
**Regular Teleconference Meeting of the Capital SouthEast Connector JPA
Board of Directors**

Date: Friday, April 30, 2021, 8:30 a.m. to 10:30 a.m.

Meeting Location: A Regular Teleconference Meeting of the Capital SouthEast Connector JPA Board of Directors will be held exclusively via teleconference in light of COVID-19 restrictions on public gatherings. The meeting will be conducted in accordance with the Ralph M. Brown Act, California Government Code 54950, *et seq.* and Executive Order N-29-20. This meeting will be held via Zoom. Join the meeting on your computer or mobile device:

<https://zoom.us/j/96847062843?pwd=c05US2szVmdnQ2ZrbExEeGw0Z29idz09>

Meeting ID: 968 4706 2843

Passcode: 847116

To join the meeting by phone: 669-900-6833 **or** 346-248-7799

Public Comment:

The Connector JPA welcomes, appreciates, and encourages public participation in the Board Meeting. If you wish to submit a comment to be read aloud at the meeting, please email your comment to ConnectorSupport@SacCounty.net by **3:00 p.m. on April 29, 2021** and your comment will be read aloud at the meeting.

If you wish to address the Board of Directors during the meeting, please wait until the Board Chair requests comments from the public. All public participants will be placed on mute during the meeting, until such time as the Board Chair requests public comment. Computer and mobile device attendees should use the Zoom "Raise Hand" feature when the Board Chair requests public comment. The "Raise Hand" feature can be found by moving your mouse on the Zoom meeting screen to reveal the toolbar. Then click on the "Participants" tab and then click "Raise Hand". Alternatively, windows users can use the keyboard shortcut ALT+Y and mac users can use the keyboard shortcut OPTION+Y to raise or lower your hand for comment. Phone attendees should press *9 to "Raise Hand" for public comment.

The Board of Directors requests that you limit your comments to three (3) minutes per person so that all present will have time to participate. The Board of Directors reserves the right to reasonably limit the total time for public comment on any particular noticed agenda item as it may deem necessary.

AGENDA

The Board may take action on any matter listed on this agenda to the extent permitted by applicable law. Staff Reports are subject to change without prior notice.

1. Call to Order & Roll Call: Directors Hidahl, Howell, Hume, Nottoli, Sander
2. Pledge of Allegiance
3. Public Comment on Non-Agenda Items

Members of the public may comment on any item of interest to the public within the subject matter jurisdiction of the Board of Directors. Each person will be allowed three minutes, or less if a large number of requests are received on a particular subject. After ten minutes of testimony, the Chair may choose to hear any additional testimony following the Discussion Items.

Please note, under the provisions of the California Government Code, the Board is prohibited from discussing or taking action on any item that is not on the agenda. The Board cannot take action on non-agendized items raised under "Public Comment" until the matter has been specifically included on the agenda. Those participants who wish to address a specific agendized item are encouraged to offer their public comments during consideration of that item.

4. Executive Director's Report for April 2021

Consent Calendar Items

5. Approve Action Minutes of January 29, 2021, Board Meeting
6. Accept the Fiscal Year 2019-20 Independent Auditor's Report
 - Resolution 2021-02
7. Accept a Notice of Completion from Sacramento Municipal Utility District for Utility Relocations related to Connector Segment D3
 - Resolution 2021-03
8. Approve Release of a Request for Proposals for Legal Services for the Connector JPA
 - Resolution 2021-04

Discussion and Action Items

9. Update on Federal Funding Opportunities

10. Update on the Connector project environmental mitigation strategy and authorize staff to release an RFP for SSHCP permit compliance services
- Resolution 2021-05

11. Closed Session

Once the closed session has ended, the board meeting will be reconvened in open session. The Chair will then make any announcements required by the Brown Act relative to reportable actions taken during the closed session.

- A. **Public Employee Performance Evaluation (Government Code, § 54957(b)(1))**
Employee: Executive Director
- B. **Conference with Labor Negotiators (Government Code, § 54957.6)**
Agency Designated Representative: Board Chair
Unrepresented Employee: Executive Director

OPEN SESSION

12. Discussion Regarding Executive Director Employment and Compensation, if any
13. Announcements or Final Comments from Board Members

ADJOURN

The next meeting of the Capital SouthEast Connector JPA Board will be held on
May 28, 2021

*City of Rancho Cordova City Hall, Council Chambers
2729 Prospect Park Drive, Rancho Cordova, CA 95670

*Subject to change due to COVID-19 restrictions on public gatherings

NOTICE REGARDING CHALLENGES TO DECISIONS

Pursuant to all applicable laws and regulations, including without limitation, California Government Code Section 65009 and or California Public Resources Code Section 21177, if you wish to challenge in court any of the above decisions (regarding planning, zoning and/or environmental decisions), you may be limited to raising only those issues you or someone else raised at the public hearing(s) described in this notice/agenda, or in written correspondence delivered to the Board at, or prior to, the public hearing.

GOVERNMENT CODE 54957.5 et seq.

Public records, including writings relating to an agenda item for open session of a regular meeting and distributed less than 72 hours prior to the meeting, are available for public inspection at 10640 Mather Blvd., Suite 120, Mather, CA 95655. The on-line version of the agenda and associated materials are posted for your convenience at <http://www.ConnectorJPA.net>. Some documents may not be posted on-line because of their size and/or format (maps, site plans, and renderings). As they become available, hard copies of all documents are available at 10640 Mather Blvd., Suite 120, Mather, CA 95655.

ADA COMPLIANCE STATEMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Connector JPA at (916) 876-9094. Notification 48 hours prior to the meeting will enable the Connector JPA to make reasonable arrangements to ensure accessibility to this meeting.

If requested, this agenda can be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. Persons seeking an alternative format should contact the Connector JPA for further information. A person with a disability, who requires a modification or accommodation, including auxiliary aids or services, to participate in a public meeting, should telephone or otherwise contact the Connector JPA 48 hours prior to the meeting. The Connector JPA may be reached at 10640 Mather Blvd., Suite 120, Mather, CA 95655 or by telephone at (916) 876-9094.

ITEM 4

MEETING DATE: April 30, 2021

TITLE: Executive Director's Report for March 2021 (Receive and File)

PREPARED BY: Derek Minnema

GROUNDBREAKING CEREMONY/ CONTRACT AWARD CELEBRATION

The JPA has hit the ground running in 2021. We are excited to celebrate three construction projects: Segment A2, Kammerer Road (Bruceville Road to Lotz Parkway), Segment B2, Grant Line Road (Waterman Road to Bradshaw Road), and Segment D3a, White Rock Road (Prairie City Road to East Bidwell Street).

Our team is focused on securing the time and support of our federal, state, and local elected officials, media, and stakeholders for the event on May 5th.

