures for the balance of the financial year. If a budget shortfall is anticipated, appropriate actions should be taken to assure that operations are not adversely affected.

NVRTA will document all budget revisions to account for variances in projected versus actual expenditures, and include this information as part of the quarterly update to the

Board of Directors, or more frequently if necessary to carry out the mission of the Authority.

Budget Transfers It is the intent of this manual to provide the Authority with the flexibility in transferring funds between individual programs and objects of expenditure where the transfers are necessary for the efficient and cost-effective operation of the Authority, or to make technical corrections.

Budget Adjustment Proposals (BAP) Local Transportation Funds (LTF) is the primary funding source for the planning operations. LTF and FTA grants are the primary funding source for the Authority's transit operations. However, in the event there are non-discretionary costs that are imposed upon the Authority as a result of legislative or other changes to operations and programs that are not funded by the LTF funding adjustment, NVRTA is permitted to request additional funding through the annual budget process to address operational changes. These changes include unanticipated grant revenues and related operating or capital expenditures, unanticipated expenses necessary to carry out the mission costs associated with meeting legislative mandates and emergencies.

7.1.8 ACCOUNTING PRINCIPLES

This policy establishes uniform guidelines and accounting principles for the Authority to follow when gathering, summarizing and reporting accounting information associated with its financial operations.

NVRTA should comply with the basic principles of accounting and reporting that are applicable to government units. Financial transactions should be executed and accounted for in conformity with generally accepted accounting principles (GAAP) and legal requirements.

Generally Accepted Accounting Principles (GAAP) To meet the needs of internal and external users financial information, state and local governments have adopted Generally Accepted Accounting Principles (GAAP).

GAAP are uniform *minimum* standards and guidelines for financial accounting and reporting. They govern the form and content of an organization's financial statements. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures.

Governmental Accounting Standards Board (GASB) The primary authoritative body for setting standards for the public sector governments is the Governmental Accounting Standards Board (GASB).

Application of GAAP NVRTA shall use an accounting system that conforms to GAAP to assure uniformity in financial reporting and to provide a reasonable degree of comparability between the Authority and other local government financial reports.

The accounting system implemented must both:

- a. Present fairly and fully disclose the financial positions and results of operating funds in conformity with GAAP.
- b. Determine and demonstrate compliance with all legal requirements and contractual provisions.

Basis of Accounting The Authority should use either *Accrual* or *Modified Accrual* basis of accounting to measure its financial position and the results of operations associated with the *Governmental, Proprietary, or Fiduciary* funds.

The Authority should recognize revenues when they become both measurable and available to finance expenditures of the current period. Expenditures should be recognized in the accounting period during which goods are received or services are rendered.

Governmental Funds should be the primary fund type the Authority uses to account for its resources. The number and types of funds established should be based upon how resources will be spent and the need to segregate and account for funds used for different purposes.

NVRTA may establish several funds. Each fund should have separate general ledger accounts to account for designated assets, liabilities, and other balances. [Section 1300, GASB Codification states that a government unit should keep the least number of funds possible to satisfy its particular circumstances.]

The Authority should use the *Governmental* (Planning Fund, Special Revenue Funds), *Proprietary* and *Fiduciary* (Authority and Trust funds) types of funds to account for its financial activities. *Fund Accounting*, provides more details on Authority funds.

7.1.9 FUND ACCOUNTING

This policy establishes uniform guidelines to establish “funds” and maintains accountability over the public resources used to finance its operations. As a publicly funded entity, the Authority must ensure that the funds allocated are used efficiently. The Authority should establish and maintain separate funds to segregate its financial resources and allow for the detailed accounting and accurate reporting of its financial operations.

Funds and Fund Types A “fund” is a complete set of accounting records designed to segregate various financial resources and maintain separate accountability for resources designated for specific uses. The establishment of discrete funds is beneficial in ensuring that public monies are only spent for approved and legitimate purposes.

State and local governments can establish as many funds as required to operate efficiently and account for resources accurately. However, all funds used must be

classified into one of the seven types shown in the table that appears on the following page.

Classification of Fund Types Available to Government Agencies

Classification	Fund Type	Purpose	Commonly Used by NVTA?
Governmental Funds	General fund	To account for all financial resources except those required to be accounted for in a separate fund.	Yes, to account for all funds received by the Authority except those that must be accounted for separately.
	Special revenue fund	To account for certain revenue sources “earmarked” for specific purposes.	Yes, to account for federal, state, local and private grants.
	Debt service fund	To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.	No
	Capital projects fund	To account for financial resources used in the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.	No
Proprietary Funds	Enterprise fund	To account for operations that are financed and operated in a manner similar to private business enterprises.	Yes
	Internal service fund	To account for the financing of goods or services provided by one department or Authority to other departments or agencies of the governmental unit, or to other governmental units on a cost - reimbursement basis.	No
Fiduciary Funds	Trust or Authority fund	To account for resources received by one government unit on behalf of a secondary governmental or other unit.	Yes, to account for fines, fees, etc. collected by the Authority on behalf of others.

Planning Fund – Local Transportation Fund The Local Transportation Fund is used to account for the financial activities associated with the money appropriated by the State of California and allocated to the Authority.

The Planning Fund is a fund type under the General Funds classification and treated as a general fund type under the Governmental Funds classification.

The Executive Director or designee should authorize and direct expenditures from the Local Transportation Fund. The LTF along with all other applicable funds should be used to report the financial activities in the Quarterly Financial Statements.

Special Revenue Funds NVTA operations may include activities that are funded by federal, state, local governmental or private grants. Most grants specifically define the purposes for which grant funds may be used. In many cases, the grants are

reimbursement type agreements that require the Authority to document its costs to receive payment. These are generally defined as expense-driven grants.

NVRTA should establish and maintain Special Revenue Funds to specifically account for revenues and expenditures related to grant activities.

Revenues and expenditures under these funds should not be commingled with the Operation Funds. However, grants and other revenues and expenditures in the Operations Fund may have a separate accounting designation for tracking purposes. Financial systems operated by the Authority must be capable of establishing and maintaining Special Revenue Funds to specifically account for revenues and expenditures related to grant activities.

The Special Revenue Funds should be reported with the Local Transportation Fund in the Monthly Financial Statements information provided to the state.

7.1.10 REVENUE AND EXPENDITURES

This policy is to establish uniform accounting guidelines for the Authority to record revenues and expenditures associated with operations.

NVRTA will account for its resources using either accrual basis or modified accrual basis of accounting. Revenues should be recognized in the current period to the extent that they are measurable and available to liquidate current liabilities. Expenditures should be recognized in the accounting period during which goods are received or services are rendered.

Measurement of Resources and Basis of Accounting The majority of the Authority's financial activities are accounted for in the "Local Transportation Fund", which is essentially a general fund. Additionally, the Authority receives grants from federal, state and local governments as well as from the private sector. The following sections describe how resources should be measured under these funds and what basis of accounting should be applied.

Measurement of Resources Governmental funds (such as the Local Transportation Funds) are designed to measure the "flow of financial resources". The objective is to determine whether more or fewer resources will be available for spending in the near future as a result of current transactions. Increases in resources available for spending in the current period are treated as **revenues**. Decreases in resources are treated as **expenditures**.

Basis of Accounting A fund's basis of accounting determines when a transaction is recognized as revenue or expenditure. The basis of accounting for the Local Transportation Fund and other revenue funds is the **Accrual Basis** of accounting.

Revenue Recognition Under Modified Accrual accounting, revenues are recognized when they are “susceptible to accrual”. GASB Codification Section 1600.06 explains that revenues are susceptible to accrual when they are both measurable and available. It is not enough that revenue has been earned (measurable). The related cash flow must be available in the current period or soon enough thereafter to be used to pay liabilities of the current period.

Since the Authority derives most of its revenues from state funding and grant reimbursements, these revenues are susceptible to accrual. All Authority revenues are measurable and available (within a reasonable amount of time) to pay for current liabilities and therefore, should be recognized during the current period.

Expenditure Recognition Expenditures should be recognized in the accounting period during which goods are received or services are rendered.

Most purchases or contract commitments are short-term and should be recognized during the current financial year, if goods are received or services are rendered. Expenditures associated with long-term contracts covering more than one year may also be recognized during the current financial year. If goods are not received or services are not rendered, expenditures may be recorded in the subsequent period.

General Revenue Recognition Since the Authority derives most of its revenues from state funding and expenditure-driven grants, virtually all revenues can be accurately measured and expected to be available within a reasonable amount of time to pay for current liabilities. Therefore:

- NVRTA should recognize revenues during the current financial year when they are both measurable and available.
- The Authority should apply the concept of “earnings” to define measurability (i.e. the Authority is entitled to the funded amounts, the Authority has rendered the services required by the grants, or revenues have been earned).

General Expenditure Recognition Liabilities should be recognized in the accounting period during which goods are received or services are rendered:

- The Authority should recognize expenditures as payments are made to vendor(s).
- The Authority should disencumber (reduce) the operating fund as the reserve of funds is reduced or liquidated.

Year-End Revenue Accrual Even though financial reporting must be on the modified accrual basis, daily accounting may be on a cash basis. Under such circumstances, accrual basis for financial statement purposes is achieved by adjusting the accounts at the close of each year. The Authority financial year ends on June 30th. The Authority should perform year-end accruals as follows:

Prior to June 30th, the Authority should:

- Review all revenue accounts related to entitlements and accrue revenues (such as the thirteen installment of state funding) that may not have been received from the state, but which are measurable and available.
- Review all revenue accounts related to expense driven grants and accrue revenues that may not have been billed to date.
- All accruals need to be reversed during the first month of the new financial year.

Year-End Expenditure Accrual. Similar to revenues, expenditures must be reported on the modified accrual basis for financial reporting purposes. The daily accounting basis may be on a cash basis. The accrual basis is achieved by adjusting accounts at year-end. The Authority should perform year-end accruals as follows:

- The Authority should review all open purchase orders, contracts and the related encumbrances in an effort to accrue expenditures during the current financial year, disencumber funds and liquidate the associated liability to the extent possible.
- All contracts straddling two financial years should be reviewed for the express purpose of recognizing expenditures in the current period if it is determined that the services were rendered or goods were received in the current year. The balance of the contracts should be closed in the current year and reopened in the new financial year along with the appropriate encumbrances.
- All open purchase commitments for which goods and services have been delivered or rendered, but not paid, should be accrued as current year expenditures. This also applies to grant funding.

7.1.11 GENERAL LEDGER

NVRTA will maintain separate and identifiable general ledgers for the purpose of recording and reporting its financial activities.

Separate general ledgers should be maintained for each type of fund used by the Authority. For example, separate general ledgers will be maintained for each of the following:

- Governmental Fund to record all general Authority operations not associated with other fund types.
- Proprietary Fund to record all federal, state, local government or private grants provided to the Authority for transit services.
- Fiduciary Fund to record all financial activities performed on behalf of other government entities for the region.

The general ledgers should be supported by appropriate sub-ledgers that provide adequate and sufficient details of all summary entries. Entries into the general ledgers flow from the sub-ledgers (such as accounts payable) or other journals.

The general ledgers should consist of general ledger accounts designed to identify and segregate different types of transactions in logical groups such as assets, liabilities, equity

or fund balances, revenues and expenditures. The Authority should document these general ledger accounts in its chart of accounts. NVTA adopts the County of Napa's chart of accounts. NVTA will use an appropriate number of accounts to make sound financial decisions.

The general ledgers should be balanced on a regular basis using trial balance reports to verify that the sum of debit and credit entries during the period is equal.

When necessary, adjusting journal entries should be prepared to adjust the accounts. All adjusting entries should be adequately documented and should require appropriate written management approval.

All nominal and budgetary accounts should be closed at the end of the financial year, as the balance sheet accounts remain open and should be carried forward to the new financial year. After closing entries are made, only balance sheet accounts should have balances.

7.1.12 ENCUMBERANCES

Purchase commitments should be encumbered to ensure that adequate funds are available to pay invoiced amounts. Purchases include purchase orders, contracts and other financial obligations that are associated with a contract. As purchase orders or contracts are issued, they are forwarded to the Auditor-Controller's Office so that encumbrance amounts may be posted. This encumbrance reduces the Authority's balance of available funds.

With each payment against a purchase order or contract, an equal amount of encumbrance is reversed. The reversal is posted to the purchase order or contract. At the end of the contract period, any remaining encumbrance balance is reversed by the final payment, or by a reversal entry.

Ongoing Contracts Purchase orders and contracts should be encumbered to cover the maximum expenditures that may occur during the current financial year. At the beginning of the next financial year, the remaining obligation should be encumbered.

Change Orders. Periodically, changes or amendments to existing purchase orders or contracts are processed. Encumbrances are adjusted accordingly, to reflect the increases or decreases in the purchase orders or contracts.

Encumbrances at Financial Year End Encumbrances as of a financial year end may be carried forward to the new financial year.

Canceling an Encumbrance An encumbrance may be canceled by expiration or by cancellation of the purchase order or contract. When this occurs, the unencumbered funds are available for other expenditures or encumbrances.

7.1.13 ACCOUNTS PAYABLE

The implementation of these procedures will establish effective accounting control over assets (cash), liabilities (accounts payable) and expenditures. Prompt payment of claims supported by appropriate documentation will foster good business relationships with the individuals and businesses that provide essential services.

NVRTA will pay the claims of the individuals and businesses that provide goods and services in a timely fashion, according to the rules and limitations established. All claims must be supported by appropriate documentation. All payments are subject to review by the Financial Officer, Executive Director and employee(s) who are authorized to approve such payments.

7.1.14 VENDOR INVOICE PROCESSING

All vendors, suppliers, consultants and contractor invoices will be routed to accounts payable for processing. The Accounts Payable staff should process the invoices in a timely fashion and in accordance with the terms and conditions of the purchase agreements. All invoices must be matched to the proper supporting documentation and must be approved for payment by authorized personnel acting within the scope of their authority.

Vendor Records Before a vendor's invoice can be paid, the accounts payable department must establish a vendor file that includes at least the following information:

- The vendor's name, address, and telephone number.
- Name and address of vendor representative to whom payments are to be sent if different from the above.
- Name, title and telephone number of contact in case of an incomplete or incorrect invoice.
- Description of goods provided or services performed.
- Taxpayer identification number.

No invoice should be processed for payment without a vendor tax identification number.

In compliance with Internal Revenue Service rules and regulations, the Authority should ensure that a Form 1099 MISC is issued to all non-staff who meet the criteria for independent contractors established by the IRS. In general, the Authority must report, but we do gather and provide W-9 and other information for payments that meet the following four conditions:

- Payment is made to someone who is not an employee.
- Payment is made for services in the course of trade or business (including government agencies and nonprofit organizations).
- Payment is made to an individual, partnership, estate, or in some cases, a corporation.
- Payments made total at least \$600 during the year.

- Payment for professional services such as fees to attorneys, accountants, and architects require the issuance of a Form 1099 MISC. Forms must be issued to each qualifying independent contractor by January 31 of each year and a copy must be sent to the IRS by February 28 of each year.

Routing of Vendor Invoices The Executive Director or designee must approve all invoices for payment. Invoices must also be approved by project managers.

Routing of Related Documents As they are generated, other pertinent documents must also be routed to accounts payable department. Original copies of purchase orders, blanket purchase order releases, contracts, order forms, approved requisitions, purchase card ordering logs, receipts, packing slips, and all other appropriate documentation related to the acquisition of goods and services for related business must be provided to accounts payable.

The accounts payable department will maintain these documents in a central file to be matched against the related vendor invoices and claims.

This information may also be maintained in electronic form and accessible through an on-line purchasing system. The accounts payable staff may utilize on-line information to process invoices. **Preparing Invoices for Processing** upon receiving the vendor invoices, accounts payable will immediately stamp the documents with the current date. Invoices will be sorted by their payment due dates and maintained in a special file for processing.

Review for Accuracy of Invoice Calculations and price extensions shown on the invoices should be reviewed to ensure their accuracy. Vendor name, address, billing address, vendor number, federal ID number and all other pertinent information should be reviewed against the information set up in the vendor master file. All discrepancies should be reported to the employee who authorized the transaction.

Accounts Payable personnel must report discrepancies to the Financial Officer and secure appropriate approval prior to correcting any information.

Problem Resolution Discrepancies between vendor invoices and Authority purchase orders or contracts may arise due to:

- Vendor invoicing errors.
- Vendor invoice format that does not allow accounts payable to make a match between the invoice and the purchase authorization.
- Data entry errors made at the time the purchase information was entered into the purchasing system.
- Changes in the purchase information approved but not documented in the System or not reflected by a change order.

When discrepancies are detected, an invoice will not be processed for payment. The accounts payable employee should report the errors to the requestor of the goods and

services. Problems that cannot be quickly corrected should be referred to Financial manager for resolution.

Invoice Error Not all errors and discrepancies will require the Authority staff to engage in problem resolution activities. Some errors may be immaterial and inconsequential to the agreement. The Authority may allow vendor invoices with these types of discrepancies to be processed without requiring extra processing steps for error correction.

Account Coding It is important that all expenditures are recorded in the appropriate accounts. The accounts payable department will be responsible for assigning account codes for transactions that do not require encumbrances (e.g., purchase card transactions, warrant requests). If there is any question regarding the assignment of an account code, AP will contact the person who initiated the purchase to confirm that the correct account is being charged.

Invoice Batching AP will batch groups of invoices together for approval and for warrant processing. Each batch of approved invoices entered for payment will have a cover sheet that provides a batch number, a summary list of the invoices included, the total number of invoices and amounts and a batch total showing the total dollar amount of all the invoices submitted. The batch cover sheet is called an AP OPERID. Batches should contain only invoices that have been properly approved and that are accompanied by information documenting purchase authorization and receipt. The batched invoices will be submitted to the designated employee(s) Financial for review and an approval signature and then forwarded to ACO.

Payment Approval Designated staff with payment approval authority should review invoices for:

- Propriety of the transactions.
- Accuracy of the records submitted.
- Reasonableness of the expenditures.

Designated staff should act within the scope of their authority when approving invoices for payment. If the dollar amount or nature of a purchase exceeds an individual's authority, the next level of authority should be consulted and appropriate approval secured before releasing the invoice for payment.

Employees authorized to approve invoices should not approve payment of their own purchases. Another level of approval will be required.
Financial

Types of Payment The following list shows the various types of payments that NVTA may authorize:

Final payments are made for completed and accepted goods and services. Final payments must have a contract close checklist before settlement occurs.

Partial payments are made for completed and accepted supplies or services that are only a portion of the total required deliveries (e.g., orders with items on back orders, missing components of an assembly, etc.).

Progress payments are made to a vendor as work progresses under a purchase order or contract.

Milestone payments are made to the vendor after the completion of specific tasks agreed to and set forth in the contract between the vendor and the Authority (e.g., long term information services contract with specific deliverables and timetables, consultant engagements, etc.).

Advance payments or deposits are made to a vendor prior to performance of a purchase order or contract (e.g., registration fees for a conference, educational programs, etc.). Advance payments are only made in unusual circumstances and are not permitted for time and materials service contracts or for the purchase of goods.

7.1.15 AUDITS

The Authority should, as part of its standard management practice, conduct its operations and account for its resources in a manner that will withstand audit scrutiny. During an audit, the Authority will cooperate with the auditors to demonstrate full accountability, efficient use of public resources and compliance with all requirements. Substantiated audit findings should be investigated and corrected in a timely fashion.

Audit Firm Rotation An important step in improving the integrity of the public agency audit system is to establish an audit firm or audit firm partner rotation requirement of seven years. The periodic rotation clients would limit long-term client-audit firm relationships that may compromise the independence of the audit firm's work.

Member Agencies A member agency is authorized to perform audits and reviews of all Authority financial records.

The Board of Directors should be notified by the Authority of any and all audits or audit-related activities, whether initiated by the Authority or at the request of other agencies.

The Metropolitan Planning Organization Independent audits or equivalent are conducted by outside accounting firms that specialize in examining the operations of government and business entities. The Metropolitan Transportation Commission may authorize the performance of a financial audit, performance audit, agreed upon procedures review, or any combination thereof.

State of California The Bureau of State Audits is authorized by the state under the federal Single Audit Act to audit the Authority regarding its use and accounting of grant funds.

Types of Audits

Financial Audits The purpose of a financial audit is to provide reasonable assurance that the financial statements are reliable.

Financial statements present management's assertions regarding the Authority's financial position, results of operations, and cash flow. The audit provides an independent basis for relying on the Authority's assertions. Auditors conducting a financial audit will:

- Inspect relevant documents.
- Observe employee performance.
- Inquire about policies, procedures, transactions and events.
- Confirm balances and transactions.
- Perform analytical procedures.

The auditor's goal is to obtain reasonable, but not absolute, assurance that the Authority's financial statements are fairly presented.

Performance Audits Performance audits are also called efficiency and effectiveness audits, compliance audits, and operations audits. The scope of a performance audit is typically narrower than the scope of a financial audit and may be confined to a particular program, department, process, or other aspect of operations.

The purpose of a performance audit is to determine if the Authority is conducting its operations in the most economic and efficient manner, and if programs are achieving their intended purposes. An important part of the auditor's task is to define what constitutes efficient and effective performance for the operations he or she is reviewing.

Federal Audits A portion of the operating budget may come in the form of federal grants, which may be awarded by several agencies. The federal Single Audit Act was enacted in 1984 and amended in 1996, to replace multiple grantor audits with a single audit that addresses the requirements of all federal grantor agencies.

In concert with the Single Audit Act, The Office of Management and Budget has issued it Uniform Guidance (formerly OMB Circular A-133), which sets forth standards designed to obtain consistency and uniformity in audits conducted of state and local governments that expend federal grant awards.

Federal grant awarding agencies are responsible for:

- Identifying federal awards made by informing each recipient of the Catalog of Federal Domestic Assistance (CFDA) number and title, award name and number, and award year.
- Advising recipients of the requirements imposed upon them by federal laws, regulations, and grant agreements.
- Ensuring that audits are completed and reports are received in a timely manner.
- Providing technical advice to auditees and auditors.

- Issuing a management decision on audit findings within six months of receipt of the audit report and ensuring that the recipient takes timely and appropriate corrective action.
- Providing annual updates of Circular A-133.

Audit Support Generally accepted auditing standards (GAAS) and GAGAS require auditors to study and evaluate NVRTA's system of internal accounting controls to determine the type and extent of audit procedures to be performed. A system of internal controls consists of the measures employed to safeguard the Authority's assets, ascertain the accuracy and reliability of the entity's accounting data, promote operational efficiency and encourage compliance with policies and procedures.

GAAS and GAGAS also require that sufficient competent, evidential matter be obtained through inspection, observation, inquiries and confirmation to allow a reasonable basis for an opinion regarding the records and operations under examination.

NVRTA should cooperate fully with the auditors' requests for information. Auditors should be provided access to Authority records, files, policies, procedures, computer systems, and personnel for the purpose of gathering information that is within the nature and scope of their audit assignments. The Authority should not withhold relevant information, misrepresent any fact or mislead auditors in an attempt to "pass the audit".

Audit Findings and Issue Resolution

Exit Meeting At the conclusion of field (onsite) activities, auditors will normally hold an exit meeting with Authority representatives to present preliminary audit findings and discuss deficiencies, reportable conditions, material weaknesses, or unacceptable risk levels discovered during the audit.

NVRTA should use this opportunity to provide additional information, clarify questionable items and attempt to resolve the issues prior to the issuance of the audit report. If necessary, additional reasonable time should be requested to further research the auditor's findings.

Audit Reports There are three (3) common reports associated with audits of public entities:

- The auditor's report on the fair presentation of the financial statements.
- The auditor's report on compliance and internal control over financial reporting based on an audit of the financial statements.
- The auditor's report on compliance and internal control over compliance applicable to each major program.

