

# SGVCOG FY 18-19 BUDGET





## SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS FISCAL YEAR 2018-19 BUDGET

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Bradbury  
Claremont  
Covina

Diamond Bar  
Duarte  
El Monte  
Glendora  
Industry  
Irwindale  
La Canada Flintridge

La Puente  
La Verne  
Monrovia  
Montebello  
Monterey Park  
Pomona  
Rosemead

San Dimas  
San Gabriel  
San Marino  
Sierra Madre  
South El Monte  
South Pasadena  
Temple City

Walnut  
West Covina  
LA County District 1  
LA County District 4  
LA County District 5

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May 17, 2018

### **Governing Board Delegates and Alternates:**

On behalf of the San Gabriel Valley Council of Governments (SGVCOG), it is my pleasure to present a balanced budget for Fiscal Year 2018-19. The budget provides detailed information about anticipated revenues and planned expenditures for the upcoming fiscal year and demonstrates how available resources are allocated based on the Governing Board's Strategic Plan and objectives, which serve as the guiding principles. The budget was developed using a conservative approach to revenue forecasting and incorporates prudent expenditure adjustments to achieve a balanced operating budget.

### ***Mission & Vision***

On April 21, 2016, the SGVCOG adopted the most recent update to its Strategic Plan. This update was developed through a comprehensive outreach process. The SGVCOG mission, vision and values, which were reaffirmed in October 2013 are shown below.

#### **Mission**

*“The San Gabriel Valley Council of Governments is a unified voice to maximize resources and advocate for regional and member interests to improve the quality of life in the San Gabriel Valley.”*

#### **Vision**

*“The San Gabriel Valley Council of Governments will be recognized as a leader in advocating for and achieving sustainable solutions for transportation, housing, economic growth and the environment.”*

### ***FY 2017-18 Major Accomplishments***

As we look forward to another exciting and successful year, it is important to reflect on the accomplishments of the past year. Some of the major accomplishments completed over the past year include the following:

#### ***Administration and Integration***

- Approved direction for integration of COG and ACE and expansion of ACE's authority to take on capital projects across the San Gabriel Valley.
- Adopted bylaws amendment and majority of member agencies approved JPA amendment to implement integration and expansion of ACE.
- Selected new Executive Director.
- Adopted new representation structure and election process to allow for regional representation on Capital Projects and Construction Committee.
- Governing Board considering approval of project review and evaluation process for new capital projects to implemented by the SGVCOG.
- Hosted General Assembly on “Shaping the Future of San Gabriel Valley: Transformative Changes in Mobility and Energy.”

### *Stormwater*

- Participated actively on County-wide Safe, Clean Waters Stakeholder Advisory Committee to advocate on behalf of member agencies.
- Conducted extensive outreach on stormwater, including COG staff leading Congresswoman Napolitano and staff on a tour of the County Flood Control system and conducting an information brief for Senator Harris' staff.
- Actively participated in redefining the definition and jurisdictional reach of Waters of the United States.
- Informed the California State Auditor's review of the Regional Water Board permitting processes.

### *Homelessness*

- Secured funding and hired new Regional Homelessness Coordinator.
- Assisted 23 cities in securing a total of \$890,000 in funding to develop city-level homelessness plans; as well as assisting 19 cities in developing homelessness plans, to be completed by June 2018.

### *Transportation*

- Developed Public Participation Plan for Measure M subregional funds.
- Hosting 6-mile Open Street event in partnership with the cities of San Dimas, La Verne, Pomona and Claremont in April 2018.
- Secured \$4.5 million in cap-and-trade funding to implement regional bike share program.
- Developing 5-year Measure M fund program, to be finalized in June 2018.

### *Sustainability*

- Completed benchmarking policy project with the cities of Monrovia, Pomona, West Covina, and South Pasadena

## ***FY 2018-19 Workplan***

The FY 2018-19 workplan includes several key activities that align with the SGVCOG's strategic plan as listed below:

### *Administration and Integration*

- Develop integrated Indirect Cost Allocation Plan (ICAP) and budget.
- Complete and implement recommendations from compensation and classification study.
- Initiate, complete and implement recommendations from retirement benefits study.
- Complete strategic plan update.

### *Stormwater*

- Develop position on proposed Safe, Clean Waters measure and advocate on behalf of that position.
- Continue working with State and Federal legislators on stormwater-related legislation.
- Continue outreach to stakeholders.
- Continue monitoring stormwater litigation and the review of the jurisdictional reach of Waters of the United States.
- Continue monitoring regulatory actions of the State and Regional Water Boards.

### *Homelessness*

- Host regional homelessness planning summit.
- Based on outcomes of city-level homeless plans, develop list of priority homelessness projects and programs to support.

- Create position paper on cities common concerns and stances regarding homelessness and homeless solutions.
- Support cities' local efforts to address homelessness through the creation of a master database of city contacts and providers; mapping current and planned services; conducting needs and gaps analysis; organizing staff trainings and other collaborative efforts.
- Engage federal, state and county legislative offices in partnership supporting cities homeless solutions.

#### *Transportation*

- Conduct outreach to member agencies about new review and evaluation process, implement LOI process, and present 5-year capital projects workplan.
- Host multi-day SCAG Go Human Demonstration Project along Arrow Highway in partnership with the cities of Glendora, San Dimas, La Verne, Pomona, and Claremont.

#### *Sustainability*

- Update Energy Action Plans for cities of Arcadia, Pomona, San Marino and Covina.
- Continue to implement the San Gabriel Valley Energy Wise workplan, including a planned goal of conducting over 30 community events.

#### ***Proposed FY 2018-19 Budget***

The SGVCOG estimated revenues for the Fiscal Year 2018-19 budget are \$1,947,739 proposed expenditures are \$1,926,465, resulting in a net balance of \$21,274. The narrative provides detailed explanations of the anticipated changes and budgeted figures. Major changes from the current year's budget are as follows:

- **ACE/COG Integration:** Per direction from the Governing Board, the FY 2018-19 budget proposes costs to support the integration. For Example, in April 2018, the Governing Board is considering approval of an RFP to hire a consultant to conduct a study of the SGVCOG's current pension/retirement system, as well as an analysis of alternative systems.
- **Upper Los Angeles River (ULAR) Enhanced Watershed Management Program(EWMP):** The Los Angeles Regional Water Quality Control Board established a Coordinated Integrated Monitoring Program (CIMP) to monitor the ULAR EWMP progress toward meeting clean water goals. In 2015, all ULAR permittees voluntarily entered into a Memorandum of Agreement (MOA) with the City of Los Angeles to perform CIMP functions on behalf of the EWMP. In October 2017, the Governing Board approved the SGVCOG to lead the billing/financial management of this MOA between the City of Los Angeles and all eleven SGVCOG cities in the ULAR.

I anticipate this will be an exciting and rewarding year for the SGVCOG. The SGVCOG staff is working closely with you to deliver key projects and initiatives, and we will continue to reach out within our organization and externally to ensure the staff is meeting the Board's expectations and leverage the SGVCOG's resources to preserve and enhance the quality of life in the San Gabriel Valley.

