



AGENDA AND NOTICE OF THE REGULAR MEETING OF THE  
SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS GOVERNING BOARD

**APRIL 19, 2018 - 6:00 P.M.**

**Upper San Gabriel Valley Municipal Water District Office  
602 E. Huntington Drive, Suite B, Monrovia, California 91016**

**SGVCOG Officers**

President  
**Cynthia Sternquist**

1<sup>st</sup> Vice President  
**Margaret Clark**

2<sup>nd</sup> Vice President  
**Joe Lyons**

3<sup>rd</sup> Vice President  
**Becky Shevlin**

**Members**

**Alhambra**

**Arcadia**

**Azusa**

**Baldwin Park**

**Bradbury**

**Claremont**

**Covina**

**Diamond Bar**

**Duarte**

**El Monte**

**Glendora**

**Industry**

**Irwindale**

**La Cañada 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**

**First District, LA County  
Unincorporated Communities**

**Fourth District, LA County  
Unincorporated Communities**

**Fifth District, LA County  
Unincorporated Communities**

**SGV Water Districts**

Thank you for participating in tonight's meeting. The Governing Board encourages public participation and invites you to share your views on agenda items.

**MEETINGS:** *Regular Meetings of the Governing Board are held on the third Thursday of each month at 6:00 PM at the Upper San Gabriel Valley Municipal Water District Office (602 E. Huntington Drive, Suite B, Monrovia, California 91016).* The Governing Board agenda packet is available at the San Gabriel Valley Council of Government's (SGVCOG) Office, 1000 South Fremont Avenue, Suite 10210, Alhambra, CA, and on the website, [www.sgvkog.org](http://www.sgvkog.org). Copies are available via email upon request ([sgv@sgvkog.org](mailto:sgv@sgvkog.org)). Documents distributed to a majority of the Board after the posting will be available for review in the SGVCOG office and on the SGVCOG website. Your attendance at this public meeting may result in the recording of your voice.

**CITIZEN PARTICIPATION:** Your participation is welcomed and invited at all Governing Board meetings. Time is reserved at each regular meeting for those who wish to address the Board. SGVCOG requests that persons addressing the meeting refrain from making personal, slanderous, profane or disruptive remarks.

**TO ADDRESS THE GOVERNING BOARD:** At a regular meeting, the public may comment on any matter within the jurisdiction of the Board during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public wishing to speak are asked to complete a comment card or simply rise to be recognized when the Chair asks for public comments to speak. We ask that members of the public state their name for the record and keep their remarks brief. There is a three minute limit on all public comments. Proxies are not permitted and individuals may not cede their comment time to other members of the public. **The Governing Board may not discuss or vote on items not on the agenda.**

**AGENDA ITEMS:** The Agenda contains the regular order of business of the Governing Board. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the Governing Board can be fully informed about a matter before making its decision.

**CONSENT CALENDAR:** Items listed on the Consent Calendar are considered to be routine and will be acted upon by one motion. There will be no separate discussion on these items unless a Board member or citizen so requests. In this event, the item will be removed from the Consent Calendar and considered after the Consent Calendar. If you would like an item on the Consent Calendar discussed, simply tell Staff or a member of the Governing Board.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SGVCOG office at (626) 457-1800. Notification 48 hours prior to the meeting will enable the SGVCOG to make reasonable arrangement to ensure accessibility to this meeting.



**PRELIMINARY BUSINESS**

**5 MINUTES**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Public Comment (*If necessary, the President may place reasonable time limits on all comments*)
5. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting

**PRESENTATION**

**30 MINUTES**

6. City Homelessness Planning Update - LeSar Development Consultants, Rachel Ralston, Principal

**LIAISON REPORTS**

**10 MINUTES**

7. Gold Line Foothill Extension Construction Authority
8. San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy
9. Southern California Association of Governments
10. League of California Cities
11. San Gabriel Valley Economic Partnership
12. South Coast Air Quality Management District

**CLOSED SESSION**

**10 MINUTES**

13. PUBLIC EMPLOYMENT: Title: Chief Engineer pursuant to California Government Code section 54957  
CONFERENCE WITH LABOR NEGOTIATORS: Agency designated representatives: Kimberly Hall Barlow, Richard D. Jones, Marisa Creter, Dominic Lazzaretto, Bob Russi, Brian Saeki, and Chris Jeffers;  
Unrepresented employee: Chief Engineer pursuant to California Government Code section 54957.6.  
*Recommended Action: Discuss and provide direction.*

**CONSENT CALENDAR**

**5 MINUTES**

*(It is anticipated that the SGVCOG Governing Board may take action on the following matters)*

14. Governing Board Meeting Minutes – Page 1  
*Recommended Action: Adopt Governing Board minutes.*
15. Monthly Cash Disbursements/Balances/Transfers – Page 7  
*Recommended Action: Approve Monthly Cash Disbursements/Balances/Transfers.*
16. ACE Minutes – Page 9  
*Recommended Action: Receive and file.*
17. ACE Monthly Report – Page 11  
*Recommended Action: Receive and file.*
18. Committee Attendance – Page 13  
*Recommended Action: Receive and file.*
19. Committee Appointments – Page 23  
*Recommended Action: Appoint the following members to the SGVCOG Committees:  
-Public Works TAC: City of San Gabriel, City of Glendora*
20. RFP to Review Retirement Benefit Options – Page 25  
*Recommended Action: Authorize staff to release RFP to review retirement benefit options for SGVCOG staff.*

21. SB 623 (Monning) – Page 51  
*Recommended Action: Adopt Resolution 18-17 to oppose SB 623 (Monning) unless amended to remove the fee on public water systems.*
22. Safe, Clean Water Recap – Page 97  
*Recommended Action: Receive and file.*
23. ACA 5 / Proposition 69 – Page 103  
*Recommended Action: Adopt Resolution 18-18 to support ACA 5/Proposition 69.*
24. Employee Handbook – Page 139  
*Recommended Action: Adopt Resolution 18-19 to approve update to the SGVCOG employee handbook.*
25. AB 1971 (Santiago) – Page 193  
*Recommended Action: Adopt Resolution 18-20 to support AB 1971 (Santiago).*
26. Salary Resolution – Page 201  
*Recommended Action: Adopt Resolution 18-21 to update the SGVCOG salary schedule.*
27. Update Conflict of Interest Code – Page 205  
*Recommended Actions: 1) Adopt Resolution 18-22 to update SGVCOG Conflict of Interest Code and 2) Direct Executive Director to submit to the County of Los Angeles Board of Supervisors.*
28. AB 2538 (Rubio) – Page 213  
*Recommended Action: Adopt Resolution 18-23 to support AB 2538 (Rubio).*
29. Extension of Office Lease – Page 225  
*Recommended Action: Authorize the Executive Director to execute an extension of the Alhambra office lease through April 2021.*
30. Mutual Termination of Employment Agreement – Page 231  
*Recommended Action: Approve letter agreement with Mark Christoffels to mutually terminate employment agreement, Y-rate Chief Engineer at current salary and benefits level and authorize Executive Director to execute agreement and implement same.*
31. Updated Investment Policy – Page 235  
*Recommended Action: Adopt Resolution 18-24 to update the SGVCOG investment policy.*
32. ACE/COG Integration Update – Page 259  
*Recommended Action: Receive and file.*
33. May Meeting Date – Page 261  
*Recommended Action: Adopt Resolution 18-25 to move the May 2018 Governing Board meeting to May 31.*

**PRESIDENT'S REPORT**

**5 MINUTES**

**EXECUTIVE DIRECTOR'S REPORT**

**15 MINUTES**

34. Draft FY 2018-19 Budget – Page 265  
*Recommended Action: For information only.*
35. Recap of Washington DC Trip  
*Recommended Action: For information only.*

**GENERAL COUNSEL'S REPORT**

**5 MINUTES**

**COMMITTEE REPORTS**

**10 MINUTES**

- 36. Transportation Committee
- 37. Homelessness Committee
- 38. Energy, Environment and Natural Resources Committee
- 39. Water Committee

**PROJECT REPORTS**

**5 MINUTES**

- 40. The ACE Project
- 41. Homeless Coordination Efforts
- 42. San Gabriel Valley Energy Wise Partnership

**BOARD MEMBER ITEMS**

**ANNOUNCEMENTS**

**ADJOURN**



**SGVCOG Governing Board Unapproved Minutes**

Date: March 15, 2018,

Time: 6:00 PM

Location: USGVMWD (602 E Huntington Dr, Monrovia, CA 91016)

**PRELIMINARY BUSINESS**

1. Call to Order

1<sup>st</sup> Vice President Margaret Clark called the meeting to order at 6:02 p.m.

2. Pledge of Allegiance

D. Mahmud led the pledge.

3. Roll Call

**A quorum was in attendance.**

**Governing Board Members Present**

Alhambra	Barbara Messina
Azusa	Angel Carillo
Arcadia	Sho Tay
Claremont	Sam Pedroza
Covina	Peggy Delach
Diamond Bar	Carol Herrera
Duarte	John Fasana
El Monte	Jerry Velasco
Glendora	Judy Nelson
La Puente	Dan Holloway
La Verne	Tim Hepburn
Monrovia	Becky Shevlin
Montebello	Jack Hadjinian
Pomona	Tim Sandoval
Rosemead	Margaret Clark
San Gabriel	Juli Costanzo
Sierra Madre	John Capoccia
South El Monte	Gloria Olmos
South Pasadena	Diana Mahmud
Temple City	Nanette Fish
Walnut	Mary Su
West Covina	Mike Spence
LA County District 1	Waqas Rehman
LA County District 4	Lauren Yokomizo
LA County District 5	Debra Mendelsohn
Water Districts	Anthony Fellow/ Carlos Goytia

**Absent**

Baldwin Park  
Bradbury  
Industry  
Irwindale  
La Canada Flintridge  
Monterey Park  
San Dimas  
San Marino

**SGVCOG Staff**

Marisa Creter, Interim Executive Director  
Kimberly Hall Barlow, General Counsel  
Stefanie Hernandez, Staff  
Christian Cruz, Staff  
Peter Duyshart, Staff  
Jan Cicco, Staff  
Eric Wolf, Staff

4. Public Comment  
No Public comment.
5. Changes to Agenda Order  
Item 22 was pulled from consent for further discussion.

#### **PRESENTATION**

6. FY 2016-17 Financial Audit - Vasquez & Company LLP – Page 1  
R. Martinez presented on this item

#### **LIAISON REPORTS**

7. Gold Line Foothill Extension Construction Authority  
S. Pedroza reported on this item.
8. San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy  
J. Gonzalez reported on this item.
9. Southern California Association of Governments  
J. Cartegena reported on this item.
10. League of California Cities  
No report given.
11. San Gabriel Valley Economic Partnership  
No report given.
12. South Coast Air Quality Management District  
M. Cacciotti reported on this item.

#### **CLOSED SESSION**

PUBLIC EMPLOYMENT: Title: Executive Director, Chief Engineer pursuant to California Government Code section 54957

CONFERENCE WITH LABOR NEGOTIATORS: Agency designated representatives: Kimberly Hall Barlow, Richard D. Jones, Dominic Lazzaretto, Bob Russi, Brian Saeki, and Chris Jeffers; Unrepresented employees: Executive Director, Chief Engineer and all other unrepresented employees pursuant to California Government Code section 54957.6.

K. Barlow Hall reported out on the new Executive Director Contract.

#### **CONSENT CALENDAR**

14. Governing Board Meeting Minutes  
*Recommended Action: Adopt Governing Board minutes.*
15. Monthly Cash Disbursements/Balances/Transfers  
*Recommended Action: Approve Monthly Cash Disbursements/Balances/Transfers.*
16. ACE Minutes  
*Recommended Action: Receive and file.*
17. ACE Monthly Report  
*Recommended Action: Receive and file.*
18. ACE Quarterly Report  
*Recommended Action: Receive and file.*
19. Committee Attendance  
*Recommended Action: Receive and file.*

20. San Dimas Traffic Management Plan Contract for CicLAvia Event  
*Recommended Action: Authorize Executive Director to execute agreement with City of San Dimas for costs associated with the Open Streets grant for traffic management plans.*
21. Treasurer Contract Renewal  
*Recommended Action: Authorize Executive Director to renew contract with Clifton Larson Allen for an amount not to exceed (NTE) \$17,600 annually for treasurer services.*
23. AB 1795 (Gipson)  
*Recommended Action: Adopt Resolution 18-14 to support AB 1795 (Gipson).*
24. SB 827 (Wiener)  
*Recommended Action: Adopt Resolution 18-15 to oppose SB 827 (Wiener).*
25. Committee Meeting Times  
*Recommended Action: Adopt Resolution 18-16 updating committee meeting times.*
26. Update on Legal Services  
*Recommended Action: Receive and file.*
27. Employment Agreement for Executive Director  
*Recommend Action: Approve proposed agreement with Executive Director.*
28. Committee Appointments  
*Recommended Action: Appoint the City of Pomona to Transportation Committee.*

**There was a motion to approve consent calendar items 14-21 and 23-28. (M/S: J. Fasana/T. Hepburn).**

**[Motion Passed]**

<b>AYES:</b>	Alhambra Azusa, Arcadia, Covina, Diamond Bar, Duarte, El Monte, Glendora, La Puente, La Verne, Monrovia, Montebello, Pomona, Rosemead, San Gabriel, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, West Covina, LA County District 1, LA County District 4, LA County District 5, Water Districts
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Claremont, Baldwin Park, Bradbury, Industry, Irwindale, La Canada Flintridge, Monterey Park, San Dimas, San Marino

**Sierra Madre abstained from Item 14 and LA County District 5 abstained from item 24**

22. SB 168 (Wieckowski)

**There was a motion to continue to the next meeting. (M/S: J. Fasana/B. Shevlin).**

**[Motion Passed]**

<b>AYES:</b>	Alhambra Azusa, Arcadia, Covina, Diamond Bar, Duarte, El Monte, Glendora, La Puente, La Verne, Monrovia, Montebello, Pomona, Rosemead, San Gabriel, South El Monte, South Pasadena, Temple City, Walnut, West Covina, LA County District 1, LA County District 4, Water Districts
<b>NOES:</b>	
<b>ABSTAIN:</b>	Sierra Madre, LA County District 5
<b>ABSENT:</b>	Claremont, Baldwin Park, Bradbury, Industry, Irwindale, La Canada Flintridge, Monterey Park, San Dimas, San Marino

## ACTION ITEMS

*(It is anticipated that the SGVCOG Governing Board may take action on the following matters)*

### 29. Measure M Administrative Funds

**There was a motion to authorize Executive Director to negotiate an agreement with Metro for use of Measure M subregional administrative funds. (M/S: J. Fasana/T.Hepburn).**

**[Motion Passed]**

<b>AYES:</b>	Alhambra Azusa, Arcadia, Covina, Diamond Bar, Duarte, El Monte, Glendora, La Puente, La Verne, Monrovia, Montebello, Pomona, Rosemead, San Gabriel, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, LA County District 1, LA County District 4, LA County District 5, Water Districts
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Claremont, Baldwin Park, Bradbury, Industry, Irwindale, La Canada Flintridge, Monterey Park, San Dimas, San Marino, West Covina

### 30. Rio Hondo Load Reduction Strategy Agreement and RFP

**There was a motion to Authorize the Executive Director to act as follows:**

- 1) Execute agreement with participating agencies regarding the administration and cost sharing for the preparation of design plans for load reduction strategy projects for the Rio Hondo River and Tributaries.**
- 2) Release Request for Proposal (RFP) for the preparation of design plans for load reduction strategy projects for the Rio Hondo River and Tributaries.**
- 3) Assign project management to the Capital Projects and Construction Committee.**

**(M/S: D. Mahmud/J. Fasana).**

**[Motion Passed]**

<b>AYES:</b>	Alhambra, Arcadia, Covina, Diamond Bar, Duarte, El Monte, Glendora, La Verne, Monrovia, Montebello, San Gabriel, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, LA County District 1, LA County District 4, LA County District 5, Water Districts
<b>NOES:</b>	Rosemead
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Azusa, Baldwin Park, Bradbury, Claremont, Industry, Irwindale, La Puente, La Canada Flintridge, Pomona, Monterey Park, San Dimas, San Marino, West Covina

## PRESIDENT'S REPORT

### EXECUTIVE DIRECTOR'S REPORT

31. Update on SGVCOG/ ACE Integration  
M. Creter reported on this item
32. Draft Project Review/Development Process



M. Creter presented on this item.

**GENERAL COUNSEL'S REPORT**

**COMMITTEE REPORTS**

- 33. Transportation Committee  
J. Fasana reported on this item.
- 34. Homelessness Committee  
B. Shevlin reported on this item.
- 35. Energy, Environment and Natural Resources Committee  
No report given
- 36. Water Committee  
D. Mahmud reported on this item

**PROJECT REPORTS**

- 37. The ACE Project  
M. Christoffels reported on this
- 38. Homeless Coordination Efforts  
J. Cicco reported on this item.
- 39. San Gabriel Valley Energy Wise Partnership  
No report given.

**BOARD MEMBER ITEMS**

**ANNOUNCEMENTS**

J. Capoccia spoke about the Wisteria Festival and G. Olmos discussed Ofo in South El Monte.

**ADJOURN**

1st Vice President Margaret Clark adjourned the meeting at 8:17 p.m. in honor of Ysela Rodriguez and Pomona Police Officer Gregory Casillas



**SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS**  
**Selected Asset Account Balances**  
**As of March 30, 2018**

<b>Account Name</b>	<b>Balance 2/28/2018</b>	<b>Increase</b>	<b>Decrease</b>	<b>Net Change</b>	<b>Balance 3/30/18</b>
CBB - Checking	\$ 749,534	\$ 103,226	\$ 223,458	\$ (120,231)	\$ 629,303
CBB- 242-034-325 CD	\$ 55,590	\$ 14		\$ 14	\$ 55,604
CBB - 2766 Savings	\$ 1,588	\$ 0		\$ 0	\$ 1,589
CBB -242-034-953 CD	\$ 54,823	\$ 14		\$ 14	\$ 54,837
Petty Cash	\$ 400			\$ -	\$ 400
LAIF	\$ 231,688			\$ -	\$ 231,688
LAIF Maket Value	\$ 86			\$ -	\$ 86
Member Receivable	\$ 8,211		\$ 8,211	\$ (8,211)	\$ (0)
Grants/Contracts Receivable	\$ 303,084	\$ 87,203	\$ 93,533	\$ (6,330)	\$ 296,754
Sponsorships Receivable	\$ (124)	\$ -		\$ -	\$ (124)
Rental Deposits Receivable	\$ 215	\$ -	\$ -	\$ -	\$ 215
Receivables - Other	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>\$ 1,405,095</b>	<b>\$ 190,457</b>	<b>\$ 325,201</b>	<b>\$ (134,744)</b>	<b>\$ 1,270,351</b>

SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS				
Disbursements Report				
March 2018				
Transaction Date	Number/Reference	Vendor Name	Description	Amount
3/2/2018	EFT	Paychex	Payroll Period Ending 3/02/18	21,109.28
3/6/2018	9644	Alameda Corridor East Constr	Reimbursement for CALPERS PE 2/16/18	2,168.32
3/6/2018	9645	Athena Parking (Alhambra)	Parking Validation Booklets(2)	200.00
3/6/2018	9646	Image IV Systems	Copy Machine Rental - Mar18	534.07
3/6/2018	9647	Jones & Mayer	Non-Retainer Legal Services: Integration-Jan18 & CVRA-Jan18	3,156.33
3/6/2018	9648	Vasquez & Co., LLP	Audit Services FY 6/30/17; 3rd billing	8,400.00
3/6/2018	9649	Kaiser Permanente Health Pla	Dues for Apr'18	1,288.37
3/6/2018	9650	PLIC-SBD GRAND ISLAND	Dues for Mar'18	342.02
3/6/2018	9651	Jake Stotz	Mileage reimbursement for Feb'18	85.53
3/6/2018	9652	Michael Claproth	Mileage reimbursement for Jan'18 & Feb'18	91.46
3/6/2018	9653	Victoria Ciudad-Real	Mileage reimbursement for Feb'18	48.72
3/6/2018	9654	Reward Strategy Group	Classification & Compensation Study	2,910.00
3/9/2018	EFT	Citi Card	Citi Card Payment	2,263.15
3/13/2018	9655	Alameda Corridor East Constr	Reimbursement for CALPERS PE 3/02/18	2,103.05
3/13/2018	9656	Vantagepoint Transfer Agents	ICMA Reimbursement (PE 3/2/18)	88.46
3/13/2018	9657	Elite-TRC-Alhambra Community	Monthly Rent - Apr'18	6,283.21
3/16/2018	EFT	Paychex	Payroll Processing Fee	50.00
3/16/2018	EFT	Paychex	Payroll Period Ending 3/16/18	22,083.33
3/20/2018	9658	Alameda Corridor East Constr	Reimbursement for CALPERS PE 3/16/18	2,335.79
3/20/2018	9659	Jones & Mayer	Non-Retainer Legal Services:CVRA -Nov17/Dec17/Jan18	21,244.69
3/20/2018	9660	Mary Lou Echternach	Consulting Services - Feb'18	10,500.00
3/20/2018	9661	Vantagepoint Transfer Agents	ICMA Reimbursement (PE 3/16/18)	88.46
3/20/2018	9662	Bob Murray & Associates	Executive Director Recruitment Search	7,714.06
3/20/2018	9663	LeSar Development Consultant	City Homeless Planning - Jan'18	80,000.00
3/22/2018	EFT	Spectrum Business	Internet Provider	125.00
3/27/2018	9664	Athena Parking (Alhambra)	Monthly Parking - Apr'18	375.00
3/27/2018	9665	PLIC-SBD GRAND ISLAND	Dues for Apr'18	357.42
3/27/2018	9666	Peter Duyshart	Mileage reimbursement for Feb'18	85.45
3/30/2018	EFT	Paychex	Payroll Period Ending 3/30/18	27,426.38
			<b>Total March 2018 Disbursements</b>	<b>\$ 223,457.55</b>

## SGVCOG Capital Projects & Construction Committee February 26, 2018 Meeting Minutes

Chairperson Costanzo called the meeting of the San Gabriel Valley Capital Projects and Construction Committee to order at 12:07pm at the San Gabriel City Hall Council Chambers.

1. **Pledge of Allegiance** – Member Sandoval led the pledge of allegiance.

2. **Roll Call:** Mr. Christoffels called the roll.

In attendance was:

Juli Costanzo, San Gabriel, Chair

Jack Hadjinian, Montebello

Tim Sandoval, Pomona

Legal Counsel announced that due to a lack of a quorum the Committee could not take actions on the items listed as such on the agenda.

### **Staff:**

Mark Christoffels, CEO

Gregory Murphy, Burke, Williams & Sorensen, legal counsel

Deanna Stanley

Amy Hanson

Phil Balmeo

Victoria Butler

Charles Tsang

Paul Hubler

Cecilia Cardenas

### **Guests:**

Robert Williams, Railpros

Natasha DeBenon, Ghirardelli Associates

Charlie Nakamoto, Jacobs

John Burton, LA County Department of Public Works

3. **Public Comments** – There were no public comments.

4. **Chairperson's Remarks** – Chairperson Costanzo announced the Board would soon be holding legislative meetings in Washington DC with hopes to bring additional funding to the ACE Program. She announced the ribbon cutting ceremony of the Puente Avenue grade separation project will be held at 10:30AM on Friday, April 6, 2018.

5. **Chief Engineer's Monthly Report** – Mr. Christoffels reminded the Board that LA Metro submitted a grant application under the Trade Corridor Enhancement Program that included a total of \$78 million for the Montebello and Turnbull Canyon Road projects. Mr.

Christoffels also reported the Lemon Avenue project required weekend lane closures, which began this month without any reports of incidents.

6. **Project Construction Progress Report** – Charles Tsang reviewed the progress photos of the Lemon Avenue project and reported that the weekend closure allowed major concrete pours for southbound ramps. He reviewed the Fairway project's track demolition. Victoria Butler reviewed the progress photos for the Fullerton Road project. Phil Balmeo reviewed the progress photos for the Puente Avenue and San Gabriel Trench projects.
7. **Process for Selection of Potential Future Projects to be undertaken by the SGVCOG through the Capital Projects & Construction Committee** – Mr. Christoffels reviewed the information for this item but no action was taken.
8. **Adjournment** – The meeting was adjourned at 12:49PM. The next meeting will be held on March 26, 2018.

X 

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Deanna Stanley  
Clerk



## Alameda Corridor-East Project

4900 Rivergrade Rd. Ste. A120 Irwindale, CA 91706 (626) 962-9292 fax (626) 962-3552 [www.theaceproject.org](http://www.theaceproject.org)

MEMO TO: SGVCOG Governing Board Members & Alternates

FROM: Juli Costanzo, Chair, Capital Projects and Construction Committee

DATE: April 11, 2018

SUBJECT: Monthly Report

The following are items of note since the last meeting:

**Puente Ave. project opens** – Federal, state, and local officials gathered for a ribbon-cutting ceremony on April 6 to mark the opening to traffic of the ACE Puente Avenue grade separation project after two years of construction. The \$97.4 million project in the City of Industry and community of Avocado Heights features a new four-lane roadway underpass for Puente Avenue and separate bridges for the railroad and for Valley Boulevard. The underpass eliminates the potential for train-vehicle collisions for more than 31,000 vehicles a day and reduces vehicle delay and emissions and locomotive horn and crossing gate noise. Five crossing collisions were recorded at the railroad crossing over a recent 10-year period, with one person killed and three injured.

**Washington, DC meetings** – COG Governing Board and ACE Committee members and staff advocated for the award of federal grant funds for the ACE and State Route 57-60 Freeway Confluence projects during meetings in Washington, DC last month with the San Gabriel Valley's House and Senate representatives and at the U.S. Department of Transportation. We also discussed the need for storm water regulatory relief during Congressional meetings. In addition, we participated in the San Gabriel Valley Congressional Appreciation Reception sponsored and attended by representatives of the COG, ACE, Foothill Gold Line, Foothill Transit and the San Gabriel Valley Economic Partnership.

**Community Outreach Update** – Staff conducted the following project outreach activities:

- Provided staff support for the ribbon-cutting ceremony for the Puente Avenue grade separation project;
- Conducted ongoing community outreach and support activities for the San Gabriel Trench, Puente Avenue, Fairway Drive and Fullerton Road grade separation projects.





Governing Board Attendance

	2017						2018					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra	D	D	D	D	D	D	D	D	D			
Arcadia	D	D	D	D	D	D		D	D			
Azusa	D	D	D		D		D	D	D			
Baldwin Park		D		D	D	D	D					
Bradbury		D										
Claremont	D	D	D	D	D	D	D	D	A			
Covina	D	D	D	D	D		D	D	D			
Diamond Bar	D	A	D	D			D	D	D			
Duarte	D	D	D	D	D	D	D	D	D			
El Monte	D		D		A		D	A	A			
Glendora	D	D	D	D	D			D	D			
Industry												
Irwindale												
La Canada Flintridge		D		D	D	D	D	D				
La Puente		D	D		D	D	D	D	D			
La Verne	D	D	D		D	D	D	D	D			
Monrovia	D	D	D	D	D	D	D	D	D			
Montebello	D		D	D	D	D	D	D	D			
Monterey Park	D	D	D	D	D		D	D				
Pasadena	D	D				D	D					
Pomona	D		D		D	D		D	D			
Rosemead	D	D	D	D	D	D	D	A	D			
San Dimas	D	D	D	D	D	D	D	D				
San Gabriel	D	A		D	D	D		D	D			
San Marino							D					
Sierra Madre	D	A	D	D	D	D	D		D			
South El Monte	D			D	D	A		D	D			
South Pasadena	D	A	D	D	D	D	D	D	D			
Temple City	D	D	D	D	D	D	D	D	A			
Walnut		D				D	D	D	D			
West Covina	D	D	D	D	D	D	D	D	D			
LA County District 1	D		D	A		D	D	D	A			
LA County District 4		D				D	D	D	D			
LA County District 5	D	D	D	D	D	D	D	D	D			
SGV Water Agencies	D	D	D		D	D	D	D	D			

Major Action Items and Presentations

July

AB 1645 (Rubio)  
LACCE JPA  
Metro Open Streets Grant Program

August

Salary Resolution  
ACE/SGVCOG Integration

September

Interim Executive Director Contract  
Amendemnt to Legal Services  
Financial Policies Modification  
Contract for Metor Board Support Services  
Measure H Homelessness Funding Contract  
4th Quarter Financial Report  
SB 242  
JPA and Bylaws Update

October

California Voting Rights Act  
4th Amendment to the JPA  
9th Amendment to the SGVCOG Bylaw  
FY 2017-18 Budget Amendment #1  
Ad Hoc Legislative Commttee

November

Executive Director Job Description  
9th Amendment to the SGVCOG Bylaw

December

City Homeless Planning MOUs  
Salary Resolution  
9th Amendment to the SGVCOG Bylaws

January

Regional Housing Needs  
Committee Appointments  
Chief Engineer  
Homeless Plan Grant Contract  
Stormwater Legislative Priorities  
Safe, Clean Water Program Elements  
Extension of Office Lease  
Construction Committee Election Process  
Compensation Study  
Director of Finance  
Upper LA River Integrated Monitoring  
Governing Board Stipends

February

Committee Appointments  
Committee Meeting Times  
City Managers' Steering Committee Election Process  
Basin Plan  
Measure M Public Participation Plan  
Executive Director Interviews

March

San Dimas Traffic Management Plan  
Treasurer Contract Renewal  
SB 168 (Wieckowski)  
AB 1795 (Gipson)  
SB 827 (Wiener)  
Committee Meeting Times  
Legal Services Update  
Employment Agreement for Executive Director  
Measure M Administrative Funds  
Rio Hondo Load Reduction Strategy Agreement

## Transportation Committee Attendance

	2017						2018					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra				✓	✓		✓	✓	✓			
Claremont	✓			✓			✓		✓			
Diamond Bar	✓			✓	✓		✓	✓	✓			
Duarte	✓			✓	✓		✓	✓	✓			
El Monte	✓				✓		✓	✓	✓			
Glendora												
La Canada Flintridge					✓		✓	✓				
LA County District 1	✓			✓	✓		✓	✓	✓			
LA County District 5	✓						✓	✓				
San Gabriel	✓				✓		✓	✓				
South El Monte				✓	✓		✓	✓	✓			
South Pasadena				✓	✓			✓	✓			
Temple City	✓											
Walnut								✓				

### Agenda Topics

#### July

Transit Open Space Access  
 Ramona Corridor Electric Bus Rapid Transit  
 Metro Open Streets

#### October

San Gabriel Valley Regional Bike Share Expansion  
 Metro LRTP & Measure M Update  
 Accel/Decel Policy Formulation for Measure M

#### November

Metro Measure M Subregional Programming Funds  
 Metro Measure M Subregional Administrative Funds

#### January

Metro's Supportive Transit Parking Program Master Plan  
 Metro Measure M Subregional Public Participation Plan  
 Metro Measure M Subregional Administrative Funds

#### February

I-10 Express Lanes Project Update: SBCTA  
 ACE Program Project Development, Evaluation, and Approval Process

#### March

California Proposition 69 / ACA 5  
 San Gabriel Valley Regional Bike Share Expansion Update  
 Update on Measure M Subregional Fund Programming

## EENR Committee Attendance

	2017						2018					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Claremont	✓		✓	✓			✓					
Duarte	✓		✓	✓	✓		✓	✓	✓			
Glendora												
Rosemead	✓		✓	✓			✓	✓	✓			
San Dimas	✓		✓	✓	✓		✓	✓	✓			
Sierra Madre	✓			✓			✓		✓			
South Pasadena	✓		✓	✓	✓		✓					
West Covina			✓	✓	✓		✓	✓	✓			

### Agenda Topics

#### *July*

US DOT Improve Access to ANF

#### *September*

Jeff Seymour Family Center Tour

#### *October*

EENR Legislative Priorities

#### *November*

WCA San Gabriel Mountains Foothills Acquisition Master Plan

Solid Waster Legislative Review

#### *January*

Renewable Natural Gas Pathways

SB 705(Allen)

#### *February*

Electrification and the Changing Grid

SB 168 (Wieckowski)

#### *March*

US DOT Improve Access to ANF Update

AB 444 (Ting)

## Homelessness Committee Attendance

	2017						2018					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Baldwin Park	✓			✓	✓		✓		✓			
Claremont	✓			✓			✓					
Covina												
Monrovia	✓			✓	✓		✓	✓	✓			
Pasadena				✓	✓		✓	✓				
Pomona	✓				✓		✓	✓				
Rosemead	✓			✓	✓		✓	✓	✓			
West Covina				✓	✓				✓			
LA County Dist 1					✓		✓		✓			
Water Districts				✓								

### Agenda Topics

#### *July*

- SB 2 Best Practices Guide
- Sheriffs First Responder Homeless Training

#### *October*

- LAHSA Homeless Count Data Analysis
- Family Promise AUSD Pilot Project

#### *November*

- City of Azusa Neighborhood Connections
- SGVCOG Homelessness Coordinator Report
- LA County Mental Health Legislative Proposal

#### *January*

- Abundant Housing LA
- Homelessness Coordination Report

#### *February*

- Permanent Supportive Housing
- AB 1795 (Gipson)

#### *March*

- AB 1971 (Santiago)
- City of El Monte Baldwin Rose PSH Update

# Water Policy Committee

	2017						2018					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Claremont	✓		✓	✓		✓	✓					
Diamond Bar	✓		✓		✓	✓		✓				
Glendora	✓		✓		✓		✓	✓				
Monrovia			✓	✓	✓	✓	✓	✓				
Rosemead				✓			✓	✓	✓			
Sierra Madre	✓		✓	✓	✓	✓	✓		✓			
South Pasadena	✓		✓	✓	✓	✓	✓	✓	✓			
West Covina					✓	✓	✓	✓				
SGV Water Districts							✓	✓				

## Agenda Topics

### July (Joint Meeting with Water TAC)

AB 1180 (Holden)  
Drought Response legislation  
HR 465, HR 2510  
State Audit

### Aug (dark)

#### Sept

IIP presentation  
TAC election for Chair  
SGV Caucus update  
WOTUS update  
Water Resilience update  
ULAR CIMP overview

#### Oct

Water Resilience presentation/update  
Whittier Narrow Dam Safety presentation  
WOTUS update  
Legislative update  
Water Supply update  
EWMP updates

#### Nov

WOTUS update  
Legislative update  
Water Board appointments  
Safe, Clean Water update  
Litigation update  
Stormwater Outreach update

#### Dec

Safe, Clean Water SGVCOG position  
Legislative update  
Water Board appointments  
Water Supply update  
Litigation update  
Stormwater Outreach update

### Jan

Safe, Clean Water SGVCOG position  
Legislative update  
Litigation update

### Feb

Safe, Clean Water SGVCOG position  
Change the date of Water Policy/TAC meetings  
Legislative update  
EWMP updates  
Water Board appointments  
Litigation update

### Mar

Support for RH/SGR rEWMP  
Safe, Clean Water SGVCOG position  
Legislative update  
Water Supply Update  
Litigation update

## City Managers' Steering Committee

	2017						2018					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Arcadia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Alhambra		✓	✓	✓	✓			✓		✓		
Baldwin Park	✓		✓	✓	✓	✓	✓	✓	✓	✓		
Claremont	✓	✓	✓	✓	✓	✓						
Covina		✓	✓	✓			✓	✓	✓			
Duarte	✓	✓	✓	✓	✓		✓		✓			
Glendora	✓	✓	✓		✓		✓	✓	✓	✓		
La Canada Flintridge								✓	✓	✓		
La Verne		✓	✓	✓	✓	✓	✓	✓	✓			
Monrovia						✓	✓	✓				
Pomona	✓		✓	✓		✓	✓		✓	✓		
San Dimas		✓	✓			✓				✓		
Temple City			✓	✓	✓	✓		✓	✓	✓		
West Covina	✓	✓		✓			✓	✓		✓		

### Agenda Topics

#### August

ULAR CIMP  
Salary Resolution  
ACE Ad Hoc Report  
Homelessness Planning Grants

#### January

Election of Vice-Chair  
Appointment of At-Large Member  
Homeless Planning Consultant

#### September

SGVCOG Financial Policies  
ULAR CIMP  
Metro Support Contract  
Homelessness Coordinator Contract  
Raupp Consulting Contract  
ACE/COG Integration  
Treasurer's Report  
LA County Blue Ribbon Commission

#### February

Retirement Benefit RFP  
Project Review Process  
Updated election process

#### March

FY 2016-17 Audit Results  
Rio Hondo Load Reduction Strategy

#### October

4th Amendments of the JPA  
9th Amendment of Bylaws  
Budget Amendment  
ACE MOU

#### April

Employee Handbook  
Draft 18-19 Budget  
Service Delivery Cost Comparison Study

#### November

Executive Director Job Description  
ACE MOU  
SCE Contract Amendment  
17-18 1st Quarter Financial Report

#### December

Homelessness MOU  
Salary Resolution

	2017						2018					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra				✓	✓			✓	✓			
Arcadia		✓			✓			✓				
Azusa		✓										
Baldwin Park		✓	✓	✓			✓	✓				
Claremont								✓				
Covina		✓						✓				
Diamond Bar		✓	✓		✓			✓	✓			
Duarte		✓	✓	✓	✓		✓	✓	✓			
El Monte		✓	✓	✓	✓				✓			
Glendora			✓	✓	✓		✓	✓	✓			
Irwindale				✓			✓	✓	✓			
La Verne			✓		✓		✓	✓				
Monrovia		✓	✓	✓								
Monterey Park			✓	✓	✓		✓		✓			
Pasadena												
Pomona												
Rosemead			✓		✓		✓					
San Dimas		✓	✓	✓	✓		✓	✓	✓			
San Gabriel		✓	✓					✓	✓			
Sierra Madre		✓	✓		✓							
South Pasadena					✓			✓				
Temple City			✓	✓	✓		✓		✓			
Walnut												
West Covina				✓			✓	✓				
LA County DRP							✓	✓	✓			

**Agenda Topics****August**

Measure H, Homelessness

ACE/COG Integration

**September**

LA County Cannabis Regulation, Mansionization

Caltrans Sustainable Transportation Planning Grant

ACE/COG Integration, General Assembly

**October**

El Monte Downtown Strategic Plan

California Housing Legislation Update

ACE/COG Integration, General Assembly

**November**

Regional Housing Needs Assessment (RHNA) Methodology &amp; 2021

Metro Measure M Subregional Program Funds

Metro Measure M Subregional Administrative Funds

Housing Element Open Data Project

ACE/COG Integration

**January**

SGVCOG Regional Homelessness Report

Measure M Public Participation Plan

ACE/COG Integration Update

**February**

SB 827 (Wiener) (Motion to oppose)

City of La Verne's EIFD

ACE Program Project Development Process

LA County Fire Department's Code and Zoning

**March**

City of Hope Specific Plan and EIR

LA County Fire Department's Zoning Code

Measure M Subregional Programming Funds and Administrative Funds

CicLAvia Update and Open Streets Cycle Three Update

## Public Works TAC Attendance

	2017						2018					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Arcadia		✓		✓	✓							
Azusa		✓	✓	✓	✓			✓	✓			
Claremont		✓							✓			
Diamond Bar		✓	✓	✓	✓		✓	✓				
El Monte		✓	✓	✓	✓		✓	✓	✓			
Irwindale		✓		✓	✓		✓	✓	✓			
Monrovia		✓	✓	✓	✓		✓	✓	✓			
Pasadena			✓	✓	✓			✓	✓			
Pomona		✓	✓		✓		✓	✓	✓			
San Dimas		✓	✓	✓	✓		✓	✓	✓			
South El Monte			✓	✓	✓		✓	✓				
Temple City		✓	✓	✓	✓			✓	✓			
West Covina		✓	✓	✓	✓			✓	✓			
LA County		✓	✓	✓	✓		✓	✓	✓			

### Agenda Topics

#### August

SB 1  
ITS Architecture Upgrade  
ACE/COG Integration  
General Assembly

#### February

Foothill Transit's Bus Stop Enhancement Program  
ACE Program Project Development  
MSRC Local Government Partnership Program  
Urban Greening Grant Program

#### September

Tour of SCE EOC  
ACE/COG Integration  
General Assembly  
SB 1 Sustainable Communities Grant

#### March

I-10 Express Lanes Project Update (SBCTA)  
Rio Hondo Load Reduction Strategy Agreement and RFP  
Measure M Subregional Administrative and Programming Funds Update  
CicLAvia Planning Update

#### October

Metro's "Measure Up" Tool  
ACE/COG Integration  
General Assembly  
SB 1 Funding Announcement

#### November

Whittier Narrows Dam Safety  
Metro Measure M Subregional Programming Funds  
Metro Measure M Subregional Administrative Funds  
ACE/COG Integration  
CTC 2018 Local Partnership Program  
Active Transportation Program Cycle 4 (2019)

#### January

"Measure Up" Follow-up and Demo  
Metro Measure M Subregional Public Participation Plan  
ACE/COG Integration  
Local Streets and Roads Needs Assessment 2018



## Water TAC Attendance

	2017						2018					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra			✓	✓	✓	✓	✓	✓	✓			
Arcadia	✓			✓		✓	✓	✓	✓			
Bradbury			✓	✓	✓	✓	✓	✓	✓			
Covina			✓	✓				✓	✓			
Monrovia	✓		✓	✓	✓	✓	✓	✓	✓			
Sierra Madre			✓	✓	✓	✓	✓	✓	✓			
South Pasadena							✓	✓				
LA County DPW	✓		✓	✓	✓	✓	✓	✓	✓			
San Gabriel Valley Municipal Water District					✓			✓				
Upper San Gabriel Valley Municipal Water District	✓		✓		✓	✓	✓	✓	✓			
<i>Ex-Officio</i>												
LA County Sanitation Districts	✓		✓	✓	✓		✓	✓	✓			
Main San Gabriel Basin Watermaster	✓		✓	✓	✓		✓	✓				

### Agenda Topics

#### July

AB 1180 (Holden)  
Drought Response legislation  
HR 465, HR 2510  
State Audit

#### Aug (dark)

#### Sept

IIP presentation  
TAC election for Chair  
SGV Caucus update  
WOTUS update  
Water Resilience update  
ULAR CIMP overview

#### Oct

Water Resilience presentation/update  
Whittier Narrow Dam Safety presentation  
WOTUS update  
Legislative update  
Water Supply update  
EWMP updates

#### Nov

WOTUS update  
Legislative update  
Water Board appointments  
Safe, Clean Water update  
Litigation update  
Stormwater Outreach update

#### Dec

Safe, Clean Water SGVCOG position  
Legislative update  
Water Board appointments  
Water Supply update  
Litigation update  
Stormwater Outreach update

#### Jan

Safe, Clean Water SGVCOG position  
Legislative update  
Litigation update

#### Feb

Safe, Clean Water SGVCOG position  
Change the date of Water Policy/TAC meetings  
Legislative update  
EWMP updates  
Water Board appointments  
Litigation update

#### Mar

Support for RH/SGR rEWMP  
Safe, Clean Water SGVCOG position  
Legislative update  
Water Supply Update  
Litigation update



# REPORT

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DATE: April 19, 2018

TO: Governing Board Delegates and Alternates

FROM: Marisa Creter, Executive Director

RE: **COMMITTEE APPOINTMENTS**

## **RECOMMENDED ACTION**

Appoint the following members to SGVCOG Committees:

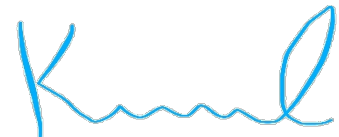
- Public Works TAC: City of San Gabriel, City of Glendora

## **BACKGROUND**

The SGVCOG Bylaws provide for the creation of technical advisory committees (TACs) and policy committees to provide technical support and policy recommendations to the Governing Board. There are currently 5 policy committees (Transportation; Energy, Environment, and Natural Resources (EENR); Water; Homelessness and Capital Projects and Construction) and 4 TACs: the City Managers' TAC, the Planning TAC, the Transportation TAC and the Public Works TAC. The Bylaws also provide for the creation of a City Managers' Steering Committee, to provide assistance and support to the full City Managers' TAC, the Governing Board, and/or the Executive Committee. The SGVCOG Bylaws allow for the creation of additional TACs and policy committees as needed.


