

California Department of Transportation

2020

# State of Good Repair Program Guidelines

August 2020

# **Guidelines for the State of Good Repair Program**

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## Executive Summary

On April 28, 2017, Governor Edmund G. Brown Jr. signed Senate Bill 1 (Chapter 5, Statutes of 2017), known as the Road Repair and Accountability Act of 2017. Senate Bill 1 provides over \$5 billion in new transportation funding each year to repair highways, bridges and local roads, to make strategic investments in congested commute and freight corridors, and to improve transit service. These guidelines address the portion of Senate Bill 1 providing approximately \$105 million annually to transit operators in California for eligible transit maintenance, rehabilitation, and capital projects. This investment in public transit is referred to as the State of Good Repair Program.

The State of Good Repair Program is funded from a portion of the new Transportation Improvement Fee on vehicle registrations due on or after January 1, 2018. A portion of this fee will be transferred to the State Controller's Office for the State of Good Repair Program. Pursuant to Public Utilities Code Section 99312.1, these funds will be distributed to eligible agencies using the State Transit Assistance Program formula. This formula distributes half of the State of Good Repair funds according to population and half of the State of Good Repair funds according to transit operator revenues.

The California Department of Transportation (Caltrans) is tasked with the management and administration of the State of Good Repair Program. While Senate Bill 1 addresses a variety of transportation needs, this program has the specific goal of keeping transit systems in a state of good repair. This can include the purchase of new transit vehicles and the maintenance and rehabilitation of both existing vehicles and transit facilities. These new investments will lead to cleaner transit vehicle fleets, increased reliability and safety, and reduced greenhouse gas emissions and other pollutants.

These State of Good Repair Program Guidelines will describe the policies and procedures to determine the list of projects eligible to receive allocation of State of Good Repair funding each year, allocating such projects, reporting on project status and expenditures, and project closeout and audit (if needed). In carrying out the reporting requirements and other statutory objectives of the Road Repair and Accountability Act of 2017, Senate Bill 1 emphasizes the importance of accountability and transparency in the delivery of California's transportation programs. Therefore, eligible agencies receiving State of Good Repair funds will need to comply with all reporting requirements.

# **I. Introduction**

## **1. Program Background and Purpose**

The State of Good Repair Program provides approximately \$105 million annually to transit operators in California for eligible transit maintenance, rehabilitation, and capital projects. The State of Good Repair Program will benefit the public by improving transportation services in providing public transportation agencies a consistent and dependable revenue source to invest in the upgrade, repair, and improvement of their agency's transportation infrastructure.

Public Utilities Code Section 99312.1 continuously appropriates revenues received from the State Transit Assistance Program to the State Controller's Office. The State of Good Repair Program is funded from the Transportation Improvement Fee portion of this revenue.

The State Controller's Office publishes annually estimated State of Good Repair funding levels per Public Utilities Code Section 99313 and Public Utilities Code Section 99314 according to population and farebox revenues. Per Public Utilities Code Section 99312.2 (c), only Regional Entities—transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit System—shall be eligible to receive direct allocations from the State Controller's Office. Funds allocated per Public Utilities Code Section 99314 shall then be sub-allocated by the Regional Entities to those public transit operators in their purview which have submitted the required project information to their respective Regional Entities for review and have been evaluated to be eligible to receive State of Good Repair funding and determined to best meet local transportation needs.

Senate Bill 1 emphasizes the importance of accountability and transparency in the delivery of California's transportation programs. To be eligible for State of Good Repair funding, statute requires all potential recipient agencies to provide basic State of Good Repair project reporting to Caltrans. These guidelines outline the process to request and report on the State of Good Repair Program funding. Caltrans may revise these guidelines in future years.

## **2. Program Objectives and Statutory Requirements**

The goal of the State of Good Repair Program is to provide funding for capital assistance in rehabilitating and modernizing California's existing local transit systems.