Respectfully submitted,



Marisa Creter  
Executive Director

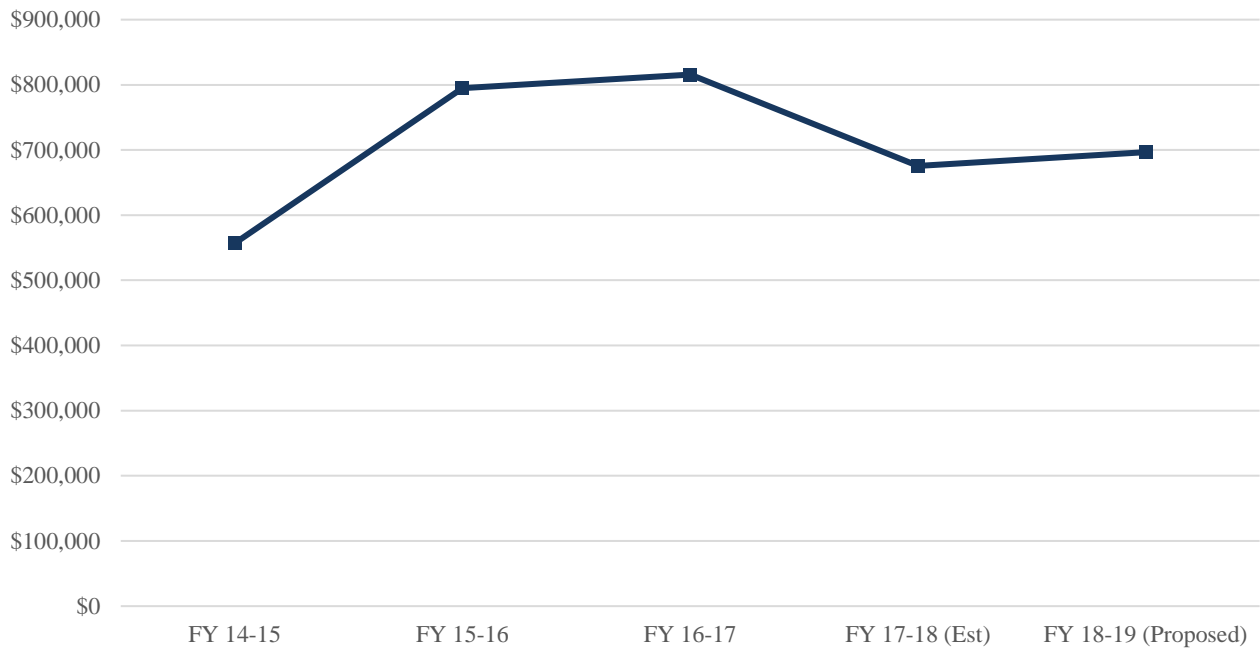
## FY 2018-19 Budget Overview

<b><u>Revenues</u></b>	
<b>General Operating</b>	
Member Dues	\$754,007
Transportation Administration (Local)	96,611
Sponsorships	50,000
Hero Program	12,000
Interest	2,050
<b>Subtotal General Operating Income</b>	<b>914,668</b>
<b>Grants &amp; Special Projects</b>	
Homelessness (Local)	158,000
Energy Efficiency (Local)	340,000
Measure M Subregional Administration (Local)	52,000
Stormwater (Local)	483,071
<b>Subtotal Grants &amp; Special Projects</b>	<b>1,033,071</b>
<b>Total Revenue</b>	<b><u>1,947,739</u></b>
<b><u>Expenditures</u></b>	
<b>Indirect Expenses</b>	
Personnel	529,780
Board & Employee Expenses	60,000
Professional Services	346,980
Other Expenses	198,927
<b>Total Indirect</b>	<b>1,135,687</b>
<b>Direct Expenses</b>	
Personnel	322,707
Program Management	468,071
<b>Total Direct</b>	<b>790,778</b>
<b>Total Expenditures</b>	<b><u>1,926,465</u></b>
<b>Estimated Year-End Balance</b>	<b><u>\$ 21,274</u></b>

**Change in Revenues and Expenses (Estimated FY 2018 v. Proposed FY 2019)**

<b><u>Description</u></b>	<b>FY 17-18 (Adopted)</b>	<b>FY 17-18 (Estimated)</b>	<b>FY 18-19 (Proposed)</b>	<b>% Change</b>
<b>Revenues:</b>				
General Operating	\$ 912,211	\$ 930,441	\$ 914,668	-2%
Grants & Special Project	460,000	1,661,500	1,033,071	-38%
<b>Total Revenue</b>	<b>1,372,211</b>	<b>2,591,941</b>	<b>1,947,739</b>	<b>-25%</b>
<b>Expenditures:</b>				
Indirect Expenses	1,095,788	1,270,971	1,135,687	-7%
Direct Expenses	273,347	1,461,298	790,778	-48%
<b>Total Expenditures</b>	<b>1,369,135</b>	<b>2,732,269</b>	<b>1,926,465</b>	<b>-29%</b>
<b>Year-End Balance</b>	<b>\$ 3,076</b>	<b>\$ (140,328)</b>	<b>\$ 21,274</b>	<b>115%</b>

### SGVCOG Fund Balance 2014-2019<sup>1</sup>



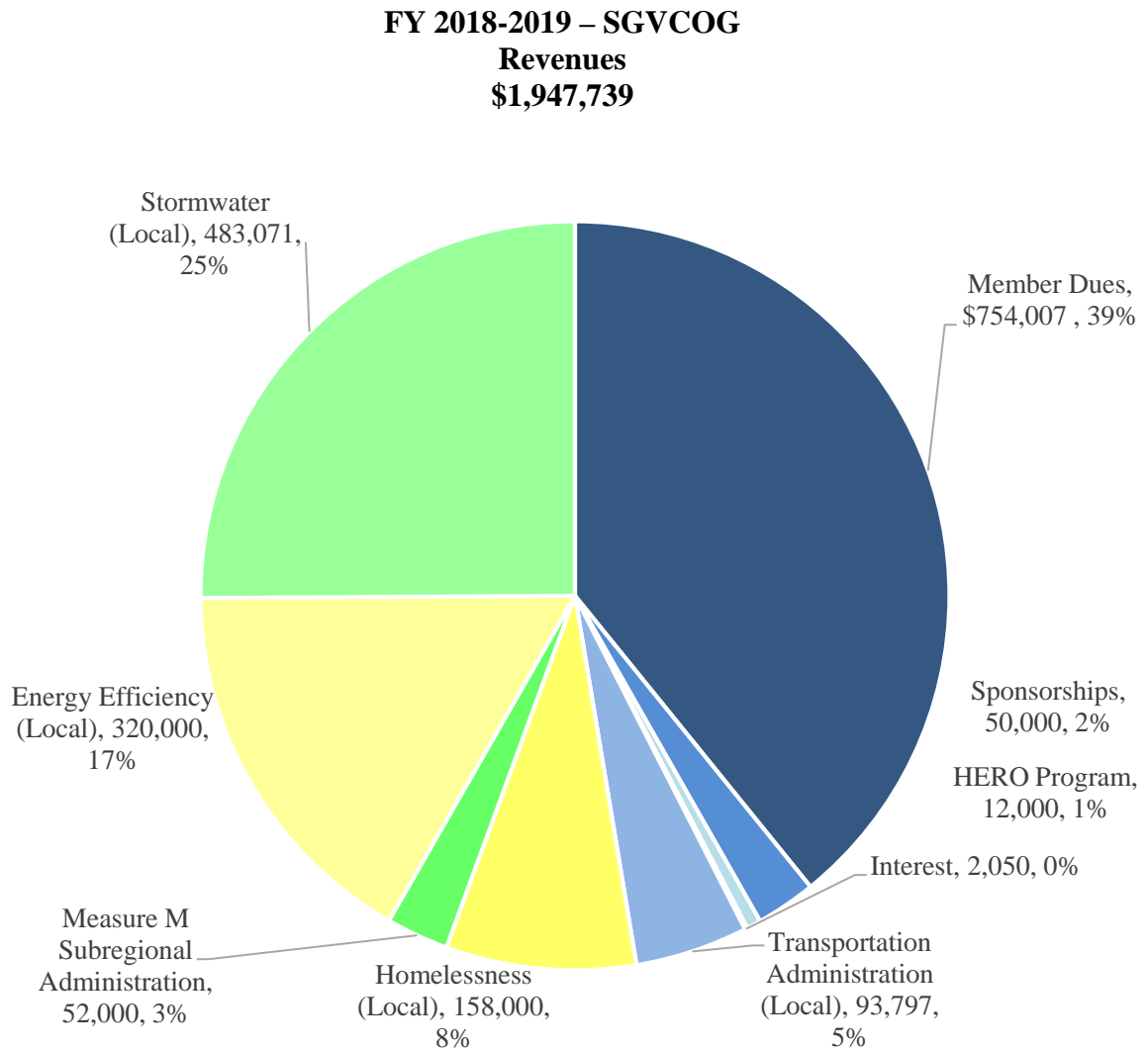
<b>Estimated Fund Balance (7/1/2018):</b>	<b>\$675,433</b>
<b>Estimated Fund Balance (6/30/2019):</b>	<b>\$696,707</b>

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<sup>1</sup> FY 16-17 includes back payments to CalPERS and employee costs from FY 2015-16.

## Operating Revenue

In FY 2018-19, SGVCOG total revenues are projected at \$1,947,739. The SGVCOG general operating revenue is made up of five categories: member agency dues; interest; sponsorships for the general assembly; transportation administration and the HERO program, for a combined total 47% of overall revenues. The remaining 53%, of the SGVCOG revenues are received through grants, Measure M Subregional Administration funding and other restricted funding.



## General Operating

**Member Dues** - Total member agency dues for FY 2018-19 are estimated to be \$754,007. The revenue from dues is the primary source of income to support the SGVCOG's day-to-day staffing and operations. On March 19, 2015, the Governing Board approved a revised dues structure for members as follows:

$$[\$5,000 \text{ base fee} + \$0.32 \text{ per capita}] \times \text{Annual CPI Adjustment} = \text{Member Dues}$$

**California HERO (\$12,000)** - The SGVCOG has an existing agreement with Western Riverside Council of Governments (WRCOG) to promote the California HERO program in the San Gabriel Valley. In exchange for the SGVCOG's program support, WRCOG is obligated to pay Participant fees to the SGVCOG equal to 0.05% of the aggregate cost of the bonds issued to fund California HERO eligible projects within the subregion.

**Transportation Administration (Local) (\$96,611)** - The Los Angeles County Metropolitan Transportation Authority (Metro) provides an annual allocation to the SGVCOG via a Memorandum of Understanding (MOU), be used to provide the support services either through the use of a consultant or by hiring an employee to the SGV representative on the Metro Board of Directors, John Fasana. Under the terms of this MOU, the SGVCOG and Board Member are responsible for selecting, employing/contracting with, compensating and overseeing the work of the individual responsible for providing the support services. Currently, the total reimbursement from Metro is for an amount not exceed \$96,611 annually. This amount is adjusted in an amount equal to any increases approved by the Board for Metro non-contract employee salary increases.<sup>2</sup> The SGVCOG utilizes this funding to pay for a consultant. The total annual cost of that contract is \$129,780, and the SGVCOG contributes the balance of \$33,169.

**Sponsorships (\$50,000)** – Staff is proposing hosting the annual General Assembly in Spring 2019. Based on prior years, staff anticipates receiving sponsorships to fully offset the cost of the annual General Assembly.