In March 2018, SGVCOG staff received requests from the City of San Gabriel and the City of Glendora to join the Public Works TAC.

Prepared by: \_\_\_\_\_



Katie Ward  
Senior Management Analyst

Approved by: \_\_\_\_\_



Marisa Creter  
Executive Director



DATE: April 19, 2018

TO: Governing Board

FROM: Marisa Creter, Executive Director

RE: **RFP TO REVIEW RETIREMENT BENEFIT OPTIONS**

## **RECOMMENDED ACTION**

Authorize staff to release a request for proposal (RFP) to review retirement benefit options for SGVCOG staff.

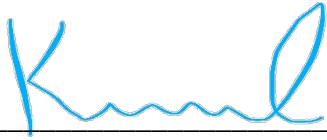
## **BACKGROUND**

In January, members of the Executive Committee, City Managers' Steering Committee, and ACE Ad Hoc Integration Committee directed staff to develop a request for proposal to review the SGVCOG's current employee retirement options and explore alternatives. The purpose of this study would be to assess the long-term financial liability of the SGVCOG in relation to employee retirement benefits. The goal would be to retain a consultant qualified to review and analyze the existing retirement benefit options of the SGVCOG, as well as explore alternative options. The study would review the costs associated with different retirement options and present recommendations for consideration. The following outlines a scope of work for the study:

- Analysis of comparable agencies' non-CalPERS retirement benefits including description of benefits, vesting requirements, employee/employer contributions, any unfunded liability, and total annual cost and percentage cost per employee annual salary. Consultant will utilize comparable agencies from Compensation/Classification study and identify 3-4 additional non-CalPERS agencies.
- Calculation of termination cost of existing CalPERS contract based on a 3-year termination timeline (i.e. 2021).
- Evaluation of impact of potential changes on employee recruitment/ retention (including interviews and/or surveys of existing employees and outside agency non-CalPERS HR specialists).
- Develop financial models of alternative retirement benefit systems, including CalPERS termination cost. Additionally, develop scenario that retains CalPERS and presents strategies to mitigate CalPERS liability cost.
  - At a minimum, develop models based on three scenarios (baseline, 25% reduction in staffing levels, and 50% reduction in staffing levels).

Attachment A contains a complete copy of the RFP. Additionally, this retirement benefit study would be conducted in conjunction with the classification and compensation study currently underway, which would partially accelerate the data collection process and address overlap as necessary.

Prepared by:



Katie Ward  
Senior Management Analyst

Approved by:



Marisa Creter  
Executive Director

## **BACKGROUND**

Attachment A – Retirement Benefit Survey Request for Proposal



**REQUEST FOR PROPOSAL  
FOR RETIREMENT  
BENEFIT OPTIONS**

San Gabriel Valley Council of Governments  
1000 S. Fremont Avenue, Unit #42  
Bldg. A10-N, Suite 10-210  
Alhambra, California 91803

**Proposal Issue Date:** April 23, 2018

**Proposal Due:** May 24, 2018  
5:00 PM

## Introduction

The San Gabriel Valley Council of Governments (SGVCOG) is soliciting proposals from qualified consulting firms, experienced in the development of a job evaluation and compensation system. The SGVCOG is a joint powers authority made up of representatives from 31 cities, 3 Los Angeles County Supervisorial Districts, and the 3 Municipal Water Districts located in the San Gabriel Valley. The SGVCOG serves as a regional voice for its member agencies and works to improve the quality of life for the more than 2 million residents living in the San Gabriel Valley. The SGVCOG works on issues of importance to its member agencies, including transportation, housing, economic development, the environment, and water, and seeks to address these regionally.

The Alameda Corridor-East Construction Authority (ACE) was created by the SGVCOG in 1998 as a subsidiary of the SGVCOG, with a narrow mission to address the traffic congestion caused by the expansion of freight rail traffic from the Ports of Los Angeles and Long Beach. As a subsidiary, ACE operates a separate personnel system from that of the SGVCOG. For the past 18 years, ACE has had great success in securing more than \$1.6 billion in funding to construct grade separations to facilitate freight railroad movement through the southern portion of the San Gabriel Valley.

At the August 2017 Governing Board meeting, the Board approved the integration of ACE into the SGVCOG to accomplish the following objectives:

- Restructure ACE so it will be an ongoing operation as a division of SGVCOG, and not expire at the end of its mission (currently estimated to be in FY 2022-23).
- Expand the jurisdiction of ACE as a construction and projects entity that can serve all of the San Gabriel Valley.
- Restructure the ACE Board so that it has representation from the entire San Gabriel Valley and revise its role so it is no longer a separate Board with management control over ACE but instead will be a standing committee advisory to the Governing Board regarding the ACE operation.
- Integrate SGVCOG and ACE staff under a single personnel system reporting to the Executive Director of SGVCOG.

Our desire is to obtain a consultant who will review the retirement benefit options available to the SGVCOG and ACE, including reviewing existing and alternative options. The purpose of the study is to review the costs associated with different retirement options and present recommendations for consideration. The consultant will analyze comparable agencies' retirement benefits, including description of benefits, vesting requirements, employee/employer contributions, any unfunded liability, and total annual cost and percentage cost per employee annual salary. Additionally, the SGVCOG is currently undergoing a classification and compensation study that is set to be complete by October 2018.

All prospective consultants will be afforded full opportunity to submit statements of qualifications in response to this request and will not be discriminated against on the grounds of age, ancestry, color, race, gender, gender identity, gender expression, genetic information, marital status, medical condition, military and veteran status, religion, national origin, sex, sexual orientation, religious creed, transgender status or disability in consideration for an award of any contract entered into pursuant to this notice.

This Request for Proposals (RFP) is an invitation by the SGVCOG for consultants to submit an offer, which may be subject to subsequent discussion. Submittal of a proposal does not create any right or



expectation to a Contract with the SGVCOG. The SGVCOG reserves the right to reject any or all proposals and the SGVCOG further declares that it will incur no financial obligations for any costs by any firm in preparation of their proposal.

Qualified firms should submit their proposals electronically in a PDF format on or before **May 24 at 5:00 PM** to: kward@sgvcog.org

### **Statement of Qualifications and Approach**

To be considered, a vendor must be a consulting firm with expertise in evaluating pay scales, benefits, job descriptions and market pay/benefit analyses. The consultant should be able to provide references from other municipalities or government agencies where similar work was performed.

### **Criteria for Selection**

The Executive Director, with input from representatives from the SGVCOG City Managers' Steering Committee, will evaluate each proposal and select a firm to recommend to the SGVCOG Governing Board to enter into a contract for service. The Governing Board will provide final approval of the selection.

All proposals submitted will be evaluated using the following criteria:

- Compliance with the RFP/understanding of the project (25%)
- Services to be provided (25%)
- Ability to complete the work within the time specified (10%)
- Qualifications of the firm, including but not limited to its experience and personnel assigned to the project and any subcontractors, if any. (20%)
- Cost (20%)

### **Procurement Timeline**

<b>Proposed Timeline</b>	<b>DATE</b>
Request for Proposal Issued	April 23, 2018
Questions Regarding RFP Due	May 15, 2018 at 5:00 PM
Answers to Questions Posted	May 17, 2018 at 5:00 PM
Due date for Proposal	May 24, 2018 at 5:00 PM
Interviews of Short-listed Firms	Week of June 6, 2018
Selected Firm Notified	June 11, 2018
Governing Board Review for Approval/Contract Date	June 21, 2018
Completion Date	October 31, 2018

### **Cost and Fee Arrangements**

The consultant must provide a proposal with maximum cost for the project based on the project as described herein. To the extent desired, additional recommendations and services or options may be included as additions to the project on an optional basis. These optional items shall be priced separately

from this Request for Proposal.

## **Background Information**

The SGVCOG employs approximately 4 full-time employees, 2 regular part-time benefited employees, and 6 part-time non-benefited employees. ACE employs approximately 24 full-time employees, 0 regular part-time benefited employees, and 1 part-time non-benefited employee.

The SGVCOG and ACE contracts with the California Public Employees Retirement System (CalPERS) to provide retirement benefits to all full-time employees. Employees from both agencies do not contribute into Social Security.

Currently, the SGVCOG has 1 employee classified as a classic CalPERS member and 4 employees considered new CalPERS members, as defined under the California Public Employees' Pension Reform Act (PEPRA). All SGVCOG employees pay the full member contribution to CalPERS.

ACE has 21 employees classified as a classic CalPERS Member and 1 employee classified as a new CalPERS member. ACE pays the full member contribution on the employee's behalf.

## **Scope of Work**

The SGVCOG expects ongoing and open communications between designated SGVCOG representatives and the consultant over the course of each phase. All products and recommendations must comply with applicable State and Federal laws and enhance the SGVCOG's ability to recruit and retain qualified personnel.

The following are the consulting services expected related to the retirement benefit study:

- Analysis of comparable agencies' non-CalPERS retirement benefits including description of benefits, vesting requirements, employee/employer contributions, any unfunded liability, and total annual cost and percentage cost per employee annual salary. Consultant will utilize comparable agencies from Compensation/Classification (**Attachment A**) study and identify 3-4 additional non-CalPERS agencies.
- Calculation of termination cost of existing CalPERS contract based on a 3-year termination timeline (i.e. 2021).
- Evaluation of impact of potential changes on employee recruitment/ retention (including interviews and/or surveys of existing employees and outside agency non-CalPERS HR specialists).
- Develop financial models of alternative retirement benefit systems, including CalPERS termination cost. Additionally, develop scenario that retains CalPERS and presents strategies to mitigate CalPERS liability cost.
  - At a minimum, develop models based on three scenarios (baseline, 25% reduction in staffing levels, and 50% reduction in staffing levels).
- The consultant will provide SGVCOG staff with electronic copies of the final.
- The Consultant will present the results of the survey to the Executive Director and members of the Executive Committee, City Managers Steering Committee and the ACE Ad Hoc Integration Committee as needed.
- If required, the Consultant will meet with the SGVCOG Governing Board to review results.

## **Specification for Proposals**

All proposals submitted in response to this request for proposals must contain the following information in the stated order:

1. Name, address, telephone number of the Consulting firm.
2. Description of the firm (corporation, partnership, etc.) and year established.
3. State of incorporation, if any, and type of ownership.
4. Name and biography of all proposed consultant(s)/facilitator(s).
5. Name, title and business address of person responsible for submitting the proposal.
6. Listing of any subcontractors, if any, and the scope of work they will perform.
7. Description of the scope of involvement with staff.
8. Narrative proposal on what approach and techniques the consultant will use in identifying and evaluating information provided.
9. Describe the process used and submit the forms, questionnaires and instruments used or proposed for use in this study.
10. Narrative proposal on scope of work as identified above.
11. An estimate of time to complete the project and a proposed timeline of work tasks, with the date of final completion of the project.
12. A breakdown of the firm's rates, fees and charges for services, by phase and for total project, and a proposed payment schedule.
13. At least three references, including individual contact name, name of company and phone from other municipalities or government agencies where similar work was performed.

## **Timetable for Submission**

For consideration to be given to any proposal submitted pursuant to this RFP, an electronic PDF copy of the submittal materials must be received on **May 24 at 5:00 PM** via email to [kward@sgvcog.org](mailto:kward@sgvcog.org).

**Late proposals are not accepted.** No oral, telephone, or fax proposals will be considered. The SGVCOG reserves the right to reject any or all proposals submitted.

## **Contact with SGVCOG Personnel**

At no time shall the consultant, its agents, representatives or contracted personnel contact or otherwise communicate with SGVCOG and ACE personnel without prior arrangement with the Executive Director or designee, for the purposes of negotiating, modifying, changing or interpreting the proposal or specifications. Any changes, modifications, or interpretations must be handled by one source uniformly for all consultants. All questions relating to the statements contained in the RFP are to be addressed in writing to Katie Ward, Senior Management Analyst, via e-mail at [kward@sgvcog.org](mailto:kward@sgvcog.org).

## **Consulting Firm Submittal Form - Attachment B**

The submittal form shall be signed by an officer of the firm(s) and include the following:

- Firm name, mailing address and telephone number.
- Contact name, title, telephone number and email address of the individual authorized to commit the respondent.

- Name(s), title(s), telephone number(s), and email address(s) of the individual(s) to be the official contact person(s) regarding all matters concerning the proposal.
- A statement ensuring validity of the proposal for at least 90 days.

## **Addenda to RFP**

If it becomes necessary to revise any part of this RFP, addenda will be supplied to all firms receiving this Request for Proposal.

The selected provider will enter into a contract with the SGVCOG for consulting services for a term to be mutually agreed upon by the SGVCOG and selected firm. For informational purposes, the SGVCOG's *Professional Services Agreement* is attached to this RFP as **Attachment C**.

## **Evaluation Procedures**

The proposal review process shall include, but not be limited to, the following activities:

### **A. Proposed Evaluation Criteria**

All proposals will be reviewed by the Interim Executive Director to determine responsiveness. Unresponsive proposals will be removed from consideration and notified in writing.

Responsive proposals will be reviewed and evaluated by the Interim Executive Director with input from members of the Executive Committee, City Managers Steering Committee and the ACE Ad Hoc Integration Committee. Staff will screen and select a smaller group of finalists for an in-depth oral interview.

Proposals will be evaluated using some or all of the following criteria in its evaluation and comparison of submitted proposals. The criteria listed are not necessarily an all-inclusive list. The order in which they appear is not intended to indicate their relative importance.

- Bidder's compliance with specifications as set forth in the RFP.
- Experience, training, credentials, and experience.
- The firm's past experience and performance on comparable studies.
- Cost and fees.
- Proposed project timeline & completion.
- Recent references from comparable clients.

The SGVCOG shall have absolute discretion in determining the applicability and weight or relative weight of some or all of the criteria listed above and is not required to select the lowest monetary proposer.

### **B. Right to Reject Proposals:**

The SGVCOG reserves the right to reject any or all proposals should be deemed in its best interest to do so. Any award made for this engagement will be made to the bidder which, in the opinion of the SGVCOG, is best qualified to conduct the classification and compensation study. The selection of the proposal will be made at the sole discretion of the SGVCOG.

## **Disclosure of Proposals/Public Records Act**

Proposals will be kept confidential until such time as the SGVCOG has completed its evaluation. Proposers are cautioned that the agreement and proposals submitted are public records in accordance with the California Public Records Act (Govt. Code Section 6250 et seq.).

All proposals submitted in response to this RFP will become the property of the SGVCOG and a matter of public record. The vendor must identify, in writing, all copyrighted material, trade secrets, or other proprietary information that it claims is exempt from disclosure. Any firm claiming such an exemption must also state in its proposal that the firm agrees to hold harmless, indemnify and defend the SGVCOG and its agents, officials and employees in any action or claim brought against the SGVCOG for its refusal to disclose such materials, trade secrets or other proprietary information to any party making a request therefore. Any firm failing to include such a statement shall be deemed to have waived its right to an exemption from disclosure.

## **Pre-Contractual Expenses**

Any cost incurred by the proposer in preparation, transmittal, presentation of any proposal or material submitted in response to this RFP shall be borne solely by the proposer. The SGVCOG shall not, in any event, be liable for any pre-contractual expenses incurred by any bidder. In addition, no bidder shall include any such expenses as part of the price proposed.

## **Authority to Withdraw Request for Proposal and/or Not Award Contract**

The SGVCOG reserves the right to withdraw this RFP at any time without prior notice. Further, the SGVCOG expressly reserves the right to postpone the opening of proposal for its own convenience and to reject any and all proposals in response to this RFP without indicating any reasons for such rejection(s).

## **Consultant's Independence**

Consultant is an independent contractor with respect to all services performed under this Contract. Consultant accepts full and exclusive liability for the payment of any and all premiums, contributions, or taxes for worker's compensation, Social Security, unemployment benefits, health benefits, sick leave or other employee benefits now and hereinafter imposed under any state or federal law which are measured as wages, salaries or other remuneration paid to persons employed by Consultant on work performed under the terms of this Contract. Consultant shall defend, indemnify and hold harmless the SGVCOG from any claims or liability for such contributions or taxes. Nothing contained in this Contract nor any act of the SGVCOG, or consultant, shall be deemed or construed to create any third-party beneficiary or principal and agent association or relationship involving the SGVCOG. Consultant is not the SGVCOG's agent and Consultant has no authority to take any action or execute any documents on behalf of the SGVCOG.

## **Sub-Contractor**

The use of any sub-contractor must be approved in advance in writing by the SGVCOG and must meet the requirements of this RFP. Use of sub-contractors must be clearly explained in the proposal, and

major sub-consultants must be identified by name. Prime consultants shall be wholly responsible for the entire performance whether or not sub- consultants are used.

### **Price Changes**

All prices shall be firm and not subject to increase during the period of the Contract.

### **Laws of Governance**

The selected firm will be required to comply with all existing State and Federal laws including applicable equal opportunity employment provisions. The Contract shall also be construed and governed in accordance with the law of the State of California and the SGVCOG. Consultant shall comply with all federal, state and local laws, ordinances and regulations applicable to the work. Consultant, at its own expense, shall secure all occupational and professional licenses and permits from public or private sources necessary for the fulfillment of its obligations under this Contract.

### **Modification, Mistakes or Withdrawal of Proposals**

Responses to this RFP may be modified or withdrawn by written, e-mail or facsimile notice prior to the date specified for receipt of proposals. A proposal may be withdrawn by the vendor or its authorized representative prior to **May 23 at 5:00 PM**. Telephone withdrawals are not permitted. If the apparent best qualified firm discovers a mistake, of a serious and significant nature, in its proposal which is unfavorable prior to the issuance of a Contract, it may request consideration to modify or withdraw the proposal. The SGVCOG reserves the right to reject any and all requests for correction or withdrawal of proposal received after the date shown in the specifications. In all cases, the decision of the Governing Board is final. A mistake in proposal will not be considered once a contract is issued.

### **Reservation of Rights**

The SGVCOG reserves the right to:

- Accept or reject any and all proposals received in response to this RFP, and to re-advertise for new submittals.
- Waive or modify any irregularities in proposals received after prior notification to the vendor.
- Request the submission of proposal modifications at any time before the award is made, if such is in the best interest of the SGVCOG.
- Consider proposals or modifications received at any time before the award is made, if such is in the best interest of the SGVCOG.
- Request clarification and/or additional information from the vendor during the evaluation process.
- In the event of Contract termination, enter into Contract negotiations with other qualified firms that submitted acceptable proposals, rather than redoing the proposal process for the project.
- Negotiate with the selected consultant to include further services not identified in this RFP.

### **Expiration of the Proposal**

By submitting a proposal, and if awarded the RFP, the firm agrees to enter into a *Professional Services*

*Agreement, Attachment C*, in which the content shall be agreed upon by both parties. The firm's proposal shall not be revocable for 90 days following the response deadline indicated in the RFP. The SGVCOG reserves the right to waive any defects in the offer of any vendor, to reject any or all offers and to request additional information from any or all vendors.

### **Work Results**

The work results and the reports may not be released by the Consultant without prior written consent of the SGVCOG.

Thank you in advance for your interest in the SGVCOG.

San Gabriel Valley Council of Governments  
1000 S. Fremont Avenue, Unit #42  
Bldg. A10-N, Suite 10-210  
Alhambra, California 91803

## ATTACHMENT A

### Comparable Labor Market Agencies

Los Angeles County Metropolitan Transportation Authority
Southern California Association of Governments
Orange County Transportation Authority
Foothill Transit
Metro Gold Line Foothill Extension Construction Authority
San Bernardino County Transportation Authority
South Bay Cities Council of Governments
Identify 3-4 additional non-CalPERS agencies.





## ATTACHMENT B

### PROPOSAL FOR CLASSIFICATION AND COMPENSATION STUDY

#### CONSULTING FIRM SUBMITTAL FORM

\_\_\_\_\_(Consulting Firm) agrees to provide the SGVCOG with professional consulting services and we will provide the following:

**Total Project** \$ \_\_\_\_\_

Along with this proposal we have included the information listed in sections of Scope of Work and Specifications for Proposals of this Request for Proposal.

By submitting a proposal, and if awarded the RFP, the firm agrees to enter into a Professional Services Agreement (Attachment D) which the content shall be agreed upon by both parties. The firm's proposal shall not be revocable for 90 days following the response deadline indicated in the RFP.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

#### Individual Authorized to Commit Respondent

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Consulting Firm's Mailing Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Website: \_\_\_\_\_

#### Official Contact(s) Regarding All Matters Concerning Proposal

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

## ATTACHMENT C

### SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS AGREEMENT FOR CONSULTANT SERVICES WITH

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This Agreement for Consultant Services ("Agreement") is made and entered into this \_\_\_ day of \_\_\_, by and between the San Gabriel Valley Council of Governments ("SGVCOG") \_\_\_\_\_ ("Consultant").

In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

#### Term of Agreement.

Subject to the provisions of Section 17, the term of this Agreement shall be for a period of \_\_\_\_\_ from the date of execution of this Agreement. Such term may be extended upon written agreement of both parties to this Agreement.

#### Scope of Services.

Consultant shall provide the SGVCOG consultant services in accordance with the proposal attached hereto as Exhibit "A" and incorporated herein by reference. Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement that are in addition to or outside of those described in this section unless such additional services are authorized in advance and in writing by the SGVCOG. Consultant shall be compensated for any such additional authorized services in the amounts and in the manner agreed to in writing by the SGVCOG.

#### Compensation and Method of Payment.

The total compensation to be paid to Consultant pursuant to this Agreement shall not exceed \_\_\_\_\_. Consultant shall be compensated in the manner and in the amounts specified in Exhibit A.

Each month Consultant shall furnish to SGVCOG an original invoice for all work performed and expenses incurred during the preceding month. SGVCOG shall independently review each invoice submitted by the Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. The invoice shall include the following columns: Project Task, Labor Category, Date, Detailed Comments of Worked Performed, Hourly Rate and Hours. In the event that no charges or expenses are disputed, the invoice shall be approved and paid according to the terms set forth in subsection (c). In the event any charges or expenses are disputed by SGVCOG, SGVCOG shall withhold that portion of the invoice that is in dispute and remit the remainder.

Except as to any charges for work performed or expenses incurred by Consultant to the extent disputed by SGVCOG, SGVCOG will use its best efforts to cause Consultant to be paid within thirty (30) days of receipt of Consultant's invoice.

### Consultant's Books and Records.

Consultant shall maintain any and all documents and records demonstrating or relating to Consultant's performance of services pursuant to this Agreement. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, or other documents or records evidencing or relating to work, services, expenditures and disbursements charged to SGVCOG pursuant to this Agreement. Any and all such documents or records shall be maintained in accordance with generally accepted accounting principles and shall be sufficiently complete and detailed so as to permit an accurate evaluation of the services provided by Consultant pursuant to this Agreement. Any and all such documents or records shall be maintained for three years from the date of execution of this Agreement and to the extent required by laws relating to audits of public agencies and their expenditures.

### Ownership of Documents

All original maps, models, designs, drawings, photographs, studies, survey, reports, data, notes, computer files, files and other documents prepared, developed or discovered by Consultant in the course of providing any services pursuant to this Agreement shall be the sole property of the SGVCOG upon final payment to Consultant and may be used, reused or otherwise disposed of by the SGVCOG without the permission of the Consultant. Upon satisfactory completion of, or in the event of expiration, termination, suspension, or abandonment of this Agreement, Consultant shall turn over to SGVCOG all such maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents which Consultant may have temporarily retained for use by Consultant staff. With respect to computer files, Consultant shall make available to the SGVCOG, upon reasonable written request by the SGVCOG, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files.

Consultant will not be held liable for reuse of maps, models, designs, drawings, photographs, studies, survey, reports, data, notes, computer files, files and other documents produced under this Agreement or modifications thereof for any purpose other than those authorized under this Agreement without the written authorization of Consultant.

### Status of Consultant.

Consultant is and shall at all times remain a wholly independent contractor and not an officer, employee or agent of SGVCOG. Consultant shall have no authority to bind SGVCOG in any manner, nor to incur any obligation, debt or liability of any kind on behalf of or against SGVCOG, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by SGVCOG.

The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither SGVCOG, nor any elected or appointed boards, officers, officials, employees, members or agents of SGVCOG, shall have control over the conduct of Consultant or any of Consultant's officers, employees or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that

Consultant or any of Consultant's officers, employees or agents are in any manner officials, officers, employees, members or agents of SGVCOG.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by SGVCOG, including but not limited to eligibility to enroll in PERS as an employee of SGVCOG and entitlement to any contribution to be paid by SGVCOG for employer contribution and/or employee contributions for PERS benefits.

**PERS Eligibility Indemnification:** In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of SGVCOG, Consultant shall indemnify SGVCOG for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of Consultant.

#### Deficient Services.

Consultant represents and warrants that it has the qualifications, experience and facilities necessary to properly perform the services required under this Agreement in a thorough, competent and professional manner. Consultant shall at all times faithfully and competently, perform all services described herein. In meeting its obligations under this Agreement, Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing services similar to those required of Consultant under this Agreement. SGVCOG may disapprove services that do not conform to these standards and practices and may withhold or deny compensation for deficient services. Upon disapproval of services by SGVCOG, Consultant shall immediately re-perform, at its own costs, the services that are deficient. SGVCOG must notify Consultant in writing of the existence of such deficient services within a reasonable time, not to exceed sixty (60) days after its discovery thereof, but in no event later than one (1) year after the completion of such deficient services. No approval, disapproval, or omission to provide approval or disapproval shall release Consultant from any responsibility under this Agreement.

#### Compliance With Applicable Laws; Permits and Licenses.

Consultant shall keep itself informed of and comply with all applicable federal, state and local laws, statutes, codes, ordinances, regulations and rules in effect during the term of this Agreement. Consultant shall obtain any and all licenses, permits and authorizations necessary to perform the services set forth in this Agreement. Neither SGVCOG, nor any elected or appointed boards, officers, officials, employees, members or agents of SGVCOG, shall be liable, at law or in equity, as a result of any failure of Consultant to comply with this section.

#### Nondiscrimination.

Consultant shall not discriminate in any way against any person on the basis of race, color, religious creed, national origin, ancestry, sex, age, physical handicap, pregnancy, medical condition or marital status in connection with or related to the performance of this Agreement.

#### Unauthorized Aliens.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. § 1101 *et seq.*, as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against SGVCOG for such use of unauthorized aliens, Consultant hereby agrees to and shall reimburse SGVCOG for the cost of all such liabilities or sanctions imposed, together with any and all costs, including reasonable attorney fees, incurred by SGVCOG.

#### Conflicts of Interest

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, (but not including ownership of stock in a publicly traded company), which would conflict in any manner with the interests of SGVCOG or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the SGVCOG. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of SGVCOG in the performance of this Agreement.

#### Assignment.

The expertise and experience of Consultant are material considerations for this Agreement. SGVCOG has an interest in the qualifications of and capability of the persons and entities who will fulfill the duties and obligations imposed upon Consultant under this Agreement. In recognition of that interest, Consultant shall not assign or transfer this Agreement or any portion of this Agreement or the performance of any of Consultant's duties or obligations under this Agreement without the prior written consent of the SGVCOG. Any attempted assignment shall be ineffective, null and void, and shall constitute a material breach of this Agreement entitling SGVCOG to any and all remedies at law or in equity, including summary termination of this Agreement.

#### Indemnification.

SGVCOG and its respective elected and appointed boards, officials, officers, agents, employees, members and volunteers (individually and collectively, "Indemnitees") shall have no liability to Consultant or any other person for, and, consistent with California Civil Code section 2782.8, Consultant shall indemnify, defend, protect and hold harmless Indemnitees from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses, including reasonable attorneys' fees and disbursements (collectively "Claims"), which Indemnitees may suffer or incur or to which Indemnitees may become subject

arising out of, pertaining to, or relating to the negligence, recklessness, or willful misconduct of Consultant, its agents, officers, directors, subcontractors or employees, committed in performing any of the services under this Agreement.

If any action or proceeding is brought against Indemnitees by reason of any of the matters against which Consultant has agreed to indemnify Indemnitees as provided above, Consultant, upon notice from SGVCOG, shall defend Indemnitees at Consultant's expense by counsel acceptable to SGVCOG, such acceptance not to be unreasonably withheld. The insurance required to be maintained by Consultant under Section 13 shall ensure Consultant's obligations under this section to the extent that the Claims suffered or incurred by SGVCOG arise out of any injury to or death of any person(s), damage to property, loss of use of property, economic loss or otherwise occurring as a result of negligent action or omissions of Consultant, but the limits of such insurance shall not limit the liability of Consultant hereunder. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

#### Insurance.

Consultant agrees to obtain and maintain in full force and effect during the term of this Agreement the insurance policies set forth in this Section 14. Without limiting its obligations pursuant to this Agreement, the Consultant shall procure and maintain, at Consultant's own cost and expense and for the duration of this Agreement, insurance coverage as set forth in Section 14. All insurance policies shall be subject to approval by SGVCOG as to form and content. These requirements are subject to amendment or waiver if so approved in writing by the SGVCOG. Consultant agrees to provide SGVCOG with copies of required policies or certificates evidencing the required policies upon request.

Consultant shall provide and maintain insurance acceptable to the SGVCOG in full force and effect throughout the term of this Agreement, against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by Consultant, its agents, representatives or employees. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII. Consultant shall provide the following scope and limits of insurance:

#### Minimum Scope of Insurance. Coverage shall be at least as broad as:

Insurance Services Office form Commercial General Liability coverage (Occurrence Form CG 0001).

Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, including code 1 "any auto" and endorsement CA 0025, or equivalent forms subject to the written approval of the SGVCOG.

Workers' Compensation insurance as required by the Labor Code of State of California and Employer's Liability insurance and covering all persons providing services on behalf of the Consultant and all risks to such persons under this Agreement.

Professional liability insurance appropriate to the Consultant's profession.

Limits of Insurance. Consultant shall maintain limits of insurance no less than:

General Liability: \$1,000,000 general aggregate for bodily injury, personal injury and property damage.

Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

Workers' Compensation and Employer's Liability: Workers' Compensation as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.

Professional Liability: \$1,000,000 per claim and aggregate.

Other Provisions. Insurance policies required by this Agreement shall contain the following provisions:

All Policies. Each insurance policy required by this Section 13 shall be endorsed and state the coverage shall not be cancelled by the insurer or Consultant except after 30 days' prior written notice by Certified mail, return receipt requested, has been given to SGVCOG. Consultant shall provide to SGVCOG notice of suspension or voiding of coverage, or reduction in coverage, or limits below those required in this Section 14.

General Liability and Automobile Liability Coverages.

SGVCOG, and its respective elected and appointed officers, officials, members and employees are to be covered as additional insureds as respects: liability arising out of activities Consultant performs; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to SGVCOG, and its respective elected and appointed officers, officials, members or employees.

Consultant's insurance coverage shall be primary insurance with respect to SGVCOG, and its respective elected and appointed officials, its officers, members and employees. Any insurance or self insurance maintained by SGVCOG, and its respective elected and appointed officers, officials, members or employees, shall apply in excess of, and not contribute with, Consultant's insurance.

Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

Any failure to comply with the reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to SGVCOG, and its respective elected and appointed officers, officials, members or employees.

Workers' Compensation and Employer's Liability Coverage. Unless the SGVCOG otherwise agrees in writing, the insurer shall agree to waive all rights of subrogation against SGVCOG, and its respective elected and appointed officers, officials, members and employees for losses arising from services performed by Consultant.

Other Requirements. Consultant agrees to deposit with SGVCOG, at or before the effective date of this contract, certificates of insurance necessary to satisfy SGVCOG that Consultant has complied with the insurance provisions of this Agreement. The SGVCOG's general counsel may require that Consultant furnish SGVCOG with copies of original endorsements effecting coverage required by this Section. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. SGVCOG reserves the right to inspect complete, certified copies of all required insurance policies, at any time.

Consultant shall furnish certificates and endorsements from each subcontractor identical to those Consultant provides.

Any deductibles or self-insured retentions must be declared to and approved by SGVCOG, such approval not to be unreasonably withheld.

The procuring of such required policy or policies of insurance shall not be construed to limit Consultant's liability hereunder nor to fulfill the indemnification provisions and requirements of this Agreement.

#### Termination of Agreement

SGVCOG may terminate this Agreement, with or without cause, at any time by giving thirty (30) days' written notice of termination to Consultant. In the event such notice is given, Consultant shall cease immediately all work in progress. Consultant may terminate this Agreement at any time upon thirty (30) days' written notice of termination to SGVCOG. If either Consultant or SGVCOG fail to perform any material obligation under this Agreement, then, in addition to any other remedies, either Consultant, or SGVCOG may terminate this Agreement immediately upon written notice. Upon termination of this Agreement, Consultant shall furnish to SGVCOG a final invoice for work performed and expenses incurred by Consultant, prepared as set forth in Section 3 of this Agreement. This final invoice shall be reviewed and paid in the same manner as set forth in Section 3 of this Agreement.

#### Default

In the event that Consultant is in default under the terms of this Agreement, SGVCOG shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default and may terminate this Agreement immediately by written notice to the Consultant. For purposes of this section only, "date of default" shall be deemed to be the date that SGVCOG personally delivers or transmits by facsimile a Notice of Default to the person(s) at the address or facsimile number as set forth in Section 19 of this Agreement. "Default" shall mean the failure to perform the terms, covenants or conditions of this Agreement.



### Notices

All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered, or sent by facsimile or certified mail, postage prepaid and return receipt requested, addressed as follows:

To SGVCOG: Marisa Creter, Executive Director  
San Gabriel Valley Council of Governments  
The Alhambra  
1000 South Fremont Avenue, Unit #42  
Building A-10, Suite 10220  
Alhambra, CA 91803

with a copy to: Richard D. Jones, General Counsel  
San Gabriel Valley Council of Governments  
Jones & Mayer  
3777 N. Harbor Blvd  
Fullerton, CA 92835

To Consultant: \_\_\_\_\_

Notice shall be deemed effective on the date personally delivered or transmitted by facsimile or, if mailed, three (3) days after deposit of the same in the custody of the United States Postal Service.

### Authority to Execute.

The person or persons executing this Agreement on behalf of Consultant represents and warrants that he/she/they has/have the authority to so execute this Agreement and to bind Consultant to the performance of its obligations hereunder.

### Binding Effect.

This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

### Waiver.

Waiver by any party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision, nor a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by SGVCOG of any work or services by Consultant shall not constitute a waiver of any of the provisions of this Agreement.

### Law to Govern; Venue.

This Agreement shall be interpreted, construed and governed according to the laws of the State of California. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of Los Angeles. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in Los Angeles.

#### Attorney Fees, Costs and Expenses.

In the event litigation or other proceeding is required to enforce or interpret any provision of this Agreement, the prevailing party in such litigation or other proceeding shall be entitled to an award of reasonable attorney fees, costs and expenses, in addition to any other relief to which it may be entitled.

#### Entire Agreement.

This Agreement, including the exhibits attached hereto, which are incorporated herein by this reference, is the entire, complete, final and exclusive expression of the parties with respect to the matters addressed therein and supersedes all other agreements or understandings, whether oral or written, or entered into between Consultant and SGVCOG prior to the execution of this Agreement. No statements, representations or other agreements, whether oral or written, made by any party which are not embodied herein shall be valid and binding. No amendment to this Agreement shall be valid and binding unless in writing duly executed by the parties or their authorized representatives. Any attempt to waive the requirement for a written amendment shall be void.

#### Section Headings.

The section headings contained in this Agreement are for convenience and identification only and shall not be deemed to limit or define the contents to which they relate.

#### Severability.

If any term, condition or covenant of this Agreement is declared or determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall not be affected thereby and the Agreement shall be read and construed without the invalid, void or unenforceable provision(s).

#### Time is of the Essence.

Time is of the essence in the performance of this Agreement.

#### Excusable Delays.

Consultant shall not be liable for damages, including liquidated damages, if any, caused by delay in performance or failure to perform due to causes beyond the control of Consultant. Such causes include, but are not limited to, acts of God, acts of the public enemy, acts of federal, state or local governments, court orders, fires, floods, epidemics, strikes, embargoes, and unusually severe weather. The term and price of this Agreement shall be equitably adjusted for any delays due to such causes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

“CONSULTANT”

By\_\_\_\_\_

Title: \_\_\_\_\_

SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

By\_\_\_\_\_

Title: Executive Director

APPROVED AS TO FORM:

\_\_\_\_\_  
Richard D. Jones, General Counsel

## **EXHIBIT "A" SCOPE OF SERVICES**

**[INSERT SCOPE]**

**Exhibit "B" SCHEDULE OF SERVICES**

**[INSERT SCHEDULE]**

**Exhibit "C" COMPENSATION**

**[INSERT RATES & AUTHORIZED REIMBURSABLE EXPENSES]**

DATE: April 19, 2018

TO: Governing Board

FROM: Marisa Creter, Executive Director

RE: **SB 623 (MONNING)**

## **RECOMMENDED ACTION**

Adopt Resolution 18 – 17 opposing SB 623 (Monning) unless amended to remove the fee on public water systems.

## **BACKGROUND**

Although most of the state's residents receive drinking water that meets federal and state drinking water standards, many drinking water systems in the state consistently fail to provide safe drinking water to their customers. Lack of safe drinking water is a problem that disproportionately affects residents of California's disadvantaged communities. More than 300 drinking water systems in disadvantaged communities, serving approximately 200,000 people, are unable to provide safe drinking water. These systems include 30 schools and daycare centers that serve over 12,000 children.

Existing law declares that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. This bill would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the state board. SB 623 would require the State Water Resources Control Board (SWRCB) to administer the fund to secure access to safe drinking water for all Californians. According to the author, "SB 623 seeks to provide an ongoing funding stream to ensure that disadvantaged communities have access to clean, safe, affordable, drinking water."

## **SB 623 (MONNING)**

This bill creates the Safe and Affordable Drinking Water Fund, administered by the SWRCB, and imposes water, fertilizer and dairy fees to fund safe drinking water programs. Among other provisions, this bill:

1. Imposes a fee on each customer of a public water system until July 1, 2020, as follows:
  - \$0.95 per month for customers with water meters up to one inch or customers without water meters;
  - \$4 per month for customers with water meters greater than one and up to two inches;
  - \$6 per month for customers with water meters greater than two and up to four inches;
  - \$10 per month for customers with water meters greater than four inches;
  - Exempts specified low-income customers, fire flow, or nonpotable uses such as recycled water from the water fee;

- Requires a customer with multiple meters or connections at a single address to pay a single monthly fee based on the largest metered connection.
- 2. Imposes a \$0.005 per dollar of sale on all fertilizer materials.
- 3. Imposes a \$0.01355 per hundredweight of milk/dairy sales.
- 4. Establishes the Safe and Affordable Drinking Water Fund, and requires the revenues (minus any allowed administrative costs) of the water, fertilizer and dairy fee to be deposited in the fund and continuously appropriates moneys in the Fund to SWRCB.
- 5. Requires SWRCB to develop and annually update a map of aquifers at high risk of containing contaminants that exceed state and federal primary drinking water standards.
- 6. Prohibits SWRCB or regional water quality boards from enforcement actions against agricultural operations for exceeding nitrate groundwater objectives or other groundwater pollution standards if the operation demonstrates certain mitigation requirements are met, including the timely payment of the fertilizer or dairy fee.

### **DISCUSSION**

There are two elements in the crafting of this legislation that bear further understanding. First, in California, environmental laws are generally guided by the “polluter pays” principle, which refers to the principle that if pollution occurs, the person or organization that causes it should pay for the consequences and for avoiding it in future. While this bill requires the Agriculture and Dairy industries to pay towards clean-up through industry assessments, the total contribution of both are likely less than 20% of the total revenue raised by this bill. In exchange for the timely payment of this fee and other activities, those industries will receive SWRCB enforcement relief.

Second, this bill has moved through the legislative process—including unanimous support in the Senate Environmental Quality and Appropriations Committees, and near unanimous approval in the Assembly Environmental Safety and Toxic Materials and Appropriations Committees. But those committees took up the bill essentially as a placeholder, only containing the creation of the fund, the prohibition on enforcement, and intent to create fees on agriculture. The last set of amendments add the agriculture fees, but also added a fee on public water system customers, a mandate on local health officers, a required map of aquifers and a risk assessment, and the removal of funding eligibility for individual domestic well users.