NEW FUNDING: SACRAMENTO TRANSPORTATION AUTHORITY ("STA")

On April 8, STA authorized a new capital allocation contract in the amount of \$4 million through Fiscal Year 2024.

Staff anticipates that STA will consider the approval of a new Mitigation Allocation Contract for \$5 million at its May board meeting.

NEW FEDERAL/STATE FUNDING FOR CONNECTOR PROJECT

The Connector project recently received three funding awards through Federal/State sources totaling approximately \$9 million. These awards will fund:

- Environmental studies for a roundabout at the intersection of Grant Line Road/Wilton Road in the rural area of Sheldon;
- Engineering work for a 2-lane extension of Kammerer Road to connect with Interstate 5;
- Construction for the realignment of Scott Road in Folsom/southeast Sacramento County.



STATE FUNDING REQUEST UPDATE

Our team is working on two State budget requests: advanced mitigation and broadband/bike path expansion on White Rock Road.

We have drafted budget request letters that include background information on the specific project and the amount being requested. The request is processed through the "member request process," which means that the Assembly and Senators can ask their colleagues to approve specific district requests for inclusion in the Legislature's version of the budget.

Many requests have been approved in the past. Legislators were asked to limit their submissions to three per member. We secured authorship from Assembly Member Cooley and Senator Dahle, who will champion the requests throughout the budget process this year.

Budget committee hearings began in February, but member requests will not be heard until May before the final budget is complete. We are currently working on securing additional support letters from organizations and legislators. We are setting up meetings with the Assembly and Senate Budget subcommittee consultants to discuss our requests.

ITEM 5

MEETING DATE: April 30, 2021

TITLE: Action Minutes of the January 29, 2021, Regular Teleconference Board Meeting

PREPARED BY: Derek Minnema

RECOMMENDATION

Approve Action Minutes of the January 29, 2021, Regular Teleconference Board Meeting.

ACTION MINUTES

The Capital SouthEast Connector JPA Board of Directors met in regular session on January 29, 2021, via teleconference.

Call to Order Chair Howell called the meeting to order at 8:35 a.m.

Roll Call Present: Directors Hidahl, Howell, Hume, Nottoli, Sander

Public Comments on Non-Agenda Items

There were no comments from the public on non-agenda items.

Open Session

Item #4: Executive Director's Report

The Board received Executive Director Minnema's comprehensive written report for January 2021 and the Executive Director briefly reviewed the report with the Board and the public.

No public comment was received on this item.

Consent Calendar Items

A motion was made by Director Notolli and seconded by Director Hidahl and passed by unanimous vote that:

THE BOARD OF DIRECTORS OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY APPROVES THE FOLLOWING ITEMS ON THE CONSENT AGENDA:

- Item #5: Approve Action Minutes of December 11, 2020 Board Meeting

No public comment was received on the consent items.

Discussion and Action Items

Item #6: Update on Funding Applications through SACOG's Regional Flexible Funding Programs

Executive Director Minnema introduced the item and Matt Lampa, Principal Civil Engineering, provided a presentation summarizing the item.

No action was taken on this item.

No public comment was received on this item.

Item #7: A. Update on Federal, State, and Local Government Affairs

B. Authorize Formation of Ad-Hoc Committee to Evaluate Project Funding Opportunities

Executive Director Minnema introduced the item provided a presentation summarizing the item. A brief discussion amongst the Board and JPA staff ensued.

A motion was made by Director Hidahl and seconded by Director Hume and passed by unanimous vote that:

THE BOARD OF DIRECTORS ("BOARD") OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY HEREBY APPOINTS DIRECTOR HOWELL AND DIRECTOR SANDER TO SERVE ON AN AD-HOC COMMITTEE TO EVALUATE PROJECT FUNDING OPPORTUNITIES WITH RESOLUTION 2021-01.

No public comment was received on this item.



Item #8: Announcement and Final Comments from Board Members

No action was taken on this item.

No public comment was received on this item.

Adjournment

The meeting adjourned at 9:14 a.m.

APPROVAL OF ACTION MINUTES FOR JANUARY 29, 2021

Approved By:

Attest:

Kerri Howell
Chair of the Board

Derek Minnema
Board Secretary

ITEM 6

MEETING DATE: April 30, 2021

TITLE: Accept the FY 2019-20 Independent Auditor's Report

PREPARED BY: Susan Spalding

RECOMMENDATION

Approve Resolution 2021-02, accepting the FY 2019-20 Independent Auditor's Report.

BACKGROUND

Under Section 6.d(3) of the Joint Exercise of Powers Agreement establishing the Authority, the Authority is required to cause an independent audit of all financial activities for each fiscal year. The Joint Exercise of Powers Agreement also requires that the Authority promptly deliver copies of the report to each member of the Board.

DISCUSSION

The accounting firm of Macias Gini & O'Connell LLP ("MGO") conducted the independent audit and the Connector JPA received an unmodified (clean) opinion for FY 2019-20. The report was distributed to Board members February 18th and placed on the JPA website. The following notes are summarized in the audit transmittal letter:

- The financial statements present fairly, in all material aspects, the respective financial position of the governmental activities and the general fund of the Connector JPA as of June 30, 2020 (Page 1).
- The auditors commented that "The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards." (Page 21)
- The auditors commented that "during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses." (Page 21)

ATTACHMENTS

- a. Resolution 2021-02
- b. FY 2019-20 Independent Auditor's Report

**CAPITAL SOUTHEAST CONNECTOR
JOINT POWERS AUTHORITY**

Independent Auditor's Reports, Management's
Discussion and Analysis, Basic Financial Statements,
and Required Supplementary Information

For the Fiscal Year Ended June 30, 2020



Certified
Public
Accountants

CAPITAL SOUTHEAST CONNECTOR JPA
For the Fiscal Year Ended June 30, 2020

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Independent Auditor's Report

Board of Directors of the Capital
Southeast Connector JPA
Mather, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Capital Southeast Connector Joint Powers Authority (Connector JPA), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Connector JPA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Connector JPA as of June 30, 2020, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021, on our consideration of the Connector JPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Connector JPA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Connector JPA's internal control over financial reporting and compliance.



Sacramento, California
February 8, 2021

CAPITAL SOUTHEAST CONNECTOR JPA
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

This section of the Capital Southeast Connector JPA's (Connector JPA) annual financial statements presents a discussion and analysis of the Connector JPA's financial performance during the year ended June 30, 2020. Please read it in conjunction with the Connector JPA's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The Connector JPA's total net position in fiscal year 2019-20 (FY 2019-20) increased by \$5.0 million.
- Total revenues decreased from \$5.6 million in fiscal year 2018-19 (FY 2018-19) to \$5.0 million in FY 2019-20.
- The total investment in capital assets increased \$5.3 million in FY 2019-20, from \$28.0 million in FY 2018-19 to \$33.3 million in FY 2019-20.
- At the end of FY 2019-20, the Connector JPA did not have any long-term liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Connector JPA's basic financial statements. The Connector JPA's basic financial statements are comprised of three components:

- 1) **Government-Wide** financial statement;
- 2) **Fund** financial statement;
- 3) **Notes** to the basic financial statements

1) Government-Wide Financial Statements are designed to provide readers with a broad overview of the Connector JPA's finances in a manner similar to private-sector businesses.

