

## **SENATE BILL 125 FUND TRANSFER AGREEMENT BETWEEN SJCOG AND THE CITY OF LODI (C-25-019)**

This Fund Transfer Agreement (“**Agreement**”), effective as of the date set forth below, is by and between City of Lodi, a California municipal corporation (“**TRANSIT AGENCY**”) and the San Joaquin Council of Governments, a California joint powers authority (“**SJCOG**”). SJCOG and TRANSIT AGENCY may herein be referred to individually as a “Party” or collectively as “the Parties.”

### **RECITALS**

WHEREAS, the California State Transportation Agency (“**CalSTA**”), through Senate Bill (SB) 125, has issued funding to SJCOG to distribute to transit agencies within San Joaquin County for transit projects via the Transit and Intercity Rail Capital Program (“**TIRCP**”) and the Zero-Emission Transit Capital Program (“**ZETCP**”); and

WHEREAS, SB 125 requires Regional Transit Planning Agencies (“**RTPAs**”) like SJCOG to submit annual reports to CalSTA documenting the activities and progress made toward implementation of the projects and operating expenditures; and

WHEREAS, SB 125 also imposes recordkeeping and reporting requirements that will apply through the life of the projects; and

WHEREAS, the State of California has the right to review project documents and conduct audits during project implementation over the life of any project funded by SB 125; and

NOW, THEREFORE, in consideration of the mutual promises stated herein, the Parties agree as follows:

#### **1. Fund Transfer Agreement.**

- a. TRANSIT AGENCY and SJCOG agree to comply with the CalSTA “*Budget Act of 2023 SB 125 Formula-Based Transit and Intercity Rail Capital Program & Zero Emission Transit Capital Program Final Guidelines*” (“**Guidelines**”) in the performance of each party’s obligations under this Agreement.
- b. TRANSIT AGENCY agrees to utilize all Funds (as defined below) to address operational cost shortfalls attributable to the COVID-19 pandemic and restore TRANSIT AGENCY’s services to those that existed during the 2021-2022 fiscal year.
- c. TRANSIT AGENCY shall be responsible for the complete performance of any work funded by this Agreement. All such work shall be accomplished in accordance with applicable provisions of State and Federal law.
- d. Upon TRANSIT AGENCY’s full and continued performance of its obligations stated herein, SJCOG agrees to disburse TIRCP and ZETCP funds to TRANSIT AGENCY, in quarterly reimbursements as expenses are incurred, which, in aggregate, shall not exceed the amounts attributed to TRANSIT AGENCY in the

"SB 125 Formula Distribution for Years 1(23/24) and 2(24/25)" table attached hereto as "Exhibit A" and incorporated herein ("**Funds**").

