2025 BOARD MEETING

NOVEMBER 14

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10640 Mather Blvd., Suite 120 · Mather, CA 95655
Tel: (916) 876-9094

Regular Meeting of the Capital SouthEast Connector JPA Board of Directors

Date: Friday, November 14, 2025, 8:30 a.m. to 10:30 a.m.

Meeting Location: City of Rancho Cordova City Hall
Council Chambers
2729 Prospect Park Drive,
Rancho Cordova, CA 95670

The Connector JPA welcomes, appreciates, and encourages public participation in the Board Meeting. If you wish to address the Board of Directors during the meeting, please complete a Speaker Card located at the back table and give it to the Secretary before considering the agenda item. The Board Chair will call your name at the appropriate time. Please speak into the microphone when addressing the Board.

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

AGENDA

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

1. Call to Order & Roll Call: Directors Gatewood, Turnboo, Hume, Kozlowski, Robles

2. Pledge of Allegiance

3. Public Comment on Items Not on the Agenda

Individuals may comment on any item of interest to the public within the subject matter jurisdiction of the Board. Each person will be allowed three minutes. After ten minutes of testimony, the Chair may move testimony following the Discussion and Action Items. Please note that the California Government Code prohibits the Board from discussing or acting on any item not on the agenda. The Board cannot take action on non-agendized items raised under "Public Comment" until the matter has been specifically included on the agenda. Individuals who wish to address a specific item on the agenda should comment during consideration of that item.

4. Executive Director's Report

Consent Calendar Items

5. Approve Action Minutes of the August 2025 Regular Board Meeting

6. Quarterly Report of Activities (Receive and File)

7. Update on Federal and State Transportation Funding and Legislation (Receive and File)

8. Recognition of the Government Finance Officers Association Distinguished Budget Presentation Award FY2025-26 Budget (Receive and File)

9. Accept the Fiscal Year 2024-2025 Annual Comprehensive Financial Report
- Resolution 2025-18

10. Adopt 2026 Connector JPA Regular Board Meeting Schedule
- Resolution 2025-19

Discussion and Action Items

11. Authorize the Executive Director to Execute a Memorandum of Understanding with the City of Folsom related to Construction Administration and Transfer of Construction Funding for the White Rock Road Class 1 Trail
- Resolution 2025-20

Closed Session (Estimated time 30 min)

12. Closed Session

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

A. Conference with Real Property Negotiators Pursuant to Government Code § 54956.8

Property:	Intersection of Grant Line Road and Douglas Road Rancho Cordova, CA APN: 067-0040-006
Agency negotiator:	Derek Minnema, Executive Director Jamie Formico, Right of Way Manager, Dokken Engineering
Negotiating parties:	Larne Family Trust and Chris Ksidakis

Under negotiation: Price and terms of real property transaction

B. Conference with Real Property Negotiators Pursuant to Government Code § 54956.8

Property: Southwest of Grant Line Road and Chyrsanthy Boulevard
Rancho Cordova, CA
APN: 067-0100-003

Agency negotiator: Derek Minnema, Executive Director
Jamie Formico, Right of Way Manager, Dokken Engineering

Negotiating parties: County of Sacramento – Waste Management & Recycling

Under negotiation: Price and terms of real property transaction

C. Conference with Real Property Negotiators Pursuant to Government Code § 54956.8

Property: Northwest of Grant Line Road and Douglas Boulevard
Rancho Cordova, CA
APN: 067-0040-003

Agency negotiator: Derek Minnema, Executive Director
Jamie Formico, Right of Way Manager, Dokken Engineering

Negotiating parties: Jeffrey and Teresa J Harada Revocable Trust

Under negotiation: Price and terms of real property transaction

<u>Return to Open Session</u>

13. Announcements or Final Comments from Board Members

<u>ADJOURN</u>

The next meeting of the Capital SouthEast Connector JPA Board will be held on
February 27, 2026*
City of Rancho Cordova City Hall, Council Chambers
2729 Prospect Park Drive, Rancho Cordova, CA 95670
*Date subject to Board approval of the 2026 JPA Board meeting schedule

NOTICE REGARDING CHALLENGES TO DECISIONS

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

GOVERNMENT CODE 54957.5 et seq.

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

ADA COMPLIANCE STATEMENT

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

If requested, this agenda can be available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof.

Persons seeking an alternative format should contact the Connector JPA for further information. A person with a disability who requires a modification or accommodation, including auxiliary aids or services, to participate in a public meeting should telephone or contact the Connector JPA 48 hours before the meeting. The Connector JPA may be reached at 10640 Mather Blvd., Suite 120, Mather, CA 95655, or by telephone at (916) 876-9094.

ITEM 4

MEETING DATE: November 14, 2025

TITLE: Executive Director's Report

PREPARED BY: Derek Minnema

Today's agenda advances two segments of the Capital SouthEast Connector program from planning into implementation.

On Grant Line Road (Chrysanthy Blvd to White Rock Road), design has matured to the point that right-of-way (ROW) acquisition can commence.

On White Rock Road, all development milestones are complete and the project is ready to move into construction procurement under an implementation partnership with the City of Folsom.

Project Updates

Grant Line Road (Chrysanthy Blvd to White Rock Road):
Appraisals are complete for three parcels. Staff requests authorization to approve just compensation and issue formal offers to affected owners.

White Rock Road (East Bidwell St to Stonebriar Dr):
Final engineering, environmental re-validation, and permits are complete. The project is ready for advertisement once the Memorandum of Understanding with the City of Folsom is executed, allowing the City to administer construction on behalf of the JPA.

Fiscal Year-End Audit

The JPA has completed its annual audit and comprehensive financial report which indicates a Net Position of $59,109,955 as of June 30, 2025.

Conference Travel

The Executive Director attended the 2025 American Road and Transportation Builders Association National Convention, held in Dallas, Texas, September 28 – October 2, 2025. This year, I was been invited to participate as a featured speaker, appearing on stage with ARTBA Chief Economist Alison Black during a general session panel.

ITEM 5

MEETING DATE: November 14, 2025

TITLE: Action Minutes of the August 29, 2025, Regular Board Meeting

PREPARED BY: Derek Minnema

RECOMMENDATION

Approve Action Minutes of the August 29, 2025, Regular Board Meeting.

ACTION MINUTES

The Capital SouthEast Connector JPA Board of Directors met at its Regular Board Meeting on August 29, 2025, in the City of Rancho Cordova City Hall Council Chambers, located at 2729 Prospect Park Drive, Rancho Cordova, CA.

Call to Order Chair Kozlowski called the meeting to order at 8:30 a.m.

Roll Call Present: Directors Kozlowski, Turboo, Hume
Absent: Directors Gatewood, Robles

Public Comments on Non-Agenda Items

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

Open Session

Item #4: Executive Director's Report

The Board received Executive Director Minnema's comprehensive oral report for August 2025, and a brief discussion ensued between the Board and JPA staff.

There were no comments from the public on this item.

Consent Calendar Items

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

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

Item #5: Approve Action Minutes of the May 31, 2025 Board Meeting

Item #6: Quarterly Report of Activities (Receive and File)

Item #7: Budget-to-Actuals Report for Fiscal Year End Through June 30, 2025 (Receive and File)

Item #8: Notable Media Content (Receive and File)

Item #9: Update on Federal Transportation Funding and Legislation (Receive and File)

Item #10: Update on State Transportation Funding and Legislation (Receive and File)

Item #11: Update on I-80 Corridor CEQA Litigation and Court Decision (Receive and File)

Item #12: Update on Traffic Trends Along the Connector Alignment (Receive and File)

Item #13: Authorize the Executive Director to Negotiate and Administratively Settle Minor Real Property Interest Acquisitions, Resolution 2025-16

There were no comments from the public on this item.

<u>Discussion and Action Items</u>

Item #14: Authorize the Executive Director to Execute a Two-Year Agreement with Drago Vantage, LLC for Development and Implementation of a Capital SouthEast Connector Funding & Finance Strategy for an Amount Not-to-Exceed $200,000, Resolution 2025-17

Executive Director Minnema introduced and presented the item. A brief discussion ensued amongst the Board and JPA staff.

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

THE BOARD OF DIRECTORS ("BOARD") OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY ("CONNECTOR JPA") THAT THE BOARD HEREBY AUTHORIZES THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT WITH DRAGO VANTAGE, LLC FOR DEVELOPMENT AND IMPLEMENTATION OF A CAPITAL SOUTHEAST CONNECTOR FUNDING AND FINANCING STRATEGY FOR AN AMOUNT NOT-TO-EXCEED $200,000 WITH RESOLUTION 2025-17.

There were no comments from the public on this item.

Item #15: Presentation and Update on the Engineering Design and Right of Way Acquisition Activities related to Grant Line Road in Sacramento County and Rancho Cordova

Principal Civil Engineer Matt Lampa introduced the item, which Juan Ramos, consultant to the JPA, present. A brief discussion ensued amongst the Board and JPA staff.

There were no comments from the public on this item.

Item #16: Announcement and Final Comments from Board Members

No action was taken on this item.

There were no comments from the public on this item.

Adjournment

The meeting adjourned at approximately 9:28 a.m.

APPROVAL OF ACTION MINUTES FOR AUGUST 29, 2025

Approved By:	Attest:
______________________________	______________________________
Mike Kozlowski Chair of the Board	Derek Minnema Board Secretary

ITEM 6

MEETING DATE: November 14, 2025

TITLE: Quarterly Report of Activities (Receive and File)

PREPARED BY: Matt Lampa

RECOMMENDATION

Receive and File this update.

BACKGROUND

The Sacramento Transportation Authority requires agencies to submit quarterly project activity reports for Capital or Mitigation Contracts. The reports summarize project costs, expenditures, and activities performed during the reporting period.

SUMMARY OF PROJECT ACTIVITIES QUARTER ENDING 9/30/2025

Kammerer Road

- Coordination with the City of Elk Grove regarding the design of Segment A1 and adjacent development infrastructure.

Grant Line Road

- Coordination with the County of Sacramento and the City of Rancho Cordova on adjacent development infrastructure along Grant Line Rd.
- Continued work on utility coordination, potholing activities, and engineering design.
- Coordination with Caltrans regarding the USDOT RAISE grant.
- Prepare and submit SB 1 quarterly progress reports to Caltrans and CTC.
- Continued work on right of way acquisition activities
- Advance ultimate corridor design and initiate work on initial 2-lane phased concept

White Rock Road

- Continued work on utility coordination and right of way acquisition activities for the White Rock Trail

- Continued work on 60% engineering design for ultimate corridor
- Completed work on 90% PS&E for the White Rock Trail project.
- Continued work on rail crossing planning
- Coordination with City of Folsom and El Dorado County regarding adjacent development infrastructure.