As of last September, the bill was rereferred to the Assembly Committee on Rules for reevaluation due to the numerous amendments. It did not go any further, but the proposal contained in the bill has been included as a budget trailer item slated for vote in June. Because this is a state-wide fee, it will require a two-thirds vote at the legislature. If passed, the fee would become law and not require further consideration at the local level through the Proposition 218 process.

**SUPPORT AND OPPOSITION.** SB 623 is supported by environmental groups, environmental justice groups, farm workers, and some central valley municipalities. The bill is opposed by many water agencies and districts, including Upper District, Three Valleys, and MWD, the California



## REPORT

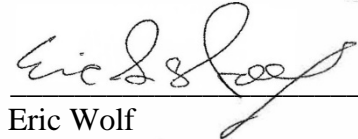
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Chamber of Commerce, League of California Cities, and taxpayers' associations. (See Fact Sheet for full list of support and opposition.)

### **RECOMMENDED ACTION**

Adopt Resolution 18 – 17 opposing SB 623 (Monning) unless amended to remove the fee on public water systems.

Prepared by:



Eric Wolf  
Senior Management Analyst

Approved by:



Marisa Creter  
Executive Director

### **ATTACHMENT**

Attachment A – Resolution 18 – 17

Attachment B – SB 623 (Monning)

Attachment C – SB 623 Fact Sheet

**RESOLUTION 18-17**

**A RESOLUTION OF THE GOVERNING BOARD OF THE SAN GABRIEL  
VALLEY COUNCIL OF GOVERNMENTS (“SGVCOG”)  
OPPOSING, UNLESS AMENDED TO REMOVE THE FEE ON PUBLIC WATER  
SYSTEMS, SB 623 (MONNING)**

**WHEREAS**, SB 623 would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board (SWRCB), and;

**WHEREAS**, SB 623 would require the SWRCB to administer the fund to secure access to safe drinking water for all Californians, and;

**WHEREAS**, the bill imposes fertilizer and dairy fees to fund safe drinking water programs, and;

**WHEREAS**, the bill imposes a fee on each customer of a public water system until July 1, 2020, and;

**WHEREAS**, while this bill requires the Agriculture and Dairy industries to pay towards clean-up of drinking water through industry assessments, the total contribution of both are likely to be less than 20% of the total revenue raised by this bill, the remainder raised by fees on public water systems,

**NOW, THEREFORE BE IT RESOLVED THAT THE GOVERNING BOARD OF THE  
SGVCOG OPPOSES, UNLESS AMENDED TO REMOVE THE FEE ON PUBLIC  
WATER SYSTEMS, SB 623 (MONNING)**

PASSED, APPROVED, and ADOPTED this 19<sup>th</sup> day of April 2018.

SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

By: \_\_\_\_\_

Cynthia Sternquist, President

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 18-17 was adopted at a regular meeting of the Governing Board held on the 19<sup>th</sup> day of April, 2018, by the following roll call vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

---

Marisa Creter, Secretary

AMENDED IN ASSEMBLY AUGUST 21, 2017

AMENDED IN ASSEMBLY JULY 3, 2017

AMENDED IN ASSEMBLY JUNE 26, 2017

AMENDED IN SENATE APRIL 26, 2017

AMENDED IN SENATE MARCH 30, 2017

## SENATE BILL

**No. 623**

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**Introduced by Senator Monning**  
**(Principal coauthors: Senators De León and Hertzberg)**  
**(~~Coauthors: Senators Stone and Hernandez~~)**  
**(Coauthors: Senators Dodd, Hernandez, Stone, and Vidak)**  
**(Coauthor: Assembly Member Bloom)**

February 17, 2017

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An act to ~~amend Section 116395 of, and add Article 6.5 (commencing with Section 14615) to Chapter 5 of Division 7 of, to add Article 14.5 (commencing with Section 62215) to Chapter 2 of Part 3 of Division 21 of, and to repeal Sections 14616 and 62216 of, the Food and Agricultural Code, to add Chapter 4.6 (commencing with Section 116765) to Part 12 of Division 104 of, of the Health and Safety Code, and to amend Section 13050 of, and to add Article 4.5 (commencing with Section 13278) of to Chapter 4 of Division 7 of, the Water Code, relating to water, and making an appropriation therefor.~~

### LEGISLATIVE COUNSEL'S DIGEST

SB 623, as amended, Monning. Water quality: Safe and Affordable Drinking Water Fund.

(1) Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions

relating to the regulation of drinking water to protect public health. Existing law establishes the Office of Sustainable Water Solutions within the State Water Resources Control Board with the purpose of promoting permanent and sustainable drinking water and wastewater treatment solutions to ensure the effective and efficient provision of safe, clean, affordable, and reliable drinking water and wastewater treatment services. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

This bill would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the office: *state board*. The bill would require the board to administer the fund to assist communities and individual domestic well users to address contaminants in drinking water that exceed safe drinking water standards, as specified: *secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure*. The bill would authorize the *state board* to provide for the deposit into the fund of federal contributions and contributions, voluntary contributions, gifts, grants, or bequests: *bequests, and settlements from parties responsible for contamination of drinking water supplies*. The bill would require the *state board* to expend moneys in the fund for grants, loans, contracts, or services to assist those communities and individual domestic well owners that rely on contaminated drinking water to have access to eligible applicants with projects relating to the provision of safe and affordable drinking water consistent with a fund implementation plan adopted annually by the *state board*, as prescribed. The bill would require the *state board* annually to prepare and make available a report of expenditures of the fund and to adopt annually, after a public hearing, an assessment of funding needed to ensure all Californians have access to safe drinking water: *assessment of funding need that estimates the anticipated funding needed for the next fiscal year to achieve the purposes of the fund*. The bill would require, by January 1, 2019, the *state board*, in consultation with local health officers and other relevant stakeholders, to make available a map of aquifers that are used or likely to be used as a source of drinking water that are at high risk of containing contaminants. For purposes of the map, the bill would require local health officers and other relevant local agencies to provide all results of, and data associated with, water

*quality testing performed by certified laboratories to the board, as specified. By imposing additional duties on local health officers and local agencies, the bill would impose a state-mandated local program.* By creating a new continuously appropriated fund, this bill would make an appropriation.

~~The bill would state the intent of the Legislature to subsequently amend the bill to seek specific funding from agricultural operations to assist in providing emergency, interim, and long-term assistance to community water systems and individual domestic well users whose wells are located in agricultural areas.~~

~~(2) The act provides for the operation of public water systems and imposes on the state board various duties and responsibilities for the regulation and control of drinking water in the state. The act generally does not apply to state small water systems, except that the act requires the board to adopt regulations specifying minimum requirements for operation of a state small water system, which are authorized to be less stringent than the requirements for public water systems, requires the enforcement of these requirements, and authorizes the reasonable costs of the local health officer to be recovered. The act, within 3 years after September 19, 1985, required the State Department of Public Health to, among other things, conduct training workshops to assist health officers in evaluation of small public water systems, as defined, for organic chemical contamination, and in sampling and testing procedures and required the local health officer, in consultation with the department, to conduct an evaluation of all small public water systems under their jurisdictions to determine the potential for contamination of groundwater sources by organic chemicals and to develop a sampling plan for each system within their jurisdiction. The act provided that these provisions were operative during any fiscal year only if the Legislature appropriated sufficient funds to pay for all state-mandated costs to be incurred by local agencies during that year due to these provisions.~~

~~This bill would require the state board, by January 1, 2019, to promulgate regulations to require state small water systems and individual domestic wells to test their water supply wells for contamination. The bill would require testing to be prioritized based on local water quality conditions and would require the state board to review these regulations at least every 5 years. The bill would exempt these provisions from the above-described inoperative provision.~~

(2) Existing law, the Fee Collection Procedures Law, the violation of which is a crime, provides procedures for the collection of certain fees and surcharges.

This bill would impose, until July 1, 2020, a safe and affordable drinking water fee in specified amounts on each customer of a public water system, to be administered by the state board, in consultation with the California Department of Tax and Fee Administration, in accordance with the Fee Collection Procedures Law. The bill would exempt from the fee a customer that self-certifies under penalty of perjury the customer's satisfaction of specified criteria relating to income. By expanding the crime of perjury, the bill would impose a state-mandated local program. The bill would require, beginning July 1, 2020, the state board to annually determine the amounts of the safe and affordable drinking water fee not to exceed the amounts imposed until July 1, 2020, and not to exceed the anticipated funding need in the most recent assessment of funding need adopted by the state board pursuant to the Safe and Affordable Drinking Water Fund provisions, as prescribed. The bill would require the state board, by July 1, 2020, to adopt regulations, in consultation with the Public Utilities Commission, relating to an exemption from the fee for low-income households, as specified. The bill would require a public water system to collect the fee and to remit these moneys to the state board to be deposited into the Safe and Affordable Drinking Water Fund. The bill would authorize a public water system to apply to the state board to use an alternative method to calculate the fee. By expanding the application of the Fee Collection Procedures Law that imposes criminal penalties for various acts, this bill would impose a state-mandated local program.

(3) Existing law requires every person who manufactures or distributes fertilizing materials to be licensed by the Secretary of Food and Agriculture and to pay a license fee that does not exceed \$300. Existing law requires every lot, parcel, or package of fertilizing material to have a label attached to it, as required by the secretary. Existing law requires a licensee who sells or distributes bulk fertilizing materials to pay to the secretary an assessment not to exceed \$0.002 per dollar of sales for all sales of fertilizing materials, as prescribed, for the purposes of the administration and enforcement of provisions relating to fertilizing materials. In addition to that assessment, existing law authorizes the secretary to impose an assessment in an amount not to exceed \$0.001 per dollar of sales for all sales of fertilizing materials for the purpose

*of providing funding for research and education regarding the use of fertilizing materials. Existing law specifies that a violation of the fertilizing material laws or the regulations adopted pursuant to those laws is a misdemeanor.*

*This bill, until January 1, 2033, would require a licensee to pay to the secretary a fertilizer safe drinking water fee of \$0.005 per dollar of sale for all sales of fertilizing materials. The bill, on and after January 1, 2033, would reduce the fee to \$0.002 per dollar of sale and would authorize the secretary to reduce the fee as necessary to not exceed the anticipated funding need in the most recent assessment of funding need adopted by the board pursuant to the Safe and Affordable Drinking Water Fund provisions. The bill would require these moneys to be deposited into the Safe and Affordable Drinking Water Fund. The bill would authorize the secretary to adopt regulations relating to the administration and enforcement of these provisions. Because a violation of these provisions or regulations adopted pursuant to these provisions would be a crime, the bill would impose a state-mandated local program.*

*(4) Existing law regulates the production, handling, and marketing of milk and dairy products and requires every milk handler subject to that regulatory scheme to pay specified assessments and fees to the Secretary of Food and Agriculture to cover the costs of regulating milk. Existing law governing milk defines “handler” as any person who, either directly or indirectly, receives, purchases, or otherwise acquires ownership, possession, or control of market milk from a producer, a producer-handler, or another handler for the purpose of manufacture, processing, sale, or other handling. Existing law defines “market milk” as milk conforming to specified standards and “manufacturing milk” as milk that does not conform to the requirements of market milk. Existing law provides that a violation of that regulatory scheme or a regulation adopted pursuant to that regulatory scheme is a misdemeanor.*

*This bill would require, beginning January 1, 2020, until January 1, 2035, each handler subject to that regulatory scheme to deduct from payments made to producers for market and manufacturing milk the sum of \$0.01355 per hundredweight of milk as a dairy safe drinking water fee. On and after January 1, 2035, the bill would reduce the fee to \$0.00678 per hundredweight of milk and would authorize the secretary to reduce the fee as necessary to not exceed the anticipated funding need in the most recent assessment of funding need adopted by*



*the board pursuant to the Safe and Affordable Drinking Water Fund provisions. The bill would require these moneys to be deposited into the Safe and Affordable Drinking Water Fund. The bill would authorize the secretary to take specified enforcement actions and would require the secretary to adopt regulations for the administration and enforcement of these provisions. Because a violation of these provisions or regulations adopted pursuant to these provisions would be a crime, the bill would impose a state-mandated local program.*

(3)

(5) Under the Porter-Cologne Water Quality Control Act, the State Water Resources Control Board and the California regional water quality control boards are the principal state agencies with authority over matters relating to water quality. The act requires the state board to formulate and adopt state policies for water quality control and requires the regional boards to adopt regional water quality control plans in compliance with the state policies. Under the act, the state board and the regional boards prescribe waste discharge requirements for the discharge of waste that could affect the quality of the waters of the state. The act requires, upon the order of a regional board, a person who has caused or permitted, causes or permits, or threatens to cause or permit any waste to be discharged or deposited where it is, or probably will be, discharged into the waters of the state and creates, or threatens to create, a condition of pollution or nuisance, to clean up the waste or abate the effects of the waste, or in the case of threatened pollution or nuisance, to take other remedial action.

This bill would prohibit the state board or a regional board, until January 1, 2028, from subjecting an agricultural operation, as defined, to specified enforcement for causing or contributing to an exceedance of a water quality objective for nitrate in groundwater or for causing or contributing to a condition of pollution or nuisance for nitrates in groundwater if that agricultural operation demonstrates that it has satisfied certain mitigation requirements, including, among other requirements, the timely payment of ~~any applicable fee, assessment, or charge~~ *the fertilizer safe drinking water fee or the dairy safe drinking water fee, as applicable*, into the fund. The bill would prohibit the state board or a regional board, beginning January 1, 2028, until January 1, 2033, from subjecting an agricultural operation to specified enforcement for creating or threatening to create a condition of pollution or nuisance for nitrate in groundwater if that agricultural operation demonstrates that it has satisfied the prescribed mitigation requirements. The bill

would require the state board, by January 1, 2027, to conduct a public review of regulatory and basin plan amendment implementation programs to evaluate progress toward achieving water quality objectives with respect to nitrates in groundwater and assess compliance with adopted timelines, monitoring requirements, and implementation of best practicable treatment or control.

*(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.*

*With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.*

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: ~~no~~ yes.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 116395 of the Health and Safety Code~~  
2     ~~is amended to read:~~  
3     ~~116395. (a) The Legislature finds and declares all of the~~  
4     ~~following:~~  
5     ~~(1) The large water system testing program has discovered~~  
6     ~~chemical contamination of the state's drinking water with~~  
7     ~~increasing frequency.~~  
8     ~~(2) A significant number of California residents rely on the~~  
9     ~~state's small water systems and individual domestic wells to~~  
10    ~~provide their water.~~  
11    ~~(3) The small systems and individual domestic wells, because~~  
12    ~~they tend to be located in outlying rural areas where pesticide use~~  
13    ~~is prevalent, and because they draw their water from shallow~~  
14    ~~aquifers, face a serious threat of contamination.~~  
15    ~~(4) Unchecked water sources that may be contaminated pose a~~  
16    ~~potentially serious threat to the health of the citizens of California,~~  
17    ~~particularly those living in outlying rural areas.~~

1     ~~(5) It is in the interest of all Californians that a testing program~~  
2     ~~for small public water systems and individual domestic wells be~~  
3     ~~implemented and carried out as expeditiously as possible.~~

4     ~~(6) Section 106.3 of the Water Code declares that every~~  
5     ~~Californian has the right to sufficient clean, safe, affordable, and~~  
6     ~~accessible water adequate for human consumption, cooking, and~~  
7     ~~sanitary purposes.~~

8     ~~(7) To ensure that the right of every Californian to sufficient~~  
9     ~~clean, safe, affordable, and accessible water adequate for human~~  
10    ~~consumption, cooking, and sanitary purposes is met, it is in the~~  
11    ~~interest of the State of California to identify water quality threats~~  
12    ~~in the state's drinking water supply, to the extent feasible, whether~~  
13    ~~those supplies serve a public water system, state small water~~  
14    ~~system, or an individual domestic well.~~

15    ~~(b) (1) For purposes of this section, "small public water system"~~  
16    ~~means a system with 200 connections or less, and is one of the~~  
17    ~~following:~~

18    ~~(A) A community water system that serves at least 15 service~~  
19    ~~connections used by yearlong residents or regularly serves at least~~  
20    ~~25 yearlong residents.~~

21    ~~(B) A state small water system.~~

22    ~~(C) A noncommunity water system such as a school, labor camp,~~  
23    ~~institution, or place of employment, as designated by the state~~  
24    ~~board.~~

25    ~~(2) For the purposes of this section, "individual domestic well"~~  
26    ~~means a groundwater well used to supply water for the domestic~~  
27    ~~needs of an individual residence or systems of four or less service~~  
28    ~~connections.~~

29    ~~(c) The state board shall conduct training workshops to assist~~  
30    ~~health officers in evaluation of small public water systems for~~  
31    ~~organic chemical contamination, and in sampling and testing~~  
32    ~~procedures. The state board shall, at a minimum, provide health~~  
33    ~~officers with guidelines for evaluating systems and instructions~~  
34    ~~for sampling.~~

35    ~~(d) The state board shall develop a schedule for conduct of the~~  
36    ~~programs by the local health officers. The schedule shall establish~~  
37    ~~a program to address first those systems with the most serious~~  
38    ~~potential for contamination. The state board shall enter into~~  
39    ~~agreements with the local health agencies to conduct the necessary~~  
40    ~~work to be performed pursuant to the schedule. The department~~

1 shall begin the program no later than three months after September  
2 19, 1985. All local health officers shall complete the evaluation;  
3 sampling, testing, review of sampling results, and notification to  
4 the public water systems within their jurisdiction in accordance  
5 with the agreements entered into with the state board and within  
6 the schedule established by the state board. All work required by  
7 this subdivision shall be completed within three years after  
8 September 19, 1985.

9 (e) By January 1, 2019, the state board shall promulgate  
10 regulations to require state small water systems and individual  
11 domestic wells to test their water supply wells for contamination.  
12 The state board shall prioritize testing based on local water quality  
13 conditions. The state board shall review these regulations at least  
14 every five years.

15 (f) (1) Except as provided in paragraph (2), this section shall  
16 be operative during any fiscal year only if the Legislature  
17 appropriates sufficient funds to pay for all state-mandated costs  
18 to be incurred by local agencies pursuant to this section during  
19 that year.

20 (2) Subdivisions (a), (b), (c), and (f) shall not become  
21 inoperative.

22 SECTION 1. Article 6.5 (commencing with Section 14615) is  
23 added to Chapter 5 of Division 7 of the Food and Agricultural  
24 Code, to read:

25  
26 Article 6.5. Fertilizer Safe Drinking Water Fee  
27

28 14615. (a) It is the intent of the Legislature to require licensees  
29 of bulk fertilizing materials, and to authorize licensees of packaged  
30 fertilizing materials, to pass the fertilizer safe drinking water fee  
31 on to the end user of the fertilizer.

32 (b) For purposes of this article, the following definitions apply:

33 (1) "Bulk fertilizing material" has the same meaning as applies  
34 to "bulk material" in Section 14517.

35 (2) "Fertilizing material" has the same meaning as defined in  
36 Section 14533.

37 (3) "Fund" means the Safe and Affordable Drinking Water  
38 Fund established by Section 116767 of the Health and Safety Code.

39 (4) "Packaged" has the same meaning as defined in Section  
40 14551.

1 14616. (a) In addition to the assessments provided in Section  
2 14611, a licensee whose name appears on the label of bulk or  
3 packaged fertilizing materials shall pay to the secretary a fertilizer  
4 safe drinking water fee of five mills (\$0.005) per dollar of sales  
5 for all sales of fertilizing materials to be deposited into the fund.

6 (b) This section shall remain in effect only until January 1, 2033,  
7 and as of that date is repealed, unless a later enacted statute that  
8 is enacted before January 1, 2033, deletes or extends that date.

9 14616. (a) In addition to the assessments provided in Section  
10 14611, a licensee whose name appears on the label of bulk or  
11 packaged fertilizing materials shall pay to the secretary a fertilizer  
12 safe drinking water fee of two mills (\$0.002) per dollar of sales  
13 for all sales of fertilizing materials to be deposited into the fund.

14 (b) The secretary may reduce the fertilizer safe drinking water  
15 fee as necessary to not exceed the anticipated funding need in the  
16 most recent assessment of funding need adopted by the State Water  
17 Resources Control Board pursuant to subdivision (b) of Section  
18 116769 of the Health and Safety Code. By October 1 of each year,  
19 the secretary shall notify all licensees of the amount of the fertilizer  
20 safe drinking water fee to be assessed in the following calendar  
21 year.

22 (c) This section shall become operative on January 1, 2033.

23 14617. (a) (1) A licensee whose name appears on the label  
24 who sells or distributes bulk fertilizing materials shall charge an  
25 unlicensed purchaser the fertilizer safe drinking water fee as a  
26 charge that is separate from, and not included in, any other fee,  
27 charge, or other amount paid by the purchaser. This fee shall be  
28 included on the bill of sale as a separate line item.

29 (2) A licensee whose name appears on the label of packaged  
30 fertilizing materials may include the fertilizer safe drinking water  
31 fee as a charge that is separate from, and not included in, any  
32 other fee, charge, or other amount paid by the purchaser.

33 (b) The secretary may prescribe, adopt, and enforce regulations  
34 relating to the administration and enforcement of this article.

35 (c) The secretary may retain up to 2 percent of the moneys  
36 collected pursuant to this article for reasonable costs associated  
37 with the implementation and enforcement of this article.

38 SEC. 2. Article 14.5 (commencing with Section 62215) is added  
39 to Chapter 2 of Part 3 of Division 21 of the Food and Agricultural  
40 Code, to read:

Article 14.5. Dairy Safe Drinking Water Fee

62215. (a) *It is the intent of the Legislature that the dairy safe drinking water fee be paid for all milk purchased in the state, regardless of grade.*

(b) *For purposes of this article, the following definitions apply:*

(1) *“Fee” means the dairy safe drinking water fee.*

(2) *“Manufacturing milk” has the same meaning as defined in Section 32509.*

(3) *“Market milk” has the same meaning as defined in Section 32510.*

(4) *“Milk” includes market milk and manufacturing milk.*

62216. (a) *Beginning January 1, 2020, each handler, including a producer-handler, subject to the provisions of a stabilization and marketing plan shall deduct the sum of \$0.01355 per hundredweight of milk from payments made to producers for milk, including the handler’s own production, as a dairy safe drinking water fee.*

(b) *The secretary shall adopt regulations necessary for the proper administration and enforcement of this section by January 1, 2020.*

(c) *This section shall remain in effect only until January 1, 2035, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2035, deletes or extends that date.*

62216. (a) *Each handler, including a producer-handler, subject to the provisions of a stabilization and marketing plan shall deduct the sum of \$0.00678 per hundredweight of milk from payments made to producers for milk, including the handler’s own production, as a dairy safe drinking water fee.*

(b) *The secretary may reduce the fee, and may adjust the fee reduction from time to time, as necessary to not exceed the anticipated funding need in the most recent assessment of funding need adopted by the State Water Resources Control Board pursuant to subdivision (b) of Section 116769 of the Health and Safety Code.*

(c) *The secretary shall adopt regulations necessary for the proper administration and enforcement of this section.*

(d) *This section shall become operative on January 1, 2035.*

1     62217. (a) A handler shall pay the dairy safe drinking water  
2 fee to the secretary on or before the 45th day following the last  
3 day of the month in which the milk was received.

4     (b) The secretary shall remit the moneys paid to him or her  
5 pursuant to this article to the State Water Resources Control Board  
6 for deposit into the Safe and Affordable Drinking Water Fund  
7 established by Section 116767 of the Health and Safety Code. The  
8 secretary may retain up to 2 percent of the total amount that is  
9 paid to the secretary for the purposes of covering administrative  
10 costs borne by the secretary for implementing this section.

11     (c) The secretary may require handlers, including cooperative  
12 associations acting as handlers, to make reports at any intervals  
13 and in any detail that he or she finds necessary for the accurate  
14 collection of the fee.

15     (d) For the purposes of enforcing this article, the secretary,  
16 through his or her duly authorized representatives and agents,  
17 shall have access to the records of every producer and handler.  
18 The secretary shall have at all times free and unimpeded access  
19 to any building, yard, warehouse, store, manufacturing facility,  
20 or transportation facility in which any milk or milk product is  
21 produced, bought, sold, stored, bottled, handled, or manufactured.

22     (e) Any books, papers, records, documents, or reports made to,  
23 acquired by, prepared by, or maintained by the secretary pursuant  
24 to this article that would disclose any information about finances,  
25 financial status, financial worth, composition, market share, or  
26 business operations of any producer or handler, excluding  
27 information that solely reflects transfers of production base and  
28 pool quota among producers, is confidential and shall not be  
29 disclosed to any person other than the person from whom the  
30 information was received, except pursuant to the final order of a  
31 court with jurisdiction, or as necessary for the proper  
32 determination of any proceeding before the secretary.

33     ~~SEC. 2.~~

34     SEC. 3. Chapter 4.6 (commencing with Section 116765) is  
35 added to Part 12 of Division 104 of the Health and Safety Code,  
36 to read:

CHAPTER 4.6. SAFE AND AFFORDABLE DRINKING WATER

*Article 1. Legislative Findings and Declarations*

116765. *The Legislature finds and declares all of the following:*

(a) *Section 106.3 of the Water Code declares that it is the policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.*

(b) *For all public water systems, the operation and maintenance costs to supply, treat, and distribute potable water that complies with federal and state drinking water standards on a routine and consistent basis may be significant.*

(c) *All public water systems are currently required to set, establish, and charge a schedule of rates and fees that are sufficient to recover the operation and maintenance costs required to supply, treat, and distribute potable water that complies with federal and state drinking water standards on a routine and consistent basis.*

(d) *Hundreds of public water systems in the state cannot charge rates and fees that are affordable and sufficient to recover the full operation and maintenance costs required to supply, treat, and distribute potable water that complies with federal and state drinking water standards on a routine and consistent basis due to a combination of low income levels of customers, high treatment costs for contaminated water sources, and a lack of economies of scale that result in high unit costs for water service. Many schools that serve as their own regulated public water systems and have contaminated water sources cannot afford the full operation and maintenance costs required to provide water that meets federal and state drinking water standards.*

(e) *Nearly all state or federal drinking water project funding sources prohibit the use of that funding for operation and maintenance costs, and as a result, those systems that cannot afford required operation and maintenance costs are unable to access funding for capital projects to meet federal and state drinking water standards.*

(f) *As a result, hundreds of thousands of Californians, particularly those living in small disadvantaged communities, may be exposed to unsafe drinking water in their homes and schools,*



1 *which impacts human health, household costs, and community*  
2 *economic development.*

3 *(g) A significant number of California residents rely on state*  
4 *small water systems and domestic wells to provide their drinking*  
5 *water.*

6 *(h) State small water systems and domestic wells are not*  
7 *currently subject to any comprehensive federal or state*  
8 *requirements for chemical water quality monitoring. Many local*  
9 *agencies do not require any monitoring beyond what is required*  
10 *by state law, and there are wide discrepancies among local*  
11 *jurisdictions in well monitoring programs.*

12 *(i) The state small water systems and individual domestic wells*  
13 *face a serious threat of contamination because they often draw*  
14 *their water from shallow groundwater sources and have fewer or*  
15 *no chemical monitoring requirements.*

16 *(j) To ensure that the right of every Californian to safe, clean,*  
17 *affordable, and accessible water adequate for human consumption,*  
18 *cooking, and sanitary purposes is protected, it is in the interest of*  
19 *the State of California to identify where Californians are at high*  
20 *risk of lacking reliable access to safe drinking water or are known*  
21 *to lack reliable access to safe drinking water, whether they rely*  
22 *on a public water system, state small water system, or domestic*  
23 *well for their potable water supply.*

24 *(k) Long-term sustainability of drinking water infrastructure*  
25 *and service provision is necessary to secure safe drinking water*  
26 *for all Californians and therefore it is in the interest of the state*  
27 *to discourage the proliferation of new, unsustainable public water*  
28 *systems and state small water systems, to prevent waste, and to*  
29 *encourage consolidation and service extension when feasible.*

30 *(l) It is in the interest of all Californians to establish a fund with*  
31 *a stable source of revenue to provide financial support, particularly*  
32 *for operation and maintenance, necessary to secure access to safe*  
33 *drinking water for all Californians, while also ensuring the long*  
34 *term sustainability of drinking water service and infrastructure.*

35  
36 *Article 2. Definitions*

37  
38 ~~116765.~~

39 116766. For the purposes of this chapter:

1 ~~(a) “Agricultural operations” has the same meaning as defined~~  
2 ~~in Section 13050 of the Water Code.~~

3 (a) “Administrator” has the same meaning as defined in Section  
4 116686.

5 (b) “Board” means the State Water Resources Control Board.

6 (c) “Community water system” has the same meaning as defined  
7 in Section 116275.

8 (d) “Customer” has the same meaning as defined in Section  
9 10612 of the Water Code.

10 ~~(d)~~

11 (e) “Disadvantaged community” has the same meaning as  
12 defined in Section 116275.

13 (f) “Domestic well” means a groundwater well used to supply  
14 water for the domestic needs of an individual residence or water  
15 systems with no more than four service connections.

16 ~~(e)~~

17 (g) “Fund” means the Safe and Affordable Drinking Water Fund  
18 established pursuant to Section ~~116766~~. 116767.

19 (h) “Fund implementation plan” means the fund implementation  
20 plan adopted pursuant to Section 116769.

21 ~~(f)~~

22 (i) “Nontransient noncommunity water system” has the same  
23 meaning as defined in Section 116275.

24 ~~(g)~~

25 (j) “Public water system” has the same meaning as defined in  
26 Section 116275.

27 ~~(h)~~

28 (k) “Replacement water” includes, but is not limited to, bottled  
29 water, point-of-use, or point-of-entry treatment units.

30 ~~(i) “Safe Drinking Water Plan” means the plan prepared pursuant~~  
31 ~~to Section 116355.~~

32 (l) “Safe drinking water” has the same meaning as defined in  
33 Section 116681.

34 (m) “Service connection” has the same meaning as defined in  
35 Section 116275.

36 (n) “Small community water system” has the same meaning as  
37 defined in Section 116275.

38 (o) “State small water system” has the same meaning as defined  
39 in Section 116275.

1           *Article 3. Safe and Affordable Drinking Water Fund*

2  
3       ~~116766.~~

4       116767. The Safe and Affordable Drinking Water Fund is  
5 hereby established in the State Treasury. Notwithstanding Section  
6 13340 of the Government Code, all moneys in the fund are  
7 continuously appropriated to ~~the Office of Sustainable Water~~  
8 ~~Solutions within~~ the board without regard to fiscal years, in  
9 accordance with this chapter. Moneys in the fund at the close of  
10 the fiscal year shall remain in the fund and shall not revert to the  
11 General Fund.

12       ~~116767.~~

13       116768. (a) The board shall administer the fund for the  
14 purposes of this chapter to provide a stable source of funding to  
15 ~~assist communities and individual domestic well users to address~~  
16 ~~contaminants in drinking water that exceed~~ *secure access to safe*  
17 *drinking water standards, the treatment of which would otherwise*  
18 ~~make the cost of water service unaffordable for all Californians,~~  
19 *while also ensuring the long-term sustainability of drinking water*  
20 *service and infrastructure.* The board shall prioritize the use of  
21 this funding to assist ~~low-income disadvantaged~~ communities and  
22 low-income individual domestic well users. ~~In addition, order to~~  
23 ~~maximize the use of other funding sources for capital construction~~  
24 ~~projects when available, the board shall prioritize the use of this~~  
25 ~~funding for costs other than those related to capital construction~~  
26 ~~costs. An costs, except for capital construction costs associated~~  
27 ~~with consolidation and service extension to reduce the ongoing~~  
28 ~~unit cost of service and to increase sustainability of drinking water~~  
29 ~~infrastructure and service delivery. Beginning January 1, 2019,~~  
30 ~~an expenditure from the fund shall be consistent with the annual~~  
31 ~~fund implementation plan developed pursuant to Section 116769.~~  
32 ~~On and after January 1, 2020, the total unencumbered amount in~~  
33 ~~the fund shall not exceed the board's total estimated need for~~  
34 ~~moneys in the fund over a two-year period.~~ *plan.*

35       (b) In accordance with subdivision (a), the board shall expend  
36 moneys in the fund for grants, loans, contracts, or services to assist  
37 ~~those communities and individual domestic well owners that rely~~  
38 ~~on contaminated drinking water to have access to safe and~~  
39 ~~affordable drinking water~~ *eligible applicants* with any of the  
40 following:

(1) The provision of replacement water, as needed, to ensure immediate protection of health and safety as a short-term solution.

(2) The development, implementation, and sustainability of long-term solutions, including, but not limited to, *technical assistance*, planning, construction, and operation and maintenance costs associated with replacing, blending, or treating contaminated wells and drinking water sources, consolidating water systems, systems, or extending drinking water services to other public water systems, domestic wells, or state small water systems. Technical assistance and planning costs may include, but are not limited to, analyses to identify, and efforts to further, opportunities to reduce the unit cost of providing drinking water through organizational and operational efficiency improvements, system consolidation and service extension, implementation of new technology, and other options and approaches to reduce costs.

(3) Identifying and providing outreach to Californians without access to safe drinking water who are eligible to receive assistance from the fund and providing outreach to them. fund.

(4) Testing the drinking water quality of individual domestic wells serving low-income households: households with an income equal to or less than 200 percent of the federal poverty level in high risk areas identified pursuant to Article 4 (commencing with Section 116770).

(c) Eligible applicants for funding include public water systems; public agencies, including, but not limited to, local educational agencies; nonprofit organizations, public utilities, organizations; federally recognized Indian tribes, tribes; state Indian tribes listed on the Native American Heritage Commission's California tribal consultation list, Tribal Consultation List; administrators; and groundwater sustainability agencies, and mutual water companies. agencies.

(d) The board may expend moneys from the fund for reasonable costs associated with administration of the fund. Beginning July 1, 2020, the board may expend up to no more than 5 percent of the annual expenditures from the fund for reasonable costs associated with administration of the fund.

(e) The board may undertake any of the following actions to implement the fund:

(1) Provide for the deposit of any of the following available and necessary moneys into the fund:

1 (A) Federal contributions.

2 (B) Voluntary contributions, gifts, grants, or bequests.

3 (C) *Settlements from parties responsible for contamination of*  
4 *drinking water supplies.*

5 (2) Enter into agreements for contributions to the fund from the  
6 federal government, local or state agencies, and private  
7 corporations or nonprofit organizations.

8 (3) Provide for appropriate audit, accounting, and fiscal  
9 management services, plans, and reports relative to the fund.

10 (4) *Direct portions of the fund to a subset of eligible applicants*  
11 *as required or appropriate based on funding source and consistent*  
12 *with the annual fund implementation plan.*

13 ~~(4)~~

14 (5) Take additional incidental action as may be appropriate for  
15 adequate administration and operation of the fund.

16 (f) *In administering the fund, the board shall make reasonable*  
17 *efforts to ensure all of the following:*

18 (1) *That parties responsible for contamination of drinking water*  
19 *supplies affecting an eligible applicant can be directly or easily*  
20 *identified by the board to pay or reimburse costs associated with*  
21 *contamination.*

22 (2) *That funds are used to secure the long-term sustainability*  
23 *of drinking water service and infrastructure, including, but not*  
24 *limited to, requiring adequate technical, managerial, and financial*  
25 *capacity of eligible applicants as part of funding agreement*  
26 *outcomes. Funding shall be prioritized to implement consolidations*  
27 *and service extensions when feasible, and administrative and*  
28 *managerial contracts entered into pursuant to Section 116686*  
29 *where applicable. Funds shall not be used to delay, prevent, or*  
30 *avoid the consolidation or extension of service to public water*  
31 *systems where it is feasible and the least-cost alternative. The*  
32 *board may set appropriate requirements as a condition of funding,*  
33 *including, but not limited to, a system technical, managerial, or*  
34 *financial capacity audit, improvements to reduce costs and increase*  
35 *efficiencies, an evaluation of alternative treatment technologies,*  
36 *and a consolidation or service extension feasibility study. As a*  
37 *condition of funding, the board may require a domestic well with*  
38 *nitrate contamination where ongoing septic system failure may be*  
39 *causing or contributing to contamination of a drinking water*  
40 *source to conduct an investigation and project to address the septic*

1 *system failure if adequate funding sources are identified and*  
2 *accessible.*

3 *(3) That funds are not used to subsidize large-scale nonpotable*  
4 *use, to the extent feasible.*

5 *(g) At least once every 10 years, the board shall conduct a public*  
6 *review and assessment of the Safe and Affordable Drinking Water*  
7 *Fund, including, but not limited to, the effectiveness of the fund,*  
8 *the appropriateness of fees deposited into the fund, and any actions*  
9 *needed to carry out the purposes of this chapter. The board shall*  
10 *post the information it gathers on its Internet Web site and shall*  
11 *submit the information to the Legislature in compliance with*  
12 *Section 9795 of the Government Code.*

13 ~~116768. It is the intent of the Legislature to subsequently amend~~  
14 ~~this section to seek specific funding from agricultural operations~~  
15 ~~to assist in providing emergency, interim, and long-term assistance~~  
16 ~~to community water systems and individual domestic well users~~  
17 ~~whose wells have been impacted by nitrate contamination and~~  
18 ~~whose wells are located in agricultural areas.~~

19 ~~116769.~~

20 ~~116769. Annually, By July 1 of each year, the board shall do~~  
21 ~~all of the following:~~

22 ~~(a) Prepare and make available a report of expenditures from~~  
23 ~~the fund.~~

24 ~~(b) Adopt, after a public hearing, an assessment of funding~~  
25 ~~needed to ensure all Californians have access to safe drinking~~  
26 ~~water. This annual assessment shall incorporate information~~  
27 ~~contained in the Safe Drinking Water Plan and include a list of~~  
28 ~~community water systems and nontransient noncommunity water~~  
29 ~~systems without access to safe drinking water, as well as~~  
30 ~~identification of small communities and rural populations not~~  
31 ~~served by public water systems that do not have access to safe~~  
32 ~~drinking water. need, based on available data, that includes all of~~  
33 ~~the following:~~

34 ~~(1) Identification of systems and populations potentially in need~~  
35 ~~of assistance, including all of the following:~~

36 ~~(A) A list of systems that consistently fail to provide an adequate~~  
37 ~~supply of safe drinking water. The list shall include, but is not~~  
38 ~~limited to, all of the following:~~

39 ~~(i) Any public water system that consistently fails to provide an~~  
40 ~~adequate supply of safe drinking water.~~

1 (ii) Any community water system that serves a disadvantaged  
2 community that must charge fees that exceed the affordability  
3 threshold established in the Clean Water State Revolving Fund  
4 Intended Use Plan in order to supply, treat, and distribute potable  
5 water that complies with federal and state drinking water  
6 standards.

7 (iii) Any state small water system that consistently fails to  
8 provide an adequate supply of safe drinking water.

9 (B) A list of programs that assist, or that will assist, households  
10 supplied by a domestic well that consistently fails to provide an  
11 adequate supply of safe drinking water. This list shall include the  
12 number and approximate location of households served by each  
13 program without identifying exact addresses or other personal  
14 information.

15 (C) A list of public water systems and state small water systems  
16 that may be at risk of failing to provide an adequate supply of safe  
17 drinking water.

18 (D) An estimate of the number of households that are served by  
19 domestic wells or state small water systems in high risk areas  
20 identified pursuant to Article 4 (commencing with Section 116770).  
21 The estimate shall identify approximate locations of households,  
22 without identifying exact addresses or other personal information,  
23 in order to identify potential target areas for outreach and  
24 assistance programs.

25 (2) An analysis of anticipated funding needed for known  
26 projects, services, or programs by eligible applicants, consistent  
27 with the fund implementation plan, including any funding needed  
28 for existing long-term funding commitments from the fund. The  
29 board shall identify and consider other existing funding sources  
30 able to support any projects, services, or programs identified,  
31 including, but not limited to, local funding capacity, state or federal  
32 funding sources for capital projects, funding from responsible  
33 parties, and specialized funding sources contributing to the fund.

34 (3) An estimate of the funding needed for the next fiscal year  
35 based on the amount available in the fund, anticipated funding  
36 needs, other existing funding sources, and other relevant data and  
37 information.

38 (c) (1) Adopt, after a public hearing, a fund implementation  
39 plan with priorities and guidelines for expenditures of the fund.  
40 The

(2) *The board shall work with a multistakeholder advisory group that shall be open to participation by representatives of entities paying into the fund, public water systems, technical assistance providers, local agencies, ~~affected persons~~, nongovernmental organizations, residents served by community water systems in disadvantaged communities, state small water systems, domestic wells, and the public, to establish priorities for the plan.*

~~(2) The fund implementation plan shall prioritize eligibility for expenditures of the fund based on the following:~~

~~(A) A water system's current or projected water rates needed to ensure safe drinking water exceed or will exceed 1.5 percent of the median household income for that water system and the water system qualifies as a disadvantaged community.~~

~~(B) The costs for providing potable water for an individual domestic well exceed or will exceed 1.5 percent of the household's income and the household's income is less than 80 percent of the statewide household median income.~~

#### *Article 4. Information on High Risk Areas*

*116770. (a) (1) By January 1, 2019, the board, in consultation with local health officers and other relevant stakeholders, shall use available data to make available a map of aquifers that are at high risk of containing contaminants and that exceed primary federal and state drinking water standards that are used or likely to be used as a source of drinking water for a state small water system or a domestic well. The board shall update the map at least annually based on any newly available data.*

*(2) The board shall make the map of high risk areas, as well as the data used to make the map, publicly accessible on its Internet Web site in a manner that does not identify exact addresses or other personal information and that complies with the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code). The board shall notify local health officers and county planning agencies of high risk areas within their jurisdictions.*

*(b) (1) A local health officer or other relevant local agency shall provide all results of, and data associated with, water quality testing performed by certified laboratories for a state small water system or domestic well that is in the possession of the local health*



1 officer or other relevant local agency in an electronic format to  
2 the board by January 1, 2019.

3 (2) On and after January 1, 2019, a local health officer or other  
4 relevant local agency shall require all results of, and data  
5 associated with, water quality testing performed by a certified  
6 laboratory for a state small water system or domestic well that is  
7 submitted to the local health officer or other relevant local agency  
8 to also be submitted directly to the board in electronic format.