Auditor's reports on compliance and internal controls typically include a separate section that lists the auditor's findings, which provide information on specific weaknesses or instances of noncompliance. The auditor often provides specific recommendations for

corrective actions to be taken by management to resolve the weakness or noncompliance issue.

When an auditor discovers an expenditure that may not be allowed under the requirements of a federal grant, the expenditure is listed as a questioned cost. Questioned costs may ultimately be rejected by the granting Authority, in which case the Authority must refund them.

Report Distribution. In addition to the auditor's standard distribution of audit reports, the Authority should assure that a copy of any audit report is delivered to the County of Napa, State of California, FTA, MTC, and any other public Authority which requests a copy.

Corrective Action. It is the responsibility of the Authority to take swift corrective action to improve its practices in areas where auditors find deficiencies, reportable conditions, material weaknesses, or unacceptable levels of risk.

Subsequent Audits Auditors routinely conduct follow-up audits to determine whether appropriate corrective actions have been taken with respect to the findings of previous audits. During the subsequent audits, auditors will determine whether the corrective actions taken, if any, have resulted in the desired changes, or whether management has acknowledged the risks of not taking corrective actions.

7.1.16 PETTY CASH

A petty cash fund may be established when it's necessary to keep cash on hand to purchase low value supplies and services that cannot be practically purchased by other means.

The petty cash custodian is personally responsible for the safekeeping, disbursement, and accounting for petty cash. Petty cash funds should be kept separate from all other monies and kept in a locked drawer or cabinet.

The petty cash fund should be sufficient to meet the needs of NVTA. The authorized amount should not exceed \$1,000.

Petty Cash Disbursements The original vendor invoice, cash register receipt, or other evidence of the transaction for which petty cash is disbursed must be attached to the petty cash receipt. Whenever possible, standard procurement methods should be used instead of petty cash (refer to *Procurement Manual*).

The petty cash fund cannot be used to:

- Pay for expenditures greater than \$200 unless advance approval is obtained.
- Pay personal goods or services.
- Pay travel expenditures, except for local travel.
- Make personal loans, salary advances or to serve as a check cashing fund.

To receive reimbursement for petty cash expenditures, the custodian must submit a petty cash replenishment form that is supported by purchase receipts.

Financial replenishment should be requested as needed to ensure adequate funds are available. The fund should be replenished prior to the close of the financial year.

PETTY CASH VOUCHER (Sample)



NVTA
NAPA VALLEY TRANSPORTATION AUTHORITY

Date: _____
 Name: _____

Amount: _____
 Basis of Request: _____
 Advance: ____ Reimbursement: ____
 Purpose and nature of usage: _____

Attached receipts: _____
 Signature: _____

7.1.17 CASH HANDLING

It is the policy of NVTA to collect and process payments received from the public in the form of fees, reimbursements and assessments in a manner that protects the integrity of NVTA and its staff and promotes public confidence. The Authority should institute procedures and internal controls that assure the safe, secure collection and accurate accounting of all payments.

This policy applies to all staff and agents whose official job responsibilities involve any aspect of collecting or processing revenue received from the public either in-person or by mail.

Safekeeping of Money To reduce the potential for losses due to errors or irregularities, staff and its agents involved in collection activities (cashiers and supervisors) will observe the guidelines provided in this section.

Acceptable Forms of Payment The Transit Store can accept the following for payment of fees, reimbursements and assessments:

- Cash
- Personal checks

- Bank checks or drafts
- Traveler's checks
- Money orders
- Credit cards
- Debit cards.

No Cash Policy NVTA's administrative offices does not accept cash for payment of fees, unless authorized by the Financial Officer or Executive Director.

The "no-cash" policy is intended to increase employee safety, reduce customer wait time at the front desk, and reduce cost in handling cash.

Cash payments are accepted by the Soscol Gateway Transit Center ticket office and at other locations where transit products may be sold.

Cash Handling Procedures. Cash control procedures are of primary importance to management in avoiding losses. The fundamental rules for controlling cash receipts include the following:

a. Organizationally:

- Designate specific responsibility for custody of cash funds during the workday and for securing cash in a safe, vault, or other secure storage place overnight.
- Limit responsibility for receiving cash to as few people as possible.
- Separate cash handling from record keeping. Responsibilities for collection and deposit preparation should be segregated from those involving the recording of cash receipts into accounting records and permanent record entries.
- Have bank reconciliations prepared by persons not responsible for handling cash (this task is overseen by the County of Napa).

b. When receiving payment:

- When cash is received at the public windows it is counted out loud in the presence of the customer.
- Money should not be put in the cash drawer until after a receipt is issued and the correct change is given to the customer.
- If a customer disputes the amount of change tendered at the counter, the cashier should ask a supervisor for assistance.
- Cashiers should not return a disputed amount without a supervisor's approval.
- Payments involving relatives or personal friends should be given to the supervisor for re-assignment.
- Cash receipts should be recorded daily.

c. When depositing revenue:

- Prior to deposit, cash receipts should be secured in a cash drawer, vault, safe or locked cabinet to which only specifically authorized personnel have access. Cash drawers should be used for official business only (i.e., the collection of fees, reimbursements, assessments, etc.).

Check/Money Order/Cashier Check Handling Procedures When a check, money order or cashier check is received at the public window or in the U.S. mail, the following should be verified before accepting payment:

- The name of the customer must be imprinted on the check.
- Numeric and written dollar amounts must match.
- Checks must be signed by the customer.
- Checks must be dated for the day they are written. Post-dated checks are not accepted.
- Two party checks are not accepted.
- Checks must be written for the exact amount due. No change should be made on payments made by check.
- Checks must be made out to NVRTA.
- Contract number(s) should be written on checks, if applicable.
- All checks must be restrictively endorsed immediately upon receipt (e.g., *For deposit only to...*).
- When a check is accepted at the public window, the customer must provide an acceptable form of picture identification such as a driver's license or passport.

Returned Check Process/ Dishonored Payments NVRTA has a zero tolerance policy regarding returned checks. Persons who submit checks for payment that are subsequently returned for insufficient funds, stopped payment, inability to locate, etc. will no longer be allowed to pay with a personal check.

If a check is returned to the business office, the client will be responsible for paying the full amount of the check that was returned as well as a MANDATORY returned check and administration fees determined by the County of Napa. Payment MUST be received within 10 business days of being notified of a returned check or the account may be turned over to the District Attorney's Office for collection.

The ONLY acceptable forms of payments for returned checks are cash, money order, cashier's check, or credit card. No personal checks will be accepted.

Credit Card and Debit Card Payments. State of California Government Code 6159-*Payment to Public Agencies by Credit Card*, authorizes the acceptance of credit card payments by the Authority and establishes the conditions under which payment by credit card is allowed. The same requirements apply to debit card payments.

The Transit Store ticket office accepts credit card or debit card payments in person. At a minimum, the Transit Store must verify that the credit card or debit card is current (the card expiration date must not have passed) for payments made in person.

Prior to accepting any credit card or debit card payment, the validity of the payment must be verified with the card issuer either electronically or by telephone.

NVTA may impose a fee for the use of a credit card or debit card in an amount not to exceed the cost incurred in accepting the card payment. This cost may include, but is not limited to, the discount or fee paid to the credit card or debit card issuer.

Receipts All payments must be acknowledged by a sequentially numbered receipt. Receipts issued should provide information sufficient to create an adequate audit trail that ensures proper distribution of the monies received including:

- Receipt number.
- Date of payment.
- Amount received.

NVTA should keep a record of all receipts issued. A receipt is deemed to be cancelled if a payment made by check, money order, credit card, or debit card is dishonored.

NVTA should periodically monitor receipt sequence numbers to identify gaps and assure that all receipts are accounted for.

Void Transactions Transactions that must be voided require the approval of a supervisor. When notified by a cashier, the supervisor is responsible for reviewing and approving the void transaction. All void receipts should be retained, not destroyed.

Backup Procedure for Automated System Down-Time In the case of a failure of the automated accounting system, pre-numbered receipt books will be issued by the supervisor or designated employee. A handwritten receipt should be given to the customer and a copy of the receipt is clipped to the payment, and a copy should be retained by NVTA.

Payments processed during down time should be kept separate from money processed through the system. Money, receipts and case files will be kept together in a designated secure place.

Handwritten receipt transactions must be processed as soon as possible after the automated system is restored. The transactions must be recreated in the system from the handwritten receipts before the money can be transferred to the cash drawer or cash register.

Daily Balancing and Closeout At the end of the workday, all cashiers must balance their own cash drawer or register. Cashiers may not leave the premises nor transact new business until daily balancing and closeout are complete.

Balancing and closeout include completing and signing the daily report; attaching a calculator tape for checks; turning in the report, money collected and cash change fund to the supervisor; and verifying the report with the supervisor.

After daily balancing and closeout are completed, the collections are prepared for deposit to the County of Napa or bank. If the daily collections are not deposited on the same day they are collected, they must be locked in a safe, vault, or secure cabinet overnight.

Shortages and Overages Cashiers must report all overages and shortages. Overages and shortages must be handled separately, never combined or netted together. An Overage or Shortage Report must be completed and signed by the responsible cashier and turned in to the appropriate supervisor with the daily cash balance report.

Supervisors will monitor all reports of overages and shortages to determine if there is a pattern meriting further investigation, modification of collection procedures, retraining of personnel, or disciplinary action.

Fare Overpayment Passenger should be ready with the appropriate fare, exact change, or one of the Vine or Clipper passes when boarding. All buses have electronic fare boxes that accept the following fare payments; NVRTA issued fare media, U.S. currency \$1, \$5, \$10 & \$20 dollar bills, \$1 coins as well as 1¢ 5¢, 10¢, 25¢, & 50¢, and transfers. Bus operators do not carry change. Fares or overpayments are **Non-refundable**. NVRTA buses are equipped with Clipper transponders or handheld devices.

Payments Received Through the Mail Checks and money orders received through the mail should be processed on the day they are received. Any exceptions are to be brought to the attention of a supervisor, placed in a locked area and processed on the next business day.

A team approach should be used to maintain accountability for payments received in the mail:

- An administrative assistant opens the mail.
- More than the administrative assistant may be needed to process large volumes of mail.
- All checks and other forms of payment through the mail is logged in a central repository.

The following steps should be followed in opening the mail and processing the payments received:

- Checks and money orders received through the mail should be processed on the day they are received and listed on a check receipts log sheet.
- The check receipts log sheet should include the following information:
 - i. Name of the person/organization making the payment.
 - ii. Check amount.
 - iii. Check number.
 - iv. Date received.

- v. Name of the person handling the check.
- An adding machine tape of all checks and money orders should be run and the total amount received should be matched to the total amount entered into the accounting system.
- The person logging the payments received through the mail should sign the bottom of the log sheet after running the adding machine tape.
- The adding machine tape should be attached to the log sheet and the checks delivered to a designated cashier for entry into the accounting system.
- Receipts for payments received in the mail should only be sent to the customer if a stamped, self-addressed envelope is included with the payment.

Credit Card Payments NVRTA accepts credit card payment for transit media at the Soscol Gateway Transit Center and vinetransit.com website. Visa, Mastercard, Discover, and American Express are accepted forms of online payments for transit products.

Vinetransit.com has also obtained a digital certificate from Network Solutions, a provider of internet trust services. When the user enters a secured portion of the site, an image of a closed lock or a solid key should appear in the bottom bar of your browser window. If you click on this image, a small popup window displaying site-security information will appear. This certificate guarantees that your personal information is being transmitted in a secure (encrypted) form to a vinetransit.com Web server, not to an unknown or unauthorized server.

NVRTA and vinetransit.com does not sell registered users information to third parties and does not keep credit card information stored on its servers. A registered user must re-enter the credit card information at each transaction to complete the purchase.

Counterfeit Currency At a minimum, cashiering staff must test all \$50 and \$100 bills for possible forgery. Depending on volume, \$20 bills should be tested. Every member of the cashiering staff should be provided with a counterfeit detection pen, which should be used to test for counterfeit bills.

Confiscation Each cashier who receives currency suspected of being counterfeit should contact his or her supervisor immediately. Care should be taken in discussing confiscation with the customer because of the risk of legal action and/or violence. Discussion with the customer should focus on ensuring that:

- The customer understands that he or she is not being accused of counterfeiting;
- Federal regulations require confiscation of the currency.

If feasible, the supervisor should telephone the closest USSS office to supply the serial numbers of the currency believed to be counterfeit, but not in the presence of the customer.

After confiscation and pending instructions from the USSS, the supervisor should put the suspect currency in a sealed envelope and place it under lock and key; handling of it

should be minimized. Under no circumstances are cashiers permitted to retain possession of counterfeit currency.

Foreign Currency It is the policy of the Authority that currency other than United States is not accepted by NVTA.

7.1.18 REVENUE COLLECTIONS AND DISTRIBUTION

This policy establishes uniform guidelines to collect, process and report all fees and assessments resulting from business services. NVTA institute procedures and internal controls that assure the safe and secure collection of revenue, prompt deposit of all revenues received, accurate accounting that creates an audit trail, and the generation of reports required for sound financial management.

Deposits NVTA will prepare appropriate documentation to deposit funds to the Treasury or for pick-up by an armored transport service.

To deposit money in the County Treasury, a deposit request must be prepared. The deposit permit is called a “Deposit Authorization Form.” This request, prepared in duplicate, must be supported by acceptable documentation such as duplicate receipts or a receipt listing. The County keeps one copy and signs and gives NVTA the second copy.

Daily Reporting All collections must be recorded in general ledger, which may be created manually or generated by an automated system. The receipts from all cashiers should be posted daily and reconciled with the daily deposit of funds.

The collection record should show in chronological sequence and by receipt number all amounts collected by the Authority and the nature of the money collected. At the end of the month, each column of the collection record should be added and the totals recorded. A duplicate copy of the collection record may be prepared and attached to the monthly cash settlement report as supporting documentation.

Revenue Distribution Each payment received by the Authority is ultimately distributed or disbursed according to a fund established by the Board of Directors.

Monthly Cash Settlement Report NVTA must deposit all money that it collects or has under its control during the month into the County treasury. The proper accounting for or disposition of these collections is detailed in a cash settlement report filed with the County Auditor-Controller.

Farebox Procedures Every public transit vehicle, except for the Yountville Trolley has a farebox. Daily, all bus operators as part of their pre-trip inspection are required to make certain that the farebox is operational prior to pull-out. If the operator finds out that the farebox is defective, either the farebox is fixed or replaced or the operator is given a different vehicle. If the farebox should malfunction during service, a coach exchange will be done immediately. The technician will fix the farebox as soon as the bus arrives at the

yard. In addition, the pullout supervisor also double checks that the farebox is in good operational condition prior to pull-out.

Upon completion of service, the bus operator will return to the yard. The bus operator will pull up to a designated area (in front of the maintenance bay). A utility service worker probes the farebox, pulls the farebox, and empties the contents into the cash vault. The farebox is then placed back into the farebox. This process is repeated until the last bus is accounted for.

The mobile bin in the cash vault is picked up by the armored service twice a week. During the pick-up, the farebox revenues moved from the cash vault and transferred onto the armored services carrier capable of picking up the mobile bin. An empty mobile bin from a previous pick up is placed into the cash vault. This procedure is repeated every time the armored services carrier arrives at the yard.

7.1.19 PURCHASING CARDS

Purchasing Cards (P-cards) are used to purchase goods and services. Purchasing cards may be used to pay vendors for goods and services normally paid by warrants (checks). Payments by P-card in lieu of check may result in significant cost savings to NVRTA. Every effort should be made to pay vendors with P-cards in lieu of warrants if the vendor accepts the payment platform.

P-Card transactions bring greater efficiency to the purchasing process because transactions can be made without a purchase order and payment is streamlined. The Purchasing Card eliminates the need for check vouchers, blanket purchase orders, and limited purchase orders. This will allow greater convenience, control, and flexibility and reduce the costs associated with initiating and paying for those purchases.

The Procurement Officer is responsible for managing the program. This policy supports the use of Purchasing Cards for appropriate business transactions, while assuring that the appropriate internal controls are in place to minimize the Authority's risk of fraud.

The cardholder is responsible for the security of the card. This card should be treated with the same level of care as personal charge cards.

Purchases P-cards may be used to purchase any item and/or service for immediate use not prohibited by law, this policy, or other policies approved by the Board of Directors. The total purchase with the P-Card will not exceed the limits established for that Card. All other procurement policies remain in effect and P-Cards should not be used to circumvent them. The Procurement Officer's P-card should be used to pay vendors in lieu of warrants (check).

Purchasing Limits The Procurement Officer will establish limits for individual P-Cards and aggregate limits for combined card totals.

Purchases Prohibited

- Personal expenditures
- Cash advances or refunds
- The purchase of alcohol or patronage of drinking establishments.
- Separate, sequential, and component purchases or transactions made with the intent to circumvent policy.
- Purchases that are split to stay within card transaction limits.
- Transaction amounts greater than Cardholders transaction limit.
- Other purchases specifically excluded by the procurement policies.

Declined Transactions If a Vendor receives a “Decline” response from the Issuer after attempting to put through a P-Card transaction, Cardholders should contact the P-Card Program Administrator for resolution.

Purchasing Return The Cardholder is responsible for obtaining a credit memo from the Vendor when merchandise purchased with the Card is later returned to the Vendor for any reason. [WC1]

Supporting Documentation for Card Purchases All transactions must be supported by receipts or credit slips.

Reconciliation of Card Purchases Accounts Payables is responsible for ensuring that each receipt is reviewed and approved and that the statement is reconciled with the purchase receipts for each transaction.

Disputed Items Cardholders should raise disputes immediately. As failure to do so will result in an authorized purchase that the department is responsible for paying even though the charge is incorrect. A charge should not be disputed on the current expense report if it was returned for credit after the cut-off date. The credit should be reported on the next expense report with a notation being made that there is a disputed charge and expected credit.

Lost or Stolen Cards When it is determined that a P-Card has been lost or stolen, IT IS IMPERATIVE TO FIRST CANCEL THE CARD WITH THE ISSUER BY CALLING THE ISSUERS TOLL-FREE NUMBER. In addition, the Cardholder must also notify the P-Card Program Administrator of the loss. Once a P-Card is discovered lost or stolen, it is imperative to cancel the card immediately. NMTA is liable for all charges until the card is reported lost or stolen. Thus, the Cardholder may be responsible for all charges made against the P-Card from the time it is lost or stolen until the time the Issuer is notified, if the Cardholder fails to immediately notify the Issuer upon discovering the loss or fails to discover the loss within a reasonable amount of time.

Unauthorized Use of the P-Card. Any purchases that the P-Card Program Administrator deems prohibited will be sent back to the Cardholder for justification and/or explanation. If any prohibited charges appear in the Cardholder’s transactions and expense report, the following may occur:

- The P-Card Administrator will investigate all circumstances surrounding alleged misuse of the P-Card and in cases where there is evidence of a procedure or policy violation has occurred.
- Termination of use and forfeiture of the P-Card are potential actions for improper use of the card.
- In those cases where there is evidence of negligent use of the P-Card, but no fraudulent acts have been committed, the Cardholder will be required to surrender the P-Card with all further privileges revoked.
- A Cardholder who makes an unauthorized purchase with the P-Card, or uses the P-Card in an inappropriate manner will be liable for payment for unauthorized charges.

The P-Card may be suspended or terminated if a P-Card is suspected of fraud or theft. Should the suspicion prove founded, appropriate action should be taken in accordance with existing policies and procedures. The P-Card is issued to an employee for convenience and may be suspended or terminated at any time. Transfer, resignation, or terminations of employment are grounds for cancellation of the P-Card.

Fleet Vehicles Fuel Cards. NVTA participates with the State of California Voyager Fleet Fueling System Inc. to provide offsite fleet fueling. The State has an agreement with US Bank Corp to allow governmental agencies to piggy-back with the program and take advantage of a universal fuel card system. The Voyager system provides a web-based software system that manages and tracks detailed transactions for auditing purposes, generates consolidated monthly invoices and provides controls and security measures when fueling (examples: by user can set fuel limits, number of transactions per day and dollars per week/month). Voyager also automatically strips out the federal gasoline excise tax prior to billing (NVTA is exempt).

7.2 RESERVES AND FINANCING

7.2.1 CASH RESERVE

A key element of prudent financial planning is to ensure that sufficient funds are available for current operating, capital and debt service needs. Additionally, financial responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. NVTA will strive to have sufficient funding available to meet its operating, capital, and debt services obligations as well as to protect its creditworthiness. The Authority is committed to maintaining a financial structure that provides adequate and predictable revenue at the lowest possible costs to meet forecasted needs and operational objectives.

The adequacy of the cash reserve year-end balance ranges and/or annual contributions of each fund will be reviewed annually during the budgeting process or when a major change in conditions threatens the reserve levels established within this policy.

General Fund Reserve The purpose of a General Fund Reserve is to ensure sufficient cash resources are available to fund daily administration; operations and maintenance of providing service.

Target Criteria: To meet the Authority's cash flow needs and unbudgeted expenses, the Planning fund's cash reserves should be at a minimum of \$500,000 per financial year.

Transit Fund Reserve The purpose of a Transit Fund Reserve is to ensure sufficient cash resources are available to fund daily administration; operations and maintenance of providing public transit service.

Target Criteria: To meet NVTA's cash flow needs and expenses, the unrestricted reserves should be at least 25% of unrestricted funds of the current financial year operating budget.

Working Capital Reserve A significant percentage of operating funds are not available until after the end of each financial year. As such, it is imperative that the Authority maintain sufficient reserves to sustain operating activities. This reserve would be designed to ensure sufficient liquidity for operating activities until funding has been delivered.

Target Criteria: Approximately 25% of operating revenue is derived from FTA Section 5307 formula funds. NVTA's financial year begins on July 1st of each year, while the federal financial year commences on October 1st. Typically, Congress manages to appropriate the aforementioned funds in February or March of each year at the earliest. Once the funds are apportioned it typically takes an additional month or two before they are available. It is not uncommon that the funds do not become available until the following financial year.

7.2.2 INVESTMENT POLICY

This policy is to establish investment objectives, provide guidelines, and set forth responsibilities and reporting procedures necessary for the prudent management and investment of the funds of NVTA and its component units (NVTA). This policy is for investment activities outside the County of Napa's policy, should NVTA have a separate account(s) for investing.

This policy applies to the activities of NVTA with regard to the consolidated investment of short-term operating funds, reserves, and capital funds. Balances in County of Napa checking accounts, investments of staff' retirement funds, and deferred compensation plans are not covered by this policy.

Delegation of Authority. The NVTA Board designates the Executive Director and Financial Officer as the Custodial Officer for the Authority's funds. The Custodial Officer should be responsible for the operation of the investment program. No person may engage in an investment transaction except as provided under the terms of this Policy and procedures established by the Custodial Officer. The Custodial Officer should be responsible for all transactions undertaken and should establish a system of controls to regulate the activities of subordinate officials with access to the funds subject to this Policy.

The investment objectives of this Policy and their priority are: (1) safety; (2) liquidity; and (3) yield.

Safety. Safety of principal is the foremost objective of the investment program. Investments should be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective should be to remain compliant with applicable laws and to mitigate Credit Risk, Interest Rate Risk, and Custodial Risk.

Legality. All funds within the scope of this Policy are subject to regulations established by the State of State of California.

Interest Rate Risk. NVTA will minimize the risk that the Market Value of securities in the portfolio will fall due to the changes in general interest rates, by:

- Limiting exposure to poor credits.
- Prequalifying the financial institutions NVTA will do business with.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
- Actively monitoring the investment portfolio holdings for ratings changes, changing economic/market conditions, etc. Maintaining appropriate balances in investment vehicles that provide overnight liquidity; and
- Structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands where possible and prudent.