SUMMARY OF MITIGATION ACTIVITIES QUARTER ENDING 9/30/2025

- Evaluation of project environmental impact and mitigation strategies.
- Continued maintenance activities on Connector conservation parcel
- Collaboration with conservation partners to identify potential mitigation properties to continue the open space preservation strategy.
- Prepare and submit project authorization form to the South Sacramento Conservation Agency and purchase mitigation for the White Rock Road Trail project

ATTACHMENTS

a. Quarterly Reports

Project Name: Capital SouthEast Connector - Capital

Measure A Capital Projects

Quarterly Status Report

STA

PROJECT INFO

Quarter Ended:	09/30/2025	Fiscal Year:	2026
Reporting Quarter:	1		
Agency:	Capital SouthEast Connector	Project Mgr:	Matt Lampa
		Phone and Email:	916-876-9093 lampam@saccounty.gov

This project consists of a 34-mile-long expressway that will serve as a beltway through the southern area of Sacramento County into El Dorado County, enabling travelers to bypass downtown Sacramento and Highway 50 congestion between Elk Grove, Rancho Cordova, Folsom, and El Dorado Hills. The Connector will provide easier access to jobs, reduced congestion, more efficient goods movement, increased safety, and significant economic impact. The project's first phase includes construction of four continuous lanes from Interstate 5 and Highway 99 in Elk Grove to the new Silva Valley interchange at Highway 50 in El Dorado Hills, expanded at-grade intersections at all major access points, and a continuous path for pedestrians, bicyclists, and equestrians.

Sponsor Project ID Number:	N/A	STA Project ID Number:	A-16-JP (20)
Original Est. Project Cost:	$ 1,006,014,000	Current Est. Project Cost:	$ 588,190,000

MEASURE A CAPITAL FUNDING

Previous Contract(s) Award:	$	38,425,445
Previous Contract(s) Spending:	$	(38,425,445)
Current Contract Award:	$	4,700,000
Current Contract Reimbursement:	$	(3,758,257)
Expended This Quarter:	$	(109,097)
Total Remaining:	$	832,645

Projected Spending by Fiscal Year		
	2026	500,000
	2027	388,000
	2028	400,000
	2029	50,000
	2030	0

Federal and State Funds Awarded: $ 150,300,000

PROJECT MILESTONES

	Begin	Planned Completion	Completed
Project Study Environmental (PA&ED) Phase			03/07/2012
Design (PS&E) Phase			
Right-of-Way Phase			
Construction Phase			

CURRENT STATUS

Current Phase (as of last day of reporting quarter): Environmental (PA&ED) Phase

Indicate overall progress of the current phase

0% ○ ○ ● ○ ○ ○ ○ ○ ○ ○ ○ 100%

Explanation of Activities and Expenditures this Quarter, Next Quarter, and Additional Notes

Explanation of activities:
- **Segment A:**
  - A1 - Coordination with City of Elk Grove regarding Segment A1 design and developments along Kammerer Rd.
- **Segment C:** Coordination with City regarding Wilton Rd intersection.
- **Segment D3/E1:** D3b rail crossing planning is ongoing, Continued coordination with member agencies regarding the White Rock Trail. Completed 90% PS&E and acquired right of way for Trail project. Continued work on 60% design of D3b ultimate corridor and drainage

Anticipated Activities Next Quarter

Segment A: Continued coordination w/ Sac County and City of Elk Grove on design of Segment A1 and developments along the corridor. Coordination with City on design and funding opportunities.

Segment C: Coordination w/ City of Elk Grove on Wilton Rd intersection

Segment D3/E1: Continued work on White Rock Trail project final bid documents, obtain right of way certification, and constrution authorization. On-going rail crossing planning and work on D3b 60% ultimate corridor design . Continued coordination on funding

Additional Notes:
- Project segments are at various levels of planning, environmental analysis, design, and right of way.
- Connector Project updates are provided to the regularly scheduled public JPA Board meetings. Additional details can be found at www.ConnectorJPA.com

Project Name: Capital SouthEast Connector - Grant Line Road

Measure A Capital Projects

Quarterly Status Report

PROJECT INFO

Quarter Ended:	09/30/2025	Fiscal Year:	2026	Reporting Quarter:	1
Agency:	Capital SouthEast Connector	Project Mgr:	Matt Lampa		
		Phone and Email:	916-876-9093 lampam@saccounty.gov		

This project will reconstruct Grant Line Road between Chrysanthy Blvd and White Rock Road to a multi-modal transportation corridor. The project is a component of the 34-mile-long Capital SouthEast Connector expressway that will serve as a beltway through the southern area of Sacramento County into El Dorado County, and will be consistent with the ultimate corridor design to provide easier access to jobs, reduced congestion, more efficient goods movement, increased safety, and significant economic impact.

Sponsor Project ID Number:	N/A	STA Project ID Number:	A-16-JP (20)
Original Est. Project Cost:	$ 56,000,000	Current Est. Project Cost:	$ 56,000,000

MEASURE A CAPITAL FUNDING

Previous Contract(s) Award:	$ 0	Projected Spending by Fiscal Year	2026	800,000
Previous Contract(s) Spending:	$ 0		2027	600,000
Current Contract Award:	$ 2,000,000		2028	49,000
Current Contract Reimbursement:	$ (780,624)		2029	
Expended This Quarter:	$ (155,812)		2030	
Total Remaining:	$ 1,063,564	Federal and State Funds Awarded:		$ 3,000,000

PROJECT MILESTONES

	Begin	Planned Completion	Completed
Project Study Environmental			03/07/2012
(PA&ED) Phase Design			09/17/2019
(PS&E) Phase	01/26/2024	06/30/2026	
Right-of-Way Phase	11/01/2024	06/01/2026	
Construction Phase			

CURRENT STATUS

Current Phase (as of last day of reporting quarter): Design (PS&E) Phase

Indicate overall progress of the current phase

0% ○ ○ ○ ● ○ ○ ○ ○ ○ ○ ○ 100%

Explanation of Activities and Expenditures this Quarter, Next Quarter, and Additional Notes

Explanation of activities:
Continued coordination with FHWA and Caltrans regarding RAISE funding agreement. Continued utility coordination and potholing activities. Continued work on 60% ultimate corridor design and drainage analysis. Continued work on initial phases concepts. Coordination with City and County related to developments adjacent to the alignment. Initiated property appraisal work, continued right of way acquisition activities and property owner meetings.

Anticipated Activities Next Quarter
Continued coordination with City and County regarding design and developments adjacent to the alignment. Continued coordination with FHWA and Caltrans on RAISE funding agreement. Finalize 60% design of ultimate corridor and drainage design. Continued development of initial phasing concept and design. Continued right of way acquisition work.

Additional Notes:
Connector Project updates are provided to the public at regularly scheduled JPA Board meetings. Additional details can be found at www.ConnectorJPA.com

Project Name: Capital SouthEast Connector - SGIP Mitigation

Measure A Capital Projects

Quarterly Status Report

STA

PROJECT INFO

Quarter Ended:	09/30/2025	Fiscal Year:	2026	Reporting Quarter:	1
Agency:	Capital SouthEast Connector	Project Mgr:	Derek Minnema		
		Phone and Email:	916-876-9097 minnemad@saccounty.gov		

This project consists of a 34-mile-long expressway that will serve as a beltway through the southern area of Sacramento County into El Dorado County, enabling travelers to bypass downtown Sacramento and Highway 50 congestion between Elk Grove, Rancho Cordova, Folsom, and El Dorado Hills. The Connector will provide easier access to jobs, reduced congestion, more efficient goods movement, increased safety, and significant economic impact. The project's first phase includes construction of four continuous lanes from Interstate 5 and Highway 99 in Elk Grove to the new Silva Valley interchange at Highway 50 in El Dorado Hills, expanded at-grade intersections at all major access points, and a continuous path for pedestrians, bicyclists, and equestrians.

Sponsor Project ID Number:	N/A	STA Project ID Number:	A-16-JPM
Original Est. Project Cost:	$ 5,000,000	Current Est. Project Cost:	$ 5,000,000

MEASURE A CAPITAL FUNDING

Previous Contract(s) Award:	$ 0	Projected Spending by Fiscal Year	2026	418,000
Previous Contract(s) Spending:	$ 0		2027	0
Current Contract Award:	$ 5,000,000		2028	0
Current Contract Reimbursement:	$ (4,554,769)		2029	0
Expended This Quarter:	$ (174,288)		2030	0
Total Remaining:	$ 270,943	Federal and State Funds Awarded:	$	0

PROJECT MILESTONES

	Begin	Planned Completion	Completed
Project Study Environmental			
(PA&ED) Phase Design			
(PS&E) Phase			
Right-of-Way Phase			
Construction Phase			

CURRENT STATUS

Current Phase (as of last day of reporting quarter): Environmental (PA&ED) Phase

Indicate overall progress of the current phase

0% ○ ○ ○ ○ ○ ○ ○ ○ ● ○ ○ 100%

Explanation of Activities and Expenditures this Quarter, Next Quarter, and Additional Notes

Explanation of activities:
- Environmental resource establishment/ re-establishment activities on Grant Line Rd mitigation parcel.
- Evaluation of project environmental impact and mitigation strategies.
- Collaboration with conservation partners to identify potential mitigation properties to continue open space preservation strategy
- Evaluation of project mitigation for the White Rock Rd Trail project, prepared SSCA authorization form, and purchased project mitigation (valley grassland) through the SSHCP.

Anticipated activities Next Quarter:
- Continued environmental resource establishment/ re-establishment activities on Grant Line Rd mitigation parcel.
- Continued evaluation of project environmental impact and mitigation strategies.
- Continued collaboration with conservation partners to identify potential mitigation properties to continue open space preservation strategy

- Connector Project updates are provided to the public at regularly scheduled JPA Board meetings. Additional details can be found at www.ConnectorJPA.com

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ITEM 7

MEETING DATE: November 14, 2025

TITLE: Update on Federal and State Transportation Funding and Legislation (Receive and File)

PREPARED BY: Derek Minnema

RECOMMENDATION

This report provides an update on federal and state transportation funding and legislative developments affecting the Capital SouthEast Connector JPA and its member agencies. The information reflects conditions as of early November 2025, including the continuing federal government shutdown, USDOT administrative changes, and state fiscal outlooks.

FEDERAL GOVERNMENT SHUTDOWN

The federal government has remained shut down since October 1, 2025, as Congress has failed to enact a continuing resolution (CR) to extend funding. The U.S. Senate has conducted several unsuccessful votes on competing CR proposals, while the House of Representatives has been out of session since September 19, pending Senate action.

Several U.S. Department of Transportation (USDOT) programs, including core Federal-Aid Highway Program elements, continue operating because they rely on mandatory contract authority rather than annual appropriations. This allows reimbursement for eligible state and local projects to proceed.

However, USDOT's FY 2026 Shutdown Plan identifies more than 12,000 planned furloughs, including 11,300 positions at the Federal Aviation Administration. Numerous resource and permitting agencies—such as the U.S. Fish and Wildlife Service, National Park Service, and EPA—have suspended permit processing, delaying environmental reviews and related approvals necessary for project delivery.

FHWA Grant Program Administration

While contract-authority reimbursements continue, discretionary FHWA actions requiring staff involvement may be delayed, including:

- Release of Notices of Funding Opportunity (NOFOs)

- Review and scoring of grant applications
- Negotiation and execution of grant and subrecipient agreements
- Routine technical and administrative assistance

These delays could affect local agencies with projects that depend on active FHWA or federal resource-agency coordination. Staff will continue monitoring potential impacts to the JPA's funding and finance plan.

FEDERAL RAISE GRANT AGREEMENT

The Capital SouthEast Connector RAISE grant agreement remains in development and FHWA set a target completion date of April 2026. Caltrans has not yet issued the revised Designated Subrecipient Agreement (DSA) template required before execution.

