California Department of Transportation

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

November 14, 2012

California Department of Transportation

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Approved as Proposition 1B on the November 2006 ballot, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act includes $4 billion for the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA).[1] Of this amount, $3.6 billion is designated for allocation over a ten year period for public transportation projects that protect the environment and public health, conserve energy, reduce congestion, and increase mobility and access. The $3.6 billion is to be distributed by formula based on population or revenue to transit operators for capital projects.

Funds are appropriated to the State Controller's Office (SCO) for allocation to eligible agencies, with the California Department of Transportation (Caltrans) identified as the administering agency.[2] The SCO identifies and develops the list of eligible project sponsors and the amount each is eligible to receive, based on calculations outlined in SB 88, Statutes of 2007.

To date, $2.8 billion has been appropriated in the following amounts each year:

- $600 million in Fiscal Year (FY) 2007-08,
- $350 million in FY 2008-09,
- $350 million in FY 2009-10, and
- $1.5 billion in FY 2010-11 intended to cover FY's 2010-11, 2011-12, and 2012-13.

The SCO notifies project sponsors of their eligibility and funding level via an official letter. In FY 2009-10, the SCO computed each project sponsor's share of the remaining $2.3 billion of bond funds per Assembly Bill (AB) 1072.[3] The SCO sent a letter of notification to the project sponsors eligible to receive PTMISEA funds listing each sponsor's share of funds for the life of the bond and its share of the FY 2009-10 appropriation. The FY 2010-11 funding distribution letter was released by the SCO on January 19, 2011. It is anticipated additional funds will be appropriated in FY 2013-14.

Note: Due to irregular bond sales, approved projects will not receive bond fund allocations until bonds are sold or capacity is created.

[1] Government Code, Chapter 12.49, Section 8879.20
[2] Senate Bill (SB) 88, Chapter 181, Section 8879.50.4 , amended by Assembly Bill (AB) 268, and amended by AB 1072.
[3] AB 1072 (Eng),Chapter 271, Statutes of 2009

1. Purpose

Caltrans develops guidelines for:

a. The Program Expenditure Plan.

b. Project Allocation Requests including:
   i. Defining the useful life of a project
   ii. Project delivery milestones (the start and completion dates for environmental clearance, design, right-of-way, construction, vehicle/equipment procurement, and project closeout).
   iii. Total Project Cost and Funding Plan.

e. Reporting Project Status/Progress: (i.e. Semi-Annual Report, Final Report, and Expanded Transportation Development Act (TDA) audit, etc.)

f. Audit of project expenditures and outcomes.

g. Audit of recipients of PTMISEA funds.

These guidelines help project sponsors and Caltrans verify that projects meet the criteria stated in the Bond Act and statutes. Caltrans may revise these guidelines for future fiscal years.

2. Project Sponsor and Project Lead/Recipient Agency

"*Project sponsor*" means:

a. A transit operator including a rail transit, commuter rail, bus, or waterborne transit operator eligible for an allocation of PTMISEA funds under State Transit Assistance per Public Utilities Code (PUC), Section 99314; or

b. A local agency including a transportation planning agency, county transportation commission, or the San Diego Association of Governments, eligible for an allocation of PTMISEA funds under the State Transit Assistance per PUC, Section 99313.

The "Project Lead/Recipient Agency" means:

The project sponsor responsible for overseeing or performing all work up to completion of the project when multiple project sponsors contribute PTMISEA funds to a joint project.

The Project Lead/Recipient Agency receives all PTMISEA funds directly from the State Controller's Office (SCO) and is accountable for all reporting.

If funds are transferred to a "*Sub-Recipient,*" the original/initial *"Recipient"* agency is still responsible for providing all information required: the project Semi-Annual Progress

Reports, Transportation Development Act Audits, Corrective Action Plans, Reassignment of Funds requests, Final Reports and any additional information needed in case of an audit.

In addition, the original/initial "*Recipient*" agency is responsible for ensuring the project is completed as described in the allocation request and in compliance with all items included in the Certifications and Assurances document.