Agency	Dues
Alhambra	\$33,992.20
Arcadia	\$25,450.23
Azusa	\$22,796.39
Baldwin Park	\$31,782.54
Bradbury	\$5,833.41
Claremont	\$18,076.88
Covina	\$22,534.57
Diamond Bar	\$25,342.85
Duarte	\$13,129.01
El Monte	\$33,992.20
Glendora	\$23,788.62
Industry	\$22,176.68
Irwindale	\$5,943.58
La Canada Flintridge	\$12,593.50
La Puente	\$19,551.62
La Verne	\$17,013.19
Monrovia	\$18,874.91
Montebello	\$27,731.36
Monterey Park	\$26,925.66
Pomona	\$33,992.20
Rosemead	\$24,616.98
San Dimas	\$17,413.07
San Gabriel	\$19,748.60
San Marino	\$10,142.58
Sierra Madre	\$9,285.97
South El Monte	\$12,720.76
South Pasadena	\$14,509.27
Temple City	\$18,134.06
Walnut	\$15,953.33
West Covina	\$33,992.20
LA County District 1	\$33,992.20
LA County District 4	\$33,992.20
LA County District 5	\$33,992.20
SGV Water Agencies	\$33,992.20
<b>Total</b>	<b>\$754,007.26</b>

## FY 2018-2019 Member Agency Dues

<sup>2</sup> This revenue is associated with a contract with a consultant. The terms of the contract with the consultant provide that the annual amount paid to the consultant be increased by a percentage equal to the percent increase that the SGVCOG receives from Metro.

## ***Grants & Special Project Income***

Income from grants and other sources varies annually based on the number of active grants and has been used to leverage the SGVCOG's other resources and enable the organization to meet its objectives and serve the needs of member agencies. In FY 2018-19, there is an estimated \$1,033,071 in revenue projected from four program areas:

***Energy Efficiency (Local) (\$340,000)*** - The SGVCOG receives an annual budget allocation from Southern California Edison (SCE) and SoCalGas (SCG) under the San Gabriel Valley Energy Wise Partnership (SVGWEP) program. Additionally, the SGVCOG was awarded additional funding under the SGVEWP to update the energy action plans for the cities of Monrovia, Arcadia, Montebello, and Pomona. The SGVCOG will also support Los Angeles County's Commercial Property Accessed Clean Energy (PACE) program by increasing marketing efforts in the San Gabriel Valley.

***Stormwater (Local) (\$483,071)*** - The Los Angeles Regional Water Quality Control Board (Regional Board) established a Coordinated Integrated Monitoring Program (CIMP) to monitor the Upper Los Angeles River (ULAR) Enhanced Watershed Management Program (EWMP) progress toward meeting clean water goals. In 2015, all ULAR permittees voluntarily entered into a Memorandum of Agreement (MOA) with the City of Los Angeles to perform CIMP functions on behalf of the EWMP. The City of Los Angeles and all eleven SGVCOG cities in the ULAR are asking that the SGVCOG take over the billing portion of the MOA. The cost to implement these tasks is \$383,071, with the SGVCOG retaining financial management fees amounting to \$100,000 per year, for a total cost of \$483,071.

***Homelessness (Local) (\$158,000)*** - In September 2017, the Governing Board executed a contract with the County of Los Angeles to fund a full-time Regional Homelessness Coordinator. These funds are used to support a full-time regional homeless coordinator at the SGVCOG. Staff anticipates receiving the same level of funding in FY 2018-19.

***Measure M Subregional Administration (Local) (\$50,000)*** - In June 2017, the Metro Board of Directors adopted the Measure M guidelines to identify a process by which Measure M funds will be programmed by subregional entities, including the SGVCOG, through the development of five-year subregional fund programming plans. COGs may use up to .5% of subregional funds for administrative purposes, including the development of this five-year plan. In the San Gabriel Valley, the total amount of subregional administrative funds available from FY 2018-22 is \$188,000. In March 2018, the Governing Board approved the use of these funds to offset existing SGVCOG staff costs. Staff expects that the bulk of the work will be front-loaded, and is therefore estimating \$50,000 in revenue and related staff expenses in FY 2018-19.

## Operating Expenses

For the FY 2018-19, expenditures are divided into two categories: indirect expenses and direct expenses. Indirect expenses (such as personnel, Board expenses, professional services, etc.) include the general operating costs of the agency. While not charged directly to the grants, a portion of the indirect expenses are recovered via grants through an indirect cost allocation plan. Direct expenses are expenses that are associated with specific grant projects program management.

### *Indirect Expenses*

During FY 2019-19, SGVCOG indirect expenditures are projected to total \$1,135,687. These expenses are categorized as follows: Personnel (\$529,780); Board & Employee Expenses (\$60,000); Professional Services (\$346,980); and Other Expenses (\$198,927).

#### **SGVCOG Indirect Expenses 2014-2019**

<b>Category</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18 (Est.)</b>	<b>FY 2018-19 (Proposed)</b>
Personnel <sup>3</sup>	255,125	202,001	354,777	550,042	529,780
Board/Employee Expense	38,223	50,233	42,212	59,500	60,000
Professional Services	345,479	473,327	379,347	295,490	346,980
Other Expenses	113,634	119,603	114,717	196,322	198,927
<b>Total</b>	<b>\$ 752,461</b>	<b>\$ 845,164</b>	<b>\$ 891,053</b>	<b>\$ 1,101,354</b>	<b>\$1,135,687</b>

**Personnel (\$2,836 decrease)** – These costs include the salary, benefit and retirement costs associated with the SGVCOG staff not reimbursed through grants. For FY 2018-19, staff is proposing six full-time positions, including an Executive Director, Assistant Executive Director, Regional Homelessness Coordinator, one Senior Management Analyst, two Management Analysts, and two part-time project assistant positions. See Exhibit A for a listing of all staff positions and approved salary ranges.<sup>4</sup> Additionally, several key functions, including finance, personnel, and transportation planning, are performed by SGVCOG staff that are largely assigned to the ACE Project (see Exhibit B for Support Service Hour Table). Only the costs for that staff’s general SGVCOG work is included in this budget. The SGVCOG provides standard benefits to staff, and all staff members participate in the California Public Employees' Retirement System (CalPERS). All new employees are under the “2% at 62” formula, and all employees pay the full employee CalPERS contribution. The budget provides for a 3% merit pool to be allocated based on performance evaluations. The SGVCOG is currently in the process of completing a compensation and classification study. It is anticipated that the study will be completed in October 2018, and any proposed changes to the budget as a result of that study will be presented mid-year.

**Board & Employee Expenses (\$5,500 increase)** – This category includes board stipends, training/memberships and meeting/travel costs. In January, an increase from \$50 to \$75 for

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<sup>3</sup> In FY 2013-15, one of the Management Analyst positions was filled on a part-time basis through a temporary employment agency and is reflected under professional service costs rather than personnel. Similarly, from October 2015- December 2016, the Executive Director was provided through a consultant contract. Therefore, those costs for that time period are also included under professional services rather than personnel.

<sup>4</sup> Includes staff assigned to capital projects.

Governing Board meeting stipends was approved to encourage participation and this is reflected in the FY 2018-19 budget. Members are paid on a per meeting basis and stipend expenditures vary based on the number of meetings and attendance at these meetings.

***Professional Services (\$32,632 decrease)*** – This includes ongoing annual contracts for legal, auditor services, treasurer, Metro Board Support and grant writing. Key features of these contracts are as follows:

- ***Legal Services:*** The SGVCOG's legal contract provides for a monthly retainer, and the financial audit is conducted and paid for annually. In March 2014, the Governing Board approved a renewal of the contract with Jones & Mayer for General Counsel legal services for one year with four one-year options, with the same terms and conditions. In Summer 2018, the SGVCOG will issue a RFP as a component of the ACE/SGVCOG integration to secure joint legal services for the newly integrated organization.
- ***Auditor:*** The SGVCOG is required to have an annual financial audit. In January 2016, the Governing Board approved a five-year contract with Vasquez and Company for financial audit services.<sup>5</sup>
- ***Treasurer:*** As an added level of accountability, in February 2016, the Governing Board hired a consultant to serve as treasurer and independently review the SGVCOG's quarterly financial reports and report to the Governing Board. In March 2018, the Governing Board approved a new two-year contract with CliftonLarsonAllen LLP to provide treasurer services.
- ***Metro Board Support:*** Metro provides funding to the SGVCOG, via an MOU, to fund staff support to the SGV representative on the Metro Board of Directors. In September 2017, the Governing Board approved a two-year contract with Mary Lou Echternach to provide these services
- ***Grant Writing:*** An allocation for grant writing/applications is also included in this category, which the SGVCOG will use various consulting firms throughout the year to facilitate various support areas.

In addition to these ongoing contracts, for FY 2018-19, staff is recommending two additional activities: ACE/SGVCOG integration and strategic plan consultant. Per direction from the Governing Board, the FY 2018-19 budget proposes costs to support the integration. For example, in April 2018, the Governing Board is considering approval of an RFP to hire a consultant to conduct a study of the SGVCOG's current pension/retirement system, as well as an analysis of alternative systems. Finally, staff is recommending updating the Strategic Plan in Spring 2019.

***Other Expenses (\$14,692 decrease)*** – These costs include facility costs (i.e. rent, storage, utilities, and office supplies), insurance/bonding and office equipment/software acquisition. This cost category also includes costs associated with the SGVCOG's General Assembly, which is anticipated to be held in Spring 2019.

