Tri-Valley San Joaquin Valley
REGIONAL RAIL AUTHORITY

Board of Directors

Meeting Packet

December 14, 2022 at 2 p.m.

Tri-Valley San Joaquin Valley
REGIONAL RAIL AUTHORITY

AGENDA – BOARD OF DIRECTORS
December 14, 2022 at 2:00 p.m. via teleconference

CORONAVIRUS DISEASE (COVID-19) ADVISORY AND MEETING PROCEDURE

This meeting will be held via teleconference in accordance with the Brown Act and Government Code § 54953(e), as a precaution to protect the health and safety of staff, officials, and the general public. The Board of Directors will not be physically in attendance but will be available via video conference.

The regular meeting facilities for the meetings of the Board of Directors are currently closed to the public. Consequently, there will be no physical location for members of the public to participate in the meeting. We encourage members of the public to access the meeting online using the instructions listed on the agenda. Online attendees will have the opportunity to speak during Public Comment.

If you would like to submit public comment via email, please do so by 5:00 p.m. the day before the meeting to comments@valleylinkrail.com. Please include "Public Comment December 14, 2022" and the agenda item in the subject line. In the body of the email please include your full name. Public comments submitted via email will be posted online will be read during Public Comment and will be subject to the regular three-minute time restriction.

This Board of Directors meeting will be conducted on the web-video communication platform Zoom. To view and/or participate in this meeting, members of the public will need to either download Zoom from the website zoom.us. It is recommended that anyone wishing to participate in the meeting complete the download process before the start of the meeting. To listen without viewing, members of the public may also join the meeting by calling in via telephone. A live stream will also be available on our YouTube channel without the ability to make public comment. All public comments will be subject to the regular three-minute time restriction.

There will be zero tolerance for any person addressing the Board making profane, offensive, and disruptive remarks, or engaging in loud, boisterous, or other disorderly conduct, that disrupts the orderly conduct of the public meeting.

Upon request, the Tri-Valley-San Joaquin Valley Regional Rail Authority will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. A speech-to-text option (live transcription) is now available on all Zoom meetings. Live transcription currently only supports English, and the accuracy of the feature depends on many variables, such as but not limited to: background noise, volume and clarity of the speaker's voice, lexicons and dialects. Requests for any other reasonable accommodation should be submitted in writing, and must include your name, mailing address, phone number and brief description of the requested materials and the preferred alternative format or auxiliary aid or service at least 2 days before the meeting. Requests should be sent to: comments@valleylinkrail.com.

How to listen and view meeting online:

- From a PC, Mac, iPad, iPhone or Android device click the link below:
  https://zoom.us/j/93548110883
  Password: **ValleyLink**

- To supplement a PC, Mac, tablet or device without audio, please also join by phone:
  Dial: 1 (669) 900-6833
  Webinar ID: 935-4811-0883
  Password: **898381**

  To comment by video conference, click the "Raise Your Hand" button to request to speak when Public Comment is being taken on the agenda item. You will then be unmuted when it is your turn to make your comment for up to 3 minutes. After the allotted time, you will be muted.

- Livestream online at: Valley Link Rail YouTube Channel

  No option to make Public Comment on YouTube live stream.

How to listen via telephone to the meeting:

- For audio access to the meeting by telephone, use the dial-in information below:
  Dial: 1 (669) 900-6833
  Webinar ID: 935-4811-0883
  Password: **898381**

  *Please note to submit public comment via telephone dial ***9 to raise your hand**. The meeting's host will be informed that you would like to speak. If you are chosen, you will be notified that your request has been approved and you will be allowed to speak. You will then press ***6 to unmute yourself**. Comments are limited to up to 3 minutes at the discretion of the board chair. After the allotted time, you will be muted by the host.*

To submit written comments:

- Send public comments prior to the meeting by email, to comments@valleylinkrail.com

  If you are submitting public comment via email, please do so by 5:00 p.m. the day before the meeting to comments@valleylinkrail.com

  Please include "Public Comment – December 14, 2022" and the agenda item to which your comment applies in the subject line. In the body of the email please include your full name. A list of the public comments submitted will be read during Public Comment and letters will be posted on the Authority's website along with other meeting material.

TRI-VALLEY – SAN JOAQUIN VALLEY REGIONAL RAIL AUTHORITY

AGENDA – BOARD OF DIRECTORS
December 14, 2022 at 2:00 p.m. via teleconference

1. Call to Order and Pledge of Allegiance

2. Roll Call of Members

3. Public Comments:
   Members of the public may address the Board on any issues not listed on the agenda that are within the purview of the Authority. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Time limits on public comments may be established by the Chair.

4. Consent Agenda – **ACTION**
   Recommend approval of all items on Consent Agenda as follows:

   a. Minutes of November 9, 2022 Board of Directors Meeting.
   b. Minutes of December 7, 2022 Special Board of Directors Meeting.
   c. Treasurer's Report for October 2022.
   d. Resolution R22-2022 Declaring that Agency meetings will continue to be held via teleconference
   e. Set Board of Directors Meeting Dates for 2023

5. Fiscal Year 2022 Basic Financial Statements and Memorandum of Internal Control – **ACTION**

6. Hydrogen Production Facility Project Advancement – **ACTION**

7. Update on CEQA Environmental Review – **INFORMATION**

8. Executive Director's Report – **INFORMATION**

   a. Recognitions

9. Directors' Discussion – Comments, Questions and Agenda Requests

10. Upcoming Meeting Details

11. Adjourn

AGENDA

ITEM 4 A

Tri-Valley San Joaquin Valley Regional Rail Authority (TVSJVRRA)
Minutes of Board meeting on November 9, 2022 via Zoom Teleconference

1. **Call to Order**
The meeting of the board of directors was called to order by Vice Chair Melissa Hernandez at 2:01 p.m. Hernandez led the Pledge of Allegiance. She acknowledged the upcoming Veterans' Day holiday and thanked Executive Director/CEO Kevin Sheridan for his service.

2. **Roll Call of Members**
Members Present
Vice Chair Melissa Hernandez, City of Dublin
Director Paul Akinjo, City of Lathrop (*joined during item #4*)
Director Benjamin Cantu, City of Manteca
Director David Haubert, Alameda County
Director Bernice King Tingle, Mountain House
Director John McPartland (District 5), BART
Director Kathy Narum, City of Pleasanton
Director Karen Stepper, Town of Danville
Director Bob Woerner, City of Livermore
Director Dan Wright, City of Stockton
Director Leo Zuber (Ripon), ACE
Members Absent
Chair Veronica Vargas, City of Tracy
Director Brittni Kiick (Livermore), LAVTA
Director Robert Rickman, San Joaquin County
Director David Hudson, San Ramon

3. **Public Comments**
There was no public comment.

4. **Consent Calendar – ACTION**
Motion to approve all items on Consent Calendar as follows:
   a. Minutes of November 9, 2022 Board of Directors Meeting.
   b. Treasurer's Report for September 2022.
   c. Resolution R20-2022 Declaring that Agency meetings will continue to be held via teleconference

Motion: Stepper/King-Tingle
Aye: Akinjo, Cantu, Haubert, Hernandez, King-Tingle, McPartland, Narum, Stepper, Woerner, Wright, Zuber
Nay: None
Abstain: None
Absent: Hudson, Kiick, Rickman, Vargas
Motion Passed

BACK TO AGENDA

Tri-Valley San Joaquin Valley Regional Rail Authority (TVSJVRRA)
Minutes of Board meeting on November 9, 2022 via Zoom Teleconference

5. **Hydrogen Product Facility Update – INFORMATION**
Deputy Director Wil Ridder provided information on a Request for Proposal (RFP), recently release by staff. The RFP solicits private sector interest and approaches to meeting both Valley Link project's objectives along with the information anticipated to be required by Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) Initiative for candidate projects. The ARCHES initiative is currently seeking proposals for consideration in a statewide application by January 2023 for federal funding under the $8 billion national US Department of Energy (USDOE) Regional Hydrogen Hub Program. Directors discussed this item. Public comment was heard from Adrian Brandt, Vaughn Wolfe and Karen Moore.