The *Statement of Net Position* presents information on all Connector JPA assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Connector JPA is improving or deteriorating.

The *Statement of Activities* shows changes in net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., accounts payable). The Statement of Activities distinguishes functions of the Connector JPA that are principally supported by taxes and intergovernmental revenues (*governmental activities*).

The government-wide financial statements can be found on pages 8 through 9 of this report.

2) Fund Financial Statements are groupings of related accounts that are used to control resources that have been segregated for specific activities or objectives. The Connector JPA, like other states and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The Connector JPA only has *governmental funds*.

CAPITAL SOUTHEAST CONNECTOR JPA
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2020

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Connector JPA's near-term financing decisions.

The governmental funds financial statements can be found on pages 10 through 11 of this report.

3) Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found starting on page 12 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Connector JPA is improving or deteriorating. In the case of the Connector JPA, assets exceeded liabilities by \$34.0 million at June 30, 2020.

**Condensed Statement of Net Position
Governmental Activities
June 30,**

	2020	2019	Increase/(Decrease)	
			Amount	Percentage
Assets:				
Current assets	\$ 1,110,522	\$ 1,845,717	\$ (735,195)	(40%)
Capital assets, non depreciable	33,292,560	28,036,205	5,256,355	19%
Total assets	<u>34,403,082</u>	<u>29,881,922</u>	<u>4,521,160</u>	15%
Current and other liabilities	<u>432,460</u>	<u>933,060</u>	<u>(500,600)</u>	(54%)
Net Position:				
Investment in capital assets	33,292,560	28,036,205	5,256,355	19%
Unrestricted	<u>678,062</u>	<u>912,657</u>	<u>(234,595)</u>	(26%)
Total Net Position:	<u>\$ 33,970,622</u>	<u>\$ 28,948,862</u>	<u>\$ 5,021,760</u>	17%

The Connector JPA reported an increase of \$5.0 million in *net position* compared to prior year balances. In the current year, net position increased primarily due to the increase in capital assets in the amount of \$5.3 million.

Current assets decreased from \$1.8 million at June 30, 2019 to \$1.1 million at June 30, 2020. This decrease primarily came from a decrease in accounts receivable. As stated above, capital assets increased approximately \$5.3 million during FY 2019-20, from \$28.0 million at June 30, 2019 to \$33.3 million at June 30, 2020. Significant additions to the project during FY 2019-20 included \$589 thousand in land

CAPITAL SOUTHEAST CONNECTOR JPA
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2020

acquisitions and right of way, and \$3.6 million in project management, environmental and engineering services and mitigation expenses. Current liabilities decreased from \$933 thousand at June 30, 2019 to \$432 thousand at the end of the current fiscal year. These changes were due to lower amounts owed to service providers, primarily for engineering, at the end of the current fiscal year.

The following table indicates the changes in net position for the Connector JPA's governmental activities:

	Statement of Activities		Year Ended June 30,	
	2020	2019	Increase/(Decrease)	
			Amount	Percentage
Revenues				
Program Revenues:				
Capital grants and contributions	\$ 5,010,652	\$ 5,607,891	\$ (597,239)	(11%)
General Revenues:				
Interest income	11,108	15,029	(3,921)	(26%)
Total Revenues	5,021,760	5,622,920	(601,160)	(11%)
Net Position, July 1	28,948,862	23,325,942	5,622,920	24%
Net Position, June 30	<u>\$ 33,970,622</u>	<u>\$ 28,948,862</u>	<u>\$ 5,021,760</u>	17%

The decrease in capital grants and contributions revenue was primarily due to a decrease in direct project related expenses compared to the prior year; member contributions remained the same at \$225,000. As stated above, significant additions to the project during FY2019-20 included \$589 thousand in land acquisitions and right of way, and \$3.6 million in project management, environmental, engineering services and mitigation expenses. As the Connector JPA incurs these capitalized expenditures, the reimbursement revenue follows.

FUND FINANCIAL ANALYSIS

As noted earlier, the Connector JPA uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The public ways and facilities function is contained in the General Fund. The focus of the Connector JPA's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Connector JPA's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2020 and June 30, 2019, the Connector JPA's governmental funds reported a fund balance of \$640 thousand and \$833 thousand respectively, a decrease of \$193 thousand. The decrease in fund balance was attributed to expenditures of \$5.3 million compared to reimbursement activity of \$5.1 million in revenue during the year.

CAPITAL SOUTHEAST CONNECTOR JPA
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2020

The Connector JPA received revenues from various sources. The following table presents the amount of revenues by source:

	Revenues Classified by Source				General Fund	
	2020	% of Total	2019	% of Total	Increase/(Decrease)	
					Amount	Percentage
Revenues						
Intergovernmental	\$ 4,785,652	95%	\$ 4,977,951	90%	\$ (192,299)	(4%)
Federal	42,000	1%	324,940	6%	(282,940)	(87%)
Contributions	225,000	4%	225,000	4%	-	0%
Interest	11,108	0%	15,029	0%	(3,921)	(26%)
Total Revenues	\$ 5,063,760	100%	\$ 5,542,920	100%	\$ (479,160)	-8.6%

The following provides an explanation of significant revenues by source that changed considerably over the prior year.

Intergovernmental revenues are allowable costs claimed from Measure A sales tax revenue bonds issued by the Sacramento Transportation Authority (STA). The sales tax revenue bonds are used to fund eligible Measure A capital projects. There was a decrease in revenues from STA Measure A during FY 2019-20 from \$5.0 million to \$4.8 million. As previously discussed, as the Connector JPA incurs project related expenditures, these amounts are reimbursed to the organization. Significant capitalized expenditures during FY 2019-20 included \$589 thousand in land acquisitions and right of way, and \$3.6 million in project management, environmental, engineering services and mitigation expenses.

Federal revenues are funding grants. The grants are for transportation related projects and related activities financed in part with federal-aid funds and authorized by the State or the Federal Highway Administration. The Sacramento Area Council of Governments (SACOG) conducts programming to allocate funds to projects based on regional apportionments of Federal Congestion Mitigation and Air Quality (CMAQ), Regional Surface Transportation Program (RSTP), and State Transport Action Improvement Program (STIP) funds. These funds are then allocated to projects. The Connector JPA has executed an agreement with the California Department of Transportation (Caltrans) to allow for disbursement of federal funds directly to the Connector JPA. The decrease in Federal revenues in FY 2019-20 was due to Connector JPA reduced project activity undertaken resulting in fewer costs claimed compared to FY 2018-19.