Each Fiscal Year, regional entities, working in conjunction with their local transit operators, will compile and forward to Caltrans a list of project submittals proposed to

be funded with an apportionment of State of Good Repair funds. The project submittals must include:

- Project scope and description
- Project overall funding plan
- Project schedule
- Estimated useful life of the project

Caltrans will provide the State Controller's Office the list of eligible recipients after having determined all required information was provided and the projects listed are eligible to receive an apportionment of funds.

Each recipient agency is required to submit an Annual Project Status and Expenditure Report on all activities completed for each project having received State of Good Repair funds.

Each recipient agency must also report the State of Good Repair revenues and expenditures in their annual Transportation Development Act Audit or Comprehensive Annual Financial Report.

### **3. Program Roles and Responsibilities**

In collaboration with the State Controller's Office, Caltrans is tasked with the management and administration of the State of Good Repair Program.

#### Caltrans shall:

- Report to the State Controller's Office the list of eligible recipients the regional Entities have submitted and are eligible to receive an apportionment of funds for the applicable fiscal year.
- Report project status, progress, and expenditures as supplied by recipient agencies through the California State Multi-Modal Accountability Reporting Tool .
- Perform audit of project expenditures and outcomes.
- Develop, maintain, and revise these program guidelines as necessary.

#### The State Controller's Office shall:

- Establish a uniform system of accounts and records and reporting mechanism, as required.
- Calculate and publish the State of Good Repair allocation amounts per Public Utilities Code Section 99313 and Public Utilities Code Section 99314.

- Upon receipt of the list of approved recipients from Caltrans, the State Controller's Office shall allocate funds on a quarterly basis to the regional entities (unless determined otherwise).

Eligible Regional Entities shall:

- Receive project submittals from eligible transit operators and review to ensure the proposed project(s) meets the following criteria:
  - The project meets the State of Good Repair eligibility requirements.
  - Confirm that the project is appropriate for overall transit plan designed for the region.
  - Verify estimated amount of State of Good Repair funds to be made available to the project/operator based on the State Controller's Office's State of Good Repair Allocation Estimate letter.
  - Include any requirements the regional entity determines best to suit their respective regions and transit/transportation needs.
- Provide Caltrans with the list of projects proposed to be funded with the State of Good Repair apportionment:
  - Made available to the region per Public Utilities Code Section 99313.
    - This list should include all proposed sub-allocations.
  - The list of projects submitted by the transit operators within their regional jurisdiction to be funded with the State of Good Repair apportionment made available to the operators per Public Utilities Code Section 99314.
  - This list is to be submitted to Caltrans by September 1.
- Receive and allocate State of Good Repair funds to projects in their region based on their local transit/transportation needs (Public Utilities Code Section 99313).
- Receive and sub-allocate State of Good Repair funds to the transit operators under their jurisdiction according to the amounts published by the State Controller's Office (Public Utilities Code Section 99314).
- When implementing its own State of Good Repair project(s), the Regional Entity shall report the project status and expenditures to Caltrans annually, ensuring funds have been expended on State of Good Repair eligible activities.
- Comply with all relevant federal and State laws, regulations, and funding policies.

Eligible Transit Operators shall:

- Provide to the respective regional entity the proposed list of projects to be funded with State of Good Repair apportionment made available per Public Utilities Code Section 99314 and/or on a regional basis per Public Utilities Code Section 99313, by the deadline set by the respective regional entity.
- When implementing its own State of Good Repair project(s), the Transit Operator shall report the project status and expenditures to Caltrans annually, ensuring funds have been expended on State of Good Repair eligible activities.
- Comply with all relevant federal and State laws, regulations, guidelines, and funding policies.