JPA staff have coordinated closely with FHWA and Caltrans, requesting flexibility to advance review activities. FHWA has agreed to begin preliminary review, but execution will still require an approved DSA. The current shutdown could further affect review and approval schedules.

Staff also continue working with member agencies to finalize the required non-federal matching funds to maintain project readiness.

DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOAL SETTING

On October 3, 2025, USDOT issued a final rule eliminating the long-standing presumption that certain race and gender groups are automatically considered socially and economically disadvantaged. All DBE firms, including those currently certified, must now provide individual proof of disadvantage.

Until statewide reevaluations are complete, USDOT and Caltrans have directed that DBE contract goals shall not be used on federally funded contracts, and participation cannot be counted toward goal attainment. Caltrans has advised local agencies to remove DBE goals from solicitations, including those already advertised but not awarded.

Accordingly, the White Rock Road Class I Trail Project will be advertised without DBE goals for construction and construction-management contracts, potentially resulting in a modest reduction in construction costs.

FEDERAL POLICY AND LEGAL DEVELOPMENTS

On November 4, 2025, a federal court in Rhode Island permanently blocked a U.S. Department of Transportation directive that sought to tie federal transportation grants to state cooperation with immigration enforcement and rollback of DEI programs. The ruling in *California et al. v. USDOT* found the directive exceeded agency authority and violated the Administrative Procedure Act.

The decision applies nationwide and restores normal eligibility for all federal transportation programs, including RAISE, INFRA, and MEGA. No appeal has been filed. The outcome removes a potential risk to the JPA's federal grant agreements and affirms that transportation funds must remain tied to statutory purposes.

STATE LEGISLATIVE AND BUDGET UPDATE

The Legislature adjourned its 2025 session on September 13, transmitting hundreds of bills to Governor Gavin Newsom. In October, the Governor approved a six-bill climate and energy package, extending the state's "Cap-and-Invest" program through 2045 to achieve net-zero greenhouse-gas emissions and direct auction proceeds to transportation and related priorities.

The FY 2025-26 State Budget allocates approximately $30.9 billion to transportation—about 13 percent less than the prior year due to the expiration of one-time funds. Core funding for Caltrans, local streets and roads, and transit remains stable, though the budget relies on fund shifts and deferrals that highlight ongoing structural pressures.

The Department of Finance (DOF) is preparing the Governor's FY 2026-27 Budget, with September bulletins showing revenues $4.4 billion above forecast since April, driven primarily by personal-income and corporate-tax receipts. Both DOF and the Legislative Analyst's Office caution that this improvement may be temporary, reflecting AI-driven stock-market gains rather than broad economic strength.

INTERREGIONAL TRANSPORTATION IMPROVEMENT PROGRAM (ITIP)

On October 24, Caltrans released the Draft 2026 ITIP, a five-year plan for projects improving interregional travel. Although the former federal Clean Air Act waiver has been revoked, the plan reflects Executive Order N-79-20 goals for zero-emission vehicles by 2035, anticipating reduced fuel-tax revenues.

The Draft 2026 ITIP programs $2.7 billion, with $1.6 billion carried forward from 2024. Of the new capacity, $1.1 billion addresses cost increases on existing projects, leaving $169 million available for new investments—primarily rail and highway, with limited active-transportation components.

ITEM 8

MEETING DATE: November 14, 2025

TITLE: Recognition of the Government Finance Officers Association Distingushed Budget Presentation Award: FY 2025-26 Budget

PREPARED BY: Derek Minnema

RECOMMENDATION

Receive and file this award from the Government Finance Officers Association (GFOA).

BACKGROUND

The GFOA established the Distinguished Budget Presentation Award Program to encourage governments to prepare budget documents of the highest quality that reflect both professional standards and public transparency.

DISCUSSION

On August 27, 2025, the GFOA notified the Connector JPA that its FY 2025-26 Budget qualified for recognition for the second consecutive year.

This year the budget enhancements included a clearer delineation of project versus administrative expenditures, and inclusion of a new Indirect Cost Rate section to ensure compliance with state and federal grant requirements

Staff would like to thank Tim Jones and Rob Merritt for their continued support and contributions to this achievement.

ATTACHMENTS

a. GFAO Award Letter

Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 *fax:* 312.977.4806

August 27, 2025

Derek Minnema
Capital SouthEast Connector Authority
10640 Mather Boulevard Suite 120
Mather, CA 95655

Dear Derek Minnema:

Your government should have recently received electronic correspondence that your 2025 budget qualifies for GFOA's Distinguished Budget Presentation Award. To commemorate that achievement, enclosed is a medallion which can be added to your existing plaque as a testament to the government's commitment to producing annual reports that evidence the spirit of full disclosure and transparency.

Congratulations again!

Sincerely,

Michele Mark Levine

Michele Mark Levine
Director, Technical Services Center

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ITEM 9

MEETING DATE: November 14, 2025

TITLE: Accept the FY 2024-25 Annual Comprehensive Financial Report

PREPARED BY: Derek Minnema and Rob Merritt, CPA

RECOMMENDATION

Approve Resolution 2025-18, accepting the FY 2024-25 Annual Comprehensive Financial Report.

BACKGROUND

Under Section 6.d(3) of the Joint Exercise of Powers Agreement establishing the Authority, the Authority must conduct an independent audit of all financial activities for each fiscal year and promptly deliver copies of the report to each member of the Board.

DISCUSSION

Historically, Connector JPA staff have prepared basic financial statements which meet the minimum requirements of the Joint Exercise of Powers Agreement. However, authoritative standards encourage governments to issue their basic financial statements in the broader context of an Annual Comprehensive Financial Report (ACFR) which Connector JPA staff prepared this year.

The ACFR supplements the basic financial statements by providing

(1) introductory information,
(2) information on individual funds as applicable,
(3) schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and
(4) statistical data

By definition, the ACFR includes at a minimum, three basic sections:

(1) introductory section,
(2) a financial section, and
(3) a statistical section

The Connector JPA received an unmodified (clean) opinion for FY 2024-25. Richardson & Company, LLP conducted the independent audit.

The following notes are summarized in the audit transmittal letter:

- The financial statements present fairly, in all material aspects, the respective financial position of the governmental activities and the general fund of the Connector JPA as of June 30, 2025.

- The auditors commented that "during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses."

- The auditors commented that "The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards."

ATTACHMENTS

a. Annual Comprehensive Financial Report
b. Resolution 2025-18

CAPITAL | SOUTHEAST
CONNECTOR JPA
Connecting Communities

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY
SACRAMENTO, CA

FOR THE FISCAL YEAR ENDED **JUNE 30, 2025**
PREPARED BY **CONNECTOR JPA STAFF**

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY
SACRAMENTO, CA

FOR THE FISCAL YEAR ENDED **JUNE 30, 2025**
PREPARED BY **CONNECTOR JPA STAFF**

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CAPITAL SOUTHEAST CONNECTOR JPA
Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2025

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INTRODUCTORY SECTION

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LETTER OF TRANSMITTAL

November 14, 2025

Chair and Members of the Board and Citizens of Sacramento County:

We are pleased to submit the **Annual Comprehensive Financial Report (ACFR)** for the Capital SouthEast Connector Joint Powers Authority (Connector JPA) for the fiscal year ended June 30, 2025. In accordance with California law and Section 6(d)(4) of the Connector Joint Powers Agreement, the Connector JPA prepares its financial statements in conformity with Generally Accepted Accounting Principles (GAAP) and ensures they are independently audited in accordance with Generally Accepted Auditing Standards (GAAS).

Management assumes responsibility for the completeness and reliability of the information presented in this report. This responsibility is carried out within a comprehensive framework of internal controls designed to protect the Connector JPA's assets and ensure the integrity of its financial reporting. Recognizing that the cost of internal controls should not exceed their anticipated benefits, our system is structured to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

State law requires that the Connector JPA publish a complete set of financial statements within six months of the close of each fiscal year. Pursuant to this requirement, we are pleased to present the Connector JPA's ACFR for the **Fiscal Year ended June 30, 2025.**

The Connector JPA's independent audit for FY 2024–25, conducted by **Richardson & Company, LLP**, resulted in an unmodified ("clean") opinion, confirming the accuracy and reliability of our financial statements. This independent validation affirms the organization's strong commitment to fiscal accountability, transparency, and sound stewardship of public funds.

Included herein is the **Independent Auditor's Report**. Immediately following is the **Management's Discussion and Analysis (MD&A)**, which provides a narrative overview of the Connector JPA's financial performance, context, and analysis of the basic financial statements.

PROFILE OF THE AUTHORITY

The Elk Grove-Rancho Cordova-El Dorado Connector Authority (Connector JPA) was created effective December 12, 2006, pursuant to Section 6500 of the California State Government Code and the provisions of a Joint Exercise of Powers Agreement and is a political subdivision of the State of California. The Connector JPA is a jointly governed organization consisting of five member agencies - the Counties of Sacramento and El Dorado, and the Cities of Elk Grove, Rancho Cordova, and Folsom.

The Connector JPA was formed solely to plan, approve, design, mitigate, acquire, finance and build a 34-mile, multimodal roadway transportation corridor, known as the Capital SouthEast Connector (Connector Project). The Connector Project is designed to improve regional traffic mobility, safety, and goods movement by linking Elk Grove, Rancho Cordova, and Folsom, within southeastern Sacramento County and El Dorado Hills.

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

FINANCIAL MATTERS

The Connector JPA does not generate internal revenue but relies entirely on external sources. The Connector JPA's primary revenue sources are Measure A sales tax and transportation mitigation fees, state and federal grants, and member dues.

Each fiscal year, the Counties of Sacramento and El Dorado, and the Cities of Elk Grove, Rancho Cordova, and Folsom provide member contributions. Currently, each member agency contributes $50,000 for a total of $250,000. This source is a relatively small portion of the Connector JPA's total revenue.

Other sources include funding from Sacramento County's Measure A, administered by the Sacramento Transportation Authority (STA). In addition, every two years, a Metropolitan Planning Organization (MPO) allocates State and Federal transportation funds to projects based on regional apportionments of Federal Congestion Mitigation and Air Quality (CMAQ), Regional Surface Transportation Program (RSTP), and State Transportation Improvement Program (STIP) funds. Some funds are received through a formula allocation, while others are competitive.

The Connector JPA operates its finances as a single fund - the General Fund - within the County of Sacramento Treasury. The General Fund supports the Connector JPA's operating activities and all project-related costs. Since the Agency exists to build a single capital project, a single fund is an appropriate structure.

Budgetary information is reported using the modified accrual basis of accounting, such as the fund financial statements in the ACFR. This method recognizes revenue when it becomes measurable and available, while expenditures are recognized when the obligation to pay them is incurred.

The Connector JPA budget supports agency and project costs in the following five areas:

- Project related professional services;
- Right of way (ROW);
- Mitigation;
- Construction; and
- Project related operations and fiscal services.

The Connector project provides quarterly project updates to the Sacramento Transportation Authority detailing the financial status, progress, and milestones of the Connector project. These updates provide:

- insight into how funds are being used,
- the timelines for project completion, and
- any adjustments or improvements in project planning.

Further enhancing our commitment to transparency, the Connector JPA holds public board meetings each quarter, where financial reports are made available and the public can participate and engage with the Board and project.