6. **Transportation Policy and Funding Update – INFORMATION**
Deputy Director Wil Ridder provided an update to the board on staff's most recent activities regarding regional and state policies on transportation funding. He thanked members of the board and stakeholders throughout the Tri-Valley and San Joaquin County for their support on the action that was recently approved by the Metropolitan Transportation Commission (MTC) that identified the Valley Link rail project as a Level 2 regional project. Due to some technical difficulties, Executive Director/CEO Kevin Sheridan concluded the update with details of the MTC action and how it positively affects the project. Sheridan and Vice Chair Hernandez thanked everyone who commented in support of Valley Link during the MTC meeting. There was no public comment and no directors' discussion.

7. **Executive Director's Report**
Executive Director/CEO Kevin Sheridan advised that, due to the expectation of the executive order regarding teleconference meetings being lifted early next year, it is anticipated that the board of directors will continue to meet virtually until the end of February 2023. Sheridan noted that he would work with legal on this and will give an update on next steps in the new year. He gave an update on ongoing environmental reports for NEPA and CEQA, as well and a report on a recent summit he attended on hydrogen and hydrogen technologies. Sheridan also acknowledged the upcoming Veterans Day holiday and thanked both Directors McPartland and Woerner for their service.

8. **Directors' Discussion**
Directors discussed changes regarding board meetings via teleconference

9. **Next Meetings**
   a. Special meeting – December 7, 2022
   b. Regular meeting – December 14, 2022

10. **Adjourn**
Meeting adjourned without objection at 2:39 p.m.

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ITEM 4 B

BACK TO AGENDA

Tri-Valley San Joaquin Valley Regional Rail Authority (TVSJVRRA)
Minutes of Special Board meeting on December 7, 2022, 2022 via Zoom Teleconference

1. **Call to Order and Pledge of Allegiance**
The meeting of the board of directors was called to order by Vice Chair Hernandez, at 2:06 p.m. who also led the led the Pledge of Allegiance.

2. ***Members Present***
Vice Chair Melissa Hernandez, City of Dublin
Director Paul Akinjo, City of Lathrop
Director David Hudson, San Ramon
Director Brittni Kiick (Livermore), LAVTA
Director Kathy Narum, City of Pleasanton
Director Karen Stepper, Town of Danville
Director Bob Woerner, City of Livermore
Director Leo Zuber (Ripon), ACE
Members Absent
Chair Veronica Vargas, City of Tracy
Director Benjamin Cantu, City of Manteca
Director David Haubert, Alameda County
Director Bernice King Tingle, Mountain House
Director John McPartland (District 5), BART
Director Robert Rickman, San Joaquin County
Director Dan Wright, City of Stockton

3. **Public Comments**
Public comment was heard from Joel Cosmo.

4. **Consent Agenda – ACTION**
Recommend approval of all items on Consent Agenda as follows:
   a. Resolution R21-2022 Declaring that Agency meetings will continue to be held via teleconference

Motion: Stepper/Narum
Aye: Akinjo, Hudson, Hernandez, Kiick, Narum, Stepper, Woerner, Zuber
Nay: None
Abstain: None
Absent: Cantu, Haubert, King-Tingle, McPartland, Rickman, Wright, Vargas
Motion Passed

5. **Directors' Discussion**
There was no director's discussion. Executive Director/CEO Kevin Sheridan reminded everyone in attendance that the Authority is currently in the scoping period for the environmental document and that the public comment period was open until December 19th. Sheridan encouraged attendees to submit comments via the project website at www.getvalleylinked.com/scoping-comments.

6. **Next Regular Board Meeting**
December 14, 2022 via teleconference.

7. **Adjourn**
Meeting adjourned without objection at 2:11 p.m.

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ITEM 4 C

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Tri-Valley San Joaquin Valley
REGIONAL RAIL AUTHORITY

Staff Report

SUBJECT: Treasurer’s Report for October 2022

FROM: Tamara Edwards, Director of Finance

DATE: December 14, 2022

Action Requested
Staff requests that the Tri-Valley – San Joaquin Valley Regional Rail Authority Board accept the Treasurer’s Report for October 2022.

Background/Discussion
The Treasurer’s Reports shows all expenses and revenues for the month of October as well as the year-to-date totals.

The fund balance reflected on both the balance sheet and the expense report is the difference between the revenue received and the expenses. As the Rail Authority’s funding is all on a reimbursement basis this will be reflected as a negative amount (expenses higher than revenues) until year end when accruals are done at which time the fund balance will be zero. Additionally, as all of the Rail Authority’s funding is on a reimbursement basis LAVTA continues to provide the cash flow for the Rail Authority which is reflected in the funds due to LAVTA line item.

Attachments:

1. October 2022 Treasurer’s Report

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ATTACHMENT 1

Tri-Valley San Joaquin Regional Rail Authority
BALANCE SHEET
FOR THE PERIOD ENDING:
October 31, 2022

ASSETS:

108	CASH-GENERAL CHECKING	1,641,494	
120	ACCOUNTS RECEIVABLE	202,073	
150	PREPAID EXPENSES	0	
111	NET PROPERTY COSTS	8,263	
	TOTAL ASSETS		**1,851,830**

LIABILITIES:

205	ACCOUNTS PAYABLE	16,039	
20501	DUE TO LAVTA	2,929,055	
22110	PAYROLL CLEARING	0	
211	PRE-PAID REVENUE	45,152	
22000	FIT	0	
22010	SIT	0	
22020	FICA	1,127	
22030	SDI	0	
22090	Worker's Comp	14,903	
22100	457	5,063	
	TOTAL LIABILITIES		**3,011,340**

FUND BALANCE:

301	FUND RESERVE	0	
304	GRANTS, DONATIONS, PAID-IN CAPITAL	0	
30401	SALE OF BUSES & EQUIPMENT	0	
	FUND BALANCE	(1,159,509)	
	TOTAL FUND BALANCE		**-1,159,509**
	TOTAL LIABILITIES & FUND BALANCE		**1,851,830**

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Tri-Valley San Joaquin Regional Rail Authority
REVENUE REPORT
FOR THE PERIOD ENDING:
October 31, 2022

ACCOUNT	DESCRIPTION	BUDGET	CURRENT MONTH	YEAR TO DATE	BALANCE AVAILABLE	PERCENT BUDGET EXPENDED
	Caltrans		0	0	-	#DIV/0!
	MTC-Bridge Tolls	21,740,864	138,930	138,930	21,601,934	0.6%
	Alameda County/Strategic Development	0	0	0	-	#DIV/0!
	Government Relations/Community Engage	0	0	0	-	#DIV/0!
	TOTAL REVENUE	**21,740,864**	**138,930**	**138,930**	**21,601,934**	**0.6%**

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Tri-Valley San Joaquin Regional Rail Authority
EXPENDITURE REPORT
October 31, 2022

ACCOUNT	DESCRIPTION	BUDGET	CURRENT MONTH	YEAR TO DATE	BALANCE AVAILABLE	PERCENT BUDGET EXPENDED
Direct Labor and Benefits						
	Executive Director	252,000	23,625	105,975	146,025	42.05%
	Deputy Executive Director	212,800	19,968	88,939	123,861	41.79%
	Administrative Assistant	61,750	0	14,077	47,673	22.80%
	Finance Director	45,000	0	7,000	38,000	15.56%
	Manager of Policy, Planning, and Environmental	184,800	16,102	77,333	107,467	41.85%
	Rail Engineering, and Construction Project Manager	198,400	19,083	84,958	113,442	42.82%
	Employee Benefits	266,250	5,732	39,278	226,972	14.75%
	TOTAL - Direct Labor	**1,221,000**	**84,510**	**417,560**	**803,440**	**34.20%**
Consultants/seconded staff						
	General Engineering Consultants	15,000,000	334,459	679,169	14,320,831	4.53%
	AECOM	3,564,684	42,743	42,743	3,521,941	1.20%
	Hydrogen Proof of Concept	-	3,793	24,605	(24,605)	#DIV/0!
	Financial Advisory Services	150,000	0	0	150,000	0.00%
	Government Relations/Community Engagement	450,000	18,000	64,000	386,000	14.22%
	TOTAL - Consultants	**19,164,684**	**398,994**	**810,517**	**18,354,167**	**4.23%**
Other Direct Costs						
	Legal	430,000	14,717	27,065	402,935	6.29%
	Insurance	50,000	0	10,543	39,457	21.09%
	Audits	25,000	0	0	25,000	0.00%
	HR	-	0	335	(335)	#DIV/0!
	Line of Credit	125,000	0	0	125,000	0.00%
	Travel/Mileage/Mis	25,000	409	984	24,016	3.94%
	Office space/furnishings	150,000	6,409	29,840	120,160	19.89%
	Professional Development	2,500	0	0	2,500	0.00%
	Memberships	2,500	0	0	2,500	0.00%
	Information Technology/Software	15,000	0	0	15,000	0.00%
	ACTC	250,000	0	0	250,000	0.00%
	SJRRC	100,000	0	0	100,000	0.00%
	BART	100,000	0	0	100,000	0.00%
	Caltrans Reimbursement	-	1,372	1,372	(1,372)	#DIV/0!
	Union Pacific Reimbursement	80,000	0	0	80,000	0.00%
	TOTAL OTHER DIRECT COSTS	**1,355,000.00**	**22,906.28**	**70,140.02**	**1,284,860**	**5.18%**
	TOTAL OPERATING EXPENDITURES	**21,740,684**	**506,411**	**1,298,218**	**20,442,466**	**5.97%**
	LAVTA Expense		0	0		
	FUND BALANCE (OPERATING)		**(367,481)**	**(1,159,288)**		