#### **4. Program Schedule**

The following schedule lists the annual timeline for the State of Good Repair Program:

<b>Annual State of Good Repair Timeline</b>	
The State Controller's Office releases estimated amounts for each potential recipient agency for the upcoming Fiscal Year	No later than January 31
Project lists due to regional entities	TBD by Regional Entities*
The State Controller's Office releases revised estimate for the current Fiscal Year	August 1
Project Lists submitted by Regional Entities to Caltrans through the California State Multi-Modal Accountability Reporting Tool (use estimates provided by SCO in January should the August estimates not be available)	September 1
List of Agencies with approved projects due from Caltrans to the State Controller's Office	October 1
Quarterly Payments made	1 <sup>st</sup> Quarter - November 2 <sup>nd</sup> Quarter - February 3 <sup>rd</sup> Quarter- May 4 <sup>th</sup> Quarter- August
Recipient agencies to report project status, progress, and expenditures through California State Multi-Modal Accountability Reporting Tool	December 31 <sup>st</sup>
Annual Financial Audit Report and/or Comprehensive Annual Financial Report (CAFR) Due from each Eligible Agency (pursuant to PUC 99245)	December 31 <sup>st</sup>

\*Each regional entity shall establish their own deadline for transit operators to submit project lists to meet the September 1 deadline to Caltrans.

## II. Eligibility

### 1. Eligible Recipient Agencies

Pursuant to Public Utilities Code Section 99312.2(c), the only entities eligible to receive a direct allocation of State of Good Repair funds from the State Controller's Office are:

- A transportation planning agency, county transportation commission, and Metropolitan Transit System.

Pursuant to Public Utilities Code Section 99314, the regional entities listed above shall then sub-allocate funds to:

- Transit operators listed on the State of Controller's Office's State of Good Repair Allocation Estimate letter. (For purposes of these guidelines, these transit operators are also eligible recipient agencies.)
- In addition, pursuant to Public Utilities Code Section 99313, any entity defined as eligible to receive State Transit Assistance Program funds pursuant to Public Utilities Code Section 99313 is eligible to participate in the regional process, as determined by the applicable regional entity, and may therefore also be an eligible recipient agency of Public Utilities Code Section 99313 funding.

All eligible recipient agencies for funding pursuant to Public Utilities Code Section 99313 and Public Utilities Code Section 99314 and included in the State Controller's Office's annual State of Good Repair Allocation Estimate letter, must prepare and submit a project list to qualify for funding. Eligible recipients should prepare and submit their project list to their respective regional entity.

The regional entity shall collect and compile all project lists from the eligible recipient agencies in their region and submit one master list—that includes all Public Utilities Code Section 99313 and Public Utilities Code Section 99314 projects for the region—to Caltrans for review.

Eligible recipients assume responsibility and accountability for the use and expenditure of State of Good Repair Program funds and must comply with all relevant federal and State laws, regulations, policies and procedures.



## 2. Eligible Projects

State of Good Repair funds are made available for capital projects that maintain the public transit system in a state of good repair. PUC Section 99212.1 (c) lists the projects eligible for State of Good Repair funding, which are:

- Transit capital projects or services to maintain or repair a transit operator's existing transit vehicle fleet or transit facilities, including the rehabilitation and/or modernization of the existing vehicles or facilities.
- The design, acquisition, and construction of new vehicles or facilities that improve existing transit services.
- Transit services that complement local efforts for repair and improvement of local transportation infrastructure.

Examples include, but are not limited to, the following:

- Replacement or rehabilitation of:
  - Rolling stock
  - Passenger stations and terminals
  - Security equipment and systems
  - Maintenance facilities and equipment
  - Ferry vessels
  - Rail
- Transit Preventative Maintenance
  - Preventative maintenance is only to maintain existing infrastructure and vehicles in a state of good repair, essentially repair and rehabilitation. Normal maintenance such as oil changes and other regularly scheduled vehicle maintenance are to be covered under normal operating costs and are not eligible for State of Good Repair funding.
  - Public and Staff Safety
- New transit facilities or equipment needed to maintain existing transit service(s)

To the extent possible and cost effective, and where feasible, the State of Good Repair Program encourages eligible recipients to promote "fix-it-first" transit capital projects that reduce greenhouse gases and help achieve the state's environmental goals. Examples of such projects may include replacement of vehicles with partial and/or zero emission vehicles, green technology equipment enhancements, or transit facility upgrades to improve energy efficiency.

Caltrans may approve other appropriate replacement and rehabilitation projects not listed here. Projects that solely expand capacity or service are not eligible projects. However, the expansion of capacity within a replacement project to address current or projected short-term service needs--replacing a maintenance facility with a larger facility or replacing a bus with a larger bus -are eligible.