A "*Sub-Recipient*" agency is responsible for complying with any agreement it has with the "*Recipient*" agency.

The "Contributing PTMISEA –Eligible Project Sponsor" means:

An agency eligible to receive PTMISEA funds that elects to contribute its PTMISEA funds to a project led by a different/separate Project Lead/Recipient Agency.

3. Appropriation

The SCO lists eligible project sponsors and the amount of funds each is to receive, per PUC Sections 99313 and 99314. The SCO notifies project sponsors of their eligibility and funding level via an annual letter.

FY 2007-08 PTMISEA Allocation

FY 2007-08 funds are available for allocation until June 30, 2012 (no later than the second cycle of FY 2009-10) and for encumbrance or liquidation until June 30, 2016, per the Budget Act of 2007.

FY 2008-09 PTMISEA Allocation

FY 2008-09 funds are available for allocation until June 30, 2012 (no later than the second cycle of FY 2009-10) and for encumbrance or liquidation until June 30, 2016, per the Budget Act of 2008.

FY 2009-10 PTMISEA Allocation

FY 2009-10 funds are available for allocation until June 30, 2012 and for encumbrance or liquidation until June 30, 2016, per the Budget Act of 2009.

FY 2010-11 PTMISEA Allocation

FY 2010-11 funds are available for allocation until June 30, 2012 and for encumbrance or liquidation until June 30, 2016, per the Budget Act of 2010.

The Budget Act of 2012 re-appropriated the remaining balances from the FY 2007-08, FY 2008-09, FY 2009-10, and FY 2010-11 appropriations to be available for

allocation until June 30, 2013 and for encumbrance or liquidation until June 30, 2017.

All funds must meet the encumbrance or liquidation deadlines of the year in which they were appropriated, regardless if they have been transferred to a new project.

4. Process Changes Due to AB 1072

Effective FY 2009-10, AB 1072 makes the following changes:

- The SCO notifies project sponsors of their share of remaining funds.
- Before seeking a disbursement of funds in FY 2009-10, project sponsors must submit a PTMISEA Program Expenditure Plan listing all projects they intend to fund with their share of PTMISEA funds for the life of the bond, including the amount requested for each project and the year in which the funds will be requested.
- Caltrans will summarize all PTMISEA Program Expenditure Plans for the life of the bond and submit the summary to the Department of Finance (DOF), which determines annual appropriations.
- Project sponsors may choose not to submit a project in a particular fiscal year – choosing instead to accumulate those funds for use in a later year – if this choice is clearly stated in the PTMISEA Program Expenditure Plan.
    - If a project sponsor is not using their share in a fiscal year, they may lend their eligible amount to another project sponsor for an eligible project in order to maximum fund use each fiscal year. This process allows other project sponsors to complete projects on schedule and avoid costly delays.

5. Eligible Projects

PTMISEA funding is available for **transit capital projects** in the following categories:

- Rehabilitation, safety, or modernization: includes purchase of equipment (such as bus engines, computer systems, and signage) for rehabilitation, operation, modernization, or safety.
- Capital service enhancement or expansion, such as modernization of bus shelters, transit centers, and operation and maintenance facilities, for design and/or construction phases.
- New capital projects: new construction, expansion, or modernization of buildings, bus shelters, transit centers, and operation and maintenance facilities, for design, right-of -way, or construction phases.

- Bus rapid transit improvements: construction or expansion of BRT lanes or equipment.

- Rolling stock: purchase, replace or rehabilitate transit vehicles, such as buses, vans, paratransit vehicles, and rail transit vehicles.

- Note: Environmental work is **not** eligible for PTMISEA funding.

- Funds may not be used for administration, operations, or routine maintenance.

Useful Life

To be eligible, projects must have a useful life not less than that required for capital assets under the General Obligation Bond Law, Government Code Section 16727(a).

Short-Range Transit Plan

Projects **must** be consistent with the project sponsor's most recent short-range transit plan or publicly-adopted plan (including a transportation improvement program) that programs funds for transit capital improvements. A certified Board Resolution authorizing the project also meets this requirement.