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<sup>5</sup> The contract for financial audit services may be cancelled at any time by the SGVCOG with 30 days written notice.

### ***Direct Expenses***

This expenditure category reflects direct program expenditures, including salaries/wages and benefits, related to the SGVCOG's grant funded projects. In FY 2018-19, the SGVCOG will have active grants in the following program areas: energy efficiency, stormwater and homelessness. These programs are described in further detail under "Revenues." The table below outlines the full-time equivalent (FTE) for each of the program areas.

***Energy Efficiency (\$20,000 increase)***– The Energy Wise Partnership, SCE Strategic Plan and Los Angeles Commercial PACE are fully reimbursed for all staff time spent managing these programs. The SGVCOG's internship program time is also fully funded through these programs. The grants associated with these programs are paid on a reimbursement basis, based on labor and expenses, under a not to exceed amount.

***Stormwater (\$383,071 increase)***– As a component of the ULAR CIMP management, the SGVCOG anticipates executing contracts with 3rd party consultants, as needed, to support special studies and other identified tasks.

***Homelessness (no change)*** – The SGVCOG's Homelessness Coordinator position is fully funded by Los Angeles County to support regional homelessness issues. Associated expenses are also reimbursed through this agreement.

#### **Direct Expenses - Grant Salaries and Wages by FTE's 2018-19**

	<b>Energy Efficiency</b>	<b>Homelessness</b>	<b>Stormwater</b>
<b>FTE's</b>	<b>3.0</b>	<b>1.0</b>	<b>0.5</b>
Salaries and Wages	\$ 132,098	\$ 104,052	\$ 34,592
Allocated Fringe Benefits	25,354	19,971	6,639
Allocated overhead	144,818	48,273	24,136
<b>Total</b>	<b>\$ 302,273</b>	<b>\$ 172,297</b>	<b>\$ 65,368</b>

## Capital Projects Introduction

The San Gabriel Valley Council of Governments created the Alameda Corridor-East Construction Authority in the late 1990s to address the safety and mobility issues caused by anticipated increased train volume traveling through the San Gabriel Valley. The resulting ACE Project was a comprehensive list of safety improvements to be constructed by the ACE Construction Authority on the most heavily traveled roadway/railway crossings through safety improvements or grade separations. The ACE Project, over time became a \$1.735 billion effort whose reputation from Washington to Sacramento was stellar. The original intent of the SGVCOG was to sunset the authority upon completion of the ACE projects.

As the number of remaining projects to be completed became few, the SGVCOG Governing Board revisited the idea of maintaining the construction authority. In late 2017 the Governing Board amended its bylaws to maintain ACE in concept as a capital and construction unit. The SGVCOG is extending these services to the member cities of the SGVCOG.

The following capital budget information will make reference to ACE throughout because the construction of the remaining ACE Projects is under way. The ACE Projects have funding independent from the one other identified capital project (Rio Hondo Project) while at the same time additional funding for completing ACE Projects is continuing to be sought.

The following is an update on the SGVCOG's capital and construction projects:

### *In Construction*

- ***Fullerton Road grade separation*** project in the City of Industry is well under construction with excavation under way on Fullerton Road, utility relocations completed, and improvements adjacent to the State Route 60 Freeway making progress. As with all projects, staff is working closely with local businesses to mitigate the construction and traffic impacts.
- The ***San Gabriel Trench*** project progressed well in FY18 and full train service in the trench was initiated. The temporary tracks have been removed allowing for final walls to be constructed as well as project landscaping. Full completion is expected in Fiscal Year 2019.
- The ***Temple Avenue train diversion*** project is experiencing final track and signal work installation by the Union Pacific Railroad. This project, in the Cal Poly Pomona area is expected to be complete in Fiscal Year 2019.
- The ***Fairway Drive grade separation*** project is progressing and the construction of on and off ramps at Lemon Avenue on the State Route 60 freeway will be completed in Fiscal Year 2018.
- The ***Puente Avenue grade separation*** project was completed and opened to traffic.

### *In Design*

- The ***Durfee Avenue grade separation*** project in the City of Pico Rivera is in final design and expected to begin construction late 2018.

- The ***Montebello Corridor*** project, a long-awaited project for the City is moving towards final design. Two build alternatives have been under consideration with opportunity for public comment. A notice of Intent to Adopt a Negative Declaration was issued for public comments and a public hearing scheduled on June 25, 2018.
- The ***At-Grade Safety Improvement*** project, a series of much needed safety improvements in Pomona is also into final design.
- The ***Turnbull Canyon Road grade separation*** project in the City of Industry has completed preliminary design and will also be moving into the final design phase. While we do not have construction funding for this project yet, staff has applied for various state and federal grants and is optimistic that funding for this project, ACE's final grade separation project, will be available when the design is completed.

#### ***New Project***

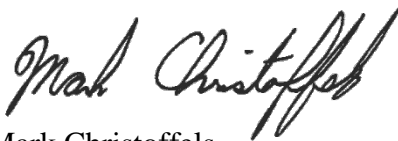
- The ***Rio Hondo Load Reduction Strategy*** project was officially assigned to the SGVCOG and is our first non-ACE capital improvement project. The Rio Hondo Load Reduction Strategy Project is a storm water quality project being funded by 8 SGVCOG members and will go into design later this year.

#### ***Looking Ahead***

The FY '19 capital projects budget provides a very ambitious work plan as we have in prior years. With regard to ACE Project expenditures, we anticipate that project expenditures will match or even exceed those of Fiscal Year 2018 and SGVCOG will be one step closer to its goal of completing all of the adopted projects in the ACE Program while at the same time we hope to be planning for new projects for many SGVCOG member cities.

With the reorganization of the former ACE into the SGVCOG, the SGVCOG Governing Board can now offer member agencies a multitude of valuable services, including implementation of capital projects design and construction formerly restricted to safety improvement/grade separations as with the ACE Project. The Governing Board will adopt a five-year plan for the Capital Projects group to move forward and we are excited to have the opportunity to do so. Fiscal Year 2019 promises to be an exciting year for the SGVCOG staff and the Capital Projects and Construction Committee.