The State of Good Repair Program is a transit capital program. Transit operations, transit agency administration, and program management are not eligible. Also, the following project construction development phases are not eligible as a stand-alone project:

- Pre-planning
- Planning
- Environmental

However, expenditures on these project construction development phases are allowable when included as part of a capital project. Project development costs should not exceed 20 percent of the total estimated project cost.

Eligible recipients must have the financial means to maintain and operate project services and the ability to accept their legal liabilities and fulfill financial obligations for the project's useful life.

### **3. State of Good Repair and Federal Transit Asset Management Plans**

With the national mandate to implement transit asset management plans and systems, in the future, the State of Good Repair Program envisions its projects should be included in a prioritized listing and/or a program of transportation projects consistent with the regional transportation plans within each region.

## **III. Project List Submittal**

Pursuant to Public Utilities Code Section 99312.1(d)(1), prior to receiving an apportionment of the State of Good Repair funding from the State Controller's Office in a given Fiscal Year, a potential recipient must submit a list of projects proposed to be funded with State of Good Repair funds.

### **1. Project List Submittal Information**

To be eligible for funding, all agencies listed on the State Controller's Office Allocation Estimate letter must submit a project list with all supporting documentation each year.

Each regional entity shall collect and compile all project lists from the operators within their region and submit one project list including the anticipated use of Public Utilities Code Section 99313 and Section 99314 funds to Caltrans. In anticipation of the State of Good Repair Program's September 1 deadline, the regional entity shall establish its own timelines in its efforts to collect project lists from transit providers within their region. The regional entity is responsible for submitting the combined project list to Caltrans by September 1.

Project lists, and all supporting documentation, are to be submitted electronically through the online California State Multi-Modal Accountability Reporting Tool. Electronic submissions via: SB 1SGRcomments@dot.ca.gov will only be accepted should submissions of this nature be prearranged and agreed upon by the transit operator, the regional entity, and Caltrans.

If a potential recipient misses the deadline for submittal, or submits incomplete/inaccurate project information, the potential recipient may submit a project list to be eligible for inclusion in the allocation of funds, or revise/correct project information, the following quarter by submitting the information electronically through California State Multi-Modal Accountability Reporting Tool .

Note: The State Controller's Office will allocate all the revenue each quarter only to those potential recipients that have submitted timely and complete information. Funds will not be held for allocation to agencies who have submitted late project lists.

## **2. Required Documents from Potential Recipients**

All potential recipients listed in the State Controller's Office Allocation Estimate letter must submit the following two documents to Caltrans prior to receiving their initial State of Good Repair allocation. This is a one-time requirement. However, a re-submittal of an amended Authorized Agent form is required should the local agency have a personnel change.

- **Authorized Agent Form**

The executive authority of the potential recipient must submit a signed and dated Authorized Agent Form identifying the agent who has the authority to act on behalf the Agency.

- **Certifications and Assurances**

Each potential recipient must submit a signed, dated, and Board Approved Certifications and Assurances document.

All regional entities and transit operators who expect to receive State of Good Repair funds are required to submit both the Authorized Agent and Certifications and Assurances documents to Caltrans prior to receiving State of Good Repair funding. A Board Resolution or equivalent verifying approval should accompany the Certifications and Assurances.

Original signed documents should be mailed to:

The State of Good Repair Program  
The California Department of Transportation  
Division of Rail and Mass Transportation, MS 39  
P.O. Box 942874  
Sacramento, CA 94274-0001

### **3. Content and Format of Project List**

Each potential recipient as listed in the State Controller's Office Allocation Estimate

letter shall submit a list of projects to their respective regional entity including the following:

- A proposed list of projects to utilize, at a minimum, the estimated amount of State of Good Repair funding programmed for the recipient for the upcoming Fiscal Year (use estimates provided by SCO in January). The recipient may include project information for future fiscal years but are expected to update the project list as needed each Fiscal Year and submit each year to Caltrans. This list must include the following information:
  1. Project Title
  2. Proposed Project Description (Scope of Work)
    - a. Vehicle or rolling stock projects should indicate the number of vehicles, size, passenger count, accessibility, and fuel type
    - b. Estimated benefits provided by project
  3. Proposed Project Schedule (Start to Completion)
  4. Project Location
  5. Estimated Project Cost by Fiscal Year
  6. Estimated Useful Life of the Improvement
  7. Additional Project information required on the Project List template.