FINANCIAL AWARDS AND ACKNOWLEDGMENTS

The Connector JPA has consistently demonstrated its commitment to the highly efficient use of taxpayer funds, financial transparency, and accountability through various initiatives designed to provide clear and detailed financial reporting. As stewards of public funds, we understand the importance of keeping the public, stakeholders, and oversight entities fully informed of our budgeting and financial management practices.

The Government Finance Officers Association (GFOA) recently recognized dedication to these principles, which awarded the Connector JPA the prestigious Distinguished Budget Presentation Award for its FY 2025/26 budget. This award reflects our success in meeting the highest standards of governmental budgeting, and it underscores our commitment to creating a budget that serves as a policy document, financial plan, operations guide, and communications tool.

In addition, this report will be submitted to GFOA's Certificate of Achievement for Excellence in Financial Reporting (COA) program. Historically, the Connector JPA has delivered Basic Financial Statements. The ACFR goes beyond the basic financial report by providing detailed financial data and historical, statistical, and contextual information. It offers a complete and comprehensive view of the entity's financial activities. Furthermore, the audited ACFR has been completed within four months after the end of the fiscal year, well within the desired six-month timeframe, allowing the Board of Directors to have a timely comprehensive understanding of the entity's financial position.

This ACFR is a collaborative effort by Authority staff and its independent auditors. The undersigned is grateful to the staff for their willingness to expend the effort necessary to ensure the financial information contained herein is accurate and completed within established deadlines.

CONNECTOR PROJECT

The Capital SouthEast Connector Expressway Project (Connector Project) is a long-term capital project that replaces existing two-lane rural roads with a four-lane modern expressway, including a separated Class 1 multi-use path. The redesigned roadway provides capacity for a growing population and access to employment centers, will improve safety and emergency response, and will improve the overall quality of life in Sacramento County.

When completed, the Connector Project will begin at the Interstate5/Hood-Franklin Road Interchange as a four-lane expressway heading east until the intersection with Bruceville Road, where it will connect with the existing Kammerer Road and become a four to six-lane thoroughfare to State Route 99.

At State Route 99, four lanes will be constructed as a thoroughfare consistent with the design standards of the City of Elk Grove until it reaches the intersection of Bond Road. At that point, it becomes the Sheldon/Wilton Corridor until it reaches the Calvine Road intersection.

The Sheldon/Wilton corridor is 2.6 miles long, and its design is governed by the Precise Roadway Plan adopted by the City of Elk Grove in 2023. Five intersections will have roundabouts, and the design speed will be reduced to 40mph.

At Calvine Rd, the project transitions to a four-lane high-speed expressway with limited access. The expressway continues northeast towards and along the City of Rancho Cordova. At the intersection of Grant Line Road and White Rock Road, the expressway continues towards and along the City of Folsom until it reaches the Sacramento - El Dorado County line. The project then transitions to a four-lane thoroughfare consistent with the design standards of the County of El Dorado until it reaches the ending at the Hwy 50/Silva Valley Parkway Interchange in El Dorado Hills.

PROJECT UPDATE

Building on the progress of approximately six and a half miles of roadway improvements completed in recent years, the Connector JPA continued to advance the project through design, right-of-way, and funding activities during Fiscal Year 2024-25.

The JPA successfully leveraged local Measure A transportation sales tax revenue to secure an additional $36.5 million in state and federal funding, including $7.5 million for Kammerer Road, $25 million for Grant Line Road, and $4 million for White Rock Road. Staff also submitted multiple applications for construction funding to maintain project momentum and ensure eligibility for upcoming state and federal opportunities.

Engineering and right-of-way work progressed on approximately nine miles of the planned alignment, consistent with the Board-approved annual budget and work plan. These efforts reflect a disciplined, phased strategy to bring the Connector closer to construction readiness while sustaining broad regional and bipartisan support through continued public outreach, legislative advocacy, and interagency coordination.

The California Transportation Commission adopted its future consideration of funding for the Kammerer Road corridor, completing the state-wide environmental approvals under CEQA and NEPA. Engineering design continued to advance on Kammerer Road, with an initial two-lane phase between Interstate 5 and Bruceville Road moving forward.

During FY 2024-25, environmental approval and analysis began for a new roundabout at the Grant Line Road–Wilton Road intersection in the City of Elk Grove. This improvement is intended to address congestion at a key location along the corridor.

The Connector JPA also executed a new funding agreement with the City of Rancho Cordova to advance a two-lane initial phase reconstruction of Grant Line Road between Chrysanthy Boulevard and White Rock Road. Supported primarily by a state Trade Corridor Enhancement Program grant, this project advanced to 60 percent design during the fiscal year and will address a major deficiency at a key location.

Work also advanced on the White Rock Road trail project through the City of Folsom and El Dorado Hills, with design completed and right-of-way acquisition underway. Construction is anticipated to begin in 2026.

In addition, the Connector JPA began appraisals and right-of-way engineering for properties along White Rock Road and Grant Line Road in Rancho Cordova and Folsom, representing steady progress toward delivering more than nine miles of expressway improvements through a multi-year project development effort.

CLOSING

In closing, this report's preparation was possible due to the Board of Directors' leadership and support. The Board's prudent management must be credited for the strength of the Connector JPA's fiscal condition. Its vision ensures that the Connector Project will be on the move, planning for and building a better future for Sacramento County residents and commuters.

We hope this report provides valuable insights for the Board of Directors, partner agencies, and the public as we continue to manage and allocate resources supporting the Connector Project.

Sincerely,

Derek Minnema

Derek Minnema
Executive Director

Timothy T. Jones

Timothy T. Jones, CPA, CPFO
Fiscal Consultant

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LIST OF PRINCIPAL OFFICIALS AND ORGANIZATION CHART

CITY OF FOLSOM
COUNCILMEMBER

MIKE KOZLOWSKI (CHAIR)

CITY OF ELK GROVE
COUNCILMEMBER

SERGIO ROBLES (VICE-CHAIR)

SACRAMENTO COUNTY
BOARD OF SUPERVISORS

PATRICK HUME

EL DORADO COUNTY
BOARD OF SUPERVISORS

GEORGE TURNBOO

CITY OF RANCHO CORDOVA
COUNCILMEMBER

GARRETT GATEWOOD

AUTHORTY
EXECUTIVE DIRECTOR

DEREK MINNEMA

AUTHORITY
PRINCIPAL ENGINEER

MATT LAMPA

SLOAN, SAKAI, YEUNG
& WONG LLP

LEGAL COUNSEL

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Capital SouthEast Connector JPA
Mather, California

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities and each major fund of the Capital SouthEast Connector Joint Powers Authority (the Connector JPA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Connector JPA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Connector JPA, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Connector JPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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 Connector JPA'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 opinions. 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 and *Government 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Connector JPA'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 Connector JPA'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 and budgetary comparison information 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.

OTHER INFORMATION

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated __________, 2025, on our consideration of the Connector JPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Connector JPA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Connector JPA's internal control over financial reporting and compliance.

__________, 2025

This section of the Capital Southeast Connector Joint Powers Authority (Connector JPA) annual financial statements presents a discussion and analysis of the Connector JPA's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the Connector JPA's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The Connector JPA's total net position in Fiscal Year 2024-25 (FY 2024-25) increased by $3,841,782.
- Total revenues in fiscal year 2024-25 of $3.8 million were $1.4 million or 59% higher than total revenues in fiscal year 2023-24 at $2.4 million.
- The total net investment in capital assets increased $3.0 million in FY 2024-25, from $54.0 million in FY 2023-24 to $57.0 million in FY 2024-25.
- The Connector JPA's fund balance in Fiscal Year 2024-25 increased by $197 thousand.
- Total General Fund revenues of $3.6 million in Fiscal Year 2024-25 were $1.2 million higher than General Fund revenues in FY 2023-24 of $2.4 million.
- Effective June 30, 2024, the Connector JPA implemented GASB Statements No. 101 for the measurement of compensated absences. In addition, the Connector JPA determined it is responsible for the compensated absences of the County employees assigned to the Connector JPA, and began recording a compensated absence liability. The effects of these changes resulted in an increase in liabilities of $214,000 and $191,000 at June 30, 2025 and 2024 respectively, with no affects on the June 30, 2024 total fund balance or total net position. See note 1 of the basic financial statements for additional information.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1) **Government-Wide** financial statements

2) **Fund** financial statements

3) **Notes** to the basic financial statements

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

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

The *Statement of Activities* shows changes in net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., accounts payable). The Statement of Activities identifies the Connector JPA's only function, public ways and facilities, which is principally supported by intergovernmental revenues and contributions from other governments *(governmental activities).*

The government-wide financial statements can be found on pages 27 and 28 of this report.

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

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

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

The governmental funds financial statements can be found on pages 27 and 28 of this report.

3) Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found starting on page 29 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Connector JPA is improving or deteriorating. In the case of the Connector JPA, assets exceeded liabilities by $59.1 million at June 30, 2025.

Condensed Statement of Net Position
Governmental Activities
June 30,

	2025	2024	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Assets:				
Current assets	$ 2,343,416	$ 1,492,663	$ 850,753	57%
Capital assets	58,021,431	54,442,322	3,579,109	7%
Total assets	60,364,847	55,934,985	4,429,862	8%
Liabilities:				
Current liabilities	931,696	354,098	577,598	163%
Other liabilities	323,196	312,714	10,482	3%
	1,254,892	666,812	588,080	88%
Net Position:				
Investment in capital assets	56,980,965	53,966,392	3,014,573	6%
Unrestricted	2,128,990	1,301,781	827,209	64%
Total Net Position:	$ 59,109,955	$ 55,268,173	$ 3,841,782	7%

The Connector JPA reported an increase of $3.8 million in net position compared to prior year balances. During FY 2024-25, net position increased primarily due to the $3.6 million increase in capital assets.

Current assets increased from $1.5 million at June 30, 2024, to $2.3 million at June 30, 2025. This increase primarily came from increases in amounts due from other governments, which represents project cost reimbursements for activity in the last few months of the fiscal year. As stated above, capital assets increased approximately $3.6 million during FY 2024-25, from $54.4 million at June 30, 2024 to $58.0 million June 30, 2025. Significant additions to the Capital Southeast Connector Expressway project during FY 2024-25 included $3.1 million in project management, environmental, and engineering services.

Current liabilities increased from $354 thousand at June 30, 2024 to $932 thousand at the end of the current fiscal year. These changes were due to higher amounts due to service providers of the project at the end of the current fiscal year compared to the end of the prior fiscal year. Also included in current liabilities at June 30, 2025 and 2024 respectively is $117,000 and $191,000 for the current portion of compensated absences as a result of implementing GASB Statement No. 101 and recorded the compensated absence liability for the first time.

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

Condensed Statement of Activities
June 30,

			Increase/(Decrease)	
	2025	2024	Amount	Percentage
Revenues				
Program Revenues:				
Capital grants & contributions	$ 3,809,819	$ 2,366,163	$ 1,443,656	61%
General Revenues:				
Interest & other	31,963	57,633	(25,670)	(45%)
Total Revenues	3,841,782	2,423,796	1,417,986	59%
Change in Net Position	3,841,782	2,423,796	1,417,986	59%
Net Position, July 1	55,268,173	52,844,377	2,423,796	5%
Net Position, June 30	$ 59,109,955	$ 55,268,173	$ 3,841,782	7%

Capital grant and contribution revenues during FY 2024-25 of $3.8 million were $1.4 million higher than the same revenues of FY 2023-24 of $2.4 million. These increases came from increases in Federal, State, and Other Local revenues. Member contributions remained unchanged at $250,000 for FY 2024-25 and FY 2023-24. As stated above, significant additions to the Project during FY 2024-25 included $3.1 million in project management, environmental, and engineering services. As the Connector JPA incurs these capitalized expenses, the reimbursement revenue follows.