9  
10 Article 5. Safe and Affordable Drinking Water Fee

11  
12 116771. (a) (1) Until July 1, 2020, there is hereby imposed  
13 a safe and affordable drinking water fee on each person or entity  
14 that purchases water from a public water system, as follows:

15 (A) For a customer with a water meter that is less than or equal  
16 to one inch in size, the fee shall be ninety-five cents (\$0.95) per  
17 month.

18 (B) For a customer with a water meter that is greater than one  
19 inch and less than or equal to two inches in size, the fee shall be  
20 four dollars (\$4) per month.

21 (C) For a customer with a water meter that is greater than two  
22 inches and less than or equal to four inches in size, the fee shall  
23 be six dollars (\$6) per month.

24 (D) For a customer with a water meter that is greater than four  
25 inches in size, the fee shall be ten dollars (\$10) per month.

26 (E) For a customer without a water meter, the fee shall be  
27 ninety-five cents (\$0.95) per month.

28 (2) A customer that self-certifies under penalty of perjury to the  
29 public water system collecting the fee that he or she meets either  
30 of the following criteria shall be exempt from the payment of the  
31 fee:

32 (i) The customer's household income is equal to or less than  
33 200 percent of the federal poverty level.

34 (ii) The customer operates a deed-restricted multifamily housing  
35 development that is required to provide housing exclusively to  
36 tenants with household incomes equal to or less than 200 percent  
37 of the federal poverty level.

38 (3) (A) A customer that is already enrolled in a program offered  
39 by a public water system that is designed specifically to reduce  
40 the cost of water service incurred by customers who meet

1 *established income guidelines is exempt from the payment of the*  
2 *fee.*

3 *(B) A connection or meter that is used exclusively for fire flow*  
4 *or uses nonpotable water, including, but not limited to, recycled*  
5 *water, is exempt from the fee.*

6 *(4) A customer that has multiple connections or meters serving*  
7 *a single address shall only pay a single monthly fee based on the*  
8 *customer's largest metered connection.*

9 *(b) (1) (A) Beginning July 1, 2020, each person or entity that*  
10 *purchases water from a public water system shall be assessed a*  
11 *fee according to a fee schedule established by the board for the*  
12 *purposes of the Safe and Affordable Drinking Water Fund.*

13 *(B) The fee schedule shall not exceed the amounts established*  
14 *in paragraph (1) of subdivision (a).*

15 *(C) The board shall review and revise the fee schedule each*  
16 *fiscal year as necessary to not exceed the anticipated funding need*  
17 *in the most recent assessment of funding need.*

18 *(D) The fee schedule shall establish that a customer that has*  
19 *multiple connections or meters serving a single address shall only*  
20 *pay a single monthly fee pursuant to this section, based on its*  
21 *largest metered connection.*

22 *(E) (i) The fee schedule shall exempt any connection or meter*  
23 *that is used exclusively for fire flow or utilizes nonpotable water,*  
24 *including, but not limited to, recycled water.*

25 *(ii) By July 1, 2020, the board, in consultation with the Public*  
26 *Utilities Commission, shall adopt regulations to exempt households*  
27 *with incomes equal to or less than 200 percent of the federal*  
28 *poverty level from the fee established in the fee schedule pursuant*  
29 *to this subdivision. The Public Utilities Commission shall provide*  
30 *consultation, as well as relevant data, from the California Alternate*  
31 *Rates for Energy or CARE program established pursuant to Section*  
32 *739.1 of the Public Utilities Code and from the water utility*  
33 *low-income rate payer assistance programs developed pursuant*  
34 *to Section 739.8 of the Public Utilities Code to the board to aid*  
35 *in development and implementation of the regulations for*  
36 *exemption pursuant to this clause.*

37 *(2) (A) Beginning July 1, 2022, the fee schedule shall be set at*  
38 *an amount that does not result in the total uncommitted amount*  
39 *in the fund exceeding two times the anticipated funding need in*  
40 *the most recent assessment of funding need.*

1 (B) For purposes of this paragraph, “total uncommitted amount  
2 in the fund” does not include moneys in the fund from the fertilizer  
3 safe drinking water fee established by Article 6.5 (commencing  
4 with Section 14615) of Chapter 5 of Division 7 of the Food and  
5 Agricultural Code until January 1, 2033, and does not include  
6 moneys in the fund from the dairy safe drinking water fee  
7 established by Article 14.5 (commencing with Section 62215) of  
8 Chapter 2 of Part 3 of Division 21 of the Food and Agricultural  
9 Code until January 1, 2035.

10 (c) A public water system shall collect the fee from each of its  
11 customers and may retain an amount, as approved by the board,  
12 as reimbursement for the reasonable costs incurred by the public  
13 water system associated with the collection of the fee. For small  
14 community water systems, reasonable public water system  
15 administrative cost reimbursement shall not exceed five hundred  
16 dollars (\$500) or 2 percent of the total revenue collected,  
17 whichever is greater. For all other public water systems,  
18 reasonable public water system administrative cost reimbursement  
19 shall not exceed 1 percent of the total revenue from the fees  
20 collected. The public water system shall remit the remainder to  
21 the board on an annual schedule.

22 (d) The board may approve an exemption for a community water  
23 system and its customers from the requirements of this section if  
24 the board finds that the amount that would be required to be  
25 remitted to the board pursuant to this section would be de minimis.

26 (e) Notwithstanding any other provision of this article, a fee  
27 shall not be imposed pursuant to this article on a person or entity  
28 that is itself a public water system if that public water system is  
29 only purchasing water from a public water system to supply its  
30 own customers that are themselves being assessed the fee.

31 (f) All moneys remitted to the board under this article shall be  
32 deposited in the Safe and Affordable Drinking Water Fund. The  
33 moneys remitted to the board under this article shall not be  
34 available for appropriation or borrowed for use for any purpose  
35 not established in this chapter unless that use of the moneys  
36 receives an affirmative vote of two-thirds of the membership in  
37 each house of the Legislature.

38 116772. (a) A public water system may apply to the board to  
39 authorize the public water system to use an alternative method to  
40 calculate the amount owed by each customer for the charge

1 *imposed by Section 116771 by submitting an application, in a form*  
2 *prescribed by the board, that demonstrates both of the following:*

3 *(1) That the method required by statute, regulation, or fee*  
4 *schedule adopted by the board would be impractical for the public*  
5 *water system to collect.*

6 *(2) That the method proposed by the public water system would*  
7 *provide an approximately equivalent level of total revenue and is*  
8 *consistent with the fee restrictions in this article, including, but*  
9 *not limited to, amount maximums and exemptions.*

10 *(b) The board shall review any application submitted pursuant*  
11 *to subdivision (a) to determine whether the justifications*  
12 *demonstrated pursuant to paragraphs (1) and (2) of subparagraph*  
13 *(a) are valid. If the board denies the application, that denial shall*  
14 *be in writing and shall not be reviewable. If the board approves*  
15 *the application, the public water system may use the alternative*  
16 *method for an amount of time prescribed by the board, not to*  
17 *exceed five years.*

18 *(c) There is not a limit on the number of applications the board*  
19 *is authorized to approve pursuant to this section to establish or*  
20 *renew an alternative method of fee calculation.*

21 *116773. (a) The board, in consultation with the California*  
22 *Department of Tax and Fee Administration, shall administer and*  
23 *collect the fees imposed by this article in accordance with the Fee*  
24 *Collection Procedures Law (Part 30 (commencing with Section*  
25 *55001) of Division 2 of the Revenue and Taxation Code).*

26 *(b) For purposes of administration of the fee imposed by this*  
27 *article, the following references in the Fee Collection Procedures*  
28 *Law shall have the following meanings:*

29 *(1) "Board" or "State Board of Equalization" means the State*  
30 *Water Resources Control Board.*

31 *(2) "Fee" means the safe and affordable drinking water fee*  
32 *imposed pursuant to this article.*

33 *(3) "Feepayer" means a customer liable to pay the fee.*

34 *(c) The board, in consultation with the California Department*  
35 *of Tax and Fee Administration, may prescribe, adopt, and enforce*  
36 *regulations relating to the administration and enforcement of this*  
37 *article, including, but not limited to, collections, reporting, refunds,*  
38 *and appeals.*

39 *(d) The initial regulations adopted by the board to implement*  
40 *this article shall be adopted in accordance with Chapter 3.5*

1 *(commencing with Section 11340) of Part 1 of Division 3 of Title*  
2 *2 of the Government Code, and shall not rely on the statutory*  
3 *declaration of emergency in subdivision (e).*

4 *(e) Except as provided in subdivision (d), the regulations*  
5 *adopted pursuant to this section, any amendment to those*  
6 *regulations, or subsequent adjustments to the annual fees or*  
7 *adoption of fee schedule, shall be adopted by the board as*  
8 *emergency regulations in accordance with Chapter 3.5*  
9 *(commencing with Section 11340) of Part 1 of Division 3 of Title*  
10 *2 of the Government Code. The adoption of these regulations is*  
11 *an emergency and shall be considered by the Office of*  
12 *Administrative Law as necessary for the immediate preservation*  
13 *of the public peace, health, safety, and general welfare. Any*  
14 *emergency regulations adopted by the board, or adjustments to*  
15 *the annual fees made by the board pursuant to this section, shall*  
16 *remain in effect until revised by the board.*

17 ~~SEC. 3.~~

18 SEC. 4. Section 13050 of the Water Code is amended to read:

19 13050. As used in this division:

20 (a) "State board" means the State Water Resources Control  
21 Board.

22 (b) "Regional board" means any California regional water  
23 quality control board for a region as specified in Section 13200.

24 (c) "Person" includes any city, county, district, the state, and  
25 the United States, to the extent authorized by federal law.

26 (d) "Waste" includes sewage and any and all other waste  
27 substances, liquid, solid, gaseous, or radioactive, associated with  
28 human habitation, or of human or animal origin, or from any  
29 producing, manufacturing, or processing operation, including waste  
30 placed within containers of whatever nature prior to, and for  
31 purposes of, disposal.

32 (e) "Waters of the state" means any surface water or  
33 groundwater, including saline waters, within the boundaries of the  
34 state.

35 (f) "Beneficial uses" of the waters of the state that may be  
36 protected against quality degradation include, but are not limited  
37 to, domestic, municipal, ~~agricultural~~ agricultural, and industrial  
38 supply; power generation; recreation; aesthetic enjoyment;  
39 navigation; and preservation and enhancement of fish, wildlife,  
40 and other aquatic resources or preserves.

1 (g) “Quality of the water” refers to chemical, physical,  
2 biological, bacteriological, radiological, and other properties and  
3 characteristics of water which affect its use.

4 (h) “Water quality objectives” means the limits or levels of  
5 water quality constituents or characteristics which are established  
6 for the reasonable protection of beneficial uses of water or the  
7 prevention of nuisance within a specific area.

8 (i) “Water quality control” means the regulation of any activity  
9 or factor which may affect the quality of the waters of the state  
10 and includes the prevention and correction of water pollution and  
11 nuisance.

12 (j) “Water quality control plan” consists of a designation or  
13 establishment for the waters within a specified area of all of the  
14 following:

15 (1) Beneficial uses to be protected.

16 (2) Water quality objectives.

17 (3) A program of implementation needed for achieving water  
18 quality objectives.

19 (k) “Contamination” means an impairment of the quality of the  
20 waters of the state by waste to a degree which creates a hazard to  
21 the public health through poisoning or through the spread of  
22 disease. “Contamination” includes any equivalent effect resulting  
23 from the disposal of waste, whether or not waters of the state are  
24 affected.

25 (l) (1) “Pollution” means an alteration of the quality of the  
26 waters of the state by waste to a degree which unreasonably affects  
27 either of the following:

28 (A) The waters for beneficial uses.

29 (B) Facilities which serve these beneficial uses.

30 (2) “Pollution” may include “contamination.”

31 (m) “Nuisance” means anything which meets all of the following  
32 requirements:

33 (1) Is injurious to health, or is indecent or offensive to the senses,  
34 or an obstruction to the free use of property, so as to interfere with  
35 the comfortable enjoyment of life or property.

36 (2) Affects at the same time an entire community or  
37 neighborhood, or any considerable number of persons, although  
38 the extent of the annoyance or damage inflicted upon individuals  
39 may be unequal.

1 (3) Occurs during, or as a result of, the treatment or disposal of  
2 wastes.

3 (n) “Recycled water” means water which, as a result of treatment  
4 of waste, is suitable for a direct beneficial use or a controlled use  
5 that would not otherwise occur and is therefor considered a  
6 valuable resource.

7 (o) “Citizen or domiciliary” of the state includes a foreign  
8 corporation having substantial business contacts in the state or  
9 which is subject to service of process in this state.

10 (p) (1) “Hazardous substance” means either of the following:

11 (A) For discharge to surface waters, any substance determined  
12 to be a hazardous substance pursuant to Section 311(b)(2) of the  
13 Federal Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.).

14 (B) For discharge to groundwater, any substance listed as a  
15 hazardous waste or hazardous material pursuant to Section 25140  
16 of the Health and Safety Code, without regard to whether the  
17 substance is intended to be used, reused, or discarded, except that  
18 “hazardous substance” does not include any substance excluded  
19 from Section 311(b)(2) of the Federal Water Pollution Control Act  
20 because it is within the scope of Section 311(a)(1) of that act.

21 (2) “Hazardous substance” does not include any of the  
22 following:

23 (A) Nontoxic, nonflammable, and noncorrosive stormwater  
24 runoff drained from underground vaults, chambers, or manholes  
25 into gutters or storm sewers.

26 (B) Any pesticide which is applied for agricultural purposes or  
27 is applied in accordance with a cooperative agreement authorized  
28 by Section 116180 of the Health and Safety Code, and is not  
29 discharged accidentally or for purposes of disposal, the application  
30 of which is in compliance with all applicable state and federal laws  
31 and regulations.

32 (C) Any discharge to surface water of a quantity less than a  
33 reportable quantity as determined by regulations issued pursuant  
34 to Section 311(b)(4) of the Federal Water Pollution Control Act.

35 (D) Any discharge to land which results, or probably will result,  
36 in a discharge to groundwater if the amount of the discharge to  
37 land is less than a reportable quantity, as determined by regulations  
38 adopted pursuant to Section 13271, for substances listed as  
39 hazardous pursuant to Section 25140 of the Health and Safety  
40 Code. No discharge shall be deemed a discharge of a reportable

1 quantity until regulations set a reportable quantity for the substance  
2 discharged.

3 (q) (1) “Mining waste” means all solid, semisolid, and liquid  
4 waste materials from the extraction, beneficiation, and processing  
5 of ores and minerals. Mining waste includes, but is not limited to,  
6 soil, waste rock, and overburden, as defined in Section 2732 of  
7 the Public Resources Code, and tailings, slag, and other processed  
8 waste materials, including cementitious materials that are managed  
9 at the cement manufacturing facility where the materials were  
10 generated.

11 (2) For the purposes of this subdivision, “cementitious material”  
12 means cement, cement kiln dust, clinker, and clinker dust.

13 (r) “Master recycling permit” means a permit issued to a supplier  
14 or a distributor, or both, of recycled water, that includes waste  
15 discharge requirements prescribed pursuant to Section 13263 and  
16 water recycling requirements prescribed pursuant to Section  
17 13523.1.

18 (s) (1) “Agricultural operation” means either of the following:

19 (A) A discharger that satisfies both of the following conditions:

20 (i) The discharger is an owner, operator, or both, of land that is  
21 irrigated to produce crops or pasture for commercial purposes or  
22 a nursery.

23 (ii) The discharger is enrolled or named in an irrigated lands  
24 regulatory program order adopted by the state board or a regional  
25 board pursuant to Section 13263 or 13269.

26 (B) A discharger that satisfies both of the following conditions:

27 (i) The discharger is an owner, operator, or both of a facility  
28 that is used for the raising or harvesting of livestock.

29 (ii) The discharger is enrolled or named in an order adopted by  
30 the state board or a regional board pursuant to Section 13263 or  
31 13269 that regulates the discharges of waste from a facility  
32 identified in clause (i) to protect ground and surface water.

33 (2) “Agricultural operation” does not include any of the  
34 following:

35 (A) An off-farm facility that processes crops or livestock.

36 (B) An off-farm facility that manufactures, synthesizes, stores,  
37 or processes fertilizer.

38 (C) Any portions of land or activities occurring on those portions  
39 of land that are not covered by an order adopted by the state board



1 or a regional board identified in clause (ii) of subparagraph (A) or  
2 clause (ii) of subparagraph (B) of paragraph (1).

3 ~~SEC. 4.~~

4 *SEC. 5.* Article 4.5 (commencing with Section 13278) is added  
5 to Chapter 4 of Division 7 of the Water Code, to read:

6  
7 Article 4.5. Discharges of Nitrate to Groundwater from  
8 Agricultural Operations  
9

10 13278. (a) For the purposes of this article, the Legislature finds  
11 all of the following:

12 (1) Implementation of currently known best management  
13 practices for some crops can reduce but not always completely  
14 prevent nitrogen in organic and synthetic fertilizers that transform  
15 to nitrates from reaching groundwater at concentrations above the  
16 water quality objectives established pursuant to this division.

17 (2) It is acknowledged that discharges of nitrate from agricultural  
18 operations could reach groundwater and could cause or contribute  
19 to exceedances of drinking water standards for ~~nitrate~~, and *nitrate*,  
20 and could cause conditions of pollution of or nuisance in those  
21 waters as defined and applied in accordance with this division, or  
22 both.

23 (3) Nitrate contamination of groundwater impacts drinking water  
24 sources for hundreds of thousands of Californians and it is  
25 necessary to protect current and future drinking water users from  
26 the impacts of nitrate contamination.

27 (4) Despite progress in controlling discharges of nitrogen that  
28 lead to nitrate formation, some groundwater sources of drinking  
29 water will continue to be adversely impacted by nitrates and it is  
30 important to have in place a program for mitigating these impacts.

31 (5) The regional boards will continue to regulate discharges to  
32 reduce nitrogen loading and protect beneficial uses of water and  
33 groundwater basins; the state board, regional boards, and courts  
34 will ensure compliance with those orders; and dischargers will pay  
35 for mitigation of pollution by funding replacement water for  
36 affected communities.

37 (b) The Legislature declares its intent in establishing this article  
38 ~~to do both of the following:~~

39 ~~(1) To subsequently amend this article to establish an~~  
40 ~~agricultural assessment to be paid by agricultural operations for a~~

period of 15 years to provide funding, as a portion of the Safe and Affordable Drinking Water Fund, to make available alternative supplies of safe drinking water to persons affected by discharges of nitrogen from agricultural operations that may occur in amounts that may cause or contribute to an exceedance of a water quality objective or cause conditions of pollution or nuisance.

(2) ~~To limit~~ *to limit* enforcement actions that a regional board or the state board could otherwise initiate during that 15-year period against an agricultural operation paying the agricultural assessment, while maintaining the overall framework of this division to protect beneficial uses, implement water quality objectives in waters of the state, and regulate activities and factors that affect water quality to attain the highest water quality that is reasonable.

13278.1. (a) An agricultural operation shall not be subject to enforcement undertaken or initiated by the state board or a regional board under Chapter 5 (commencing with Section 13330) for causing or contributing to an exceedance of a water quality objective for nitrate in groundwater or for causing or contributing to a condition of pollution or nuisance for nitrates in groundwater if an agricultural operation that discharges or threatens to discharge, or has discharged or previously threatened to discharge, nitrate to groundwater demonstrates that it has satisfied all of the following mitigation requirements:

(1) The agricultural operation has timely paid any applicable fee, ~~assessment, or charge~~ *fertilizer safe drinking water fee established by Article 6.5 (commencing with Section 14615) of Chapter 5 of Division 7 of the Food and Agricultural Code or dairy safe drinking water fee established by Article 14.5 (commencing with Section 62215) of Chapter 2 of Part 3 of Division 21 of the Food and Agricultural Code* into the Safe and Affordable Drinking Water Fund ~~or an applicable agricultural assessment is providing funding into the Safe and Affordable Drinking Water Fund~~ *established by Section 116767 of the Health and Safety Code*. For the purposes of this paragraph, “timely paid” means that an agricultural operation has paid all applicable fees, assessments, or charges, no later than 90 days after their respective due dates, since the application of the fee, assessment, or charge to the agricultural operation.

(2) Except as provided in subdivision (b), the agricultural operation is in compliance with all applicable provisions prescribed

1 by a regional board or the state board in an order adopted pursuant  
2 to Section 13263 or 13269, including, but not limited to, the  
3 following:

4 (A) Requirements to implement best practicable treatment or  
5 control.

6 (B) Best efforts, monitoring, and reporting requirements.

7 (C) Timelines.

8 (3) The agricultural operation is in compliance with an  
9 applicable program of implementation for achieving groundwater  
10 quality objectives for nitrate that is part of an applicable water  
11 quality control plan adopted by the state board or a regional board  
12 pursuant to Article 3 (commencing with Section 13240).

13 (b) (1) The mitigation requirement contained in paragraph (2)  
14 of subdivision (a) does not include any generalized prohibition  
15 contained in an order adopted under Section 13263 or 13269 on  
16 causing or contributing, or threatening to cause or contribute, to  
17 an exceedance of a water quality objective for nitrate in  
18 groundwater or a condition of pollution or nuisance for nitrate in  
19 groundwater.

20 (2) (A) An agricultural operation is not in compliance with the  
21 mitigation requirement in paragraph (2) of subdivision (a) if the  
22 agricultural operation has been subject to an enforcement action  
23 under Chapter 5 (commencing with Section 13330) within the  
24 preceding 12 months for any violation of an order adopted under  
25 Section 13263 or 13269 authorizing discharges from agricultural  
26 operations.

27 (B) Subparagraph (A) does not apply to an enforcement action  
28 commenced after January 1, 2016, and before January 1, 2018,  
29 inclusive, alleging that a discharge from an agricultural operation  
30 caused or contributed, or threatened to cause or contribute, to an  
31 exceedance of a water quality objective for nitrate in groundwater,  
32 conditions of pollution or nuisance for nitrate in groundwater, or  
33 both.

34 (3) An agricultural operation does not qualify for the  
35 enforcement exemption set forth in this subdivision if the operation  
36 fails to continue to make applicable payments into the Safe and  
37 Affordable Drinking Water Fund to the extent that the agricultural  
38 operation maintains a continuance of farming operation.

1 (c) Both of the following apply to a discharge of nitrogen by an  
2 agricultural operation that occurs when the discharger is in full  
3 compliance with the mitigation requirements:

4 (1) The discharge shall not be admissible in a future enforcement  
5 action against the agricultural operation by the state board or a  
6 regional board pursuant to Chapter 5 (commencing with Section  
7 13300) to support a claim that the agricultural operation is causing  
8 or contributing, or threatening to cause or contribute, to an  
9 exceedance of a water quality objective for nitrate in groundwater  
10 or a condition of pollution or nuisance for nitrate in groundwater.

11 (2) The discharge shall not be considered by the state board or  
12 a regional board to apportion responsibility and shall not be used  
13 by any person to diminish responsibility in any enforcement action  
14 initiated pursuant to Chapter 5 (commencing with Section 13300)  
15 with respect to discharges of nitrogen, regardless of source, that  
16 did not occur in compliance with the mitigation requirements.

17 (d) Nothing in this section alters the state board's or a regional  
18 board's authority to require or conduct investigations, to require  
19 reports on or to establish other requirements for best practicable  
20 treatment or control, or to require monitoring and reporting  
21 requirements to protect water quality.

22 (e) This section shall not be deemed to change or alter a water  
23 quality objective that is part of a water quality control plan adopted  
24 by the state board or a regional board pursuant to Article 3  
25 (commencing with Section 13240).

26 (f) This section shall remain in effect only until January 1, 2028,  
27 and as of that date is repealed.

28 13278.2. (a) An agricultural operation shall not be subject to  
29 enforcement undertaken or initiated by the state board or a regional  
30 board under Section 13304 for creating or threatening to create a  
31 condition of pollution or nuisance for nitrates in groundwater if  
32 an agricultural operation that discharges or threatens to discharge,  
33 or has discharged or previously threatened to discharge, nitrate to  
34 groundwater demonstrates that it has satisfied all of the following  
35 mitigation requirements:

36 (1) The agricultural operation has timely paid any applicable  
37 ~~fee, assessment, or charge~~ *fertilizer safe drinking water fee*  
38 *established by Article 6.5 (commencing with Section 14615) of*  
39 *Chapter 5 of Division 7 of the Food and Agricultural Code or*  
40 *dairy safe drinking water fee established by Article 14.5*

(commencing with Section 62215) of Chapter 2 of Part 3 of Division 21 of the Food and Agricultural Code into the Safe and Affordable Drinking Water Fund—~~or an applicable agricultural assessment is providing funding into the Safe and Affordable Drinking Water Fund.~~ established by Section 116767 of the Health and Safety Code. For the purposes of this paragraph, “timely paid” means that an agricultural operation has paid all applicable fees, assessments, or charges, no later than 90 days after their respective due dates, since the application of the fee, assessment, or charge to the agricultural operation.

(2) Except as provided in subdivision (b), the agricultural operation is in compliance with all applicable provisions prescribed by a regional board or the state board in an order adopted pursuant to Section 13263 or 13269, including, but not limited to, the following:

(A) Requirements to implement best practicable treatment or control.

(B) Best efforts, monitoring, and reporting requirements.

(C) Timelines.

(3) The agricultural operation is in compliance with an applicable program of implementation for achieving groundwater quality objectives for nitrate that is part of an applicable water quality control plan adopted by the state board or a regional board pursuant to Article 3 (commencing with Section 13240).

(b) (1) The mitigation requirement contained in paragraph (2) of subdivision (a) does not include any generalized prohibition contained in an order adopted under Section 13263 or 13269 on causing or contributing, or threatening to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater or a condition of pollution or nuisance for nitrate in groundwater.

(2) An agricultural operation is not in compliance with the mitigation requirement in paragraph (2) of subdivision (a) if the agricultural operation has been subject to an enforcement action under Chapter 5 (commencing with Section 13330) within the preceding 12 months for any violation of an order adopted under Section 13263 or 13269 authorizing discharges from agricultural operations.

(3) An agricultural operation does not qualify for the enforcement exemption set forth in this subdivision if the operation

1 fails to continue to make applicable payments into the Safe and  
2 Affordable Drinking Water Fund to the extent that the agricultural  
3 operation maintains a continuance of farming operation.

4 (c) Both of the following apply to a discharge of nitrogen by an  
5 agricultural operation that occurs when the discharger is in full  
6 compliance with the mitigation requirements:

7 (1) The discharge shall not be admissible in a future enforcement  
8 action against the agricultural operation by the state board or a  
9 regional board pursuant to Chapter 5 (commencing with Section  
10 13300) to support a claim that the agricultural operation is causing  
11 or contributing, or threatening to cause or contribute, to an  
12 exceedance of a water quality objective for nitrate in groundwater  
13 or a condition of pollution or nuisance for nitrate in groundwater.

14 (2) The discharge shall not be considered by the state board or  
15 a regional board to apportion responsibility and shall not be used  
16 by any person to diminish responsibility in any enforcement action  
17 initiated pursuant to Chapter 5 (commencing with Section 13300)  
18 with respect to discharges of nitrogen, regardless of source, that  
19 did not occur in compliance with the mitigation requirements.

20 (d) Nothing in this section alters the state board's or a regional  
21 board's authority to require or conduct investigations, to require  
22 reports on or to establish other requirements for best practicable  
23 treatment or control, or to require monitoring and reporting  
24 requirements to protect water quality.

25 (e) This section shall not be deemed to change or alter a water  
26 quality objective that is part of a water quality control plan adopted  
27 by the state board or a regional board pursuant to Article 3  
28 (commencing with Section 13240).

29 (f) (1) This section shall become operative on January 1, 2028.

30 (2) This section shall remain in effect only until January 1, 2033,  
31 and as of that date is repealed, unless a later enacted statute that  
32 is enacted before January 1, 2033, deletes or extends that date.

33 13278.3. By January 1, 2027, the state board shall conduct a  
34 public review of regulatory and basin plan amendment  
35 implementation programs to evaluate progress toward achieving  
36 water quality objectives with respect to nitrates in groundwater  
37 and assess compliance with adopted timelines, monitoring  
38 requirements, and implementation of best practicable treatment or  
39 control.

1 13278.4. Nothing in this article limits the liability of a  
2 discharger under any other law, including, but not limited to, Part  
3 3 (commencing with Section 3479) of Division 4 of the Civil Code.

4 *SEC. 6. No reimbursement is required by this act pursuant to*  
5 *Section 6 of Article XIII B of the California Constitution for certain*  
6 *costs that may be incurred by a local agency or school district*  
7 *because, in that regard, this act creates a new crime or infraction,*  
8 *eliminates a crime or infraction, or changes the penalty for a crime*  
9 *or infraction, within the meaning of Section 17556 of the*  
10 *Government Code, or changes the definition of a crime within the*  
11 *meaning of Section 6 of Article XIII B of the California*  
12 *Constitution.*

13 *However, if the Commission on State Mandates determines that*  
14 *this act contains other costs mandated by the state, reimbursement*  
15 *to local agencies and school districts for those costs shall be made*  
16 *pursuant to Part 7 (commencing with Section 17500) of Division*  
17 *4 of Title 2 of the Government Code.*

O

**FACT SHEET: SB 623**  
**SENATOR WILLIAM MONNING**  
**SAFE AND AFFORDABLE DRINKING WATER**

---

**PROPOSED BILL**

SB 623 will establish the Safe and Affordable Drinking Water Fund to provide an ongoing source of funding to ensure all Californians have access to safe drinking water.

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**BACKGROUND**

Recent California State Water Resources Control Board (SWB) data identified roughly 300 California public water systems serving communities currently out of compliance with drinking water standards, some of which have been unable to provide safe drinking water for multiple years. Drinking water advocates estimate over 1 million Californians are exposed to unsafe drinking water each year. Additionally, nearly 2 million Californians utilize domestic wells and/or state small water systems that are not eligible for most assistance programs, leaving them particularly vulnerable to unsafe drinking water. Drinking water contaminants are dangerous and can cause a variety of both short and long-term health effects, with children and the elderly typically at greatest risk.

For years, the SWB has called for the creation of a new sustainable funding source to support safe drinking water needs, since other sources of funding, such as bond funding or the Safe Drinking Water State Revolving Fund (SDWSRF) do not qualify to be used to support urgent needs like ongoing operations and maintenance costs for drinking water treatment. The lack of a sustainable funding source means

disadvantaged communities and others have no outside support to draw upon, forcing their typically small, rural and/or socioeconomically disadvantaged ratepayer bases to bear the entire cost of ongoing drinking water treatment.

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**SOLUTION**

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**Eligibility, Funding, Governance**

The Safe and Affordable Drinking Water Fund will be located at SWB in its Office of Sustainable Water Solutions, which is best situated to leverage other sources of existing or new funding. In addition, it will provide for coordination with the newly created multi-disciplinary technical assistance program focused entirely on the needs of small disadvantaged communities, so that it may efficiently and effectively secure safe drinking water to impacted communities and residents throughout the state.

The SWB, in consultation with a multi-disciplinary stakeholder group and after adoption of a fund implementation plan and needs assessment, shall prioritize funding to focus on disadvantaged communities and low-income domestic well users with exceedances of primary drinking water standards where the cost of treatment or new sources would otherwise make the cost of the water service unaffordable. The funds collected will also provide for costs where no other currently existing sources of funding available.

Funding shall come from a safe drinking water fee in the form of a fertilizer mill fee, a safe drinking water fee on dairies, and a new small safe drinking water fee assessed



monthly on water bills. The combined fees will raise an estimated total of \$140 million annually for the first two years, and thereafter can be kept consistent or reduced by the State Water Board based on its annual needs assessments. Fees cannot be adjusted to exceed the caps identified in statute. For single-family homes and most multi-family homes and businesses, the monthly safe drinking water fee is capped at a maximum of \$.95 cents, with an exemption from the fee for low-income households (under 200% of the federal poverty level).

### **Agricultural Certainty**

SB 623 will provide agricultural operations certainty from regional board and/or SWB-initiated enforcement actions for violations of nitrate water quality objectives and/or for causing conditions of pollution or nuisance for nitrates in groundwater for 10 years, and from regional board and/or SWB initiated clean up and abatement actions for an additional five years, as long as agricultural operations comply with specified conditions. These conditions include: compliance with all applicable provisions in an adopted waste discharge requirements order, or conditional waiver order, including implementing best practicable treatment or control, best efforts, monitoring and requirements, and other timelines, and is in compliance with an applicable program of implementation for achieving groundwater quality objectives for nitrate that are part of an applicable water quality control plan. The agricultural certainty provisions in the legislation sunset January 1, 2028 and January 1, 2033, respectively.

Nothing in this legislation limits the liability of a discharger under any other law, including the Civil Code, nor alters the SWB or a regional board's authority to require or conduct investigations, require reporting or monitoring to protect water quality, or

change or alter water quality objectives that are part of a water quality control plan.

### **SUPPORT**

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Agricultural Council of California  
Allensworth Community Services District  
Alliance of Child and Family Services  
Almond Alliance  
American Heart Association  
American Rivers  
American Stroke Association  
Armona Community Services District  
Arvin Community Services District  
American Stroke Association  
Asian Pacific Environmental Network  
Asociación de Gente Unida por el Agua  
Association of People United for Water  
Black Women for Wellness  
California Audubon  
California Bicycle Coalition  
California Citrus Mutual  
CA Environmental Justice Alliance  
California Food Policy Advocates  
California Fresh Fruit Association  
California Housing Partnership  
California Labor Federation  
CA League of Conservation Voters  
California Rice Commission  
CA Partnership for the San Joaquin Valley  
CA Rural Legal Assistance  
Foundation  
CA Pan-Ethnic Health Network  
California Strawberry Commission  
California Water Service  
Catholic Charities, Diocese of Stockton  
Central California Environmental Network  
Central California Environmental Justice  
Network  
Center for Race, Poverty, and the  
Environment  
Ceres  
Church Brothers Farms  
City of Arvin  
City of Hanford  
City of Huron

City of Porterville  
 Clean Water Action  
 Clif Bar  
 Comite Civico del Valle  
 Common Sense Kids Action  
 Community Alliance for Agroecology  
 Community Water Center  
 Costa Farms  
 Council for a Strong America  
 County of Tulare  
 Cultiva la Salud  
 D'Arrigo Brothers of California  
 Dolores Huerta Foundation  
 Driscoll's  
 EILEEN FISHER  
 El Quinto Sol de America  
 Environmental Defense Fund  
 Esperanza Community Housing CA  
 Faith in the Valley  
 Farm Bureau Monterey  
 Foxy Produce  
 Fresh Farms, Inc.  
 Fresh Foods, Inc.  
 Fresno Building Healthy Communities  
 Friends Committee on Legislation of CA  
 Friends of Calwa  
 Gap, Inc.  
 Grower-Shopper Association of Central California  
 Kaweah Basin Water Quality Association  
 Kaweah Delta Water Conservation District  
 Kern County Farm Bureau  
 Kings County Farm Bureau  
 Latino Coalition for a Healthy America  
 Leadership Counsel for Justice and Accountability  
 League of Women Voters  
 Lutheran Office of Public Policy  
 Merrill Farms  
 Mission Readiness: Council for a Strong America  
 Monterey Bay Independent Physician Association  
 Monterey County Board of Supervisors  
 Monterey County Farm Bureau  
 Naturipe

NextGen California  
 Nutrition & Fitness Collaborative of the Central Coast  
 Pacific Institute  
 Pacific Water Quality Association  
 Pepsico  
 Physicians for Social Responsibility Los Angeles  
 Planning and Conservation League  
 Policy Link  
 Poplar Community Services District  
 Public Health Advocates  
 Public Interest Law Project  
 Pueblo Unido CDC  
 Rava Ranches  
 Rio Farms  
 Rural County Representatives of California  
 Rural County Assurance Corporation  
 Salinas Basin Agricultural Stewardship Group  
 Santa Cruz County Farm Bureau  
 Self Help Enterprises  
 Service Employees International Union  
 Sierra Nevada Brewing Company  
 South County Packing Inc.  
 State Building and Construction Trades Council  
 Strategic Actions for a Just Economy  
 Strategic Concepts in Organizing & Policy Education  
 Sultana Community Services District  
 Sunflower Alliance  
 The Coca-Cola Company  
 TransForm  
 United Farm Workers  
 Water Quality Association  
 Western Center on Law & Poverty  
 Western Growers  
 Western United Dairywomen  
 Wholly H2O

## **OPPOSITION**

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Alameda County Water District  
 Amador Water Agency

American Water Works Association,  
 California-Nevada Section  
 Antelope Valley – East Kern Water Agency  
 Association of California Water Agencies  
 Bella Vista Water District  
 Brooktrails Township Community Services  
 District  
 Browns Valley Irrigation District  
 Burbank Water and Power  
 Calaveras County Water District  
 CalDesal  
 California Coastkeeper Alliance  
 California Sportfishing Protection Alliance  
 California Water Impact Network  
 California Chamber of Commerce  
 Calleguas Municipal Water District  
 Central Water District  
 Citrus Heights Water District  
 City of Anaheim Public Utilities Dept  
 City of Fairfield  
 City of Indio  
 City of Merced  
 City of Norwalk  
 City of Redding  
 City of Riverside  
 City of Roseville  
 City of Santa Rosa  
 Coachella Valley Water District  
 Coalition of Peninsula Businesses  
 Crestline-Lake Arrowhead Water Agency  
 Cucamonga Valley Water District  
 Del Paso Manor Water District  
 Desert Water Agency  
 Dublin San Ramon Services District  
 East Bay Municipal Utilities District  
 East Valley Water District  
 Eastern Municipal Water District  
 Elsinore Valley Municipal Water District  
 El Dorado Irrigation District  
 El Toro Water District  
 Fair Oaks Water District  
 Fallbrook Public Utility District  
 Foresthill Public Utility District  
 Georgetown Divide Public Utility District  
 Greater Eureka Chamber of Commerce  
 Helix Water District

Howard Jarvis Taxpayers Association  
 Humboldt Baykeeper  
 Humboldt Community Services District  
 Humboldt Bay Municipal Water District  
 Indian Wells Valley Water District  
 Indio Water Authority  
 Inland Empire Waterkeeper  
 Kern County Water Agency  
 Kinneloa Irrigation District  
 La Canada Irrigation District  
 Lake Hemet Municipal Water District  
 Las Virgenes Municipal Water District  
 League of California Cities  
 Malaga County Water District  
 Mammoth Community Water District  
 Mariana Ranchos County Water District  
 McKinleyville Community Services District  
 Merced Irrigation District  
 Mesa Water District  
 Metropolitan Water District of Southern  
 California  
 Mid-Peninsula Water District  
 Mojave Water Agency  
 Monte Vista Water District  
 Monterey Coastkeeper  
 Monterey County Hospitality Association  
 National Federation of Business  
 Nevada County Resource Conservation  
 District  
 Olivenhain Municipal Water District  
 Orange County Water District  
 Otay Water District  
 Pacific Coast Federation of Fishermen's  
 Association  
 Padre Dam Municipal Water District  
 Palm Ranch Irrigation District  
 Palmdale Water District  
 Pico Water District  
 Placer County Water Agency  
 Quartz Hill Water District  
 Rancho California Water District  
 Rainbow Municipal Water District  
 Regional Water Authority  
 Richvale Irrigation District  
 Rincon del Diablo Municipal Water  
 Rio Alto Water District

Rio Linda Elverta Community Water District  
Rowland Water District  
Russian Riverkeeper  
Sacramento Suburban Water District  
San Diego County Water Authority  
San Gabriel County Water District  
San Juan Water District  
Santa Barbara Channelkeeper  
Santa Fe Irrigation District  
Santa Margarita Water District  
Santa Ynez River Water Conservation District  
Scotts Valley Water District  
South Coast Water District  
South Tahoe Public Utility District  
Southern California Water Committee  
Stockton East Water District  
The Otter Project  
Three Valleys Municipal Water District  
Upper San Gabriel Valley Water District  
Vallecitos Water District  
Valley Center Municipal Water District  
Valley of the Moon Water District  
Vista Irrigation District  
Western Municipal Water District  
Westlands Water District  
Yolo County Flood Control Water Conservation District  
Yorba Linda Water District  
Yuba County Water Agency

### **FOR MORE INFORMATION**

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Contact: Trevor Taylor  
Phone: (916) 651-4017  
Email: [trevor.taylor@sen.ca.gov](mailto:trevor.taylor@sen.ca.gov)

# REPORT

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DATE: April 19, 2018

TO: Governing Board

FROM: Marisa Creter, Executive Director

RE: **SAFE, CLEAN WATER RECAP**

## **RECOMMENDED ACTION**

Receive and file.

## **BACKGROUND**

In May 2017, the Los Angeles County Board of Supervisors passed a motion directing the Department of Public Works, in coordination with other County departments, cities, local water agencies, business stakeholders, non-profit organizations, school districts, and other regional stakeholders, to develop a Drought Resilience Plan. That plan has come to be known as the “Safe, Clean Water” (S,CW) program.

Additionally, last October, the governor signed AB 1180 (Holden) which authorizes the LA Flood Control District (FCD) to levy a tax or impose a fee to pay the costs and expenses of carrying out projects and programs to increase stormwater capture and reduce stormwater and urban runoff. The bill further states that those projects and programs may include projects providing multiple benefits that increase water supply, improve water quality, and, where appropriate, provide community enhancements.

AB 1180 specifies that revenue raised through the tax or fee shall be allocated according to the following distribution:

- 10% to the FCD for implementation and administration of projects and programs, and for payment of the costs incurred in connection with the levy and collection of the tax, fee, or charge and the distribution of the funds generated.
- 40% allocated to cities and unincorporated areas of LA County, in the same proportion as the amount of revenues collected within each jurisdiction.
- 50% to pay for the implementation, operation and maintenance, and administration of watershed-based projects and programs, including projects and programs identified in regional stormwater plans.