CAPITAL SOUTHEAST CONNECTOR JPA
 Management's Discussion and Analysis (Unaudited) (Continued)
 For the Fiscal Year Ended June 30, 2020

The following table presents expenditures of the General Fund:

Expenditures by Function						
General Fund						
	<u>2020</u>	<u>% of Total</u>	<u>2019</u>	<u>% of Total</u>	<u>Increase/(Decrease)</u>	
					<u>Amount</u>	<u>Percentage</u>
Expenditures						
Current:						
Public Ways & Facilities	<u>\$ 5,256,355</u>	<u>100%</u>	<u>\$ 5,567,402</u>	<u>100%</u>	<u>\$ (311,047)</u>	<u>(6%)</u>

The decrease in public ways and facilities expenditures was primarily due to a decrease in project management, environmental, and engineering services of \$1.6 million, offset by an increase in mitigation costs of \$1.3 million. Other decreases in expenditures came from a decrease in land and right of way.

Analysis of General Fund Budget

During the year, total revenues were less than the final budgeted amounts by \$3.1 million. Actual expenditures were less than budgetary estimates by \$2.9 million. During FY 2019-20, the Project used Federal grant funds totaling \$42 thousand.

Economic Factors and Next Year's Budget

The FY2020-21 Final Budget was adopted by the Connector JPA's Board of Directors on April 24, 2020.

The proposed means of financing the \$12 million in budgeted expenditures for FY 2020-21 includes:

- Measure A Bond and Measure A Bond Proceeds: \$11.8 million
- Member Contributions: \$225,000
- Interest: \$14,000

Request for Information

This financial report is designed to provide a general overview of the Connector JPA's finances for all those with an interest in the Connector JPA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Derek Minnema, Executive Director, Capital SouthEast Connector Joint Powers Authority, 10640 Mather Blvd., Suite 120, Mather, California 95655.

BASIC FINANCIAL STATEMENTS

CAPITAL SOUTHEAST CONNECTOR JPA
Statement of Net Position - Governmental Activities
June 30, 2020

ASSETS

Current Assets:

Cash and investments	\$	768,346
Interest receivable		5,323
Prepaid expense		2,500
Accounts receivable		334,353
		334,353
Total Current Assets		1,110,522

Noncurrent assets:

Capital assets, non-depreciable		33,292,560
		33,292,560
Total Assets		34,403,082

LIABILITIES

Current Liabilities:

Accounts payable and accrued expenses		432,460
		432,460

NET POSITION

Investment in capital assets		33,292,560
Unrestricted		678,062
		678,062
Total Net Position	\$	33,970,622

See accompanying notes to the basic financial statements.

CAPITAL SOUTHEAST CONNECTOR JPA
Statement of Activities - Governmental Activities
For the Fiscal Year Ended June 30, 2020

	Expenses	Capital Grants and Contributions	Net Revenue and Change in Net Position
FUNCTIONS/PROGRAMS			
Public ways and facilities	\$ -	\$ 5,010,652	\$ 5,010,652
			11,108
General revenues:			
Interest income			
			5,021,760
Change in Net Position			28,948,862
Net Position, July 1,			28,948,862
Net Position, June 30			\$ 33,970,622

See accompanying notes to the basic financial statements.

CAPITAL SOUTHEAST CONNECTOR JPA
Balance Sheet - Governmental Fund
June 30, 2020

	<u>General Fund</u>
ASSETS:	
Cash and investments	\$ 768,346
Interest receivable	5,323
Prepaid expense	2,500
Accounts receivable	334,353
Total Assets	\$ 1,110,522
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES:	
Accounts payable and accrued liabilities	\$ 432,460
 DEFERRED INFLOWS OF RESOURCES:	
Unavailable revenue	38,000
 FUND BALANCE:	
Nonspendable	2,500
Unassigned	637,562
Total Fund Balance	640,062
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,110,522

Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position:

Total Fund Balance - governmental fund	\$ 640,062
Amounts reported for governmental activities in the Statement of Net Position (page 8) are different because:	
Revenue not available to liquidate liabilities of the current period are not recognized in the funds	38,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	33,292,560
Net Position of Governmental Activities (page 8)	\$ 33,970,622

See accompanying notes to the basic financial statements.

CAPITAL SOUTHEAST CONNECTOR JPA
Statement of Revenue, Expenditures, and Change in Fund Balance - Governmental Fund
For the Fiscal Year Ended June 30, 2020

	General Fund
REVENUES:	
Intergovernmental	\$ 4,785,652
Federal	42,000
Contributions	225,000
Interest	11,108
	5,063,760
EXPENDITURES:	
Current:	
Public ways and facilities	5,256,355
	(192,595)
Change in Fund Balance	(192,595)
Fund Balance - Beginning of the year	832,657
	\$ 640,062
	\$ 640,062
 Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Fund to the Statement of Activities:	
Change in Fund Balance - governmental fund	\$ (192,595)
 Amounts reported for governmental activities in the Statement of Activities (page 9) are different because:	
Governmental funds report revenues that are measureable and available. However, in the statement of activities revenues are accrued when they are earned.	(42,000)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	5,256,355
	5,256,355
Change in Net Position of Governmental Activities (page 9)	\$ 5,021,760
	\$ 5,021,760

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CAPITAL SOUTHEAST CONNECTOR JPA

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 1 – REPORTING ENTITY

Authorized Legislation and Organization

The Capital Southeast Connector JPA, (Connector JPA), which was created effective December 12, 2006, pursuant to Section 6500 of the California State Government Code and the provisions of a Joint Exercise of Powers Agreement, is a political subdivision of the State of California.

The Connector JPA is a jointly governed organization under Section 6500 of the California State Government Code. Parties to this agreement are the City of Elk Grove, County of Sacramento, City of Rancho Cordova, City of Folsom, and the County of El Dorado.

The Connector JPA was formed to acquire, plan, design, finance, construct, operate, and maintain a multi-modal transportation corridor to connect the City of Elk Grove, the County of Sacramento, the City of Rancho Cordova, the City of Folsom, and the County of El Dorado.

The Connector JPA is governed by a Board of Directors, which is composed of one member from the Sacramento County Board of Supervisors, one member from the Elk Grove City Council, one member from the Rancho Cordova City Council, one member from the Folsom City Council, and one member from the El Dorado County Board of Supervisors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the primary government (Connector JPA).

The Statement of Activities presents direct expenses and program revenues for the public ways and facilities function of the Connector JPA's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented instead as general revenues.

When both restricted and unrestricted resources are available, restricted resources are used first, then unrestricted resources as needed.

Fund Financial Statements

The fund financial statements provide information about the Connector JPA's fund, which include only *governmental funds*.