FUND FINANCIAL ANALYSIS

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

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

At June 30, 2025, and June 30, 2024, the Connector JPA's governmental funds reported a fund balance of $1.4 million and $1.2 million respectively, an increase of approximately $200 thousand. The increase in fund balance was attributed to an increase in assets, notably an increase in due from other governments of $1.1 million, offset by an increase in accounts payable and accrued liabilities of $456 thousand at the end of FY 2024-25.

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

Revenues Classified by Source
General Fund

	2025	% of Total	2024	% of Total	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Revenues						
Intergovernmental revenues	$ 3,361,618	92%	$ 2,116,163	87%	$ 1,245,455	59%
Member contributions	250,000	7%	250,000	10%	-	0%
Interest	31,963	1%	57,633	3%	(25,670)	(45%)
Total Revenues	$ 3,643,581	100%	$ 2,423,796	100%	$ 1,219,785	50%

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

Intergovernmental revenues include allowable costs claimed from Measure A sales tax revenue bonds issued by the Sacramento Transportation Authority (STA). The sales tax revenue bonds are used to fund eligible Measure A capital projects. There was a decrease in revenues from STA Measure A during FY 2024-25 from $1.7 million during FY 2023-24 to $1.5 million during the current year. As previously discussed, as the Connector JPA incurs project-related expenditures, these amounts are reimbursed to the organization. Significant capitalized expenditures during FY 2024-25 included $3.1 million in project management, environmental, and engineering services, while during FY 2023-24 there were $2.3 million in these costs.

Federal and State revenues are funding grants. The grants are for transportation related projects and related activities financed in part with federal-aid funds and authorized by the State or the Federal Highway Administration. Every two years, the Sacramento Area Council of Governments (SACOG) conducts a programming round to allocate funds to projects based on regional apportionments of Federal Congestion Mitigation and Air Quality (CMAQ), Regional Surface Transportation Program (RSTP), and State Transport Action Improvement Program (STIP) funds. These funds are then allocated to projects. The Connector JPA has executed an agreement with the California Department of Transportation (Caltrans) to allow for disbursement of Federal and State funds directly to the Connector JPA. During FY 2024-25, $613 thousand and $745 thousand respectively were received in Federal and State revenues, while during FY 2023-24, $340 thousand and $95 thousand, respectively, were received in Federal and State revenues.

The following table presents expenditures of the General Fund:

Expenditures by Function
General Fund

	2025	% of Total	2024	% of Total	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Expenditures						
Current:						
Public Ways & Facilities	$ 3,386,792	98%	$ 2,730,562	98%	$ 656,230	24%
Debt service - lease						
Principal	47,506	1%	46,919	2%	587	1%
Interest	12,462	1%	6,095	0%	6,367	104%
Total Expenditures	$ 3,446,760	100%	$ 2,783,576	100%	$ 663,184	24%

The expenditure activity of the Project was $663 thousand more compared to the prior year. The primary category of increase was in project management, environmental, and engineering services of approximately $3.1 million. Project management, environmental, and engineering services amounted to almost $2.3 million during FY 2023-24.

Although some construction activity has occurred in recent years, the Project is still in the planning stages, and final completion is expected in 2035.

CAPITAL ASSETS

At June 30, 2025, the Connector JPA had $58.0 million invested in capital assets including land and right of way. Changes in capital asset balances are shown in the table below:

Capital Assets

	As of June 30, 2025	As of June 30, 2024	Increase (Decrease)
Land and right of way	$ 2,745,264	$ 2,745,264	$ -
Mitigation	9,006,320	9,006,320	-
Construction in progress	46,195,810	42,567,342	3,628,468
Right-to-use asset	74,037	123,396	(49,359)
	$ 58,021,431	$ 54,442,322	$ 3,579,109

The majority of the increase in capital asset balances were in Construction in Progress. Included in this component is $3.1 million in project management, environmental, and engineering services for FY 2024-25. See Note 4 for more information on the Connector JPA's capital assets.

Throughout the progress of the project, the Connector JPA has executed contracts to purchase services from vendors for construction, engineering, project management and consulting, and environmental services. The Connector JPA is contracted with these vendors through various dates. As of June 30, 2025, approximately $5.1 million may be payable upon future performance under these contracts.

DEBT

As of June 30, 2025, the Connector JPA had approximately $493,000 in liabilities outside of accounts payable and accrued expenses. The table below identifies the changes in theses liabilities for FY 2024-2025.

Liabilities

	As of July 1, 2024	Additions	Deletions	As of June 30, 2025	Current Portion
Office Lease	$ 127,448	-	$ (47,506)	$ 79,942	$ 52,203
Retentions payable	41,890	$ 156,311	-	198,201	-
Compensated absences	190,882	23,544	-	214,426	117,170
	$ 360,220	$ 179,855	$ (47,506)	$ 492,569	$ 169,373

As previously stated, with the implementation of GASB Statement No. 101, Compensated Absences and recording the compensated absence liability for the first time, the Connector JPA recognized liabilities of $214,426 and $190,882 for the years ending June 30, 2025 and 2024 respectively, with no related change to total net position or total fund balance.

ANALYSIS OF GENERAL FUND BUDGET

During the year, intergovernmental revenues were less than the final budgeted amounts by $3.4 million. Measure A revenues recognized were approximately $2.7 million less than amounts budgeted of $4.2 million, and local funding was $538 thousand compared to a budget of $533 thousand. Federal and State revenues were budgeted at $800 thousand and $1.3 million, respectively, however only $613 thousand in Federal revenues and $745 thousand in State revenues were recognized. Because of higher interest rates in FY 2024-25 for cash and investment balances, interest earnings were $23 thousand higher than budget. Capitalized expenditures to the project amounted to $3.4 million compared to a budget of $7.2 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The FY 2025-26 Final Budget was adopted by the Connector JPA's Board of Directors on May 31, 2024.

The proposed means of financing the $8.8 million in budgeted expenditures for FY 2025-26 include:

- Measure A Proceeds: $5.1 million
- Member Contributions: $267 thousand
- Other Local Funding: $988 thousand
- State Funding: $1.3 million
- Federal Funding: $1.2 million
- Interest: $10 thousand

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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CAPITAL SOUTHEAST CONNECTOR JPA

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

June 30, 2025

	General Fund	Adjustments (Note 11)	Statement of Net Position
ASSETS			
Current Assets:			
Cash and investments	$ 501,100	$ -	$ 501,100
Interest receivable	12,665	-	12,665
Prepaid items	54,596	-	54,596
Due from other governments	1,775,055	-	1,775,055
Total Current Assets	2,343,416	-	2,343,416
Noncurrent Assets:			
Capital assets, non-depreciable	-	57,947,394	57,947,394
Right-to-use asset	-	74,037	74,037
Total Noncurrent Assets	-	58,021,431	58,021,431
TOTAL ASSETS	$ 2,343,416	58,021,431	60,364,847
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	$ 762,323	-	762,323
Lease liability - current portion	-	52,203	52,203
Compensated absences, due within one year	-	117,170	117,170
Total Current Liabilities	762,323	169,373	931,696
Noncurrent Liabilities:			
Lease liability	-	27,739	27,739
Retentions payable	-	198,201	198,201
Compensated absences, due in more than one year	-	97,256	97,256
Total Noncurrent Liabilities	-	323,196	323,196
TOTAL LIABILITIES	762,323	492,569	1,254,892
DEFERRED OUTFLOWS OF RESOURCES			
Unavailable revenue	198,201	(198,201)	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	198,201	(198,201)	-
FUND BALANCE			
Nonspendable	54,596	(54,596)	
Unassigned	1,328,296	(1,328,296)	
TOTAL FUND BALANCE	1,382,892	(1,382,892)	
TOTAL LIABILITIES AND FUND BALANCE	$ 2,343,416		
NET POSITION			
Net investment in capital assets		56,980,965	56,980,965
Unrestricted		2,128,990	2,128,990
TOTAL NET POSITION		$ 59,109,955	$ 59,109,955

The accompanying notes are an integral part of these financial statements.

CAPITAL SOUTHEAST CONNECTOR JPA

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2025

	General Fund	Adjustments (Note 12)	Statement of Activities
PROGRAM EXPENSES			
Governmental activities:			
Public ways and facilities			
Capital outlay	$ 3,392,887	$ (3,392,887)	
Debt service			
Principal	47,506	(47,506)	
Interest	6,367	(6,367)	
TOTAL PROGRAM EXPENSES	3,446,760	(3,446,760)	-
PROGRAM REVENUE			
Capital grants and contributions			
Intergovernmental	3,361,618	198,201	$ 3,559,819
Member contributions	250,000		250,000
	3,611,618	198,201	3,809,819
NET PROGRAM REVENUE (EXPENSES)	164,858	3,644,961	3,809,819
GENERAL REVENUES			
Interest earnings	31,963		31,963
TOTAL GENERAL REVENUES	31,963	-	31,963
CHANGE IN FUND BALANCE/NET POSITION	196,821	3,644,961	3,841,782
Fund balance/net position at beginning of year	1,186,071	54,082,102	55,268,173
FUND BALANCE/ NET POSITION AT END OF YEAR	$ 1,382,892	$ 57,727,063	$ 59,109,955

The accompanying notes are an integral part of these financial statements.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Capital SouthEast Connector Joint Powers Authority (Connector JPA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Organization: The Connector JPA, which was created effective December 12, 2006, is a jointly governed organization under Section 6500 of the California State Government Code and the provisions of a Joint Exercise of Powers Agreement, and is a political subdivision of the State of California. Parties to this agreement are the Counties of Sacramento and El Dorado, and the Cities of Elk Grove, Rancho Cordova and Folsom.

The Connector JPA was formed solely to acquire, plan, design, finance and construct a multi-modal transportation corridor (Project) to connect the Counties of Sacramento and El Dorado, and the Cities of Elk Grove, Rancho Cordova and Folsom. The Connector JPA's primary revenue sources are Measure A sales tax and transportation mitigation fees, member dues, and state and federal grants.

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

Basis of Presentation – Government-wide financial statements: The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are primarily supported by intergovernmental revenues. The Connector JPA does not report any business-type activities.

The Statement of Net Position reports all financial resources of the Authority as a whole in a format in which assets and deferred outflows of resources equal liabilities and deferred inflows of resources, plus net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: a) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest and other items properly excluded among program revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

When both restricted and unrestricted resources are available for use, it is the Connector JPA's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Presentation – Fund Financial Statements: The accounts of the Connector JPA are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Connector JPA considers all revenues to be available if they are collected within 180 days of the end of the current fiscal period and are considered available. Expenditures generally are recorded when the related fund liability is incurred. Payable balances are primarily payables to vendors.

All revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The Connector JPA reports the following major governmental fund:

- General Fund – The General Fund is the general operating fund of the Connector JPA and accounts for revenues collected to provide services and finance the fundamental operations of the Connector JPA.