## **DISCUSSION**

In developing the program, the County formed a Stakeholder Advisory Committee (SAC) and element-specific subcommittees, which include representatives from local and regional government, nonprofits, environmental, business, and academia. Councilmember Judy Nelson (Glendora) is the San Gabriel Valley Council of Governments (SGVCOG) delegate. (Additionally, Councilmember Diana Mahmud (South Pasadena) is the appointee for Supervisor

Barger.) These groups have met monthly since November 2017 to develop elements of the S,CW program. In January, the SGVCOG adopted Resolution 18-03 laying out our overarching position on S,CW program elements. All recommendations the SGVCOG has made to the County and BOS are in line with that document. Following is a synopsis of their progress so far.

- **Projects Selection Criteria.** This subcommittee has considered the tradeoffs between the three program goals: enhancing water supply, improving water quality, and providing community enhancements. The subcommittee reviewed a strawman scoring system that seeks to assign points to proposed projects in four categories: water supply benefits, water quality benefits, community enhancement benefits, and project readiness/ability to leverage existing funds. Discussion has centered on how high of a priority green infrastructure and community enhancements should hold relative to increasing water supply and enhancing water quality.
  - SGVCOG recommends that the water quality category must receive the greatest weight in order to ensure that selected projects achieve our overarching legal requirement of reducing pollution caused by stormwater runoff.
- **Governance.** The Governance subcommittee has discussed ideas for oversight of the regional return program. Ideas included the pros and cons of a single, LA County-wide governance structure, versus multiple subregional governing bodies. Likewise, the group has considered who would select projects: an LA-wide committee, or at the subregional level. Finally, they considered who should be a part of the governing body.
  - SGVCOG recommends governance at the subregional watershed level, with subregions receiving 100% of regional funding and those governing body having the authority to self-select projects within their subregional boundaries. Regarding the makeup of the governing bodies, the SGVCOG recommends that each city (permittee) have a seat on the subregional committees, and that voting be one seat, one vote.
- **Disadvantaged Communities (DAC), Equity, and Stakeholder Involvement.** This subcommittee began by reviewing the current definitions for a DAC community, such as those given in Prop 84 and AB 31, and what constitutes a tangible benefit to these communities. Members had competing ideas about how best to serve disadvantaged communities. Some felt that since 41% of LA County is classified as DAC, 41% of the money generated should go to those communities.
  - SGVCOG recommends using the definition of a DAC given in the Low-Income Water Rate Assistance Program (AB 401 (Dodd, 2015)), and relying on the additional points awarded for Community Enhancements, rather than DAC set-asides, to select the best projects based on merit.
- **Credits, Incentives, and Rebates.** This program element has proven to be the most difficult because of the many second and third order effects of credit, rebate, and incentive programs, as well as accounting for communities that already have a stormwater tax. Moreover, funding and administration in this category could be very costly and time consuming. Ideas reviewed included incentivizing businesses that have the capacity to

accept stormwater from other properties, programs at the homeowner level, and credit trading programs.

- The SGVCOG recommends limiting incentives to projects of a certain size threshold that do not create new bureaucracies to administer the program.
- Tax Formula. Options forming the basis of the stormwater tax include a flat rate per parcel, taxing based on lot size or developed area, or taxes based on the impervious area of a parcel. County staff is recommending impervious area, which would generate \$300 – \$400 million annually. Members have concern that, for the average homeowner, it will be difficult to interpret the word “impervious” and determine how much tax they will pay under this formula.
  - The SGVCOG recommends basing the tax on parcel size because it is the easiest to understand and compute, has a strong nexus with generation of stormwater, and is not regressive.

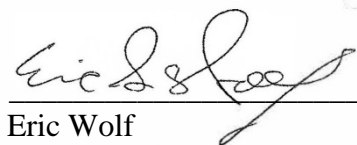
Next Steps. County staff have laid out the remaining timeline and schedule.

- Mid-April: draft program framework complete
- April 19<sup>th</sup>: SAC meeting
- May: SAC meeting (as needed)
- June: draft program framework to BOS for consideration
- July – Aug: polling
- Aug: BOS go/no go decision
- Nov: ballot measure for voter approval

## **RECOMMENDED ACTION**

Receive and file.

Prepared by:



Eric Wolf  
Senior Management Analyst

Approved by:



Marisa Creter  
Executive Director

## **ATTACHMENT**

Attachment A – SGVCOG Safe, Clean Water Position Statement, Resolution 18 – 03

## **RESOLUTION 18-03**

### **A RESOLUTION OF THE GOVERNING BOARD OF THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS (“SGVCOG”) SGVCOG POSITION ON SAFE, CLEAN WATER PROGRAM ELEMENTS**

**WHEREAS**, the Safe, Clean Water Program is the stormwater funding element of Los Angeles County’s (the County) water resilience program; and

**WHEREAS**, the overall goals of Safe, Clean Water are to fund multi-benefit stormwater projects and programs that increase water supply, improve water quality, and provide community enhancements; and

**WHEREAS**, the County and Los Angeles County Flood Control District (FCD) have formed a Stakeholder Advisory Committee (SAC) to discuss and provide input to the Safe, Clean Water program elements; and

**WHEREAS**, the SGVCOG is a member of the SAC;

**NOW, THEREFORE BE IT RESOLVED**, that the Governing Board adopts the following overarching position on Safe, Clean Water program elements and directs its delegates to the SAC to advocate for the following:

- **Regional Funding:** Due to the already high cost of stormwater requirements, the vast majority of revenue from the Safe, Clean Water Program should go to design, construction, and ongoing operations and maintenance of capital projects, especially those identified in approved stormwater permits, not programs.
- **Governance:** Disbursement of Regional Funds should be approved by a strong governance structure, comprised primarily of MS4 permittees, with responsibility for selecting projects according to defined criteria and overseeing how taxpayer money is spent.
- **Local Return: Cities** should have maximum flexibility and independence in spending local return money in a manner consistent with AB 1180.
- **Project Funding Priority.** Funding priority should be given to those projects that cost-effectively address water supply and water quality concerns.
- **Basin Plan.** The Basin Plan establishes the foundation for water quality standards which are then incorporated into MS4 permits. Since the Plan has not received comprehensive review since before stormwater discharges were made subject to it, we support use of the funds allocated to the Flood Control District to fund the cost of studies to update the Basin Plan.



- **Leverage Existing Funding.** Money from existing voter-approved sources should be leveraged as the primary source of funding for community enhancements, leaving all of the stormwater funding raised through this measure strictly for stormwater compliance.

PASSED, APPROVED, and ADOPTED this 18<sup>th</sup> day of January 2018.

SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

By: \_\_\_\_\_

Cynthia Sternquist, President

**Attest:**

I, Marisa Creter, Interim Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 18-03 was adopted at a regular meeting of the Governing Board held on the 18<sup>th</sup> day of January 2018, by the following roll call vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

\_\_\_\_\_

Marisa Creter, Secretary



DATE: April 19, 2018

TO: San Gabriel Valley Council of Governments Governing Board

FROM: Marisa Creter, Executive Director

RE: **Assembly Constitutional Amendment (ACA) No. 5 (Frazier)**

## **RECOMMENDED ACTION**

Adopt Resolution 18-18 to formally support ACA 5 (Frazier).

## **BACKGROUND**

In early April 2017, the California Legislature passed SB 1 (Beall), and on April 28, 2017, Governor Jerry Brown signed SB 1 into law. SB 1 is a major transportation funding bill which increased taxes on gasoline and diesel fuel, increased vehicle registration fees, and established a new Road Improvement Fee. These new SB 1 transportation taxes and fees will raise \$5 billion in revenue annually when all taxes and fees are implemented, and over ten years, these fee increases will generate approximately \$52.4 billion in revenue. The taxes and fees which are levied as a result of SB 1 also adjust for inflation every year. SB 1 affects transportation taxes and fees in the following manners:

- a) Increases the excise tax on gasoline by \$0.12 per gallon (11/1/17)
- b) Increases the excise tax on diesel fuel by \$0.20 per gallon (11/1/17)
- c) Increases the sales tax on diesel fuels by an additional 4% increment (11/1/17)
- d) Establishes a new yearly Transportation Improvement Fee (TIF), based on the market value of the vehicle (1/1/18)
- e) Establishes the Road Improvement Fee, which is \$100 per vehicle for Zero-Emission Vehicles (2020)

Additionally, the State Legislature included provisions in SB 1 which dedicate all of the SB 1 revenues to transportation expenditures. However, while the California State Constitution mandates that revenues from the gasoline excise tax, diesel excise tax, and the Road Improvement/Zero-Emission Vehicle Fee must be restricted to transportation expenditures, the State Constitution does not require revenues from the Transportation Improvement Fee or the Diesel Sales Tax to be spent for transportation purposes. This means that, in the future, the Legislature would be able to change the current law to allow the California Government to spend some of the revenues from these SB 1 taxes and fees on non-transportation purposes.

Moreover, the California Constitution requires that the state government keeps its annual spending at or below a certain level. However, the State Constitution does exempt most spending from gasoline and diesel excise tax revenues and capital projects from counting toward this spending cap. The way the pertinent clauses of the Constitution are written and structured, about one-tenth of the spending from SB 1 revenues counts toward this mandated limit.

Assembly Constitutional Amendment (ACA) No. 5, which was drafted by Asm. Frazier, and was chaptered by the California Secretary of State just before SB 1 was signed into law, addresses these issues. It amends the California State Constitution by requiring that all SB 1 revenues from enacted fuel taxes and vehicle fees be spent on transportation purposes only; this includes revenues generated from the Transportation Improvement Fee and the increase in the Diesel Sales Tax. Also, ACA 5 exempts spending from all revenues raised from SB 1 from counting toward state and local spending limits.


## **SUPPORT AND OPPOSITION**

Currently, there is no known formal public support or opposition for this legislation.

## **NEXT STEPS**

ACA 5 will appear on the California ballot as a legislatively referred constitutional amendment on June 5, 2018 as Proposition 69. On March 15, 2018, the SGVCOG Transportation Committee unanimously approved a motion to recommend that the SGVCOG Governing Board formally support ACA 5 (Frazier). Thus, it is being recommended that the Governing Board formally support ACA 5 (Frazier) and Proposition 69 by adopting Resolution 18-18.

Prepared by:   
Peter Duyshart  
Project Assistant

Approved by:   
Marisa Creter  
Executive Director

## **ATTACHMENTS**

- Attachment A – Resolution 18-18
- Attachment B – ACA 5 (Frazier) Text
- Attachment C – ACA 5 California Legislative Analyst’s Office Summary & Analysis
- Attachment D – ACA 5 Senate Floor Analysis
- Attachment E – SB 1 Assembly Floor Analysis
- Attachment F – SB 1 California Legislative Analyst’s Office Overview

**RESOLUTION NO. 18-18**

**RESOLUTION OF THE SAN GABRIEL VALLEY  
COUNCIL OF GOVERNMENTS (SGVCOG) SUPPORTING ACA 5 / PROPOSITION  
69 (FRAZIER)**

**WHEREAS**, the Fix Our Roads Campaign developed the following principles to address the State's Transportation needs:

1. Make a significant investment in transportation infrastructure.
2. Focus on maintaining and rehabilitating the current system.
3. Equal split between state and local projects.
4. Raise revenues across a broad range of options.
5. Invest a portion of diesel tax and/or cap and trade revenue to high-priority goods movement projects.
6. Strong accountability requirements to protect the taxpayers' investment.
7. Provide consistent annual funding levels.

**WHEREAS**, the SGVCOG adopted 15-27 in support of the Fix Our Roads Campaign in September 2015; and

**WHEREAS**, SB 1 (Beall) is intended to address long-term structural issues related to transportation funding and is consistent with the principles adopted by the Fix Our Roads Campaign; and

**WHEREAS**, SB 1 (Beall) was passed by the California State Legislature on April 6, 2017; and

**WHEREAS**, SB 1 (Beall) was signed into law by Governor Jerry Brown on April 28, 2017; and

**WHEREAS**, SB 1 (Beall) will generate \$52.4 billion in ten years in the following manner:

- a) Increases the excise tax on gasoline by \$0.12 per gallon, effective November 1, 2017.
- b) Increases the excise tax on diesel fuel by \$0.20 per gallon, effective November 1, 2017.
- c) Increases the sales tax on diesel fuels by an additional 4% increment, effective November 1, 2017.
- d) Establishes a new yearly Transportation Improvement Fee (TIF), based on the market value of the vehicle, effective January 1, 2018.
- e) Establishes the Road Improvement Fee, which is a \$100 per vehicle fee for Zero-Emission Vehicles, effective July 1, 2020.

**WHEREAS**, while the California State Legislature included provisions in SB 1 which dedicate all SB 1 revenues to transportation expenditures, the California State Constitution does not mandate that revenues generated from the Transportation Improvement Fee or the Diesel Sales Tax be spent for transportation purposes; and

**WHEREAS**, California State Constitution requires that the state government keeps its annual spending at or below a certain level, and exempts most spending from gasoline and diesel excise tax revenues and capital projects from being included in this spending cap, but does not exempt about

one-tenth of spending from SB 1 revenues; and

**WHEREAS**, Assembly Constitutional Amendment (ACA) No. 5 (Frazier) amends the California State Constitution in the following manners:

- a) Requires all SB 1 revenues from newly enacted and increased fuel taxes and vehicle fees, including the Transportation Improvement Fee and the Diesel Sales Tax increase, be expended for transportation functions only.
- b) Exempts expenditures from all SB 1-raised revenues from counting toward the state appropriations limit; and

**WHEREAS**, ACA 5 (Frazier) will appear on the June 5, 2018 California ballot as Proposition 69, a legislatively referred constitutional amendment.

**NOW THEREFORE, BE IT RESOLVED THAT THE GOVERNING BOARD DOES HEREBY ADOPT A POSITION OF SUPPORT FOR ACA 5 / PROPOSITION 69 (FRAZIER).**

**PASSED, APPROVED, AND ADOPTED** by the Governing Board of San Gabriel Valley Council of Governments, County of Los Angeles, in the County of Los Angeles, State of California, on the 19<sup>th</sup> day of April 2018.

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Cynthia Sternquist, President  
San Gabriel Valley Council of Governments

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 18-18 was adopted at a regular meeting of the Governing Board held on the 19<sup>th</sup> day of April 2018, by the following roll call vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

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Marisa Creter, Secretary



## Assembly Constitutional Amendment No. 5

### RESOLUTION CHAPTER 30

Assembly Constitutional Amendment No. 5—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 1 of Article XIX A thereof, by adding Section 15 to Article XIII B thereof, and by adding Article XIX D thereto, relating to transportation.

[Filed with Secretary of State April 17, 2017.]

#### legislative counsel's digest

ACA 5, Frazier. Motor vehicle fees and taxes: restriction on expenditures: appropriations limit.

(1) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes, and restricts the expenditure of revenues from fees and taxes imposed by the state upon vehicles or their use or operation to state administration and enforcement of laws regulating the use, operation, or registration of vehicles used upon the public streets and highways, as well as to street and highway and certain mass transit purposes. These restrictions do not apply to revenues from taxes or fees imposed under the Sales and Use Tax Law or the Vehicle License Fee Law.

This measure would add Article XIX D to the California Constitution to require revenues derived from vehicle fees imposed under a specified chapter of the Vehicle License Fee Law to be used solely for transportation purposes, as defined. The measure would prohibit these revenues from being used for the payment of principal and interest on state transportation general obligation bonds that were authorized by the voters on or before November 8, 2016. The measure would prohibit the revenues from being used for the payment of principal and interest on state transportation general obligation bonds issued after that date unless the bond act submitted to the voters expressly authorizes that use. The measure would also prohibit the Legislature from borrowing these revenues, except as specified, or using them for purposes other than transportation purposes.

(2) Article XIII B of the California Constitution prohibits the total annual appropriations subject to limitation of the state and each local government from exceeding the appropriations limit of the entity of the government for the prior year, as adjusted.

This measure would exclude appropriations of certain revenues associated with the Road Repair and Accountability Act of 2017 from the appropriations subject to constitutional limitation.



(3) Article XIX A of the California Constitution requires the deposit of a specified portion of the sales and use tax on diesel fuel in the Public Transportation Account in the State Transportation Fund, and restricts the expenditure of those revenues to certain transportation planning and mass transportation purposes. Article XIX A prohibits the Legislature from borrowing these revenues and from using these revenues other than as specifically permitted by Article XIX A.

This measure would restrict additional portions of the sales and use tax on diesel fuel to expenditure on certain transportation planning and mass transportation purposes and require those revenues to be deposited in the Public Transportation Account. The measure would prohibit the Legislature from temporarily or permanently diverting or appropriating these additional revenues for other than certain transportation planning and mass transportation purposes, or from borrowing, except as specified, these additional revenues.

WHEREAS, Transportation revenues raised by the Road Repair and Accountability Act of 2017 should be constitutionally protected for transportation purpose; and

WHEREAS, By so doing, Californians are assured revenues raised by that act are spent to repair streets and bridges, address years of deferred maintenance on highways and local roads, improve mobility and public transit, and invest in needed transportation infrastructure to benefit all Californians; now, therefore, be it

*Resolved by the Assembly, the Senate concurring,* That the Legislature of the State of California at its 2017–18 commencing on the fifth day of December 2016, two-thirds of the membership of each house concurring, hereby proposes to the people of the State of California, that the Constitution of the State be amended as follows:

First—That Section 15 is added to Article XIII B thereof, to read:

SEC. 15. “Appropriations subject to limitation” of each entity of government shall not include appropriations of revenues from the Road Maintenance and Rehabilitation Account created by the Road Repair and Accountability Act of 2017, or any other revenues deposited into any other funds pursuant to the act. No adjustment in the appropriations limit of any entity of government shall be required pursuant to Section 3 as a result of revenues being deposited in or appropriated from the Road Maintenance and Rehabilitation Account created by the Road Repair and Accountability Act of 2017 or any other account pursuant to the act.

Second—That Section 1 of Article XIX A thereof is amended to read:

SECTION 1. (a) The Legislature shall not borrow revenues from the Public Transportation Account, or any successor account, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.

(b) The Public Transportation Account in the State Transportation Fund, or any successor account, is a trust fund. The Legislature may not change the status of the Public Transportation Account as a trust fund. Funds in the

Public Transportation Account may not be loaned or otherwise transferred to the General Fund or any other fund or account in the State Treasury.

(c) All revenues specified in paragraphs (1) through (3), inclusive, of subdivision (a) of Section 7102 of the Revenue and Taxation Code, as that section read on June 1, 2001, shall be deposited no less than quarterly into the Public Transportation Account (Section 99310 of the Public Utilities Code), or its successor. The Legislature may not take any action which temporarily or permanently diverts or appropriates these revenues for purposes other than those described in subdivision (d), or delays, defers, suspends, or otherwise interrupts the quarterly deposit of these funds into the Public Transportation Account.

(d) Funds in the Public Transportation Account may only be used for transportation planning and mass transportation purposes. The revenues described in subdivision (c) are hereby continuously appropriated to the Controller without regard to fiscal years for allocation as follows:

(1) Fifty percent pursuant to subdivisions (a) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(2) Twenty-five percent pursuant to subdivision (b) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Twenty-five percent pursuant to subdivision (c) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

(e) For purposes of paragraph (1) of subdivision (d), “transportation planning” means only the purposes described in subdivisions (c) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(f) For purposes of this article, “mass transportation,” “public transit,” and “mass transit” have the same meaning as “public transportation.” “Public transportation” means:

(1) (A) Surface transportation service provided to the general public, complementary paratransit service provided to persons with disabilities as required by 42 U.S.C. 12143, or similar transportation provided to people with disabilities or the elderly; (B) operated by bus, rail, ferry, or other conveyance on a fixed route, demand response, or otherwise regularly available basis; (C) generally for which a fare is charged; and (D) provided by any transit district, included transit district, municipal operator, included municipal operator, eligible municipal operator, or transit development board, as those terms were defined in Article 1 of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code on January 1, 2009, a joint powers authority formed to provide mass transportation services, an agency described in subdivision (f) of Section 15975 of the Government Code, as that section read on January 1, 2009, any recipient of funds under Sections 99260, 99260.7, 99275, or subdivision (c) of Section 99400 of the Public Utilities Code, as those sections read on January 1, 2009, or a consolidated agency as defined in Section 132353.1 of the Public Utilities Code, as that section read on January 1, 2009.

(2) Surface transportation service provided by the Department of Transportation pursuant to subdivision (a) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Public transit capital improvement projects, including those identified in subdivision (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(g) All revenues specified in Sections 6051.8 and 6201.8 of the Revenue and Taxation Code, as those sections read on January 1, 2018, shall be deposited no less than quarterly into the Public Transportation Account, or its successor. Except as provided in Sections 16310 and 16381 of the Government Code, as those sections read on January 1, 2018, the Legislature may not take any action that temporarily or permanently diverts or appropriates these revenues for purposes other than those described in subdivision (d), or delays, defers, suspends, or otherwise interrupts the quarterly deposit of these revenues into the Public Transportation Account.

Third—That Article XIX D is added thereto, to read:

ARTICLE XIX D  
VEHICLE LICENSE FEE REVENUES FOR TRANSPORTATION  
PURPOSES

SECTION 1. (a) Notwithstanding Section 8 of Article XIX, revenues derived from vehicle fees imposed under the Vehicle License Fee Law pursuant to Chapter 6 (commencing with Section 11050) of Part 5 of Division 2 of the Revenue and Taxation Code, or its successor, over and above the costs of collection and any refunds authorized by law, shall be used solely for transportation purposes, as defined by Section 11050 of the Revenue and Taxation Code, as that section read upon enactment of the Road Repair and Accountability Act of 2017.

(b) The revenues described in subdivision (a) shall not be used for the payment of principal and interest on state transportation general obligation bonds that were authorized by the voters on or before November 8, 2016, nor shall those revenues be used for payment of principal and interest on state transportation general obligation bond acts approved by the voters after that date, unless the bond act expressly authorizes that use.

(c) Except as provided in Sections 16310 and 16381 of the Government Code, as those sections read on January 1, 2018, the Legislature shall not borrow the revenues described in subdivision (a), and shall not use these revenues for purposes, or in ways, other than as authorized in subdivisions (a) or (b).

**Proposition 69**  
**ACA 5 (Resolution Chapter 30, Statutes of 2017), Frazier.**  
**Motor vehicle fees and taxes: restriction on expenditures:**  
**appropriations limit.**

**Yes/No Statement**

A **YES** vote on this measure means: The Legislature will be required under the State Constitution to continue to spend revenues from recently enacted fuel taxes and vehicle fees on transportation purposes (such as repairing roads and improving transit).

A **NO** vote on this measure means: The Legislature in the future could change current law, allowing it to spend a portion of the revenues from recently enacted fuel taxes and vehicle fees on purposes other than transportation.

**Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact**

- No direct effect on the amount of state and local revenues or costs, as the measure does not change existing tax and fee rates.
- The measure could affect how some monies are spent by ensuring that revenues from recently enacted taxes and fees continue to be spent on transportation purposes.
- The measure would put the state a little further below its constitutional spending limit.

**Ballot Label**

**Fiscal Impact:** No direct effect on the amount of state and local revenues or costs but could affect how some monies are spent.

## BACKGROUND

### Recent Transportation Funding Legislation

In April 2017, the state enacted legislation, Senate Bill 1 (SB 1), to increase annual state funding for transportation in California. Senate Bill 1 (1) increases revenues from various taxes and fees, and (2) dedicates the revenues to transportation purposes, including repairing state highways and local streets, and improving mass transit.

**Taxes and Fees.** Senate Bill 1 increased gasoline and diesel excise taxes, which are set on a per-gallon basis. It also increased diesel sales taxes, which are set based on price. For zero-emission vehicles (such as electric cars) model year 2020 and later, it increased vehicle registration fees by a fixed dollar amount. Additionally, SB 1 created a new transportation improvement fee, which vehicle owners pay based on the value of their vehicle. Most of the taxes and fees already are in effect, with all taking effect by 2020.

#### *Restrictions on Revenues.*

Senate Bill 1 will raise \$5 billion annually when all its taxes and fees are in effect. Figure 1 shows the annual revenues raised from each tax and fee, as well as whether

**Figure 1**

#### **Existing State Constitutional Restrictions on Recently Enacted Senate Bill 1 Revenues** (In Billions)

Tax/Fee	Revenues <sup>a</sup>	Restricted for Transportation?
Gasoline Excise Tax	\$2.4	Yes
Transportation Improvement Fee	1.6	No
Diesel Excise Tax	0.7	Yes
Diesel Sales Tax	0.3	No
Zero-Emission Vehicle Fee	— <sup>b</sup>	Yes
<b>Total</b>	<b>\$5.0</b>	

<sup>a</sup> In 2020-21, when all taxes and fees are in effect. Excludes revenues from taxes on fuel used in off-highway vehicles (totaling \$0.1 billion). The existing State Constitution and Senate Bill 1 both allow these revenues to be spent on purposes besides transportation.

<sup>b</sup> About \$18 million a year.

existing provisions of the State Constitution restrict them for transportation purposes. Though the Legislature chose to dedicate all the SB 1 revenues to transportation, the State Constitution does not require this for the revenues from the transportation improvement fees and diesel sales taxes.

As such, the Legislature could choose in the future to use these two revenue sources for purposes other than transportation.

### **Spending Limits**

The State Constitution requires the state and local governments to keep their annual spending at or below a certain level, based on a formula established by a voter proposition passed in 1979. The State Constitution exempts some spending from counting toward these limits, including spending from most gasoline and diesel excise tax revenues and spending on capital projects. Due to these exemptions, only a small portion (less than one-tenth) of spending from the new SB 1 revenues count toward the state limit. It is currently estimated that the state is several billion dollars below its limit.

### **PROPOSAL**

***Restricts Revenues for Transportation.*** Proposition 69 amends the State Constitution to require that the Legislature spend revenues from the new diesel sales taxes and transportation improvement fees on transportation purposes. (This requirement also applies to existing diesel sales tax revenues—not just those imposed by SB 1.) Proposition 69 also prohibits the state from (1) loaning out these revenues (except for cash flow purposes), and (2) using transportation improvement fee revenues to repay state transportation bonds without voter approval. The only way to change these requirements would be for the voters to approve another constitutional amendment in the future.

***Exempts Revenues From Spending Limits.*** Proposition 69 exempts spending from all the revenues raised from SB 1 from counting toward state and local spending limits.

## **FISCAL EFFECTS**

*No Direct Fiscal Effect but Could Affect How Some Monies Are Spent.* Proposition 69 would not directly affect the amount of state and local revenues or costs. (This is because it does not change the tax and fee rates established in SB 1.) The proposition could affect how some monies are spent in the future by requiring the Legislature to continue to spend revenues from diesel sales taxes and transportation improvement fees on transportation purposes, rather than other purposes. Additionally, the proposition puts the state a little further below its constitutional spending limit.

**SENATE RULES COMMITTEE**

ACA 5

Office of Senate Floor Analyses

(916) 651-1520 Fax: (916) 327-4478

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**THIRD READING**

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Bill No: ACA 5  
Author: Frazier (D) and Newman (D), et al.  
Amended: 4/4/17 in Assembly  
Vote: 27

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ASSEMBLY FLOOR: Not available

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**SUBJECT:** Motor vehicle fees and taxes: restriction on expenditures:  
appropriations limit

**SOURCE:** Author

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**DIGEST:** This constitutional amendment proposes to amend the California Constitution to prohibit the Legislature from borrowing revenues from fees and taxes imposed on vehicles or their use or operation, and from using those revenues other than as specifically permitted in the Constitution.

**ANALYSIS:**

Existing law, pursuant to the California Constitution:

- 1) Restricts the use of fuel excise tax revenues (from vehicles used on public streets and highways) and vehicle registration fee revenues to transportation purposes.
- 2) Restricts the Legislature from borrowing revenues from the Highway Users Tax Account.
- 3) Restricts fuel excise tax revenues to development and construction of roads and highways, unless a majority of voters in an election throughout a county or counties approves the use of the revenues for fixed-guideway mass transit.
- 4) Allows the Legislature to pledge fuel excise tax revenues for payment of bonds to fund voter-approved fixed-guideway mass transit projects.



- 5) Allows the Legislature to use up to 25% of the state's share of fuel excise tax revenues for payment of state-issued, voter-approved bonds for transportation purposes issued after November 2010.
- 6) Allows a city or county to use up to 25% of its share of fuel excise tax revenues for payment of locally issued, voter-approved bonds for transportation purposes.
- 7) Specifies that the restrictions on fuel excise tax and vehicle registration fee revenues do not apply to revenues derived from sales taxes or vehicle license fees.
- 8) Establishes the Public Transportation Account (PTA) as a trust fund and provides that revenues in the fund may only be used for specified transportation planning and mass transportation purposes. Further specifies that the Legislature is prohibited from borrowing revenues from the PTA, loaning or transferring them to the General Fund, or using the revenues for any purposes not specifically authorized.
- 9) Imposes an appropriation limit on the state and most local governments which limits the amount of spending to a base level, adjusted annually for inflation and population growth. State appropriations from the proceeds of taxes must be made within the state appropriation limit (SAL) or Gann limit. If state appropriations subject to those restrictions exceed the SAL, any revenue in excess of the SAL over two consecutive years must be appropriated for purposes exempt from the SAL (such as debt service), or used for a combination of Proposition 98 education spending and taxpayer rebates.

This constitutional amendment:

- 1) Requires diesel fuel sales tax revenues to be deposited into the PTA and prohibits the Legislature from diverting or appropriating those funds for purposes other than transportation planning and mass transportation.
- 2) Requires revenues derived from a proposed Transportation Improvement Fee to be used solely for transportation purposes, prohibits those revenues from being used to pay for previously authorized transportation bond debt service, and prohibits the Legislature from borrowing or using those revenues for unauthorized purposes.
- 3) Exempts appropriations of revenues generated as part of the proposed Road Repair and Accountability Act of 2017 (SB 1, Beall) from counting towards the state appropriation limit (Gann Limit).

- 4) Requires the provisions specified in this measure are subject to voter approval in the 2018.

## Comments

- 1) *Purpose.* According to the authors, “ACA 5 will ensure that future revenues passed by the Legislature to pay for road and highway maintenance will be spent exclusively on vitally needed repairs and not on other legislative priorities.

“According to the American Society of Civil Engineers, 68% of California’s roads are considered to be in ‘poor’ or ‘mediocre’ condition. Not only does poor road quality affect individual users, it also impacts the efficient movement of goods throughout the state, which directly impacts job growth and the competitiveness of California’s ports and goods movement industries. With freight movement predicted to increase significantly, Californians will see increased deterioration of their roads due to the heavier vehicle use. Because preventative maintenance costs 10 to 12 times less than pavement and road rehabilitation, California is at an opportune moment to make needed repairs and avoid facing even higher maintenance costs down the road.

“In order to fund needed repairs to the states roads and highways, the Legislature is considering a number of options that would provide increased funding for transportation projects but provide no oversight or protection on how funds would be spent. Without the protections in SCA 2, revenues that are raised to pay for the repair and maintenance of the state’s roads and highways could be used for non-transportation related purposes. Not only would this fail to fix our roads and highways, it would also defy the intent of the Legislature and violate the public trust of our constituents.”

- 2) *Current restrictions.* Most transportation revenues, including gasoline and diesel excise taxes and vehicle registration fees, are constitutionally protected from being borrowed or used for purposes other than transportation. This protection does not apply to vehicle license fees and fuel excise taxes for usage outside of public roads. Additionally, since 2011, weight fees have been used to pay down transportation-related general obligation bonds.
- 3) *The need for new funding.* The deterioration of California’s state and local streets and roads has been widely documented. For example, at the January 2017 California Transportation Commission (CTC) hearing, a local streets and roads needs assessment presented to the CTC found that the statewide average pavement condition index, which rates the condition of the surface of a road

network, to be 65. This score indicates that statewide, roads on average are in “fair/at risk” condition and are becoming worn down to the point where rehabilitation, rather than routine maintenance, may be needed to prevent rapid deterioration. The needs assessment further found that in order to *maintain local roads* at their *existing* condition would require an additional \$3.5 billion annually. Overall, according to the “Fix Our Roads” Coalition, total deferred maintenance shortfalls total approximately \$78 billion, while the shortfall is estimated at \$59 billion for the deferred maintenance backlog at the state level.

- 4) *A response to the need.* Introduced in the current legislative session, SB 1 (Beall) serves the consensus transportation funding package between the Senate, Assembly, and Governor. Serving as the legislative vehicle, SB 1 proposes to increase a number of transportation-related taxes and fees to raise roughly \$5.2 billion in new transportation revenues annually and makes annual inflation adjustments. SB 1 proposes the funding to be used towards deferred maintenance on the state highways and local streets and roads, improve the state’s trade corridors, and transit. SB 1 further contains a number of additional transportation-related reforms including creating a Transportation Inspector General subject to Senate confirmation within the newly created Caltrans Office of Audits and Investigations, granting CTC additional oversight over the SHOPP projects, including staffing support, and developing an Advance Mitigation Program. ACA 5 serves as the companion measure to provide constitutional protections for the revenues generated under SB 1.

### **Related/Prior Legislation**

ACA 5 is an identical measure to SCA 2 (Newman, 2017) which was heard in the Transportation and Housing Committee, the Elections and Constitutional Amendments Committee, and the Appropriations Committee of the Senate. SCA 2 is currently on the Senate Floor awaiting a final Senate vote; however as part of the consensus transportation funding package, ACA 5 will serve as the companion measure to SB 1.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee analysis of SCA 2:

- One-time General Fund costs in the range of \$414,000 to \$552,000 to the Secretary of State, likely in 2017-18, for printing and mailing costs to place the measure on the ballot in a statewide election. Actual costs may be higher or lower, depending on the length of required elements and the overall size of the ballot.

- New constitutional protections that ensure diesel fuel sales tax revenues are deposited into the PTA and not subject to diversion or appropriation for purposes other than transportation planning and mass transportation would apply to approximately \$500 million in annual revenues.
- New constitutional protections that require revenues from the proposed Transportation Improvement Fee be used solely for specified transportation purposes, and not for existing bond debt service, would apply to an estimated \$1.5 billion to \$1.6 billion in new annual revenues, if SB 1 is enacted.
- Exempts appropriations of approximately \$2 billion in new annual revenues generated by SB 1 from counting towards the Gann Limit. Absent this provision, state spending could be constrained in future years, to the extent appropriations of SB 1 revenues result in state appropriations exceeding the Gann Limit for two consecutive years in the future.

**SUPPORT:** (Verified 4/6/17)

None received

**OPPOSITION:** (Verified 4/6/17)

None received

Prepared by: Manny Leon / T. & H. /  
4/6/17 18:16:49

\*\*\*\* END \*\*\*\*

(Without Reference to File)

# SENATE THIRD READING

SB 1 (Beall)

As Amended April 3, 2017

2/3 vote. Urgency

SENATE VOTE: 27-11

**SUMMARY:** Increases several taxes and fees to raise the equivalent of roughly \$52.4 billion over ten years in new transportation revenues and makes adjustments for inflation every year; directs the funding to be used towards deferred maintenance on the state highways and local streets and roads, and to improve the state's trade corridors, transit, and active transportation facilities. Specifically, **this bill:**

- 1) Increases a number of taxes and fees for transportation purposes:
  - a) Increases the excise tax on gasoline by \$0.12 per gallon, starting November 1, 2017.
  - b) Increases the excise tax on diesel fuel by \$0.20 per gallon, starting November 1, 2017.
  - c) Increases the sales tax on diesel fuels by an additional 4% increment, starting November 1, 2017.
  - d) Creates a new annual Transportation Improvement Fee (TIF), starting January 1, 2018, based on the market value of the vehicle with the fee range described below:
    - i) \$25 per year for vehicles with a market value of \$0- \$4,999;
    - ii) \$50 per year for vehicles with a market value of \$5,000 - \$24,999;
    - iii) \$100 per year for vehicles with a market value of \$25,000 - \$34,999;
    - iv) \$150 per year for vehicles with a market value of \$35,000 - \$59,999; and,
    - v) \$175 per year for vehicles with a market value of \$60,000 and higher
  - e) Creates the Road Improvement Fee of \$100 per vehicles for Zero-Emission Vehicles (ZEV)s, as defined, starting in 2020 for model year 2020 and later.
- 2) Eliminates, starting July 1, 2019, the annual adjustment required by the "Gas Tax Swap," of 2010, and instead imposes a more stable tax by re-establishing the Price Based Excise tax (PBET) at its original rate of \$0.173 per gallon. Requires revenues generated from the PBET adjustment to be allocated under the existing statutory framework with 44% for the State Transportation Improvement Program (STIP), 44% for cities and counties for local streets and roads, and 12% for the State Highway Operations and Protection Program (SHOPP).
- 3) Requires that the tax rates and fees specified in this bill, other than the diesel sales tax, are adjusted annually based on the California Consumer Price Index (CPI).

- 4) Provides for the repayment of outstanding transportation loans from the General Fund totalling \$706 million.
- 5) Creates the Road Maintenance and Rehabilitation Program. Funds raised by the gasoline excise tax, a portion of the diesel excise tax increase (\$0.10), and TIF, and ZEV fees are deposited into the Road Maintenance and Rehabilitation Account (RMRA), which is created within the State Transportation Fund. The RMRA funds shall be spent on basic road maintenance and rehabilitation, critical safety projects, and several other transportation programs.
- 6) Requires 50% of the diesel excise tax increase (\$0.10), estimated at \$300 million, to be annually deposited into the Trade Corridor Enhancement Account (TCEA) to fund corridor-based freight projects nominated by the state and local agencies.
- 7) Allocates an estimated \$750 million annually for public transportation capital projects and operating expenses. These funds are derived from a portion of the diesel sales tax increase (3.5%) and an annual appropriation of \$350 million from the TIF. The increase in the diesel sales tax will fund local transit operators through the existing State Transit Assistance Program (STA), with funding allocated by existing formulas, and also provide funding for commuter and intercity passenger rail service. Allocates \$350 million from the TIF to the Transit Intercity Rail Capital Program (TIRCP) for transit capital projects.
- 8) Requires the outstanding loans made to the General Fund from various transportation special funds, a total of \$706 million, be repaid over three years. The funds will be allocated as follows: \$236 million for the TIRCP, up to \$20 million for planning, \$225 million for SHOPP, and \$225 million for local agencies.
- 9) Requires certain programs to be funded annually from the newly created RMRA. Specifically, \$200 million is set aside for local entities that have passed local sales and use taxes and/or developer fees for transportation purposes; \$100 million for the active transportation program for bicycle and pedestrian projects; \$400 million for bridge and culvert repair; \$25 million for freeway service patrols, \$25 million for local and regional SB 375 planning; and \$7 million for university transportation research. Additionally, \$5 million per year for five years (\$25 million total), is set aside for the California Workforce Development Board to assist local agencies to implement policies to promote preapprenticeship training programs.
- 10) Requires the remainder of funds in the RMRA to be split 50/50 between state and local governments. The state share will be allocated for road maintenance and SHOPP projects. Local funding is allocated pursuant to existing statutory formulas, where 50% goes to cities based on population and 50% goes to counties based on a combination of the number of registered vehicles and the miles of county roads. In order to receive these funds, a city and county must maintain its historic commitment to funding street and highway purposes by annually expending not less than the average of its expenditures over a specified three-year period (i.e. maintenance of effort requirement). The California Transportation Commission (CTC) shall annually evaluate each agency receiving funds to ensure that the funds are spent appropriately.
- 11) Creates the Congested Corridors Program, to be implemented by the CTC, and allocates \$250 million annually from the TIF for projects that provide congestion relief within the

state's most heavily used transportation corridors. Eligible projects can be nominated by both the state and regional transportation agencies, however, only up to half of the annual appropriation may be allocated for state-only nominated projects.

- 12) Directs the California Department of Transportation (Caltrans) to generate up to \$100 million in department efficiencies. The revenue generated through the efficiencies will be allocated to the RMRA.
- 13) Requires revenue raised by the new gasoline excise tax that are attributable to agriculture equipment use be spent on agriculture programs. Also requires revenue raised by the new gasoline excise tax attributable to Off-Highway Vehicle (OHV) uses or boating uses be spent on state parks, OHV, and boating programs.
- 14) Creates a Transportation Inspector General, subject to Senate confirmation, within the newly created Caltrans Office of Audits and Investigations.
- 15) Requires additional CTC oversight of the development and management of the SHOPP program, including allocating staffing support and project review and approval. CTC will also conduct public hearings on the SHOPP.
- 16) Creates and funds an Advance Mitigation Program, administered by Caltrans, to protect natural resources through project mitigation and to accelerate project delivery.
- 17) Creates a "useful life" period where truckers subject to future, undefined regulations can get a return on their investment before being asked to replace or modify the vehicle. Thus, if the California Air Resources Board adopts future in-use regulations, trucks will not be required to turnover until they have reached 13 years from the model year the engine and emission control systems are first certified or until they reach 800,000 vehicle miles traveled; however, no longer than 18 years from the model year the engine and emission control systems are first certified for use.
- 18) Prohibits the Department of Motor Vehicles (DMV), starting in 2020, from registering or renewing the registration of specified medium and heavy duty diesel trucks unless the truck owner can demonstrate full compliance with applicable emission requirements.

#### **EXISTING LAW:**

- 1) Levies a variety of taxes and fees on gasoline, diesel fuel, and motor vehicles including, but not limited to, a per gallon gasoline excise tax, an excise and sales tax on diesel fuel, and an annual vehicle registration fee. These taxes and fees are currently levied at the following rates:
  - a) Gasoline excise tax: \$0.278 per gallon
  - b) Diesel excise tax: \$0.16 per gallon
  - c) Diesel sales tax: 6.5%
  - d) Vehicle registration fee: \$53 per vehicle annually

- 2) Directs the revenue generated through these taxes and fees to be used for various transportation programs and to fund the DMV and California Highway Patrol (CHP). In general, the gasoline and diesel excise taxes are spent on state and local road maintenance and construction through the SHOPP and state maintenance program and to city and county governments through specific formula-based subvention. Vehicle registration fees are used to fund DMV and CHP operations. The diesel sales tax provides funding for local transit operators, which is distributed by specific formulas.
- 3) Establishes the "Gas Tax Swap," approved by the Legislature in 2011 (AB 105 [Committee on Budget], Chapter 6, Statutes of 2011), which replaced the existing state portion of the sales tax on gasoline with a per gallon excise tax referred to as the PBET. The Gas Tax Swap requires the State Board of Equalization to annually adjust the excise tax to match revenue that would have been generated by the former sales tax. Revenues generated from the PBET are first used to backfill the State Highway Account for the transfers of weight fees for transportation debt service and are then distributed as follows:
  - a) 44% STIP;
  - b) 44% cities and counties for local streets and roads; and,
  - c) 12% SHOPP
- 4) Establishes the TIRCP program, a grant program designed to fund certain capital and operational projects for transit and passenger rail providers. TIRCP is currently funded by the state's cap and trade program authorized by AB 32 (Núñez), Chapter 488, Statutes of 2006.
- 5) Requires Caltrans to develop an asset management plan for the SHOPP, with approval by the CTC, to prioritize the state highway assets for funding purposes.