Custodial Risk. NVTA will minimize Custodial Risk by placing its securities with a third-party custodian, who will hold the securities in NVTA's name, as evidenced by the safekeeping contract and monthly statements.

- Maintaining appropriate balances in investment vehicles that provide overnight liquidity; and
- Structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands where possible and prudent.

Liquidity The investment portfolio should remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by:

Yield The investment portfolio should be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Securities should not be sold prior to maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security trade will improve the quality, yield, or target Duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

Internal Controls The custodial officer is responsible for establishing and maintaining an adequate internal control structure designed to reasonably protect the assets of NVTA from loss, theft, or misuse. The concept of "reasonable protection" recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by the custodial officer. Accordingly, the custodial officer should establish a process for an annual independent review by an external auditor to assure compliance. The internal controls should address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Confirmation of transactions for investments and wire transfers
- Custodial safekeeping
- Avoidance of physical delivery of securities whenever possible
- Address control requirements for physical delivery where necessary
- Clear delegation of authority to subordinate staff members
- Development of a wire transfer agreement with the lead bank and third-party custodian and implementation of the appropriate safeguards
- Compliance and oversight with investment parameters including diversification and maximum maturities
- Staff training

All financial institutions and Broker-Dealers who desire to be considered for investment transactions, must supply the following, in writing (electronic delivery is acceptable):

- Audited financial statements
- Proof of Financial Industry Regulatory Authority, Inc (FINRA) registration
- Proof of state licensing

- Certification of having read and understood and agreeing to comply with NVTA's investment Policy
Evidence of adequate insurance coverage

The Custodial Officer may engage the services of an external investment adviser to assist in the management of NVTA's investment portfolio. All investment transactions executed by the external investment adviser on behalf of NVTA must consistent with this Policy and be pre-approved in writing by the Custodial Officer.

Authorized Investments

Investment Types. The following securities are permitted under this Policy.

U.S. Treasury Obligations. United States Treasury Notes, Bonds, Bills, certificates of indebtedness, or other obligations of the U.S. Treasury for which the full faith and credit of the United States are pledged for the payment of principal and interest.

Government Authority Issues. Federal Authority or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States Government-Sponsored Enterprises. See Appendix I: Glossary for definition and investment examples.

Repurchase Agreements. An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date. Only U.S. treasury obligations and government Authority issues described in paragraph (a) and (b) of this subsection that are limited in maturity to three years and priced according to percentages prescribed by written Policy may be used in conjunction with a Repurchase Agreement.

Bankers' Acceptances. A draft or bill of exchange drawn upon and accepted by a bank. Used as a short-term credit instrument, Bankers' Acceptances are traded at a Discount from face value as a money market instrument on the basis of the credit quality of the guaranteeing bank.

Medium Term Corporate Notes (Corporate Indebtedness). Commercial Paper and Medium Term Corporate Notes subject to a valid registration statement on file with the Securities and Exchange Commission or issued under NVTA of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. The corporate indebtedness must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution, including a holding company owning a majority interest in a qualified financial institution.

Municipal Debt

Lawfully issued debt obligations of the agencies and instrumentalities of the State of California and its political subdivisions that have a long-term rating of A, or an equivalent rating or better, or are rated on the settlement date in the highest category for short-term municipal debt by a Nationally Recognized Statistical Rating Organization.

Lawfully issued debt obligations of the States of California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a Nationally Recognized Statistical Rating Organization.

Time Deposit Accounts, Certificates of Deposit, and Deposit Accounts.

Deposits in insured institutions in credit unions or in federal credit unions, if the insured institution or credit union maintains a head office or a branch in California. Certificates of Deposit placed through deposit placement services, such as the Certificate of Deposit Account Registry Service (CDARS), are allowable.

The table on the next page identifies the **investment types** that are authorized for NVTA by the California Government Code. The table also identifies certain provisions of the California Government Code (or NVTA's investment policy, where more restrictive) that address **interest rate risk, credit risk, and concentration of credit risk.**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Authority Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Authority Obligations	5 years	None	None
State of California Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper - Select Agencies	180 days	25%	10%
Commercial Paper - Other Agencies	180 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	30 days	5%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium Term Notes	5 years	30%	None
Mutual Funds/Money Market Mutual Funds	N/A	20%	10%

Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Local Authority Investment Fund (LAIF)	N/A	None	None

7.2.3 INTERFUND LOANS AND TRANSFERS

To achieve important financial management objectives, NVTA has established various funds to account for resources. Interfund loans are permissible for the general fund, proprietary funds, and capital projects. The financial officer is authorized to approve interfund loans for cash flow purposes whenever the cash shortfall in a fund is deficient but is expected to be resolved. One typical use of interfund loans is for grant programs, where costs are often incurred before grant funds are received but grant funds are received shortly after they are requested.

Short-term interfund loans Short term interfund loans are those which are proposed to be repaid within a year.

Long-term interfund loans Long term interfund loans are those which are not proposed to be repaid within a year. The reason(s) for all long term interfund loans and a description of repayment terms should be clearly set forth in the staff report, budget documents, staff reports, and/or other written reports presented to the Board for review.

Financial

7.2.4 DEBT FINANCING AND MANAGEMENT

The Authority recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, risks, and costs. All potential funding sources are reviewed by management within the context of this policy and the overall portfolio to ensure that any financial product or structure is consistent with the Authority’s objectives. Regardless of what financing structure(s) is utilized, due diligence review must be performed for each transaction, including the quantification of potential risks and benefits, and analysis of the impact on NVTA’s creditworthiness and debt affordability and capacity.

Prior to the issuance of debt or other financing obligations to finance a project, staff will carefully consider the overall long-term affordability of the proposed debt issuance and alternative financing sources, such as grants. The Authority shall not assume debt or other financing obligations without conducting an objective analysis of NVTA’s ability to assume and support additional debt service payments. The Authority will consider its long-term revenue and expenditure trends and the impact on operational flexibility. The

evaluation process shall include a review of generally accepted measures of affordability and will strive to achieve and or maintain debt levels consistent with its current operating and capital needs.

Structure and Terms of Debt Financing

The Authority shall strive to protect the public by using conservative financing methods and techniques so as to obtain the highest practical credit rating and the lowest practical borrowing cost. Long term debt will be structured to match cash flows and structured to achieve the lowest possible net interest cost to the Authority within the current market conditions, the urgency of the proposed project, the nature and type of security provided, and the opportunity cost of not proceeding.

Short Term Debt Short-term debt, such as notes, commercial paper, and lines of credit, will be studied as an interim source of funding in anticipation of long term borrowing. Short-term debt may be issued for the same purpose as long-term debt, including capitalized interest and other financing related costs. In addition, short-term debt borrowing may be considered to address justifiable cash flow requirements to meet short term operating needs to provide necessary public services, subject to applicable restrictions in California law.

Requirement Any debt will be reported to the Board of Directors as part of its quarterly budget update at their regularly scheduled monthly meeting accompanied by a description of the need for use of the line of credit, amount being requested, cost of borrowing, and the expected payback period.

Roles and Accountabilities The Board must review and approve an application for and acceptance of any Lines of Credit with a financial institution. Once the Line of Credit is authorized by the Board, the Executive Director can authorize borrowing within the limit of the line of credit. The Board Chair must sign-off on all borrowing against the line of credit.

The Board must approve any other borrowing of funds including the use of any promissory notes. The Board should give very serious attention to be sure that NVTA will have sufficient funds available to repay any loans or lines of credit on time.

Line of Credit (LOC). Secured and unsecured lines of credit may be established as a contingency to meet operating cash requirements. It is the policy of NVTA that use of the Line of Credit (borrowing against the Line of Credit's availability) will be initiated subject to the following conditions and restrictions:

- LOC drawdowns will be transferred to NVTA's bank account managed by the County of Napa's Treasury department.
- The borrowing against the Line of Credit will be used to meet expenses of payment to external vendors.

- An internal, signed authorization form will be developed for each increment borrowed. Authorization to proceed will require a minimum of two signatures: the Executive Director and the Financial Officer.

Long Term Long-term debt shall be used to finance the construction, acquisition and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the Authority. NVTA may also issue debt to provide grant funding to other agencies to assist in the financing of transportation projects that meet the Authority's goals. Long-term debt shall only be used for large scale projects that cannot be financed from current revenue sources. The project for which debt issuance is being considered subject to affordability limits determined by the executive management. The debt will not be issued for longer than the useful life of the improvement or asset it is funding.

There must be pledged revenues to repay the debt, whether from future revenues or other specified sources or reserves. Long-term financing must be able to be marketed with an appropriate credit rating, which can be maintained. Market conditions must present favorable interest rates.

Refunding Periodic reviews of existing debt will be undertaken to identify refunding opportunities. Refunding will be considered (within state law and federal tax law constraints) if and when there is a net benefit of the refunding.

Bonds The Board of Directors may approve general obligation bonds, enterprise bonds, or other types of bonds in conformance with state and federal laws.

Lease Financing The Authority may finance a capital asset by leasing it directly from the vendor or leasing company, with the lessor receiving a portion of each rental payment as tax-exempt interest.

Banks/Private Loans The Authority may borrow directly through a loan with a commercial bank, Letter of Credit, or Line of Credit with a commercial bank, State revolving loan program, or other governmental agency.

Other Obligations There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to, non-enterprise revenue bonds, bond anticipation notes, grant anticipation notes, tax and revenue anticipation notes, and judgment or settlement obligation bonds.

Debt Capacity The Authority will keep outstanding debt within the practical limits of the debt rating, debt service coverage ratio constraints and any other applicable law.

Debt Service Coverage The Authority shall maintain strict compliance with covenants regarding coverage of annual debt service by net revenues embodied in the terms of debt instruments. In addition, the Authority intends to maintain an average debt service

coverage ratio of 150%. This will support strong bond credit ratings and provide annual revenues to fund capital improvements.

Intergenerational Concerns The District will review debt issuance in light of the balance between funding capital improvements from current revenue and from long-term debt and the impact each debt financing has relative to intergenerational benefits.

Debt Service Fund The Authority should establish a debt service fund with minimum reserves of six-months of service payments.

Credit Quality The Authority will maintain the highest possible credit ratings for all categories of short and long-term debt. Except for certain instruments, NVTA will not incur obligations that do not carry investment grade ratings. However, certain instruments, such as state loans or private placements, may not be rated.

Credit Enhancement The Authority should procure credit enhancement for a sale of bonds if the Executive Director, in consultation with the Financial Officer and Financial Advisor, determines that it is cost effective to do so. Credit enhancement may be bond insurance or bank letters of credit.

Senior/Subordinate Lien The Authority may utilize a senior/subordinate lien structure. The choice of lien will be determined based on such factors as overall cost of debt, impact on debt service, impact on water rates, marketing considerations and previous issuance bond documents. Senior debt has priority over subordinate debt. Subordinated debt is payable each year only after other debts with a higher claim have been satisfied.

Redemption Features & Refunding Policy To preserve flexibility and refinancing opportunities, any debt may generally be issued with provisions which enable the Authority to retire the debt earlier or enable the refunding of the debt prior to maturity.

Rating Agencies NVTA shall maintain its strong ratings through prudent financial management and consistent communications with the rating analysts.

General Debt Guidelines Delegation of Authority: The Board of Directors will assigned duties to the Executive Director or designee for authorizing, managing, and coordinating activities related to the structure, issuance, and administration of any long-term and short-term debt instruments.

Point of Contact: The Financial Officer will be responsible for maintaining good communication with rating agencies, investors, other service providers, and the public regarding the Authority's financial condition, and will enforce a policy of full disclosure.

Professional Assistance: The Finance Officer should periodically select service providers as necessary to meet legal requirements and minimize debt costs. Such services may include financial advisory, underwriting, trustee, verification agent, escrow agent, arbitrage consulting, special tax consulting, and bond counsel. To achieve appropriate

balance between service and cost, the Finance Officer is authorized to select such service providers through sole source selection or a competitive process.

7.3 ASSET MANAGEMENT

7.3.1 FIXED ASSETS

This policy provides uniform guidelines for the Authority to acquire, capitalize, monitor and dispose of fixed assets. NVTA should maintain a Fixed Asset Management System to record, control and report all assets.

The primary objectives should be to:

- Ensure assets are properly identified and recorded.
- Ensure assets are in a state of good repair.
- Safeguard assets against loss.

Disposable items Disposable items are purchases with a value of *less than \$10,000* that are intended for one time use, or that have an anticipated useful life of less than one year. These purchases should be recorded as an expense during the current financial year. Examples of disposable items are office supplies, small equipment, consumables, etc.

NVTA is not mandated to record and track disposable or inventory items in the Fixed Asset Management System.

Inventory items Individual items transferred from the county or purchased directly with an individual value of *more than \$500 and less than \$10,000* and an anticipated useful life of more than one year, should be classified as inventory items.

An annual inventory is required. Per contractual agreement with purchase transportation provider, inventories will be maintained and physical inventories will be performed by purchase transportation provider. Physical inventories and up-to-date listings will once again be performed upon completion of contract.

Proprietary Software NVTA uses a number of commercially available and custom computer software programs in its daily operations.

Computer software developers typically impose limitations regarding the use of their products through licensing agreements. It is the responsibility of the NVTA to assure compliance with the license conditions of software products used by the Authority (e.g., limitations on the number of users, number of copies in circulation, etc.). NVTA will keep all software related documentation, licenses, etc., with the contract.

Fixed Assets A fixed asset is any tangible asset purchased for use in the day-to-day operations of NVTA from which an economic benefit will be derived over a period of time. Fixed Assets are defined as:

- Items purchased and owned with a value of \$10,000 per unit or more; and

- Not a component of a larger asset (i.e. engines on a bus), Component units should be expensed as a small equipment purchase.
- Anticipated useful life of more than one year should be capitalized (classified as fixed assets).
- Not a repair or maintenance action
- Land and other real property.

Examples of fixed assets are vehicles, security equipment/system, transit equipment/system, servers, etc.

The following information should be maintained in the Fixed Asset Management System:

- Description of the fixed asset.
- Date of acquisition.
- Value of the fixed asset (based on acquisition cost or appraisal value at time of transfer).
- Estimated useful life.
- Salvage value (if applicable).
- Current period depreciation expense (if applicable).
- Accumulated depreciation to date (if applicable).
- Remaining balance (net book value), if applicable.
- Federal grant(s) number funded by the assets.

Donated or Gifted Assets Contributed assets are defined as voluntary contributions of resources to a governmental entity by an unrelated person or entity. All contributed assets are to be valued at the fair-market value of the asset at the date of donation or gift, plus ancillary charges, if any. Contributed assets should be depreciated based on the asset class and useful life. The asset is to be recognized when the asset is received. To qualify as a capital asset, the fair-market value of the contributed asset must exceed NVTA's capitalization threshold for the applicable asset class.

Easements (Intangible Asset) An easement is defined as an interest in land owned by another individual or entity that entitles the easement holder to a specific limited use or enjoyment (right to use land). Easements are typically used to access another property. Land easements will be recorded with land and not depreciated. Right of ways will be recorded separately and depreciated over useful life. Only easements and right of ways with a cost greater than \$10,000 will be capitalized.

Capital Lease A capital lease is a lease that transfers substantially all the benefits and risks of ownership of property to NVTA at the end of the lease term. Leases which meet one of the four (4) requirements listed below are considered capital leases and should be accounted for as a capital asset if the cost of the property exceeds its class's capitalization threshold.

- Ownership: the lease transfers ownership of the property to the lessee by the end of the lease term.
- Bargain Price Option: the lease contains an option to purchase the lease property at a bargain price.

- **Estimated Economic Life:** the lease terms is equal to or greater than 75% of the estimated economic life of the leased property
- **Fair Value:** the present value of rental and other minimum lease payments, excluding that portion of the payments representing executory costs, equals or exceeds 90% of the fair value of the leased property.

Identification Once the necessary information has been recorded in the Fixed Asset Management System, a unique identification number should be assigned to each fixed asset if possible

Responsibility for Fixed Assets All fixed assets must be assigned to a particular location.

NVTA should maintain a Record of Physical Inventory that lists the tagged assets assigned to it. A copy of the Record of Physical Inventory should also be maintained by the Financial Officer or another designated employee for control purposes.

Physical Inventory of Authority Assets The Authority should conduct a physical inventory of all Authority assets and equipment at the end of financial year.

Transfer and Disposal of Inventory Items and Fixed Assets Over time, new assets or equipment may be acquired, obsolete items disposed of, or items may be transferred between locations. To protect the integrity of the Fixed Asset Management System, a record of Asset Transfer or Disposal should be used. Transfers and disposals of fixed assets with federal interests are further subject to FTA Grant Management Guidelines USC 5010.1C.

Disposal of Inventory Items and Fixed Assets Acceptable means of disposal for personal property.

- Sell personal property that is no longer needed for Authority use for fair market value.
- Trade surplus personal property with another government or public agency if the property received in return is needed for Authority use.
- Donate, sell at less than fair market value, or otherwise transfer personal property to another government or public Authority if the Authority no longer needs the property for its own use.
- Dispose of personal property that is no longer needed for Authority use and that has **negligible or no economic value** in a manner deemed appropriate by NVTA.

The Board of Directors must approve the disposal of any capitalized asset. The Executive Director or designee may dispose of other property under NVTA's control.

An asset transfer/disposal release form should be prepared to record the disposal of the fixed asset or equipment.

Minimum information on disposition documentation will include but not limited to:

- Unique asset identification number
- Description of asset (for vehicles include the Department of Motor Vehicles ID number, the make and model)
- Date of transfer
- Date of acquisition
- Board memo and resolution number for acquisition and transfer or disposition.

Copies of the asset transfer/disposal form should be maintained by the Financial Officer and by the disposing unit or location.

The proceeds resulting from any disposal of Authority personal property should be deposited based on the Financial Officer's determination.

Notice of Disposal. NVRTA must publicize its intention to transfer or dispose of personal property. This must be accomplished at least one week prior to the transfer or disposal by placing a notice in at least one of the following:

- Up to two public places.
- On the website.
- If possible, in a newspaper of general circulation.

The notice of disposal requirement does not apply to property that is valued at less than \$10,000 or for transfers of property.

Depreciation Table for Capital Assets

ASSET	DEPRECIABLE LIFE
Buildings- New	40 years
Buildings- Used	10-20 years
Modular Buildings	10 years
Bus Shelters- Small (less than 15 feet in length)	5 years
Bus Shelter- Large (more than 15 feet in length)	5-10 years
Park and Rides*	10- 20 years
Other Facilities or land improvements (not stated above)*	5-20 years
Land	Not depreciated
Office furniture, fixtures, and equipment (not structural components. Data handling, equipment, servers, copiers (>\$10,000).*	5-10 years
Vehicles Cars- new	7 years
Vehicles Cars-used	3-5 years
Vans- (new)	7 years
Vans- (used)	3-5 years
Buses- medium or small duty or van cutaway	new used
	7 years 5 years
Buses- large (new, over 30 passengers)	12 years
Buses- large (used, over 30 passengers)*	1-7 years

Trucks- heavy or light duty (under 13,000 lbs g.v.w.)- new	7 years
used	5 years
Bus radio, base stations, bus washer station*	3-5 years 5-10 years
Equipment- engines, transmissions, filters	5 years
Fareboxes (new)	12 years
Fareboxes (used)	3 years
<i>Maintenance garage items:</i>	
Roller cabinets, portable tool stands, portable compressors, portable hoists, diagnostic equipment*	3-10 years
Lift trucks, engine and transmission stands, brake lathes*	3-8 years
Intangible Asset (easements, trademarks, patents)	5 years
*Depreciable life determined by Financial Officer	

7.3.2 STATE OF GOOD REPAIR

State of Good Repair (SGR) is an initiative launched by the Federal Transit Administration (FTA) to maintain the nation’s bus and rail systems. FTA defines State of Good Repair as an effort that “includes sharing ideas on recapitalization and maintenance issues, asset management practices, and innovative financing strategies. It also includes issues related to measuring the condition of transit capital assets, prioritizing local transit re-investment decisions and preventive maintenance practices.”

SGR is a key priority at the NVTA and we are committed to ensuring **safe, reliable, cost-effective and responsive transit services**.

Achieving a SGR is incorporated in NVTA’s goals and objectives and includes developing a plan that:

- Reflects a **comprehensive understanding of the system** and its condition, and the strategic direction of the system.
- Supports the **enhancement of the transit service while maintaining the overall condition** of the basic infrastructure
- Prioritizes expenditures so that there is a **maximum return on investment**
- Supports the seamless **transition** of the system from one in a **start up mode, to one in a renewal mode**
- Ensuring current service levels are supported
- Maintaining a “state of good repair”
- Keeping maintenance practices current
- Evaluating asset replacement

7.3.3 TRANSIT MEDIA INVENTORY

This policy is used to provide guidelines and procedures regarding stewardship required for Transit pass inventory to assure that pass inventory is documented and properly recorded.

Custodianship duties and responsibilities. The Executive Director or Financial Officer may delegate the responsibility of maintaining proper accountability and control of the transit pass inventory. Specific responsibilities regarding Transit pass inventory are as follows:

- Know the location of all equipment in their inventory is reasonably secure from possible theft and other hazards. Report any changes in location to management. This is critical for proper stewardship and essential for insurance management purposes.
- Review and verify transit pass inventory on an annual basis by reporting on the status of transit pass inventory.
- Discourage theft and loss of property by keeping property in a secured location.

Inventory Control Duties and Responsibilities

1. Inventory Control receives a Transit Pass request report from the Transit Center on a regular basis. Personnel will review each purchase order to verify and approve items.
2. Inventory Control personnel will perform an annual physical inventory of Transit Passes and will submit a status report to the Finance Manager.
3. After completion of the transit pass inventory, personnel will report the findings to the Financial Officer for review and action if required. Inventory Control will report all missing property for investigation if not previously reported.
4. Missing Property: If property is discovered missing, an immediate request should be made of Finance Manager or Executive Director to have the loss investigated.

Procedures for Inventory Verification. Transit Passes will be inventoried at the end of the financial year. An updated copy of the transit pass inventory listing will be furnished to Financial Officer at the end of each financial year.

Security Measures Promptly report all missing or stolen equipment to Financial Officer and Executive Director. The transit pass inventory cabinets/safes should be locked at all times.

7.3.4 ALTERNATIVE FUELS AND FLEET REPLACEMENT

This policy attempts to achieve the following objectives:

- Ensure the current Vine Transit bus fleet and future acquisitions comply with California Air Resources Board (CARB) requirements to reduce greenhouse gas emissions.

- Be financially responsible by minimizing capital and operational expenses by considering life cycle economics when procuring vehicles

NVRTA recognizes that fleet assets account for a significant contribution to overall greenhouse gas emissions (GHGs) and that these emissions can be reduced, along with vehicle fuel and maintenance costs through the purchase of alternatively-fueled vehicles. NVRTA will make every effort to purchase and use the lowest emission vehicle or equipment item possible, while taking into account the life-cycle costs and the ability to support operations and services in a financially prudent manner.

7.4 GRANT MANAGEMENT

7.4.1 GRANT ACCOUNTING AND ADMINISTRATION

This policy establishes budget, cost allocation, and reporting requirements related to the administration of grants that are used to fund programs, projects and operations. NVTA will comply with all federal, state, regional and grantor regulations, rules and requirements that apply to the administration of grant funds.

[OA2]

Grant funds awarded by government, business and other organizations substantially benefit NVTA's ability to serve the public. At the same time, the acceptance of grant funds may also represent an area of risk to the agency. This is because money received through grants is provided for specific purposes and under conditions that apply to its use.

Grants are auditable. As such, NVTA must be able to identify the source and application of all grant funds. The agency must also prepare and submit periodic performance and financial reports regarding grant funded programs and projects.