Project Full Funding Plan

The project sponsor must provide a Total Project Cost and Funding Plan for the project that shows **all** fund sources (not just the PTMISEA portion) needed to complete the project or a minimum operable segment. Funding for a minimum operable segment will only be approved if the benefits of the segment are sufficient to meet the objectives of the PTMISEA. **The executive authority of a project sponsor must sign the statement on the funding plan cover sheet to assume liability for all fiscal responsibilities.**

If future year PTMISEA funding is to be dedicated to the project, include those funds on the Total Project Cost and Funding Plan sheet as well.

6. Authorized Agent Form

The executive authority of a project sponsor must submit to Caltrans a signed and dated Authorized Agent form that is Board Approved identifying the agent who has the authority to act for the project sponsor to submit the PTMISEA Program Expenditure Plan, Allocation Requests, and reporting documents. The form is valid at the beginning of FY 2010-11 until the end of the PTMISEA Program. If there is a change in the authorized agent, the project sponsor must submit a new form. This form is required even when the authorized agent is the executive authority himself.

7. PTMISEA Program Expenditure Plan (for requesting funds in FY 2009-10 or later)

Before seeking a disbursement of funds in FY 2009-10 or later, project sponsors must submit to Caltrans a PTMISEA Program Expenditure Plan. The plan should contain a list of all projects the project sponsor intends to fund with its share of PTMISEA for the life of the bond, including the amount for each project and the year in which the funds will be requested. Please note, projects listed on submitted Expenditure Plans will not be officially approved projects until a complete allocation request has been submitted and approved by the Division of Mass Transportation.

The initial plan was due to Caltrans by February 1, 2010. Amendments will be accepted annually by June 30 of each year.

See *PTMISEA Program Expenditure Plan Template Worksheet:*

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

The Expenditure Plan total should match the total amount of funding that was appropriated to the agency as listed in the October 30, 2009, letter from the California State Controller, John Chiang. The spreadsheet should list projects where the funds will be contributed to other agencies, and if it is unknown where all the funding will be used at this time, a line for future transit projects listing the remaining balance.

8. Certifications and Assurances

Before seeking an allocation of PTMISEA funds in FY 2010-11 or later, project sponsors must submit to Caltrans and comply with the PTMISEA Certifications and Assurances documents.

See *PTMISEA Certifications and Assurances:*

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

For FY 2010-11 and later years, only allocation requests from agencies with a signed Certifications and Assurances document on file will be accepted.

9. PTMISEA Allocation Request and Project Description *(to be completed for requests for bond funds or requests to reassign existing bond funds to a new project)*

Project sponsors must submit to Caltrans a description of the proposed transit capital project or projects it intends to fund with its PTMISEA allocation.

See *PTMISEA Allocation Request* and *Allocation Request Guide*:

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

The PTMISEA Allocation Request is the basis for the Caltrans' verification that the project is consistent with PTMISEA requirements, which includes:

a. A detailed description of the project.

b. The project's useful life.

c. The project's percent benefit in one of the four categories listed.

d. The project's schedule for all relevant phases. Allocations will only be made to fund phases or projects scheduled to start within six months of funds receipt.

e. The total cost of the project, including the identification of **all** funding sources necessary to complete the project.

f. The projected cash flow schedule of the project.

The "project lead" is the project sponsor or lead/recipient agency that shall be performing the work as specified in the scope of the project. The project lead must complete Tables 1, 3, 4, 5, 6, 7, the Funding Plan, and projected cash flow schedule of the allocation request. The contributing project sponsors must complete Table 2 of the allocation request.

The project sponsor or "recipient/lead agency" must sign the allocation request. Any contributing project sponsor(s) must also sign the allocation request indicating the dollar amounts to be contributed, or provide a signed letter detailing this information. If there are multiple contributing project sponsors, each sponsor must sign the allocation request indicating their respective portion of funds being contributed or submit a signed letter with the required information as described above.