**FISCAL EFFECT:** According to the Senate Appropriations Committee, this bill is expected to generate an amount equivalent to \$52.4 billion in transportation revenues over a ten-year period, approximately \$26.6 billion of which would be dedicated for local expenditures and \$25.8 billion for state purposes. Overall revenues are estimated at \$2.78 billion in 2017-18, \$4.55 billion in 2018-19, and \$4.88 billion in 2019-20. Revenues are generally expected to increase annually thereafter, once all revenue sources are fully implemented and specified adjustments are made each year by the CPI, eventually reaching approximately \$6.5 billion by 2026-27.

**COMMENTS:** California has not increased the gas tax in 23 years. Since then, California's population has grown by eight million, with millions more cars and trucks on our roads. Californians also drive more than 350 billion miles a year – more than any other state – yet road and transit investments have not kept pace with this growth.

The deterioration of California's state and local streets and roads and state highway system has been widely documented. Specifically, the state highways system is facing \$59 billion deferred maintenance backlog for road maintenance and repairs. The total shortfall for local streets and roads maintenance is approximately \$7.3 billion annually.



Each California driver spends approximately \$700 per year in extra vehicle repairs caused by rough roads. With the winter storms this year already costing over \$800 million in emergency work on state highways alone, this number is sure to grow.

State highways and local streets and roads are not the only areas in need of additional funding for basic maintenance and upkeep. Transit operators are similarly experiencing their own respective funding shortfalls, estimated to be \$72 billion over the next ten years.

According to the author, this bill is a consensus bill between the Senate, Assembly, and the Governor that solves a crisis that threatens our deteriorating streets and highways. This bill will provide additional resources for the state to repair the infrastructure under its jurisdiction and it also distributes billions of dollars at the local level for road maintenance. Furthermore, this bill provides additional funding for trade corridor improvements, transit, and active transportation facilities.

In addition to new funding, this bill contains a number of policy reforms to ensure accountability and transparency of state and local programs funded by the bill. Specifically, this bill creates the Independent Office of Audits and Investigations within Caltrans to ensure the department and external entities are expending state and federal resources efficiently and effectively. The new Inspector General would be appointed by the Governor and confirmed by the Senate and would report annually to the Legislature. This bill also increases oversight of Caltrans and the state highway program by directing CTC to review and approve scope, cost, and schedule of all SHOPP projects, including capital outlay support. Caltrans would have to come back to the CTC for project scope changes or budget overruns. CTC reviews projects and discusses issues in regular public hearings for transparency and accountability.

This bill also includes new 10-year performance targets for the state highway program, including requiring not less than 98% of pavement on the state highway system be in good or fair condition; not less than 90% level of service achieved for maintenance of potholes, spalls, and cracks; not less than 90% of culverts in good or fair condition; not less than 90% of the transportation management system units in good condition; and to fix not less than an additional 500 bridges.

Local governments are also subjected to new reporting and oversight by CTC for the new funding revenue, including submitting yearly project lists and maintaining their current level of local general fund contributions to their roads systems. Additionally, the state's transit operators are required to report to the State Controller for new funding provided for "State of Good Repair" projects.

**Analysis Prepared by:** Melissa White / TRANS. / (916) 319-2093

FN: 0000097



# Overview of the 2017 Transportation Funding Package

MAC TAYLOR • LEGISLATIVE ANALYST • JUNE 2017

## Summary

In April 2017, the Legislature enacted Chapter 5 (SB 1, Beall), also known as the Road Repair and Accountability Act. The administration estimates this legislation will increase state revenues for California's transportation system by an average of \$5.2 billion annually over the next decade. In this report, we (1) provide a brief background on the state's transportation system, (2) describe the major features of the transportation funding package contained in the legislation, and (3) discuss issues for the Legislature to consider moving forward. (Though California's transportation system also is supported by federal and local funds, this report focuses only on state funding given the purview of SB 1.)

## CALIFORNIA'S TRANSPORTATION SYSTEM

The state's transportation system helps to move people and goods around and through the state. State funding primarily supports three segments:

- **State Highways.** The state's highway system includes about 50,000 lane-miles of pavement, 13,000 bridges, and 205,000 culverts (pipes that allow naturally occurring water to flow beneath a roadway). The California Department of Transportation (Caltrans) is responsible for maintaining and rehabilitating the highway system.
- **Local Streets and Roads.** The state has over 300,000 paved lane-miles of local streets and roads, including nearly 12,000 bridges. California's 58 counties and 482 cities own

and maintain these streets and roads. They also operate and maintain other aspects of their local street and road systems, such as traffic signals and storm drains.

- **Transit Operations.** There are 200 transit agencies in California that primarily operate bus, light rail, and subway systems. These transit systems are generally owned and operated by local governments, such as local transit authorities.

As we discuss below, SB 1 increases state funding for these transportation segments from various state transportation taxes and fees, including gasoline excise taxes, diesel excise and sales taxes, and vehicle taxes and fees.

# MAJOR FEATURES OF THE 2017 TRANSPORTATION FUNDING PACKAGE

This section consists of three parts. First, we describe the funding package's revenues. Second, we describe its spending provisions. Lastly, we discuss accountability and other measures contained in the legislation.

## INCREASES STATE TRANSPORTATION REVENUES

Figure 1 shows the tax and fee rate increases established by SB 1. The legislation increases both gasoline and diesel taxes, while also creating new vehicle taxes and fees to fund transportation. Figure 2 shows the share of revenues from each tax and fee increase. (Because the tax and fee rate increases are phased in over the next several years, the associated revenue increases cited here and throughout the remainder of this report reflect the administration's estimated annual average increase over the next decade.) As shown, the gasoline excise tax increases and the new Transportation

Improvement Fee are the two largest revenue sources. Altogether, the administration projects ongoing revenues to increase by \$5.2 billion annually. Currently, state funding for transportation from these and other revenue sources (such as truck weight fees and cap and trade auction revenues) total about \$7.5 billion annually. Below, we provide more detail on each revenue increase.

### State Fuel Taxes

**Gasoline Taxes (\$2.5 Billion).** The state currently has two excise taxes on each gallon of gasoline: a base tax and a variable "swap" tax. (We note that there is also a federal excise tax of 18.4 cents per gallon.)

- **Base Excise Tax (\$2.2 Billion).** This tax is set in state law at 18 cents per gallon. Starting November 1, 2017, the transportation funding package adds a

12 cent per gallon base excise tax—bringing total base excise taxes to 30 cents per gallon. It also adjusts the rates for inflation starting in 2020. These changes are expected to raise \$2.2 billion annually.

- **Swap Excise Tax (\$300 Million).** Currently, this tax is set annually by the Board of Equalization (BOE), which considers both gasoline price and quantity sold in an effort to mimic a sales tax on gasoline (which the swap tax replaced in 2010). The

**Figure 1**  
**Tax and Fee Rate Increases**

	Current Rates	New Rates <sup>a</sup>	Effective Date
<b>Fuel taxes<sup>b</sup></b>			
<b>Gasoline</b>			
Base excise	18 cents	30 cents	November 1, 2017
Swap excise <sup>c</sup>	9.8 cents	17.3 cents	July 1, 2019
<b>Diesel</b>			
Excise <sup>c</sup>	16 cents	36 cents	November 1, 2017
Swap sales	1.75 percent	5.75 percent	November 1, 2017
<b>Vehicle taxes and fees<sup>d</sup></b>			
Transportation Improvement Fee	—	\$25 to \$175	January 1, 2018
ZEV registration fee	—	\$100	July 1, 2020

<sup>a</sup> Adjusted for inflation starting July 1, 2020 for the gasoline and diesel excise taxes, January 1, 2020 for the Transportation Improvement Fee, and January 1, 2021 for the ZEV registration fee. The diesel sales taxes are not adjusted for inflation.

<sup>b</sup> Excise taxes are per gallon.

<sup>c</sup> Current rate set annually by the state Board of Equalization. The funding package converts the variable rate to a fixed rate.

<sup>d</sup> Per vehicle per year.

ZEV = zero-emission vehicle.

current swap rate is 9.8 cents per gallon but will increase to 11.7 cents on July 1, 2017. Starting July 1, 2019, the funding package eliminates the swap tax and replaces it with a fixed excise tax of 17.3 cents per gallon—the rate in effect when the swap was created in 2010. It also adjusts the rate for inflation starting in 2020. These changes are expected to raise \$300 million annually. (This estimate reflects the administration's assumption that the swap tax increases to 16.9 cents just prior to the funding package fixing the rate at 17.3 cents.)

**Diesel Taxes (\$1.1 Billion).** The state currently collects revenue from excise and sales taxes on diesel fuel. (We note that there is also a federal excise tax of 24.4 cents per gallon.)

- **Excise Tax (\$700 Million).** Currently, this tax has a variable rate set annually by BOE. The board adjusts the rate to ensure the combined revenues from this tax and a diesel sales tax enacted in the 2010 tax swap (discussed below) are neutral compared to diesel excise tax revenues prior to the swap. The current rate is 16 cents per gallon. Starting November 1, 2017, SB 1 increases this tax by 20 cents per gallon to 36 cents per gallon and makes the rate fixed. It also adjusts the rate for inflation starting in 2020. These changes are expected to raise \$700 million annually. (This estimate reflects an assumption by the administration that the rate would have decreased to 14 cents starting July 1, 2018.)

- **Swap Sales Tax (\$350 Million).** The state also has a sales tax specific to diesel (enacted as part of the gasoline tax swap) set at 1.75 percent. The funding package increases this rate to 5.75 percent. This is expected to increase associated revenues by \$350 million annually. (In addition, state and local sales taxes on tangible goods that together average 8.5 percent statewide also apply to diesel, with revenue from a rate of 4.75 percent funding transportation. Senate Bill 1 makes no changes to this tax.)

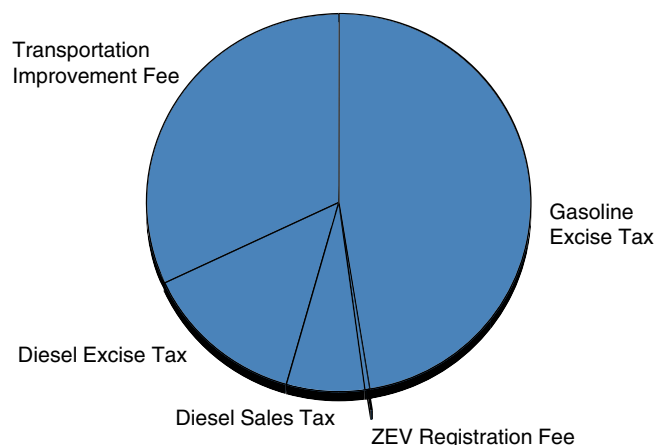
## Vehicle Taxes and Fees

**Transportation Improvement Fee (\$1.7 Billion).** The funding package creates a new vehicle charge—called a Transportation Improvement Fee—specifically to fund transportation. Vehicle owners are to pay the fee annually at the same time they pay their vehicle registration fee. Figure 3 (see next page) shows the rate schedule for the new fee. The fee is expected to generate \$1.7 billion annually.

**Figure 2**

### Transportation Revenue Increases

Total: \$5.2 Billion<sup>a</sup>



<sup>a</sup> Reflects average annual increase over the next ten years.  
ZEV = zero-emission vehicle.

**Figure 3****Transportation Improvement Fee Schedule**

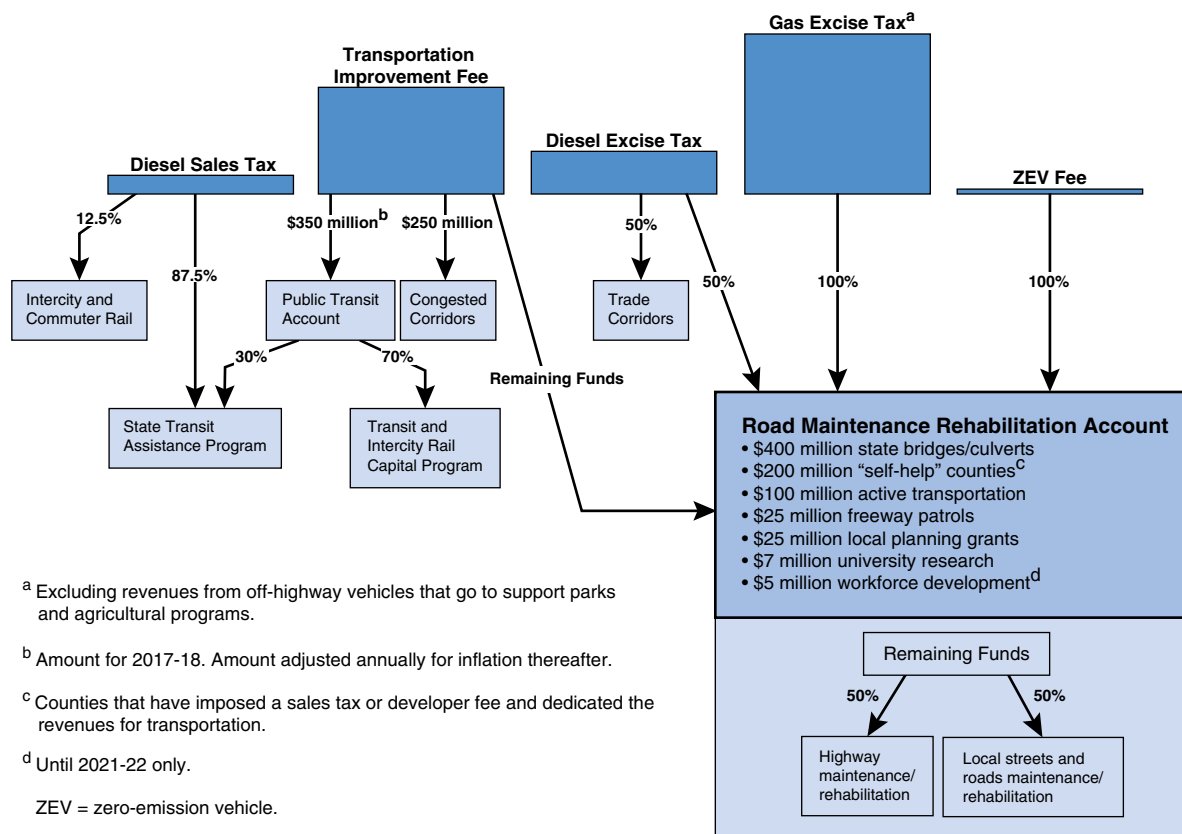
Value of Vehicle <sup>a</sup>	Annual Fee
\$0 to \$4,999	\$25
\$5,000 to \$24,999	50
\$25,000 to \$34,999	100
\$35,000 to \$59,999	150
\$60,000 and higher	175

<sup>a</sup> Based on depreciated value of vehicle. Values not adjusted for inflation in the future.

**Zero-Emission Vehicle Registration Fee (\$19 Million).** Senate Bill 1 creates a new \$100 registration fee for zero-emission vehicles only. Called a Road Improvement Fee, it is expected to generate \$19 million annually. (The reason for this fee is because drivers of zero-emission vehicles do not pay fuel taxes like other drivers.)

**INCREASES STATE TRANSPORTATION SPENDING**

As shown in Figure 4, SB 1 creates a series of formulas to distribute the revenues from the new taxes and fees to different transportation programs and purposes. In most cases, the formulas split the revenues based on percentages, but in some cases the legislation sets aside fixed dollar amounts for certain programs. (Revenues from the inflation adjustments imposed by SB1 on existing taxes are distributed according to existing statutory formulas.) Figure 5 shows how much ends up being spent by each type of program. As shown, the largest spending increases are for state highways and local streets and roads. Below, we describe the specific transportation programs that receive the new revenues. (Additionally, as we discuss in the box on page 6, a proposed constitutional

**Figure 4****Formulas for Distributing New Transportation Revenues**

amendment would add to existing restrictions on the use of transportation revenues.)

### State Highway Programs

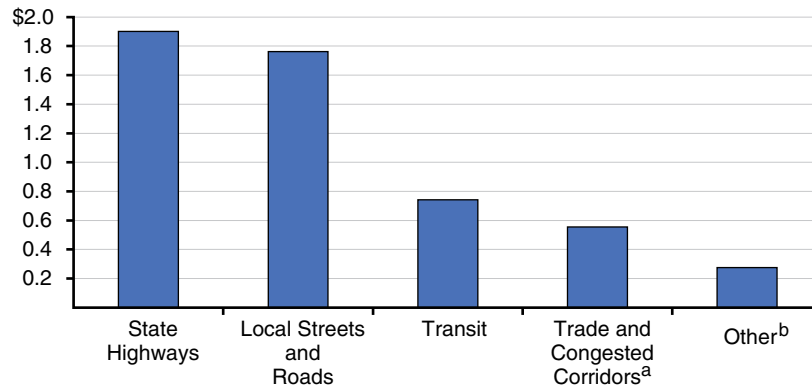
The funding package includes \$1.9 billion annually specifically for state highways. This includes funding for:

- Maintenance and Rehabilitation (\$1.8 Billion).***  
 Caltrans' Highway Maintenance Program performs minor maintenance (such as roadside landscaping) and major maintenance (such as laying a thin overlay of pavement) on highways that are in good or fair condition, while its State Highway Operations and Protection Program (SHOPP) delivers capital projects to rehabilitate or reconstruct highways when they reach the end of their useful life. The administration estimates that the funding package will increase ongoing revenues for highway maintenance and rehabilitation by \$1.8 billion annually, including \$400 million specifically for bridges and culverts. The funding package does not designate revenues between the two programs, leaving it up to the annual budget act. (Additionally, the legislation makes a \$225 million loan repayment from the General Fund to the SHOPP.)
- Capacity Expansion (\$33 Million).***  
 The State Transportation Improvement Program (STIP) is the state's program for improving transportation systems, generally by increasing their capacity.

**Figure 5**

### Transportation Spending Increases

(In Billions)



<sup>a</sup> Programs can involve a combination of state highway, local street and road, and transit projects.

<sup>b</sup> Includes active transportation program (for pedestrian walkways and bicycle paths), local transportation planning grants, freeway service patrols, university transportation research, workforce development programs, agricultural and parks programs, and administration.

The administration estimates the funding package will increase revenues for state STIP projects by \$33 million annually. (As discussed further below, STIP also funds local road improvements.)

### Local Streets and Roads Programs

The funding package includes about \$1.8 billion annually specifically for local streets and roads. This includes funding for:

- Maintenance and Rehabilitation (\$1.7 Billion).*** The funding package increases revenues for local road maintenance and rehabilitation by \$1.5 billion annually, and it distributes this funding to local jurisdictions according to existing statutory formulas based on factors such as population and number of registered vehicles. The package also sets aside an additional \$200 million annually for road maintenance and rehabilitation for counties that have enacted developer fees or voter-approved taxes dedicated specifically to transportation.

The California Transportation Commission (CTC) is to determine how to allocate the funds. (Additionally, the legislation makes a \$225 million loan repayment from the General Fund to the local streets and roads program.)

- **Capacity Expansion (\$100 Million).** The administration estimates the local share of the funding package's revenues for STIP will total about \$100 million annually. (These funds primarily support streets and roads but in some cases could be used for transit projects as well.)

### Transit Programs

The funding package includes about \$750 million annually for three transit programs:

- **State Transit Assistance Program (\$430 Million).** This program distributes funding to transit operators based on a formula. The funds can be used for either operational support or to fund capital projects based on local priorities. The administration estimates the funding package will increase state revenues for this program by about \$430 million annually.

### Proposed Constitutional Amendment Related to Funding Package

Currently, the State Constitution places restrictions on the use and borrowing of certain state transportation revenues. A companion measure to the transportation funding package, Chapter 30 of 2017 (ACA 5, Frazier), proposes to amend the State Constitution to place similar restrictions on transportation revenues not covered by existing constitutional provisions. Additionally, the measure adds to existing exemptions on certain transportation spending from counting toward a constitutional spending limit. The measure will go before the voters in June 2018. Below, we summarize its provisions.

**Spending Restrictions.** ACA 5 requires that revenues from the Transportation Improvement Fee established in the transportation funding package only be spent on specified transportation purposes. These purposes are researching, planning, constructing, improving, maintaining, and operating public streets and highways and transit systems. ACA 5 also prohibits the state from using Transportation Improvement Fee revenues to pay for debt service on state transportation general obligation bonds authorized on or before November 8, 2016. Additionally, ACA 5 requires that revenues from the diesel sales swap tax be restricted to transportation planning and mass transportation purposes. (Currently, such revenues could be used for any general purpose.)

**Borrowing Restrictions.** ACA 5 restricts the Legislature from borrowing Transportation Improvement Fee and diesel sales swap tax revenues, except in limited circumstances when the General Fund is exhausted.

**Spending Limit Exemptions.** The State Constitution currently includes spending limits—technically, appropriations limits—on the state and most local governments, known as “Gann limits.” The Constitution exempts certain appropriations from these limits, including appropriations from a portion of gas excise tax revenues and appropriations for capital outlay (including transportation capital outlay). ACA 5 adds to these exemptions by excluding all appropriations from revenues raised by the transportation funding package.



- ***Transit and Intercity Rail Capital Program (\$270 Million)***. This is a competitive grant program that awards funding to transit and rail capital projects, including intercity, commuter, and urban rail projects, as well as projects for bus and ferry transit systems. The program requires projects to meet certain criteria, such as reducing greenhouse gas emissions. The administration estimates the funding package will increase state revenues for this program by about \$270 million annually. (Additionally, the legislation makes a \$256 million loan repayment from the General Fund to this program, with up to \$20 million of this repayment amount available for local and regional agencies to plan for climate changes.)
- ***Commuter Rail and Intercity Rail (\$44 Million)***. Senate Bill 1 creates a new stream of revenues for commuter and intercity rail operations and capital improvements. The legislation splits funding equally between commuter rail and intercity rail. The California Transportation Agency is to develop guidelines to allocate funding among eligible rail agencies. The administration expects the funding package to provide \$44 million annually for both commuter and intercity rail combined.

### **Trade and Congested Corridor Programs**

The funding package includes a total of about \$560 million annually for two new programs to improve trade corridors and congested corridors. These programs, which can support state highways, local streets and roads, or transit, include:

- ***Trade Corridor Enhancements Program (\$310 Million)***. Under this program, Caltrans and local agencies can apply for funds for corridor-based freight

projects. (Proposition 1B of 2006 created a similar program.) The administration estimates this program will receive about \$310 million annually.

- ***Solutions for Congested Corridors Program (\$250 Million)***. This is another new program created by SB 1. Under the program, Caltrans and local agencies can apply to the CTC to fund projects that address transportation, environmental, and community access improvements within highly congested travel corridors. The legislation sets aside \$250 million annually for the program.

### **Other Programs**

The funding package includes about \$270 million annually for various other programs, including:

- ***Active Transportation Program (\$100 Million)***. This program funds bicycling and pedestrian improvement projects. Funds in the program are allocated through competitive grants with half of the funds distributed to projects selected by the state, 40 percent distributed to projects selected by large urban regions, and 10 percent for projects selected by rural and small urban regions. The funding package increases funding for this program by \$100 million annually.
- ***Freeway Service Patrols (\$25 Million)***. Caltrans, the California Highway Patrol, and local agencies jointly operate freeway service patrols that remove disabled vehicles from state freeways in order to mitigate traffic congestion. Senate Bill 1 increases funding for this program by \$25 million annually.



- **Local and Regional Planning (\$25 Million).** The funding package provides \$25 million annually for a new program of local planning grants. These grants are to encourage local and regional planning that further state goals.
- **University Transportation Research (\$7 Million).** Four University of California campuses currently have transportation research centers. The funding package provides \$5 million altogether annually for these centers. Additionally, the legislation appropriates \$2 million annually to the California State University to conduct similar research activity.
- **Workforce Development (\$5 Million).** The funding package appropriates \$5 million annually from 2017-18 through 2021-22 to the California Workforce Development Board to assist local agencies in promoting pre-apprenticeship training programs. These training programs are to focus on delivering certain projects funded by SB 1.
- **Parks and Agricultural Programs (\$108 Million).** The funding package sets aside the increased base gasoline excise tax revenues from off-highway vehicles and boats for the California Department of Parks and Recreation for general purposes. The administration expects these revenues to total \$82 million annually. In addition, the legislation sets aside the increased base gasoline excise tax revenues from agricultural vehicles—estimated at \$26 million annually—for the California Department of Food and Agriculture.

## INCLUDES ACCOUNTABILITY AND OTHER PROVISIONS

The transportation funding package includes several other provisions beyond raising and

spending new revenues. Most of these provisions concern oversight of the new funding as well as certain aspects of Caltrans' operations. Below, we summarize each provision.

**Sets Preliminary Performance Outcomes for Caltrans.** Senate Bill 1 states legislative intent for Caltrans to achieve five outcomes by the end of 2027. Caltrans is to report annually to the CTC on its progress in meeting the outcomes. The commission is to evaluate Caltrans's progress toward the outcomes and include any findings in its annual report to the Legislature. The five outcomes are:

- At least 98 percent of state highway pavement in good or fair condition.
- At least 90 percent level of service for maintenance of potholes, spalls, and cracks.
- At least 90 percent of culverts in good or fair condition.
- At least 90 percent of transportation management system units in good condition.
- At least an additional 500 bridges fixed.

**Expects Caltrans to Operate More Efficiently.** Senate Bill 1 requires Caltrans to implement unspecified efficiency measures with the goal of generating at least \$100 million annually in savings to redirect toward maintaining and rehabilitating state highways. Caltrans is to report on these savings to the CTC.

**Creates New Independent Office of Audits and Investigations for Caltrans.** This new office is responsible for ensuring Caltrans and its contractors (including local agencies) spend funding efficiently, economically, and in compliance with state and federal requirements. The office is to report its findings annually to the

Governor and the Legislature. The Governor is to appoint an Inspector General to oversee the office, subject to Senate confirmation, for a six-year term.

***Modifies Approval Process for Caltrans'***

***Biannual Proposal of Rehabilitation Projects.***

Currently, the CTC reviews and approves Caltrans' proposed plan for rehabilitation projects every other year. The funding package alters the current approval process in a few ways, such as by requiring (1) CTC to allocate funds for capital outlay support for each project phase and (2) Caltrans to receive the commission's approval for changes to a programmed project or increases in capital or support costs (above a certain threshold).

***Establishes Requirements for Local***

***Governments to Receive Funding.*** To be eligible to receive SB 1 funding for streets and roads maintenance and rehabilitation, the legislation requires cities and counties to spend at least as much on transportation from their unrestricted funds as they spent from 2009-10 through

2011-12, on average. The State Controller's Office is authorized to perform audits to ensure compliance. Additionally, cities and counties must submit to the CTC a list of proposed projects approved by the city council or county board of supervisors.

***Other Provisions.*** Other major provisions in the legislation (1) create an Advance Mitigation Program at Caltrans to protect natural resources and accelerate project delivery, (2) require Caltrans to create a plan to increase contracts awarded to certain groups (such as small businesses), (3) require Caltrans to incorporate the "complete streets" design concept into its highway design manual, (4) require the Department of Motor Vehicles to confirm certain trucks are in compliance with state air pollution standards as a condition of registration starting in 2020, and (5) prohibit state and local regulations requiring a truck to meet stricter air pollution standards for up to 18 years after it is first certified for use.

## ISSUES FOR LEGISLATIVE CONSIDERATION

While SB 1 included specific funding allocations to individual programs, it left some implementation details up to future legislative and administration actions. On May 11, 2017, the Governor released his May Revision budget proposal for 2017-18, which addresses some implementation issues. We discuss these issues below. Additionally, we discuss at the end overarching issues for the Legislature to consider regarding oversight and accountability.

***Allocating State Highway Funding.*** As previously indicated, one area where the legislation does not explicitly allocate funding is between state highway maintenance and rehabilitation programs. In his May Revision, the Governor allocates slightly more funding from the new revenues to highway

maintenance as compared to rehabilitation. As maintenance projects can help prevent more costly rehabilitation projects in the future, the Legislature could consider allocating more funding to maintenance to achieve long-term savings.

***Establishing Program Guidelines.*** Most of the programs funded through SB 1 already are in existence. The legislation, however, creates a few new programs, such as one for commuter and intercity rail and another for trade corridors. CTC and the California State Transportation Agency are tasked with developing guidelines for the new programs. Nonetheless, the Legislature could consider specifying in statute certain program requirements. In his May Revision, for example, the Governor proposes trailer bill language for the

trade corridor program that establishes various program requirements, such as for 60 percent of funds to support projects nominated by local and regional agencies and 40 percent for projects nominated by Caltrans.

***Increasing Efficiency at Caltrans.*** As described earlier, SB 1 includes several measures to increase efficiency at Caltrans, such as by creating a new Inspector General to find ways to improve the department's operations and by setting an expectation for Caltrans to achieve efficiency savings. As part of his May Revision, the Governor proposed an initial staffing plan for the Inspector General's office but certain key questions remain unanswered, such as how the Inspector General would select audits and investigations to perform. Additionally, the administration did not present a plan for Caltrans to operate more efficiently and achieve the expected \$100 million in savings (though its spending plan documents reflect the savings). One way our office in the past has recommended having Caltrans operate more efficiently is by reducing its capital outlay support staff relative to the volume of capital projects the department delivers. The Governor's May Revision takes a step in this direction by reducing capital outlay support staff, but it also leaves open the possibility for staffing augmentations in 2017-18 after the enactment of the budget.

***Ensuring Oversight and Accountability.***

Though SB 1 establishes various long-term performance outcome measures for highway conditions, the legislation does not include specific mechanisms for holding the administration accountable for achieving these outcomes nor does it set interim benchmarks against which to measure the administration's progress in the near term. To improve its oversight of the new funding, we encourage the Legislature to begin now considering how to hold the administration accountable in the near term. For instance, the Legislature could establish in state law interim outcome measures against which to measure the administration's progress in achieving the longer-term outcomes contained in SB 1. It also could consider consequences should the administration not achieve these interim outcome measures. For instance, the Legislature could consider reprioritizing funding across programs (such as from rehabilitation to maintenance) or enacting organizational or governance changes to state transportation agencies to improve their effectiveness (such as by further strengthening the authority of CTC to oversee Caltrans' rehabilitation projects by authorizing the commission to approve or reject individual projects, rather than an entire program of projects).

AN LAO BRIEF

**LAO Publications**

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This brief was prepared by Paul Golaszewski and reviewed by Anthony Simbol. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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# REPORT

DATE: April 19, 2018

TO: City Managers' Steering Committee  
Executive Committee  
Governing Board Delegates and Alternates

FROM: Marisa Creter, Executive Director

RE: **DRAFT EMPLOYEE MANUAL**

## **RECOMMENDED ACTION**

Adopt resolution 18-19 to approve update to the SGVCOG employee handbook.

## **BACKGROUND**

Attached is the consolidated employee handbook prepared by staff. It was reviewed by the Ad Hoc Integration Committee, Executive Committee, and City Managers' Steering and reflects their recommendations. The significant changes of note include the following:

- **Holidays:** SGVCOG observes Veteran's Day as a paid holiday, ACE did not provide this as a paid holiday. This has been added to the combined employee handbook.
- **Vacation and Administrative Leave Accrual:** Table 1 shows the existing vacation accrual and administrative leave schedules in the SGVCOG and ACE employee handbooks. As indicated in the table, the SGVCOG handbook provides for 40 hours less vacation but also allots 40 hours automatic administrative leave for all employees. Staff is recommending standardizing the vacation accrual schedule for all employees to match the existing ACE schedule. This would eliminate the automatic administrative leave for employees. Staff recommends revisiting the provision of administrative leave for specific classes of employees, based on work assignments, after the compensation and classification study is completed in Fall 2018.

Years of Service	SGVCOG Handbook		ACE Handbook		Recommended Combined Handbook	
	Vacation	Admin. Leave	Vacation	Admin. Leave	Vacation	Admin. Leave
0-5 Years	80	40	120	0	120	0
5-10 Years	120	40	160	0	160	0
10+ Years	160	40	200	0	200	0

**Table 1.**

### **Vacation and Administrative Leave Accrual Schedules (In Hours).**

- **Vacation Cap:** The current SGVCOG policy caps maximum unused vacation to 240 hours (30 days). When an employee has accumulated 240 hours of unused vacation time, he or she will not accumulate any additional vacation until his or her balance falls below 240 hours vacation. ACE's handbook allows for two years maximum accrual of unused vacation time, which varies based on the years of service. Staff is recommending that the combined policy reflect the SGVCOG's cap. Table 2 shows the existing cap from each


policy as well as the recommended cap. Any staff exceeding the new cap will have two years from the adoption of the updated handbook to expend sufficient vacation hours to fall below the 240-hour cap.

<b>Years of Service</b>	<b>SGVCOG Handbook</b>	<b>ACE Handbook</b>	<b>Recommended Combined Handbook</b>
<b>0-5 Years</b>	240	240	240
<b>5-10 Years</b>	240	320	240
<b>10+ Years</b>	240	400	240

**Table 2.**

**Vacation Cap Per Years of Service (In Hours).**

- **Sick Leave:** Sick leave accrual has been updated to 80 hours per year from 72 hours. The 80 hours aligns with current ACE policy.
- **Personal Cell Phone Use:** A section on cell phone use has been added to indicate personal cell phone use while conducting public business is subject to public records search/disclosure.

Approved by:   
Marisa Creter  
Executive Director

**ATTACHMENTS**

Attachment A – Combined Employee Manual





# San Gabriel Valley Council of Governments

## **EMPLOYEE HANDBOOK**

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## SECTION 1: INTRODUCTION & GENERAL PROVISIONS

### Introduction and General Provisions

- A. Introduction.** This Employee Handbook ("Handbook") is intended to serve as a guide to many questions employees may have about their employment with the San Gabriel Valley Council of Governments (SGVCOG). It is not intended to cover all issues regarding employment and it is not intended to be a binding contract.
- B. Applicability to Employees with Separate Agreements.** Except where there is an express conflict in terms, the provisions of this Handbook apply to employees who are parties to separate employment agreements with the SGVCOG. In the event of such a conflict in terms, the terms of the separate employment agreement will control.
- C. Employee Responsibility.** This Handbook is designed to acquaint employees with the SGVCOG and provide information about working conditions, employee benefits, and other employment policies. Employees are required to read, understand, and comply with all provisions of this Handbook.
- D. Amendment and Revision of Handbook.** No employee handbook can anticipate every circumstance or question about policy. As the SGVCOG continues to grow, the need may arise, and the SGVCOG reserves the right to revise, supplement, or rescind any policies or portion of the Handbook from time to time as it deems appropriate, in its sole and absolute discretion. Employees will be notified of changes to the Handbook as they occur. The only recognized revisions of these policies are those that are issued in writing by the Executive Director, with approval of the SGVCOG Board where required.
- E. Distribution of Handbook.** A copy of this Handbook will be distributed to each SGVCOG employee. Newly hired employees will receive a copy upon hire. An employee with questions about provisions in this Handbook may direct them to Human Resources.
- F. Prior Policies Repealed.** The terms and provisions of this Handbook adopted April 2018 by Resolution of the Governing Board supersede all prior versions of this Handbook and related resolutions, policies, rules or regulations.
- G. Relationship with Department Policies.** The Executive Director or individual Supervisors may develop and administer supplemental written policies and procedures as deemed necessary for the efficient, safe and orderly administration of the SGVCOG or a particular department. However, no such policies or procedures will conflict with or supersede this Handbook, other resolutions and ordinances, or existing laws, and must be submitted for approval by Human Resources before their implementation. Copies of approved policies and procedures must be distributed to each employee of the department and to Human Resources. In the event of a conflict between an administrative or departmental policy or procedure, the provisions of this Handbook will control.
- H. Changes to the Law.** When any local, state, or federal ordinance, regulation, or law that is incorporated in the Handbook or upon which the Handbook relies is amended through legislative action or is deemed to have been amended by judicial decision, the Handbook shall

be deemed amended in conformance with those amendments.

- I. Severability.** If any section, subsection, sentence, clause, or phrase of the Handbook is found to be illegal by a court of competent jurisdiction, such findings shall not affect the validity of the remaining portions of the Handbook.

## Definitions

- A. Acting Appointment.** A temporary appointment of an employee who possesses at least the minimum qualifications established for a particular class and who is appointed to a position in that class on an interim basis.
- B. Anniversary Date.** The date on which an employee successfully completes probation.
- C. Executive Director.** The Executive Director of the SGVCOG or his/her designee. In the absence of an official whose delegated responsibilities include Human Resources functions, the Executive Director shall act in that capacity.
- D. Contract Worker.** A person hired under contract to perform work for the SGVCOG directly, or to perform work for a consultant retained to perform services for the SGVCOG. A contract worker is not an employee of the SGVCOG and is not eligible to receive benefits or paid leaves from the SGVCOG. Unless expressly specified otherwise, the substantive terms of this Handbook that apply to employees do not also apply to contract workers. A person may not be hired as a contract worker until the SGVCOG has determined that the appropriate legal criteria are met to exclude the person from employee status.
- E. Date of Hire.** The date that an employee was originally hired by the SGVCOG. An employee's date of hire does not change except through termination, layoff, resignation, or retirement.
- F. Day or Days.** Calendar day(s) unless otherwise stated.
- G. Demotion.** The movement of an employee from one position to another position having a lower maximum rate of pay.
- H. Supervisor.** The individual designated as the administrative head of a department within SGVCOG.
- I. Discipline.** The punishment of an employee by written reprimand, demotion, suspension, reduction of pay, termination, or other punitive measures.
- J. Exempt Employees.** Employees whose duties and responsibilities allow them to be "exempt" from overtime pay provisions as provided by the Fair Labor Standards Act (FLSA) and any applicable state wage and hour laws.
- K. Full-Time Position.** A regular, budgeted position in which an employee of the SGVCOG is regularly scheduled to work at least 40 hours per workweek. Employees in full-time positions are eligible for SGVCOG's benefit package, subject to terms, conditions, and limitations of

each benefit program, plus legally mandated benefits, such as Worker's Compensation, and paid leaves.

- L. Layoff.** The separation of employees from the active work force due to lack of work or funds or to abolishment of a position by the SGVCOG Board or due to organizational changes.
- M. Part-time Position.** A regular, budgeted position requiring an employee to work a usual schedule of less than 40 hours per workweek. Employees in part-time positions receive legally mandated benefits, such as Worker's Compensation, and paid leave and may be eligible for some benefits where expressly specified in this Handbook.
- N. Probationary Period.** A working test period during which an employee is required to demonstrate his/her ability to perform the duties of his/her position and is subject to termination with or without cause. The probationary period of all employees shall last for at least 6 months, and can be extended as provided in this Handbook.
- O. Promotion.** The movement of an employee from one position to another position with a higher maximum rate of pay.
- P. Promotional Probationary Period.** A working test period during which a promoted employee is required to demonstrate his/her ability to perform the duties of his/her position. The probationary period of all employees shall last for at least 6 months, and can be extended as provided in this Handbook.
- Q. Provisional Appointment.** An appointment of a non-employee who possesses the minimum qualifications established for a particular position and who has been appointed to a regular position on an interim basis as a temporary employee.
- R. Reduction in Pay.** A temporary or permanent lowering of an employee's rate of pay.
- S. Regular Employee.** An employee who has completed the probationary period and is occupying a budgeted position established on a continuing basis.
- T. Rejection.** The involuntary termination of a new employee who has not successfully completed the probationary period for a position, or the demotion of an employee who did not successfully complete a promotional probationary period.
- U. Reprimand.** A written notification to an employee regarding a censure made as a disciplinary action.
- V. Resignation.** The voluntary termination of employment by an employee.
- W. Retired Annuitant.** A person who has retired from a public agency that is a contracting agency of the California Public Employee Retirement System ("CalPERS") or another public retirement system with statutory and/or regulatory constraints on working after retirement for SGVCOG, as a CalPERS agency. Any retired annuitant employed by the SGVCOG must meet the applicable statutory and/or regulatory requirements for the temporary hire or employment of retired annuitants without triggering reinstatement to active employment with

the SGVCOG. Pursuant to, and subject to, these restrictions, retired annuitants can be hired as temporary employees or contract workers only. Retired annuitants cannot be hired into regular full-time or part-time positions.

**X. Suspension.** The temporary separation from service of an employee, without pay, for disciplinary purposes.

**Y. Temporary Employee.** One of the following:

1. An employee hired on a temporary basis to occupy a temporary position; or
2. An employee hired under a provisional appointment to occupy a regular full-time or part-time position on an interim basis, such as during the approved leave of absence of the incumbent or during a recruitment to fill the position on a regular basis.

**Z. Temporary Position.** A position that is intended to be occupied on less than a year-round basis to supplement the existing workforce. An employee in a temporary position does not have the status of regular employee. Ordinarily, such positions will not be authorized for over six months in a fiscal year. Employees in temporary positions may be assigned to work either a full-time or part-time schedule. However, regardless of schedule, employees in temporary positions receive legally mandated benefits, such as Worker's Compensation and social security, but are otherwise ineligible for all other benefits and paid leaves.

**AA. Termination/Terminate.** The permanent separation of an employee from employment with the SGVCOG, for cause or not for cause.