Budgets: Budgets are adopted on a basis consistent with generally accepted accounting principles and in accordance with the Connector JPA's policies and procedures. Budgetary control is exercised by major object. Budgetary changes, if any, during the fiscal year require the approval of the Connector JPA's Governing Board. Unencumbered budget appropriations lapse at the end of the fiscal year.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements. Prepaid items are reported in the fund financial statements as nonspendable fund balance to indicate they do not constitute resources available for appropriation.

Capital Assets: Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets reported by the Connector JPA are stated at historical cost or estimated historical cost, if actual historical cost is not available. Contributed capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The only asset of the Connector JPA is the self-constructed roadway infrastructure project. The infrastructure project entails making roadway improvements, but ownership of the asset and underlying land remains with the member jurisdictions.

The Connector JPA capitalizes all costs for the roadway infrastructure project. Maintenance of the roadway infrastructure project is the responsibility of the Connector JPA members, so no such costs are incurred by the Connector JPA. The Connector JPA will not be depreciating the roadway infrastructure project because at the time the entire infrastructure project is completed and placed into service, the infrastructure project will be formulaically allocated to the member in whose jurisdiction the asset is located, and the Connector JPA will cease to exist.

Unavailable Revenues: Unavailable revenues in governmental funds arise when a potential revenue source does not meet both the "measurable" and "available" criteria for recognition in the current period. Revenues unavailable because they were not received in the availability period are recognized as revenue for the government-wide presentation.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

Compensated Absences: Employees of the Connector JPA are employees of Sacramento County and are granted vacation in varying amounts based on employment classification and length of service. Additionally, certain employees are allowed compensated time-off in lieu of overtime compensation and/or for working on holidays. Compensated absences are accrued when earned and include all accrued vacation, floating holidays and a portion of sick leave. Sick leave is earned by regular, full-time employees. Any sick leave hours not used during the period are carried forward to future years, with no limit to the number of hours that can be accumulated. Any sick leave hours unused at the time of an employee's retirement are added to the actual period of service when computing retirement benefits. The County does not pay accumulated sick leave to employees who terminate prior to retirement. The Connector JPA has accrued an estimate of sick leave that will be taken for time off based on the average use percentage for the past three years.

The Connector JPA had not previously recorded the compensated absence liability because they believed that this liability would be paid by the County. However, since the County charges the Connector JPA for compensated absences, the Connector JPA determined that a liability needed to be recorded. As a result, capital assets as of July 1, 2024 were increased by $190,882 and a compensated absence liability was recorded as of July 1, 2024 for $190,882. The Connector JPA also implemented GASB 101, Compensated Absences, during the year ended June 30, 2025. The effect of this implementation is included in the restatement amount of $190,882.

Lease Liability: Lease liabilities represent the Connector JPA's obligation to make lease payments arising from the lease of office space. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the Connector JPA.

Net Position: The government-wide financial statements report the following categories of net position:

- Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of capital assets reduce the balance in this category.

- Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Connector JPA does not report any restricted net position.

- Unrestricted Net Position – This category represents net position of the Connector JPA not restricted for any project or other purpose.

Fund Balance: In the General Fund financial statements, the Connector JPA reports the following fund balances:

- Non-spendable fund balances are not expected to be converted to cash within the next operating cycle and are typically comprised of prepaid costs.

- Unassigned fund balance is the residual classification for the Connector JPA's funds and includes all spendable amounts not contained in the other classifications.

The Connector JPA typically spends resources in the following order when an expenditure is incurred: restricted, committed, assigned and unassigned.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *CONTINUED*

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

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

Investment Policy: California statutes authorize local agencies to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code, Section 53600, Chapter 4 – Financial Affairs. The Connector JPA does not have its own investment policy that addresses its interest rate risk, credit risk and concentration of credit risk, but annually adopts the County's policy since all Connector JPA funds are held there.

Investment in the County of Sacramento's Investment Pool: The Connector JPA maintains its cash in Sacramento County's cash and investment pool, which is managed by the Sacramento County Treasurer. The total fair value amount invested by all public agencies in Sacramento County's cash and investment pool is $7,625,745,835 at June 30, 2025. Sacramento County does not invest in any derivative financial products. The Sacramento County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Sacramento County's cash and investment pool. The Committee consists of ten members as designated by State law. The value of pool shares in Sacramento County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Connector JPA's position in the pool. Investments held in the County's investment pool are available on demand to the Connector JPA and the balance available for withdrawal is based on the accounting records maintained by the County, which are recorded at fair value.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2025, the weighted average maturity of the investments contained in the County's investment pool was approximately 329 days.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating issued by a nationally recognized statistical rating organization. The County Pool is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk: Custodial credit risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool).

NOTE 3 - DUE FROM OTHER GOVERNMENTS

The Connector JPA's due from other governments consists of the following for expenditures incurred through June 30, 2025:

Sacramento Transportation Authority	$ 920,385
Department of Transportation	762,438
City of Rancho Cordova	92,232
	$ 1,775,055

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Restated Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:				
Land and right of way	$ 2,745,264	$ -	$ -	$ 2,745,264
Mitigation	9,006,320	-	-	9,006,320
Construction in progress	42,567,342	3,628,468	-	46,195,810
Total capital assets not being depreciated, net	54,318,926	3,628,468	-	57,947,394
Capital assets being amortized:				
Right to use assets	269,149	-	-	269,149
Less accumulated amortization	(145,753)	(49,359)	-	(195,112)
Total capital assets being amortized	123,396	(49,359)	-	74,037
Capital assets, net	$ 54,442,322	$ 3,579,109	$ -	$ 58,021,431

Amortization expense of $49,359 for the year ended June 30, 2025 was capitalized and reflected in construction in process.

Capital outlay can be reconciled to additions to capital assets for the year ended June 30, 2025 as follows:

Capital outlay	$ 3,392,887
Retentions payable change expensed in fund statements	
Compensated absences change recorded as capital outlay	23,544
Lease interest and amortization of right-of-use asset reclassified to capital outlay	55,726
Additions to capital assets	$ 3,472,157

NOTE 5 - LONG-TERM LIABILITIES

	Restated Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Lease liability	$ 127,448		$ (47,506)	$ 79,942	$ 52,203
Retentions payable	41,890	$ 156,311		198,201	
Compensated absences	190,882	23,544		214,426	117,170
	$ 360,220	$ 179,855	$ (47,506)	$ 492,569	$ 169,373

NOTE 6 - LEASE ASSET AND LIABILITY

The Connector JPA leases the administrative facility that has been extended through December 31, 2026. For the purposes of discounting future payments on the lease, the Connector JPA used a discount rate of 6%, which represents the Connector JPA's estimated incremental borrowing rate. The total amount of lease assets for the year ended June 30, 2025 was $269,149, and related accumulated amortization was $195,112. The intangible right-of-use asset is being amortized over 3 years. Amortization was $49,359 and interest was $6,367 during the year ended June 30, 2025, both of which were capitalized. Minimum lease payments over the remaining term of the lease include:

Year Ended June 30	Principal	Interest	Total
2026	$ 52,203	$ 3,389	$ 55,592
2027	27,739	487	28,226
	$ 79,942	$ 3,876	$ 83,818

NOTE 7 - RELATED PARTY TRANSACTIONS

The Connector JPA uses the County of Sacramento for services such as payroll, payment, internet technology, human resources, administrative, and accounting. Expenditures incurred for services provided by the County of Sacramento for the fiscal year ended June 30, 2025 were approximately $140,900. The Connector JPA also reimbursed the County of Sacramento for payroll-related costs totaling $738,793.

In addition, the Connector JPA recorded revenue from the City of Rancho Cordova of $538,000 for the year ended June 30, 2025 and has $92,232 receivable from the City as of June 30, 2025.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Connector JPA has executed contracts to purchase services from various vendors. The Connector JPA is contracted with these vendors through various dates. As of June 30, 2025, $5,097,393 may be payable upon future performance under these contracts.

NOTE 9 - EMPLOYEE BENEFITS

The Connector JPA personnel are employees of the County of Sacramento and the County is solely responsible and liable for all costs, expenses, damages and other financial obligations imposed by law as a result of their employment. As a result, the Connector JPA does not record liabilities related to pension benefits and other post-employment benefits. The Connector JPA reimburses the County for employee payroll costs, including benefits, and compensated absence pay-outs, and its share of the debt service on the County's pension obligation bonds.

NOTE 10 - CONTINGENCIES

The Connector JPA receives funding for specific purposes that are subject to review and audit by the granting agencies funding source. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

NOTE 11 – RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Fund balance - total governmental funds, June 30, 2025	$ 1,382,892
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	57,947,394
Right-to-use asset	74,037
Certain receivables are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	198,201
Retentions receivable	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Net lease liability	(79,942)
Retentions payable	(198,201)
Compensated absenses	(214,426)
Net position - governmental activities, June 30, 2025	$ 59,109,955

NOTE 12 – RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Net change in fund balance - total governmental funds for the year ended June 30, 2025	$ 196,821
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets are allocated over their estimated useful lives as depreciation expense.	
Capital outlay expenditures	3,392,887
Some receivables are deferred in the governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the statement of activities.	
Difference between unavailable revenue recognized in the current year and prior year	198,201
Capital Outlay in the Government-wide Statement of Activities that do not provide current financial resources are not reported as expenses in the governmental funds.	
Lease principal payments	47,506
Lease interest payment	6,367
Change in net position - governmental activities for the year ended June 30, 2025	$ 3,841,782

NOTE 13 - RISK MANAGEMENT

The Connector JPA participates in the Golden State Risk Management Authority (GSRMA), a joint powers agency comprised of California governmental agencies for general, property, automobile, employment practices and public officials' errors and omissions. Loss contingency reserves established by the GSRMA are funded by contributions from member agencies. The Connector JPA pays an annual contribution to the GSRMA that includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the GSRMA. GSRMA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13 - RISK MANAGEMENT *CONTINUED*

The Connector JPA's self-insured retention level and maximum coverage under the GSRMA are as follows:

	Pool Coverage		Commercial Coverage		Self-Insured Retention	
GSRMA						
General	$	500,000	$	500,000	$	-
Property	$	25,000	$	25,000	$	1,000
Automobile liability	$	500,000	$	500,000	$	-
Employee dishonesty	$	25,000	$	25,000	$	2,500

NOTE 14 - NEW PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement will implement changes to the financial reporting model including the Management's Discussion and Analysis, Unusual or Infrequent Items, presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position, Major Component Unit Information, and Budgetary Comparison Information. The provisions of this Statement are effective for the year ended June 30, 2026.

In October 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets, that requires certain types of assets to be disclosed separately in the note disclosures and establishes requirements for capital assets held for sale. The provisions of this Statement are effective for the year ended June 30, 2026.

The Connector JPA will analyze the impact of these new Statements prior to the effective dates listed above.