The Connector JPA reports the following major governmental fund:

The *General Fund* is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the Connector JPA.

CAPITAL SOUTHEAST CONNECTOR JPA
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Connector JPA gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and contributions. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Interest and certain state and federal grants are accrued when their receipt occurs within one hundred twenty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Cash and Investments

Pursuant to the Joint Exercise of Powers Agreement, the Treasurer of the County of Sacramento (County) has custody of all cash for the Connector JPA. The Connector JPA's share of the pooled cash account is separately accounted for and interest earned, net of related expenses, is apportioned at the end of each quarter based upon the relationship of its daily cash balance to the total of the pooled account.

Cash and investments in the County's investment pools are presented at fair value. Investment policies and related credit, custodial credit, concentration credit, and interest rate risk applicable to the Connector JPA's pooled funds are those of the County and are disclosed in the County's basic financial statements. The County treasurer's investment pool is subject to oversight by the Treasury Oversight Committee.

Net Position

Government-wide financial statements utilize a net position presentation.

- *Investment in capital assets* – This category groups all capital assets, including infrastructure into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Unrestricted Net Position* – This category represents net position of the Connector JPA not restricted for any project or other purpose.

Fund Balances

Governmental funds report fund balance in classifications based primarily on the extent to which the Connector JPA is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for government funds are made up of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: amounts held for perpetuity and prepaid amounts.

CAPITAL SOUTHEAST CONNECTOR JPA
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the Connector JPA’s highest level of decision-making authority, which is the Connector JPA’s Board of Directors. Commitments may be changed or lifted only by the adoption of a Board Resolution.
- *Assigned Fund Balance* – comprises amounts intended to be used by the Connector JPA for specific purposes that are neither restricted nor committed. Intent is expressed by the Connector JPA’s Board of Directors.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

As of June 30, 2020, all of the Connector JPA’s General Fund balance is recorded as nonspendable and unassigned.

Fair Value Measurement

The Connector JPA categorizes the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Connector JPA is a participant in the Sacramento County Treasurer’s Pool (County Pool). The County Pool is an external investment pool, is not rated and is not registered with the Securities and Exchange Commission (SEC). The Sacramento County Treasury Oversight Committee conducts County Pool oversight. Cash on deposit in the County Pool at June 30, 2020 is stated at fair value. The County Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the County Pool, refer to the County of Sacramento Comprehensive Annual Financial Report.

CAPITAL SOUTHEAST CONNECTOR JPA
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Future Accounting Pronouncements

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The effective date of this Statement was postponed to fiscal years beginning after December 15, 2019, with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Authoritative Guidance*. The Connector JPA has not determined the effect, if any, on the financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effective date of this Statement was postponed to fiscal years beginning after June 15, 2021 with the issuance of GASB Statement No. 95. The Connector JPA has not determined the effect, if any, on the financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The effective date of this Statement was postponed to fiscal years beginning after December 15, 2019, with the issuance of GASB Statement No. 95. The Connector JPA has not determined the effect, if any, on the financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The effective date of this Statement was postponed to fiscal years beginning after December 15, 2021 with the issuance of GASB Statement No. 95. The Connector JPA has not determined the effect, if any, on the financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative

CAPITAL SOUTHEAST CONNECTOR JPA
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The effective date of this Statement was postponed to fiscal years beginning after June 15, 2021 with the issuance of GASB Statement No. 95. The Connector JPA has not determined the effect, if any, on the financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements (except paragraphs 13 and 14) of this Statement are effective for reporting periods beginning after June 15, 2020. Paragraphs 13 and 14 have been postponed to reporting periods beginning after June 15, 2021 with the issuance of GASB Statement No. 95. The Connector JPA has not determined the effect, if any, on the financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The Connector JPA has not determined the effect, if any, on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The Connector JPA has not determined the effect, if any, on the financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457

CAPITAL SOUTHEAST CONNECTOR JPA
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Connector JPA has not determined the effect, if any, on the financial statements.

NOTE 3 – CASH AND INVESTMENTS

As discussed in Note 2, the Connector JPA maintains cash deposits and investments with the County and involuntarily participates in the investment pool of the County, which is not rated by the credit rating agencies. The County Treasurer’s cash and investment pool is not registered with the SEC. The County’s Treasury Oversight Committee is charged with overseeing activity in the pool for compliance and code requirement. Additional information regarding the Pool, including the investment portfolio and related interest rate, custodial credit, credit and concentration credit risks, is presented in the County’s basic financial statements.

Fair Value Measurement

In instances where inputs used to measure fair value into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Connector JPA’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Deposits and withdrawals from the County Pool are made on the basis of \$1 and not fair value. Accordingly, the Connector JPA’s proportionate share of investments in the County Pool at June 30, 2020 of \$767,846 is an uncategorized input not defined as a Level 1, or Level 3 input. The remaining \$500 is held by the Connector JPA as petty cash.

NOTE 4 – ACCOUNTS RECEIVABLE

The majority of the Connector JPA’s accounts receivable is comprised of Measure A claims submitted to the Sacramento Transportation Authority (STA) for expenditures incurred through June 30, 2020. Additional amounts are due from the California Department of Transportation and for miscellaneous receivables. As of June 30, 2020, \$246,068, \$77,000 and \$11,285 remains outstanding, respectively.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 28,036,205	\$ 5,256,355	\$ -	\$ 33,292,560
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CAPITAL SOUTHEAST CONNECTOR JPA
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

NOTE 6 – RELATED PARTY TRANSACTIONS

The Connector JPA uses other County of Sacramento departments for services, such as telecommunications, computer/IT support, treasury, personnel and employment services, and fiscal services, which includes federal invoicing and payment services. Expenditures paid to the County of Sacramento during the year were \$74,285.

NOTE 7 – OPERATING LEASES

The Connector JPA entered into a lease agreement on November 29, 2017 for a lease term that expires December 31, 2020. Rental expenditures for fiscal 2020 for office space were \$53,165.

The following is the amount due under the lease agreement signed on November 29, 2017.

	<u>Year Ending June 30,</u>
2021	\$ 26,077

The Connector JPA entered into a new lease agreement on July 1, 2020 for a lease term that expires December 31, 2023. Monthly lease expenditures will range from \$4,179 to \$4,418 for the term of the lease.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The Connector JPA has executed contracts to purchase services, as of June 30, 2020, from various vendors. The Connector JPA is contracted with these vendors through various dates. Approximately \$5.2 million may be payable upon future performance under these contracts.

