

MEMORANDUM OF UNDERSTANDING REGARDING IMPLEMENTATION OF THE “SACRAMENTO COUNTY TRANSPORTATION MAINTENANCE, SAFETY AND CONGESTION RELIEF ACT OF 2022 - RETAIL TRANSACTIONS AND USE TAX”

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made and entered into as of this 1st day of August 2022, by and between the SACRAMENTO AREA COUNCIL OF GOVERNMENTS, the metropolitan planning organization for the Sacramento region (“SACOG”), and the SACRAMENTO TRANSPORTATION AUTHORITY, a California transportation authority formed pursuant to Public Utilities Code section 180000, et seq. (“STA”) (collectively, the “Parties” or individually, a “Party”). The Committee for a Better Sacramento (“CBS”) is expressly acknowledging this MOU to confirm that the MOU is consistent with the provisions and intent of the citizens’ initiative, as detailed below.

RECITALS:

A. A primarily formed, citizens’ ballot measure committee known as Committee for a Better Sacramento, including voter proponent (“CBS”), independently drafted, circulated for voter signatures, and now qualified for the ballot, a local initiative petition titled the “SACRAMENTO COUNTY TRANSPORTATION MAINTENANCE, SAFETY AND CONGESTION RELIEF ACT OF 2022 - RETAIL TRANSACTIONS AND USE TAX” (the “Initiative”). No government officials serve on CBS’s board, CBS is not controlled by any government official or candidate for office, and no government officials were involved in drafting, filing, or circulating the Initiative for voter signatures.

B. The County of Sacramento Office of Voter Registration & Elections has determined that CBS collected more than the requisite number of valid, verified voter signatures to require the Initiative to be presented to voters of STA in November 2022. If approved by a majority of voters of STA voting in the election, the Initiative will establish a 0.5% transactions and use tax within STA (coterminous with Sacramento County) dedicated to funding transportation and transit projects.

C. As an initiative ordinance of STA, the Initiative will be administered and implemented by STA. The Initiative contains an expenditure plan which details how STA is to allocate Initiative revenues and fund projects, subject to the terms of the Initiative (the “Expenditure Plan”). Sections J and K of the Expenditure Plan require that projects funded by the Initiative shall not impair the ability of the region to meet federal air quality conformity requirements and acknowledge that the region must currently meet a 19% per capita greenhouse gas (“GHG”) emissions reduction target. Section K mandates that projects are only eligible to receive funds from the Initiative if the project sponsor can mitigate any such project impacts to maintain adherence to the then applicable regional GHG emissions reduction target, the project is already included in the MTP/SCS (as defined below), or the project is exempt from the GHG emissions reduction target (meaning the project does not increase transportation capacity and therefore does not increase GHG).

D. SACOG is the federally designated metropolitan planning organization for the greater six county Sacramento region and the regional transportation planning agency for Sacramento County as well as the counties of Sutter, Yolo and Yuba. Among other responsibilities, SACOG is responsible to plan for the region’s ability to meet standards for reduction of GHG emissions. As referenced in the Initiative,

federal and state laws require SACOG to develop a Metropolitan Transportation Plan and Sustainable Communities Strategy ("MTP/SCS") that address GHG emissions reductions requirements. Under the federal and state regulatory framework, the California Air Resources Board ("ARB") establishes passenger vehicle GHG emissions reduction targets that SACOG must meet through the MTP/SCS. SACOG works with ARB to determine an accurate method for measuring the greenhouse gas emissions performance of the MTP/SCS, and ARB ultimately determines whether the MTP/SCS would meet the established GHG emissions reduction target. SACOG has developed an MTP/SCS that is designed to achieve the region's GHG reduction targets, and SACOG engages in detailed annual monitoring of actual performance of the GHG emissions reductions.

E. The Initiative directs revenues to fund, subject to the Initiative's requirements, certain capital projects, including but not limited to certain Caltrans projects and portions of the Capital Southeast Connector project, that are not currently planned or programmed for construction in the MTP/SCS and will therefore have to mitigate GHG emissions in order to be eligible to use Initiative funds for construction.

F. Through this MOU, the Parties intend to set forth a structure to implement the provisions of Sections J and K of the Expenditure Plan to establish whether projects that are not within the MTP/SCS will be eligible to receive Initiative funds, as per the terms of the Initiative. This MOU is necessary to establish a framework for intergovernmental cooperation between the STA, as the agency responsible for the Initiative funds, and SACOG, as the agency responsible for planning for, and implementation of, the GHG emissions reductions target. This will help ensure that the agencies which may receive funding for projects requiring mitigation will effectively achieve sufficient GHG mitigation and avoid impacting the region's ability to meet GHG reduction targets. This MOU also confirms that the implementation provisions contained in this MOU are consistent with both the text of the Initiative and CBS' intent in preparing the Initiative and submitting it to the voters; nothing in this MOU is intended to alter or in any way change the language as set forth in the Initiative qualified for the ballot by the voters. Finally, by documenting the mutual understandings of the Parties prior to the election, the Parties hereto are better positioned to convey objective information to the voters and the Parties' various member agencies regarding the Initiative's implementation if adopted.