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REQUIRED SUPPLEMENTARY INFORMATION

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CAPITAL SOUTHEAST CONNECTOR JPA

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 6,792,470	$ 6,792,470	$ 3,361,618	$ (3,430,852)
Member contributions	250,000	250,000	250,000	-
Interest	9,004	9,004	31,963	22,959
TOTAL REVENUES	7,051,474	7,051,474	3,643,581	(3,407,893)
EXPENDITURES				
Capital outlay	7,154,646	7,154,646	3,392,887	3,761,759
Debt service				
Principal	-	-	47,506	(47,506)
Interest	-	-	6,367	(6,367)
TOTAL EXPENDITURES	7,154,646	7,154,646	3,446,760	3,707,886
NET CHANGE IN FUND BALANCE	(103,172)	(103,172)	196,821	(7,115,779)
Fund balance at beginning of year	1,186,071	1,186,071	1,186,071	-
FUND BALANCE AT END OF YEAR	$ 1,082,899	$ 1,082,899	$ 1,382,892	$ (7,115,779)

The accompanying notes are an integral part of these financial statements.

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the Connector JPA's annual comprehensive financial report presents detailed information as context for understanding the information in the financial statements, note disclosures, and required supplementary information of the government's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how the Connector JPA's financial performance changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the Connector JPA's most significant local revenue source - sales tax and mitigation fees.

Debt Capacity – These schedules present information to help the reader asses the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the Connector JPA's financial activities take place and to help make comparisons over time and with other governments.

Sources – Unless otherwise noted; the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Capital Southeast Connector JPA
Net Postion by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2016	**2017**	**2018**	**2019**
Governmental Activities				
Net investment in capital assets	$ -	$ 14,228,145	$ 22,468,803	$ 28,036,205
Unrestricted	761,730	1,053,709	857,139	912,657
Total Governmental Activities Net Position	**$ 761,730**	**$ 15,281,854**	**$ 23,325,942**	**$ 28,948,862**

Source: Audited Financial Statements

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 33,292,560	$ 38,524,772	$ 45,818,856	$ 50,940,717	$ 53,775,510	$ 56,980,965
678,062	881,321	4,677,450	1,799,297	1,492,663	2,128,990
$ 33,970,622	**$ 39,406,093**	**$ 50,496,306**	**$ 52,740,014**	**$ 55,268,173**	**$ 59,109,955**

Capital Southeast Connector JPA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year 2016	2017	2018	2019
Expenses				
Governmental Activities:				
Public Ways and Facilities	$ 2,696,040	$ -	$ -	$ -
Total governmental activities expenses	2,696,040	-	-	-
Program Revenues				
Capital grants and contributions	3,272,442	4,567,826	8,031,520	5,607,891
Net (expense) revenue	576,402	4,567,826	8,031,520	5,607,891
General Revenues and Other Changes in Net Position				
Investment earnings	2,276	3,976	12,568	15,029
Total general revenues	2,276	3,976	12,568	15,029
Change in Net Position	**$ 578,678**	**$ 4,571,802**	**$ 8,044,088**	**$ 5,622,920**

Source: Audited Financial Statements

Fiscal Year					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
$ -	$ -	$ 53,327	$ 51,037	$ -	$ -
-	-	53,327	51,037	-	-
5,010,652	5,429,750	11,124,809	2,207,017	2,366,163	3,809,819
5,010,652	5,429,750	11,071,482	2,155,980	2,366,163	3,809,819
11,108	5,721	18,731	87,728	57,633	31,963
11,108	5,721	18,731	87,728	57,633	31,963
$ 5,021,760	**$ 5,435,471**	**$ 11,090,213**	**$ 2,243,708**	**$ 2,423,796**	**$ 3,841,782**

Capital Southeast Connector JPA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2016	**2017**	**2018**	**2019**
General Fund				
Nonspendable	$ -	$ -	$ -	$ 3,892
Assigned	-	-	-	-
Unassigned	761,730	1,020,681	857,139	828,765
Total General Fund	**$ 761,730**	**$ 1,020,681**	**$ 857,139**	**$ 832,657**

Source: Audited Financial Statements

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 2,500	$ 2,500	$ 24,357	$ 37,633	$ 35,499	$ 54,596
-	-	-	-	-	-
637,562	878,821	3,943,832	1,508,218	1,150,572	1,328,296
$ 640,062	**$ 881,321**	**$ 3,968,189**	**$ 1,545,851**	**$ 1,186,071**	**$ 1,382,892**

Capital Southeast Connector JPA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2016	**2017**	**2018**	**2019**
Revenues				
Intergovernmental	$ 2,947,422	$ 4,409,798	$ 7,889,548	$ 5,302,891
Member contributions	75,000	125,000	175,000	225,000
Interest earnings	2,276	3,976	12,568	15,029
Other	250,000	-	-	-
Total Revenues	**3,274,698**	**4,538,774**	**8,077,116**	**5,542,920**
Expenditures				
Capital outlay	2,696,040	4,279,823	8,240,658	5,567,402
Debt Service - lease payments				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	**2,696,040**	**4,279,823**	**8,240,658**	**5,567,402**
Excess (deficiency) of revenues over (under) expenditures	**578,658**	**258,951**	**(163,542)**	**(24,482)**
Net change in fund balance	**$ 578,658**	**$ 258,951**	**$ (163,542)**	**$ (24,482)**
Debt Service as a Percentage of Noncapital Expenditures*	0.00%	0.00%	0.00%	0.00%

Source: Audited Financial Statements

* The JPA was created to build a single project that will be transferred upon completion to the agencies whose jurisdictions the asset is located in. At that time, asset depreciation will begin.All expenditures are capitalized and included in capital outlay.

Fiscal Year					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
$ 4,827,652	$ 5,242,750	$ 10,874,809	$ 1,957,017	$ 2,116,163	$ 3,361,618
225,000	225,000	250,000	250,000	250,000	250,000
11,108	5,721	18,731	87,728	57,633	31,963
-	-	-	-	-	-
5,063,760	**5,473,471**	**11,143,540**	**2,294,745**	**2,423,796**	**3,643,581**
5,256,355	5,232,212	8,006,855	4,664,480	2,730,562	3,392,887
-	-	44,853	49,929	46,919	47,506
-	-	4,964	2,674	6,095	6,367
5,256,355	**5,232,212**	**8,056,672**	**4,717,083**	**2,783,576**	**3,446,760**
(192,595)	**241,259**	**3,086,868**	**(2,422,338)**	**(359,780)**	**196,821**
$ (192,595)	**$ 241,259**	**$ 3,086,868**	**$ (2,422,338)**	**$ (359,780)**	**$ 196,821**
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Capital Southeast Connector JPA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(modified accrual basis of accounting)
(000's except per capita amount)

Fiscal Year	Lease Liability	General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2025	80	-	80	0.00%	-
2024	127	-	127	0.00%	0.08
2023	26	-	26	0.00%	0.02

Notes:

(1) Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

(2) Refer to the Demographic Statistics for personal income and population data. 2025 data not available.

(3) Table only includes the liabilities recorded since the implementation of GASB 87

* Source: Audited Financial Statements

Capital Southeast Connector JPA
Sales Tax and Mitigation Fee Collections and Receipts
Last Ten Fiscal Years
(modified accrual basis of accounting)
(000's)

Fiscal Year	Measure A Sales Tax Collected*	JPA Sales Tax Received	Ratio
2016	110,708	2,711	2.45%
2017	116,878	150	0.13%
2018	119,188	5,014	4.21%
2019	131,757	231	0.18%
2020	131,591	2,344	1.78%
2021	153,560	561	0.37%
2022	172,916	932	0.54%
2023	174,234	886	0.51%
2024	177,813	1,394	0.78%
2025	174,857	-	0.00%
Totals	**$ 1,463,502**	**$ 14,223**	**0.97%**

* Source: Sacramento Transportation Authority

Mitigation Fees Collected*	JPA Mitigation Fees Received	Ratio
4,364	-	0.00%
7,848	2,276	29.00%
7,622	2,317	30.40%
6,684	4,659	69.70%
7,552	2,400	31.78%
8,957	4,007	44.74%
5,432	4,105	75.57%
6,003	90	1.50%
9,465	330	3.49%
11,851	30	0.25%
$ 75,778	**$ 20,214**	**26.68%**

Capital Southeast Connector JPA
Private Sector Principal Employers
June 30, 2023 and 2014

	2024*			2015		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
UC Davis Healh System	16,075	1	2.29	9,905	1	1.57
Kaiser Pemanente	11,856	2	1.69	5,421	5	0.86
Sutter/California Health Services	10,129	3	1.44	7,352	2	1.16
Dignity/Mercy Healthcare	7,353	4	1.05	6,212	3	0.98
Intel Corporation	4,300	5	0.61	6,000	4	0.95
Raley's Inc./Bel Air	2,624	6	0.37	3,289	6	0.52
Siemens Mobility Inc.	2,500	7	0.36			
Safeway	1,874	8	0.27			
Golden 1 Credit Union	1,679	9	0.24			
Pacific Gas and Electric Co.	1,370	10	0.19			
Apple Inc.				2,500	7	0.40
VSP Global				2,382	8	0.38
Health Net of Califonia				2,299	9	0.36
Wells Fargo & Co.				2,198	10	0.35
Total	**59,760**		**8.51**	**47,558**		**7.53**

Source: June 30, 2024 Sacramento County Annual Comprehensive Financial Report (ACFR)

* Latest information available

Capital Southeast Connector JPA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (000's)	Personal Income (000's)	Per Capital Personal Income	Unemployment Rate (percent)
2024*	1,584	$ 103,143,749	$ 65,104	4.4
2023	1,588	98,105,641	61,775	3.9
2022	1,589	98,241,828	61,829	7.0
2021	1,559	90,908,707	58,307	9.3
2020	1,552	85,775,621	55,266	3.7
2019	1,541	80,969,087	52,544	3.8
2018	1,531	76,832,120	50,197	4.6
2017	1,514	72,878,458	48,122	5.4
2016	1,497	70,110,138	46,845	6.0
2015	1,478	65,486,553	44,303	7.3

Source: June 30, 2024 Sacramento County Annual Comprehensive Financial Report (ACFR)

*Latest information available

OTHER SECTION

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COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Capital SouthEast Connector JPA
Mather, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Capital SouthEast Connector JPA (the Connector JPA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Connector JPA's basic financial statements, and have issued our report thereon dated _______, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

__________, 2025

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CONNECTOR JPA
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ITEM 9 b

RESOLUTION 2025-18

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY
ACCEPTING THE INDEPENDENT AUDITOR'S REPORT FOR
FISCAL YEAR 2024-25**

BE IT RESOLVED that the Board of Directors ("Board") of the Capital SouthEast Connector Joint Powers Authority ("Connector JPA") hereby accepts the Fiscal Year 2024-25 Annual Comprehensive Financial Report attached hereto.

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

* * * * *

PASSED AND ADOPTED this 14th day of November 2025, on a motion by

Director ___________, seconded by Director____________, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
Chairperson

ATTEST:

____
Secretary

ITEM 10

MEETING DATE: November 14, 2024

TITLE: Adopt 2026 Connector JPA Regular Board Meeting Schedule

PREPARED BY: Derek Minnema

RECOMMENDATION

Approve Resolution 2025-19, adopting the 2026 Connector JPA regular Board meeting schedule.

BACKGROUND

Section 6.b. of the Joint Exercise of Powers Agreement requires the Board to meet quarterly and shall establish, by resolution, the number of regular meetings to be held each year and the date, hour, and location at which such regular meetings will be held.