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ITEM 4D

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Tri-Valley San Joaquin Valley
REGIONAL RAIL AUTHORITY

Staff Report

SUBJECT: Resolution R22-2022 Declaring that Agency Meetings Will Continue to be Held Via Teleconference

FROM: Kevin Sheridan, Executive Director/CEO

DATE: December 14, 2022

Action Requested

Staff requests that the Board of Directors (Board) adopt a resolution declaring that agency meetings will continue to meet via teleconference to ensure the health and safety of the public.

Background/Discussion

On March 4, 2020, Governor Newsom declared a State of Emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the State prepare for a broader spread of COVID-19. On March 17, 2020, in response to the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20, which suspended certain provisions of the Ralph M. Brown Act in order to allow local legislative bodies to conduct meetings electronically without a physical meeting place.

On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which among other things, rescinded his prior Executive Order N-29-20, effective October 1, 2021. At that point, agencies would have transitioned back to public meetings held in full compliance with the preexisting Brown Act teleconference rules. Since the Governor issued Executive Order N-08-21, the Delta variant has emerged, causing a spike in cases throughout the state. As a result, the Governor's proclaimed State of Emergency remains in effect, and state and local officials, including San Joaquin Public Health Services, the California Department of Public Health and the Department of Industrial Relations, have imposed or recommended measures to promote social distancing.

On September 16, 2021, Governor signed Assembly Bill (AB) 361 into law, effective October 1, 2021, to allow agencies to use teleconferencing for public meetings during proclaimed state of emergencies without requiring the teleconference locations to be accessible to the public or a quorum of the members of the legislative body of the agency to participate from locations within the boundaries of the agency's jurisdiction. AB 361 will sunset on January 31, 2024.

Under AB 361, a local agency will be allowed to meet remotely without complying with prior Brown Act teleconference requirements when:

- The local agency holds a meeting during a state of emergency declared by the Governor, and either
  - State or local health officials have imposed or recommended measures to promote social distancing, or
  - The legislative body finds that meeting in person would present imminent risks to the health or safety of attendees.

As discussed above, state and local officials continue to recommend social distancing. Therefore, Valley Link can continue to conduct meetings via teleconference, as long as it adheres to the following emergency requirements under Government Code Section 54953(e)(2), added by AB 361:

1. The legislative body gives notice and posts agendas as otherwise required by the Brown Act, including directions for how the public can access the meeting.
2. The legislative body does not take formal action on any item whenever there is a disruption in the meeting broadcast.
3. The public is allowed to provide comment in real time.
4. The legislative body allows time during a public comment period for members of the public to register with any internet website required to submit public comment.

For upcoming teleconference meetings, the Board can continue to follow the AB 361 requirements by declaring every 30 days that it has reconsidered the circumstances of the state of emergency and either (1) the state of emergency continues to directly impact the ability of the members to meet safely in person, or (2) state or local officials continue to impose or recommend measures to promote social distancing. These findings can be made through the consent calendar.

Fiscal Impact
There is no fiscal impact associated with this action.

Recommended Action
Adopt the attached resolution declaring that meetings of the Tri-Valley-San Joaquin Valley Regional Rail Authority will continue to be held via teleconference in accordance with Assembly Bill 361 and the provisions of Government Code Section 54953(e).

Attachments
1. Resolution R22-2022

ATTACHMENT 1

Tri-Valley San Joaquin Valley
REGIONAL RAIL AUTHORITY

RESOLUTION NO. R22-2022

* * *

RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRI-VALLEY-SAN JOAQUIN VALLEY REGIONAL RAIL AUTHORITY DECLARING THAT AGENCY MEETINGS WILL CONTINUE TO BE HELD VIA TELECONFERENCE

WHEREAS, on March 4, 2020, Governor Newsom declared a State of Emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the State prepare for a broader spread of COVID-19.; and

WHEREAS, on March 17, 2020, in response to the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20, which suspended certain provisions of the Ralph M. Brown Act in order to allow legislative bodies to conduct meetings electronically without a physical meeting place; and

WHEREAS, on June 11, 2021, Governor Newsom issued Executive Order N-08-21, which specified that Executive Order N-29-20 would remain in effect through September 30, 2021, at which point it would expire; and

WHEREAS, on September 16, 2021, the Governor signed Assembly Bill 361 into law as urgency legislation that goes into effect on October 1, 2021, amending Government Code Section 54953 of the Brown Act to allow legislative bodies to continue to meet remotely during a proclaimed state of emergency where state or local officials have recommended measures to promote social distancing; and

WHEREAS, the Governor's proclaimed State of Emergency remains in effect, and state and local officials, including San Joaquin County Public Health Services, the California Department of Public Health and the Department of Industrial Relations, have imposed or recommended measures to promote social distancing.

NOW, THEREFORE, BE IT RESOLVED that, in order to ensure the health and safety of the public, meetings of the Tri-Valley-San Joaquin Valley Regional Rail Authority will continue to be held via teleconference in accordance with Assembly Bill 361 and the provisions of Government Code Section 54953(e).

APPROVED AND PASSED, this 14th day of December, 2022.

____
Veronica Vargas, Chair

ATTEST:

____
Kevin Sheridan, Executive Director/CEO

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ITEM 4E

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STAFF REPORT

SUBJECT: Set Board of Directors Meeting Dates for 2023

FROM: Kevin Sheridan, Executive Director/CEO

DATE: December 14, 2022

Action Requested
Approve 2023 meeting calendar for Tri-Valley – San Joaquin Valley Regional Rail Authority Board of Directors.

Background/Discussion
Staff proposes to continue the pattern, holding the regular meeting of the Tri-Valley – San Joaquin Valley Regional Rail Authority Board of Directors on the 2nd Wednesday of each month at 2 p.m.

Attachments
1. Schedule of Meeting Dates for Calendar Year 2023

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ATTACHMENT 1

Tri-Valley San Joaquin Valley
REGIONAL RAIL AUTHORITY

Board of Directors
Meeting Calendar 2023

2nd Wednesdays from 2 to 4 p.m.
DATES
January 11
February 8
March 8
April 12
May 10
June 14
July 12
August 9
September 13
October 11
November 8
December 13

Valley Link
Connecting People, Housing, and Jobs

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ITEM 5

Tri-Valley San Joaquin Valley
REGIONAL RAIL AUTHORITY

Staff Report

SUBJECT: Fiscal Year 2022 Basic Financial Statements and Memorandum of Internal Control

FROM: Tamara Edwards, Chief Financial Officer

DATE: December 14, 2022

Action Requested
Acceptance of the Authority's Basic Financial Statements (BFS).

Background
The Finance Department has prepared the BFS following the guidelines of the Government Finance Officers Association and in conformance with generally accepted accounting principles for state and local governmental entities established by the Governmental Accounting Standards Board.

Discussion
Attached for your review is the draft Basic Financial Statements for the fiscal year ending June 2022. This report includes the annual audit prepared by Maze and Associates and staff stating that for the period audited, there were no findings.

Vikki Rodriguez from Maze and Associates will be attending the Board meeting to provide an overview and answer any questions.

Recommendation
Staff recommends that the Board of Directors accept the Basic Financial Statements for Fiscal Year 2022.