10. Allocation Request Submittal

The signed original allocation request (including relevant sections of the publicly-adopted plan or Board Resolution) and letter of verification from the regional entity must be mailed to:

Wendy King, PTMISEA Program Manager
California Department of Transportation
Division of Mass Transportation, MS #39
P.O. Box 942874
Sacramento, CA 94274-0001

A scan of the allocation request may be e-mailed, but a signed original must follow by mail.

11. Letter of No Prejudice (LONP) *(for a project ready to proceed before allocation)*

Project Sponsors may apply to Caltrans for a Letter of No Prejudice (LONP) for one or more projects or project components.

See *PTMISEA Bond Funds LONP Guidelines:*

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

12. Lending Funds to Other Project Sponsors

In a particular fiscal year, a project sponsor may loan its appropriation (as determined by the SCO) to another project sponsor with an identified eligible project in order to ensure that all appropriations within that fiscal year are utilized. This transfer of funds can be completed with the lending agency/sponsor submitting documentation identifying them as a contributing project sponsor.

13. Project Review, Approval and Adoption

Caltrans reviews allocation requests and approves only those projects that meet the requirements of the PTMISEA. A minimal operable segment/component/phase will not be approved unless it meets the objectives of the PTMISEA. Project sponsors 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. Project sponsors must follow the California Air Resources Board's regulations on transit equipment and emissions.

Upon completion of the internal approval, Caltrans prepares a list of eligible projects whose PTMISEA funded phase is ready to start within **six-months** of allocation, and submits that list to the SCO for final approval. Caltrans will then send written notification of project approval to project sponsors.

Note: For FY 2009-10 and later years, only allocation requests from agencies with a signed Certifications and Assurances document on file and are consistent with the project sponsor's Program Expenditure Plan will be accepted.

14. Biannual Project Lists

Caltrans submits to the SCO a list of approved PTMISEA projects twice a year. Due to the State's recent economic problems, bond sales have not been sufficient to fund every request submitted each cycle. Appropriations may be partially allocated to fund projects based on the projected cash flow needs as indicated by the project sponsor. PTMISEA staff will continue to provide updates on the status of funding availability.

15. Allocations from PTMISEA

After receiving the PTMISEA project list from Caltrans, the SCO will issue warrants to project sponsors, up to the level of funding each is eligible to receive. Funds are allocated based on project readiness (the six-month rule) as shown in the submitted project schedule.

To receive funds by electronic funds transfer, the project sponsor can complete the form at http://www.sco.ca.gov/ard/state/forms/fam34.pdf and send it to the SCO. If the project

sponsor does not request electronic fund transfer, the SCO automatically mails the warrant to the project sponsor's physical address.

Upon receipt, the project sponsor must deposit its PTMISEA funds into a bank account dedicated only to PTMISEA funds, for transparency of fund receipt, and to simplify tracking of PTMISEA interest earned. This will facilitate the required annual TDA audit.

16. Eligible Bond Expenditures/Fiscal Year Budget Acts

Eligible expenditures include costs directly related to construction or acquisition (design, right-of-way, construction, vehicle or equipment procurement, and project closeout).

Project costs incurred **before** passage of the following fiscal year Budget Acts are **not** eligible for PTMISEA funds:

FY 2007-08: August 24, 2007
FY 2008-09: September 23, 2008
FY 2009-10: July 28, 2009
FY 2010-11: October 8, 2010

Funds allocated may be used to reimburse project costs incurred prior to receiving the warrant, only if such expenses were incurred after the passage of the applicable budget act.

17. Semi-Annual Progress Reports

Government Code Section 8879.50(f)(1) requires project sponsors to report semiannually to Caltrans on the activities and progress of each approved and allocated project to ensure those activities funded from bond proceeds are timely, within approved scope and cost, and are achieving the intended purpose for which they are to be utilized..

Project sponsors must notify Caltrans when allocated PTMISEA funds have been encumbered and must provide completed and signed progress reports every six months until the approved project is completed, and the project final report has been filed.

The Semi-Annual Report form is available at:

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

The report consists of two sections, the "Semi-Annual Report" and the "Semi-Annual Itemized Expenditure Table." This report must contain accurate and up-to-date information on the progress of each project. Reports will only be accepted by Caltrans staff when determined to be complete and accurate.