NOTE 9 – COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally. Due to the nature of the Connector JPA's operations, there was minimal impact of COVID-19 on this year's financial statements of the Connector JPA. At this time, the Connector JPA cannot estimate the impact of COVID-19 on future year's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CAPITAL SOUTHEAST CONNECTOR JPA

Schedule of Revenues, Expenditures, and Changes in the General Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budgeted amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 6,330,000	\$ 7,934,189	\$ 4,785,652	\$ (3,148,537)
Federal	-	-	42,000	42,000
Contributions	225,000	225,000	225,000	-
Interest	8,000	8,000	11,108	3,108
Total Revenues	6,563,000	8,167,189	5,063,760	(3,103,429)
EXPENDITURES:				
Public ways and facilities	6,563,000	8,167,189	5,256,355	2,910,834
NET CHANGES IN FUND BALANCE	\$ -	\$ -	\$ (192,595)	\$ (192,595)

See note to the required supplementary information.

CAPITAL SOUTHEAST CONNECTOR JPA
Note to The Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

NOTE 1 – BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device for the general fund. All annual appropriations lapse at fiscal year-end. The Executive Director and Administrative Services Officer prepare and submit a proposed budget to the Board of Directors in May for review. After reviewing the proposed budget and making such revisions as it may deem advisable, a final budget is prepared and adopted no later than the June board meeting. Revisions to the adopted budget must be presented to the Board of Directors by the Executive Director and approved by resolution. The legal level of budgetary control is at the total fund level.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors of the Capital
Southeast Connector JPA
Mather, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Capital Southeast Connector Joint Powers Authority (Connector JPA), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Connector JPA's basic financial statements, and have issued our report thereon dated February 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Connector JPA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Connector JPA's internal control. Accordingly, we do not express an opinion on the effectiveness of the Connector JPA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Connector JPA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Sacramento, California

February 8, 2021



ITEM 6 a

RESOLUTION 2021-02

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY
ACCEPTING THE INDEPENDENT AUDITORS' REPORT FOR
FISCAL YEAR 2019-20**

BE IT RESOLVED that the Board of Directors of the Capital SouthEast Connector Joint Powers Authority ("Board") hereby accepts the Fiscal Year 2019-20 Independent Auditors' Report attached hereto.

This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

PASSED AND ADOPTED this 30th day of April, 2021, on a motion by
Director _____, seconded by Director _____, by the following
vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairperson

ATTEST:

Secretary

ITEM 7

MEETING DATE: April 30, 2021

TITLE: Accept a Notice of Completion from Sacramento Municipal Utility District ("SMUD") and Acknowledge Completion of the Obligations of the Utility Agreement with SMUD Concerning Connector Segment D3 Utility Relocations

PREPARED BY: Matt Lampa

RECOMMENDATION

Accept a Notice of Completion from Sacramento Municipal Utility District ("SMUD") for utility relocations related to Segment D3. Adopt Resolution 2021-03 acknowledging completion of the obligations of the Utility Agreement with SMUD.

BACKGROUND

Segment D3 entails constructing four lanes between Prairie City Road and East Bidwell Street and required relocation of overhead and underground electrical facilities owned and maintained by SMUD. Additional overhead telecommunication facilities owned by various utility agencies also require relocation.

While SMUD has assumed financial liability for the relocation of facilities within existing right of way, the JPA is required to assume financial responsibility for relocation of facilities with prior rights (e.g. in an easement), since the relocation is due to the JPA's construction project. Relocation cost sharing due to prior rights necessitated a Utility Agreement outlining the financial liability, scope, performance of relocation work, and payment of work. The telecommunication facilities do not have prior rights and the utility agencies have assumed full financial liability for relocation, no Utility Agreement is required.

On January 31, 2020, the Board approved Resolution 2020-03 authorizing the Executive Director to enter into a Utility Agreement with SMUD to fund the relocations. The total cost to the JPA was \$740,313, and was based on estimated costs from SMUD for underground and overhead relocation work. The cost of the overhead work was estimated at \$2,684,075 of which the JPA is liable for \$617,337 or 23% of the relocation cost. The estimated cost of the underground relocation work is \$122,976 of which the JPA is liable for 100% of the relocation cost.



COMPLETION OF SMUD RELOCATION

SMUD initiated relocation work in May 2020 with the expectation that work would be completed in December 2020. Upon commencement of work, staff and Folsom Public Works diligently coordinated design details with SMUD to minimize conflicts with Segment D3. Additionally, the City of Folsom secured Veerkamp Engineering to perform preliminary grading activities allowing SMUD to relocate in advance of construction.

Staff is pleased to report that SMUD completed all relocation work in November 2020, one month ahead of schedule and within the budget specified in the Utility Agreement.

SMUD's final invoice was received March 2, 2021 and has been paid in full.

STATUS OF OTHER UTILITY RELOCATIONS

The remaining utility agencies are in the process of relocating their facilities. AT&T will install new poles in the public utility easement from Prairie City Road to Scott Road. All other utilities will be relocating onto the new SMUD poles. The remaining relocation work began in February and is expected to be completed in May.

Relocation of utilities prior to roadway construction is critical to reducing conflicts and cost, and staff is pleased to report a majority of the relocation work is complete.

ATTACHMENTS

- a. SMUD Notice of Completion, dated March 1, 2021
- b. Resolution 2021-03



March 1, 2021

**CAPITAL SOUTHEAST CONNECTOR JPA
10640 MATHER BLVD., SUITE 120
MATHER, CA 95655**

**WHITE ROCK ROAD FACILITIES RELOCATION PROJECT
UTILITY AGREEMENT No. D3-1
NOTICE OF COMPLETION STATUS**

This letter is to inform you that the work described in the above-named agreement has been determined by SMUD to be completed on October 27, 2020.

Please note that the final bill for the project is therefore due no later than April 25, 2021, in accordance with section IV. "Payment for Work" of the agreement.

If you have any questions regarding the notice of completion status, please feel free to call (916) 732-6620.

Thank you,

Shane Nelson
Line Design Supervisor

ITEM 7 b

RESOLUTION 2021-03

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY
ACCEPTING A NOTICE OF COMPLETION FROM SACRAMENTO
MUNICIPAL UTILITY DISTRICT AND ACKNOWLEDGING COMPLETION OF THE
OBLIGATIONS OF THE UTILITY AGREEMENT WITH SACRAMENTO MUNICIPAL
UTILITY DISTRICT CONCERNING CONNECTOR SEGMENT D3 UTILITY
RELOCATIONS**

WHEREAS, on January 31, 2020 the Board approved Resolution 2020-03 authorizing the Executive Director to enter into a Utility Agreement with the Sacramento Municipal Utility District ("SMUD") to fund utility relocations associated with Segment D3 in the total amount of \$740,313. The Board further authorized the Executive Director to approve any necessary change orders related to the utility relocations in an amount not to exceed ten percent (10%); and

WHEREAS, SMUD has completed all work required under the Utility Agreement and the JPA has paid the final invoice for said work.

NOW THEREFORE, BE IT RESOLVED, that the Board hereby acknowledges satisfaction and completion of the relocation of SMUD facilities associated with Segment D3 and all obligations under the Utility Agreement.