Attachments:

1. Draft Tri-Valley-San Joaquin Valley Regional Rail Authority FY2021 Basic Financial Statements

2. Memorandum of Internal Control

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ATTACHMENT 1

TRI-VALLEY – SAN JOAQUIN VALLEY REGIONAL RAIL AUTHORITY

BASIC FINANCIAL STATEMENTS

June 30, 2022

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TRI-VALLEY – SAN JOAQUIN VALLEY REGIONAL
RAIL AUTHORITY
BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2022

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MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tri-Valley – San Joaquin Valley Regional Rail Authority
Livermore, California

Opinion

We have audited the accompanying financial statements of the Tri-Valley – San Joaquin Valley Regional Rail Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management's 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

Accountancy Corporation
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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Maze & Associates

Pleasant Hill, California
December 5, 2022

BACK TO AGENDA

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

The Tri-Valley-San Joaquin Valley Regional Rail Authority is required to prepare financial statements in accordance with Government Accounting Standards Board Statement Number 34 (GASB 34). GASB 34 required changes to the traditional financial statements and disclosures and required the preparation of a Management Discussion and Analysis (MD&A)– a narrative overview and analysis of the financial activities of the Authority for each fiscal year. This MD&A is for the fiscal year ended June 30, 2022.

GASB 34 requires the format of Authority-wide financial statements, which are contained in the Financial Section of the accompanying report. These Authority-wide statements include a Statement of Net Position and a Statement of Revenues, Expenses and Changes in Net Position. The Statement of Net Position presents information on all of the Authority's assets and liabilities with the difference of the assets minus the liabilities being the Authority's Net Position. The Statement of Revenues, Expenses and Changes in Net Position summarizes how the Authority's Net Position have changed over the fiscal year.

Page references are to the attached fiscal year ended June 30, 2022 basic financial statements.

Background and Overview of the Presentation of the Financial Statements

The Authority's basic financial statements are comprised of four parts:

1. The Independent Auditor's Report
2. The Management Discussion and Analysis
3. The Basic Financial Statements
4. The Notes to the Financial Statements

1. *The Independent Auditor's Report*. This is an annual report prepared by the auditor to accompany the financial statements.

2. *Management Discussion and Analysis (MD&A).* This report accompanies the GASB34 compliant financial statements. The MD&A must include:

    - A brief explanation of the presentation that makes up the basic financial statements and the relationship of one statement to another.
    - Condensed financial information, allowing comparison of current and prior fiscal periods.
    - Analysis of the Authority's overall financial position (Statement of Net Position), and results of operations (Statement of Revenues, Expenses and Changes in Net Position).
    - Any facts, decisions, or conditions known at the close of audit fieldwork that is expected to have a significant effect on the financial position or results of operations.

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3. *Basic Financial Statements.* The basic Authority-wide financial statements are prepared under a set of rules referred to by their regulatory identifier, GASB 34. The Authority-wide financial statements are designed to provide a broader overview of the Authority's financial position, using an accounting basis similar to the model used in prior years.

   The Statement of Net Position summarizes the Authority's assets and liabilities, with the difference of the two reported as Net Position (rather than equity). The Statement of Net Position is designed to provide information about the financial position of the Authority as a whole, including all of its capital assets and long-term liabilities, on a full accrual basis of accounting, similar to the accounting model used by private sector firms. Over time, increases or decreases in Net Position could serve as an indication of whether the overall financial position of the Authority is stable.

   The following table summarizes the Net Position of governmental activities as of June 30, 2022 and June 30, 2021:

Table 1
Statement of Net Position

	Year Ending 6/30/2022	Year Ending 6/30/2021
Assets:		
Cash and investments	$0	$0
Receivables	2,154,685	3,424,157
Prepaids	976	0
Capital assets (depreciated)	6,610	0
Total assets	2,162,271	3,424,157
Deferred Outflows		
Deferred Outflows	0	0
Liabilities:		
Accounts/Claims payable	719,642	1,515,889
Due to Other Governments	97,436	1,862,549
Cash overdraft	1,303,027	0
Net Pension Liability	0	0
Net OPEB liability	0	0
Unearned Revenues	45,152	73,807
Total liabilities	2,165,257	3,452,245
Deferred Inflows		
Deferred inflows	$0	$0
Net Position:		
Net investments in capital assets	0	0
Unrestricted	(2,986)	28,088)
Total restricted Net Position	$(2,986)	$(28,088)

Net Position

The Statement of Revenues, Expenses and Change in Net Position provides information about the Authority's revenues and expenses on the full accrual basis, with an emphasis on measuring the net revenues or expenses for each of the Authority's main activities. The Statement of Revenues, Expenses and Change in Net Position explains in detail the change in Net Position for a given year. The amounts in the Statement of Revenues, Expenses and Change in Net Position represent Rail Planning activities.

The following table summarizes the Statement of Revenues, Expenses and Change in Net Position, or the change in Net Position of governmental activities, for the year ended June 30, 2022 and June 30, 2021:

Table 2
Statement of Revenues, Expenses and Change in Net Position

	Year Ending 6/30/2022	Year Ending 6/30/2021
EXPENSES		
Expenses, non-capital		
Board of Directors	$0	$0
Executive Director	462,241	144,190
Administrative Services	1,157,001	2,551,983
Planning	3,460,858	2,920,337
Marketing	193,823	166,070
Operations	0	8,620
Total Expenses, non-capital	5,273,923	5,791,200
Expenses, capital, non-operating		
Depreciation	1,653	0
Total Expenses, capital	1,653	0
Total expenses	5,275,576	5,791,200
REVENUES		
Program operating revenues:		
Fare and contract revenues	$0	$0
Advertising and ticket concessions	0	0
Total operating revenues	0	0
Non-operating revenues, non-capital:		
Operating grants and contributions	5,300,678	5,763,112
Total non-operating revenues, non-capital	5,300,678	5,763,112
Total non-capital revenues	5,300,678	5,763,112
Total revenues	$5,300,678	$5,763,112
Transfers out	0	0
CHANGE IN NET POSITION	(25,102)	(28,088)
Net Position, beginning	0	(0)
Net Position, ending	$(2,986)	$(28,088)

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Expenses

Expenses, excluding depreciation, are sorted by department. A brief description of each department's function is as follows:

- *Board of Directors* All the costs associated with the Board of Directors including their stipends and professional development expenses are charged to this department.

- *Executive Director* The Executive Director is responsible for the general supervision of the administration of the transit system. All costs associated with this position, and projects that the Executive Director oversees are accounted for in this cost center.

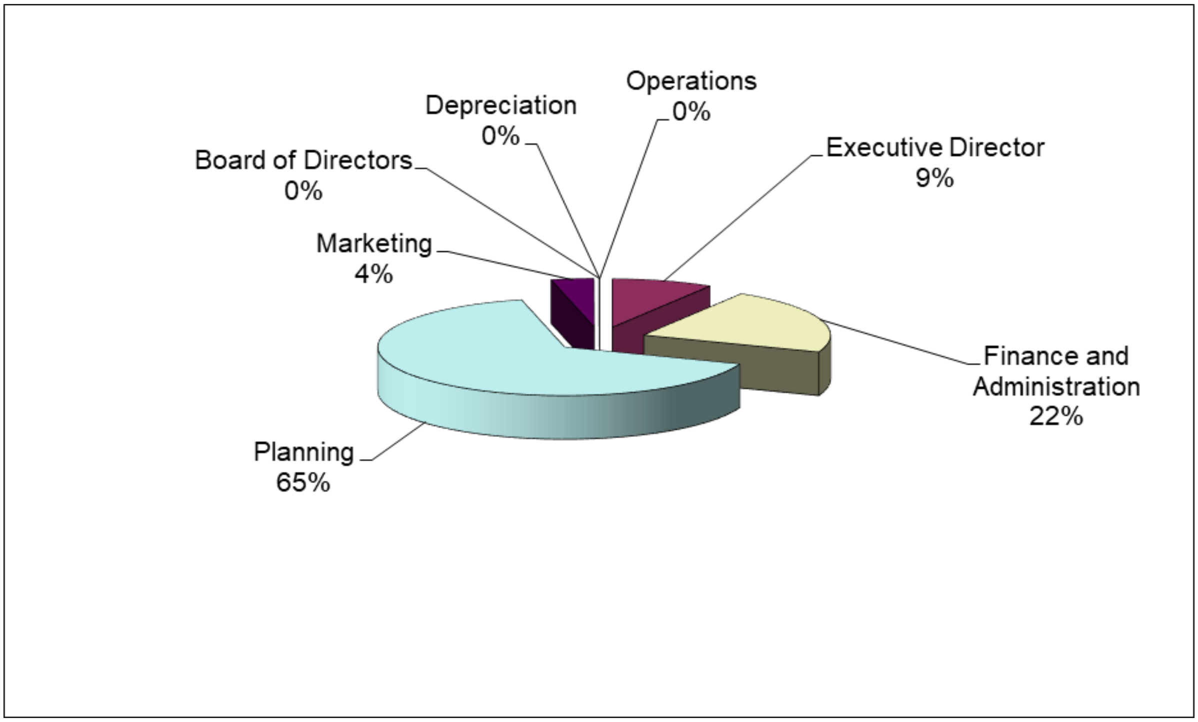
- *Administrative Services* Specific department responsibilities include: financial reporting and analysis; oversight of all financial and compliance audits and preparation of the annual financial statements, human resources management; administration of grants; and general office administration. Significant costs charged to this department are salary and benefits for the eight accounting, grants, administrative and customer service positions, as well as utilities and facility maintenance expenses.