Respectfully submitted,

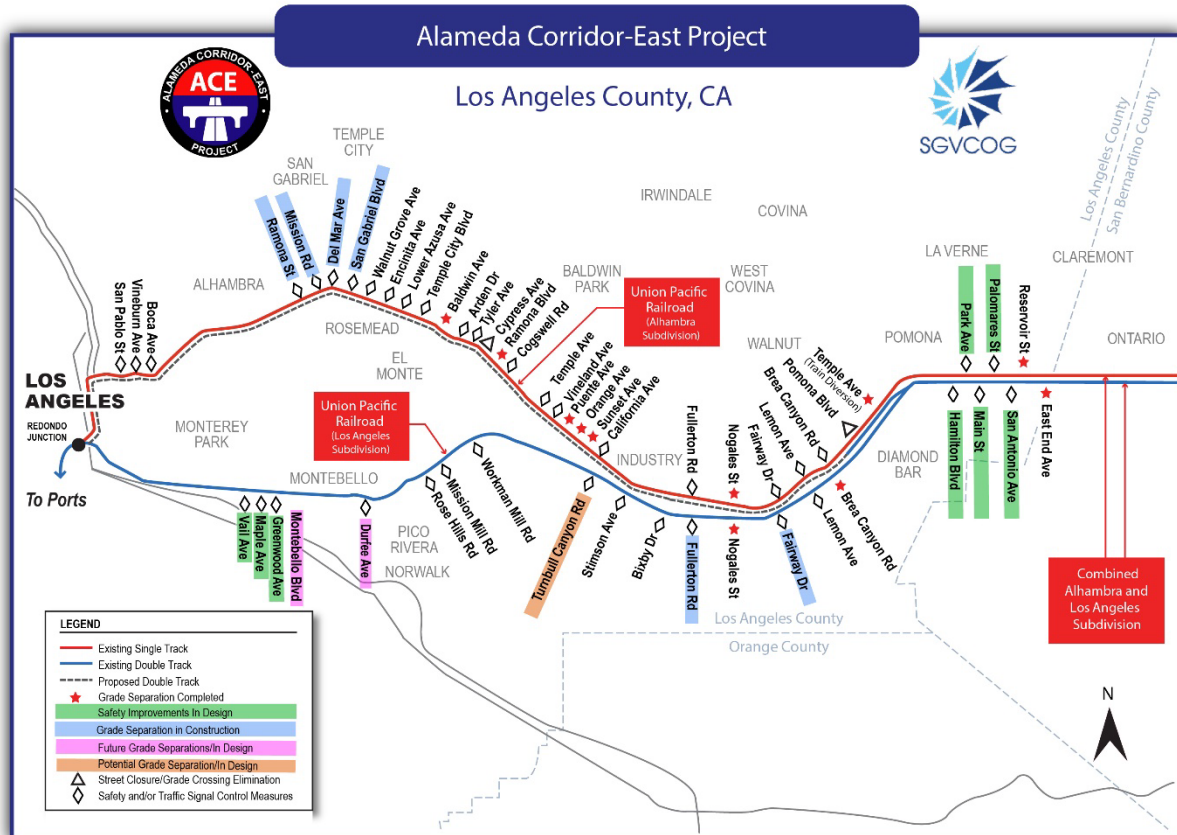


Mark Christoffels  
Chief Engineer

# ACE Project Overview

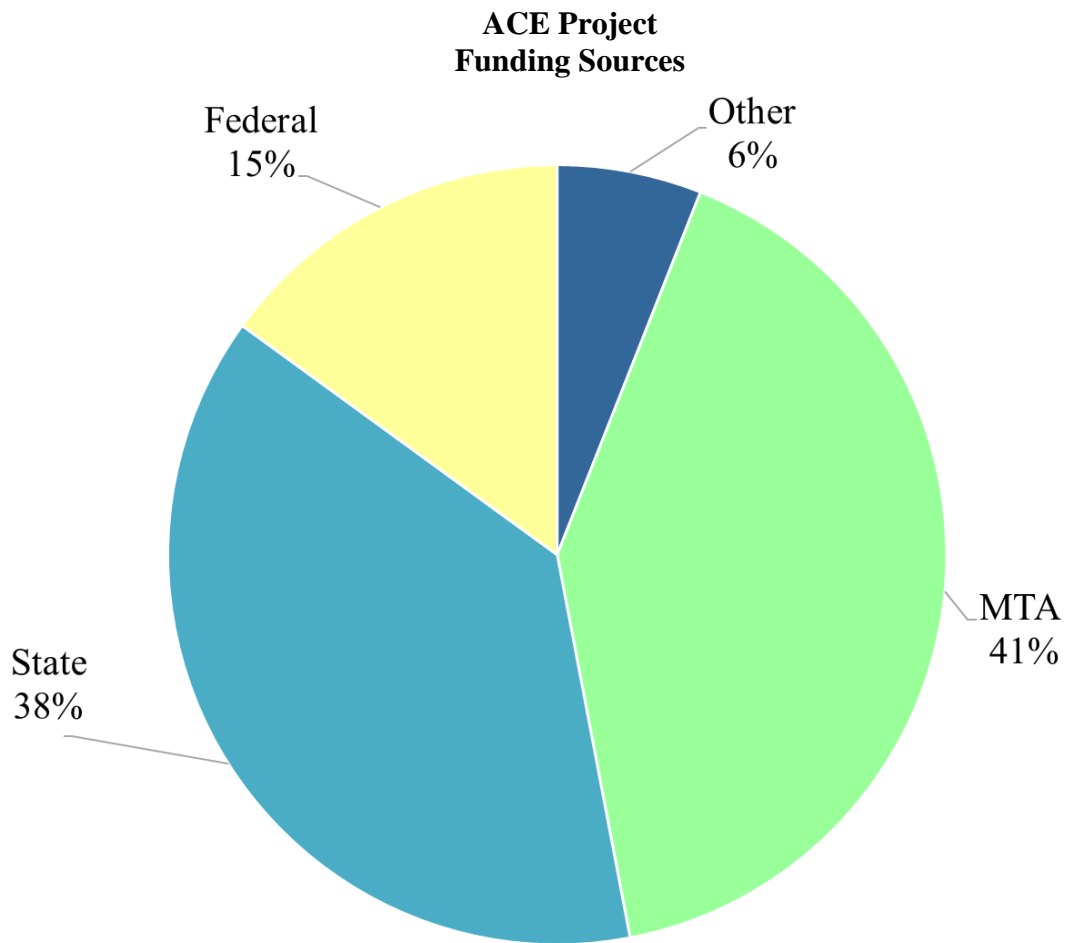
## Project Map

The map below depicts completed projects to date and updated activities for the projects in construction and in design.



### ***Funding Status***

The total funding sources and commitments to the ACE program since its inception is \$1.697.1 billion. Matching these funding commitments against the projects expenditures of \$1.663 billion plus \$21.436 million in startup and administrative costs shows that the ACE program currently has \$12 million in funding available for the one remaining project in the adopted ACE program that is not fully funded (Turnbull Canyon Road grade separation). Design of this project was initiated this fiscal year however whether this project moves into right of way acquisition or construction activities will be dependent upon SGVCOG securing additional grant funding. Included in *other* are the funds for the Rio Hondo project.



## ACE Project Funding by Source

(\$ in millions)

<b>FEDERAL</b>	
Federal TEA-21 Highway Demonstration Earmark (FY 1999-2003)	\$132.557
FY 2001 FHWA Highway Fund Transportation Appropriation	1.497
FY 2000 FHWA Discretionary Sec. 1118(c) Trade Corridor Funds	1.240
FY 2001 FHWA Discretionary Sec. 1118(c) Trade Corridor Funds	2.397
FY 2002 FHWA Highway Fund Transportation Appropriation	3.884
FY 2003 FHWA Highway Fund Transportation Appropriation	1.485
FY 2004 FHWA Highway Fund Transportation Appropriation	1.881
FY 2006 FHWA Highway Fund Transportation Appropriation	4.158
FY 2009 Surface Transportation Program	0.570
FY 2010 Surface Transportation Program	0.500
AAA FY 2010	1.349
Federal SAFETEA-LU (FY 2005-2009)	66.885
FY 2009 FRA Grade Crossing Program	2.544
PUC (Section 130)	10.000
Intermodal Surface Transportation Efficiency Act Funds	6.936
Congestion Mitigation and Air Quality Improvement Funds	6.347
<b>Total Federal Funding: \$244.230</b>	
<b>STATE</b>	
1998 State ITIP Discretionary Funds (FY 2000- 2004)	\$38.982
State Transportation Congestion Relief Program Funds	130.300
Section 190 PUC Funds	10.000
Prop. 1B Trade Corridor Improvement Funds	422.196
Prop. 1B Highway-Rail Crossing Safety Account	46.612
<b>Total State Funding: \$648.089</b>	
<b>MTA</b>	
MTA 17% Local Match Commitment	\$269.870
MTA Call for Projects Funding (2007)	28.849
MTA Measure R*	400.000
<b>Total MTA Funding: \$698.719</b>	
<b>OTHER</b>	
City/County/MWD Funds	\$12.123
Railroad contribution to active projects	36.368
Betterments	54.528
Property Sales	3.001
<b>Total Other Funding: \$106.020</b>	

Total Funds Committed \$1,697.059

### ***Current Project Cost Estimates***

The current cost estimate for all completed and currently active ACE Program projects is shown below.

#### **Current ACE Project Cost Estimates (Completed and Current Projects)**

<b>Project</b>	<b>Cost (in millions)</b>
<b><i>Completed Projects</i></b>	
Safety Crossings/IRRIS	\$34.141
Nogales Street (Alh) (West Covina/Industry)	49.798
East End Avenue/Reservoir Street (Pomona)	79.000
Brea Canyon Road (Diamond Bar/Industry)	73.903
Ramona Boulevard (El Monte)	53.091
Sunset Avenue (Industry)	93.862
Baldwin Avenue (El Monte)	70.365
Puente Avenue (Industry)	97.377
<b><i>Active Projects</i></b>	
Nogales Street (LA sub) Industry/Unincorporated LA Co.)	121.088
San Gabriel Trench (San Gabriel)	293.671
Fairway Drive (Industry)	178.916
Fullerton Road (Industry)	152.383
Temple Avenue Train Diversion (Pomona)	94.826
Durfee Avenue (Pico Rivera)	91.143
At-Grade Improvements (Pomona)	22.916
Montebello Corridor (Montebello)	160.0
Turnbull Canyon Road (Industry/Unincorporated LA) (design only)	10.106
<b>Total</b>	<b>\$1,676,586</b>

### ***Current Projects Status Updates***

The following is a summary of the status of the active capital projects:

***Nogales Street Grade Separation (LA subdivision):*** Opened to traffic in June 2017. Close out of this project is expected by the end of this fiscal year.

***San Gabriel Trench:*** Train operations commenced in the 1.2-mile, 65-foot-wide and 30-foot-deep San Gabriel railroad trench on July 24, 2017. The temporary tracks have been removed allowing for final walls to be constructed as well as project landscaping. Full completion is expected in October 2018.



**San Gabriel Trench (Bridge Deck Construction)**

***Puente Avenue Grade Separation:*** Opened to traffic in April 2018. Construction for this project began in 2014 and completion at an estimated to be within the estimated project budget of \$97.4 million. There were no significant construction or contractor issues with this project. The project required purchase of property north of Valley at Puente that consists of commercial buildings currently housing eight tenants. The property will be declared surplus and offered for sale. Proceeds from the sale will be used for other projects in the ACE Program.



**Puente Avenue (Opened to traffic April 2018)**

***Fullerton Road Grade Separation:*** Fullerton Road from Gale Avenue on the north and the eastbound State Route 60 freeway off-ramp on the south has been widened to three lanes in each direction, improving traffic flow and reducing congestion at the bottleneck, traversed by over 23,000 vehicles daily. The widening has allowed for the full closure and construction of a six-lane roadway underpass and railroad bridge on Fullerton Road in the City of Industry and unincorporated community of Rowland Heights. Completion of the grade separation and reopening of the roadway is anticipated in summer 2020.



**Fullerton Road (Retaining Wall Excavation)**

***Fairway Drive Grade Separation:*** Construction is underway of a roadway underpass and railroad bridge on Fairway Drive. Crews completed construction of on and off ramps on State Route 60 at Lemon Avenue in the Cities of Diamond Bar and Industry that will be used as a detour for motorists as a mitigation measure for the Fairway Drive grade separation construction. Subsequent completion of the grade separation is anticipated in Fall 2020.