Inattention to grant compliance requirements or inadequate controls can lead to problems including:

- Incorrect reporting regarding the time, effort and funds spent on grant-funded activities.
- Failure to report program income.
- The use of grant funds to pay for activities not related to the grant program or project.
- Improper accounting for overhead costs.
- Improper transfers of funds between programs.

Common weaknesses associated with grant compliance include:

- Lack of management controls due to outdated or nonexistent policies and procedures.
- Inadequate staff training and education.
- Inadequate systems associated with effort reporting, financial management, program income, etc.

Measures that have been shown to improve grant program compliance include:

- Keeping policies and procedures current with respect to changing statutes, regulations, and grant conditions.
- Establishing compliance as an institutional expectation and individual responsibility.
- Establishing an expectation of zero tolerance for noncompliance.
- Defining individual roles and responsibilities.
- Assigning oversight responsibilities.

Grant Requirements. The uniform administrative rules for federal grants and cooperative agreements and sub-awards to state and local governments are established in Title 28, Part 66 of the Code of Federal Regulations (CFR).

Various grant programs (federal, state, local, private foundation, corporate) may have other requirements associated with specific legislation or the rules of the grantor. The Authority is responsible for familiarizing itself and complying with the requirements of the grant agreements it enters into.

Grant Budgets

Budget Establishment. For each grant agreement that the Authority enters into, a distinct budget must be established at the appropriate level of the Budget Program Structure. The Authority financial management system must allow for the tracking of grant revenues and expenditures and facilitate the preparation of required financial and performance reports.

Budget Control. The Authority must be able to compare actual expenditures under each grant with budgeted amounts. Grant funds must be traceable to a level of expenditure that demonstrates the funds have not been used in ways that violate statutes, regulations, or conditions of the grant agreement.

Budget and Program Changes

1. Certain types of post-award changes to budgets and projects supported by grant funds should require the prior approval of the grantor.
2. Unless otherwise stated in a grant agreement or applicable regulations, the Authority must obtain prior approval whenever any of the following changes is anticipated:
 - A revision that would result in the need for additional funding.
 - Cumulative transfers among direct cost categories or among separately budgeted programs, projects, functions or activities that exceed the current total approved grant budget.
 - Transfers of funds allotted for training allowances to other expense categories.
3. NMTA must also obtain prior approval from the grantor whenever any of the following program-related changes is contemplated:
 - Revision of the scope or objective of the project.
 - Need to extend the grant period to make funds available for a longer time than originally planned.
 - Changes in key program personnel where the grant agreement specifies such a notification.
 - Obtaining the services of a third party to perform activities that are central to the purposes of the grant award (subcontracting or subgranting).

4. A request for approval of a change to the grant budget or program should be submitted to the grantor in the same format as the original grant application. The request should include a narrative justification for the proposed change.

Accounting and Administrative Requirements NVTA must account for grant funds in accordance with applicable laws and the procedures established for expending and accounting for its own funds. Specific aspects of financial control and accounting procedures are discussed below.

Internal Control The Authority must effectively control and account for all grant-related cash, real and personal property, and other assets. These assets must be safeguarded and the Authority must assure that they are used only for authorized purposes.

Fund Identification This will allow grant transactions and resources to be accounted for as a separate entity, and facilitate grant monitoring, reporting and auditing.

Accounting Records NVTA must maintain records that adequately identify the source and application of grant funds. The records must contain information about grant awards, authorizations, obligations, unobligated balances, assets, liabilities, expenditures, and income.

Accounting records must be supported by appropriate documentation that may include receipts, cancelled checks, employee time and attendance records, payroll records, etc.

Grant records will be retained according to the requirements established in *Record Retention*.

Allowable Costs Only costs that are determined to be reasonable, allowable, and allocable may be applied to grant programs. In determining whether specific costs may be applied to a grant program, the Authority should refer to the specific terms of the grant agreement. For federal grants, guidance is provided by the United States Office of Management and Budget in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* (available at www.whitehouse.gov/omb/circulars).

Direct and Indirect Costs Costs that are applied to grant budgets can be classified as either direct costs or indirect costs. There is no universal rule for classifying costs as direct or indirect. However, it is important to treat each cost item consistently as either direct or indirect.

Guidelines for determining direct and indirect costs are provided in the following paragraphs.

Direct costs are those that are specifically associated with a grant program or are incurred in the performance of grant-related activities. Direct costs that are typically applied to grants include:

- Employee compensation for time devoted and identified specifically to the performance of grant awards.
- The cost of materials acquired, consumed, or expended specifically for the purpose of grant awards.
- Equipment and other capital expenditures.
- Travel expenses incurred specifically to carry out grant awards.

Time spent on grant-funded activities should be documented on employee timesheets that indicate the employee's name, the specific grant program time is charged to, the dates on which time is charged, and the number of hours charged to the grant program each day if possible.

Indirect costs are those that are incurred for a common purpose that benefits more than one function, program, grant, contract or other activity; and are not readily assignable to the activities they benefit. Indirect costs are usually charged to grant programs through the use of an indirect cost rate.

The types of costs that may be classified as indirect costs cannot be specified for all situations. However, typical examples include:

- Authority central service costs.
- General administrative costs.
- Accounting and personnel services performed within the Authority.
- Facility operations and maintenance costs.

To determine the indirect costs that may be applied to a specific grant; the Authority may be required to submit an indirect cost rate proposal that serves as the basis for negotiation of the indirect cost rates that will be allowed under the grant. In some cases, the Authority may apply predetermined rates that are based on the Authority's estimated costs for a specific period, usually the financial year.

Availability of Funds Most grants specify a specific period of time during which grant funds are to be used. In these situations, the Authority may only apply expenditures to the grant up to the end of the grant period, unless the grant specifically allows the carryover of unobligated balances.

The Authority must liquidate all obligations incurred under a grant within 90 days of the end of the grant period, unless otherwise specified in the grant agreement. This deadline may be extended at the grantor's discretion, upon the Authority's request.

Income from Grant-Funded Programs NVRTA may sometimes generate income from grant-funded programs or activities. Income may include fees for services performed by the Authority, but it does not include fines, taxes, special assessments, or levies collected by the Authority.

Income generated by grant programs should be deducted from total program costs.

Supplies and Equipment The Authority should use, manage and dispose of equipment acquired under a grant according to the procedures established.

Equipment acquired using grant funds should be used for the project or program for which it was acquired as long as needed, whether or not the project continues to be supported by grant funds.

Minimum requirements for the management of equipment acquired using grant funds include:

- Records must be kept that include a description of the property, serial number or other identification, the source of the property, who holds title, the acquisition date, cost, percentage of grant participation in the cost, the location, use, and condition of the property. In addition, any information regarding the ultimate disposition of the property and the sale price.
- A physical inventory of the property must be taken and reconciled with property records at least once every three years.
- A control system must be in place to safeguard property and prevent loss, damage, or theft.
- Adequate maintenance procedures must be developed to keep property in good condition.
- Proper procedures must be followed to ensure the highest possible return when the sale of property is authorized. See *Fixed Asset Management*, for requirements pertaining to disposal of assets.

When equipment is no longer needed for a project or program, disposition will be made as follows:

- Equipment with a current value of less than \$10,000 may be retained, sold or otherwise disposed of with no further obligation to the grantor.
- Equipment with a current value greater than \$10,000 may be retained or sold. The grantor should have a right (which it may waive) to an amount calculated by multiplying the current market value or proceeds from the sale by the grantor's share of the equipment.

If there is a residual inventory of unused supplies that exceeds \$10,000 in total fair market value at the end of the grant period, and if the supplies are not needed for any other grant-funded program or project, the Authority should compensate the grantor for its share of the value of the unused supplies, unless the grantor waives its right to compensation.

Procurement When procuring goods and services under a grant, the Authority will follow the same policies and procedures it uses for procurements using non-grant funds (see *Procurement Manual*).

Reporting Requirements The Authority is responsible for monitoring the activities of grant-funded operations to assure compliance with federal, state, region, and grantor-specific requirements and performance goals. The Authority must make periodic reports to the grantor regarding grant program performance and financial status.

In cases where the Authority is a direct recipient of a grant awarded to the MTC, the Authority must submit reports to the MTC, which in turn reports to the grantor. In some cases, the Authority reports to both the grantor and recipient.

Upon written request, the Authority should provide information regarding any and all grant funds and programs to MTC. The information requested may include, but is not limited to, performance and financial reports prepared for federal, state, local, and private grants.

The following sections on performance and financial reporting generally pertain to federal grants. Pass-through grants or reimbursement grants received from the Judicial Council, or grants received from other sources may have different reporting requirements. It is the Authority's responsibility to familiarize itself and comply with the reporting requirements of any grant it receives to avoid the discontinuation of funds needed for Authority programs.

Performance Reporting NVTA may be required to submit performance reports related to grant funds as required by the terms of their grant agreements. For federal grants, the Authority will submit quarterly performance reports unless the grantor requires monthly or annual reports.

Annual reports should be submitted no later than 90 days after the end of the grant year, or as specified in the grant agreement. Quarterly or semi-annual reports should be submitted no later than 30 days after the reporting period. At its discretion, the grantor may extend the deadline for report submittal upon the Authority's request. The grantor may also waive any performance reports when it is not needed.

For each grant, performance reports should contain brief information regarding the following:

- A comparison of actual accomplishments to the objectives established for the reporting period. Results should be quantified wherever possible.
- If established objectives were not met, the reasons for underperformance.
- Pertinent information including, but not limited to, analysis and explanation of any cost overruns.

If significant developments that impact the Authority's grant performance occur between reporting dates, the Authority must inform the grantor as soon as possible. Significant developments include:

- Problems, delays, or adverse conditions that will materially impair the Authority's ability to meet grant objectives. Disclosure to the grantor must include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.
- Favorable developments that will enable the Authority to meet time schedules and objectives sooner or at a lower cost than anticipated, or that produce more benefits than originally envisioned.

Financial Reporting Accurate, current and complete disclosure of the financial results of grant-related activities must be made according to the reporting requirements of each grant.

Financial information should be reported on a cash or accrual basis, as required by the grantor (the Authority operates on the modified accrual basis). If the grantor requires financial reporting on an accrual basis, the Authority should not be required to convert its accounting system. Rather, the financial reporting information should be developed through an analysis of available information.

The Authority should submit annual financial reports unless the grantor requires quarterly or semi-annual reports. Financial reports should not be required more frequently than quarterly, unless otherwise specified in the grant agreement.

Annual reports should be submitted no later than 90 days after the end of the grant year. Quarterly or semi-annual reports should be submitted no later than 30 days after the reporting period, unless otherwise noted. At its discretion, the grantor may extend the deadline for report submittal upon the Authority's request. The grantor may also waive any financial report when it is not needed.

Required Forms for Federal Grant Financial Reports Federal regulations (28 CFR Part 66.41) require the submittal of financial information on specific forms (available at www.whitehouse.gov/omb/grants/#forms) for grants made by federal agencies.

Submittal of reports is required no later than 30 days after the end of the quarter. However, the federal Authority making the grant may require the report to be submitted earlier.

Grant Termination and Enforcement If NVTA fails to comply with any term of a grant award, whether the term is stated in a federal regulation, State plan or application, grant agreement, notice of award, or elsewhere, the grantor may take the following actions, as appropriate to the circumstances:

- Withhold cash payments pending correction of the issue.
- Disallow all or part of the cost of the activity that is not in compliance.
- Suspend or terminate the grant award in whole or in part.
- Take other remedies that may be legally available.

In the event the grantor takes action due to perceived noncompliance with the grant conditions by the Authority, the Authority should have the opportunity to a hearing, appeal, or other administrative process that may be established under applicable statutes, regulations, or grant conditions.

Grant awards may be terminated for convenience in whole or in part under the following conditions:

- By the grantor with the consent of the Authority, in which case the parties should agree to the termination conditions including the effective date and the portion to be terminated, if applicable.
- By the Authority upon written notice to the grantor, setting forth the reasons for the termination, the effective date, and the portion to be terminated, if applicable. However, in the case of a partial termination, if the grantor determines that the remaining portion of the grant will not accomplish the purposes for which the grant was made, the grantor may terminate the grant in its entirety.

Grant Closeout. Within 90 days of the expiration or termination of a grant (or as specified in the grant agreement), the Authority should submit all financial, performance and other reports that may be required as conditions of the grant. For federally funded grants these reports may include, but are not limited to:

- Final performance or progress report.
- Financial Status Report.
- Final request for payment.

The grantor may make upward or downward adjustments to the allowable costs within 90 days of receipt of the Authority's final report (or within the period specified in the grant agreement). The grantor will also promptly pay the Authority for any final allowable costs.

7.4.2 GRANT MANAGEMENT

[OA3]

The purpose of this policy is to:

- 1) Outline management of federal and non-federal grants and to ensure compliance with local, state and federal rules and regulations.
- 2) Monitor and ensure compliance with applicable local, state, and federal guidelines/regulations.
- 3) Provide project status reporting information to grantors and internal project managers.
- 4) Ensure that NVTA's financial commitments made with local, state, and federal grantors are fulfilled.
- 5) Conform to priorities established by MTC's Regional Transportation Plan and Transportation Improvement Program, and NVTA's Short Range Transit Plan and capital budget.

The first section of this document is an overall guide to FTA grant and project management. The next section of this document is about Program Management and Third Party Oversight. The last section will focus on sub-recipient monitoring of federal grants.

The Finance Department is responsible for managing and administering local, state, and federal grants for all Authority departments. Responsibility for these functions is assigned to the Grants Manager, who will be responsible for the management, administration and reporting on grants and reimbursable revenue in an effective and timely manner.

All grant applications are completed in coordination with the intended project manager, approved by the Executive Director prior to requesting Board authorization to submit grant applications.

Goals

NVTA's grant administration function strives to ensure the following goals, that:

- NVTA is fully compliant with requirements and regulations of grant agreements.
- Grant records are accurate, current and documented with a thorough audit trail.
- Project managers receive accurate and timely information on expenditures and remaining fund balances.
- The use of available funding sources is maximized to fund improved transportation services to customers.

Management of Federal Grant Programs

In accordance with Federal Transit Administration Circular 5010.1C, "Grant Management Guidelines", NVTA is required to:

- Provide continuous administrative and management direction of project operations.
- Provide, directly or by contract, adequate technical inspection and supervision by qualified professionals of all work in progress.
- Assure conformity to grant agreements, applicable statutes, codes, ordinances, and safety standards.
- Maintain the project work schedule agreed to by FTA and the grantee and constantly monitor grant activities to assure that schedules are met and other performance goals are being achieved.
- Keep expenditures within the latest approved project budget.
- Assure compliance with FTA requirements on the part of agencies, consultants, contractors, and subcontractors working under approved third party contracts or inter-Authority agreements.
- Request and withdraw Federal cash only in amounts and at times as needed to make payments that are immediately due and payable.
- Account for project property and maintain property inventory records that contain all the elements required.
- Arrange for an annual independent organization-wide audit in accordance with OMB Circular, A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
- Prepare and submit force account and cost allocation plans prior to incurring costs if seeking reimbursement for these costs. Update and retain these approved documents for FTA upon request and during Triennial Review.

- FTA requires reports, once submitted and approved by FTA, to be updated and retained by the grantee for availability during the Triennial Review process.

The NVTA's role in terms of each of these requirements is as follows:

- Provide continuous administrative and management direction of project operations.

A project manager will be assigned to every FTA funded project or contract. This may be internal staff or it may be a hired consultant who will ensure that the FTA requirements are met. At the start of every project a progress meeting and report schedule will be developed. The frequency of the meetings and type of reporting required will vary based on the type of project.

- Provide, directly or by contract, adequate technical inspection and supervision by qualified professionals of all work in progress.

Based on a combination of FTA requirements and the nature of the project, the assigned project manager will determine what types of inspections are required for each capital or planning project.

- Assure conformity to grant agreements, applicable statutes, codes, ordinances, and safety standards.

NVTA will conform to the requirements listed within grant agreements and other applicable statutes, codes ordinances or safety standards.

- Maintain the project work schedule agreed to by FTA and the grantee and constantly monitor grant activities to assure that schedules are met and other performance goals are being achieved.

NVTA will:

- Create a schedule for each project.
- Have sufficient meetings with contractors or require sufficient reports from contractors to ensure that projects stay on schedule or that delays are appropriate and understood.
- Assure FTA that progress is being made on each project funded by FTA by completing the required Financial Status Reports and Milestone Reports.

Currently, NVTA completes these reports on a quarterly basis. The milestone reports will contain the following information:

- Address each activity line item within the approved grant unless FTA advises otherwise.
- Include a discussion of all budget or schedule changes.
- For each milestone, include original estimated completion date, revised estimated completion date, and the actual completion date if applicable.
- Provide the dates of expected or actual requests for bid, delivery, etc.
- Provide a narrative description of projects, status, specification preparation, bid solicitation, resolution of protests, and contract awards.

- Analyze significant project cost variances. Completion and acceptance of equipment and construction or other work should be discussed, together with a breakout of the costs incurred and those costs required to complete the project. Use quantitative measures, such as hours worked, sections completed or units delivered.
- Include reasons why any scheduled milestones or completion dates were not met, identifying problem areas and discussing how the problems will be solved. Discuss the expected impacts of delays and the steps planned to minimize these impacts.
- Provide a list of all outstanding claims exceeding \$100,000, and all claims settled during the reporting period. This list should be accompanied by a brief description, estimated costs, and the reasons for the claims.
- Include a list of all change orders and amounts exceeding \$100,000, pending or settled, during the reporting period. This list should be accompanied by a brief description.
- Keep expenditures within the latest approved project budget.

NVTA will work to expedite projects so that they can be completed within budget. However, there are cost increases that are unforeseeable. NVTA will proceed in the best manner possible to complete the project within budget and will inform FTA immediately of any project difficulty in completing the project within budget.

- Assure compliance with FTA requirements on the part of agencies, consultants, contractors, and subcontractors working under approved third party contracts or inter-Authority agreements.

NVTA has developed a Third Party Oversight Guide as part of its overall FTA grant management guide. The Third Party Oversight Guide literally provides a guide to NVTA in monitoring third party contracts to ensure that FTA funded projects meet FTA requirements. The Third Party Oversight Guide can be found in this document.

- Request and withdraw Federal cash only in amounts and at times as needed to make payments that are immediately due and payable.

NVTA will only process FTA ECHO (electronic clearing house) draw downs after the contractor has been paid for services or within three days of payment for work completed.

- Account for project property and maintain property inventory records that contain all the elements required.

NVTA will do an on-site inventory of all vehicles and equipment every year. NVTA has also developed a Vehicle/Facilities/Equipment Maintenance Guide to facilitate oversight of maintenance of FTA funded equipment/property. See Third Party Oversight, which is part of this overall NVTA FTA Grant Management Guide.

- Arrange for an annual independent organization-wide audit in accordance with OMB Circular, A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

NVTA has an independent auditor prepare an independent audit annually in accordance with OMB Circular, A-133.

- Prepare and submit force account and cost allocation plans prior to incurring costs if seeking reimbursement for these costs. Update and retain these approved documents for FTA upon request and during Triennial Review.

Currently, NVTA only charges FTA grants for direct costs. However, if NVTA takes on larger capital projects in the future and intends to request reimbursement for overhead costs, it will create a cost allocation plan that complies with FTA requirements and will submit the plan to FTA for review. That Cost allocation plan will become part of this NVTA FTA Grant Management Guide

- FTA requires reports, once submitted and approved by FTA, to be updated and retained by the grantee for availability during the Triennial Review process.

NVTA will maintain files of all required reports submitted to FTA. These files will be made available to the FTA when requested.

Formula Grants NVTA must implement the Urbanized Area Formula Grant Program of Projects in accordance with the grant application, Master Agreement, and all applicable laws and regulations, using sound management practices.

Funding levels to Urbanized Areas (UA) are generated by formulas based on revenue factors and population information.

49 U.S.C. 5307 - available to urbanized areas (UA) for transit capital and certain categories of operating assistance (ADA assistance and Preventive Maintenance) in urbanized areas and for transportation-related planning. The Metropolitan Transportation Commission (MTC) is the designated recipient for the 12 UAs in the San Francisco Bay Area and distributes revenues to eligible recipients based on replacement need. Vine Transit's service area is contained within the Napa and Vallejo small UA's and revenues are distributed to NVTA with a small portion coming from the Vallejo UA. Consequently, the revenues are only sufficient for transit operations.

49 U.S.C. 5310, Transportation for Elderly and Persons with Disabilities. This capital grants funding program was established by the Federal Transit Administration (FTA Section 5310) for meeting the transportation needs of elderly persons and persons with disabilities in areas where public mass transportation services are otherwise unavailable, insufficient, or inappropriate. It allows for the procurement of accessible vans and busses; communication equipment; and computer hardware and software for eligible applicants. Private nonprofit corporations or public agencies where no private nonprofits are readily

available to provide the proposed service or that have been approved by the State of California to coordinate services for elderly persons and persons with disabilities.

49 U.S.C. 5311 and 5311(f), Rural Transit and Intercity Bus. Section 5311 is a non-urbanized area formula funding program authorized by 49 United States Code (U.S.C) Section 5311. This federal grant program provides funding for public transit in non-urbanized areas with a population under 50,000 as designated by the Bureau of the Census. FTA apportions funds to governors of each State annually. The California State Department of Transportation (Department) Division of Mass Transportation (DMT) is the delegated grantee.

49 U.S.C. 5339, Bus and Bus Facilities. The Program provides capital funding to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities. FTA apportions a discretionary component and a small urban (population 50,000 to 199,999) formula component to governors of each State annually. The California State Department of Transportation, Division of Mass Transportation (DMT) has been delegated the designated recipient responsibilities by the Governor and is the direct recipient for these funds. DMT administers these funding components to eligible sub-recipients which include: public agencies and private nonprofit organizations engaged in public transportation.

Federal Highway Administration Funds Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) Program. MTC is the designated recipient for the San Francisco Bay Area's funds and flexes a portion of the funds for transit rehabilitation and expansion projects. To access the funds, the Authority transfers the funds from FHWA to FTA through with Caltrans and then puts them into our STP/CMAQ grant. A portion of these revenues are distributed for Bike and Pedestrian purposes and are managed by the CMAs. STP funds Surface Program funds are Federal Highway Administration (FHWA) that are eligible for highway and transit capital projects.

CMAQ funds are Federal Highway Administration (FHWA) that are used to support transportation projects in air quality non-attainment areas. A CMAQ project must contribute to the attainment of the national ambient air quality standards by reducing pollutant emissions from transportation sources.

Regional Planning, Programming, and Monitoring (PPM) funds. Passage of Assembly Bill 2538 allows all counties to program up to 5% of their county share to Planning, Programming, and Monitoring (PPM) purposes in the State Transportation Improvement Program (STIP). As agreed with the CMAs, MTC will program a portion of each county's PPM for regional PPM activities each year.

Transportation, Community, and System Preservation (TCSP). The Transportation, Community, and System Preservation (TCSP) Program provides funding for a comprehensive initiative including planning grants, implementation grants, and research to investigate and address the relationships among transportation, community, and

system preservation plans and practices and identify private sector-based initiatives to improve those relationships.

TCSP Program discretionary grants plan and implement strategies which improve the efficiency of the transportation system, reduce environmental impacts of transportation, reduce the need for costly future public infrastructure investments, ensure efficient access to jobs, services and centers of trade, and examine development patterns and identify strategies to encourage private sector development patterns which achieve these goals.

State Revenues Transportation Development Act (TDA) . The Mills-Alquist-Deddeh Act (SB 325) was enacted by the California Legislature to improve existing public transportation services and encourages regional transportation coordination. Known as the Transportation Development Act (TDA) of 1971, this law provides funding for allocation to transit and non-transit related projects that comply with regional transportation plans.