- *Planning* This department plans, organizes, directs, and implements the Authority's planning programs.

- *Marketing* The Marketing Department is responsible for planning, organizing, directing, and implementing the Authority's marketing and community outreach programs.

- *Operations* Liability insurance, are significant costs attributed to this department.

Below are the percentages by department for the fiscal year ending June 2022.



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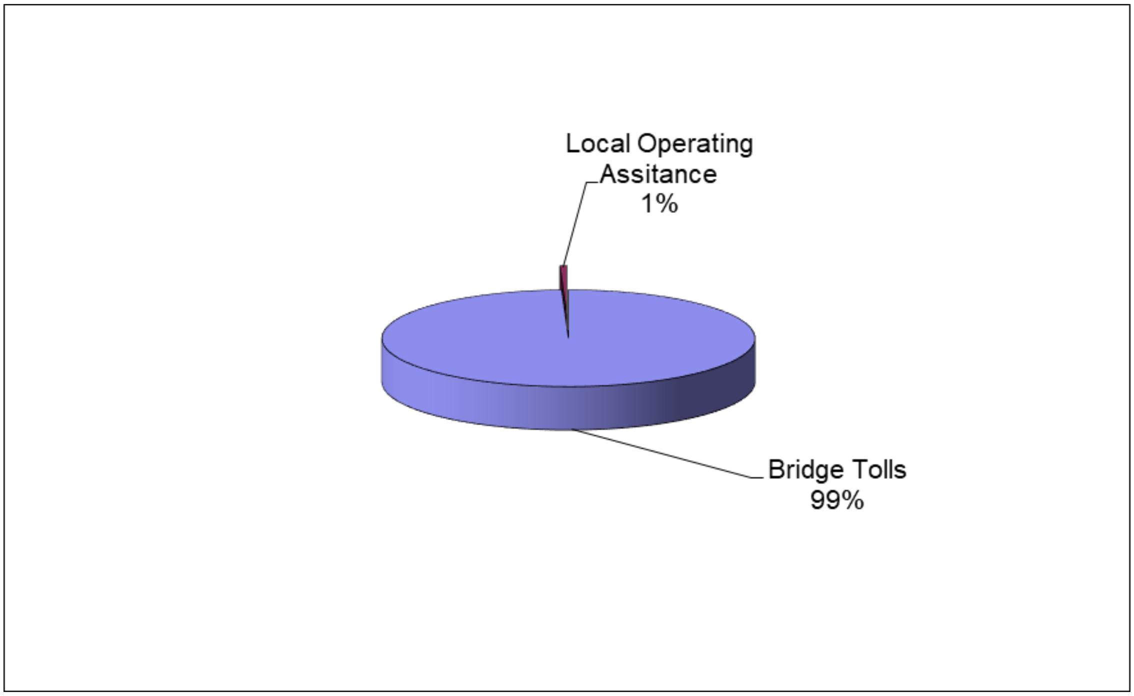
Revenues

The Authority's primary source of operating revenue is AB1171 Bridge Tolls Administered by the Metropolitan Transportation Commission.

Below are percentages by funding source for the fiscal year ending June 2022.



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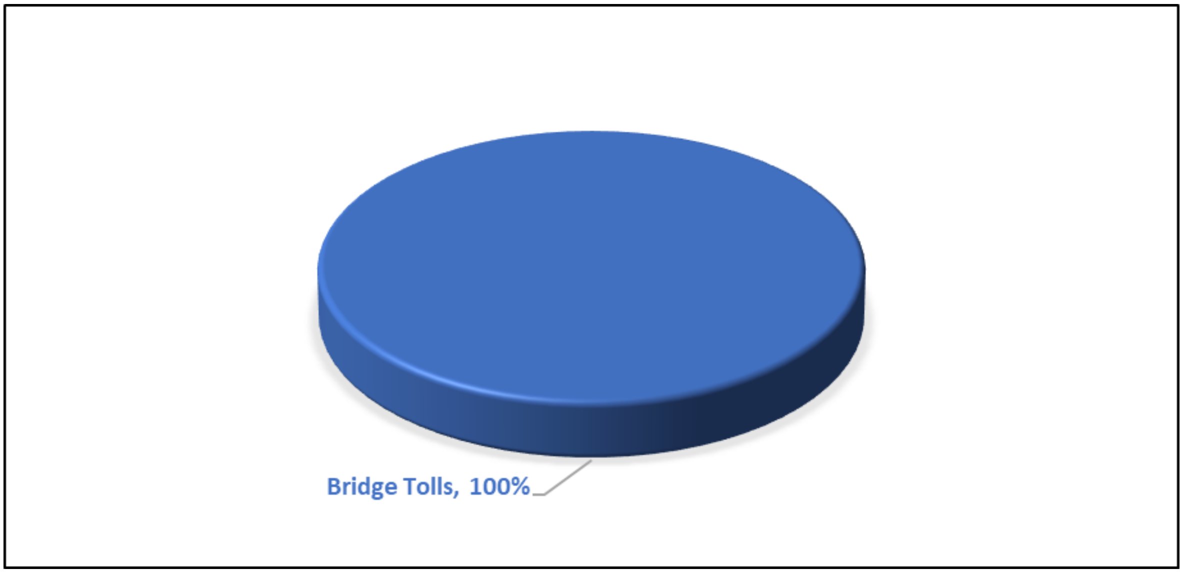
Capital Contributions

Capital contributions in the fiscal year ending June 2022 were $8,263 which is a the first capital purchase for the Authority (a printer/copier).

Below are percentages by capital funding source for the fiscal year ending June 2022.



4. *Notes to the Financial Statements*
   The notes provide additional information that is important to a full understanding of the data provided in the Authority-wide, and the traditional fund-based, financial statements.

Finally, there were no facts, decisions, or conditions known at the close of fieldwork that are expected to have a significant effect on the financial position or results of operations.

<u>Contacting Authority Management</u>

These Basic Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances. Questions about this Report should be directed to the Authority, at Tri-Valley – San Joaquin Valley Regional Rail Authority, 1362 Rutan Court, Suite 100, Livermore, CA 94551.

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TRI-VALLEY - SAN JOAQUIN VALLEY
REGIONAL RAIL AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	
Current Assets:	
Accounts receivable	$ 2,154,685
Prepaids	976
Total Current Assets	2,155,661
Noncurrent Assets:	
Capital assets	8,263
Accumulated depreciation	(1,653)
Total Noncurrent Assets	6,610
Total Assets	2,162,271
LIABILITIES	
Current Liabilities:	
Cash overdraft	1,303,027
Due to other governments	97,436
Accounts payable and accrued liabilities	719,642
Total Current Liabilities	2,120,105
Noncurrent Liabilities:	
Unearned revenues	45,152
Total Noncurrent Liabilities	45,152
Total Liabilities	2,165,257
NET POSITION	
Unrestricted	(2,986)
Total Net Position	$ (2,986)

See accompanying notes to financial statements.

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TRI-VALLEY - SAN JOAQUIN
VALLEY REGIONAL RAIL AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

PROGRAM OPERATING EXPENSES	
Executive Director	$ 462,241
Finance and Administration	1,157,001
Planning	3,460,858
Marketing	193,823
Depreciation	1,653
Total program operating expenses	5,275,576
PROGRAM OPERATING LOSSES	5,275,576
NON-OPERATING REVENUES	
Alameda County	30,906
Bridge Tolls	5,269,772
Total non-operating revenues	5,300,678
Changes in Net Position	25,102
Total Net Position - Beginning	(28,088)
Total Net Position - Ending	$ (2,986)

See accompanying notes to financial statements.