**Fairway Drive (Storm Drain Construction)**



**Lemon Avenue (57/60 Freeway On and Off Ramps Construction)**

**Temple Avenue:** This project was completed as expected and close out activities are underway.

**Montebello Corridor:** This project calls for constructing a roadway underpass, sidewalks, bike lanes and railroad bridge at the railroad crossing on Montebello Boulevard. Safety improvements will include quad crossing gates at the crossings on Maple, Greenwood and Vail Avenues. A pedestrian overcrossing is also planned for the Maple Avenue crossing due to significant numbers of pedestrians and cyclists. The environmental review process is moving forward as staff continues to coordinate with the City and other stakeholders during the preliminary design phase. The project is expected to begin construction in early 2020.



**Montebello Corridor (Project Rendering)**



**Montebello Pedestrian Bridge (Project Rendering)**

***Durfee Avenue Grade Separation:*** Final design work and property acquisition is taking place on the Durfee Avenue Grade separation project. This project will lower Durfee Avenue between Beverly Road and Whittier Boulevard in the City of Pico Rivera and construct a new railroad bridge for freight and Metrolink passenger trains. Staff is addressing design revisions requested by project stakeholders and finalizing right-of-way acquisitions and utility coordination issues. Bids for construction of the underpass are scheduled to be solicited this fall with groundbreaking slated for late 2018.



**Durfee Avenue (Project Rendering)**

***At-Grade Safety Improvements:*** The proposed crossing safety improvement project in Pomona includes features such as pedestrian channelization, roadway modifications, updated signage and striping and traffic signal improvements at five at-grade railroad crossings near the downtown area at Hamilton Boulevard, Park Avenue, Main Street, Palomares Street and San Antonio Avenue. The project will address safety issues at the crossings, where five fatalities of pedestrians and a cyclist have been recorded at four of the crossings over the last 10 years, with one motorist injured when a vehicle was stuck on the tracks at the fifth crossing. Project design plans have reached the 35 percent preliminary engineering stage and staff continues to coordinate with stakeholders, utilities and other agencies. The current schedule calls for construction to start in summer 2019.

***Turnbull Canyon Road Grade Separation:*** Plans are moving on to the preliminary design phase. The City of Industry Council voted last year to approve construction of a two-lane overpass structure. The overpass concept was recommended due to potential property impacts, utility conflicts, groundwater concerns, coordination with Union Pacific Railroad and estimated project costs for an underpass. Preliminary design and engineering is anticipated to be completed by early 2019.

## FY 18 Capital Projects Budget Status

The following will depict the status of the budget which was adopted by the ACE Board of Directors for Fiscal Year 2018 in June 2017.

As in the past, ACE's adopted 2018 budget was broken down into two categories – indirect project expense and direct project expense:

- **Indirect Project Expenses:** Indirect expenses (such as salaries, rent, office supplies, etc.) that cannot easily be charged to specific project activities are billed to grants based on an annual indirect rate plan approved by Caltrans. The FY 2018 rate for the ACE Program was approved by Caltrans and included adjustments for over or under spending in prior years. Staff anticipates indirect expenses for FY 2018 will be \$52,000 over the budgeted amount of \$4.073 million (approximately 1.3%) for the purchase of additional excess liability insurance previously not included in the budget.
- **Direct Project Expenses:** Direct expenses are those that can be readily associated with specific projects such as staff or program management time, engineering or construction management contracts, property acquisition, construction, and miscellaneous support costs. For FY 2018 direct costs will be \$62.470 million below the budgeted amount of \$143.928 million (43%). These projected under expenditures, unfortunately, are not project savings, but rather expected expenditures that did not occur this year and will most likely happen in FY 2019. Delayed expenditures are primarily a result of construction activities not progressing as we anticipated. Some were weather related, others third party, and some were simply unavoidable circumstances during construction. These delays result in lower monthly billings from contractors. These funds will be carried over and re-budgeted in the proposed FY 2019 budget.

**FY 2018 Budget vs. Estimated Actual**  
**(\$ in thousands)**

<b>Expenditures</b>	<b>FY 18 (Adopted)</b>	<b>FY 18 (Adopted)</b>	<b>Under/(Over)</b>
<b>Indirect Expenses</b>			
<b>Personnel</b>			
Salaries and Wages	\$1,662	\$1,547	(\$115)
Fringe Benefits	1,419	1,334	(85)
<b>Board &amp; Employee Expenses</b>			
Auto/Travel	27	24	(3)
Trainings/Memberships	33	34	1
Board Expense	7	17	10
<b>Professional Services</b>			
Auditing/Accounting	42	42	-
Community Outreach Program	1	5	4
Legal-Agency Support	25	25	-
Program Management	13	18	5
State/Federal Advisory Services	242	242	-
Risk Management	49	52	3
<b>Insurance</b>	171	250	79
<b>Equipment Expense</b>	131	174	43
<b>Office Expense</b>	251	251	-
<b>Office Operations</b>	47	51	4
<b>Other</b>	6	7	1
<b>Total Indirect</b>	<b>4,126</b>	<b>4,073</b>	<b>(53)</b>
<b>Direct</b>			
Salaries and Wages	1,214	1,485	271
Fringe Benefits	468	573	104
Auto Allowance Allocated to Projects	21	27	7
Program Management	2,345	3,895	1,550
Legal	836	1,590	754
Design	4,571	8,556	3,985
ROW Acquisition	2,140	3,835	1,695
Utility Relocation	2,306	3,866	1,561
Construction Management	6,876	9,187	2,311
Railroad	3,064	8,760	5,696
Construction	56,853	101,250	44,397
UPRR Invoice Review	10	29	20
Third Party Review	586	832	246
Utilities (Site)	17	30	13
Advertising	.2	13	13
<b>Total Direct</b>	<b>81,308</b>	<b>143,928</b>	<b>62,620</b>
<b>Total Expenditures</b>	<b>\$85,434</b>	<b>\$148,001</b>	<b>\$62,567</b>

## ***FY 18 Accomplishments***

Within each annual budget, goals are established based on best estimates at the time of budget preparation. The following represents how SGVCOG's ACE Project met or expects to meet each goal in the areas of project implementation, funding/finance and outreach by June 30, 2018.

### ***Project Implementation***

- At-Grade Safety Improvements
  - *Goal:* Design at 35% & completion of environmental clearance
  - *Status:* Will meet this goal
- Durfee Avenue Grade Separation
  - *Goal:* 100% design complete/advertise for construction
  - *Status:* Expect design to be complete in October; advertise for construction in November
- Fairway Drive Grade Separation
  - *Goal:* Construction 40% complete
  - *Status:* Anticipate 35% completion
- Fullerton Road Grade Separation
  - *Goal:* Construction 20% complete
  - *Status:* Anticipate 12% completion
- Montebello Corridor
  - *Goal:* Design 35% complete & completion of environmental clearance
  - *Status:* Will meet this goal
- Puente Avenue Grade Separation
  - *Goal:* Construction 70% complete
  - *Status:* Will meet this goal
- San Gabriel Trench
  - *Goal:* Construction 90% complete
  - *Status:* Will meet this goal
- Temple Avenue Train Diversion
  - *Goal:* Complete project
  - *Status:* Project expected to be complete in September 2018
- Turnbull Canyon Grade Separation
  - *Goal:* Design 25% complete
  - *Status:* Expect design at 35% by the end of calendar year 2018

### ***Funding/Financial Administration***

- *Goal:* Ensure ACE's interests are represented in Federal National Freight Programs
  - *Status:* Accomplished. Grade separations are eligible for new Federal freight funding programs; construction authorities are eligible grant applicants.
- *Goal:* Pursue additional funding for remaining grade separation project or potential shortfall on existing projects
  - *Status:* Received CTC funding recommendation of \$49 million for the Montebello project and \$29 million for Turnbull Canyon Road project.
- *Goal:* Timely completion of "clean" financial and single audits
  - *Status:* Accomplished.
- *Goal:* Maintain at least 25% of borrowed funds invested

- *Status:* Accomplished.
- *Goal:* Complete 18 professional services contract audits
  - *Status:* Accomplished.
- *Goal:* Complete four quality control/quality assurance audits
  - *Status:* Accomplished.

### ***Community Outreach***

- *Goal:* Conduct dedication ceremonies for the San Gabriel Trench and potentially the Temple Avenue project
  - *Status:* Construction not complete within FY '18. Both projects will have events in FY'19
- *Goal:* Conduct community open house/public meetings for the Montebello Corridor, Turnbull Canyon and At-Grade Safety Improvement projects
  - *Status:* Outreach efforts, though not community open houses, were ongoing in FY '18.
- *Goal:* Conduct environmental, community and school outreach effort for five projects in construction (San Gabriel Trench, Puente Ave., Fairway Dr., Fullerton Rd., and Durfee Ave)
  - *Status:* Extensive outreach efforts continued for projects in heavy construction (Fairway Drive, Lemon Avenue, San Gabriel Trench, Puente Avenue and Fullerton Road). Early construction outreach activities held for Durfee Ave project.
- *Goal:* Conduct groundbreaking ceremony for the Durfee Avenue Project
  - *Status:* Not accomplished. Durfee Ave project groundbreaking will be held in FY '19.