REGULAR BOARD MEETING SCHEDULE FOR THE CALENDAR YEAR 2026

The proposed schedule for 2026 has quarterly meetings at 8:30 a.m. on a Friday.

Historically the meetings are held at the City of Rancho Cordova City Council Chambers and may continue at this location in 2026.

ATTACHMENTS

a. Proposed 2026 Connector JPA Regular Board Meeting Schedule
b. Resolution 2025-19

CAPITAL | SOUTHEAST
CONNECTOR JPA
Connecting Communities

ITEM 10 a

Calendar Year 2026 Regular Board Meeting Calendar

January

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

ITEM 10 b

RESOLUTION 2025-19

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY ADOPTING THE 2026 REGULAR BOARD MEETING SCHEDULE

BE IT RESOLVED that the Board of Directors ("Board") of the Capital SouthEast Connector Joint Powers Authority ("Connector JPA") hereby adopts the 2026 regular Board meeting schedule attached hereto.

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

* * * * *

PASSED AND ADOPTED this 14th day of November 2025, on a motion by Director__, seconded by Director______________________, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
Chairperson

ATTEST:

____
Secretary

ITEM 11

MEETING DATE: November 14, 2025

TITLE: Authorize the Executive Director to Execute a Memorandum of Understanding with the City of Folsom related to Construction Administration and Transfer of Funding for the White Rock Road Class I Trail

PREPARED BY: Matt Lampa

RECOMMENDATION

Approve Resolution 2025-20 authorizing the Executive Director to execute a Memorandum of Understanding (MOU) with the City of Folsom related to construction administration and transfer of funding for the White Rock Road Class I Trail (Project).

BACKGROUND AND STATUS

In 2023 the Connector JPA received $4M of Congressionally Directed Spending (FY23 Appropriations Act) to advance design, ROW, and construction of a Class I Trail north of White Rock Road in the City of Folsom (City) and El Dorado County (County). The Project limits are from East Bidwell Street to just west of Savhanna Parkway, and Empire Ranch Road to Stonebriar Drive.

The Connector JPA led the design and right-of-way acquisition phases in collaboration with the City and County. Regular project development team meetings were held with City and County Staff to provide input and maintain multi-jurisdictional alignment.

PROJECT STATUS

Milestone	Status
PS&E	Complete – final bid package in preparation
ROW Acquisitions	Complete – temporary construction easements
ROW Certification	Submitted November 6 – Caltrans approval anticipated in December
Environmental Clearance	NEPA revalidation completed November 6 – required to advance to construction phase.

CONSTRUCTION ADMINISTRATION

Much of the project footprint lies within the City limits. The City has also successfully administered two Connector construction projects, including the White Rock Road Expressway (Prairie City Road to East Bidwell Street) and Scott Road Realignment.

Staff believes the City is the most appropriate agency to administer construction due to jurisdictional location, experience with recent Connector construction in this same corridor, and the existing public works and City construction management systems and staffing. County staff also concurs with the City administering construction.

MEMORANDUM OF UNDERSTANDING

Staff, in collaboration with the City, has developed an MOU that designates the City as the implementing agency for construction and provides for the transfer the construction funding to the City. Below is a summary of obligations outlined in the MOU:

JPA Obligations:
- Formally designate the City as Implementing Agency and transfer authorization to invoice for reimbursement of the construction funds.
- Providing bidding support.
- Reviewing proposals for construction management services and provide input on consultant selection.
- Attending construction meetings and providing support/input as needed.

City Obligations:
- Publicly advertising the final bid package and solicit construction bids.
- Administer construction of the Project.
- Procuring construction management services with JPA participation in RFP review/selection.
- Invoice Caltrans directly in accordance with Caltrans federal-aid requirements.

The MOU term extends through December 1, 2027 or completion of the Project, whichever occurs first.

The City anticipates bringing the MOU forward to its City Council on December 9, 2025.

ATTACHMENTS

a. Resolution 2025-20
b. Memorandum of understanding

CAPITAL | SOUTHEAST
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ITEM 11 a

RESOLUTION 2025-20

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE CITY OF FOLSOM RELATED TO CONSTRUCTION ADMINISTRATION AND TRANSFER OF CONSTRUCTION FUNDING FOR THE WHITE ROCK ROAD CLASS I TRAIL

WHEREAS, the Capital SouthEast Connector Joint Powers Authority (Connector JPA) was awarded federal funding for design, right-of-way, and construction of the White Rock Road Class I Trail (Project) through the Appropriations Act, 2023; and

WHEREAS, the Connector JPA and City of Folsom (City) have been working collaboratively on the design and right-of-way phase of the Project; and

WHEREAS, the City desires to administer and manage construction of the Project and the JPA agrees to designate the City as the implementing agency for construction and transfer the construction funding to the city.

NOW, THEREFORE, that the Board of Directors ("Board") of the Capital SouthEast Connector Joint Powers Authority hereby authorizes the Executive Director to enter into a Memorandum of Understanding (MOU) with the City of Folsom related to construction administration and transfer of construction funding for the White Rock Road Class I Trail, in substantial form, subject to final review and approval as to form by Legal Counsel, and authorizes JPA Counsel and the City to make non-substantive and clerical revisions to the MOU prior to execution.

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

* * * * *

PASSED AND ADOPTED this 14th day of November, 2025, on a motion by Director ____________, seconded by Director_____________, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
Chairperson

ATTEST:

____
Secretary

MEMORANDUM OF UNDERSTANDING

BETWEEN THE CAPITAL SOUTHEAST CONNECTOR JPA AND THE CITY OF FOLSOM RELATED TO A PORTION OF SEGMENT D3/E1 OF THE CAPITAL SOUTHEAST CONNECTOR EXPRESSWAY

This Memorandum of Understanding ("MOU") is made and entered into on this __ day of November, 2025 by and between the Capital SouthEast Connector Joint Powers Authority, a joint powers authority, ("JPA") and the City of Folsom, a Municipal Corporation ("City").

This MOU shall document the agreement between the JPA and theCity regarding construction of the White Rock Road Class I Multi-Use Path (the "Project"), which is a portion of Segment D3/E1 of the Capital SouthEast Connector Expressway. The JPA completed design of the Project using federal Congressionally Directed Spending appropriated by Congress and suballocated through the Federal Highway Administration and Caltrans. The JPA now desires to designate the City as the Implementing Agency for the Construction Phase of the Project so the City may publicly advertise, award, and administer construction of the Project in accordance with applicable federal, state, and local requirements.

RECITALS

WHEREAS, the Capital SouthEast Connector Project is the Sacramento region's largest single transportation project; and

WHEREAS, the City of Folsom is a Member Jurisdiction of the Capital SouthEast Connector Joint Powers Authority and will implement the Project; and

WHEREAS, the City and JPA have collaborated on the design of a portion of Segment D3/E1 of the Capital SouthEast Connector titled the White Rock Road Class 1 Trail beginning at the intersection of East Bidwell Street and continuing to the intersection of Stonebriar Drive (the "Project"); and

WHEREAS, the Project involves the construction of a separated class 1 path and pedestrian facilities adjacent to White Rock Road from East Bidwell Street to west of Savannah Parkway and from Empire Ranch Road to Stonebriar Drive; and

WHEREAS, the JPA received $4 million of Congressionally Directed Spending for design, right of way, and construction (the "Construction Funds") of the Project and entered into Program Supplement Agreements with Caltrans for engineering and design and right of way, Caltrans Project Number CPFL-6498(004). The JPA now desires to transfer its interest in the remaining Construction Funds to the City and designate the City as Implementing Agency for construction of the Project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants, promises, and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, do hereby agree as follows:

1) Recitals. The above recitals are true and correct and are hereby made a part of this MOU.

2) Term. This MOU shall terminate on December 1, 2027, or upon completion of the Project, whichever is sooner.

3) JPA Obligations.

   a) The JPA will formally designate the City as Implementing Agency for the Construction Phase and will transfer authorization to invoice and receive reimbursement of the Construction Funds in accordance with the approved E-76(s) and all applicable requirements.

   b) The JPA will provide bidding support during the period when the Project is publicly advertised for bids.

   c) The JPA will review proposals and provide input on consultant selection for construction management services for the Project.

   d) During construction of the Project the JPA will attend construction meetings and provide support and input as necessary.

4) City Obligations.

   a) The City will publicly advertise for bids the final bid package, as approved by JPA's Executive Director, for construction of the Project to allow for construction to commence in Spring of 2026.

   b) The City will administer construction of the Project and will release a request for proposals for construction management services for the Project. The City will include the JPA in the request for proposal response review, evaluation, and selection process.

   c) The City shall only award the Project and execute a contract for construction management services if the total costs do not exceed the Construction Funds available. The City agrees to include the JPA in Project related decisions affecting construction cost, including those related to any Project design revisions or contract change order requests. In the event bids for the Project and the cost of construction management services exceed the amount of Construction Funds, the parties may agree in writing to provide additional funding to address any shortfall.

   d) The City as Implementing Agency shall submit invoices related to construction of the Project to Caltrans for reimbursement in accordance with Caltrans requirements.

5) Amendment. This MOU and all of the covenants and conditions set forth herein, may be modified, amended or terminated only in writing authorized and executed by both the City and the JPA.

6) Construction and Interpretation. It is agreed and acknowledged by the parties hereto that

the provisions of this MOU have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this MOU and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOU.

7) Venue. This MOU and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this MOU shall be held exclusively in a state court in Sacramento County.

8) Severability. If any provision of this MOU is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this MOU shall not be affected, except as necessarily required by the invalid provisions, and shall remain in full force and effect unless amended or modified by mutual consent of the parties.

9) Notices. All notices, requests, certifications or other correspondence required to be provided by the parties to this MOU shall be in writing and shall be personally delivered or delivered by first class mail to the respective parties at the following addresses:

CITY
City of Folsom
Attn: City Manager
50 Natoma Street
Folsom, CA 95630

JPA
Capital SouthEast Connector JPA
Attn: Executive Director
10640 Mather Blvd., Ste. 120
Mather, CA 95655

Notice by personal delivery shall be effective immediately upon delivery. Notice by mail shall be effective upon receipt or three days after mailing, whichever is earlier.

10) Counterparts. This MOU may be executed in multiple counterparts, each of which shall constitute an original, and all of which taken together shall constitute one and the same instrument. Documents executed, scanned, and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Agreement and all matters related thereto, with such scanned and electronic signatures having the same legal effect as original signatures.

11) Federal Requirements. The Parties recognize the Project is funded with federal Congressionally Directed Spending and agree the Project shall be administered in accordance with all applicable federal laws, regulations, and requirements for federally

funded projects, including but not limited to 23 CFR, the Uniform Act and the Caltrans Local Assistance Procedures Manual (LAPM). Nothing in this MOU relieves either Party from complying with such requirements.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this MOU in the County of Sacramento, State of California, on the date set forth above.

CITY OF FOLSOM

____
Bryan Whitemyer, City Manager

Approved as to Form:

____
Steven Wang, City Attorney

Attest:

____
Rebecca Neves, Public Works Director

____
Stacey Tamagni, Finance Director

____
Christa Freemantle, City Clerk

CAPITAL SOUTHEAST CONNECTOR JOINT POWERS AUTHORITY

____
Derek Minnema, Executive Director

Approved as to Form:

____
Sloan Sakai Yeung & Wong, LLP
Legal Counsel to JPA