BACK TO AGENDA

TRI-VALLEY - SAN JOAQUIN
VALLEY REGIONAL RAIL AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from local agencies	$	1,240,817
Payments to vendors		(6,071,146)
Net cash provided by operating activities		(4,830,329)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Alameda County		30,906
Bridge tolls		5,269,772
Due to other governments		(1,765,113)
Net cash (used in) provided by capital and related financing activities		3,535,565
CASH FLOWS FROM CAPITAL ACTIVITIES		
Acquisition of capital assets		(8,263)
Net cash (used in) capital related activities		(8,263)
Net change in cash and cash equivalents		(1,303,027)
Cash and cash equivalents at beginning of period		-
Cash (overdraft) and cash equivalents at end of period	$	(1,303,027)
Reconciliation of operating income/(loss) to net cash provided by operating activities:		
Operating income (loss)	$	(5,275,576)
Depreciation		1,653
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable		1,269,472
Prepaid expenses		(976)
Accounts payable		(796,247)
Unearned revenues		(28,655)
Net cash provided by operating activities	$	(4,830,329)

See accompanying notes to financial statements.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The Tri-Valley – San Joaquin Valley Regional Rail Authority (the Authority) is a public entity established pursuant to California Public Utilities Code Section 132651 et seq and its primary purpose it to plan, develop and deliver cost-effective and responsive transit connectivity between the San Francisco Bay Area Rapid Transit District's (BART) rapid transit system and the Altamont Corridor Express commuter rail service. The Authority was established on January 1, 2018.

The governing board (Board) of the Authority should be composed of one representative from each of the following entities to be appointed by the governing board, mayor, or supervisor for each entity:

- City of Dublin
- City of Lathrop
- City of Livermore
- Town of Danville
- City of San Ramon
- City of Manteca
- City of Pleasanton
- City of Stockton
- City of Tracy
- Mountain House Community Services District
- County of Alameda
- County of San Joaquin
- Livermore Amador Valley Transit Authority
- San Francisco Bay Area Rapid Transit District (BART)
- San Joaquin Regional Rail Commission

B. Basis of Accounting

The accompanying financial statements report the financial position of the Authority in accordance with accounting standards generally accepted in the United States of America. As the Authority is a governmental entity, the preparation of its financial statements is governed by the pronouncements of the Governmental Accounting Standards Board (GASB).

The Authority, as a proprietary enterprise, is accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of Net Position– The statement of net position is designed to display the financial position of the Authority. The Authority's fund equity is reported as net position, which is the excess of all of the Authority's assets over all its liabilities. Net Position is divided into three captions under GASB Statement 34. These captions apply only to Net Position and are described below:

Net investment in capital assets, describes the Authority's capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and fees charged for the provision of future water resources.

Unrestricted describes the portion of Net Position which is not restricted to use.

Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. Revenues are reported by major source. This statement distinguishes between operating and nonoperating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income.

C. 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 of assets and liabilities and disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

D. Capital Assets

Capital assets are recorded at cost and depreciated over their estimated useful lives. The Authority's policy is to capitalize all assets when costs exceed $5,000. Cost includes material, direct labor and fringe benefits, transportation, and such indirect items as engineering, supervision, and interest on borrowed funds during construction, net of interest earned on unspent construction proceeds. Repairs, maintenance, and minor purchases of equipment are charged to expenses as incurred.

Depreciation of capital assets in service is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the assets is fully depreciated. The Authority has assigned the useful lives as follows: Facilities – 30 years, Vehicles – 2-12 years, and Equipment 5-10 years.

BACK TO AGENDA

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Preoperating Costs

In accordance with accounting principles generally accepted in the United States of America, preoperating costs which have no discernible future economic benefit are expensed as incurred.

F. Cash and Cash Equivalents

The Authority considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Authority's cash and cash equivalents are pooled with the Livermore-Amador Valley Transportation Authority. As of June 30, 2022, the Authority had a negative balance in cash and cash equivalents of $1,303,027.

G. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

H. Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The Authority has one office lease that does not qualify for capitalization.

NOTE 3 – CAPITAL ASSETS

Capital assets comprised the following at June 30, 2022:

	Balance June 30, 2021	Additions	Balance June 30, 2022
Capital assets being depreciated:			
Equipment		$8,263	$8,263
Total capital assets being depreciated		8,263	8,263
Less accumulated depreciation for:			
Equipment		(1,653)	(1,653)
Total accumulated depreciation		(1,653)	(1,653)
Capital assets, net		$6,610	$6,610

NOTE 4 – RELATED PARTY TRANSACTIONS

Livermore Amador Valley Transit Authority (LAVTA) is named as the Managing Agency. The Authority does not have employees. LAVTA provides professional services as well as administrative services. LAVTA provides certain treasury management and accounting services including conducting all cash transactions and provided for the annual audit. LAVTA received $313,010 for their services for the year ended June 30, 2022.

NOTE 5 – RISK MANAGEMENT

The Authority carries special liability insurance through Alliant Insurance Services, Inc., including commercial general liability coverage (personal injury and products and damages to rented premises of $3,000,000 and $1,000,000, respectively, per occurrence), as well as automobile liability with a combined single limit of $3,000,000 per accident, and public officials errors and omissions up to $3,000,000. The deductible is $1,000 for this coverage. The Authority requires its consultants and any subconsultants, suppliers, temporary workers, independent consultants, or any other persons, firms or corporations that consult to procure and maintain at their sole cost and expense insurance coverages, including workers compensation and employer liability insurance, commercial general liability insurance, business automotive liability insurance, professional liability insurance, railroad protective liability insurance, and cyber liability insurance.

ATTACHMENT 2

BACK TO AGENDA

TRI-VALLEY – SAN JOAQUIN VALLEY REGIONAL RAIL AUTHORITY

MEMORANDUM ON INTERNAL CONTROL

FOR THE YEAR ENDED JUNE 30, 2022

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TRI-VALLEY – SAN JOAQUIN VALLEY REGIONAL
RAIL AUTHORITY
MEMORANDUM ON INTERNAL CONTROL

For the Year Ended June 30, 2022

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors of
the Tri-Valley – San Joaquin Valley Regional Rail Authority
Livermore, California

In planning and performing our audit of the basic financial statements of the Tri-Valley – San Joaquin Valley Regional Rail Authority as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, the Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
December 5, 2022

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEARS 2022, 2023 and 2024:

GASB 99 – *Omnibus 2022*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument

- Clarification of provisions in Statement No. 87, *Leases,* as amended, related to the determination of the lease term, classification of a lease as a short term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives

- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset

- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements,* related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short term SBITA, and recognition and measurement of a subscription liability

- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt

- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)

- Disclosures related to nonmonetary transactions

- Pledges of future revenues when resources are not received by the pledging government

BACK TO AGENDA

GASB 99 – *Omnibus 2022 (Continued)*

- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* as amended, related to the focus of the government-wide financial statements

- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

- Terminology used in Statement 53 to refer to resource flows statements.

The Requirements of this Statement are Effective as Follows:

The requirements in paragraphs 26–32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by individual topic.

How the Changes in This Statement Will Improve Financial Reporting

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. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

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EFFECTIVE FISCAL YEAR 2022/23:

GASB 91 – *Conduit Debt Obligations*

The primary 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.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
  - (1) an issuer
  - (2) a third-party obligor, and
  - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

GASB 91 – *Conduit Debt Obligations (Continued)*

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

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SCHEDULE OF OTHER MATTERS

GASB 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). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

PPPs – This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancelable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

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GASB 94 – *<u>Public-Private and Public-Public Partnerships and Availability Payment Arrangements (Continued)</u>*

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

APAs **–** An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

GASB 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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.

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GASB 96 – *Subscription-Based Information Technology Arrangements (Continued)*

- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2023/24:

GASB 100 – *Accounting for Changes and Error Corrections*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

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EFFECTIVE FISCAL YEAR 2024/25:

GASB 101 – *Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Recognition And Measurement

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

Notes To Financial Statements

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB 101 – *Compensated Absences (Continued)*

How the Changes in this Statement Will Improve Financial Reporting

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

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ITEM 6

Tri-Valley – San Joaquin Valley
REGIONAL RAIL AUTHORITY

STAFF REPORT

SUBJECT: Hydrogen Production Facility Project Advancement

FROM: Wil Ridder, Deputy Director, Financial Planning and Programming

DATE: December 14, 2022

Action Requested

Staff requests that the Board of Directors authorize the Executive Director to:

1) Prepare and negotiate the terms and conditions of a project development agreement with Linde Engineering North America (Linde) to further define the hydrogen production facility project scope, cost, implementation strategy, and partnership for contracting; and

2) Develop and submit a hydrogen production facility project application to the State of California's Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) initiative (ARCHES Initiative) in collaboration with Linde.