An eligible recipient may choose to contribute its funding apportionment (partial or whole) to another eligible recipient to carry out a project consistent with the State of Good Repair Program's goals and objectives. The contributing agency must notify the regional entity of their intention to transfer funds and indicate the amount and the operator to whom the funding will be transferred. The regional entity would incorporate the contribution into their own project list.

Funds can only be allocated from the State Controller's Office to the contributing agency's designated regional entity. The local agency must make arrangements for the transfer of funds to the alternate local agency. Caltrans is not responsible for tracking funding agreements (borrowing, loaning, delegating, relinquishing funds, etc.) between the contributing and recipient agencies.

A pass-through arrangement to another recipient does not relieve the contributing agency of its responsibilities to carry out the terms and conditions of the Program. The contributing agency is responsible for ensuring the project is completed as described on the project list and in compliance with all items in the Certifications and Assurances document.

Each regional entity shall collect and compile all project lists from the transit operators in their region and submit one project list on their behalf. Beginning with Fiscal Year 2020-2, Caltrans will require all information and reporting to be submitted electronically through California State Multi-Modal Accountability Reporting Tool.

The regional entities are expected to verify the local operator's approval of their individual project lists. This could include requiring a signed cover letter on agency letterhead, with original signature authorizing and approving the list of projects for funding, a signed and dated Board Resolution, or equivalent, authorizing the list of projects for State of Good Repair funding commitment, or a copy of a publicly adopted document listing the applicable projects (for example the Short-Range Transit Plan). Each regional entity shall establish their own requirements for supporting documentation their respective local operators are to provide as well as provide the documentation required of the Regional Entity by their respective governing board when supplying both operators and the region's own project list.

#### **4. Fund Accruals**

Potential recipients must submit a project list every year. Failure to submit an annual project list may result in loss of the year's State of Good Repair apportionment. The State Controller's Office will allocate each year's funding according to the regular quarterly payment schedule allowing the agency to accrue the needed funds and then begin on the project. If a potential recipient is not prepared to start the project in the current fiscal year, it may submit a project list that includes a project scheduled to begin later and may accrue funding for up to four years to be used for a future project.

Eligible agencies who do not submit an annual project list may risk losing their apportionment for that specific fiscal year to other operators within the State.

### **IV. Project List Approval, Allocation, and Delivery**

#### **1. Project List Approval**

Caltrans will review the proposed project list to ensure compliance with the requirements and objectives of the State of Good Repair Program. Once the proposed project list is approved, Caltrans will provide the list of eligible recipients to the State

Controller's Office. This list of approved recipient agencies and projects will be posted on Caltrans' State of Good Repair website.

## **2. Allocation**

After receiving the approved list of eligible recipients from Caltrans, the State Controller's Office will apply the formula pursuant to Public Utilities Code Section 99313 and Public Utilities Code Section 99314 to those recipient agencies eligible to receive an apportionment of State of Good Repair funds for that applicable Fiscal Year. The State Controller's Office will issue and release payments to the eligible recipient's County Treasurer's Office on a quarterly basis. The regional entities are responsible to sub-allocate the funding pursuant to Public Utilities Code Section 99314 to the applicable transit operators according to the amounts provided by the State Controller's Office.

Upon the receipt of funds, eligible recipient agencies should deposit their State of Good Repair funds into a bank account dedicated only to State of Good Repair funds for transparency of fund receipt. If a separate account is not possible, the recipient agency must provide documentation, or a subaccount dedicated to State of Good Repair funds. All recipient agencies will be asked to report the amount of accrued interest on allocated State of Good Repair funds. Earned interest on State of Good Repair funds can only be encumbered and liquidated on approved State of Good Repair projects.