- All projects are expected to begin work within six months of receiving an allocation. Should a project experience any delays, the cause of such delay must be reported in the table in Section 7 under "Justification for Change." Any

justification deemed inadequate by Caltrans staff will be questioned and the agency will be asked to provide further information.

- Projects that have not begun within one year of the receipt of funds must include a clear description of the circumstances delaying the project that leaves no question that the circumstances were unforeseen, extraordinary, and beyond the control of the agency. The description must include information indicating what steps the agency plans to take to keep the project on track. Agencies with a project that is repeatedly delayed will be encouraged to reassign the funds allocated to that project to either an ongoing project or a pending allocation request that can utilize the funds immediately. The agency may then request the funds for the delayed project once the project is ready to proceed within six months.

Reports are due 45 days after the end of the fiscal year (June 30) and 45 days after the end of calendar year (December 31). Due dates for semi-annual reports:

Report due:	**Data effective as of:**
February 15, 2013	December 31, 2012
August 15, 2013	June 30, 2013
February 15, 2014	December 31, 2013
August 15, 2014	June 30, 2014
February 15, 2015	December 31, 2014
August 15, 2015	June 30, 2015
February 15, 2016	December 31, 2015
August 15, 2016	June 30, 2016
February 15, 2017	December 31, 2016
August 15, 2017	June 30, 2017
February 15, 2018	December 31, 2017
August 15, 2018	June 30, 2018
February 15, 2019	December 31, 2018
August 15, 2019	June 30, 2019

All reports must reflect accurate and complete project information. Any incomplete or inaccurate reports will not be accepted and will be considered delinquent until submitted with corrections and/or additional information as requested by Caltrans staff. Agencies found to have submitted inaccurate information will be placed on the list of high risk project sponsors and could be subject to a Spot Audit (see section 23).

Information regarding project status will be available online, accessible through the Governor's Bond Accountability website:

http://www.bondaccountability.dot.ca.gov/bondacc/MainMenuAction.do?>&page=modernization

Each project listed on the site will be updated by Caltrans staff with information reported by project sponsors in the Semi-Annual Reports, Corrective Action Plans, and Final Reports.

- **A report listing projects that are experiencing any delays or obstacles will be posted on the website.**

- **Agencies that have not begun on their approved project, and have not provided an adequate justification as to the cause of the delay, will receive lower priority for funding from future cycles.**

- **A list of agencies that do not comply with semiannual project status reporting requirements will be posted on the Caltrans, Division of Mass Transportation's website 30 days after the missing or incomplete report's due date. These agencies will also be placed on the list of high risk project sponsors and could be subject to a Spot Audit (see section 23).**

- **Agencies who fail to submit the required semiannual project reports will not receive additional allocations of PTMISEA funds until all delinquent reports have been submitted and approved.**

18. Changes to the Scope, Schedule, or Cost of an Existing Project

To change an approved allocated project, including any changes to the originally approved scope, schedule, or cost, the project sponsor must first obtain approval from Caltrans by submitting a Corrective Action Plan (CAP) form. This must be done before the funds can be applied to any use other than the current projects approved scope of work. Funds may not be used on a different project until the CAP has been submitted and approved.

The Corrective Action Plan (CAP) Form is on the DMT website:

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

If changes to the project are to be made during the Semi-Annual report period, Section 7, Amendment, of the Semi-Annual Report template functions the same as a CAP form so a separate CAP form is not needed.

The CAP must indicate the current approved scope, funded amounts, and schedule in the "Original" column on the left. The revised scope, funding amounts, and schedule are to be listed in the "Revised" column on the right. If a project has already undergone changes with previously approved CAPs, the current approved information should be entered in the "Original" column, rather than the information from the original allocation. If the project schedule is being revised to reflect any delays or obstacles, an adequate justification must be given and the amended PTMISEA project completion date must fall within the original Budget Act time limits.

All CAPs must have the Justification for Change box filled in. If a justification is not deemed adequate by Caltrans Staff, the agency will be asked to provide a revised justification before the CAP is approved.