Discussion

Staff is recommending that the Tri-Valley – San Joaquin Valley Regional Rail Authority (Authority) enter into a strategic collaboration with Linde for the advancement of the proposed Valley Link hydrogen production facility. This collaboration includes the preparation of a project development agreement to further define the configuration of a hydrogen production facility, determine the implementation strategy and partnership structure with Linde, as well as develop and submit a project application to the State of California's ARCHES initiative for project funding.

Staff's recommendation is based on the outcome of the request for proposals process through which the Authority solicited proposals from qualified firms to design, build, finance, operate, and maintain a hydrogen production and storage facility. The request for proposals specifically identified the Authority's pursuit of the project as a public-private partnership to leverage the expertise from the private sector hydrogen production industry while also leveraging the value and geography of the property available for the project. This included the Authority's interest in revenue-sharing with the private sector partner, recognizing that the Authority was only seeking to contribute funds for the project through the coordinated securement of discretionary grants and future purchase of hydrogen as fuel for the operation of Valley Link trains. Linde was the only party that submitted a formal proposal, although other parties expressed continued interest in the project.

The Authority's selection committee, which included representatives from the City of Tracy, Livermore Amador Valley Transit Authority (LAVTA) and Innovation Tri-Valley (ITV), reviewed Linde's proposal and interviewed the firm. Linde was recognized as being uniquely qualified to support all of the Authority's goals and objectives in the hydrogen production facility request for proposals. This includes Linde's ability to design, build, finance, operate, and maintain an electrolytic hydrogen production, storage, and distribution facility, as a company with expertise at every level in the hydrogen fuel chain – from planning and design through building and commissioning as well as service and maintenance. Linde is the world leader in the production, processing, storage, and distribution of hydrogen, and owns and operates one of the largest hydrogen capacity and distribution systems in the United States. Linde is also able to uniquely support the resiliency of hydrogen vehicle operations through the direct supply of liquid hydrogen as Linde owns and operates the largest merchant hydrogen supply network in North America, comprised of five hydrogen liquefaction production plants, including a production facility in Ontario, California.

As a registered hydrogen hub collaborator with ARCHES, Linde is also positioned to immediately support the Authority in the development and submittal of a project application to the State of California's ARCHES Initiative. Per communication with staff from the ARCHES Initiative, the initial hydrogen production facility application submitted by the Authority, in collaboration with Linde, will be able to be refined through the work targeted under the project development agreement between the Authority and Linde.

Background

On September 14, 2022, the Board of Directors approved the Valley Link Hydrogen Production and Energy Farm Feasibility Study, including the recommendations to pursue the onsite electrolytic hydrogen production concept and move into the Planning and Preliminary Design stage for the first project phase. As part of managing risk and maximizing the outcomes of green hydrogen production, the feasibility study recognized the opportunity to pursue some form of public-private partnership with expertise from the hydrogen production industry, including the potential design, construction, financing, operations, and maintenance of the hydrogen production facility. The planning and preliminary design stage for the first project phase anticipated additional consultant support activities to develop and support the solicitation of such private partnership subject to the availability of funding for such planning and preliminary design activities.

The timing of the Board approving of the feasibility study and moving forward with the first phase hydrogen production concept was consistent with other statewide initiatives to advance the use of green hydrogen in transportation and the overall green hydrogen economy in California. These include the ARCHES Initiative to coordinate the development of a statewide application for federal funding under the $8 billion national US Department of Energy (USDOE) Regional Hydrogen Hub Program. The ARCHES Initiative is a public-private partnership (P3) to develop a statewide application to secure a targeted $1.25 billion in funding out of the $8 billion national USDOE Regional Hydrogen Hub Program that is being led by the Governor's Office of Business and Economic Development (GO-Biz) and University of California with the goal of establishing California as the Regional Green Hydrogen Hub within the USDOE program. The Authority is participating in this process as a registered hydrogen hub collaborator with ARCHES.

Per communication from the ARCHES Initiative, it is seeking proposals for candidate hydrogen projects for consideration in the statewide application by December 23, 2022, including more detailed business and financial plans for candidate projects. Based upon this accelerated timing for positioning the Valley Link hydrogen production facility for funding under the USDOE Regional Hydrogen Hub Program, staff released the Request for Proposals (RFP) in November 2022 to solicit private sector interest and approaches to meeting both Valley Link's objectives along with gathering the information anticipated to be required by the ARCHES Initiative for candidate projects.

Fiscal Impact

There is no fiscal impact associated with this item at this time.

Recommendation

Staff recommends the approval of the authorization for the Executive Director to prepare and negotiate the terms and conditions of a project development agreement with Linde to further define the hydrogen production facility project scope, cost, implementation strategy, and partnership for contracting. This project development agreement will be brought back to the Board for approval at a future meeting.

Staff also recommends the approval of the authorization for the Executive Director to develop and submit a hydrogen production facility project application to the ARCHES Initiative in collaboration with Linde. This application is due to ARCHES on December 23, 2022.

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Tri-Valley ⅄ San Joaquin Valley
REGIONAL RAIL AUTHORITY

STAFF REPORT

SUBJECT: Update on CEQA Environmental Review

FROM: Marianne Payne, Director of Policy, Planning and Environmental

DATE: December 14, 2022

Action Requested
This is an information item. No action is requested.

Background/Discussion
The Tri-Valley – San Joaquin Valley Regional Rail Authority as Lead Agency is preparing a Subsequent Environmental Impact Report (EIR) for the proposed Valley Link Rail Project, consistent with requirements under the California Environmental Quality Act (CEQA). The purpose of the Subsequent EIR is to analyze the potential environmental effects associated with revisions to the previously analyzed improvements included in the Valley Link Rail Project Final EIR approved by the Authority in 2021.

The attached Notice of Preparation (NOP) for the Valley Link Rail Project was issued on November 14, 2022, and distributed by email to the project mailing list, by certified mail to potentially affected property owners and through publication in the following newspapers:

- East Bay Times
- Pleasanton Weekly
- Modesto Bee
- Manteca Bulletin
- Tracy Press
- Stockton Record
- Livermore Independent
- El Observador
- Mountain House Matters

Two virtual public scoping meetings were held to provide an informal opportunity for attendees to receive information and ask questions about the Proposed Project. The scoping meetings, conducted in both English and Spanish, were held on:

- Monday, December 5, 2022, from 6:30-8:00 PM
- Tuesday, December 6, 2022, from 11:30 AM-1:00 PM

Written responses and comments on the scope of the Valley Link Rail Project will be accepted until 5:00 PM on December 19, 2022. Comments may be submitted by mail, email and through online submittal on a new project website: www.getvalleylinked.com/scoping-comments

Project staff and consultants will present an overview of this CEQA environmental review at the December 14, 2022 meeting.

Fiscal Impact
There is no fiscal impact.

Attachment
1. Valley Link Project NOP – Subsequent EIR

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ATTACHMENT 1

VALLEY LINK RAIL PROJECT

NOTICE OF PREPARATION

SUBSEQUENT ENVIRONMENTAL IMPACT REPORT

The Tri-Valley – San Joaquin Valley Regional Rail Authority (Authority) as Lead Agency, is issuing this Notice of Preparation (NOP) to advise other agencies and the public that it will be preparing a Subsequent Environmental Impact Report (SEIR) for the proposed Valley Link Rail Project, consistent with requirements under the California Environmental Quality Act (CEQA). The purpose of the SEIR is to analyze the potential environmental effects associated with revisions to the previously analyzed improvements included in the Valley Link Rail Project Final EIR approved by the Authority on May 12, 2021, as described below. Pursuant to Section 15162 of the CEQA Guidelines, the Authority has determined that an SEIR is the appropriate level of documentation necessary to evaluate potential impacts associated with the revised project. The purpose of this NOP is to request input on the scope and content of the environmental analysis to be performed in the SEIR.