The TDA provides two funding sources:

- Local Transportation Fund (LTF), which is derived from a ¼ cent of the general sales tax collected within the county.
- State Transit Assistance fund (STA), which is derived from the statewide sales tax on gasoline and diesel fuel.

TDA funds are administered through the Regional Transportation Planning Authority (RTPA), which for the San Francisco Bay Area is MTC. TDA and STA can be used for eligible transit capital and operating purposes but the Authority primarily uses these revenues to support operations. A portion of these funds are used to subsidize lower transit fares for seniors and persons with disabilities.

The funds are also used for the capital and operating costs for providing complementary paratransit service as required by the Americans with Disabilities Act (ADA).

State Transportation Improvement Program (STIP) funds. This program includes the Interregional Transportation Improvement Program (ITIP) and the Regional Transportation Improvement Program (RTIP). MTC is the designated recipient of the region's RTIP funds but delegates programming authority to the region's county Congestion Management Agencies (CMA). The California Transportation Commission has the ultimate authority of approving projects and allocating revenues. Caltrans staff administers the program grants. The ITIP is managed by CTC staff and Caltrans and the Authority is not eligible for these funds.

In the past, the State also allocated a portion of its federal funds. Projects funded with federal funds are transferred to FTA and put in a STP/CMAQ grant.

State Local Partnership Program (LPP) funds. The formula and administering Authority has not been determined by the State legislature. The region is currently advocating for an "all voter approved" revenue formula. The Authority would receive revenues based on its property and parcel taxes and would also be eligible for bridge toll

and county measure matching revenues. The revenues are eligible for transportation capital projects.

Regional Measure 2 – Bay Area voters approved the third dollar on the bridge which generated revenues for transit improvement projects in vicinity of the State owned bridge corridors. The Authority receives annual operating revenues for express bus service to the El Cerrito BART station. The Authority also receives revenues for capital improvements, and marketing if available.

Transportation Funds for Clean Air (TFCA). These funds are generated from a motor vehicle fee in the San Francisco Air Basin and are administered by the Bay Area Air Quality Management Authority (BAAQMD). Eligible projects include projects that reduce emissions with a cost effectiveness of \$90,000 per ton of emissions saved. BAAQMD administers the regional program and the county programs are managed by the CMAs.

Terms The terms of a grant, including funding levels, funding restrictions and local match requirements should be clearly stated in the Request for Proposals (RFP) and/or funding agreement.

Generally the terms of the grant include a dollar amount but can specify a percentage contribution based on final project costs.

Most grants require a local match that ensures the grantee's participation in the cost and implies the grantee's commitment to the project.

Coordination NVRTA grant administration function is divided between multiple departments including Planning, Finance, and Transit Project management and grant administration may also be a shared responsibility between any one of Napa's jurisdictions or non-profit agencies. Grant development and administration is performed by the Finance Department, in conjunction with the project manager. Grant accounting is performed by the Finance Department. Communication between Finance and the project manager is critical to ensure the accurate performance of the grant administration function. Note: all approvals, disapprovals and concurrences required as part of these policies and procedures should be obtained in writing.

The Project Manager and Financial Manager should coordinate their respective job functions from the earliest stage of project development, including the development of the Short Range Transportation Program (SRTP) and the Authority's annual capital budget.

7.4.3 PROJECT MANAGEMENT

Overview FTA grantees are required to have a formal Project Management Plan for all major capital projects. The plan must provide for a detailed project management strategy to control the project budget, schedule and quality. The plan must address change orders, document control, and materials testing policies and procedures.

A major capital project is defined as a project that: involves the construction, extension, rehabilitation, or modernization of fixed guide way or New Starts project with a total project cost in excess of \$100 million; or the Administrator determines it to be a major capital project based on criteria in 49 CFR Part 633.

This document is not meant to satisfy the requirement for a formal Project Management Plan for all major capital projects. This document is meant to be a project management guide for smaller capital and planning projects. Should NVTA require a formal Project Management Plan, NVTA will prepare one for FTA approval.

According to the FTA triennial review workshop of 2005, FTA grantees with smaller capital projects should have a mechanism for technical oversight of the project. Regular meetings should be held to review project status. Many grantees that do not have the technical expertise to manage large projects hire an architectural/engineering consultant to serve as project manager. The transit system's own maintenance and operations directors typically oversee the inspection and acceptance of rolling stock, sometimes with consultant support.

The NVTA will adhere to the basics of the following process in managing FTA funded projects:

Organizational Chart A project manager will be assigned to every FTA funded project, study or contract. Depending on the scope of the project, the NVTA internal project may either manage the project him/herself or may hire a consultant as a project manager. Either way the project manager will ensure that FTA requirements are met. The project manager will determine how, when and where staff resources will be allocated to meet the needs of the project.

Budget NVTA will establish a project budget for each NVTA project covering any and all authorized expenditures for the project.

Schedule NVTA will establish a project schedule or timeline for each FTA funded project.

Document Control Procedure/ Record Keeping NVTA will provide and/or retain appropriate records based on Federal, State and Local requirements.

Change Order Procedures and Documentation NVTA will fully document any change order requests and will follow the procurement manual procedures for examining and approving or rejecting a change order request.

Quality Control NVTA will assure quality control by inspecting work in progress and final product or by hiring a consultant to inspect work in progress and final product.

Internal Plan At the start of every project a progress meeting and report schedule will be developed. The frequency of the meetings and type of reporting required will vary.

Reporting Requirements A report will be generated for each project based on these meetings and attached into the TrAMS program under milestones in project management.

The report will include:

- A brief description of progress;
- Status – whether or not the project is within budget, percentage of work completed and expected completion date;
- Products.

The FTA milestone reports must include the following information:

- Address each activity line item within the approved grant unless FTA advises otherwise.
- Include a discussion of all budget or schedule changes.
- For each milestone, include original estimated completion date, revised estimated completion date, and the actual completion date if applicable.
- Provide the dates of expected or actual requests for bid, delivery, etc.
- Provide a narrative description of projects, status, specification preparation, bid solicitation, resolution of protests, and contract awards.
- Analyze significant project cost variances. Completion and acceptance of equipment and construction or other work should be discussed, together with a breakout of the costs incurred and those costs required to complete the project. Use quantitative measures, such as hours worked, sections completed or units delivered.
- Include reasons why any scheduled milestones or completion dates were not met, identifying problem areas and discussing how the problems will be solved. Discuss the expected impacts of delays and the steps planned to minimize these impacts.
- Provide a list of all outstanding claims exceeding \$100,000, and all claims settled during the reporting period. This list should be accompanied by a brief description, estimated costs, and the reasons for the claims.
- Include a list of all change orders and amounts exceeding \$100,000, pending or settled, during the reporting period. This list should be accompanied by a brief description

Periodic Updates of the Project Schedule or Budget As part of the internal plan NVTA will review project progress, schedule and budget throughout the project. The schedule and/or budget will be continuously reviewed and updated.

Project Close Out Once a project has been completed and final payments have been made to the contractor for completion of the project. NVTA should close out the grant within the FTA TrAMS Web system within 120 days of making the final payment to the contractor.

7.4.4 THIRD PARTY OVERSIGHT

The purpose of this policy is to outline the role of NVTA, related to the oversight of third party contracting and to ensure compliance with Federal Transit Administration (FTA) requirements.

It is the NVTA's role to monitor the activities of third party contractors as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements and that contract performance goals are achieved.

Under the direction and supervision of the Executive Director, the necessary oversight to meet federal compliance will be completed and properly documented.

The Financial Officer will provide general oversight for all FTA programs.

(Operational) Third Party Oversight The Transit Manager will provide third party oversight for the transit operations and capital related requirements which include:

1. Accessibility/ADA
2. Safety & Security
3. EEO
4. Maintenance
5. School Bus Services
6. Charter Services
7. Drug and Alcohol Testing
8. Satisfactory Continuing Control

Oversight includes ensuring that site reviews are conducted and that forms are completed in a timely manner. The Transit Manager will review the frequency and the format of each review with the Contractor, the Senior Transit Planner and the Transit Program Assistant annually to ensure that compliance is being maintained with FTA requirements.

Financial (Contracting & Procurement) Third Party Oversight The Financial Officer will provide oversight for contracting and procurement related requirements which include:

9. Financial Management
10. Procurement and Contracting
11. Civil Rights
12. Buy America
13. Suspension and Debarment
14. Lobbying
15. Equipment Compliance Certification
16. Disadvantaged Business Enterprise

All contracts and procurements requiring a request for proposal or bid must be approved by the Finance Officer. Oversight includes ensuring that certifications are received, forms

are completed and required reviews are conducted in a timely manner. The Finance Manager will provide oversight in any and all aspects of third party compliance and to carry out third party oversight compliance in the place of the Transit Manager if s/he is not available to do so.

The Procurement and Contract Specialist will assist the Finance Manager by performing third party DBE audits for smaller projects to ensure that commitments made in the original bid or proposal to include DBE vendors are carried out.

FTA Required Areas of Third Party Oversight

Accessibility

The Americans with Disabilities Act of 1990 (ADA) requires that persons with disabilities receive the same level of service from a transportation system as a non-disabled person. Services that are “separate but equal” are **not acceptable** (i.e., all wheel chairs on one bus and everyone else on another bus).

Basic Requirement – Fixed Route Systems: Public operators of fixed route systems open to the general public are required to provide complementary paratransit or other special service to persons with disabilities that are comparable to the level of service provided to individuals without disabilities who use the fixed route system. All vehicles purchased must be ADA accessible unless a waiver has been obtained from FTA.

Basic Requirement – Demand Response Systems: Operators of demand response services must conform to “equivalent service” requirements. All vehicles purchased must be ADA accessible unless the Authority certifies that equivalent service is provided.

Comparable or “equivalent service” includes: response time, fares, geographic area of service, hours and days of service, availability of information, reservations capability, constraints on capacity or service availability, and restrictions priorities based on trip purpose.

NVTA’s Role in Monitoring Third Party Contracts: Ensure compliance with this requirement, if applicable. This is the primary responsibility of the Transit Manager and the Senior Transit Planner, in coordination with the Finance Manager.

Safety and Security

FTA grantees of Urbanized Area Formula Grant Program funds must annually certify that it is spending one percent of such funds for transit security projects or that such expenditures for security systems are not necessary.

The goal of the FTA’s Safety and Security Program is to achieve the highest practical level of safety and security in all modes of transit. To this end, FTA continuously promotes the awareness of safety and security concepts and practices. In addition, FTA develops guidelines that transit systems can apply in the design of their procedures and by which to compare local actions.

NVTA's Role in Monitoring Third Party Contracts: Ensure that the third party contractors are providing safety training, security management and emergency management plans. Compliance with this requirement is managed by the Transit Manager.

Equal Employment Opportunity (EEO)

The grantee must ensure that no person in the United States should on the ground of race, color, creed, national origin, sex, age or disability be excluded from participating in or denied the benefits of, or be subject to discrimination the employment under any project, program, or activity receiving federal financial assistance from the federal transit laws.

NVTA's Role in Monitoring Third Party Contracts: NVTA subjects all contractors to meet EEO and Title 6. Responsibility for the EEO/Title VI program falls under the Human Resources or Administrative Manager.

Maintenance Procedures

FTA grantees must keep federally funded equipment and facilities in operating order. Third-party contractors must have policies and procedures to maintain vehicles. They must maintain in operative condition those features of facilities and vehicles that are required to make the vehicles and facilities readily accessible. ADA accessibility features must be repaired promptly if they are damaged or out of order. Contractors must establish a system of regular and frequent maintenance checks of lifts sufficient to determine if they are operative, which will be systematically checked for compliance.

NVTA's Role in Monitoring Third Party Contracts: NVTA has established a Vehicle/Facilities/Equipment Oversight Procedure Document. Maintenance compliance is the responsibility of the Transit Manager.

School Bus Services FTA grantees and their contractors cannot engage in school bus operations (providing vehicles or facilities) exclusively for the transportation of students and school personnel in competition with private school bus operators. In no case can federally funded equipment or facilities be used to provide exclusive school bus service.

This prohibition does not apply to school "tripper service." Tripper service is defined as regularly scheduled mass transportation service open to the public, which is designed or modified to accommodate the needs of school students and personnel. Such service must be open to the public, must serve regular transit stops, and must be delineated on route schedules and maps. Vehicles may not display a "school" sign.

NVTA's Role in Monitoring Third Party Contracts: Document conversation on compliance with this regulation, if applicable. School Bus Service compliance is the responsibility of the Transit Manager.

Charter Services FTA grantees and their contractors, are prohibited from using Federally-funded equipment or facilities to provide charter service, except on an incidental basis; and then, only when one or more of the seven exceptions set forth in the charter service regulation in 49 CFR Section 604.9 (b) apply. Other conditions include recovering the fully allocated cost of the service and putting the revenues earned back into your transportation program.

Charter services is defined as transportation using buses or vans or facilities, funded with FTA grants, which are provided to a group of persons who because of common purpose, have acquired exclusive use of the vehicle or service. The group operates under a single contract, at a fixed charge for the vehicle or service; and the group travels together under an itinerary either specified in advance or modified after the trip begins.

NVTA's Role in Monitoring Third Party Contracts: Document conversation on compliance with this regulation, if applicable. Oversight of charter services compliance is the responsibility of the Transit Manager.

Drug and Alcohol Testing FTA funds under Capital Grant, Urbanized Area Formula Grant, or Non-Urbanized Area Formula Grant Programs must have a drug and alcohol testing program in place for all safety sensitive staff.

The FTA-mandated drug and alcohol testing program is separate from and in addition to the provisions of the Drug-Free Workplace Act (DFWA). Please review 49 CFR Part 40 "Procedures for Transportation Workplace Drug Testing Programs" and 49 CFR Part 655 "Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations.

If a grantee uses a contract service provider or maintenance provider to perform safety sensitive functions, the contractor is subject to the provisions of these regulations. For transit agencies that use volunteer drivers, the volunteers are not subject to testing.

NVTA's Role in Monitoring Third Party Contracts: NVTA has established a Drug and Alcohol Program Oversight Procedure Document. Drug and Alcohol Program compliance is the responsibility of the Transit Manager.

Satisfactory Continuing Control The Grantee must maintain control over real property, facilities, and equipment and ensure that they are used in transit services

NVTA's Role in Monitoring Third Party Contracts: Ensure that vehicles, equipment and transit facilities are used in accordance with FTA requirements. Compliance with this requirement is the responsibility of the Transit Manager.

Financial Management The Federal requirements for managing Federal funds are in OMB Circular A-87, OMB Circular A-110 and OMB Circular A-133. Where there are conflicts between state and Federal law, the most restrictive law takes precedence.

FTA grantees must have legal, managerial, financial and technical capability to carry out Federal Transit Administration (FTA) programs and to receive and disburse Federal funds. Financial systems must be sufficient to prepare reports and track grant funds.

NVTA's Role in Monitoring Third Party Contracts: Ensure that the third party contractors can meet requirements. A site visit to new contractors may be necessary. In most cases a documented phone interview or a review of financial references is sufficient. This is conducted by the Finance Manager.

Procurement and Contracting FTA grantees will use their own procurement procedures that reflect applicable state and local laws and regulations, provided that the process ensures competitive procurement and that the procedures conform to applicable federal law including 49 CFR Part 18, specifically Section 18.36 and FTA C 4220.1E, "Third Party Contracting Requirements." Grantees will maintain a contract administration system that ensures that contractors perform in accordance with terms conditions, and specifications of their contracts or purchase orders.

Recipients must comply with five FTA requirements:

1. Provide full and open competition;
2. Exclude in-state or local preference;
3. Include federally required clauses in all contracts
4. Obtain FTA approval on contracts with a duration of more than five years;
5. Use Brooks Act procedures for architectural and engineering procurements

NVTA's Role in Monitoring Third Party Contracts: To the extent that the subgrantee contracts with third parties, the subgrantee is required to include in their contracts the clauses required by Federal Statutes and Executive Orders and their implementing instructions. It is the Financial Manager's role to collect and review these contracts for proper Federal clauses. Necessary certifications must be on file before award of contract. Further, NVTA must follow its own procurement policy when conducting any procurement.

Civil Rights FTA grantees must ensure that no person in the United States, on the grounds of race, color, creed, national origin, sex, age, or disability be excluded from participating in, denied the benefits of, or be subject to discrimination under any project, program or activity funded in whole or in part with FTA funds.

A civil rights complaint is defined as a formal complaint filed in person or in writing to the Office of Civil Rights; to the US Department of Transportation; to the Federal Transit Administration; to the Federal Highway Administration; or to private counsel alleging discrimination. Complaints must be filed within 180 days of the alleged discriminatory event or practice.

NVTA's Role in Monitoring Third Party Contracts: Pre-award, request list of any outstanding civil rights complaints against the organization. This is the responsibility of the Finance Manager.

Buy America Per “Buy America” law, federal funds may not be obligated unless steel, iron and manufactured products used in FTA-funded projects are produced in the United States unless FTA has granted a waiver or the product is subject to a general waiver. Rolling stock must have sixty percent domestic content and final assembly must take place in the United States.

NVTA’s Role in Monitoring Third Party Contracts: For all procurements of steel, iron and manufactured products over \$100,000 the grantee is required to obtain and retain a Buy America certification of compliance from the successful bidder. The only exception is for an item subject to a Buy America waiver. If neither of the above conditions exists, the grantee may also be able to get a waiver from the FTA for this requirement. This is part of the procurement process and is the responsibility of the Finance Manager.

Suspension and Debarment FTA grantees are required to prevent fraud, waste, and abuse in federal transactions, persons or entities, which by defined events or behavior, potentially threaten the integrity of federally administered programs, are excluded from participating in FTA-assisted programs. FTA grantees not only are required to certify that they are not excluded from Federally assisted transactions, but also are required to ensure that none of the grantee’s “principals” (as defined in the governing regulation 49 CFR Part 29 and FTA Circular 2015.1), subrecipients, and third-party contractors and subcontractors are debarred, suspended, ineligible or voluntarily excluded from participation in Federally assisted transactions.

NVTA’s Role in Monitoring Third Party Contracts: For any sub-contractor who will receive twenty-five thousand dollars or more through a federally funded agreement NVTA will document certification on compliance with this regulation. The Finance Manager is responsible for compliance with the suspension and debarment requirement.

Lobbying Recipients of Federal grants and contracts exceeding \$100,000 must certify compliance with Restrictions on Lobbying, before they can receive funds. In addition, grantees are required to impose the lobbying restriction provisions on their contractors.

NVTA’s Role in Monitoring Third Party Contracts: Ensure that all contracts funded with FTA funds exceeding \$100,000 include the clause certifying that the contractor will abide by the FTA required restrictions on lobbying. The Finance Manager is responsible for ensuring this requirement.

Equipment Compliance Certification FTA grantees using Federal funds to purchase vehicles are required to conduct pre-award and post-delivery reviews to confirm Buy America, purchaser’s requirements, and Federal Motor Vehicle Safety Standards (FMVSS) and certify compliance for all revenue service rolling stock procurements.

Recipients must keep documentation showing they complied when procuring revenue rolling stock.

NVTA's Role in Monitoring Third Party Contracts: Ensure that payment for vehicles is not made until pre-award and post-delivery reviews are documented, if applicable. This is the responsibility of the Finance Manager.

Disadvantaged Business Enterprise (DBE) FTA grantees must comply with the policy of the Department of Transportation (DOT) that DBE's, as defined in 49 CFR Part 26, are ensured nondiscrimination in the award and administration of DOT-assisted contracts. Grantees also must create a level playing field on which DBEs can compete fairly for DOT-assisted contracts; ensure that only firms that fully meet eligibility standards are permitted to participate as DBEs; help remove barriers to the participation of DBEs; and assist the development of firms that can compete successfully in the marketplace outside the DBE program.

NVTA's Role in Monitoring Third Party Contracts: On large capital projects, the DBE Officer or the Project Manager should document periodic efforts to monitor on-site DBE activities. This may include site visits to ensure DBE's are actually conducting the work on contracts, checking employee records to ensure that staff working on the project are staff of the DBE, and/or review title or leasing information on any heavy equipment used to ensure that the equipment is owned or leased by the DBE. On smaller projects, NVTA will require the submittal of evidence that DBE's have been paid by the prime contractor in a timely manner for the work described in the bid or proposal. Monitoring DBE compliance in NVTA contracts is the responsibility of Finance Manager with assistance from the Transportation Administrative Assistant.

Review Schedule for Third Party Oversight

The following provides the minimum requirement for third party oversight review:

1. Accessibility/ADA: Monthly
2. Safety & Security: Semi-Annually
3. EEO: Ongoing
4. Maintenance: Per Vehicle/Facilities/Equipment Oversight Procedures
 - a. Comprehensive facilities and equipment maintenance plan submitted by contractor annually.
 - b. Program Manager will also perform a monthly inspection of the facilities and equipment (Sunday inspection).
 - c. Transit Planner will perform quarterly site visits and complete checklists related to recorded verification of preventative maintenance work order intervals, the overall record keeping system, and warranty records
5. School Bus Services: Annually – review at monthly meeting
6. Charter Services: Annually – review at monthly meeting
7. Drug and Alcohol Testing: Semi-Annually – Transportation Program Assistant
8. Satisfactory Continuing Control: Annually
9. Financial Management: Ongoing with every new contract
10. Procurement and Contracting: Semi-Annually
11. Civil Rights: Ongoing with every new contract
12. Buy America: Ongoing with every new contract or purchase
13. Suspension and Debarment: Ongoing with every new contract

14. Lobbying: Ongoing with every new contract
15. Equipment Compliance Certification: Ongoing with every new contract or purchase
16. Disadvantaged Business Enterprise: Semi-Annually

7.4.5 SUBRECIPIENT MONITORING

NVTA is responsible for financial and programmatic monitoring of sponsored project funds awarded to NVTA that are subcontracted to another institution, organization, or individual (sub-recipient).

For subcontracts that include any federal funds, sub-recipients are required to make an annual disclosure of any sponsored research audit findings. As a recipient of federal sponsored projects, NVTA must comply with the guidelines outlined in OMB Circular A-133.

NVTA is required by federal regulation to monitor expenditure of federal funds awarded that are sub-contracted to another institution, organization, or individual. To provide the monitoring required by federal regulations and to ensure good stewardship of sponsored projects, NVTA will review all sub-recipient expenditures for allowability, allocatability, reasonableness, and proper compliance.

It is the policy of NVTA to carry out its fiduciary responsibilities in accordance with State and Federal Law. Specifically, this policy addresses the need to define the difference between a sub-recipient and vendor in order to make a determination of whether a sub-recipient or vendor relationship exists for the purpose of dispersal of Federal grant awards.

The purpose of this procedure is to outline the distinctions between a sub-recipient and a vendor in accordance with 29 CFR 99.210, in order to determine whether payment constitutes a Federal award (sub-recipient) or a payment for goods and services (vendor).

Definitions. The terms defined below apply to this policy and are for the express purpose of interpreting this policy.

Sub-recipient: A sub-recipient is a legal entity that receives Federal funds. The sub-recipient is accountable for the expenditure of funds according to the program regulations. When the organization performs the following activities they are defined as a sub-recipient:

- Determines eligibility for the Federally funded program.
- Has its performance measured against the objectives of the Federal program.
- Has responsibility for programmatic decision-making.
- Has responsibility for adherence to applicable Federal program compliance requirements
- Uses the Federal funds to carry out a program of the organization as opposed to providing goods or services for a program.

Vendor: A vendor is a dealer, distributor, merchant or other seller providing goods or services that are required to conduct a Federal program. Payments made for goods or services to vendors would not be considered Federal awards. The following activities are indicative of a vendor relationship:

- Provides the goods and services within normal business operations.
- Provides similar goods or services to many different purchasers.
- Operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the Federal program.
- Is not subject to the Federal compliance requirements of the program.