If it is found that an agency has begun spending funds on a task or project outside the approved scope of work prior to submitting a CAP, the agency will be placed on the list of high risk project sponsors. The Department is entitled to recover any and all funds that are spent on any ineligible costs.

19. Reassigned Funds

Project sponsors may find that they have surplus funds at the completion of an approved PTMISEA project, or they may determine that the funded PTMISEA project is no longer the highest priority for an eligible fund use. As a result, the project sponsor may apply to reassign funds to a different project.

If the project is complete and there are surplus funds, an agency should include the proposed use for the surplus funds as part of the required Final Report. If the use of surplus funds has not yet been determined, Caltrans staff shall treat the project as on-going – not completed – until the agency identifies a project to receive the surplus funds.

If the agency elects to reprioritize eligible projects and redirect approved PTMISEA funds, a Corrective Action Plan (CAP) for the original project must be submitted. The CAP must indicate the current approved amount in the "Original" column and the lower revised project cost in the "Revised" column. The CAP must list the amount of surplus funds (and any interest if applicable) that will be transferred and the project that will receive the reassigned funds in the "Justification for Change" box.

If reassigning funds to a NEW project:

- A CAP form is needed for the project that is transferring funds to the new project, and a new Allocation Request is needed for the project receiving the funds.
- The Allocation Request for the reassigned funds should be treated the same as an Allocation Request submitted for new funding, and all required documents must be submitted in the same manner.
- The new project must expend the funds within the time limits of the applicable Budget Act.
- The new allocation request has all the authorized signatures of the same agencies as the original project, so that all contributing project sponsors are aware of the new use of their contributed funds.

The project sponsor may not expend the surplus funds on the new project before receiving a Reassigned Funds Approval Letter from Caltrans authorizing the sponsor to do so.

If reassigning funds to an EXISTING project:

- The project sponsor submits a CAP for the project that will no longer be using PTMISEA funds. The funds should be listed in both the Original and Revised columns and the Justification section should list the project that will receive the reassigned funds.

- An additional CAP is to be submitted for the existing project receiving the reassigned funds. This CAP should list the original fund amounts and the revised amounts based on the transfer of funds following the steps listed above.

If Caltrans staff determines an agency has a pattern/history of reassigning the same funds multiple times, the agency may be placed on the list of high risk project sponsors and could be subject to a Spot Audit (see section 23).

20. Interest Earned

Interest on PTMISEA funds must be used in the same manner as the principal. Interest earned must only be used for approved PTMISEA projects, in the following ways:

- If project costs exceed the amount on the approved allocation request, any interest earned may be applied to the project, if a project sponsor first submits a Corrective Action Plan (CAP) (available on the Caltrans, Division of Mass Transportation website, or from Caltrans PTMISEA staff) and Caltrans approves that CAP before any interest earned is applied to the project.

- Interest remaining after project closeout must be applied to another approved PTMISEA project. Any unused interest not applied to a current project should be applied to the next allocation request submitted, and used prior to, or along with, the allocation of additional funds.

- The PTMISEA staff will inquire about the status of unused interest every 6 months until said interest earned is exhausted.

21. Final Report

Once a project has been completed, the project sponsor must notify Caltrans, Division of Mass Transportation by e-mail or letter. Within six months of completion, the project sponsor must submit a Final Project Report.

The Final Project Report forms are available at:

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

The Final Project Report includes:

- Final Project Report form. This report must include the comparison of actual project performance of the final project to the projected performance when the allocation was requested.

- Final Project Itemized Expenditure Table.

- Verification of project completion as scoped: The project sponsor must provide evidence of project completion, such as a photo of the completed project. In the majority of cases, evidence of project completion can be satisfied by submitting one or more of the following:
    - Photographs of the completed project such as of a new transit structure or acquired vehicle(s),
    - A copy of the Final invoicing,
    - A copy of the Punch list from the facility's final walk-through, or
    - Vehicle Identification Number (VIN) of the vehicles acquired

  The above list is only a few samples of what can be used to show evidence of completion of a project. Please feel free to contact the PTMISEA office to discuss what other means may exist for your circumstances.