**BB. Vacancy.** An unfilled position that is budgeted on a temporary or regular basis.

## Equal Employment Opportunity

**A. Equal Employment Opportunity.** The SGVCOG is an equal employment opportunity employer and will consider all qualified applicants for employment or advancement opportunities without regard to race, religion, creed, color, sex, sexual orientation, actual or perceived gender identity, gender expression, national origin, ancestry, citizenship status, uniformed service member status, marital or domestic partner status, pregnancy or pregnancy-related condition, age, medical condition, genetic information, family medical history, physical disability, mental or intellectual disability, political activity, or perception that an individual has any of these protected characteristics, or because of association with an individual in a protected category or any other consideration made unlawful by federal, state, or local laws. Employment related decisions will be based on merit, qualifications, and abilities.

**B. Disabled Applicants and Employees.** SGVCOG has a commitment to ensure equal opportunities for disabled applicants and employees. Every reasonable effort will be made to provide an accessible work environment for such employees and applicants. Employment practices (*e.g.*, hiring, training, testing, transfer, promotion, compensation, benefits, and discharge) will not discriminate unlawfully against disabled applicants or employees. SGVCOG provides employment-related reasonable accommodations to qualified individuals

with disabilities within the meaning of the California Fair Employment and Housing Act ("FEHA") and the Americans with Disabilities Act ("ADA").

1. Request for accommodation. An applicant or employee who desires a reasonable accommodation in order to perform essential job functions should make such a request in writing to Human Resources. The request must identify: a) the job-related functions at issue; and b) the desired accommodation(s). Reasonable accommodation can include, but is not limited to job restructuring, reassignment to a vacant position for which the employee is qualified, and making facilities accessible.
2. Reasonable documentation of disability. Following receipt of the request, Human Resources may require additional information, such as reasonable documentation of the existence of a disability or additional explanation as to the effect of the disability on the individual's ability to perform his/her essential functions, but will not require disclosure of diagnosis or genetic history.
3. Interactive process. The SGVCOG will engage in the interactive process, as defined by the FEHA and ADA, to determine whether an applicant or employee is able to perform the essential functions of his/her position. During this process, SGVCOG will examine potential reasonable accommodations that will make it possible for the employee or applicant to so perform. Such interactive process will include an opportunity for a meeting with the employee or applicant, the SGVCOG, and, if necessary, the employee or applicant's health care provider. An employee may be placed on paid fitness for duty leave during the interactive process.
4. Case-by-case determination. The SGVCOG determines, in its sole discretion, whether reasonable accommodations(s) can be made, and the type of reasonable accommodations(s) to provide. The SGVCOG will not provide an accommodation that would pose an undue hardship upon it or that is not required by law. The SGVCOG will inform the employee or applicant of any decisions made under this section in writing.

## Proof of Right to Work

- A. Under federal law, all new employees must complete INS Form I-9 and produce original documentation establishing their identity and right to work in the United States. New hires may establish their identity and right to work by:
  1. Providing documentation that singularly establishes both their identity and employment authorization ("List A" documents on the INS Form I-9), or;
  2. Providing documentation that separately establishes their identity ("List B" documents on the INS Form I-9) and their employment authorization ("List C" documents on the INS Form I-9).
- B. Documentation must be produced within three business days of hire, or on the first day of any employment that is less than three business days. Required documentation must be presented to Human Resources, which will be responsible for processing the documents.



- C. Employees who are re-hired must provide proper documentation if the prior INS Form I-9 has expired or is about to expire. Authorization documents will be retained at least three years after the date of hire or one year after an employee's employment terminates, whichever is later. Authorization documents will be copied and placed with the employee's INS Form I-9 in a file separate from the employee's personnel file.

## Code of Ethics and Conflicts Of Interest

- A. **Code of Ethics.** Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which SGVCOG employees must operate. The purpose of these guidelines is to provide general direction. This Code of Ethics is not intended to supersede or invalidate any statute, regulation, ordinance, or regulation. Employees should seek further clarification on specific issues related to the subject of acceptable standards of operation.

1. Applicability. This Code of Ethics shall apply to all employees.
2. Substantive requirements.
  - a. All employees shall uphold the Constitution of the United States and the Constitution of the State of California.
  - b. All employees shall comply with all applicable provisions of California law governing public employees and officials, particularly the California Political Reform Act and its provisions on gifts and conflicts of interest.
  - c. No employee shall engage in any activity which results in any of the following:
    - (i) Use of time, facilities, equipment, supplies, or other resources of the SGVCOG for the private advantage or gain for oneself or another;
    - (ii) Use of official information that is not available to the general public for private advantage or gain for oneself or another; and/or
    - (iii) Use of the authority of their position with the SGVCOG to discourage, restrain, or interfere with any person who chooses to report potential violations of any law or regulation.
  - d. No employee shall directly or indirectly accept:
    - (i) Private advantage, remuneration, or reward for oneself or another as a result of the prestige or influence of the office, employment, or appointment he/she holds with the SGVCOG;
    - (ii) Financial consideration from any source other than the SGVCOG for the performance of his/her official duties; or
    - (iii) Employment from private interests, when such employment is incompatible with the proper discharge of their official duties or may result in

a conflict of interest.

- e. No employee shall give special treatment or consideration to any individual or group beyond that available to any other individual or group.
  - f. No employee shall discriminate against or harass a citizen or co-worker on the basis of race, religion, creed, color, sex, sexual orientation, actual or perceived gender identity, gender expression, national origin, ancestry, citizenship status, uniformed service member status, marital or domestic partner status, pregnancy or pregnancy-related condition, age, medical condition, genetic information, family medical history, physical disability, mental or intellectual disability, political activity, or perception that an individual has any of these protected characteristics, or because of association with an individual in a protected category or any other consideration made unlawful by federal, state, or local laws.
  - g. All employees shall conduct themselves in a courteous and respectful manner at all times during the performance of their duties.
3. Enforcement. Any employee found to be in violation of this Code of Ethics shall be subjected to appropriate disciplinary action.

**B. Outside Employment, Enterprise, or Activity.** In accordance with California *Government Code* Title 1, Division 4, Chapter 1, Article 4.7, no employee may engage in any outside employment, enterprise, or activity that is inconsistent, incompatible, in conflict with, or adverse to his/her employment or his/her ability to perform his/her duties and responsibilities, including performance of overtime work and emergency duties, or any other aspect of SGVCOG operations. Employees are required to notify their Supervisor in writing of all outside employment in which they are engaged or in which they intend to engage, so that the SGVCOG may assess whether such outside employment conflicts with the employee's SGVCOG employment.

- 1. An employee's outside employment, enterprise, or activity will be prohibited when any of the following are present:
  - a. It involves the receipt or acceptance by the employee of any money or other consideration from anyone other than the SGVCOG for the performance of an act which the employee would be required or expected to render in the regular course or hours of his/her employment with the SGVCOG or as part of his/her duties as an SGVCOG employee;
  - b. It involves the use for private gain or advantage of his/her SGVCOG time, facilities, equipment and/or supplies; or the badge, uniform, prestige, or influence of his/her SGVCOG employment;
  - c. It involves the performance of an act, in other than his/her capacity as a SGVCOG employee, which may later be subject directly or indirectly to the control, inspection, review, audit, or enforcement of any other officer or

employee of the SGVCOG; or

- d. It involves time or scheduling demands as would render performance of his/her duties as a SGVCOG employee less efficient.
2. Supervisor determination. When outside employment is reported to a Supervisor, the Supervisor shall determine whether the employee's outside employment conflicts with the performance of his/her duties, and shall advise the employee of his/her determination in writing.
3. Appeal of Supervisor's determination. An employee may appeal the Supervisor's decision to the Executive Director within 14 days from the employee's receipt of the Supervisor's determination by filing a written appeal with the Executive Director. The employee shall specify the grounds on which he/she challenges the Supervisor's decision, and shall attach all relevant documentary evidence to the appeal. The Executive Director shall schedule a meeting with the employee and the Supervisor to discuss the Supervisor's decision. The Executive Director shall issue a written decision to the employee and the Supervisor within 14 days from the date of the meeting. The decision of the Executive Director shall be final.

**C. Contracts and Conflicts of Interest.** In accordance with California *Government Code* Title 1, Division 4, Chapter 1, Article 4, no SGVCOG employee can be financially interested in any contract made by him/her in his/her official capacity, or by any body or board of which he/she is a member.

1. An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a member of their immediate family as a result of the SGVCOG's decisions and/or business dealings. For the purposes of this policy, immediate family includes persons related by blood or marriage or, whose relationship with the employee is similar to that of persons who are related by blood or marriage.
2. No presumption of conflict is created by the mere existence of a relationship with outside firms. However, if an employee has any influence on transactions involving purchases, contracts, or leases, it is imperative that he or she disclose to his or her superiors (or peers, in the case of elected officials) as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.
3. AB 1234 Ethics training is required for all SGVCOG employees within 30 days of hire and every two years thereafter. Upon completion of training, a copy of the certificate of completion must be provided to Human Resources. On-line training is offered at [www.fpcc.ca.gov](http://www.fpcc.ca.gov). However, other courses may be available. See Human Resources for other options.
4. SGVCOG employees required to complete California Fair Political Practices Commission Form 700 (Statement of Economic Interests) will be designated by the Agency's adopted conflict of interest code.

- D. Conduct During the Workday.** During the workday, employees are expected to devote their full time in the performance of their assigned duties. Any approved outside work, part-time job, hobbies, or personal business must be performed during off duty hours. Off duty hours include unpaid lunch break periods, but do not include other rest or break periods during which the employee continues to receive pay.
- E. Political Activity.** Consistent with the provisions of California *Government Code* Title 1, Division 4, Chapter 9.5, employees may not engage in political activity during working hours or while on SGVCOG property on which members of the public would not be entitled to engage in political activities.
- F. Solicitations of Political Contributions.** No employee may knowingly, directly or indirectly, solicit a political contribution from a SGVCOG employee, officer, or applicant for employment. No employee may knowingly, directly or indirectly, solicit a political contribution during working hours or on SGVCOG premises.

Definition of "contribution." For purposes of this Section, "contribution" means a payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment except to the extent that full and adequate consideration is received, unless it is clear from the surrounding circumstances that it is not made for political purposes.

**G. Reporting Suspected Misconduct**

1. Reporting to SGVCOG. The SGVCOG encourages all employees, contract workers and interested third parties to report alleged misconduct to the Executive Director or General Counsel, to ensure that all allegations are thoroughly investigated, and suitable action(s) are taken where appropriate. Corrective action, up to and including termination, will be taken where warranted for employees. Appropriate action will also be taken in response to any violation of this policy by any non-employee.
2. External reporting. Reports regarding suspected waste, fraud, and abuse may also be directed to the Public Integrity Division of the Los Angeles County District Attorney's Office, 320 West Temple Street, Room 766, Los Angeles, California 90012, (213) 974-6501.
3. Confidentiality and anonymous complaints. Reports made to or about the SGVCOG regarding suspected misconduct will be treated as confidential information and can be communicated anonymously. However, before doing so, it is important that the reporting individual understand and be aware of the following:
  - a. The SGVCOG discourages the use of anonymous complaints because anonymity in the complaint procedure may compromise the SGVCOG's ability to complete a thorough investigation.
  - b. Should the SGVCOG learn of the complaining party's identity, the SGVCOG cannot guarantee that his/her identity will remain confidential where the SGVCOG determines that disclosure of information is necessary to complete the investigation.

4. Protection against retaliation.

- a. Any employee who makes a complaint under this policy or otherwise engages in "whistleblowing" (through internal reporting or reports made to government agencies) is protected against adverse employment actions for raising allegations of misconduct. An employee is protected even if the allegations prove to be incorrect or unsubstantiated as long as made in good faith.
- b. Employees who participate or assist in an investigation will also be protected.

## SECTION 2: EMPLOYMENT STATUS

### Probationary Periods

- A. Objective of Probationary Period.** The probationary period shall be regarded as a part of the selection process and shall be used for closely observing the employee's work, to determine if he/she can successfully perform the assigned duties of his/her position and the SGVCOG's rules and policies, and to help ensure the employee effectively adjusts to his/her position.
- B. Length of Probationary Period.** All full-time and part-time employees, including those beginning work in promotional positions shall be subject to a probationary period of at least 6 months, unless the employee is notified in writing of an extension in accordance with Section C. of this policy.
- C. Extension of Probationary Period.** Written notice shall be provided as soon as reasonably possible to the employee if a probationary period is to be extended. The probationary period, upon approval of Human Resources may be extended by the Executive Director up to a maximum of six months, before expiration of the initial six month period. In addition, the use of any leave of absence in excess of 15 consecutive days shall cause the employee's probationary period to be extended automatically by the length of the leave(s) of absence. Advance written notice that the probationary period is being extended and the length of the extension shall be provided to the probationary employee.
- D. Rejection of Probationer.** During the initial probationary period, a probationary employee may be terminated at any time by the Executive Director, with or without cause, and with or without advance notice, in consultation with Human Resources. Notification of rejection by the Executive Director will be served on the probationer. The probationary employee will have no right of appeal of his/her failure to pass probation or of the decision to terminate employment. This section shall not apply to promotional appointments.
- E. Rejection Following Promotion or Demotion.** A promoted employee who does not successfully complete a promotional probationary period will be restored to the same or similar position in the same class from which promoted, unless Human Resources determines one of the following:
  1. No vacancy exists for the position to which the employee would revert;
  2. No funding is available for the position to which the employee would revert; or

3. The reason for the rejection warrants complete termination of employment with the SGVCOG.

## New Hire Requirements

All new hires of the San Gabriel Valley Council of Governments shall be required to be fingerprinted. Arrangements for fingerprinting will be arranged by the SGVCOG. In addition, key management positions will be subject to post-offer criminal background and credit checks. Final offers of employment will be contingent upon acceptable background results.

## Performance Evaluations

### A. In General

1. The provisions in this section regarding performance evaluations are intended to provide a formal opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, discuss positive, purposeful approaches for meeting goals, and develop new goals. However, employees and their supervisors are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis throughout the year.
2. The performance evaluation may be used to promote or identify training for an employee or as a basis for disciplinary action. However, a performance evaluation is not, itself, disciplinary in nature. Only job-related factors shall be used to evaluate an employee's work performance. Supervisors are responsible for the timely evaluation of employees in their departments, and they may solicit the assistance of lower level Supervisors in the preparation of the performance evaluation.

### B. Timing

1. Probationary evaluations. Before expiration of a probationary period or promotional probationary period, the immediate Supervisor will complete a probationary evaluation for discussion with the Supervisor or Executive Director. Based on the probationary evaluation, the Supervisor will recommend to the Executive Director that the probationary employee either pass probation or be rejected from probation.
  - a. The Executive Director shall make the final determination as to whether each probationary employee has passed probation or has been rejected from probation.
  - b. The requirement of a probationary evaluation in no way prevents the rejection of a probationary employee before issuance of an evaluation or before completion of the probationary period.
2. Annual evaluations. Following completion of the applicable probationary period, regular employees will receive a written evaluation annually thereafter. If an employee is absent during the evaluation period in excess of 15 consecutive days, the SGVCOG may adjust the annual evaluation period accordingly to better capture a full year of performance.

3. Additional evaluations. At the discretion of the Supervisor, in consultation with the Executive Director, additional evaluations may be conducted for a regular or probationary employee.
- C. Submission of Performance Evaluations to the Executive Director.** All performance evaluations, for both probationary and regular employees, must be submitted for review by, and be approved by, the Executive Director, in consultation with Human Resources, before the performance evaluation is provided to or discussed with an employee.
- D. Relation to Merit Salary Increases.** Merit-based pay adjustments may be awarded by the SGVCOG as part of the formal performance evaluation process and in accordance with its salary administration guidelines in an effort to recognize employee performance. However, the decision to award such an adjustment is not guaranteed and is instead dependent upon numerous factors, including the inclusion of funding for such adjustments in the SGVCOG Board-approved annual budget, as well as the ratings received by an employee.
- E. Employee Response.** The Supervisor shall discuss with the employee the specific ratings prior to such ratings being made part of the employee's personnel file. The employee shall have the right to file a written response, which shall be attached to the evaluation and shall be placed in the employee's personnel file. The employee is not permitted to file a grievance because of a performance evaluation.
- F. Maintenance of Performance Evaluation.** When a performance evaluation is recorded in the personnel file of an employee, a copy of such evaluation, together with any attachment relating thereto, shall be given to the employee.

## **SECTION 3: EMPLOYMENT POLICIES & PROCEDURES**

### **Grievance Procedure**

- A. Purpose and Scope of Grievance Procedure.** The following grievance procedure shall be used to resolve employee complaints that the SGVCOG violated, misinterpreted, or misapplied an obligation to the employee as such obligation is expressed and written in this Handbook or other of the SGVCOG's written personnel policies, if any. Specifically excluded from the grievance procedures are the following:
1. Performance evaluations or performance improvement plans;
  2. Deferred or denied merit salary increases;
  3. Verbal or written counseling;
  4. Any disciplinary action or the process of imposing discipline;
  5. Policy decisions of the SGVCOG Board;
  6. Matters for which there is a separate appeal.
- B. General Provisions**
1. Non-retaliation. The SGVCOG shall not retaliate against any employee for the good faith use of the grievance procedure.

## 2. Time periods

- (a) Failure at any step of this grievance procedure to fully comply with the requirements of this Section shall be deemed a waiver of the employee's rights to proceed under this Section.
  - (b) Failure by the SGVCOG at any step of this grievance procedure to communicate the decision on the grievance within the specified time limits shall permit the aggrieved employee to proceed to the next step.
  - (c) Failure of the aggrieved employee, at any step of this grievance procedure, to submit the decision on a grievance to the next step within the specified time limit shall be deemed acceptance of the decision rendered.
  - (d) The time limits specified at any step in this grievance procedure may be extended by mutual, written agreement.
- 3. Time off work. Reasonable time off without loss of pay shall be given to an employee who has a grievance to permit him/her to participate in a grievance hearing. However, an employee shall not be entitled to time off to prepare for his/her grievance hearings.
  - 4. Conferences. Grievance conferences between management and the employee will normally be conducted during the employee's regularly scheduled working hours at a mutually convenient time.
  - 5. Referral to Alternate Manager. If a grievance regards conduct by the Supervisor or manager who would be responsible for hearing the grievance at any step in the procedure set forth in Section C, below, the aggrieved employee may instead submit the grievance to Human Resources or if the grievance regards conduct by Human Resources, to the Executive Director.

## C. Steps for Grievance Procedure

- 1. Step One. The employee will inform his/her immediate Supervisor of the grievance in writing within ten working days after the employee knows, or in the exercise of reasonable diligence should have known of the events giving rise to the complaint or grievance. Failure to timely initiate this procedure will bar further consideration of the grievance and will be deemed a waiver of the grievance procedure. The employee and the Supervisor will discuss the grievance. The Supervisor will, within ten working days of the discussion, issue a written decision to the employee.
  - a. If the employee has no immediate Supervisor, the employee may combine Step One and Step Two submitting a formal written grievance to the Supervisor.
- 2. Step Two. Within ten working days from receipt of the written decision from the Supervisor, the employee, if he/she wishes to appeal the decision, will submit his/her formal grievance to the Supervisor. The grievance shall be presented in writing and must include the following: a statement of the event(s) causing the grievance; the



provision of the Handbook or personnel policy alleged to have been violated; the relief sought by the employee; and any potential witnesses. Failure to fully provide all required information may result in a delay in processing the grievance. Failure to timely initiate this procedure will bar further consideration of the grievance and will be deemed a waiver of the grievance procedure. The Supervisor or his/her designated representative will, within ten working days of the notification as required above, have a discussion with the employee concerning the grievance. The Supervisor or his/her designated representative will, within ten working days of the discussion, issue a written decision to the employee.

3. Step Three. Within ten working days from receipt of the written decision from the Supervisor, the employee, if he/she wishes to appeal the decision, will submit his/her formal grievance to the Executive Director. The grievance shall be presented in writing and must include the following: a statement of the event(s) causing the grievance; the provision of the Handbook or other policy alleged to have been violated; the relief sought by the employee; and any potential witnesses. Failure to fully provide all required information may result in a delay in processing the grievance. Failure to timely initiate this procedure will bar further consideration of the grievance and will be deemed a waiver of the grievance procedure. The Executive Director will, within 20 working days of the written notice, render a written decision to the employee. Nothing in this Section will prohibit more expeditious handling of the grievance. The decision of the Executive Director will be final and binding, and no further appeal may be had under the SGVCOG's administrative processes.

### **Policy Prohibiting Harassment, Discrimination, and Retaliation**

- A. The SGVCOG policy prohibits unlawful harassment and discrimination based on an employee's race, religion, creed, color, sex, sexual orientation, actual or perceived gender identity, gender expression, national origin, ancestry, citizenship status, uniformed service member status, marital or domestic partner status, pregnancy or pregnancy-related condition, age, medical condition, genetic information, family medical history, physical disability, mental or intellectual disability, political activity, or perception that an individual has any of these protected characteristics, or because of association with an individual in a protected category, and/or any other category protected by federal and/or state law.
- B. In addition, the SGVCOG prohibits retaliation because of the employee's opposition to a practice the employee reasonably believes to constitute employment discrimination or harassment or because of the employee's participation in an employment investigation, proceeding, or hearing.
- C. Employees who believe they have been harassed, discriminated against, or retaliated against, should report that conduct to the SGVCOG, and the SGVCOG will investigate those complaints.
- D. For more information regarding the policy and complaint procedures, employees should review the SGVCOG's separate policy against harassment, discrimination, and retaliation, which is available at the SGVCOG office.

## Nepotism and Consensual Romantic Relationships between Employees

### A. Nepotism

#### 1. Definitions

- (a) Applicant. A person who applies for a position at SGVCOG and is not a Current Employee.
- (b) Change of Status. A change in the legal status or personnel status of one or more Current Employees.
  - (i) Changes in legal status include but are not limited to marriage, divorce, separation, or any such change through which a Current Employee becomes a Family member or ceases to be a Family member of another Current Employee.
  - (ii) Changes in personnel status include but are not limited to promotion, demotion, transfer, resignation, retirement or termination of a Current Employee who is a family member of another Current Employee.
- (c) Current Employee. A person who is presently a SGVCOG employee or an elected or appointed official.
- (d) Direct Supervision. One or more of the following roles, undertaken on a regular, acting, overtime, or other basis shall constitute Direct Supervision:
  - (i) Occupying a position in an employee's direct line of supervision; or
  - (ii) Functional supervision, such as a lead worker, crew worker or shift Supervisor; or
  - (ii) Participating in personnel actions including, but not limited to, appointment, transfer, promotion, demotion, layoff, suspension, termination, assignments, approval of merit increases, evaluations, and grievance adjustments.
- (e) Family Member. A spouse, domestic partner, parent, parent-in-law, step-parent, legal guardian, sister, step-sister, sister-in-law, brother, step-brother, brother-in-law, child, step-child, legal ward, daughter-in-law, son-in-law, grandchild, or grandparent.
- (f) Prohibited Conduct. Conduct by family members including, but not limited to, one or more of the following:
  - (i) Participation directly or indirectly in the recruitment or selection process for a position for which a family member is an Applicant.
  - (ii) Direct Supervision of a family member;

- (iii) Conduct by one or more family members that has an adverse effect on supervision, safety, security or morale.

## 2. Applicants for Employment

- (a) Right to Apply. No qualified Applicant may be denied the right to file an application for employment and receive an opportunity to be considered for hire as a SGVCOG employee. However, consistent with this Section, SGVCOG may reasonably regulate, condition, or prohibit the employment of an Applicant for a regular position.
- (b) Disclosure of Relationship. Each Applicant is required to disclose the identity of any family member who is a Current Employee.
- (c) Employees shall notify the Executive Director if any applicant for employment with the SGVCOG is a family member or in a relationship with the employee.
- (d) Review by Supervisor. For each Applicant who has a family member who is a Current Employee, the Supervisor shall assess whether any of the following circumstances exist:
  - (i) Business reasons of supervision, safety, security or morale warrant the SGVCOG's refusal to place the Applicant under Direct Supervision by the family member; or
  - (ii) Business reasons of supervision, security, or morale that involve potential conflicts of interest or other hazards that are greater for family members than for other employees, are present which warrant the SGVCOG's refusal to permit employment of family members in the same department, division, facility or at all.
- (e) Recommendation by the Supervisor and Decision by the Executive Director. If the Supervisor determines that either of the above circumstances exist, he or she shall notify the Executive Director who shall exercise his or her discretion to either reject the Applicant or consider the Applicant for employment in a position that does not present either of the above circumstances. If the Applicant is denied employment in a particular position, the Applicant will remain eligible to apply for other vacant positions at SGVCOG.

## 3. Current Employees

- (a) Employees shall report a Change of Status to Human Resources within a reasonable time after the effective date of the Change of Status. Wherever feasible, Employees shall report a Change of Status in advance of the effective date.
- (b) Within thirty days from receipt of notice, Human Resources shall undertake a case-by-case consideration and individualized assessment of the particular work situation to determine whether the Change of Status has the potential for creating an adverse impact on supervision, safety, security, or morale.

- (i) Human Resources shall consult with an affected Supervisor to make a good faith effort to regulate, transfer, condition or assign duties in such a way as to minimize potential problems of supervision, safety, security, or morale.
- (ii) Notwithstanding the above provisions, the SGVCOG retains the right to exercise its discretion to determine that the potential for creating an adverse impact on supervision, safety, security, or morale cannot be sufficiently minimized and to terminate the employment of one or both employees.

#### 4. Monitoring by Supervisor

- (a) Following a Change of Status or new hire of a family member, affected Supervisors shall reasonably monitor and regulate both family members' conduct and performance for a period of one year from the date of the determination by Human Resources. The Supervisor shall document these actions. Successive Supervisors may re-visit such a determination at their discretion.
- (b) If the Supervisor determines, subject to any applicable requirements of due process, that an employee has engaged in prohibited conduct, the Supervisor shall re-visit the determination by Human Resources. Depending on the severity of the prohibited conduct, the Supervisor may issue a written recommendation that SGVCOG take one or more of the following additional measures:
  - (i) Transfer one of the Family members to a similar position that would not be in violation of this policy. The transfer will be granted provided the Family member qualifies and there is an opening to be filled. There can be no guarantee that the new position will be within the same classification or at the same salary level.
  - (ii) If the situation cannot be resolved by transfer, one of the Family members must separate employment. If one of the employees does not voluntarily resign, the employee with primary responsibility for the Prohibited Conduct, as determined by the Executive Director and/or General Counsel, will be discharged.
- (c) Supervisors who receive complaints from other employees that one or more Family members has engaged in Prohibited Conduct shall respond in accordance with existing complaint and disciplinary procedures, where applicable.
- (d) Where situations exist prior to the effective date of this Section that may be in conflict with this Section, every effort shall be made to reasonably address the situation so as to avoid any future conflict.

5. **Appeal of Supervisor's Decision to Executive Director.** An individual who is dissatisfied with the Supervisor's recommendation may appeal to the Executive Director within five days of receipt of the Supervisor's decision. The Executive Director shall hear the individual's concerns and issue a written decision within 30 days of the receipt of the individual's appeal. The decision of the Executive Director is final, and no other appeal may be had unless the employee is entitled to further administrative appeal under other provisions of this Handbook.
6. **Employee Complaints.** Employees who believe that they have been adversely affected by Prohibited Conduct by one or more Family members should submit complaints to a Supervisor or to Human Resources.
7. **Savings Clause.** Should any provision of this Section, or any application thereof, be unlawful by virtue of any federal, state, or local laws and regulations, or by court decision, such provision shall be effective and implemented only to the extent permitted by such law, regulation or court decision, but in all other aspects, the provisions of this Section shall continue in full force and effect.

## **B. Consensual Romantic Relationships between Employees**

1. **General.** Consensual romantic or sexual relationships between SGVCOG employees can lead to misunderstandings, complaints of favoritism, adverse effects on employee morale, and possible claims of sexual harassment during or after termination of the relationship. As a result, such relationships present existing or potential conflicts that adversely affect efficient operation of the SGVCOG. Relationships that present an actual conflict under this Section are therefore prohibited.
2. **Application.** This section shall apply to all SGVCOG employees, regardless of gender or sexual orientation, who have a romantic or sexual relationship with another SGVCOG employee. The provisions of Section A regarding nepotism shall govern employees who marry or become domestic partners with another SGVCOG employee.
3. **Definition of Conflict.** For purposes of this section, a conflict exists if business issues of supervision, safety, security, and/or morale would be impacted by a romantic or sexual relationship between two employees or between an employee and contract worker.
4. **Supervisor's Duty to Report.** If a romantic or sexual relationship exists between a Supervisor and another employee (including another Supervisor), the Supervisor shall promptly disclose the relationship to the Executive Director and request a determination as to whether the relationship presents a conflict. The disclosure must identify the names and positions of both employees. A Supervisor's failure to comply with this section shall be grounds for discipline up to and including termination.
5. **Determination by the Executive Director.** Within five working days, the Executive Director shall issue a written determination as to whether the relationship presents a conflict, and is thereby prohibited. The Executive Director, in consultation with Human Resources, shall have exclusive discretion in making the determination.

6. **Resolution of Conflicts.** Subject to limitations imposed by applicable provisions of these Rules, the Executive Director will attempt in good faith to work with the Supervisor and the other employee to consider options to eliminate the conflict, including removing the Supervisory authority that created the conflict, reassignment, transfer or voluntary demotion of a Supervisory employee, or where the Executive Director determines that modification of a Supervisor's assignment is not feasible, reassignment, transfer or voluntary demotion of a non-Supervisory employee. The Executive Director retains discretion to determine that the conflict may be resolved via voluntary resignation or termination only.
7. **Prohibited On-duty Conduct.** All SGVCOG employees are prohibited from engaging in intimate, physical, or other conduct in furtherance of a romantic or sexual relationship with another SGVCOG employee or any other person at work locations or at any time during work hours. Moreover, upon termination of a sexual or romantic relationship with another SGVCOG employee, employees are prohibited from engaging in behavior that adversely affects the working conditions of any SGVCOG employee. In general, all employees are expected to observe appropriate standards of workplace conduct in their interactions with other SGVCOG employees.
8. **Complaints.** Employees who believe that they have been adversely affected by romantic or sexual relationships between SGVCOG employees should follow the complaint procedures provided under SGVCOG's Policy Against Harassment, Discrimination, and Retaliation. The complaint procedures are available to all employees regardless of their past or present participation in a romantic or sexual relationship with another SGVCOG employee.

## Policy on Non-Disclosure of Confidential Information

- A. Definition of confidential information.** Confidential information includes but is not limited to, financial data; data regarding pricing and/or funding rates; bidding and cost information; confidential personnel information relating to other employees or contract workers; supplier or vendor data; business plans; budgets; data concerning methods, forms, and contracts used by the SGVCOG; and any other non-public documents generated by the SGVCOG or its employees in the course of their employment or by any other agents on behalf of the SGVCOG.
- B. Employees and contract workers are prohibited from the following conduct:**
  1. Copying or disclosing any file or record containing confidential information without express authorization;
  2. Disclosing any confidential information of the SGVCOG to any other person during or following their employment without express authorization;
  3. Making use of any confidential information of the SGVCOG for their personal benefit or for the benefit of any person, company, corporation, partnership, or entity other than the SGVCOG under any circumstance during or following their employment; and

4. Using any confidential or any other information concerning the SGVCOG or its actual or proposed business or operations in any manner or for any purpose which is directly or indirectly competitive with the business or operations of the SGVCOG or adversely to its interests, whether during or after the term of their relationship with the SGVCOG.
- C. The protection of confidential information is vital. Any employee or contract worker who reasonably suspects or witnesses conduct in violation of the SGVCOG's policy regarding Non-Disclosure of Confidential Information is strongly encouraged to report it to the Executive Director or General Counsel.
- D. Any employee or contract worker who copies, discloses, or uses confidential information without appropriate authorization, may be subject to disciplinary action up to and including termination, even if he/she does not actually benefit from the disclosed information.

## **SECTION 4: OFFICE HOURS & TIMEKEEPING**

### **Hours of Work**

- A. SGVCOG employees are generally required to provide adequate office coverage during office hours. The Alhambra office hours are consistent with an alternative workweek (4/10) schedule, 7:00 a.m. to 6:00 p.m. Monday - Thursday while the Irwindale office is open Monday - Friday 8:00 a.m. to 5:00 p.m. Work schedules will be determined by Supervisors and generally office location. Full-time employees may work a standard work schedule, forty hours per week, with one hour off for lunch. However, because of the nature of the SGVCOG's scope of work, exempt employees are frequently required to work evenings and sometimes on weekends. In such cases, flexible work schedules will be as established by the Executive Director taking into consideration the needs of the employee.
- B. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week.
- C. Hours for regular part-time employees will be established as needed. Part-time employees will be advised in writing of their expected schedule prior to beginning work and must report to work promptly. Any changes to part-time employees' daily hours will be documented in writing.

### **Timekeeping**

- A. Time records, including time sheets, represent legal documents that are used to accurately record working time and to compensate employees properly. Accurately recording time worked is the responsibility of every employee. Federal and state laws require the employer to keep an accurate record of hours worked in order to calculate employee pay and benefits. Hours worked include all time actually spent on the job performing assigned duties.
  1. All employees must submit bi-weekly timesheets showing hours worked each day and time to be charged to specific projects. Timesheets must be submitted at the end of each pay period.
  2. Tampering, altering, or falsifying time records may result in disciplinary action, up to

and including discharge. Under no circumstances shall a Supervisor or employee submit a time sheet on behalf of another employee.

3. It is the employee's responsibility to submit his or her time record to certify the accuracy of all time recorded. In doing so, the employee shall attest that the time and hours recorded accurately and fully identify all time worked during the pay period, whether authorized or unauthorized, and that all meal periods to which the employee is entitled have been provided. Each employee shall further acknowledge that he/she has not violated any provision of this section during the pay period, including but not limited to working unauthorized overtime or working during a meal period without authorization.

4. The SGVCOG utilizes an electronic timekeeping system that maintains a balances of accrued leave that is accessible to each employee. Employees are encouraged to review their leave balances regularly.

**B.** The supervisor will review and electronically sign/approve the time record for each subordinate employee before submitting it for payroll processing. In support of that obligation, supervisors are responsible for monitoring the following for each employee under their direct supervision.

**C.** These records shall be retained as required under SGVCOG's record retention policies.

## **Hours Worked**

### **A. In General**

1. Only those hours that are actually worked by non-exempt employees shall constitute "hours worked" for purposes of determining entitlement to overtime pay under applicable state and federal wage and hour laws.
2. Non-exempt employees shall be compensated for travel time, attendance at training or meetings, and other similar time where required under applicable state and federal wage and hour laws.
3. Time taken as paid leave, including, but not limited to, holidays, vacations, sick leave, and other similar periods when no work is performed shall not constitute "hours worked" for purposes of overtime calculation.

### **B. Meal Periods**

1. Non-exempt employees are entitled to daily 1-hour unpaid meal periods during which they shall be entirely relieved of responsibilities and restrictions. Such time shall not constitute hours worked.
2. Supervisors shall schedule meal periods to ensure appropriate coverage.
3. All employees shall take reasonable measures wherever feasible to avoid the need for work to be performed during meal periods, provided, however, that schedules may be



adjusted to ensure that coverage of SGVCOG work needs can be met throughout the work day. Where required, time spent on such work shall be kept to a minimum, and may only occur with the prior written authorization of a supervisor. Non-exempt employees who work during their meal periods shall be paid for time worked and/or have his or her schedule adjusted accordingly.

### **C. Work Performed Outside Regular Shift**

1. Non-exempt employees shall not perform work outside of their regularly scheduled shifts unless requested to do so by a supervisor or with advance written authorization from a supervisor. This requirement applies to, but is not limited to:
  - a. Work performed before the start of the shift;
  - b. Work performed during meal periods;
  - c. Work performed after the end of the shift; and
  - d. Other work performed "off the clock" including work performed at home.
2. All employees shall take reasonable measures wherever feasible to avoid the need for work to be performed outside of their regularly scheduled shifts. Where required, time spent on such work shall be kept to a minimum, and may only occur with the prior written authorization of a supervisor.
3. An employee who may be required to perform work outside the regular shift shall be notified of the apparent need for such work as soon as practicable prior to when the work is expected to begin.
  - a. When practicable, opportunities shall be made available on an equal basis to all non-exempt employees capable of performing the work.

### **D. Lactation Breaks**

1. In accordance with California and federal law, upon reasonable advance notice to Human Resources, SGVCOG will provide an employee with reasonable paid or unpaid time off and an appropriate area for the purpose of the employee expressing breast milk for the employee's infant child.
2. For purposes of this policy, an "appropriate area" is a place other than a bathroom that is in close proximity to the employee's work area and that is shielded from view and free from intrusion by other Employees and the public. Human Resources will consider input from the affected employee but retains sole discretion in identifying an "appropriate area" on a case-by-case basis.

## **Overtime**

### **A. Standard Work Schedule and Workweek**

1. Employees who are assigned to work a standard work schedule will work either

Monday through Thursday, 7:00 a.m. to 6:00 p.m. or Monday through Friday 8:00 a.m. to 5:00 p.m. A Supervisor, in consultation with Human Resources, may require some employees to work a different regular schedule due to the requirements of their positions or department responsibilities. Any such variation to the standard work schedule must be memorialized in writing.

2. The workweek for employees on the standard work schedule shall be seven consecutive days, starting at 12:01 a.m. on Monday and ending at midnight on the following Sunday. Time worked by non-exempt employees in excess of 40 hours in a workweek shall constitute overtime.

### **B. Payment for Overtime**

1. A non-exempt employee shall be paid for overtime in accordance with applicable state and federal law.
2. Exempt and non-exempt status is determined by Human Resources in accordance with applicable state and federal law.

## **Holidays**

Regular full-time employees will receive the following paid holidays:

- New Year's Day (January 1)
- Martin Luther King, Jr. Day (third Monday in January)
- President's Day (third Monday in February)
- Memorial Day (last Monday in May)
- Independence Day (July 4)
- Labor Day (first Monday in September)
- Veteran's Day (November 11)
- Thanksgiving (fourth Thursday in November)
- Day after Thanksgiving
- Christmas Eve
- Christmas (December 25)
- New Year's Eve (December 31)

The SGVCOG'S Alhambra office is closed December 24 through January 1. Employees may work at the Irwindale location during this closure.

## **SECTION 5: LEAVE**

### **Vacation**

- A. Vacation time off with pay is available to eligible employees to provide opportunities for rest, relaxation and personal pursuits. Employees are encouraged to use their available vacation

each year, in accordance with this Section.

- B.** Regular and probationary full-time employees earn three (3) weeks of vacation leave per year. The Executive Director may, in appropriate circumstances, provide additional paid vacation leave to a newly hired management level employee commensurate with the responsibility and experience of the individual hired. After five years of employment, measured from the date of hire, employees will earn one additional week per year of vacation. After ten (10) years of employment, measured from the date of hire, employees will earn a further week of vacation. No employee, regardless of length of employment, may earn more than five (5) weeks of vacation per year.
- C.** Unused vacation may be accumulated to a maximum level equivalent of 240 hours of vacation at any one time. When an employee has accumulated the equivalent of 240 hours of unused vacation time, he or she will not accumulate any additional vacation until his or her balance falls below the maximum accrual. Any employee who has accrued in excess of 240 hours of unused vacation time at the time of adoption of this Handbook shall have a period of two years in which to use their excess vacation time and bring their total accrued vacation leave to 240 hours or less.
- D.** Employees may cash out unused vacation leave in excess of 80 hours with approval of the Executive Director. Taxes and other required withholdings will be deducted from cashed out vacation leave. Such cash-outs may be done no more than twice yearly, once in June and once in December.
- E.** Upon separation from employment, employees will be paid for unused vacation time that has been earned through the date of separation.

## Sick Leave

### A. In General

1. Sick leave may be used for an absence due to illness or injury sustained by the employee, or an immediate family member residing with the employee. Sick leave may be used in minimum increments of one (1) hour.
2. All full-time employees accrue paid sick leave benefits at the rate of 80 hours per year, credited on a proportional basis each pay period.
3. All part-time employees anticipated to work more than 30 calendar days shall accrue paid sick leave benefits at the rate of one hour for each 30 hours worked. Accrued sick leave will be carried over each year but will be capped at 48 hours.
4. Sick leave will accrue during any paid leave of absence, but not during an unpaid leave of absence. If an employee uses all accrued sick leave, but needs additional time off from work, the additional time may be allowed but the leave will be unpaid.
5. Sick leave has no cash value upon separation from employment.

## **B. Reporting Off-Work Because Of Illness or Injury**

Any employee who is unable to report to work due to an illness or injury must notify the supervisor or other designated person by telephone or other means of communication prior to the scheduled reporting time for work on the first day of absence unless emergency conditions make it not practicable under the circumstances to do so, as determined by the responsible supervisor, in which case notice must be provided as soon as is practicable. The supervisor should also be contacted each additional day of absence for absences lasting three or fewer consecutive days. Should an employee's absence extend beyond three consecutive work days for medical illness or injury a doctor's release must be obtained and given to the supervisor as soon as possible and prior to the employee's return to work.

## **Pregnancy Disability and Family/Medical Leave**

The SGVCOG provides pregnancy disability leave in accordance with the Pregnancy Disability Leave Law ("PDL"). In addition, although SGVCOG employees are not entitled to leave under the federal Family Medical Leave Act or California Family Rights Act until SGVCOG employees at least 50 full-time or part-time employees, SGVCOG voluntarily extends limited leave for family/medical leave purposes in connection with Section 5 of this Handbook regarding unpaid leaves of absence.

## **Fitness for Duty Leave**

Employees are expected to report to work fit for duty, which means able to perform their job duties in a safe, appropriate, and effective manner, free from adverse effects of physical, mental, emotional, and/or personal problems. This Section is intended to provide a safe environment and protect the health and welfare of employees and the public. If an employee feels that he/she is not fit to perform his/her duties, he/she must notify his/her supervisor immediately.

**A. Reasons for Fitness for Duty Leave.** A paid Fitness for Duty Leave may be ordered in any of the following situations:

1. An employee returns from a medical leave of absence of more than five working days.
2. An employee is involved in the interactive process with SGVCOG under Section 1 of this Handbook.
3. Supervisor observes or receives a reliable report of an employee's possible lack of fitness for duty. Observations and reports may be based on, but are not limited to, employee's own self-report of potential unfitness, dexterity, coordination, alertness, speech, vision acuity, concentration, disproportionate response to criticism, and inappropriate or uncharacteristic interactions with the public, co-workers, and supervisors.
4. Fitness for duty examinations based on a reasonable suspicion that an employee is under the influence of illegal drugs or alcohol shall be conducted in accordance with SGVCOG's Drug-Free Workplace Policy.