Scope This policy applies to sub-awards or sub-contracts issued under sponsored projects awarded to NVTA without regard to the primary source of funding. The following are the objectives of implementing this policy:

- Manages or eliminates any conflict of interest that arises from a sub-award or sub-contract by the Authority to an entity in which the Authority, or key personnel have a financial interest.
- Advises sub-recipients of federal laws or regulations, terms and conditions of the prime award or agreement, and NVTA requirements that apply to the sub-award or sub-contract.
- Provides sub-recipients with information regarding the prime award including Catalog of Federal Domestic Assistance number (CFDA), title, award name and number, award dates, and sponsoring Authority, as required by OMB Circular A-133.
- Monitors costs and activities of sub-recipients to ensure that expenditures charged to the Authority are allowable, allocable and reasonable, and reflected in the scope of work of the sub-award or subcontract. Ensures that the performance goals set forth in the scope of work are being met in a timely manner.
- Ensures that cost-share commitments made by sub-recipients are documented and adhere to all relevant regulations.
- Conducts an annual risk assessment of all active sub-contracts or sub-awards to determine which sub-recipients require closer scrutiny.
- Ensures that sub-recipients expending \$750,000 or more in federal awards during the subrecipient's financial year have met the OMB Circular A-133 audit requirements for that financial year.
- Issues management decisions on audit findings within six months after receipt of the subrecipient's audit report and ensures that the sub-recipient takes appropriate and timely corrective action.
- Considers whether sub-recipient audits necessitate adjustment of NVTA's records, such as budget modifications, or re-allocation of cost-shared resources.

Roles and Responsibilities

Contract Administrator

- Ensures that sub-contract/sub-award paperwork is reviewed by the Program Administrator (PA) before sending to the Procurement Officer for review.
- Logs all expenditures/invoices on the sub-contract/sub-award.
- Ensures that appropriate back-up documentation for expenditures has been provided by sub-recipient.
- Routes the invoice to Accounts Payable for approval and payment.
- Checks System for Award Management (SAM.gov) to ensure that sub-recipient is not on the debarred list.
- Confirms that the appropriate signatures have been obtained.
- Generates payment to the sub-recipient for the approved amount.

Program Manager (PM)

- Reviews budget and scope of work before agreement is signed.
- Reviews invoices submitted by the sub-recipient to ensure that costs are allowable, allocable and reasonable. Reviews back-up documentation provided for expenditures.
- Reviews invoices and expenses-to-budget.
- Ensures that cost-share commitments are documented in the invoicing process.
- Assists Finance Dept. with questions regarding sub-recipient invoices.
- Reviews technical or performance reports.
- Ensures that any project deliverables (reports, financial or programmatic) are submitted to NVTA in a timely manner.
- Ensures that expenditures invoiced by the sub-recipient for work and effort committed are appropriate to the approved budget and scope of work of the agreement.

Sub-award Monitoring The Authority should monitor the subrecipient's use of Federal awards through reporting, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

The PA should maintain sufficient contact with the Subrecipients of the sub-award to assess accurately whether the subrecipient is reasonably progressing towards the achievement of the sub-award's statement of work including performance goals.

The PM should obtain periodic written progress reports from the subrecipient(s). Progress reports should generally contain, for each sub-award, brief information on each of the following.

1. A comparison of actual accomplishments with the goals and objectives established for the period. Whenever appropriate and the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

2. Reasons why established goals were not met, if appropriate.
3. Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

Upon receipt of a subrecipient invoice, the PA should review and assess whether the charges on the invoice reasonably match the progress made on the statement of work.

Sub-recipient Audits

The Authority's employs a risk based approach of monitoring sub-recipients annual audit results. NVTA will conduct the following monitoring activities for all applicable subrecipients that meet the Authority's risk based approach criteria:

For all sub recipients subject to Uniform Guidance (OMB A-133) audits, NVTA will obtain a written acknowledgment on whether the subrecipient has complied with the audit requirements of OMB Circular A-133 and the required audits are completed within nine months from the end of the Sub recipient's audit period.

7.5 REIMBURSEMENTS

7.5.1 TRAVEL

This policy and the procedures that follow is to define the rules and limits that must be observed when arranging, engaging in, or claiming reimbursement for travel business.

NVTA staff may be required to travel while performing their official duties. The Authority will reimburse its staff for their reasonable and necessary travel expenses incurred while traveling on Authority business within the limits of the reimbursement guidelines.

NVTA recognizes the constructive value of professional conferences, seminars, meetings and training, and provides or reimburses funds for NVTA's elected and appointed officials, department managers, and staff who attend such official events or incur such expenditures. Board of Directors, officials, and staff and volunteers should be entitled to reimbursement for their reasonable expenses associated with travel, meals, lodging and other actual and necessary expenses associated with attending such events. Expenses should be reasonable and should not include items normally construed as personal expenses.

Allowable Expenditures Expenses incurred in connection with the following activities generally constitute authorized expenses, as long as the other guidelines of this policy are met, including good judgment and cost-effective use of resources.

- Communicating with representatives of regional, state, and national government on Authority-adopted policy positions.
- Serving on professional organizations or governmental committees, boards, or task forces.
- Attending educational seminars, conferences or organized educational activities designed to improve skill levels or provide information on topics important to Authority policy and operations.
- Preparing research for Authority projects or implementing adopted plans, policies, goals, or programs.
- Attending meetings involving activities or decisions important to Agency's interests, which are consistent with adopted plans, policies, goals, or programs.

Ineligible Expenditures Personal expenditures incurred are not be reimbursed such as:

- The personal portion of any trip.
- Political or charitable contributions.
- Family expenses, including those of a partner when accompanying the official on official business or child care.
- Entertainment expenses, including theatre, shows, movies (either in-room or in theaters), sporting events, golf, spa treatments, etc.
- Non-mileage personal automobile expenses including repairs, insurance, gasoline, traffic citations.

- Personal losses incurred while on Agency business.
- Alcoholic beverages.

Travel Authorization Staff who need to travel on business for more than a single day must obtain written approval from their appropriate manager by using the “**Out of Area Travel Request**” form.

Payment with Agency Purchasing Card As much as practically possible, travel and related business expenditures should be paid with the Authority’s purchasing card. This includes registration fees, airplane tickets, car rental and lodging. Except for qualified per diem expenditures, receipts must be submitted for reimbursements.

Travel Advance A travel advance is to allow staff an alternative to using personal funds when traveling on business. This allows staff to receive advance funds to cover the cost of a trip authorized by NVRTA. Submit the cash advance request to Accounts Payable between 10 and 30 days before the beginning of the trip.

Per Diem Unless otherwise noted, Meals and Incidentals (M&I) will be reimbursed on a per diem basis. Staff travelling on business are reimbursed up to the per diem rate for travel related meal expenses. Receipts are not required for reimbursement of travel meals using per diem rates for the destination of travel established by the United States General Services Administration.

- First and last days of travel will be reimbursed at 75% of the per diem.
Departure day – the day you leave your home or office.
Return day – the day you return to your home or office.

The traveler will receive the full per diem rate for extended day travel occurring before 8:00 am and after 9:00 pm. Per Diem does not apply to multiple days travel without overnight stays.

Business Mileage Reimbursement Rate Business mileage is the travel an employee incurs beyond normal commute mileage (from home to the office and home again). Staff may request reimbursement for business mileage incurred when traveling with a personal vehicle. The reimbursement rate is established by the Internal Revenue Service and updated every calendar year. The mileage rate includes gas, vehicle maintenance, insurance, and other personal vehicle related costs.

Surface Transportation in Lieu of Air Travel The excess costs of mileage or other travel expenses incurred as a result of choosing surface transportation instead of air travel are not allowable. The total travel costs reimbursed may not exceed the amount had the services of a commercial airline been used.

Meal Provided by a Sponsoring Organization Meals provided by a sponsoring organization will not be reimbursed if the traveler chooses to forego the provided meals.

Single Day Travel Transportation should be provided through the most economical means available such as an agency vehicle, car rental or private automobile.

- Car Rental: Permissible for extended day travel if the Authority vehicle is not available.
- Mileage Reimbursement for personal vehicles: See Business Mileage Reimbursement Rate section above.
- Per Diem Meals: Per Diems are not granted for single day travel, except for extended travel
- Lodging: Lodging is not granted for single day travel, except for extended travel

Multiple Days Travel with Overnight Stays Transportation should be provided through the most economical means available such as an agency vehicle, private automobile or by airplane. Personal vehicle travel is not permitted if air travel is considered a more economical travel alternative.

- Car Rental: Allowable if approved by a Manager.
- Mileage Reimbursement for personal vehicles: See Business Mileage Reimbursement Rate section above.
- Per Diem Meals: Per Diems rates based on the city/area of the activity if Meals are not provided by the event sponsor. See GSA.gov for established per diem rates.
- Lodging: Actual costs for single occupancy accommodations.

Multiple Days Travel without Overnight Stays Transportation should be provided through the most economical means available such as an agency vehicle, private automobile. Personal vehicle travel is not permitted if there are other economical travel alternatives. Airline travel is not permitted.

- Car Rental: Allowable if approved by the Supervisor.
- Mileage Reimbursement for personal vehicles: See Business Mileage Reimbursement Rate section above.
- Per Diem Meals: Receipts must be submitted for the actual cost, if meals are not provided by the event sponsor.
- Lodging: Actual costs for single occupancy accommodations.

Expense Reimbursement Form The Expense Reimbursement Form should be submitted with supporting documentation and receipts within 30 days of travel. Receipts should be attached onto an 8 1/2 x 11 sheet of paper. A copy of the Out-of-Area Travel authorization should be submitted with the reimbursement claim.

Continuing Professional Education/Training Programs Any employee who is required as a condition of employment to maintain certification, licensure or professional equivalency and who must have continuing education to maintain eligibility to perform their job duties and/or maintain certification should be reimbursed for meals and mileage

and for the actual cost of tuition/registration and books/supplies, associated with said educational course or training provided such course work or training.

Any employee who attends other work-related training programs should be reimbursed for the meals and mileage and for the actual cost of registration associated with said training.

Any travel overnight stay associated with continuing education or training programs must receive prior Executive Director approval.

Staff should be allowed sufficient leave with pay to meet the minimum continuing education/training required. The allowed leave should be subject to the discretion of NVTA and the approval of the Executive Director.

The Executive Director must approve training or continuing education prior to commencement to ensure that reimbursement of costs associated with continuing education or training is within the NVTA approved budget.

Submit the signed original with supporting documentation within 30 days of travel.

Original receipts are mandatory for all taxi, shuttle fares, bridge and road tolls, public ground transportation fares, and parking fees of more than \$5. Bus fares and bridge toll receipts are not required. In cases where receipts cannot be obtained or have been lost, a statement to that effect should be made in the expense account and the reason given. A statement as to a lost receipt will not be accepted for lodging, airfare, rental car, and/or business expenses. For a ticketless flight, submit the itinerary. The itinerary includes the same information that would be found on a ticket.

7.5.2 MEALS AND MEETING EXPENSES

This policy establishes guidelines for the appropriate purchase of refreshments for activities and events sponsored by the agency. This policy does not address food purchases related to business travel. The policy on food purchasing is designed to ensure public funds used to purchase food for meetings is done so with thoughtful attention to cost effectiveness and appropriate scenarios.

When meetings of an administrative nature are held that are directly related to the business of the Authority, the cost of meals or light refreshments may be paid from budgeted funds with approval from a Director. Food and refreshments may be purchased for one or more of the following purposes or activities: (the following are examples and not an exhaustive list):

- Meetings of the Board of Directors, advisory committees, public officials, and community members in supporting and collaborating in program success.
- Trainings, workshops, webinars and seminars.
- Attending/working events where staff is representing NVTA in an official capacity

- Board and staff retreats.
- Working lunches or dinners if the purpose of the meeting is to discuss Agency business. Topics must be documented.
- Meetings with agency staff that cannot be conducted during normal business hours.
- Mandatory team events held during lunch or dinner time.
- Meetings with community members regarding collaboration and partnership in the community.

Those planning for food expenses should consider the following principles:

- **Appropriateness:** Meals should be necessary and integral to the business meeting, not a matter of personal convenience. Food may be provided at meetings of employees on an occasional basis. Staff lunches, where work can be conducted during other times of the workday, regular staff meetings, and personal celebrations (i.e., birthday, retirement, or baby shower celebrations) do not qualify as appropriate activities. Expenditures should be limited to food and non-alcoholic beverages.
- **Cost Effectiveness:** The expenditure of budgeted funds for food and refreshments should be cost-effective and reasonable. Those planning these events should get as close an estimate as possible to the actual number of expected attendees. If the meeting is scheduled more than two weeks in advance, ask for an RSVP and this should guide the purchase of food.
- **Documentation –** Meetings must have an agenda and an accurate attendance list should be submitted at the close of the meeting. This documentation should be attached to the receipt or invoice for such purchase.
- **Special Accommodations –** Dietary needs will be met with a one week advanced notice and will be accommodated with the same consideration for cost effectiveness as outlined above.

NVTA
POLICIES, PRACTICES AND PROCEDURES MANUAL

SECTION 5: CONTRACTING AND PROCUREMENT

CHAPTER 1 INTRODUCTION	1
A. STEP-BY-STEP GUIDE.....	2
B. METHODS OF PROCUREMENT AND DELEGATION.....	3
1. Goods and Services	3
2. Professional and Architectural/Engineering Services (A/E)	4
CHAPTER 3 POLICIES AND PROCEDURES	4
C. PROCUREMENT POLICIES	4
1. Procurement Responsibility	4
2. Standards of Conduct and Conflict of Interest Policies	6
3. Purchasing Policies	9
4. Public Records Act	10
D. PROCEDURES	10
1. Independent Cost Estimate	10
2. Excluded Parties List	11
3. Business References.....	11
4. Reasonableness of Price – Price Analysis or Cost Analysis	12
5. Best Value	14
6. Tag-ons	14
7. Piggybacking	15
9. Use of Brand Name	16
10. Options	16
11. Advance Payments	17
12. Progress Payments.....	17
13. Procurement by Micro-Purchases.....	17
14. Small Purchases	17
15. Construction and Major Capital Purchases exceeding \$4,000.....	17
E. COMPETITIVE PROCUREMENT PROCESS.....	18
1. Invitation for Bids (IFB)	18
2. Recording of Bids	18
3. Tabulation of Bids.....	19
4. Analysis of Limited Bid Response	19
5. Determination of Responsiveness	19
6. Responsible Bidder Evaluation.....	19
7. Rejection of Individual Bids	20
8. Award of the Contract.....	21
9. Project Completion	21
10. Request for Qualifications (RFQ) / Request for Proposals (RFP)	21
11. Architectural / Engineering Services Request for Qualifications	24
12. Sole Source Procurements	26
13. Emergency Procurements.....	26

14. Vendor Protest Procedures.....	27
F. CONTRACT ADMINISTRATION GUIDELINES.....	30
G. FEDERAL PROCUREMENT REQUIREMENTS.....	30
APPENDIX LIST	31
A. FTA REQUIRED MODEL CLAUSES.....	31
B. DETERMINATION OF PRICE REASONABLENESS.....	31
C. PROCUREMENT FILE CHECKLIST.....	31
D. PROCUREMENT DOCUMENTATION CHECKLIST.....	31
APPENDIX A: FTA & FHWA REQUIRED CLAUSES.....	32
APPENDIX B: DETERMINATION OF PRICE REASONABLENESS.....	33
APPENDIX C: PROCUREMENT FILE CHECKLIST.....	34
APPENDIX D: PROCUREMENT DOCUMENTATION CHECKLIST.....	35

CHAPTER 1 INTRODUCTION

These procurement procedures apply to purchases of goods and services that utilize federal, state and local funds. Where there is a conflict between federal and local requirements, federal requirements will prevail.

The Napa Valley Transportation Authority (NVTA) receives transit funding from the federal government and the State of California, as well as other regional and local agencies. NVTA will follow standard public agency contract law as set forth in California Government and Public Contract Codes for procurements that are funded with state or local revenues and do not have any federal funding. NVTA is further committed to meeting all requirements in FTA Circular 4220.1(F) and its successors for procurements that involve federal funds. These procurement policies and procedures are consistent with federal regulations and the laws of the State of California. These procedures also apply to any revenue contract whose primary purpose is to either generate revenues in connection with a transit-related activity, or to create business opportunities utilizing a Federal Transit Administration (FTA) funded asset. For FHWA funded projects, NVTA will follow the guidance of Caltrans' Local Assistance Procedures Manual.

The purpose of these policies and procedures is to set forth the procurement methods and establish standards for obtaining goods and services, including construction, professional, and architectural/engineering (A/E) services necessary for the operation of NVTA's transportation and planning services. These procedures include guidelines for the solicitation, award and administration of formally advertised contracts, as well as the consultant selection, negotiation, award and administration of competitively negotiated and A/E contracts.

The procurement procedures are designed to:

- Instill public confidence in the transit procurement process of NVTA;
- Ensure fair and equitable treatment of all vendors who seek to do business with NVTA;
- Ensure maximum open and free competition in the expenditure of public funds; and
- Provide the safeguards to maintain a procurement system of quality and integrity.

Methods to implement the foregoing are described in the remainder of this document and the attachments hereto.

CHAPTER 2 QUICK REFERENCE GUIDE

A. Step-by-Step Guide

Step 1: The Project Manager (PM) must determine the following:

1. Project scope;
2. Expected cost of the procurement;
3. Funding source(s) and whether the procurement is already budgeted; and
4. Whether the procurement will be informal or formal.

Step 2: For procurement type, PM should refer to the policies described herein. Any questions regarding the procurement process should be immediately discussed with the Executive Director (ED)/general counsel to ensure that the policies are being followed and adhered to.

Step 3: The Administrative Technician (AT) is responsible for the administration of the procurement, which includes attaching the proper boiler plate agreements and clauses and obtaining the required review and approval(s), before initiating the procurement process.

Step 4: Over a certain threshold, approval of the procurement by the Board.

Step 5: Upon completion of the procurement process, execution of the contract prior to a notice to proceed, or initiation of work.

B. Methods of Procurement and Delegation

1. Goods and Services

Definition: Procurements of services, supplies, or other property, with the exception of professional and A/E services or labor and/or materials for public works/construction projects.

Contract Threshold	Method of Procurement	Required Approval Level	Notes
Less than \$3,000 (FTA) or \$5,000 (state & local funds)	Micro Purchase	Management / Senior Staff	With signed authorization form
>\$3,000 – \$50,000	Small Purchase / RFP / IFB	Executive Director	With signed authorization form
Greater than \$50,000	Small Purchase/RFP/ IFB	Board of Directors	
Less than \$25,000 (FTA)	Sole Source	Management / Senior Staff	With signed authorization form
Less than or equal to \$50,000	Sole Source	Executive Director	With signed authorization form
Greater than \$ 50,000	Sole Source	Board of Directors	
Less than or equal to \$175,000	Construction	Executive Director	Including UPCCAA*; with signed authorization form
Greater than \$175,000	Construction	Board of Directors	

*California Uniform Public Construction Cost Accounting Act (UPCCAA), dated July 2011.

Modifications to contracts or purchase orders which represent no change in the scope of the character of material or services provided in the original contract or purchase order may be approved by the ED or PM if the cumulative dollar value of the modification and the original contract amount are within the ED award authority.

NVTA may acquire property and services valued at \$3,000 or less without obtaining competitive quotations. These purchases are exempt from FTA's Buy America requirements Davis-Bacon prevailing wage requirements, however, will apply to construction contracts exceeding \$2,000, even though the recipient uses micro-purchase procurement procedures.

2. Professional and Architectural/Engineering Services (A/E)

Professional services means services such as, but not limited to, the services of attorneys, physicians, architects, engineers, and other consultants or individuals or organizations possessing a high degree of technical skill.

A/E means program management, construction management, feasibility studies, preliminary engineering, design, architectural, engineering, surveying, mapping, or related services. A/E services require the use of an A/E method of procurement.

CHAPTER 3 POLICIES AND PROCEDURES

C. Procurement Policies

The NVTA Board of Directors (Board) is responsible for governing the operation of the agency including all procurement policies that serve as a basis upon which procurement procedures can be developed.

1. Procurement Responsibility

a. Administrative Technician (AT) and Procurement

The AT is responsible for maintaining all official contract files.

The AT will be responsible for managing procurements and coordinating with the PM to ensure procurement files meet local, state, and federal requirements.

The AT is responsible for updating these procurement procedures on an as-needed basis.

- i. The AT shall ensure that a clear and accurate specification / scope of work is developed for each procurement.
- ii. The AT shall not recommend that NVTA enter into a contract unless the AT has ensured that all applicable requirements of federal law, federal regulations and circulars, California law, and all other applicable procedures have been met.
- iii. The AT shall ensure that contractors receive impartial, fair, and equitable treatment in accordance with the policies specified in this manual.
- iv. The AT is also responsible for such tasks as writing, preparing and assembling contract documents; obtaining necessary pre-solicitation approvals; advertising RFP's and IFB's, issuing amendments, obtaining post-bid opening approvals for award, conducting investigations of proposed Contractor's past performance, conducting

consultant selection meetings for negotiated contracts and conducting negotiations, consulting with Project Managers to monitor Contractor's performance, and managing termination for default or convenience procedures whenever the need arises.

b. Project Manager (PM) and Procurement

A Project Manager (PM) will be a duly appointed staff member directly responsible for the daily technical administration of a contract including monitoring the contractor in its performance of the contract and performing those functions as specified. The PM should be a responsible individual assigned to and familiar with the procedures and requirements of NVT, general project management principles and state and federal procurement requirements. As such, the PM is the ED's technical expert to assist in ensuring contractor compliance with technical requirements of the contract. Normally, the PM approves or disapproves the technical acceptability and timeliness of the work completed and the invoices submitted by the contractor for payment.

- i. The PM or his/her designee shall be the primary agency employee to determine that contract prices are fair and reasonable.
- ii. The PM is responsible for soliciting bids and proposals directly or working with the AT on such solicitation; for serving as the chairperson of pre-bid and pre-proposal conferences, qualification hearings and proposal evaluation meetings; for conducting contract negotiation sessions; for managing the non-technical aspects of post award contract administration including negotiation of modifications, claims, and supplemental agreements; and for maintaining procurement files.
- i. The PM shall ensure that sufficient unencumbered funds are available for obligation for each contract.
 - a. The PM shall develop a clear and accurate specification / scope of work for each procurement.
 - b. The PM is also the person to whom reports of warranted equipment malfunctions or failures, or any problems with the contractor's performance are submitted. The PM makes the initial request for contractor remedial action. The ED/counsel becomes involved when and if the lapse constitutes a serious, i.e., repetitive, or unresolved, breach of contractor's civil or contractual responsibility.
 - c. Should the contractor fail to respond in a timely or adequate manner to rectify any problem, the PM notifies the AT and ED/counsel that an apparent breach of the contract exists. After

investigating the situation, the ED/counsel and PM take any steps necessary and available to enforce NVTA's rights under the contract. This may include withholding payment, imposing liquidated damages, negotiation and recommending a settlement, terminating the contractor for default, or referring the matter for legal action.

- d. The PM also has the following duties in relation to the contract:
 - i. Attends pre-bid and pre-proposal conferences as the technical expert;
 - ii. Conducts investigations of proposed contractor's technical past performance;
 - iii. Questions prospective contractors during clarifications and discussions as to their technical capability to perform the contract;
 - iv. Assists the ED with contract negotiations;
 - v. Ascertains the availability of funds prior to asking the ED to initiate the negotiation and approval process for change orders;
 - vi. Contract modifications and supplemental agreements; and
 - vii. Issues directions to correct or replace defective items of work.
 - viii. Coordinates and communicates with AT and includes AT in necessary meetings, conferences, and written communications.