## FY 19 Proposed Capital Projects Budget

SGVCOG has developed and implemented budgeting, accounting and project control systems that meet generally accepted accounting standards with the goal of delivering a project that accomplishes its intended purposes as expeditious and cost effective as possible. The capital projects budget for FY 2019 (July 1, 2018 through June 30, 2019) was developed in two parts: anticipated project related direct expenses and general indirect expenses.

- **Indirect Budget:** The proposed FY 2019 indirect expense budget was developed by line item, based on past expenditures and anticipated cost changes such as liability insurance, rent, utility costs, salaries, benefits, legal support, office supplies, and IT support. The ratio of all indirect costs to anticipated direct labor and fringe benefit cost is used to calculate the Indirect Cost Allocation Plan (ICAP) which is submitted to Caltrans for approval, and becomes the basis for billing indirect costs in FY 2019.
- **Direct Budget:** The proposed FY 2019 direct expense budget assumes two projects in major construction (Fairway and Fullerton), one project beginning construction (Durfee) and four projects in design (At-grade safety improvements, Turnbull Canyon, Montebello and Rio Hondo). For the active construction projects staff used the construction schedules to determine the rate of construction and determine the anticipated contractor expenditures. For the four projects in design staff included in the project budget the final design as well as the current estimated cost of land acquisition if applicable to the project. It should be noted that the pace and cost of land acquisition is the most speculative part of the budget estimates and may change if cost settlements require court action.

## **FY 19 Proposed Revenues & Expenditures**

(\$ in thousands)

<b><u>Revenues</u></b>	
Federal	\$12,259
State	46,503
Local	55,056
Betterment/Other	8,659
<b>Total Revenue</b>	<b>122,476</b>
<b><u>Operating Expenditures</u></b>	
<b>Direct</b>	
Direct	11,293
ROW Acquisition	23,884
Construction	69,796
Construction Management	10,585
Betterment	1,587
Lemon Ave Betterment	1,304
<b>Total Direct</b>	<b>118,449</b>
<b>Indirect Expenses</b>	
Personnel	2,962
Board & Employee Expenses	70
Professional Services	388
Insurance	171
Equipment Expense	125
Office Expense	256
Office Operations	48
Other	6
<b>Total Indirect</b>	<b>4,027</b>
<b>Total Operating Expenditures</b>	<b>122,476</b>
<b>Excess Revenue Over Expenditures before Financing</b>	<b>-</b>
<b>Financing Income</b>	
Investment Revenue	652
Financing Expense	(714)
<b>Net Financing Income/ Expense</b>	<b>(62)</b>
<b>Excess Revenue Over Expenditures / Change in Net Position</b>	<b>(62)</b>
<b>Net Position at FY 17 Year's End</b>	<b>14,008</b>
<b>Estimated Year-End Balance</b>	<b>\$ 13,946</b>

## **FY 19 Direct Project Costs (By Project)**

(\$ in thousands)

<b>Expenditures</b>	<b>Total</b>	<b>SG Trench</b>	<b>Puente Ave</b>	<b>Fairway Drive</b>	<b>Fullerton</b>	<b>Durfee</b>	<b>Montebello Corridor</b>	<b>Maple Ave. Ped. Overhead Structure</b>	<b>At-Grade Crossing Safety Improvements</b>	<b>Turnbull Canyon</b>	<b>AT-Grade Crossing</b>	<b>Rio Hondo Load Reduction</b>	<b>Nogales (LA)</b>
Salaries & Wages	\$1,295	\$158	\$64	\$275	\$276	\$171	\$100	\$51	\$27	\$101	\$53	\$18	-
Fringe Benefits	518	63	26	110	110	68	40	20	11	40	21	7	-
Auto Allowance	22	1	1	4	7	3	2	2	1	1	1	-	-
Program Mgmt.	5,416	335	238	716	917	519	1,134	146	49	1,029	101	10	222
Legal	1,892	70	12	490	155	412	235	50	-	35	10	-	424
Design	10,140	150	200	200	180	480	3,250	1,000	480	1,500	1,200	1,500	-
ROW Acquisition	18,317	-	-	-	160	902	14,300	1,100	-	300	-	-	1,555
Utility Relocation	1,080	-	40	-	-	730	-	300	-	10	-	-	-
Construction Mgmt.	6,770	1,500	250	1,800	2,400	745	25	15	15	-	20	-	-
Railroad	2,897	700	200	360	36	1,506	25	20	10	20	20	-	-
Construction	69,250	4,000	2,000	25,250	30,000	8,000	-	-	-	-	-	-	-
UPRR Invoice Review	74	5	1	-	1	1	1	35	25	5	1	-	-
3 <sup>rd</sup> Party Review	745	40	200	120	100	75	70	35	5	50	50	-	-
Utilities (Site)	20	-	-	-	-	20	-	-	-	-	-	-	-
Advertising	13	-	-	-	-	5	-	2	3	-	3	-	-
<b>Total</b>	<b>\$118,449</b>	<b>\$7,022</b>	<b>\$3,232</b>	<b>\$29,325</b>	<b>\$34,342</b>	<b>\$13,637</b>	<b>\$19,183</b>	<b>\$2,777</b>	<b>\$626</b>	<b>\$3,091</b>	<b>\$1,481</b>	<b>\$1,535</b>	<b>\$2,200</b>

***FY 2018/19 Expenditure Comparison***

**FY 2018 Budget vs. FY 2019 Proposed**

*(\$ in thousands)*

<b>Expenditures</b>	<b>FY 18 (Adopted)</b>	<b>FY 19 (Proposed)</b>	<b>Increase/ (Decrease)</b>
<b>Indirect Expenses</b>			
<b>Personnel</b>			
Salaries and Wages	\$1,547	\$1,602	\$55
Fringe Benefits	1,334	1,360	26
<b>Board &amp; Employee Expenses</b>			
Auto/Travel	24	32	8
Trainings/Memberships	34	38	4
Board Expense	17	-	(17)
<b>Professional Services</b>			
Auditing/Accounting	42	42	-
Community Outreach Program	5	1	(4)
Legal-Agency Support	25	25	-
Program Management	18	13	(5)
State/Federal Advisory Services	242	242	-
Risk Management	52	65	13
<b>Insurance</b>	250	171	(79)
<b>Equipment Expense</b>	174	125	(49)
<b>Office Expense</b>	251	256	5
<b>Office Operations</b>	51	48	(3)
<b>Other</b>	7	6	(1)
<b>Total Indirect</b>	<b>4,073</b>	<b>4,027</b>	<b>(47)</b>
<b>Direct</b>			
Salaries and Wages	1,485	1,295	(190)
Fringe Benefits	573	518	(55)
Auto Allowance Allocated to Projects	27	22	(5)
Program Management	3,895	5,416	1,521
Legal	1,590	1,892	302
Design	8,556	10,140	1,584
ROW Acquisition	3,835	18,317	14,482
Utility Relocation	3,866	1,080	(2,786)
Construction Management	9,187	6,770	(2,417)
Railroad	8,760	2,897	(5,863)
Construction	101,250	69,250	(32,000)
UPRR Invoice Review	29	74	45
Third Party Review	832	745	(87)
Utilities (Site)	30	20	(10)
Advertising	13	13	-
<b>Total Direct</b>	<b>143,928</b>	<b>118,449</b>	<b>(25,479)</b>
<b>Total Expenditures</b>	<b>\$148,001</b>	<b>\$122,476</b>	<b>(\$25,526)</b>

The following addresses significant line item changes proposed for FY 2019 compared to the FY 2018 budgeted (greater than 10%). The total anticipated expenditures in FY 2019 will be down from what was budgeted in FY 2018 as construction expenses (our largest budget item) is decreased to reflect the construction activity anticipated.

### ***Indirect Expenditures***

- *Insurance (\$79,000 decrease)*: This reflects the premium for the prepaid excess liability insurance required when we begin construction on a project. The decrease this fiscal year reflects completed paid premiums for projects already under way.
- *Equipment Expense (\$49,000 decrease)*: In FY '2018 we upgraded office and computer equipment and therefore do not anticipate additional expenses in this area.
- *Board Expenses – (\$17,000 decrease)*: This expense is eliminated due to the stipend payments removed as a result of the merger. The former ACE Board was formally dissolved and became the Capital Projects and Construction Committee of the SGVCOG. Committee attendance does not qualify for stipend payments.
- *Personnel (Salary & Wages/Fringe Benefits) (\$55,000 Increase)*: The FY 2019 proposed budget assumes one reduction in staffing levels from 23 to 22 ACE project assigned positions. The budget does provide for a 3% merit pool to be allocated based on performance evaluations. There is no CPI or fixed percentage salary adjustments included in the budget.

### ***Direct Expenditures***

- *Program Management (\$1.5M increase)*: This increase in contracted consultant support is related to the expected increase in right of way acquisition services for the Montebello project.
- *Right of Way Acquisition (\$14.482M increase)*: Planned acquisitions for properties on Montebello for FY 2019 resulted in this increase.
- *Utility Relocations (\$2.786M decrease)*: With most utility relocations being completed on Fullerton and Fairway, utility relocation costs are expected to slightly decrease.
- *Construction (\$32M decrease)*: Completion of the San Gabriel Trench and Puente Ave projects, and a late fiscal year start for the Durfee Ave project, construction billing is expected to be at a rate less than it was anticipated in FY 2018.
- *Railroad (\$5.863M decrease)*: Union Pacific Railroad billings are expected to be less because mainline construction will have been completed on the San Gabriel Trench and Puente Avenue projects.