NOW, THEREFORE, the Parties have reached the following understandings, and for good and valuable consideration, which is hereby acknowledged and received, the Parties set forth their understandings, together with CBS's confirmation that the provisions are consistent with the Initiative, as follows:

1. **Recitals.** The Parties and CBS acknowledge and agree that the Recitals are true and correct statements. The Parties' understandings set forth in this MOU are made in reliance upon the Recitals, as well as upon the confirmation by CBS pursuant to paragraph 8, below.
2. **Prioritizing Additional Funds for GHG Mitigation.** CBS has informed the Parties that the Initiative's estimate of tax revenues is conservative and actual revenues could be approximately 6% higher. This means there may be over \$500 million in additional revenues which, per the Initiative's express terms, will be available for allocation pursuant to the Expenditure Plan's spending categories and, more specifically, for authorized uses on eligible projects, including for GHG mitigation efforts. Additional Initiative funds are available for mitigation efforts without a cap, and will be prioritized for this

purpose. Since additional revenues over projections will go directly to recipient agencies on a pro-rata basis, recipient agencies can pledge that the use of a portion of these additional funds be used first for GHG mitigation. This section shall not be construed to limit or eliminate any mitigation obligations under the Initiative or as set forth in this MOU.

2.1. STA and CBS will each request that recipient agencies pass resolutions acknowledging that additional revenues may be needed primarily for GHG mitigation efforts for projects not included in the MTP/SCS.

3. **Process for Projects Not In MTP/SCS.** For projects that are not planned or programmed for construction in the MTP/SCS, project sponsors shall, in order to be eligible for Initiative funds, develop mitigation measures to achieve the necessary reduction target for regional GHG emissions. With the mitigation measures, there should be no net increase to regional GHG emissions from the MTP/SCS. STA will commission and fund a SACOG study, and a third-party analysis, to provide a review of the entire Initiative, its capital projects not in the MTP/SCS, and its GHG impacts. This review must identify aggregate GHG impacts of the entire Initiative and mitigation efforts to cover the Initiative's aggregate GHG impacts. The SACOG study and third-party review shall be completed by December 31, 2023.

3.1. In implementing the GHG mitigation process for projects not in the MTP/SCS, the following shall apply:

- (1) STA and the project sponsors shall be allowed to review and comment on the SACOG study and third-party analysis;
- (2) STA and the project sponsors will follow SACOG's recommendation; and,
- (3) If there is a significant deviation from the third-party review the three parties will meet and confer.

3.2. Consistent with the analysis resulting from the process described above, for projects not in the MTP/SCS, once a project sponsor has submitted to STA mitigation measures demonstrating that the project sponsor can mitigate any such project impacts to maintain adherence to the then applicable regional GHG reduction target, the project shall be eligible for Initiative funds. There should be no net increase to regional GHG emissions after mitigation measures are complete. SACOG will consider any mitigated project for inclusion in the next MTP/SCS.

3.3. These implementation procedures shall only apply to projects that are not currently planned or programmed for construction in the MTP/SCS. Projects already included in the MTP/SCS for project development are eligible to receive Initiative funds. These implementation procedures do not apply to projects that are exempt from GHG reduction targets – i.e., projects that do not expand transportation capacity. These implementation procedures only apply to eligibility for funding of construction phases of projects.

4. **Statements Regarding MOU.** All Parties will issue a public statement in support of this MOU and the MOU's intent to implement the provisions of the Initiative.

5. **Transportation Funding Strategy Partnership.** The Initiative includes an Expenditure Plan, which identifies projects and programs that will maintain and improve the quality of life in Sacramento County, and are intended to accomplish several goals. One of these goals is to improve the ability of all local jurisdictions and agencies to leverage regional, state, and federal transportation funding with the goal of providing a competitive local match for the projects and programs listed in the Expenditure Plan. In support of this goal, STA, in partnership with SACOG, will develop and implement a Transportation Funding Strategy to advance projects in the Expenditure Plan that support the goals and objectives of the MTP/SCS and help local agencies identify and attract additional state, federal, and regional funding opportunities.
6. **California Mobility Center.** The Parties acknowledge that the City of Sacramento has stated its intention to commit \$100M in future Initiative funds, pursuant to applicable terms and processes set forth in the Initiative, to support the California Mobility Center.
7. **Miscellaneous.** This MOU shall be effective upon adoption by the Parties and may only be amended in writing by mutual consent of the Parties. This MOU shall have no further force and effect if the voters do not approve the Initiative at the November 2022 general election. To the extent any provision contained herein is deemed to be unlawful or unenforceable, the offending provision shall be severed and the remainder of the MOU shall remain in full force and effect. This MOU is intended to clarify and implement the Initiative; nothing herein is intended to modify the express terms of the Initiative. Nothing herein is intended to authorize or in any way allow the construction of projects in a manner that violates federal, state, or local laws and regulations. This MOU may be executed in duplicate counterparts. The signatories below are authorized by their respective Parties to execute this MOU.

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8. **CBS Confirmation.** CBS acknowledges and agrees that the provisions of this MOU are fully consistent with the language in the Initiative and CBS's intentions as the proponent of the Initiative. CBS also acknowledges its commitment to reference this MOU in its ballot argument in support of the Initiative.

CONFIRMED BY COMMITTEE FOR A BETTER SACRAMENTO

By: 
Michael Quigley
Principal Officer

The above signatory is an authorized representative of CBS and has full authority to execute on behalf of CBS.

IN WITNESS WHEREOF, the Parties hereto have caused this MOU to be duly executed as of the date the Parties have executed below.

<p>SACRAMENTO TRANSPORTATION AUTHORITY</p> <p>By:  Kevin M. Bewsey Executive Director</p>	<p>SACRAMENTO AREA COUNCIL OF GOVERNMENTS</p> <p>By:  James Corless Executive Director</p>
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