2. Standards of Conduct and Conflict of Interest Policies

All NVTA personnel involved in procurements will comply with NVTA's procurement code of conduct as follows and any Code of Conduct or Conflict of Interest requirements set forth in applicable State or Federal law including but not limited to the requirements of 23 CFR 172.7 related to the award and administration of consultants acting in management support role service contracts.

1. Award and Administration of Contracts: No Board Member, officer, employee or agent of NVTA shall participate in the selection, award or administration of a contract (including purchase orders) if a conflict of interest, real or apparent, would be involved. Such a conflict would arise if any prospective vendor or contractor (or any subcontractor) considered for an award is:

- a. Board Member, officer, employee or agent;
- b. Any member of his/her immediate family;
- c. His/her domestic or business partner;
- d. An organization that employs any of the above, or with which any of them has an arrangement concerning prospective employment.

No Board Member, officer, employee or agent of NVTA who participates in the procurement, management, or administration of contracts shall have, directly or indirectly, a financial or other personal interest in any contract made or influenced by him/her in his/her official capacity.

No Board Member, officer, employee or agent of NVTA shall solicit or accept gratuities, favors, or anything of monetary value from consultants, vendors, contractors, or potential consultants, or parties to sub-agreements in excess of the applicable gift limit established by the Fair Political Practices Commission ("FPPC"). Gifts shall be reported consistent with FPPC requirements.

No person or entity performing services on behalf of NVTA shall have, directly or indirectly, any financial or other personal interest, other than employment or retention by NVTA, in any contract or subcontract.

Violations of these standards may result in sanctions, or other forms of discipline up to and including termination.

2. **Disciplinary Action:** The purpose of this policy is to provide guidelines consistent with the NVTA Personnel Policies that will insure uniform application of progressive discipline for NVTA employees subject to disciplinary action "for cause." The capitalized term "Employee" as used in Personnel Policies Chapter 2 Employment Status includes "Any person who occupies a position in the Agency service and receives compensation for services performed for the Agency."

Disciplinary Action for Cause: Disciplinary action against a NVTA Employee shall be for cause, as it may affect work performance and effectiveness within the organization.

Procedures:

- a. Oral Reprimand: The Employee shall be counseled concerning the unsatisfactory areas of conduct and shall be informed about methods of improvement, or the Executive Director may issue an oral reprimand. The

seriousness of the Employee's conduct or offense will dictate whether oral or written reprimands or other corrective action is taken prior to initiating action to suspend or dismiss the Employee.

b. Written Reprimand: In cases where an oral reprimand has not been successful or where the infraction of rules and regulations or conduct has been of a more serious nature as determined by the Executive Director, the Executive Director may employ the written reprimand. The purpose of the written reprimand is to call the attention of the Employee to serious defects in his/her conduct. The written reprimand should include a detailed statement of the problem and a notation to the effect that the problem was discussed with the Employee. Only the Executive Director may issue a written reprimand.

c. Suspension with Pay: For more severe violations or continued, uncorrected performance or misconduct problems, an employee may be suspended without pay. Where suspension without pay is recommended for a permanent employee, the employee will have the right to a Skelly meeting and a post-disciplinary appeal.

d. Demotion: The Agency may impose a demotion to a position having a lower salary range for disciplinary purposes. A disciplinary demotion may be utilized for continued, uncorrected performance deficiencies. Where demotion is recommended for a permanent employee, the employee will have the right to a Skelly meeting and a post-disciplinary appeal.

e. Discharge: Discharge will be considered for severe violations, failure to respond appropriately to prior performance improvement plans, and/or multiple disciplinary infractions in a short period of time. Where misconduct is severe and egregious, immediate discharge may be imposed. Where discharge has been recommended for a permanent employee, the employee will have the right to a Skelly meeting and a post-disciplinary appeal. The discharge will be documented in the personnel file.

Finally, NVTAs employees, officers, and agents who are not subject to disciplinary action "for cause," are covered by written "at-will" employment agreements or other contracts which allow for termination by NVTAs for no reason or for any reason, including, but not limited to, violations of the standards set forth in this Section. This policy is in addition to any discipline statutorily available for those participating in the selection, award or administration of a contract if a conflict of interest exists. (Cal. Gov. Code, §§ 81000-91014.)

3. Purchasing Policies

a. Equal Employment Opportunity/Affirmative Action

All procurement documents issued by NVTA require all interested vendors to certify:

- i. That the vendor does not discriminate against any employee or applicant for employment, because of race, religion, sex, age, creed, color, disability or national origin;
- ii. That the vendor is in compliance with all Executive Orders and federal, state and local laws regarding fair employment practices and non-discrimination in employment; and
- iii. That the vendor agrees to demonstrate positively and aggressively the principle of equal opportunity in employment.

b. Disadvantaged Business Enterprise

Disadvantaged business enterprises (DBEs) as defined in 49 C.F.R. Part 26 shall have the opportunity to compete fairly for contracts financed in whole or in part with Federal funds. Accordingly, all NVTA procurements funded with Federal funds may include, as appropriate, the use of goals for the procurement of all classes of goods and services, as set forth in NVTA's DBE program.

At the time the procurement takes place, the PM will coordinate with NVTA's DBE Liaison Officer for the effective tracking of DBE information as it relates to NVTA's DBE program, goals and reporting.

c. Cooperative Procurement

When circumstances warrant, NVTA may attempt to fill requirements through a cooperative purchasing agreement (without independent bids or quotations) with the State of California, or with other appropriate public agencies. In such cases, NVTA will ensure all state and federal requirements are met.

d. Open Competition Required.

All procurement transactions will be conducted in a manner providing full and open competition. Some of the situations considered to be restrictive of competition include, but are not limited to:

- i. Unreasonable requirements placed on firms in order for them to qualify to do business;

- ii. Unnecessary experience and excessive bonding requirements;
 - iii. Noncompetitive pricing practices between firms or between affiliated companies;
 - iv. Noncompetitive award to any person or firm on retainer contracts;
 - v. Organizational conflicts of interest. An organizational conflict of interest means that because of other activities, relationships, or contracts, a contractor is unable or potentially unable, to render impartial assistance or advice to NVTA; a contractor's objectivity in performing the contract work is or might be otherwise impaired; or a contractor has an unfair competitive advantage.
 - vi. The specification of only a brand name product without listing its salient characteristics and not allowing an equal product to be offered;
 - vii. Exclusionary or discriminatory specifications; and
 - viii. Any arbitrary action in the procurement process.
4. Public Records Act

All bids and proposals received become the exclusive property of NVTA. At such time as a contract award is recommended to the NVTA Board of Directors, all bids and proposals become a matter of public record and shall be regarded as public records, with the exception of those elements in each proposal which are trade secrets as that term is defined in California Government Code 6254.7 and which are so marked as "TRADE SECRET," "CONFIDENTIAL" OR "PROPRIETARY." NVTA shall not in any way be liable or responsible for the disclosure of any such records or portions thereof, including, with limitation, those so marked if disclosure is deemed required by law or by an order of a court. Bids or proposals that indiscriminately identify all or most of the bid or proposal as exempt from disclosure without justification may be found technically unacceptable.

D. Procedures

1. Independent Cost Estimate

An independent cost estimate (ICE) shall be performed on all FTA, state, local and general funded procurements prior to receiving bids or proposals. The process for obtaining a cost estimate will depend on the type of procurement being pursued. For example, a cost estimate for a micro purchase (see explanation below) may only involve phone calls to obtain price quotes; while a cost estimate for the procurement of a commuter bus would require a more involved process to assess the market and to develop a reasonably accurate estimate. The cost required to research and prepare

the estimate should not outweigh the potential benefits of the estimate. An ICE can be obtained from different sources including the following:

- Published competitive prices
- Results of competitive procurements
- Estimates by in-house estimators
- Outside estimators

The ICE will be included in the procurement records. All construction bids will require an engineering estimate as part of the plans, specifications and engineering phase of the project.

2. Excluded Parties List

Any procurement, contract or vendor contract exceeding \$25,000 is subject to the federal Excluded Parties List (EPLS/SAM).

After all qualified bids or quotes have been opened the EPLS/SAM database must be referenced, which contains all businesses that have been barred or suspended from receiving federal funds or participating in federal contracts. The AT will perform an EPLS/SAM business name search on each of the businesses for specific procurements. The AT will perform the EPLS/SAM search for procurements in which federal transit funding will be utilized.

- i. If a business reference returns a positive listing on the EPLS/SAM, a printout of the web page will be included in the procurement file, while a second copy will be forwarded to the bidding business with a notice that they have been removed from consideration in the procurement.
- ii. If the EPSP/SAM search returns no listing on a specific business, a copy of the web page, showing the negative return, will be made and included in the procurement file.

3. Business References

a. CA Secretary of State Business Entity Search

Prior to final award or completion of a draft contract (pre-counsel review), the AT will perform a Business Entity search on the California Secretary of State's website (<http://kepler.sos.ca.gov/> in 2013), to confirm the business is registered to do business in the State of California.

- i. If the business is not listed on the Secretary of State's website, a business representative will be notified of their status and be

provided 30 calendar days to either correct the listing, or provide documentation that they have submitted an application to the Secretary of State and are pending approval.

- ii. If the business is registered in the State of California as a legal business, a copy of the web page listing will be included in the procurement file. If the procurement requires any kind of contract with NVTA, a second copy will be included with the contract documents prior to them being forwarded to NVTA Attorney for final review prior to award.

b. Business License Reference

Prior to final award or completion of a draft contract (counsel review), the AT will contact NVTA's Finance Department (FD) to confirm that the business has a valid business license.

- i. If the business has a valid license, a license number will be recorded in the procurement file and, if a contract, will be forwarded to counsel with the draft contract.
- ii. If the business does not have a valid business license, they will be referred to the FD to discuss their services and the process for obtaining a license.

4. Reasonableness of Price – Price Analysis or Cost Analysis

In all FTA, state, local, and general funded procurements, a price analysis or cost analysis shall be used to determine the reasonableness of the bid price. A price analysis will normally be used to evaluate reasonableness. However, if a valid price analysis cannot be completed, a cost analysis of a bid price may be conducted.

a. Price Analysis

“Price analysis” is the process of examining and evaluating a prospective price without evaluation of the separate cost elements or proposed profit of the prospective supplier.

Normally, price analysis may be accomplished through one or more of the following activities:

- i. Comparison of prices received in a bidding situation;
- ii. The comparison of prior quotations and contract prices with current quotations for the same or similar end items (to provide a suitable basis for comparison, appropriate allowances must be made for

differences in such factors as specifications, quantities ordered, time for delivery, etc.);

- iii. The use of "yardsticks" (such as dollars per pound, per horsepower, or other units) to point out apparent gross inconsistencies which should be subjected to greater pricing inquiry;
- iv. The comparison of prices set forth in published price lists issued on a competitive basis, published market prices of commodities, and similar indicators, with discount or rebate arrangements;
- v. The comparison of proposed prices with estimates of cost independently developed by personnel within NVTA; or,
- vi. The comparison of prices paid by other users (government or commercial) of the same or similar items to the proposed prices.

b. Cost Analysis

"Cost analysis" is the review and analysis of a contractor's cost or pricing data and of the factors applied in projection from the data to the estimated costs in order to form an opinion on the degree to which the contractor's proposed costs represent the cost of performance of the contract, assuming reasonable economy and efficiency.

As compared to price analysis, cost analysis involves a more detailed review of the contractor's/offeror's proposal.

Normally, cost analysis may be accomplished through the following:

- i. Verify contractor's cost data.
- ii. Evaluate specific elements of costs and project these elements to determine the effect on prices of such factors as:
 - (i) The necessity for certain costs;
 - (ii) The reasonableness of amounts estimated for the necessary costs;
 - (iii) Allowances for contingencies; and
 - (iv) The basis used for allocations of particular overhead costs to the proposed contract.
- iii. When the necessary data is available, compare the contractor's estimated cost with:
 - (i) Actual costs previously incurred by the contractor;

- (ii) The contractor's last prior cost estimate for the same or similar estimates;
 - (iii) Current cost estimates from other possible sources; and
 - (iv) Prior estimates or historical costs of other contractors manufacturing the same or similar items.
- iv. Forecasting future trends in costs from historical experience:
- (i) In periods of either rising or declining costs, an adequate cost analysis must include some evaluation of the trends.
 - (ii) In cases involving recently developed, complex equipment, even in periods of relative price stability, trend analysis of basic labor and materials costs should be undertaken.

In performing a cost analysis, there are three questions that should be asked in the examination of costs, particularly those in the overhead area:

- i. Is the cost allowable in accordance with guidelines in Section 31 of the Federal Acquisition Regulations (FAR)(2)?
- ii. Is the cost allocable to the particular project?
- iii. Is the cost reasonable?

If only one bid is received, the sole bidder must cooperate with NVTAs as necessary in order for its bid to be considered for award. A new solicitation of bids may be made if the single bid price appears unreasonable or if no determination is made as to the reasonableness of the single bid.

5. Best Value

"Best Value" is a selection process in which proposals contain both price and qualitative components, and award is based upon a combination of price and qualitative considerations. Qualitative considerations may include technical design, technical approach, quality of proposed personnel, and/or management plan. The award selection is based upon consideration of a combination of technical and price factors to determine (or derive) the offer deemed most advantageous and of the greatest value to the agency.

6. Tag-ons

"Tag-on" is defined as the addition of work (supplies, equipment or services) that is beyond the scope of the original contract that amounts to a cardinal change. "In scope" changes are not tag-ons.

The use of tag-ons is prohibited and applies to the original buyer as well as to others.

7. Piggybacking

"Piggybacking" is an assignment of existing contract rights to purchase supplies, equipment, or services.

Piggybacking is permissible when the solicitation document and resultant contract contain an assignability clause that provides for the assignment of all or a portion of the specified deliverables as originally advertised, competed, evaluated, and awarded. If the supplies were solicited, competed and awarded through the use of an Indefinite Delivery Indefinite Quantity (IDIQ) contract, then both the solicitation and contract award must contain both a minimum and maximum quantity that represent the reasonably foreseeable needs of the party(s) to the solicitation and contract. If two or more parties jointly solicit and award an IDIQ contract, then there must be a total minimum and maximum. Piggy-backing requires pre approval of an assignment by NVTA and approval of the contractor or consultant.

8. Shared Services

Any Member Agency may utilize an NVTA contract for supplies or services subject to the following requirements.

- a. The Master Contract between NVTA and the contractor or consultant must be final and effective for the term required.
- b. The Master Contract must provide that Member Agencies may individually contract for the supplies or services covered by the agreement directly with the Contractor or Consultant.
- c. NVTA shall enter into an agreement with the Member Agency for shared services.
 1. Member Agencies utilizing shared services must agree to indemnify and defend NVTA for all liability resulting from the use of a Master Agreement or as a result of any supplies or services contracted for by the Member Agency. NVTA will not be a party to the Sub-Agreement.
- d. The Member Agency must complete the Member Agency Sub-Agreement with the Contractor or Consultant.
 1. Sub-Agreements may allow for Member Agencies to include additional insurance requirements or require a scope of work be attached to the Member Agency Sub-Agreement.

2. The Sub-Agreement must be signed by the Member Agency authorized signatory and by the Contractor or Consultant. Member Agencies shall work directly with the Contractor or Consultant to negotiate and finalize scope, pricing, billing and terms of service.

9. Use of Brand Name

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equal” description may be used as a means to define the performance or other salient characteristics of procurement. The specific features of the named brand which must be met by offerors shall be clearly stated.

10. Options

NVTA may include options in contracts. An option is a unilateral right in a contract by which, for a specified time, a grantee may elect to purchase additional equipment, supplies, or services called for by the contract, or may elect to extend the term of the contract. If NVTA chooses to use options, the requirements below apply:

a. Evaluation of Options

The option quantities or periods contained in the contractor's bid or offer must be evaluated in order to determine contract award. When options have not been evaluated as part of the award, the exercise of such options will be considered sole source procurement.

b. Exercise of Options

- i. NVTA must ensure that the exercise of an option is in accordance with the terms and conditions of the option stated in the initial contract awarded.
- ii. An option may not be exercised unless NVTA has determined that the option price is better than prices available in the market or that the option is the more advantageous offer at the time the option is exercised.
- iii. Options must be evaluated at the time of the original bid, and the cost basis for exercising the option must be established at the time of the bid.

- iv. Option prices and/or conditions cannot be negotiated at the time of the exercise of an option.

11. Advance Payments

NVTA does not authorize and will not participate in funding payments to a contractor prior to the incurrence of costs except as allowed by FTA requirements. There is no prohibition on NVTA's use of local match funds for advance payments. However, advance payments made with local funds before a grant has been awarded, or before the issuance of a letter of no prejudice or other pre-award authority, are ineligible for reimbursement.

12. Progress Payments

NVTA may use progress payments provided the following requirements are followed:

- a. Progress payments are only made to the contractor for costs incurred in the performance of the contract.
- b. NVTA must obtain adequate security for progress payments. Adequate security may include taking title, letter of credit or equivalent means to protect NVTA's interest in the progress payment.

13. Procurement by Micro-Purchases

Purchases below \$3,000 may be made without obtaining competitive quotations if it is determined by the PM that the price is fair and reasonable. The PM will document how this determination was derived. The Davis-Bacon Act applies to public works/construction contracts exceeding \$2,000.

14. Small Purchases

For goods and other professional services procurements between \$3,000 and \$100,000, insofar as is practical, no less than three bids shall be solicited. Oral quotes will be accepted with written confirmation received in 24 hours. The responsibility for soliciting quotations rests with the PM. Appropriate documentation, including but not limited to a list of the vendors contacted, a fair and reasonable price determination and the quotes received, shall be filed with the project documentation.

15. Construction and Major Capital Purchases exceeding \$4,000

- a. Major FTA-funded capital projects must further follow FTA's Construction and Project Management Guidelines:

<https://www.transit.dot.gov/funding/procurement/fta-project-and-construction-management-guidelines-2016>

- b. Major FHWA/State-funded projects must further follow Caltrans' Local Assistance Guidelines:

<http://www.dot.ca.gov/hq/LocalPrograms/lam/lapm.htm>

- c. Additional references and procedures can also be found at:

Caltrans Construction Manual (July 2017)

<http://www.dot.ca.gov/hq/construc/constmanual/>

Construction Contract Standards

http://www.dot.ca.gov/hq/esc/oe/construction_standards.html

Caltrans Engineering Guidelines, Manuals and Training

<http://www.dot.ca.gov/hq/esc/oe/guidance.html>

E. Competitive Procurement Process

The procurement files will contain an explanation for the choice of the procurement process being used.

1. Invitation for Bids (IFB)

The AT will work through the ED/PM and counsel for the release of all

- a. RFPs for goods and service;
- b. Release of professional service contracts; and
- c. Capital projects.

NVTA procurement procedures and FTA guidance will be followed for IFB procurements.

2. Recording of Bids

To assist in having a complete record of the procurement history, for all IFBs records of the bid number, bid opening date and time, general description of the procurement item, names of bidders, prices bid, and any other information required for bid evaluation, shall be kept in the official procurement file and be available for public inspection. When the items are too numerous to warrant the recording of all bids completely, an entry shall be made of the invitation number, opening date and time, general

description of the procurement items, and the total price bid where definite quantities are involved.

The official record shall be completed as soon as practical after bids have been opened and read aloud. AT shall be responsible for maintaining files of these records and abstracts for goods and service, professional services, and capital projects.

3. Tabulation of Bids

Bids shall be evaluated on the basis of responsiveness and responsibility indicated in the IFB. Award shall be made to the bidder submitting the lowest bid, unless NVTa determines that the bid is not responsive and/or the bidder is found to be not responsible.

4. Analysis of Limited Bid Response

If one (1) bid has been received, the PM or AT will contact vendors to determine reasons for the single bids. The purpose of this examination is to ascertain and document the reason for the single bid. If the determination is that the IFB restricted competition, the procurement may be rebid. A price or cost analysis shall be performed to establish the reasonableness of the bid price before an award is made.

5. Determination of Responsiveness

- a. Any bid which fails to conform to the essential requirements of the invitation for bids, such as specifications, delivery schedule, warranty, or the required bid documents, shall be rejected as non-responsive.
- b. The originals of all rejected bids, and any written findings with respect to such rejections, shall be preserved in the file relating to the procurement.

6. Responsible Bidder Evaluation

Before awarding the contract, NVTa shall determine that a prospective contractor is responsible and that prices are reasonable. Bidders may be asked to provide any information required to determine the responsibility of the bidder. A responsible bidder is one who meets the standards set forth below:

- a. Have adequate financial resources, or the ability to obtain such resources as required during performance of the contract.
- b. Is able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing business commitments.
- c. Has a satisfactory record of performance. Contractors who are, or have been seriously deficient in current or recent contract performance, when

the number of contracts and the extent of deficiency of each are considered, may be considered to be non-responsible bidders. Documented past unsatisfactory performance will ordinarily be sufficient to justify a finding of non-responsibility.

- d. Is otherwise qualified and eligible to receive an award under applicable laws and regulations.
- e. Has the necessary organization, experience, operational controls, and technical skills, or the ability to obtain them.
- f. Has the necessary production, construction, and technical equipment and facilities, or the ability to obtain them.

Evaluation of the responsibility of prospective contractors may be made based upon the following sources:

- i. A list of debarred, suspended or ineligible firms or individuals.
- ii. From the prospective contractor's bids and proposals, replies to questionnaires, financial data such as balance sheets, profits and loss statements, cash forecasts, and financial histories of the contractor and affiliated concerns; current and past production records, list of tools, equipment, and facilities, written statements or commitments concerning financial assistance and subcontracting arrangements.
- iii. Publications, including credit ratings, trade and financial journals, and business directories and registers may also be used.
- iv. References such as suppliers, subcontractors, customers of the prospective contractor, banks and financial institutions, commercial credit agencies, other government agencies, purchasing and trade associations, and better business bureaus and chamber of commerce.
- v. Documented past performance on contracts with NVTA.

The procurement files will document the determination of responsive and responsible bidders.

7. Rejection of Individual Bids

Any bid that fails to conform to the essential requirements of the invitation for bids, such as specifications, delivery schedule, warranty, or the required bid documents, shall be rejected as non-responsive.

8. Award of the Contract

Unless all bids are rejected, award shall be by written or electronic notice, within the time for acceptance specified in the bid or extension thereof, to the responsible and responsive bidder whose bid, conforming to all the material terms and conditions of the IFB, is the lowest in price.

When award is made to other than the lowest bidder, NVTA will document in the procurement files the reason for not choosing the lowest bid.

9. Project Completion

All original documentation related to each procurement such as the IFB, bid, control record, board report, ICE, background data, evaluation criteria and scores, meeting reports/notes, as well as the logs documenting bid opening dates and bid receipt dates will be submitted to the AT for storage when the file becomes inactive. For audit purposes, complete procurement files will be maintained for a minimum of five (5) years after the project is closed out and completed unless a different time period is mandated by a funding entity.

10. Request for Qualifications (RFQ) / Request for Proposals (RFP)

The Request for Proposals (RFP)/Request for Qualifications (RFQ) competitive procurement process is used when conditions are not appropriate for the use of an IFB. The latter is generally the case in the purchase of services such as lease agreements, maintenance and service contracts, rental contracts, and professional service contracts. The RFQ/RFP process for goods and services is coordinated by the AT and managed by the PM. The RFQ/RFP process for professional services is managed by the PM and the PM shall consult the latest federal and state procedures for the procurement process.