## **3. Project Revisions**

Each region's project list shall not limit its flexibility to fund listed projects in accordance with local needs and priorities. If a recipient agency determines it wants to spend an allocation on a different project that was not included on an approved project list, it shall submit a modified project list and supporting documentation to the regional entity for approval. The regional entity must notify Caltrans of the project change and provide an updated project list. Caltrans shall respond within 30 days to the region and recipient agency, and once approved by Caltrans, the recipient agency may expend funds on the substitute project.

Any funds left unexpended at the end of the Fiscal Year should be applied to a project on the subsequent year's project list. Unexpended funds must be listed on the project list submitted each year until fully expended. Once a project has started the funds should be fully liquidated within four years. In certain situations, an extension may be granted for delays beyond the four years. The agency must provide a signed letter from their designated authority to the State of Good Repair Program Manager, addressing the special circumstances requiring an extension. The request for additional time should supply the following information:

- An explanation of the situation and/or cause of the delay,
- Steps the agency plans to take in resolving the source of the delay, and
- An estimation of additional time needed.

## V. Project Status and Expenditure Reporting

Each year recipient agencies are required to submit a report on the activities and progress made toward implementation of State of Good Repair funded project(s) to Caltrans. The purpose of these reports is to ensure State of Good Repair funded

projects achieve the intended goals of the State of Good Repair Program, are executed in a timely manner, and are within the identified and approved scope and budget.

Recipient agencies will provide project status and expenditure reporting through the online California State Multi-Modal Accountability Reporting Tool.

The California State Multi-Modal Accountability Reporting Tool User Guide shall be made available upon request.

### 1. Annual Project Status/Expenditure Report

Using the California State Multi-Modal Accountability Reporting Tool reporting tool, recipient agencies must report on project status and all State of Good Repair expenditures by December 31 each year. The report must include the total amount of State of Good Repair funding received during the Fiscal Year and the amount of funding expended or carried over. If a balance of State of Good Repair funds is carried over to a future year, that balance must be listed in each year's Project Status and Expenditure Report until fully expended. The report must include yearly progress on each funded project and the benefits achieved once that project is completed. This includes:

- Project Title
- Detailed Project Description (Scope of Work)
  - a. Vehicle or Rolling Stock projects should indicate the number of vehicles, size, passenger count, accessibility, and fuel type
  - b. Preventative maintenance projects should include details on how/what these funds were expended and the asset(s) that were maintained
- Updated Project Schedule of Completion
- Project Location
- Actual Expenditures per Project
- Useful Life of the Project Improvement
- Unexpended Balances and earned interests
- For completed projects, provide the Performance Measure(s) and Quantitative Benefit(s) as outlined in the project submittal section (see Table A, pages 14-15) which may include one or more the following elements:
  - a. Improved safety
  - b. Increased useful life of asset
  - c. Efficiency
  - d. Reduce operating/maintenance costs

- e. System Preservation - Increase reliability
- f. Reduce emissions

To conform to State regulation, compliance and accountability, Caltrans may adopt additional performance targets of capital assets in the future. The program will provide notification of such changes.

Each regional entity shall submit an annual status and expenditure report to Caltrans including the above information for any projects in which the regional entity is designated as the applicant agency or undertaking on behalf of the local transit operator. In addition, the regional entity must identify both the actual amount of funding sub-allocated to each operator in their region and the actual amount retained by the regional entity each Fiscal Year. Each transit operator shall submit an annual status and expenditure report including the above information on all funded projects and identifying the actual State of Good Repair funding received each Fiscal Year.

## 2. Performance Measures and Quantitative Benefits

In addition to reporting on project status and expenditures, information regarding the project's performance measure(s), and resulting quantitative benefit(s), is also to be provided. The benefit(s) reported at this time will again be verified at the end of the project. Note, a quantifiable performance measure and benefit shall be required for projects submitted for approval in Fiscal Year 2020 and all subsequent years after.