2. **Disbursement Procedures and Requests for Reimbursement.** TRANSIT AGENCY agrees to submit to SJCOG, no later than thirty (30) calendar days after the close of each fiscal quarter, a Request for Reimbursement that includes a detailed description of all expenses incurred by TRANSIT AGENCY during the preceding quarter that are eligible for reimbursement pursuant to this Agreement and the Guidelines. TRANSIT AGENCY shall, to SJCOG's satisfaction, itemize all reimbursable expenses, and provide a narrative explaining (a) the expenses and how they accomplish the purposes of this Agreement, (b) how TRANSIT AGENCY's progress in addressing operational cost shortfalls from previous fiscal years, and (c) the remaining funding TRANSIT AGENCY anticipates needing to restore its services to those that existed during the 2021-2022 fiscal year.
3. **Conditions Precedent to Fund Disbursement.** SJCOG shall issue quarterly distributions of Funds to TRANSIT AGENCY only if all of the following conditions are met:
  - a. SJCOG shall have available Funds from CalSTA to disburse;
  - b. CalSTA shall not have taken any enforcement or disciplinary action against SJCOG or TRANSIT OPERATOR due to TRANSIT OPERATOR's failure or alleged failure to comply with the Guidelines;
  - c. TRANSIT OPERATOR has not utilized Funds in violation of the Guidelines, this Agreement, or any other provision of State or Federal law;
  - d. SJCOG has found TRANSIT OPERATOR's Request for Reimbursement to be in compliance with the terms of the Guidelines and this Agreement.
4. **Audit Authority and Cooperation.** To facilitate SJCOG's effort to comply with the reporting and audit requirements imposed by the Guidelines, and to accomplish SB 125's purposes as articulated in the Guidelines, and to accomplish SJCOG's purposes of directing Funds to address operational cost shortfalls attributable to the COVID-19 pandemic and restore TRANSIT AGENCY's services to those that existed during the 2021-2022 fiscal year, TRANSIT AGENCY agrees to permit SJCOG to review any of TRANSIT AGENCY's financial documents pertaining to its expenditure of Funds and conduct audits of TRANSIT AGENCY's records, expenditures, and activities, from any fiscal year, during the entire term of this Agreement, to ensure Funds are being expended for the purposes stated herein. TRANSIT AGENCY agrees to promptly provide any additional documentation requested by SJCOG related to any Request for Reimbursement or audit conducted pursuant to the terms of this Agreement.
5. **Intercept Clause.** Costs for which TRANSIT AGENCY receives reimbursement payment that are determined by a subsequent audit or other review by either SJCOG, CalSTA, or any other State agency to be unpermitted by the Guidelines, this Agreement, or any other provision of law are to be repaid to SJCOG by TRANSIT AGENCY within thirty (30) days of TRANSIT AGENCY receiving notice of the audit findings. Should TRANSIT AGENCY fail to reimburse moneys due to SJCOG within

thirty (30) days of discovery or demand, or within such other period as may be agreed in writing between the parties hereto, SJCOG is authorized to intercept and withhold future payments, apportionments or revenues due to TRANSIT AGENCY from SJCOG or any third-party source, including, but not limited to future State or Federal grant funds, or local sales tax revenues that would otherwise be distributed to TRANSIT AGENCY via SJCOG. Any unpermitted costs or Funds recovered by SJCOG pursuant to the provisions of this Section shall be handled in accordance with the Guidelines. Notwithstanding any provision of this Agreement or of State or Federal law to the contrary, the provisions of this Section shall survive for the same amount of time as CalSTA retains the authority to audit and/or require SJCOG to return monies for failure to adhere to the Guidelines.

6. **Indemnification and Hold Harmless.** Neither SJCOG nor any officer or employee thereof is responsible for any injury, damage or liability occurring or arising by reason of anything done or omitted to be done by TRANSIT AGENCY under or in connection with any work, authority or jurisdiction delegated to TRANSIT AGENCY under this Agreement. It is understood and agreed that, pursuant to Government Code Section 895.4, TRANSIT AGENCY shall fully defend, indemnify and save harmless SJCOG and its officers and employees from all claims, suits or actions of every name, kind and description occurring by reason of anything done or omitted to be done by TRANSIT AGENCY under or in connection with any work, authority or jurisdiction delegated to TRANSIT AGENCY under this Agreement.

Neither TRANSIT AGENCY nor any officer or employee thereof is responsible for any injury, damage or liability occurring or arising by reason of anything done or omitted to be done by SJCOG under or in connection with any work, authority or jurisdiction delegated to SJCOG under this Agreement. It is understood and agreed that, pursuant to Government Code Section 895.4, SJCOG shall fully defend, indemnify and save harmless TRANSIT AGENCY and its officers and employees from all claims, suits or actions of every name, kind and description occurring by reason of anything done or omitted to be done by SJCOG under or in connection with any work, authority or jurisdiction delegated to SJCOG under this Agreement.