The RFQ/RFP process is a competitive negotiated procurement process that requires evaluation of offeror's proposed costs and understanding of the contract performance requirements in accordance with established evaluation criteria. The competitive negotiated procurement process does not require award to the lowest offeror.

a. **Pre-qualified Contractor Lists**

NVTA may issue a RFQ or RFP in order to create a pool of qualified consultants that will be placed on a "pre-qualified list" for future services or consulting contracts with NVTA. Pre-qualified consultant lists shall not be utilized for any contract subject to award to the lowest responsible bidder pursuant to State law. Pre-qualified consultants will remain eligible for consideration and contract negotiation on an as-needed basis for three years from the pre-qualification notification date. This date may be extended by NVTA in its

sole and absolute discretion for an additional two years for a total of five years. Pre-qualified consultants are not guaranteed a contract. NVTA reserves the right, in its sole discretion, to utilize other authorized procurement methods for services or consulting contracts and to not use the pre-qualified list process.

NVTA may make lists of prequalified consultants available for use by its Member Agencies. Member Agencies should check with the NVTA Contract Manager to determine if pre-qualified lists are available. Each Member Agency must enter into an agreement with NVTA prior to utilizing a prequalified list that indemnifies NVTA for any liability resulting from the use of the prequalified list or as a result of any contract between a Member Agency and a pre-qualified consultant.

Each Member Agency may issue a Request for Proposals to consultants on the pre-qualified list, reflecting the Member Agency's individual contracting requirements and Scope of Work. Member Agencies are responsible for ensuring that the competitive process and any resulting contract meets all applicable state, local and federal requirements. Member Agencies will be responsible for processing and negotiating their RFP and any resulting contract award. NVTA will not be a party to any contract between a Member Agency and a pre-qualified consultant.

b. Issuance of RFQP and RFP Packet

The RFQ/RFP packet will include the following:

- i. Instructions To Proposers - General instructions concerning the proposal format, pre-contractual expenses, contract conditions, pre-proposal conferences, and other information.
- ii. Attachments - Required forms to be completed by the proposer and submitted with the proposal.
- iii. Exhibits - These can be documents which display key facts, specifications, maps, report formats, and other important information to clearly define the goods or services needed in order for the proposers to properly respond to the RFQ/RFP.
- iv. Scope of Work - Each RFQ/RFP will contain a statement or scope of work prepared by the PM which provides a clear and accurate description of the technical requirements for the materials, products, or services being produced. A statement or scope of work should only state the actual minimum needs of NVTA, and be developed in

a manner designed to promote full and open competition. At a minimum, the statement or scope of work should address the following areas:

- (i) A detailed description of the work to be performed outlining various tasks or phases to be performed, and defining the limits of the proposed project;
 - (ii) A requirement for periodic reporting or progress on the project if the procurement involves consultant or professional services;
 - (iii) A proposed delivery schedule; and,
 - (iv) A proposed contract period.
- v. Evaluation Criteria – Each RFQ/RFP will contain the criteria and method that will be used to select the successful proposer. If the selection is to be made by lowest price, that will be stated in the solicitation documentation. If the selection process will be a “best value” determination, the solicitation will state so and the relative significance of each criteria will also be included in the solicitation document.
- (i) Evaluation criteria will be developed and fully modeled prior to the release of the RFP, along with the development of any scoring methodology/forms to be used by the evaluation panel. Any consideration of price in the criteria will include separate evaluation for operations and maintenance (O&M) costs, and capital/procurement costs, placing emphasis on the impact of O&M costs to NVTA.

c. Control Record

A control record will be maintained by the AT in the procurement file as RFP packets are distributed to prospective bidders. The control record profiles the following information:

- i. Date and time RFQ/RFP packets are distributed.
- ii. Names and addresses of vendors receiving the RFQ/RFP and if applicable vendors attending a pre-proposal conference.

The control record serves as a mailing list for the issuance of addenda and provides a record for verification in cases of vendor protests and other issues.

d. Pre-Proposal Conference

A pre-proposal conference may be used as a means of briefing prospective proposers and explaining complicated specifications and requirements to them as early as possible after the RFQ/RFP has been issued and before the proposals are received. Any information distributed at the pre-proposal conference will be made available to all other prospective proposers in a reasonable time prior to the closing of the bid period, and a copy will be maintained in the procurement file. A roster of attendees at the pre-proposal conference will also be maintained in the procurement file as part of the control record. NVTA will never require vendor attendance at a pre-proposal conference as eligibility for submitting a qualified proposal.

e. Evaluation and Selection Process

Proposals submitted in response to the RFQ/RFP will be evaluated by an Evaluation Committee established by NVTA, in accordance with the criteria set forth in the RFQ/RFP. The Evaluation Committee shall score the proposals and make a recommendation for award of the contract. Original scoring forms, or summary records of the Evaluation Committee scoring, will be maintained in the procurement file.

11. Architectural / Engineering Services Request for Qualifications

The Architectural/Engineering RFQ/RFP process or the RFQ qualifications-based process will be used for the procurement of architectural and engineering (A/E) services and related services such as program management, construction management, feasibility studies, preliminary engineering, design, surveying, mapping, or related services.

Following this method, competitors' qualifications are evaluated and the most qualified competitor is selected subject to negotiation of fair and reasonable compensation. Under this method, NVTA may not consider price as an evaluation factor in determining the most qualified offeror. Negotiation is conducted with only the most qualified offeror. This method, where price cannot be used as an evaluation factor and negotiations are conducted with only the most qualified offeror, can only be used in procurement of the above services. This method of procurement cannot be used to obtain other types of services even through a firm that provides the above types of services are also potential sources to perform other services.

a. Issuance of an "A/E" RFQ

A notice of an RFQ will be prepared by the AT and will be advertised as a public notice in a newspaper of general circulation and/or in an electronic format on a website that is accessible by the public and vendor community. Additional sources for posting the A/E RFP may include national and state print or online transit community publications.

b. Pre-proposal Conference

A pre-proposal conference may be used as a means of briefing prospective proposers and explaining complicated specifications and requirements to them as early as possible after the RFQ has been issued and before the proposals are received. Any information distributed at the pre-proposal conference will be made available to all other prospective proposers in a reasonable time prior to the closing of the bid period, and a copy will be maintained in the procurement file. A roster of attendees at the pre-proposal conference will also be maintained in the procurement file. NVTA will require vendor attendance at a pre-proposal conference.

c. Evaluation and Contract Negotiation

The steps to be used for proposal evaluation and contract negotiation for A/E and related services solicitations are as follows:

- i. A qualified evaluation committee shall be established by the PM to review eligible firms and all responses to a RFQ. The evaluation committee is briefed by the PM on NVTA procedures and instructed to maintain confidentiality about the proposal evaluation process.
- ii. Evaluation Committee evaluates the firms based on:
 - (A) Professional qualifications for performance of the required services;
 - (B) Specialized experience and technical competence in the type work required;
 - (C) Capacity to accomplish the work in the required time; and,
 - (D) Past performance in terms of cost control, quality of work and compliance with performance schedules.
- iii. Evaluation team ranks the proposers and if necessary holds discussions with the most highly qualified firms ("short list").
- iv. Evaluation team prepares a selection report listing in order of preference, those firms that are considered to be the most highly qualified to perform the required services. The report should include a description of the discussions and evaluations by the team to allow the review of the basis upon which the recommendations were made. A copy of the selection report will be maintained in the procurement file.
- v. The final selection shall be made by the PM or ED.

12. Sole Source Procurements

Sole source procurement is a purchase accomplished through solicitation or acceptance of a proposal from only one source; or, if after solicitation of a number of sources competition is determined inadequate. A sole source purchase must be documented as to the reasons why only one supplier is acceptable.

Sole source procurement may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and at least one of the following circumstances applies:

- a. The item is available only from a single source;
- b. The public exigency or emergency (i.e., a threat to public health, welfare, safety, property or other substantial loss to NVTA, or a situation requiring immediate action by NVTA, as determined by NVTA) for the requirement will not permit a delay resulting from competitive solicitation;
- c. FTA authorizes noncompetitive negotiations;
- d. After solicitation of a number of sources, competition is determined inadequate; or
- e. The item is an associated capital maintenance item as defined in 49 U.S.C. § 5307(a)(1) that is procured directly from the original manufacturer or supplier of the item to be replaced. The grantee must first certify in writing to FTA:
 - i. That such manufacturer or supplier is the only source for such item; and
 - ii. that the price of such item is not higher than the price for such item by like customers.

A cost analysis must be conducted before an award of sole source contract.

The reasons for the sole source procurement and the cost analysis will be documented in the Procurement File.

13. Emergency Procurements

Emergency procurements (defined as purchases immediately necessary for the preservation of life or property, or to prevent an immediate termination of a critical NVTA function or activity) will be handled immediately and expedited as required. The ED has the authority to approve the purchase of all goods and services in emergency conditions. If the ED is unavailable to authorize an emergency procurement, the ED may provide the PM with

the necessary authorization. Upon completion of the emergency procurement, the PM will document the actions taken and execute a proper requisition.

14. Vendor Protest Procedures

Protest procedures will be included directly or by reference in all procurements. For procurements under \$100,000 vendors need to be directed to NVTAs website where a copy of the protest procedures can be obtained. For procurements over \$100,000 the protest procedures will be included in the procurement solicitation.

a. NVTAs Protest Procedures

A protest must be submitted by an Interested Party no later than 7 business days prior to the date and time designated for submittal of bids or proposals or within 5 business days after the allegedly aggrieved person or party is notified of the intent to award or recommend award of the contract. If the fifth day falls on a Saturday, Sunday or holiday it shall be submitted by 5:00 p.m. the following business day. All protests must be in writing and shall contain the following:

- the procurement title and/or number under which the protest is made;
- the name and address of the allegedly aggrieved party;
- a detailed description of the specific grounds for the protest and all supporting documentation;
- the specific ruling or relief requested; and
- the written protest shall be addressed to Executive Director, NVTAs, 625 Burnell Street, Napa, CA 94559 with copies sent to all other bidders.

1) Response to Protest.

- i. Upon receipt of a timely written protest, the ED will consider the protest in accordance with established procedures and promptly issue a written decision stating the reasons for the action taken and informing the allegedly aggrieved person of his/her right to appeal the decision to the Chairman of the Board.
- ii. The decision made by the ED shall be final and conclusive unless appealed in writing to the Board Chair within 5 business days of receipt by the protestor. The Board Chair will consider the appeal and promptly issue a written decision, which shall be final and conclusive.
- iii. A Protestor may not commence litigation prior to exhausting all administrative remedies. Failure to exhaust all administrative

remedies shall constitute an absolute waiver of the protestor's right, if any, to commence litigation.

- iv. Failure to comply with these protests and appeal requirements will render a protest or an appeal untimely or inadequate and may result in its rejection by NVTa.
- v. After the exhaustion of all administrative remedies, the protestor shall have 10 calendar days to commence litigation. Failure to commence litigation within this limitation shall constitute an absolute waiver of the protestor's right. State laws permit NVTa to award and execute the Contract during this 10-day period.
- vi. Public Work/Construction Contracts. For construction contracts awarded by the NVTa Board, the protesting party may appear and be heard at the meeting during which the contract is scheduled for award. In the event a protesting party has been declared non-responsible, the protesting party is entitled to a public hearing before the Board.

b. FTA Appeals

(Only if Federal funds are used in the procurement)

- i. A protestor adversely affected by a decision of NVTa may submit a protest to the Federal Transit Administration (FTA) in accordance with the provisions of FTA Circular 4220.1(F) or its successors,
- ii. Under the provision of the FTA Circular, FTA will only review protests regarding:
 - (i) The alleged failure of NVTa to have written protest procedures or the alleged failure to have followed such protest procedures;
 - (ii) The alleged failure to review a complaint or protest; or,
 - (iii) Alleged violations of federal law or regulation.
- iii. In accordance with the FTA Circular, such protest must be filed no later than five (5) days after the protestor knew or should have known of NVTa's alleged failure listed above.
- iv. NVTa may proceed with procurement in spite of a pending protest to the FTA under the following conditions:
 - (i) The items to be procured are urgently required;

- (ii) Delivery or performance will be unduly delayed by failure to make the award promptly; or,

Failure to make prompt award will otherwise cause undue harm to NVTA or the Federal Government.

CHAPTER 4 CONTRACT ADMINISTRATION

F. Contract Administration Guidelines

1. NVTA will originate the agreement.
2. Once a contract has been fully executed, a Notice to Proceed will be issued to initiate contract work.
3. All agreements will be assigned a contract number, which must be referred to on all orders and the contractor's invoices.
4. PM, ED and FD will approve all invoices before payment is issued.
5. For each contract over \$100,000 a contracting administrator will be assigned to monitor contract terms and conditions. The contract administrator and the project manager should not be the same individual.
6. A contract amendment is necessary for a change in scope of work, term or compensation and must be completed before additional work or payment is authorized.
7. A copy of the procurement document must be included with the contract files, including an explanation of the process used in procuring the goods or services.
8. The ED/PM will prepare a letter of completion for the NVTA Board of Director's approval and recorded with the Napa County Recorder's office.

G. FTA Federal Procurement Requirements

FTA procurement requirements are set forth in FTA Circular 4220.1(F) and its successors. NVTA will comply with all requirements and use the Circular as a supplement to these procedures.

When FTA issues new requirements, they will be incorporated into NVTA's procurement procedures. Additionally, each year when NVTA signs its Annual Certification and Assurances, it will review the FTA website to determine if changes need to be made to any of the procurement policies or procedures. Also, NVTA will review FTA's list of required clauses, which should be in the triennial review handbook on the web site, to update the clauses used by NVTA. A list of the clauses as of October 1, 2012 is included in Appendix A.

APPENDIX LIST

- A. FTA Required Model Clauses
- B. Determination of Price Reasonableness
- C. Procurement File Checklist
- D. Procurement Documentation Checklist

APPENDIX A: FTA & FHWA Required Clauses

The FTA requires certain contract provisions for each procurement depending on the nature, type and value of the procurement. As the federal government makes regular updates to procurement guidelines and the clauses required in such, the AT will reference the required clauses tables provided by the FTA either through the Best Practices Procurement Manual (BPPM) or the Triennial Review Program latest workshop workbook available through the FTA website.

Updated: April 2014

- Triennial Review Program FY2014 Workshop Workbook:
http://www.fta.dot.gov/documents/FY_2014_Triennial_Review_Workshop_Workbook_Rev_2.pdf
- Best Practices Procurement Manual:
http://www.fta.dot.gov/grants/13054_6037.html
- Third Party Contract Requirements – FTA Circular 4220.1F
http://www.fta.dot.gov/documents/FTA_Circular_4220.1F.pdf
- FTA Frequently Asked Questions Procurement and Contracting
<http://www.fta.dot.gov/grants/14032.html>

The FHWA requires certain contract provisions for each procurement depending on the nature, type and value of the procurement. As the federal government makes regular updates to procurement guidelines the PM shall reference the applicable provisions as outlined in the current edition of the Local Assistance Procedures Manual issued by Caltrans.

<http://www.dot.ca.gov/hq/LocalPrograms/lam/lapm.htm>

APPENDIX B: DETERMINATION OF PRICE REASONABLENESS

PO/Contract Number: _____(If applicable)

Vendor: _____

Items Purchased: _____

The price(s) paid for item(s) received under this purchase are determined to be fair and reasonable, based on the following (as checked):

- Adequate competition
- Current price lists
- Catalog price
- Prices found reasonable on recent previous purchases
- Advertisements
- Similar items in a related industry
- Independent price estimate (based on a good understanding of what the item should cost)
- Other basis. Explain Below:

Prepared By: _____

Date: _____

APPENDIX C: PROCUREMENT FILE CHECKLIST

GENERAL INFORMATION

Procurement Summary Memo (utilize template)

- General Description of the Procurement Item
- Explanation of the choice of procurement being used
- Federal Clauses and Certifications Checklist
- Bid Number
- Procurement Control Record
 - Date/Time RFP is distributed
 - Names/Addresses of Vendors receiving such
- Independent Cost Estimate
- Price/Cost Analysis
- Bid Opening Date/Time
- Names of Bidders
- Bid prices
- Determination of Responsive and Responsible Bidders
- Bid Evaluation Information
- Original scoring forms, or summary records of the Evaluation Committee scoring
- Reason for not choosing the lowest bid, if such is not chosen
- California Secretary of State Business Entity Web Page Printout
- Santa Rosa Business License Number
- Selection Report

IF APPLICABLE

- Buy America Certifications
- Lobbying Certifications
- EPLS Web Page Printouts
- Pre-Proposal Conferences
 - List of information made available
 - List of vendors attending

APPENDIX D: PROCUREMENT DOCUMENTATION CHECKLIST

Contract #: _____

Date: ___/___/___

Project: _____

Contract Term: _____

TAB 1 - Project Identification:

- Project planning and identification
- Rationale for method of procurement
- Selection of Contract Type
- Written narrative of Procurement (over \$100,000)

TAB 2 - Solicitation Development:

- Independent Cost Estimate
- If only quotes required, check here
- State or local government purchasing schedule
- No geographic preferences
- Solicitation and specification development
- Appropriate supporting documentation
- Attachment of required federal clauses and certifications
- Bus Contract (less than five years)
- Progress payments-Provisions for title to property (materials, work in progress, and finished goods)
- Other provisions (e.g. performance bond)

TAB 3 - Solicitation and Bid Opening:

- Advertisement of the solicitation (no geographic preference)
- Approved Equals/Request for Clarifications process
- Documentation of Pre-Bid Meeting
- Proposal(s) opening and recording (if Sole Source, include justification)
- Review of all proposals in accordance with selection criteria
- Evaluation of all Proposals for responsiveness
- Tabulation of Proposal documents including selection criteria
- Cost or Price Analysis
- Award Selection and Justification
- Basis for contract price
- No advanced payments
 - Advanced payment justification
 - FTA approval, if required
- Progress Payments
- Written notice of activity approval given to proceed

TAB 4 - Award and Contract Administration:

- Progress Payments
- Contract w/appropriate clauses and certifications.
- Document "Change Orders" and associated "Cost or Price Analysis"
- Modify and report to oversight agency the changes to milestones and anticipated closeout.

TAB 5 - Project Closeout and Reimbursement:

- Request documentation to advance to reimbursement process
- Finalize milestones
- Begin physical and administrative closeout proceedings
- Review final project file for completeness and file away
- Request approval for project closeout

Procurement Complete : _____ (Reviewer)

Date: ___/___/___



NAPA VALLEY TRANSPORTATION AUTHORITY-TAX AGENCY Board Agenda Letter

TO: Board of Directors
FROM: Kate Miller, Executive Director
REPORT BY: Antonio Onorato, Director of Administration, Finance, and Policy
(707) 259-8779 / Email: anonorato@nvta.ca.gov
SUBJECT: Resolution No. 19-02-TA Authorizing Examination of Sales, Use and Transactions Tax Records

RECOMMENDATION

That the Napa Valley Transportation Authority-Tax Agency (NVTA-TA) Board adopt Resolution No. 19-02-TA (Attachment 1) authorizing Hinderliter, de Llamas & Associates (HDL) to examine the sales, use, and transactions tax records on behalf of NVTA-TA.

COMMITTEE RECOMMENDATION

None

EXECUTIVE SUMMARY

Hinderliter, de Llamas and Associates (HdL) provides sales and use tax analysis and auditing services to many cities and counties throughout the state. For NVTA-TA to enter into a contract with HDL for sales tax advisory services, the California Department of Tax and Fee Administration (formerly California State Board of Equalization) requires the attached resolution authorizing examination of Measure T sales, use and transactions tax records be approved by the Board of Directors.

PROCEDURAL REQUIREMENTS

1. Staff Report
2. Public Comment
3. Motion, Second, Discussion and Vote

FISCAL IMPACT

Is there a Fiscal Impact? The cost for services is expected to be less than \$5,000 per fiscal year with the cost of services charged to the Tax Agency. The Executive Director will execute contract documents by delegated authority.

Consequences if not approved: NVTA-TA may not receive all the sales tax revenues it's entitled to with a small probability of recovery without the expertise and assistance of HdL.

CEQA REQUIREMENTS

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 16378 (California Environmental Quality Act (CEQA) Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Napa Countywide Road Maintenance Act, commonly known as Measure T, became effective July 1, 2018. Revenue, audit and recovery services ensure that all revenues to which the Tax Agency is entitled are received, and that future revenues are accurately forecasted. Revenue, audit and recovery services are specialized in nature and require an in-depth knowledge of local and state government operations and legislation. HdL will work with NVTA staff and the California Department of Tax and Fee Administration to research, identify, and correct sales tax allocations.

Staff has completed its due diligence with reference checks and received only positive comments and feedback regarding services provided by HdL.

SUPPORTING DOCUMENTS

Attachment: Resolution No. 19-02-TA

RESOLUTION No. 19-02-TA

**A RESOLUTION OF THE
NAPA VALLEY TRANSPORTATION AUTHORITY-TAX AGENCY (NVTA-TA)
AUTHORIZING EXAMINATION OF SALES, USE AND
TRANSACTIONS TAX RECORDS**

WHEREAS, pursuant to Ordinance 12-01, the Napa Countywide Road Maintenance Act, the Napa Valley Transportation Authority-Tax Agency (NVTA-TA) entered into a contract with the California Department of Tax and Fee Administration (hereafter referred to as "Department") to perform all functions incident to the administration and collection of local sales, use and transactions taxes; and

WHEREAS, the Authority Administrator of the NVTA-TA deems it desirable and necessary for authorized representatives of the Authority to examine confidential sales, use and transactions tax records of the Department pertaining to sales, use and transactions taxes collected by the Department for the Authority pursuant to that contract; and

WHEREAS, Section 7056 of the California Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of Department records, and establishes criminal penalties for the unlawful disclosure of information contained in, or derived from, the sales, use and transactions tax records of the Board.

NOW THEREFORE BE IT RESOLVED THE BOARD OF DIRECTORS HEREBY RESOLVES AS FOLLOWS:

Section 1. That the Authority's Executive Director, or other officer or employee of the Authority designated in writing by the Authority Executive Director to the Department, is hereby appointed to represent the NVTA-TA with authority to examine sales, use and transactions tax records of the Department pertaining to sales, use and transactions taxes collected for the Authority by the Department pursuant to the contract between the Authority and the Department. The information obtained by examination of Department records shall be used only for purposes related to the collection of Authority sales, use and transactions taxes by the Department pursuant to that contract.

Section 2. That the Authority Executive Director, or other officer or employee of the Authority designated in writing by the Authority Executive Director to the Board, is hereby appointed to represent the Authority with authority to examine those sales, use and transactions tax records of the Department, for purposes related to the following governmental functions of the Authority:

- (a) Authority administration
- b) Revenue management and budgeting

The information obtained by examination of Department records shall be used only for those governmental functions of the Authority listed above.

Section 3. That Hinderliter, de Llamas & Associates is hereby designated to examine the sales, use and transactions tax records of the Department pertaining to sales, use and transactions taxes collected for the Authority by the Department. The person or entity designated by this section meets all of the following conditions:

- (a) has an existing contract with the Authority to examine those sales, use and transactions tax records;
- (b) is required by that contract to disclose information contained in, or derived from, those sales, use and transactions tax records only to the officer or employee authorized under Sections 1 or 2 of this resolution to examine the information.
- (c) is prohibited by that contract from performing consulting services for a retailer during the term of that contract; and
- (d) is prohibited by that contract from retaining the information contained in, or derived from those sales, use and transactions tax records, after that contract has expired.

The information obtained by examination of Department records shall be used only for purposes related to the collection of Authority sales, use and transactions taxes by the Department pursuant to the contract between the Authority and the Department and for purposes relating to the governmental functions of the Authority listed in section 2 of this resolution.

Passed and Adopted the 20th day of February, 2019.

Chris Canning, NVTA-TA Chair

Ayes

Nays:

Absent:

ATTEST:

Karalyn E. Sanderlin, NVTA-TA Board Secretary

APPROVED:

DeeAnne Gillick, NVTA-TA Legal Counsel