The table below to assist the applicant in determining whether their project already meets a particular requirement but is not intended to be all inclusive:

TABLE A

PERFORMANCE MEASURE	QUANTITATIVE BENEFITS
Improved Safety	Reduction in related incidents, improved security at facilities or onboard
Increased Useful Life	Preventative maintenance (identify asset, time and investment made, amount of downtime reduced, expected increased life expectancy of the asset)
Efficiency	Improved farebox recovery, reduced cost per trip or passenger mile, reduced vehicle miles traveled, improved on-time performance, increased ridership
Environmental Resources Conservation	Reduced emissions or fuel consumption, purchase of rolling stock that use alternative fuels, "green" facilities purchase or upgrade
System Preservation - Increase reliability	Reduced average age of fleet and/or reduced maintenance costs



PERFORMANCE MEASURE	QUANTITATIVE BENEFITS
Accessibility	Improve geographic coverage in populations served
Mobility	Connectivity to other modes, improved quality of services such as connectivity, reliability, and amenities
Economic Impacts	Direct impacts include jobs created directly by the transit system, indirect impacts result from jobs and income spent in industries that supply inputs to the transit system (fuel, repairs, insurance, etc.), and induced impacts, which occur when people who work for the transit system or earn income by providing indirect inputs to the transit agency spend their new income in the community, which create new jobs in the local economy.

### 3. Final Delivery

With the conclusion of all remaining project activities, the recipient agency shall provide final delivery outcomes during the Project Status and Expenditure Reporting period within that year of project completion. The final delivery outcomes must reflect:

- final project expenditures,
- any changes that occurred after submittal of the Completion Report, and
- an updated evaluation of the benefits.

Caltrans may include this information in its reporting.

### 4. Financial Audit Report

Pursuant to Public Utilities Code Section 99245, the annual audit of public transportation operators required under the Transportation Development Act must include verification of the receipt and appropriate expenditure of State of Good Repair funds.

Agencies having received an allocation of State of Good Repair funds in a Fiscal Year a TDA Audit is conducted must submit a copy of that audit, or Comprehensive Annual Financial Report (if applicable), to Caltrans within six months after the close of the Fiscal Year (December 31). A 90-day extension (from the December 31 deadline to March 31) may be requested but the recipient agency must notify Caltrans in writing, via email or formal letter, if such an extension is needed.

## **5. Senate Bill 1 Accountability Reporting**

It is important for Caltrans to receive timely reports from each eligible recipient agency to demonstrate the performance outcomes and benefits of the State of Good Repair Program. Additional reporting requirements may be added as needed to meet accountability measures.

Recipients of State of Good Repair funding agree to submit reports in timely manner in accordance with the terms and provisions of these Guidelines cited herein.

Recipient agencies must ensure that projects and/or project component(s) programmed to receive State of Good Repair funding will be administered in accordance with both these Guidelines and with the Senate Bill 1 Accountability and Transparency Guidelines as adopted (and amended) by the California Transportation Commission.

Failure to comply with all applicable guidelines, including the Senate Bill 1 Accountability and Transparency Guidelines, could result in actions against the recipient agency. Caltrans will determine appropriate corrective action for noncompliant recipient agencies. These actions may include but are not limited to the following:

- A written warning to the recipient agency.
- Placement on a watch list posted to the State of Good Repair website.
- Be recommended that the agency undergo an audit performed by the Bureau of State Audits.

## **VI. Spot Audits**

All recipients and sub recipients of State of Good Repair funds are subject to audits. Caltrans, the Department of General Services, the Department of Finance, the Bureau of State Audits, the California State Legislature, and their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of the State of Good Repair Program's recipients and sub recipients. All recipients and sub recipients must maintain program records for possible audit for a minimum of three years after final payment, unless a longer period of record retention is stipulated. Recipients and sub recipients shall allow the auditor(s) access to such records during normal business hours and allow interviews of any employees who might reasonably have information related to such records. Further, recipients and sub recipients must agree to include a similar right of the State to audit records and interview staff in any subcontract related to projects under the State of Good Repair Program.