BE IT FURTHER RESOLVED, all outstanding invoices for the work performed under the Utility Agreement have been paid and the Board hereby affirms that no further action is required to be performed by the Connector JPA under the Utility Agreement.

This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *



PASSED AND ADOPTED this 30th day of April, 2021, on a motion by
Director _____, seconded by Director _____, by the following
vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairperson

ATTEST:

Secretary

ITEM 8

MEETING DATE: April 30, 2021

TITLE: Approve Release of a Request for Proposals for Legal Services for the Connector JPA

PREPARED BY: Derek Minnema

RECOMMENDATION

Approve Resolution 2021-04 authorizing the Executive Director to release a Request for Proposals (RFP) for legal services.

BACKGROUND

The Connector JPA Contracting and Purchasing Procedures Manual requires an RFP for any procurement that exceeds \$50,000 to be approved by the Board of Directors before its publication unless identified in the adopted budget.

DISCUSSION

The Agreement for legal services with Sloan Sakai Yeung & Wong LLP (formerly Renne Sloan Holtzman Sakai LLP), will expire on June 30, 2021, and additional extensions are not authorized. Therefore, the Connector JPA must solicit competitive proposals.

Staff anticipates returning to the Board for approval to award the contract within the next two or three months.

ATTACHMENTS

- a. Resolution 2021-04



ITEM 8 a

RESOLUTION 2021-04

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY
AUTHORIZING THE EXECUTIVE DIRECTOR TO RELEASE A REQUEST FOR
PROPOSALS FOR LEGAL SERVICES FOR THE CONNECTOR JPA**

BE IT RESOLVED that the Board of Directors ("Board") of the Capital SouthEast Connector Joint Powers Authority ("Connector JPA") hereby authorizes the Executive Director to release a Request for Proposals for Legal Services for the Connector JPA.

This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

PASSED AND ADOPTED this 30th day of April, 2021, on a motion by
Director _____, seconded by Director _____, by the following
vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

ITEM 9

MEETING DATE: April 30, 2021

TITLE: Update on Federal Funding Opportunities (Receive and File)

PREPARED BY: Derek Minnema and MMS Strategies

RECOMMENDATION

Hear a brief presentation on Federal, State, and local funding opportunities and provide input as desired.

OVERALL FEDERAL LANDSCAPE

Federal Relief/Stimulus Legislation

On March 11, President Biden signed the American Rescue Plan Act (ARPA) of 2021 (P.L. 117-2). Absent from the legislation is funding for highways/roads, private motorcoach, school bus, and passenger vessel industries. However, the bill included: \$30.5 billion for transit; \$1.7 billion for Amtrak; \$3 billion for aviation manufacturing jobs payroll support fund; a \$15 billion extension of payroll support for airline workers; \$8 billion to help cover airport operations, debt payments, and pandemic recovery.

On Wednesday, March 31, President Biden proposed a \$2.2 trillion jobs and infrastructure plan – entitled *The American Jobs Plan*. The President intends to move this plan through Congress before the House and Senate leave for August recess, and has begun holding bipartisan, bicameral discussions in an effort to start the legislative process.

The plan would be paid for in part by raising the corporate tax rate from 21% to 28% and increasing the global minimum tax paid from ~13% to 21%.

The Plan proposed included these elements:

- \$174 billion in grant and incentive programs for state and local governments and the private sector to build a national network of 500,000 electric-vehicle chargers by 2030;

- \$115 billion to revamp highways and roads, including 10 major and 10,000 smaller bridges in need of reconstruction; \$50 billion for dedicated investments to improve infrastructure resilience to safeguard critical infrastructure and essential services.
- \$20 billion to improve road safety, including for cyclists and pedestrians;

Infrastructure Package Negotiation

Senator Tom Carper (D-DE), who leads the Senate Environment and Public Works Committee (“EPW”), has taken a leadership role in drafting the next infrastructure proposal/surface transportation reauthorization. EPW only has jurisdiction over the highway piece of the larger package. Other committees have jurisdiction over rail, highway safety and revenue.

House Transportation and Infrastructure Chairman Peter DeFazio (D-OR) is focused on an infrastructure bill/surface transportation reauthorization in the 117th Congress, publicly stating that he would like to release a proposal in the first half of the new year. Ranking Member Sam Graves (R-MO) has begun drafting his own pieces for a proposal. The question remains whether they can meet in the middle.

Both the House and the Senate transportation committees have begun holding hearings with the reoccurring theme title, “Build Back Better.” Senate EPW Chairman Tom Carper (D-DE) has publicly stated that he would like to have his portion of the bill marked up by Memorial Day.

House Transportation and Infrastructure Committee Chairman Peter DeFazio (D-OR) seems to be on a similar timeline. House T&I Majority staff have indicated that we will likely see a bill move out of Committee by the third week of May.

On April 22, Senate Republicans released their nearly \$600 billion infrastructure counteroffer to Biden’s \$2.2 trillion plan. The plan is about a quarter the size of Biden’s plan and several Democrats have spoken out against it, but it seems to be gaining traction with more moderate Democrats, like Senator Joe Manchin (D-WV) and Senator Chris Coons (D-DE), who would like to see this process play out in a bipartisan manner.

In short, May seems to be the target date for committee votes, leading to the broadly held view that the real push on a broad infrastructure package is most likely a mid-summer exercise.

Surface Transportation Reauthorization, including Earmarks

With the 2015 surface transportation law, the FAST Act, set to expire on September 30, 2021, a multi-year reauthorization of the FAST Act will likely be part of a broader infrastructure package.

On February 26, House Appropriations Chairwoman Nita Lowey (D-CT) and T&I Chairman DeFazio officially announced the return of earmarks, ending a decade-long prohibition of congressionally directed spending.

On March 4, House Appropriations Committee Chairwoman DeLauro outlined “Community Project Funding” guidelines and the requirements, eligibility, and other related information. Chairwoman DeLauro also notified members that the portal for the House Appropriations Committee to receive formal requests from House members was opened on March 29.

The House is just one piece of the puzzle as the Senate has yet to announce its process for earmarks. On April 21, Senate Republicans held an internal party meeting, where the group decided to keep their conference’s 2019 “permanent ban” on earmarks in place. It is unclear at this time how the Senate will handle the earmark process.

After consultation with Congressman Bera and Congressman McClintock, staff submitted the following requests through Congressman Bera:

- Segment D3 Class 1 Multi-Use Path and Broadband - \$2M construction funding request to install broadband infrastructure under 2.5 miles of Class 1 Multi-Use Path from Prairie City Road to East Bidwell Street.
- Segment D2a - \$8M request for right of way and engineering funds for Grant Line Road, between Douglas Road and White Rock Road.