2021 CEQA Certified Project

A Final EIR for the Valley Link Project was published in April 2021 and a staff-recommended CEQA Certified Alternative was adopted by the Authority Board on May 12, 2021. The CEQA Certified Alternative included the construction of a 42-mile, 7-station passenger rail service that would link the Dublin/Pleasanton BART Station and the proposed Altamont Corridor Express (ACE) North Lathrop Station included in the ACE Extension Lathrop to Ceres/Merced Project. The CEQA Certified Alternative also included two initial operating segments (IOS). The IOS would establish initial service from the Dublin/Pleasanton BART Station to either the Southfront Road Station Alternative or the Mountain House Station Alternative. The Mountain House Station Alternative IOS is the basis of the Proposed Project to be evaluated in the SEIR.

Proposed Project and Location

As shown in the Project Location Map, the Proposed Project would establish a new passenger rail service along a 26-mile corridor between the existing Dublin/Pleasanton BART Station in Alameda County and the proposed Mountain House Community Station with all-day bi-directional service at frequent intervals throughout the day using zero-emission multiple-unit vehicles. The alignment would be constructed within a combination of an existing freeway median, an existing transportation corridor owned by Alameda County, and new right-of-way (currently characterized by undeveloped grasslands) to be acquired for the Project. The Proposed Project includes four new stations as well as an Operations and Maintenance Facility (OMF) and an Operations Support Site in areas at the east end of the alignment.

The proposed changes to the 2021 CEQA Certified Project include relocation of the Dublin/Pleasanton Station platform to the south side of I-580, track realignment in the Altamont Pass, and a new Mountain House Community Station and OMF. The Mountain House Community Station would be constructed north of I-205 on a site west of Mountain House Parkway near the I-205/Mountain House Parkway interchange. The new OMF would be constructed on a site east of Mountain House Parkway and north of I-205.

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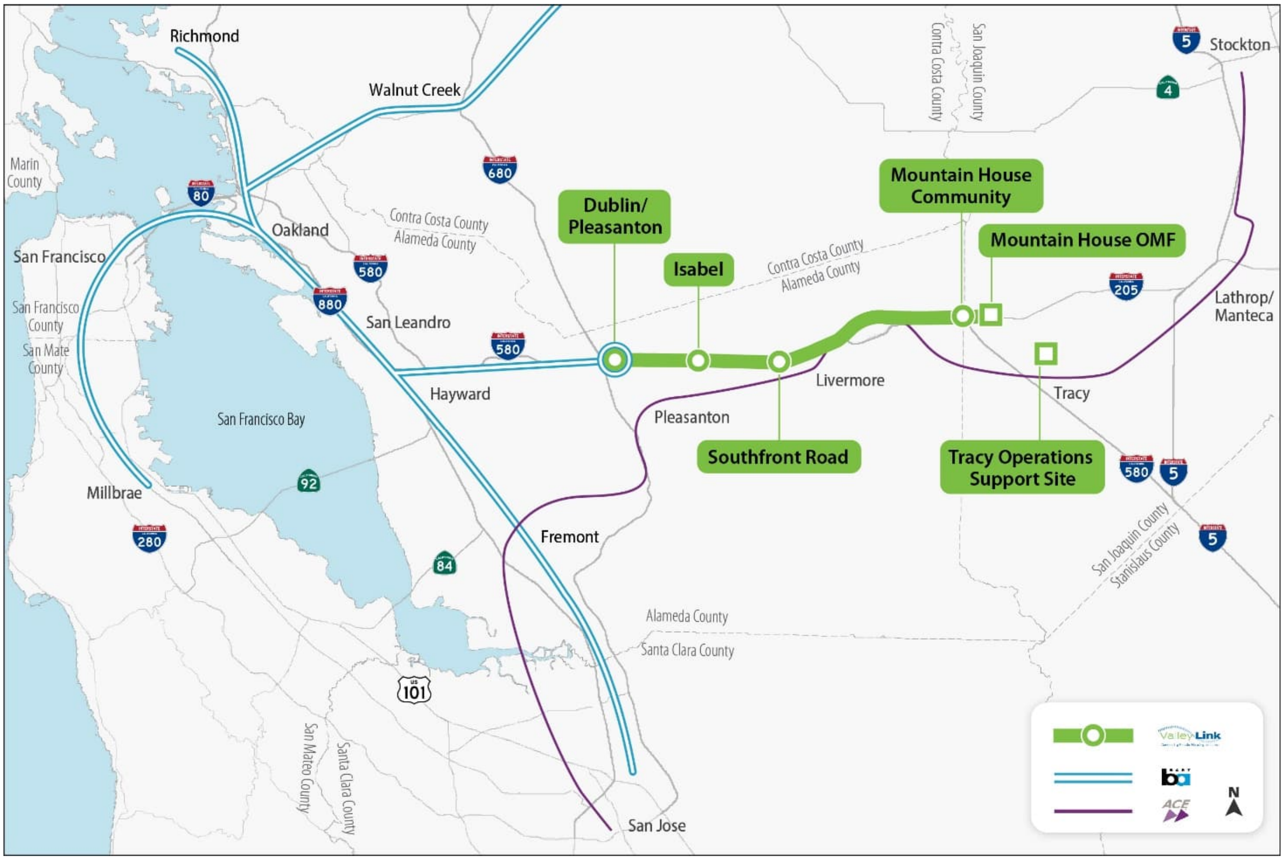
Project Location Map



Potential Environmental Impacts

It has been initially determined that the following topics will be included for evaluation in the SEIR: Aesthetics, Agricultural Resources, Air Quality, Biological Resources, Cultural Resources, Energy, Geology and Soils, Greenhouse Gas Emissions, Hazardous Materials, Hydrology and Water Quality, Land Use and Planning, Noise and Vibration, Population and Housing, Public Services, Recreation, Safety and Security, Transportation and Traffic, and Utilities and Service Systems. The SEIR will consider both temporary, construction-period, and permanent impacts. The SEIR will also include a cumulative impact analysis of the impacts of the Proposed Project in combination with other planned railway projects, transportation improvements, and land use plans and projects in the various cities along the project corridor.

The Authority is seeking comments from agencies, stakeholders, and the public regarding the environmental effects to be analyzed in the SEIR.

Scoping Meetings

Virtual public scoping meetings will be held for the project on the following dates:

- Monday, December 5, 2022 from 6:30 PM until 8:00 PM
- Tuesday, December 6, 2022 from 11:30 AM until 1:00 PM

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The virtual scoping meetings will provide an informal opportunity for attendees to ask questions about the Proposed Project. However, official scoping comments must be submitted in writing by mail, email, or through the online comment submission form on the project website. Please visit www.getvalleylinked.com to learn how to join the virtual meetings and to access additional project information. If you will require language assistance services at these meetings, please call (925) 667-4013, 48 hours prior to the date and time of the meetings.

Written responses and comments on the scope of the Valley Link Rail Project will be accepted until 5:00 PM on December 19, 2022. Please send written comments to:

Tri-Valley – San Joaquin Valley Regional Rail Authority
2600 Kitty Hawk Road, Suite 103
Livermore, CA 94551

Your comments may also be sent by email to info@valleylinkrail.com (please include “Valley Link Project” in the subject heading), or through the online comment submission form provided on the project website: www.getvalleylinked.com.

For Further Information

Visit our project website at www.getvalleylinked.com or contact us by email at info@valleylinkrail.com and include “Valley Link Project” in the subject heading. Language assistance will be provided upon request.

Se proporcionará asistencia con el idioma si se solicita llamando al (925) 667-4013.

联系 (925) 667-4013 可应要求提供语言帮助。

925-667-4013 سيتم توفير المساعدة اللغوية عند الطلب عن طريق الاتصال-.

Hỗ trợ ngôn ngữ sẽ được cung cấp theo yêu cầu bằng cách liên hệ (925) 667-4013.

언어 지원은 (925) 667-4013으로 연락하여 요청 시 제공될 것입니다.

Ang tulong sa wika ay ibibigay kapag hiniling sa pamamagitan ng pakikipag-ugnayan sa (925) 667-4013.

AGENDA

ITEM 8

BACK TO AGENDA

Tri-Valley San Joaquin Valley
REGIONAL RAIL AUTHORITY

STAFF REPORT

SUBJECT: Executive Director's Report

FROM: Kevin Sheridan, Executive Director/CEO

DATE: December 14, 2022

Action Requested
This is an information item and no action is requested.

Background/Discussion
An oral report will be provided at the board meeting.

BACK TO AGENDA