The pace of active projects is the major factor in the annual budget projection. For FY 2019 we have made the following assumptions about the projects having the biggest impact on our spending estimates:

- San Gabriel Trench (San Gabriel) – Construction 100% complete.
- Fairway Drive (Industry/LA County) – Construction 50% complete.
- Durfee Avenue (Pico Rivera) – Construction will begin.
- Fullerton Road (Industry) – Construction 35% complete.
- At-Grade Safety Improvements (Pomona) – Design 80% complete.
- Montebello Corridor (Montebello) – Design 60% complete.
- Turnbull Canyon Road – Design 50% complete
- Rio Hondo LRS – Design 50% complete

## ***FY 2019 Capital Project Goals***

Staff proposes to accomplish the following by June 30, 2019 (unless otherwise noted):

### ***Project Implementation***

- At-Grade Safety Improvements
  - *Goal:* Design 100% complete
- Durfee Avenue
  - *Goal:* Construction to begin October 2018
- Fairway Drive
  - *Goal:* 60% complete/Lemon Ave complete
- Fullerton Road
  - *Goal:* 35% complete
- Montebello Corridor
  - *Goal:* 65% design complete, right of way activity and final design underway
- Puente Avenue
  - *Goal:* 100% complete
- San Gabriel Trench
  - *Goal:* 100% complete
- Temple Avenue
  - *Goal:* 100% complete
- Turnbull Canyon
  - *Goal:* Design 35% complete
- Rio Hondo Load Reduction Strategy Project
  - *Goal:* Design 50% complete

### ***Funding/Financial Administration***

- Pursue additional funding and establish funding opportunities for remaining grade separation project or potential shortfall on existing projects
- Timely completion of “clean” financial and single audits
- Maintain at least 25% of borrowed funds invested
- Complete 16 professional services contract audits
- Complete five quality control/quality assurance audits (All active construction projects)

### ***Community Outreach***

- Conduct environmental, community and school outreach effort for three projects in construction (Durfee Avenue, Fairway Drive, and Fullerton Road)
- Conduct community open house/public meetings as needed for the Montebello Corridor, Turnbull Canyon and At-Grade Safety Improvements projects
- Conduct groundbreaking ceremony for Durfee Avenue and At Grade Safety Improvement projects
- Conduct dedication ceremony for Temple Avenue project
- Conduct dedication ceremony for San Gabriel Trench project

### ***Project Financing***

Financing of the ACE Program will continue to utilize the funds from a \$45 million working capital loan from the Los Angeles County Metropolitan Transportation Authority (Metro) to maintain cash flows and bridge the timing gap between project expenditures and reimbursements from our granting agencies. Based on the projected cash flow, we will be able to fund the interest expenses on the working capital loan from the proceeds of short term investments. Investments continue to generate interest income in excess of interest expense.

Because the SGVCOG has no meaningful sources of revenue to advance projects other than grants and contributions from funding agencies, staff continues to make every effort to ensure that all other expenditures are reimbursable by federal, state or local grants. Staff uses this Budget submittal to annually advise the Board of the cumulative exposure of unreimbursed costs. As of this date, the ACE Program has incurred the following unreimbursed or unreimbursable expenses, dating back to the beginning of the ACE Construction Authority:

FY 1998	\$ 71,185	Expenses incurred by SGVCOG prior to 6/30/98 not reimbursed by MTA
FY 2000	11,298	Net interest cost of loan from City of Industry
FY 2001	2,738	Net interest cost of loan from City of Industry
FY 2006	105,529	Payment to SGVCOG for claimed unreimbursed expenses
	\$ 190,750	Estimated total – project-life-to-date

Available funds from railroad contributions to the program have been allocated to pay for these cumulative unreimbursed expenses.

## **Budget Glossary**

### **Indirect Expenses**

#### ***Personnel***

- *Salaries and Wages:* Salaries for employees (charged both as indirect and direct expenses).
- *Fringe Benefits:* Employee benefits such as health insurance, life insurance and pension.

#### ***Board/Employee Expenses***

- *Auto/Travel:* Employee travel for business purposes. Includes registration fees and local mileage reimbursement or auto allowance.
- *Training/Memberships:* Authority and professional memberships; ongoing professional training.
- *Board or Committee Related Expenses:* Board stipends, travel.

#### ***Professional Services***

- *Auditing/Accounting:* Financial auditing and accounting services.
- *Legal - Agency Support:* General Counsel, construction legal and any other legal services not directly chargeable to specific construction projects.
- *Program Management:* Contracted project administration support which cannot be charged to specific projects. Consists primarily of special studies, community relations, and those activities of our support contractors which address general agency needs.
- *State/Federal Advisory Services:* State & Federal legislation research, monitoring and funding application services.
- *Risk Management:* Administrative fee for analyzing insurance requirements, reviewing ACE and contractor policies and obtaining insurance.
- *Insurance:* Annual insurance premiums
- *Equipment Expense:* Purchase/lease and maintenance of office equipment such as copiers, printers and computers.
- *Office Expense:* Rent on ACE office space, including maintenance and miscellaneous expense.
- *Office Operations:* Office supplies, postage, printing/copying and telephones.
- *Other:* General advertising, subscriptions, payroll service fees, etc.

### **Direct Expenses**

- *Betterments:* City funded work that City desires to have ACE construct concurrently with project (e.g. street modifications, beautifications)
- *Program Management:* The portion of overall program management expenses which can be directly charged to projects; consists primarily of design and utility relocation support, land acquisition related services and office support.
- *Legal:* Legal expenses which can be directly charged to specific projects for land acquisition activities.
- *Design:* Preparation of project plans, specifications and estimates and support during construction.
- *Right of Way Acquisition:* Property acquisition costs, closing costs, appraisals, surveys, miscellaneous acquisition support costs.
- *Utility Relocation:* Costs of relocating utilities, including design.
- *Construction Management:* Field oversight of construction.

- *Railroad:* Railroad (UPRR and Metro link) charges to projects for project support, design, procurement and construction.
- *Construction:* Payment to construction contractors.
- *Third Party Review:* Payment to outside agencies (e.g., UPRR, Cities, LA County) for their costs to review and approve project designs and submittals.
- *UPRR Invoice Review:* Use of an outside contractor to review UPRR billings for errors, mischarges, questionable costs, etc.
- *Advertising:* Cost of advertising construction contracts.
- *Utilities (Site):* Cost of utilities service to construction sites.

## Exhibit A

### Staff Positions and Salary Ranges

Note: A salary and classification study is underway and expected to be presented to the Governing Board by the end of the calendar year. The results of the study may also recommend position classifications and/or salary range changes. However, at this time the following positions and salary ranges have been approved by the SGVCOG Governing Board:

Full Time Positions	Monthly Salary	
	Minimum	Maximum
Executive Director*		\$14,583
Accountant (2)	\$4,170	\$6,339
Administrative Assistant (2)	\$5,103	\$7,570
Administrative Services Manager	\$6,465	\$11,637
Assistant Executive Director	\$7,277	\$9,190
Chief Engineer	\$16,757	\$19,928
Contracts Auditor	\$5,302	\$8,727
Contracts Manager	\$9,535	\$13,628
Labor Compliance/Procurement Administrator	\$5,426	\$8,315
Director of Finance	\$11,637	\$16,769
Director of Government/Community Relations	\$12,674	\$19,307
Manager of Audits/Grants	\$6,814	\$12,265
Management Analyst (#)	\$4,167	\$5,487
Manager of Information Technologies	\$5,534	\$8,481
Program Manager	\$12,219	\$17,607
Regional Homelessness Coordinator	\$7,083	\$9,167
Secretary/Document Control	\$4,312	\$6,470
Senior Accountant	\$5,357	\$8,009
Senior Contracts Auditor	\$5,606	\$9,164
Senior Contracts Administrator	\$7,120	\$10,887
Senior Project Manager (3)	\$11,637	\$16,769
Senior Management Analyst	\$5,487	\$7,097
Utility Coordinator	\$7,487	\$11,229
Part Time Positions		Hourly Rate
Project Assistant		\$25
Office Assistant		\$18
Intern (Graduate Student)		\$18
Intern (Undergraduate Student)		\$16

\*The salary for this position is set by the SGVCOG Governing Board.

**Exhibit A**

**Capital Projects Staff Support Service Hours for FY 2019**

<b>Staff</b>	<b>Bill Rate</b>	<b>Bill Hours</b>	<b>FY 19 Budget</b>
Accountant - A	\$57.58	78	\$ 4,491
Accountant - B	\$75.42	78	5,883
Sr. Accountant	\$98.90	52	5,143
Finance Director	\$164.61	78	12,840
<b>Subtotal Accounting /Finance</b>		<b>299</b>	<b>28,356</b>
Manager of Admin. Services	\$120.62	78	9,408
Administrative Assistant	\$72.59	130	9,437
IT Manager	\$80.92	26	2,104
<b>Subtotal Administration</b>		<b>234</b>	<b>20,949</b>
Director of Government Relations	\$177.60	26	4,618
Chief Engineer	\$215.04	91	19,569
<b>Subtotal Transportation</b>		<b>117</b>	<b>24,186</b>
	Total	650	\$ 73,492