Discretionary Grants – INFRA

On February 17, the Department of Transportation announced the Notice Of Funding Opportunity for the Infrastructure for Rebuilding America (“INFRA”) discretionary grant program. The funding available for this year’s grants totals approximately \$889 million. Applications were due on March 19, and awards will be announced later in Spring/Summer.

After consultation with Congressman Bera, and in coordination with the City of Rancho Cordova, staff submitted the Connector D2a Project to the INFRA program.



Discretionary Grants - RAISE

On April 13, the Department of Transportation announced the Notice Of Funding Opportunity for the Rebuilding American Infrastructure with Sustainability and Equity (“RAISE”) discretionary grant program, formerly known as BUILD and TIGER. The funding available for this year’s grants totals \$1 billion. Applications are due on July 12.

After consultation with Congressman Bera and Congressman McClintock, and in coordination with El Dorado County Transportation Commission, staff anticipates submitting the Connector D3b/E1 project to the RAISE program.

ITEM 10

MEETING DATE: April 30, 2021

TITLE: Update on the Connector project environmental mitigation strategy and authorize staff to release an RFP for environmental services for SSHCP compliance

PREPARED BY: Derek Minnema

RECOMMENDATION

Receive an update on Connector project environmental mitigation concerning the South Sacramento Habitat Conservation Plan ("SSHCP") and approve Resolution 2021-04 authorizing staff to release a Request for Proposals for environmental consulting services on plan compliance.

BACKGROUND AND INTRODUCTION

In 2019 adoption of the SSHCP became final through a series of actions - the South Sacramento Conservation Agency Joint Powers Authority was created, Implementing Agreements were adopted, and permits were issued to Plan Partners.

The Connector JPA is in a unique position with respect to the SSHCP. The JPA is a Permittee and project proponent; as such, Federal and State regulatory agencies issued environmental permits to the JPA for the Connector project, and those permits are in place. The JPA must comply with said permits and ensure that the SSHCP is adequately implemented. However, unlike other Permittees, the JPA is not a land-use agency, and applicants with individual projects do not apply to the JPA for permit coverage as they do with other permittees.

For Reference - Other SSHCP Permittees

Other SSHCP permittees serve applicants; that is, project proponents submit applications to the County or cities requesting a permit under the SSHCP. The project proponents complete required biological and cultural resource investigations and reports, define SSHCP landcover, assess required landcover conversion fees, and submit this information to the Plan permittees.



The Plan permittees ensure that the projects are consistent with the SSHCP, collect fees, authorize take and fill, and ensure compliance with the various regulatory permits that have been issued for the Plan.

The Plan permittees are responsible for processing required information through the regulatory agencies (primarily the USACE and Water Board) to utilize the programmatic wetland permits that have been issued for the Plan. These Plan permittees are responsible for tracking impacts and reporting them to the SSCA annually.

Connector JPA SSHCP Permittee

In the case of the Connector JPA, the agency is both the permittee and the project proponent. In this regard, the JPA's efforts are streamlined and focus solely on the delivery of Connector projects. For each Connector project, the JPA is responsible for completing any required biological and cultural resource investigations, determining landcover impacts, and paying the fees.

The JPA will also be required to process required information through the USACE and Water Board to utilize programmatic wetland permits, and track take usage by the Connector regularly.

DISCUSSION

The County and cities that are SSHCP permittees all have existing infrastructure (environmental review departments and staff, or consultants) to implement the SSHCP and ensure compliance. The JPA does not have such infrastructure in place.

The JPA has largely similar, if not identical, obligations under the SSHCP as the other Plan permittees. As such, the JPA will need to develop a framework to guide planning, processing, implementation, and compliance of SSHCP requirements for each construction phase.

A thorough review of the JPA's existing environmental documents/permits, particularly of the SSHCP plan documents related to the JPA's obligations and processes, is a critical next step for compliance with the SSHCP.

Staff recommends that the Board consider approving the release of a Request for Proposals for environmental consulting services on SSHCP compliance with a potential Scope of Work outlined below.

POTENTIAL SCOPE OF WORK

Staff recommends a potential scope of work that would review the JPA's environmental documents, the SSHCP (with a focus on Connector obligations and processes), and conduct research into how other permittees (Sacramento County, City of Rancho Cordova, City of Galt) are implementing the SSHCP, processing applications, and tracking take.

The result of a review of existing documents and obligations could be a white paper, a schedule/table of requirements and timelines, and summary of the JPA's commitments, and ideas/suggestions/findings on how to implement mechanisms that comply with the SSHCP.

A deliverable may also include a "flow chart" or similar, showing all the various pieces, when they need to occur (relative to project planning/construction), and who performs them – including coordination with the regulatory agencies.

A concurrent process or immediate next step may include examining the upcoming Connector segments within the Plan area to lay out a segment-specific schedule and strategy to ensure the JPA meets delivery goals and gives bidders certainty on the delivery of work.

Having a processing and compliance strategy in place would be beneficial in the following ways:

- Guides funding needs and grant options;
- Results in informed schedules;
- Ensures legal and regulatory compliance; and
- Helps understand the environmental obligations, both financially and logistically.

SCHEDULE

Even though the SSHCP is now in place, it takes time, effort, and funding to complete the required surveys, processing, and reporting to secure appropriate permits and other documentation required under the Plan in order for construction to occur. Staff has been seeing 4-6 month+ time frames to process SSHCP applications through the other Plan permittees before construction. Those projects are typically smaller than a segment of the Connector.



FUNDING

Measure A, Sacramento Transportation Authority's ("STA") one-half percent sales tax to fund transportation improvements, provides funding to the JPA for environmental mitigation. JPA staff collaborated with STA to develop a funding plan through the second decennial of the Measure A program that would provide the JPA \$10,000,000 over ten years, with an immediate allocation of \$5,000,000 in Fiscal Year 2022.

Staff understands that the STA Board of Directors will consider approving the funding plan at the upcoming STA board meeting, accordingly, it is anticipated that there will soon be an immediate need for development and implementation of procedures to ensure Plan compliance.

ATTACHMENTS

- a. Resolution 2021-05



ITEM 10 a

RESOLUTION 2021-05

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY
AUTHORIZING STAFF TO RELEASE A REQUEST FOR PROPOSALS FOR
ENVIRONMENTAL CONSULTING SERVICES RELATED TO THE SOUTH
SACRAMENTO HABITAT CONSERVATION PLAN**

BE IT RESOLVED by the Board of Directors ("Board") of the Capital SouthEast Connector Joint Powers Authority ("Connector JPA") hereby authorizes staff to release a request for proposals for environmental consulting services related to compliance with the South Sacramento Habitat Conservation Plan.

This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

PASSED AND ADOPTED this 30th day of April, 2021, on a motion by
Director _____, seconded by Director _____, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairperson

ATTEST:

Secretary