- If the project has been completed with a savings, the report should indicate the amount of savings and how those funds will be applied towards an eligible PTMISEA project(s). Any project cost savings not reassigned to a current project, should be applied to the next allocation request submitted, and used prior to, or along with, the allocation of additional funds The PTMISEA staff will inquire about the status of any outstanding cost savings every 6 months until said savings are exhausted.

Please ensure expenditure, interest, and all other information in the final report is properly reported. Incomplete or incorrect reports will not be accepted and will be considered delinquent until corrections are provided. **Agencies with delinquent reports will not receive future PTMISEA allocations until the correct reports have been received by DMT.**

22. <u>Project Audit (Transportation Development Act)</u>

Annual audit of public transportation operators required under the Transportation Development Act (TDA), per PUC 99245, **must include verification of receipt and appropriate expenditure of bond funds**. Project sponsors receiving PTMISEA funds in a fiscal year for which a TDA audit is conducted must submit a copy of the audit to Caltrans by **six months after the close of the fiscal year (December 31).** Caltrans will make the audits available to the Legislature and the SCO, as necessary, to comply with Executive Order S-02-07's follow-up reporting requirement. Project sponsors may request a 90-day extension from the December 31 deadline to March 31. They must notify Caltrans in writing via e-mail or a formal letter.

Project sponsors who fail to submit an expanded TDA audit documenting all PTMISEA funding allocated to date will not receive future PTMISEA allocations until the required document(s) have been submitted to DMT.

23. Caltrans Spot Audits of Project Sponsors

The PTMISEA program was audited by the Department of Finance (Finance) in the fall of 2011. Finance auditors found deficiencies in Caltrans' oversight and monitoring of PTMISEA projects and made recommendations for improvement. One of these recommendations was to begin the practice of conducting spot audits of recipient and sub recipient agencies. Accordingly, Caltrans will increase its audits of recipients and sub recipients. Spot audits can take place at any time at the discretion of the Caltrans without prior warning given to the agency. A spot audit may be conducted on a specific issue or function. Any evidence or intelligence that supports the need for a compliance audit action will be pursued by the Department. High risk project sponsors are likely to become the subject of an audit.

Agencies or projects will be placed on the high risk list for the following:

- Delinquent with reporting and/or providing documentation as stipulated in the PTMISEA guidelines
- Agencies with frequent errors or have not conformed to the requirements of previous awards.
- Agencies engaged in multiple reassignments of funds.
- Projects with 0% progress one year after allocation
- Special Situations.

Caltrans will select agencies each year and perform an extensive review of all PTMISEA related information from that agency. If selected, an agency may be asked to provide additional documents pertinent to the PTMISEA program and projects that have been funded. If inconsistencies are found, agencies will be provided an opportunity to correct those errors. If discrepancies are not corrected, the agency will not be eligible to receive future funding.

24. California Transportation Commission's Annual Report

Caltrans will furnish project information to the California Transportation Commission to be included in its annual report to the Legislature. The report will provide a summary of PTMISEA projects allocated and the following information as required by California Government Code Section 8879.55(g):

- Description and location of the projects funded from the account
- Amount of funds allocated to each project
- Status of each project
- A description of public benefit expected from each project

- Designation of any projects subject to an audit under the Transportation Development Act (TDA)

25. Annual Legislative Report

General obligation bond law, California Government Code Section 16724.4, requires the administrative agency, Caltrans, to submit a report to the California State Legislature no later than January 1st each year. This report shall include:

- A list of all projects and their geographical location that have been allocated or are required or authorized to receive funds.
- The amount of funds allocated on each project.
- The status of any project required or authorized to be funded.

Caltrans has established the Proposition 1B Bond Accountability website and has posted this information related to each project. Caltrans administered programs can be accessed from the Intercity Rail Improvement link and the PTMISEA link. The website address is:

http://www.bondaccountability.dot.ca.gov/bondacc/

26. Additional Information

Website for additional information about Caltrans, Division of Mass Transportation, PTMISEA Branch:

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