7. **Default.** In the event that TRANSIT AGENCY (a) fails to comply with the Guidelines or any other applicable Federal and State laws and regulations; (b) fails to timely submit Requests for Reimbursement subject to the terms of this Agreement and/or the Guidelines; (c) fails to cooperate with SJCOG in any request for documents or any other action to audit TRANSIT AGENCY's use of Funds; or (d) otherwise materially violates the terms and conditions of this Agreement, SJCOG reserves the right to terminate all funding for that invoice, or any portion thereof, in SJCOG's sole discretion. Any such termination shall be accomplished by delivery to TRANSIT AGENCY of a Notice of Termination, which notice shall become effective not less than thirty (30) days after receipt, specifying the reason for the termination, the extent to which funding of work under this Agreement is terminated, and the date upon which such termination becomes effective. During the period before the termination date becomes effective, TRANSIT AGENCY and SJCOG shall meet to try to resolve any

dispute. No such termination shall become effective if, (a) TRANSIT AGENCY timely submits an appeal of the Notice of Termination pursuant to Section 8 or (b) within the thirty (30) day period after receipt of the Notice of Termination, TRANSIT AGENCY cures the default.

8. **Adjudication of Disputes – Administrative Proceedings.** TRANSIT AGENCY agrees to exhaust the administrative remedy contained herein prior to resorting to legal remedies for any disputes pertaining to this Agreement. In case of a dispute with SJCOG, TRANSIT AGENCY shall submit to the SJCOG Executive Director, or his or her designee, a written demand for a decision regarding the disposition of any dispute arising under this Agreement. The Executive Director shall make a written decision regarding the dispute and will provide it to TRANSIT AGENCY.


TRANSIT AGENCY shall have an opportunity to challenge the Executive Director's determination, but must make that challenge in writing, within ten (10) business days to SJCOG's Executive Committee, or its designee. If the challenge is not made by TRANSIT AGENCY within the ten (10) day period, the Executive Director's decision shall become the final decision of SJCOG. If such a challenge is made, the Executive Director and TRANSIT AGENCY shall submit written, factual information and date in support of their respective positions to the Executive Committee within a timeframe established by SJCOG at the time of challenge. The decision of the Executive Committee or its designee shall be final, conclusive, and binding regarding the dispute, unless TRANSIT AGENCY commences an action in court of competent jurisdiction to contest the decision in accordance with state law.

9. **Termination.** Unless superseded or terminated in conformance with Section 7 herein, this Agreement shall remain in full force and effect until TRANSIT AGENCY satisfactorily completes all post-transit operating obligations and delivers required transit operating invoice documents, with concurrence of SJCOG, or on June 30, 2026, whichever occurs earlier. All indemnification, document retention, audit, intercept, claims, and legal challenge articles shall remain in effect until terminated or modified in writing by mutual agreement or expiry by statute of limitations.
10. **Integration.** This Agreement and any exhibits attached hereto supersedes all prior agreements, understandings, and communications between the Parties, whether written or oral, express or implied, relating to the subject matter of this Agreement and is intended as a complete and final expression of the terms of the parties' agreement and shall not be changed or subject to change orally. This Agreement may be amended only in writing signed by all Parties thereto.

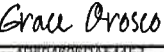
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this 22<sup>nd</sup> day of October, 2024.

**“SJCOG”**

SAN JOAQUIN COUNCIL OF  
GOVERNMENTS  
a California Joint Powers Authority

DocuSigned by:  
  
By: \_\_\_\_\_  
DIANE NGUYEN, AICP  
Executive Director

ATTEST:

DocuSigned by:  
  
By: \_\_\_\_\_  
GRACE OROSCO  
Interim Deputy Director of Finance &  
Administration

APPROVED AS TO FORM:

Signed by:  
  
By: \_\_\_\_\_  
THOMAS H. TERPSTRA  
General Counsel

**“TRANSIT AGENCY”**

CITY OF LODI  
a political subdivision of the State of  
California

By: \_\_\_\_\_  
SCOTT CARNEY  
City Manager

APPROVED AS TO FORM:

By: \_\_\_\_\_  
KATIE O. LUCCHESI  
City Attorney 

**EXHIBIT A**

**SB 125 Formula Distribution for Years 1 and 2**

<b>Jurisdiction</b>	<b>SJCOG Board Formula Distribution</b>
Tracy	\$3,853,856
RTD	\$43,347,911
Escalon	\$88,025
ACE	\$14,390,995
Manteca	\$1,644,096
Lodi	\$3,779,100
Ripon	\$25,919
SJCOG	\$678,080
<b>Total</b>	<b>\$67,807,984</b>