- B. Procedures for Ordering a Fitness for Duty Examination.** When a supervisor or Supervisor becomes aware of or observes behavior that makes him/her reasonably suspect that an employee may not be fit for duty, the supervisor shall refer the employee to Human Resources, who will schedule the employee for a fitness for duty examination. If the circumstances warrant it, Human Resources after conferring with the employee's Supervisor, may place the employee on paid leave pending the results of the employee's fitness for duty examination. The examination shall be paid for by the SGVCOG.
- C. Procedure Following Receipt of Examination Results.** The doctor examining the employee shall be limited to finding the employee "fit for duty" or "fit for duty with restrictions" or "unfit for duty". In the case of finding an employee fit for duty, the doctor may issue work restrictions. In no case shall the doctor reveal the underlying cause of the fitness or unfitness for duty without the employee's permission.
1. **Fit for Duty.** If the doctor finds the employee is fit for duty, the employee shall return to work immediately and perform all duties of his/her position.
  2. **Fit for Duty with Restrictions.** If the doctor finds the employee is fit for duty with restrictions, the doctor shall specifically enumerate what restrictions are necessary and for how long those restrictions are necessary. The SGVCOG shall then evaluate those restrictions, and determine if the SGVCOG can reasonably accommodate those restrictions. If the employee's restrictions are based on a disability as defined by the ADA and/or FEHA, the SGVCOG shall engage in the interactive process as set forth in Section 1 of this Handbook.
  3. **Unfit for Duty.** If the employee is found to be unfit for duty, he/she shall not be permitted to work. He or She may request a leave of absence in accordance with the appropriate applicable provision(s) of this Handbook. If the employee can provide certification of fitness for duty prior to the exhaustion of all paid and unpaid leave that he/she is entitled to under this Handbook, the employee shall be returned to work. However, if such certification is from the employee's own health care provider, after the employee returns to work, the SGVCOG may request a second opinion from a doctor of its choosing and at its cost to evaluate the employee under the requirements of this Section. If the two certifications conflict, a third opinion will be sought from a doctor chosen by the SGVCOG and the employee, at the expense of the SGVCOG. The opinion of fit or unfit rendered by the third doctor shall be binding. If the employee's restrictions are based on a disability as defined by the ADA and/or FEHA, the SGVCOG shall engage in the interactive process as set forth in this Handbook.

## Bereavement Leave

- A.** All employees shall be entitled to three days paid leave in the event of a death in the immediate family of the employee. The immediate family shall be defined as:
1. Parents
  2. Siblings/siblings-in-law
  3. Grandparents

4. Mother-In-Law/Father-In-Law
  5. Spouse or registered domestic partner
  6. Children
  7. Any other person whose association with the employee is similar to "immediate family," with advanced approval of the Executive Director
- B. Employees must provide reasonable notice to their supervisors of the intent to use bereavement leave. Supervisors must notify Human Resources of any such requests.
  - C. For non-exempt employees, bereavement pay will be calculated based on the employee's regular pay rate times the number of hours the employee would otherwise have worked on the day(s) of absence. Exempt employees will be compensated in accordance with their regular salary.
  - D. Employees may use available sick or vacation leave for bereavement purposes in addition to the leave provided under this section.

## Jury Duty Leave

- A. The SGVCOG encourages employees to fulfill their civic responsibilities by serving jury duty when required. Regular full-time and regular part-time employees may request jury duty leave. For non-exempt employees, jury duty pay will be calculated on the employee's regular pay rate times the number of hours the employee would otherwise have worked on the day of absence. It is the policy of the SGVCOG to pay a maximum of 40 hours for jury duty service. However, should it be deemed necessary to serve beyond the maximum number of paid days, the employee should notify the Executive Director in advance who may exercise the option of extending the number of paid hours.
- B. Employees must show the jury duty summons to their supervisor as soon as possible so that the supervisor may make arrangements to accommodate the employee's absence. The employee is expected to report for work whenever the court schedule permits. Upon completion of such service, the employee must furnish a Certificate to employer from the court showing dates served and amount of compensation paid. Failure to provide the SGVCOG with a certificate from the court will be treated as an unpaid absence from work.
- C. Either the SGVCOG or the employee may request that the court excuse an employee from jury duty if, in SGVCOG's judgment, the employee's absence would create serious operational difficulties.

## Other Leave

### Family School Partnership Leave

In accordance with *Labor Code* section 230.7, upon reasonable advance written notice to his/her supervisor, an Employee who is the parent or guardian of a pupil may take time off to appear in the school of that pupil pursuant to a request made under Section 48900.1 of the *Education Code*.

### Family School Partnership Leave (School Or Day-Care Related Activities)

- A. In accordance with *Labor Code* section 230.8, upon reasonable advance written notice to his/her supervisor, an employee who is the parent, guardian, or grandparent of a child who is in kindergarten, grades one through twelve, inclusive, or attending a licensed day care facility, is entitled to take time off to participate in activities of that child's school or licensed day care facility.
- B. Employees are eligible for forty hours of unpaid leave per year and may not exceed eight hours in any calendar month. The total amount of leave is per employee and is not conditioned on the number of children, grandchildren, or wards that the employee may have. Upon return to work, the employee must provide his/her supervisor with reasonable written evidence that he/she participated in the school or day care activity at a specific date and time.
- C. Any employee who takes time off under this policy must use any available vacation or other appropriate paid leave for the period of the absence. If a non-exempt employee does not have paid leave benefits available to cover some or all of the period of the absence, the time off will be taken without pay. If an exempt employee does not have paid leave benefits available to cover some or all of the period of the absence, his/her salary will be unaffected.

#### **Domestic Violence/Sexual Assault/Serious or Violent Crime Leave**

##### **A. Leave for Victims of Domestic Violence or Sexual Assault.**

- 1. In accordance with *Labor Code* sections 230(c) and 230.1, upon reasonable advance written notice to Human Resources, if feasible, an employee who is the victim of domestic violence or sexual assault may take time off to obtain a temporary restraining order, a restraining order, or other injunctive relief from court to help ensure the health, safety, or welfare of the employee or employee's child; for the employee to seek medical attention for injuries caused by domestic violence or sexual assault; for the employee to obtain services from a domestic violence shelter, program, or rape crisis center as a result of domestic violence or sexual assault; for the employee to obtain psychological counseling related to an experience of domestic violence or sexual assault; or for the employee to participate in safety planning and take other actions to increase safety from future domestic violence or sexual assault, including temporary or permanent relocation.
- 2. If advance notice is not feasible, within a reasonable period following return to work, the employee must submit certification to Human Resources in the form of one of the following: a police report indicating that the employee was a victim of domestic violence or sexual assault; a court order protecting or separating the employee from the perpetrator of an act of domestic violence or sexual assault, or other evidence from the court or prosecuting attorney that the employee has appeared in court; or documentation from a medical professional, domestic violence advocate or advocate for victims of sexual assault, health care provider, or counselor that the employee was undergoing treatment for physical or mental injuries or abuse resulting in victimization from an act of domestic violence or sexual assault.
- 3. An employee absent under this policy may elect to take any accrued paid leaves that are otherwise available to the employee.

## **B. Leave To Attend Court Proceedings for Victims of Serious or Violent Crime:**

1. In accordance with *Labor Code* section 230.2, upon reasonable advance written notice to Human Resources of a scheduled proceeding, if feasible, an employee who is the victim of, or is related to a victim of, or is the registered domestic partner of a victim of a serious or violent crime, may take unpaid time off to attend a court proceeding related to that crime. The employee must be the parent, child, spouse, registered domestic partner, child of a registered domestic partner, stepchild, brother, stepbrother, sister, stepsister, stepmother, or stepfather of the victim.
2. If advance notice is not feasible, within a reasonable period following return to work, the employee must submit certification to Human Resources evidencing the judicial proceeding from one of the following entities: the court or government agency setting the hearing; the district attorney or prosecuting attorney's office; or the victim/witness office that is advocating on behalf of the victim.
3. An employee absent under this policy may elect to take any accrued paid leaves that are otherwise available to the employee.

## **C. Leave for Crime Victim to Participate as a Witness in a Judicial Proceeding:**

1. In accordance with *Labor Code* section 230(b), an employee who is a victim of a crime, may take time off to appear in court to comply with a subpoena or other court order as a witness in any judicial proceeding.
2. An employee absent under this policy may elect to take any accrued paid leaves that are otherwise available to the employee.

## **Leave For Volunteer Firefighters, Reserve Police Officers and Emergency Rescue Personnel**

- A. Leave for Emergency Duty:** In accordance with *Labor Code* section 230.3, an employee may take time off to perform emergency duty as a volunteer firefighter, reserve police officer, or emergency rescue personnel.
- B. Leave for Training of Volunteer Firefighters:** In accordance with *Labor Code* section 230.4, an employee who is a volunteer firefighter may take up to 14 days of unpaid leave per calendar year for the purpose of engaging in fire or law enforcement training.

## **Military & Military Partner Leave**

Military Leave shall be provided as set forth in the applicable California and federal law. An employee entitled to military leave shall give his/her Supervisor, in consultation with Human Resources, an opportunity within the limits of military regulations to determine when such leave shall be taken. Prior to taking military leave, an employee, when possible, shall present a copy of his/her military orders to his/her Supervisor. The Supervisor shall advise Human Resources of such military orders immediately.

An employee whose spouse or registered domestic partner is deployed for active military service during a period of military conflict is permitted unpaid time off to spend with the spouse or



registered domestic partner when he or she is on leave from such deployment, in accordance with Section 395.10 of the California Military & Veterans Code.

### **Voting Leave**

- A. The SGVCOG encourages eligible employees to register and vote in all federal, state, and local elections. Employees of the SGVCOG are expected to vote prior to or following their assigned working hours.
- B. However, in accordance with the *Election Code*, Sections 14000 and 14001, if a registered voter employee does not have sufficient time outside regular working hours within which to vote at statewide elections, he/she may take off such working time as will enable him/her to vote. A maximum of two hours may be taken with pay.
- C. To receive time off for voting, the employee must notify his/her Supervisor in advance. Employees who need Voting Leave, must take such leave at the beginning or end of the employee's work shift, based on the needs of the Department and the employee's schedule. The exact amount of time off work and the scheduling of time off shall be decided between the employee and his/her Supervisor.
- D. Employees who use Voting Leave are required to present a voter's receipt to their Supervisors.

### **Leave Of Absence without Pay**

- A. **Request for a Leave of Absence Without Pay.** When an employee has exhausted all of his/her paid leaves, he/she may request a leave of absence without pay in accordance with this Section. The employee must submit a written request to his or her immediate supervisor for a leave of absence without pay, along with any supporting documentation. The supervisor must forward the request, along with any supporting documentation to Human Resources for consideration by the Executive Director.
- B. **Authority to Grant a Leave of Absence Without Pay.** The Executive Director may grant a regular or probationary employee leave of absence without pay for a period not to exceed three months. After three months, the leave of absence may be extended by an additional three months if the employee submits a further written request, along with supporting documentation, that is authorized by the Executive Director. The approval or rejection of the Executive Director will be in writing and may be communicated by Human Resources on behalf of the Executive Director.
- C. **Return from Leave of Absence Without Pay.** Upon expiration of a regularly approved leave, the employee will be reinstated in the position held at the time leave was granted, provided such position continues to exist. An employee on leave who fails to report to duty promptly at its expiration will be subject to disciplinary action for being on an unauthorized absence. An employee who is absent for medical reasons may be required to demonstrate fitness for duty in accordance with the SGVCOG's fitness for duty policy.
- D. **Mandatory Exhaustion of Paid Leaves.** If an employee is requesting a leave of absence for medical reasons, the employee is required to first fully exhaust all of his/her paid leaves in

order to be eligible to receive a leave of absence without pay. If an employee is requesting a leave of absence for personal reasons, the employee is required to fully exhaust all of his/her paid leaves, except sick leave, in order to be eligible to receive a leave of absence without pay.

## **Unauthorized Absence**

- A.** When an employee has been absent without authorization from work for more than three workdays, and in the opinion of the Supervisor the employee has abandoned his/her position, the Supervisor shall notify Human Resources. Human Resources shall notify the employee that the SGVCOG has determined he/she has abandoned his/her position and that the employee has seven working days upon receipt of the notice to contact the SGVCOG regarding his/her intent to return to work. The notice shall also advise the employee that failure to contact the SGVCOG within the seven-day period shall be deemed an automatic resignation effective on the eighth day. Such notice shall be in writing and sent by certified mail or personal service to the last address listed in the employee's personnel records.
- B.** Abandonment of position may include, but is not limited to:
  - 1. Where an employee fails to return to his/her employment upon conclusion of any authorized leave of absence;
  - 2. Where an employee fails to properly notify by telephone or in writing his/her immediate Supervisor of absence due to sickness or injury,
  - 3. Where an employee fails to appear for work without notification or express agreement between the Supervisor and the employee as to the use of any leave time set forth in this Handbook;
  - 4. Where an employee fails to keep his/her immediate Supervisor reasonably apprised of disability status; or
  - 5. Where an employee fails to respond within seven working days to the notice of abandonment of position, the employee may be considered to have abandoned his/her position of employment with the SGVCOG.
- C.** Abandonment of position shall constitute an automatic resignation from SGVCOG service.

## **SECTION 6: EMPLOYMENT RECORDS**

### **Access to Personnel Files and Payroll Records**

#### **A. General provisions**

- 1. The SGVCOG maintains a personnel file on each employee. The personnel file may include such information as the employee's job application, resume, records of training, documentation of performance appraisals and salary increases, and other employment records.
- 2. Personnel files are the property of the SGVCOG and shall be maintained by the employer in strict confidence. Access to the information contained therein is restricted,

except as permitted by law. Only supervisors and management personnel of the SGVCOG who have express authorization from the Executive Director and a legitimate reason to review information in a file are allowed to do so without being subject to the procedures set forth in this section.

3. As provided by law, letters of reference, recruitment files, and reports regarding ongoing investigations concerning a current or former employee shall be excluded from the provisions of this policy. In addition, names of all non-supervisory employees shall be redacted from records to be provided under this policy.
4. If a current or former employee files a lawsuit for which his/her personnel records are relevant, his/her right to inspect and receive copies of his/her personnel file, or to authorize another individual to do, so shall cease during the pendency of the lawsuit in the court with original jurisdiction.

#### **B. Inspection of a Current or Former Employee's Personnel File**

1. A current or former employee wishing to inspect his/her personnel file or payroll records must submit a written request to Human Resources. Proof of identity will be required to inspect personnel or payroll records for his/her file. Human Resources shall issue a written notice setting a date for the inspection of said records within thirty calendar days of receipt of the request, to take place during normal business hours. With the requesting person's written consent, the date for inspection may be extended on one occasion by up to five calendar days. If the requesting person is a former employee who was terminated for violation of the SGVCOG's policy or law involving harassment or workplace violence, the SGVCOG shall have discretion to mail a copy of the personnel file at the SGVCOG's expense instead of scheduling an in-person inspection.
2. A current employee may inspect his/her records at the place the employee reports to work, or may instead consent to inspect his/her personnel file at the Human Resources Department without loss of compensation. Inspection by former employees and authorized representatives shall take place at the Human Resources Department unless otherwise mutually agreed in writing by the SGVCOG, and may require additional reasonable proof of identity.
3. A designated Human Resources representative or other authorized employee must be present throughout the inspection. No personnel files nor contents of personnel files shall be removed from the place of inspection without advance written authorization from the Executive Director.

#### **C. Obtaining Copied of a Current or Former Employee's Personnel File**

1. A current or former employee wishing to obtain copies of documents or other materials in his/her personnel file in person or by mail must submit a written request to Human Resources along with reasonable proof of identity. A current or former employee who seeks to authorize another person to obtain copies of his/her personnel file must

provide a satisfactory written authorization along with the written request. Reasonable proof of identity may be required at the time of in-person pick up of requested documents.

2. Human Resources shall issue a written notice setting a date on which the requested copies may be picked up in person during the normal business hours of the Human Resources Department and identifying the cost of reproduction that must be paid to the SGVCOG at the time of pick up. The date for in-person pick up of the documents shall be no more than thirty calendar days after receipt of the request in Human Resources. With the requesting person's written consent, that date may be extended on one occasion by up to five calendar days. If the requesting person is a former employee who was terminated for violation of SGVCOG policy or law involving harassment or workplace violence, Human Resources shall have discretion to mail a copy of the personnel file at the expense of the SGVCOG instead of scheduling an in-person pick up.
3. If the requesting person chooses delivery by mail instead of in-person pick up, the notice provided by Human Resources shall also identify the additional actual postage expenses for which the requesting person must reimburse the SGVCOG prior to receipt of the copies.

## Reference Verification

Employees contacted by outside sources, whether personally known or unknown to them, requesting an employment reference or employment verification for a current or former employee should NOT provide any information to the requesting individual or organization. Employees should instead refer the requesting individual or organization to the Human Resources Department. No employee, other than those so designated in the Human Resources Department, is authorized to provide employment references or employment verifications for any current or former employee.

## Personnel Data Changes

It is the responsibility of each employee to promptly notify the SGVCOG of any changes in personnel data. Employees must ensure that personal mailing addresses, telephone numbers, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishments, and other pertinent information, are accurate and current at all times.

## Employment Applications

The SGVCOG relies upon the accuracy of information contained in the data presented throughout the hiring and employment process. Any misrepresentations, falsifications, or material omissions in any of this information or data may result in exclusion of the individual from further consideration for employment or, if the individual has been hired, termination of employment.

To help to ensure that individuals who join the SGVCOG are well qualified and have a strong

potential to be productive and successful, it shall be the policy of the SGVCOG to check employment references of prospective employees.

## **SECTION 7: GENERAL WORKPLACE RULES**

### **Safety**

Establishment and maintenance of a safe work environment is the shared responsibility of the SGVCOG and employees from all levels of the organization. Employees are expected to obey safety rules and to exercise caution in all their work activities. Employees are strongly encouraged to immediately report any unsafe conditions to their supervisor. Employees at all levels of the organization are expected to correct unsafe conditions within their control as promptly as possible.

Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report, or where appropriate, remedy such situations, may be subject to disciplinary action, up to and including termination of employment.

All accidents that result in injury must be reported to the appropriate supervisor, regardless of how insignificant the injury may appear. Such reports are necessary to comply with laws and initiate insurance and Workers Compensation benefits procedures, where applicable.

### **Dress Code**

The SGVCOG's professional atmosphere is maintained, in part, by the image that the employees present. In the interest of presenting a professional image to the public, the SGVCOG requires all employees to observe good habits of dress, grooming, and personal hygiene. Employees must always maintain a professional image. Employees who are inappropriately dressed may be sent home and directed to return to work in appropriate attire. Non-exempt employees will not be compensated for the time away from work.

Business casual attire may be approved by the Executive Director when no meetings are scheduled to conduct SGVCOG business or in other appropriate circumstances. Business casual wear is a style of dress which projects a professional, business-like image while still permitting employees to wear more casual and relaxed clothing. Business casual does not include play wear, leisure wear, or beach wear. Clothing and footwear should be clean and in good repair. It may not be faded, torn, frayed, or revealing.

Upon the approval of an employee's Supervisor, an employee may wear business casual attire if the employee has been assigned a task, such as visiting a construction site or participating in neighborhood outreach that would be unsuited to formal business attire. Where such assignments are made on a regular basis or expected to last multiple consecutive days, the Supervisor may approve wearing of casual attire on a continuing basis.

Exceptions. The Executive Director, in consultation with Human Resources, may grant exceptions to this Section when the application of the Section 7 (EEO) would infringe on an employee's protected characteristics.

## Business Use of Personal Vehicles

In general, Employees may be required to use their private vehicles to carry out their regular job responsibilities. Such employees are subject the provisions of this Section.

Maintenance of California driver's license and insurance.

**Driver's license.** Employees must provide the SGVCOG with a copy of a valid California State License upon hire. In addition, upon his or her hire, a copy of a current Department of Motor Vehicle printout may also be required. In the interest of public safety, employees who will be required to use their personal vehicles frequently to conduct SGVCOG business will be enrolled in the California Department of Motor Vehicles' ("DMV") Employer Pull Notice Program. Human Resources will notify affected employees of this requirement at the time of hire. Information received by the SGVCOG from the DMV shall be used for employment purposes only and will not be shared with or provided to any third party.

**Effect of loss of driving privileges.** Employees required to drive as part of their job and who subsequently lose their driving privileges due to unpaid traffic violations, speeding, or driving under the influence citations may be subject to immediate termination or, in the sole discretion of the SGVCOG, reassignment to another available position for which the Employee qualifies that does not require driving. Such Employees will be expected to provide proof of license reinstatement and insurance in order to be reinstated to a job that includes driving. Such reinstatement will be at the SGVCOG's sole discretion.

**Auto insurance.** Employees are required to carry the auto insurance required by State law. Should an employee's driving record disqualify him/her from being insured, it is the company's option not to continue said employee's employment should travel restrict the employee from performing the duties required, or, in the sole discretion of the SGVCOG, reassignment to another available position for which the Employee qualifies that does not require driving.

### Compliance with law

Employees are required to observe all rules of the road and take all safety precautions including wearing a seat belt and taking care that all passengers in vehicles are also wearing their seat belts.

Employees are not permitted to drive while under the influence of any legal or illegal substance.

Under California law, it is unlawful to dial or text on a cell phone, car phone, or other portable telecommunication device, or otherwise use such mobile device in an unsafe manner, and employees are prohibited from doing so while operating a vehicle on SGVCOG business.

Employees are personally responsible for any traffic violations or citations received while driving or otherwise operating a vehicle on SGVCOG business.

Any traffic accident or other altercation in which an Employee becomes involved while on SGVCOG business is to be reported to Human Resources immediately.

## **Expenses**

Business use of personal vehicles will be reimbursed at the applicable IRS mileage reimbursement rate. All personal vehicle repair costs are the employee's responsibility.

For employees expected to use their vehicles extensively in the conduct of their job, the Executive Director may authorize establishment of a monthly car allowance in lieu of mileage reimbursement, up to a maximum of \$350 per month. Actual mileage incurred in the course of SGVCOG business shall be reported on a quarterly basis utilizing an established rate structure. Mileage costs exceeding the total annual allowance shall be reimbursed to the employee at the end of the calendar year. Any authorization for a car allowance may be revoked at any time by the Executive Director.

## **SGVCOG Property and Equipment**

### **Use of Property and Property Issued in General**

1. Employees are prohibited from being on SGVCOG property or using its facilities or property while not on duty, or for personal use at any time.
2. Work equipment, tools, and materials are provided by the SGVCOG to its Employees for the sole purpose of performing work-related tasks. Work tools are the property of the SGVCOG, and it is the responsibility of the Employee to use and maintain them appropriately. Deliberate carelessness or misuse of SGVCOG's property, or use without authorization, will not be tolerated and may result in disciplinary action being taken against the Employee, up to and including termination. Lost or misplaced property that has been issued to an Employee must be reported immediately to his/her supervisor.
3. Upon an Employee's resignation or the termination of employment, or at any other time the SGVCOG so requests, Employees are required to return all items and property issued to them.
4. To the extent permitted by law, the SGVCOG reserves the right to charge Employees the replacement value of any lost, misplaced, stolen or deliberately/carelessly damaged SGVCOG property.

### **Personal Cell Phones**

1. Employees who are required to use their personal cell phones are expected to confine the use of any personal calls in a way that should not disrupt others, occur during meetings, or interrupt work processes.
2. Employees who use electronic devices to conduct company business should be mindful that the SGVCOG is a public agency and as such is subject to public records requests. Communications related to the conducting of public business using a personal device or account may result in your device/account information being subject to public disclosure.



3. Employees not required to use personal cell phones for company business are expected to place or accept personal cell phone calls or text messages during formal rest breaks and meal breaks whenever possible. All personal calls should be done in a manner which should avoid work disruption.
4. Personal cell phones must never be used to access web sites, display photos, play games, or play music during work hours. Employees are encouraged to use SGVCOG-provided equipment to take work-related photographs. If personal cell phones are used to take work-related photographs, the employee taking the photographs is responsible for ensuring appropriate handling of the photograph in accordance with the SGVCOG's policy on electronic communications that are also public records.
5. Use of Cell Phones While Driving
  - a. No employee is expected to place or accept cell phone calls while driving. Cell phone use should be avoided whenever it might create an unsafe driving situation. In accordance with California law, it is against the SGVCOG's policy to use a handheld cellular phone while operating a motor vehicle. Employees making or receiving cell phone calls while driving are required to use a hands-free device.
  - b. In accordance with California law, text-based communication while driving is prohibited. Specifically, writing, sending, or reading text-based communication including text messaging, instant messaging, and e-mail, on a wireless device or cell phone while driving is prohibited.
  - c. Failure to follow the provisions of this policy, or any policy, may result in disciplinary action, up to and including termination.

## Computer Software

Copyright law protects computer software. It is the SGVCOG's intention to comply with all computer software copyright laws. The law states that "it is illegal to make or distribute copies of copyrighted material without authorization." The law provides for copies to be made of computer software only when it relates to archiving or backing up computer systems and networks, or with permission of the manufacturer. It is a federal crime to duplicate software without permission from the manufacturer. Accordingly, employees are required to comply with the following requirements and will be subject to disciplinary action, up to and including termination, for violation of one or more of the following requirements:

1. Comply with all computer software copyright laws.
2. Refrain from copying or distributing copies of computer software that has been licensed to the SGVCOG, except where expressly authorized by the employee's Supervisor, such as in the case of archiving or backup of existing software, data, and configurations.
3. Notify a supervisor promptly upon learning of any misuse of software, or related



documentation.

4. Refrain from installing unauthorized software or software that has not been approved for installation by the SGVCOG on any equipment owned or operated by the SGVCOG.
5. Use SGVCOG computer equipment, software, and Internet service for business purposes only and not for personal use without prior express authorization from the employee's Supervisor.
6. Store only SGVCOG's files and records on SGVCOG's computers. No personal information or personal advertising, soliciting, or blogging is permitted.
7. To the extent permitted or required by law, pay any fines, penalties, or damages assessed against the SGVCOG for any of the above-mentioned or related computer software abuses that are deemed to be attributable to the Employee.

#### **Personal Mail, Telephone Calls, Personal Communication, Music Devices, and Visits**

1. **Personal Mail.** All mail delivered to the SGVCOG is presumed to be related to SGVCOG business. Personal mail should not be sent to the SGVCOG's address. Mail sent to an Employee at the SGVCOG may be opened by office personnel and routed to the Employee. The SGVCOG's postage meters and letterhead may not be used for personal correspondence.
2. **Personal Telephone Calls.** SGVCOG telephone lines are needed for business calls. Personal phone calls should be kept to a minimum and for urgent or extremely important conversations that cannot wait until the employee is through working for the day. Employees may be personally liable for unauthorized long distance calls and will be subject to discipline, up to and including immediate termination, for unauthorized personal use of SGVCOG's telephone lines.
3. **Personal Devices.** Personal listening devices (e.g., iPods) and personal cell phone headsets (e.g., Blue Tooth, etc.) are not to be worn by Employees during working hours except as specifically required herein.

### **SECTION 8: LICENSES, MEMBERSHIPS, TRAINING AND CONFERENCES**

The SGVCOG encourages the continued development of its professional, technical and managerial employees through participation in organizations that are directly relevant to the primary business of the agency. It also recognizes the value of business publications in keeping employees informed of advances and trends in their specific career discipline and areas of responsibility.

1. **Memberships/Licenses.** The SGVCOG will sponsor memberships and professional licenses where they are likely to be used in the employee's performance of their duties up to \$500 per fiscal year per employee subject to availability of funds and approval of the Executive Director.

2. **Conferences/Training.** Employees may request attendance at professional conferences or training which will benefit the SGVCOG and enhance the performance of the employee's job responsibilities. Participation should be for the benefit of the SGVCOG and directly related to the job requirements of the employee. All efforts should be made to attend a conference/training which is offered locally or on-line. Training or conference attendance should be limited to no more than two per year and must be approved in advance by the Executive Director. If a Certificate of Completion is provided, a copy must be provided to Human Resources.

## Travel

Travel for official company business is an important part of the SGVCOG. All trips outside of the greater Los Angeles metropolitan area will be made with approval of the SGVCOG management. Employees are expected to exercise good financial judgment when traveling. GSA rates are provided via hyperlink to the travel request form to ensure employees are aware of acceptable expenses.

A request for travel must be completed and approved by the Executive Director prior to the travel. Unapproved travel expenses may not be reimbursed.

Hotel accommodations should be booked at a government rate if available. Employees are provided identification badges to present upon check in if required in order to receive government rates. If government rates are not available rooms should be booked at a standard room rate.

Airfare should be booked at coach/economy class or the lowest fare available. Ground transportation arrangements should be at the reduced rates where available and in all cases at reasonable prices. Employees are expected to use less costly ground transportation where it exists (i.e. public transportation if feasible, shared airport shuttles, standard cabs). Should a rental car be necessary, employees are required to rent compact vehicles unless there is a justification for a higher size. Any travel exceeding the requirement of this policy must be justified and approved by the employee's Supervisor.

Meal expenses incurred by an employee will be reimbursed either with receipts for actual expenses or at the current per diem rates published by the Internal Revenue Service, provide for a per diem at 20% for breakfast, 25% for lunch and 55% for dinner. Receipts for actual expenses must be broken down accordingly in the request for reimbursement. Receipts are not required for the per diem reimbursement.

Employees should submit their completed expense report along with related receipts within two weeks after completion of travel. Reports that do not include receipts will be denied reimbursement.

## Miscellaneous Expenses

### In general

Other local expenses incurred for SGVCOG business purposes, including, but not limited to small office supply or equipment purchases are reimbursable, with the approval of the Executive

Director or his/her designee where the expense is reasonable and necessary and supported by an expense voucher including explanations and receipts.

### **Local meal expenses**

1. Local meal expenses must be justified in terms of SGVCOG benefit and should be infrequent.
2. A written request to host a meal attended by non-SGVCOG personnel must be approved in advance by the Executive Director or his/her designee and must include a list of expected attendees.

In the event an SGVCOG hosted meal is provided, the request for reimbursement must verify the following:

- That SGVCOG business was discussed at the meeting;
  - That at least one attendee was non-SGVCOG personnel; and
  - The names and titles of the actual attendees.
3. Reimbursement can be made for meals provided in-house in situations where work is required for completing SGVCOG business, under circumstances in which it is impractical or difficult for staff to obtain their own meals. The Executive Director or his/her designee must approve such expenditures in advance.
  4. Requests for reimbursement for miscellaneous expenses should be submitted monthly or when the total expenses total \$50 or greater, whichever comes sooner.

## **SECTION 9: PAY**

### **Paydays**

All employees are paid every other Friday. Each paycheck will include earnings for two weeks prior.

In the event that the regularly scheduled payday falls on a day off, weekend or a holiday, employees will receive pay on the last day of work before the regularly scheduled payday.

Employees may have pay directly deposited into their bank account(s) if they provide advance written authorization to the SGVCOG. Employees will receive an itemized statement of wages when the SGVCOG makes direct deposits.

### **Pay Deductions**

Deductions required by law. The law requires that the SGVCOG make certain deductions from every employee's compensation. Among these are applicable federal, state, and local income taxes.

Deductions required by court order. If the SGVCOG receives a court ordered garnishment against an Employee's wages, the SGVCOG is required to deduct the amount specified from the Employee's paycheck. Any Employee who is subject to a wage garnishment will be notified of the amount and date the garnishment will begin, and will have an opportunity to contact the court involved. If any negotiations result in a revised deduction and/or start date of said garnishment, the Employee should notify Human Resources, however this information must be provided in writing directly from the court involved in order to change the original garnishment.

### **Improper Deductions from Salary**

The SGVCOG prohibits all supervisors from making any improper deductions from the salaries of its employees. The SGVCOG does not condone deductions that violate applicable state or federal wage and hour laws.

An employee who believes that an improper deduction has been made to his/her salary should immediately report this information to the Executive Director.

The SGVCOG will promptly investigate reports of improper deductions. If the SGVCOG determines that an improper deduction has occurred, the employee will be promptly reimbursed for the improperly deducted amount.

The SGVCOG is committed to ensuring that supervisors who are found to have made improper deductions do not continue doing so. To this end, the SGVCOG will take appropriate remedial action to ensure that such errors, once made, are not repeated.

## **SECTION 10: EMPLOYEE CONDUCT**

### **Rules of Conduct**

To help to assure orderly operations and provide the best possible work environment, the SGVCOG expects employees to follow rules of conduct that will protect the interests and safety of all employees and the SGVCOG. It is not possible to list all the forms of behavior that are considered unacceptable in the work place, but the following are examples of infractions of rules of conduct that may result in disciplinary action, including suspension or termination of employment. These types of misconduct are provided for purposes of illustration only and in no way alter the at-will employment status of any SGVCOG employees.

1. Theft or inappropriate removal or possession of property of SGVCOG and/or SGVCOG employees or others.
2. Falsification of records including, but not limited to, information provided on an application for employment and time-keeping records
3. Violation of the drug-free workplace policy, including but not limited to reporting for work, being subject to work, or being at work, under the influence of or in possession of alcohol, legal or illegal drugs
4. Possession distribution, sale, transfer, or use of alcoholic or illegal drugs in the work place, while on duty, while operating employer owned vehicles or equipment, or while operating employee owned vehicles or equipment in the conduct of SGVCOG

business

5. Assault, battery, horseplay, fighting or threatening violence in the work place or while on duty.
6. Disruptive activity in the work place
7. Carelessness, incompetence, inefficiency, or negligence
8. Insubordination
9. Discourteous or disrespectful treatment of other employees, members of the public, customers, suppliers, or visitors, or other treatment that does not foster cooperation
10. Malicious gossip and/or spreading rumors; engaging in behavior designed to create discord and lack of harmony; interfering with another employee on the job; or willfully restricting work output or encouraging others to do the same
11. Dishonesty
12. Violation of safety or health rules
13. Sexual or other harassment, discrimination, or retaliation in violation of SGVCOG policy or applicable state or federal law
14. Unauthorized possession of firearms, weapons or explosives on SGVCOG property, or while on duty; or displaying or brandishing any firearm or weapon, whether in jest or otherwise, in any manner which can be construed as a careless, threatening or dangerous manner, except as required in the performance of official duties
15. Unauthorized use of SGVCOG's electronic communications systems, including, but not limited to, telephones, email, mail system, or other equipment
16. Improper use of SGVCOG funds
17. Acceptance or solicitation of bribes or extortion
18. Excessive absenteeism or any unauthorized absence
19. Sleeping on the job or leaving the job without authorization
20. Failure to maintain job performance standards or to properly or satisfactorily perform assigned duties
21. Failure to maintain any employment qualification
22. Gambling on SGVCOG property or during working hours
23. Conviction of a felony, or conviction of a misdemeanor relating to the employee's

fitness to perform assigned duties and/or

24. Other violation of SGVCOG policies.

## **Workplace Violence Prevention**

**Objectives.** The SGVCOG is strongly committed to ensuring the safety of all SGVCOG employees. Consistent with this policy, acts or threats of violence, including intimidation, harassment, and/or coercion which involve or affect SGVCOG employees will not be tolerated and will be subject to appropriate disciplinary action up to and including termination. The following are the objectives of the SGVCOG:

1. To ensure all workplace threats and violent behavior are addressed promptly.
2. To ensure the level of physical and facility security in the SGVCOG's workplace is sufficient to protect the health and safety of SGVCOG employees.
3. To ensure that all disciplinary action taken for behavior prohibited under this Section is reviewed, evaluated, and administered consistently and equitably throughout the SGVCOG and done so in a timely manner.

## **Threats or Acts of Violence Defined**

A credible threat of violence is a knowing and willful statement or course of conduct that would place a reasonable person in fear for his/her safety, or the safety of his/her immediate family, and that serves no legitimate purpose. General examples of prohibited workplace violence include, but are not limited to the following:

1. Threatening to harm or harming an individual and/or his/her family, friends, associates, and/or their property.
2. Fighting or challenging another individual to a fight.
3. Intimidation through direct or veiled verbal threats, or through physical threats, such as obscene gestures, grabbing, and pushing.
4. Making harassing or threatening telephone calls; sending harassing or threatening letters, emails, or other correspondence.
5. Intimidating or attempting to coerce an employee to do wrongful acts that would affect the business interests of the SGVCOG.
6. Harassing surveillance or stalking, which is engaging in a pattern of conduct with the intent to follow, alarm, or harass another individual, which presents a credible threat to the individual and causes the individual to fear for his/her safety, or the safety of his/her immediate family, as defined in California Civil Code section 1708.7.
7. Making a suggestion or otherwise intimating that an act to injure persons or property is appropriate behavior.

8. Possession of firearms (loaded or unloaded), weapons, or any other dangerous devices on SGVCOG property. This includes look-alike weapons, such as toy guns. Weapons and dangerous devices may include, but are not limited to the following: blackjacks, slingshots, metal knuckles, explosive substances, dirks, daggers, gas- or spring-operated guns, knives, folding knives having a blade that locks into place, razor blades, and clubs.
9. Use of a personal or SGVCOG-issued tool or other equipment in a threatening manner toward another.

**Reporting Workplace Violence.** Any employee who is the victim of a threat or act of violence, or any employee who witnesses such conduct, should immediately report the incident to his/her Supervisor or other appropriate person in the chain of command. Should the employee perceive that he/she is in immediate danger of a violent act, or has just been victimized by a violent act, or is a witness of a violent act, he/she shall as soon as possible:

Place themselves in a safe location.

If appropriate, call 911 and request immediate response of a police officer and be prepared to inform the police dispatcher of the circumstances and the exact location of where an officer is needed.

Inform a supervisor or Human Resources of the circumstances.

Complete a written report as soon as possible and submit the original copy to Human Resources.

Cooperate fully in any administrative or criminal investigation, which shall be conducted within existing policy and laws.

**Reporting Suspected Future Workplace Violence.** Employees who have reason to believe they or any SGVCOG employee may be the subject of a violent act in the workplace or as a result of their SGVCOG employment, should immediately notify their Supervisor or Human Resources.

**Violation of Section.** The prohibition against threats and acts of violence applies to all persons involved in the SGVCOG's operation, including but not limited to SGVCOG employees, contract workers, vendors, and anyone else on SGVCOG property. Violations of this Section by any individual may be followed by legal action as appropriate, which may include, seeking a temporary restraining order and/or injunction on behalf of SGVCOG employees if the situation warrants such action. In addition to appropriate legal action, violations of this Section by employees, including making a false report under this Section, may lead to appropriate disciplinary action, up to and including termination.

## Drug-Free Workplace

The SGVCOG is committed to providing a work environment that is safe, healthy, and free of any effects caused by alcohol or drugs. Violation of SGVCOG's drug-free workplace policy can lead to disciplinary action being taken against an employee, up to and including termination. For more information regarding the policy, employees should review SGVCOG's drug-free workplace



policy.

## **SECTION 11: LAYOFF/SEPARATION/RETIREMENT**

### **Layoff Procedures**

**General.** Whenever, in the judgment of the SGVCOG Board, it becomes necessary in the interest of economy or reorganization, to abolish any position or employment, the employee holding such position or employment may be laid off or demoted without the right of appeal through grievance procedures or other internal procedures. The Executive Director will determine the titles and number of positions to be affected, the layoff date, and will notify the Supervisor in writing of such reduction.

**Written Notice of Layoff.** Where practicable, SGVCOG will make a reasonable effort to provide any employee to be laid off with written notice of layoff not less than 14 days prior to the effective date of such layoff.

**Order of Layoff.** Within each position, employees will be laid off according to employment status in the following order: temporary, part-time, probationary, regular. Temporary, part-time, and probationary employees will be laid off according to the needs of the service as determined by the **Executive Director**. In cases where there are two or more regular employees in the type of position from which the layoff is to be made, such employees will be laid off on the basis of seniority. For purposes of layoff, “seniority” is defined as total time employed by the SGVCOG from the employee’s date of hire to present.

**Vacancy and Demotion.** Except as otherwise provided, whenever there is a reduction in the work force, the Executive Director shall first demote an employee identified for lay-off to a vacancy, if any, within the same department in a position with a lower rate of pay, for which the employee is qualified. Secondly, employees may request to demote to a vacant position within the organization. An employee requesting a demotion must file a written request with the Supervisor within five working days of receiving written notice of layoff. An employee who is offered a demotion has the right to refuse the demotion.

**Contract Workers.** Upon the expiration of the project or contract for which a contract worker was hired, the assignment shall be automatically abolished when the funding is terminated and the layoff procedures prescribed in this Section are not applicable.

### **Separation from Employment with SGVCOG**

**Abandonment of Position.** An employee may be terminated from employment if he/she is on an unauthorized leave of absence as set forth in Section 5.

**Layoff/Expiration of Contract Work.** As provided in Section 1 an employee may be separated by layoff or expiration of the timeframe for which the position was created.

**Resignation.** An employee wishing to leave employment in good standing will file with Human Resources a written resignation stating the effective date at least two weeks before leaving the service, unless approval for a shorter notice is obtained. Resignation will be deemed accepted upon submission. A resignation made without the notice required may be regarded as cause for



denying the resigning employee future employment with the SGVCOG, and is a resignation not in good standing.

**Retirement.** Retirement from employment will be subject to the terms and conditions of SGVCOG's contract with CalPERS and the applicable statutes, rules, and regulations of CalPERS. Whenever employees meet the conditions set forth in SGVCOG's contract with CalPERS and the applicable statutes, rules, and regulations of CalPERS they may elect to retire and receive benefits to which they are entitled.

**Disability.** An employee may be separated for disability when the employee cannot perform the essential functions of the job, with or without a legally required reasonable accommodation, and is either not eligible to retire for disability or waives that right voluntarily.

**Death of the Employee.** In the event of a death of an employee, payment of all earned wages due will be in accordance with the laws of the State of California. Unless otherwise provided by law, payment of any other funds due the deceased employee will be paid to the beneficiary so designated in writing by the employee.

## **SECTION 12: SALARY ADMINISTRATION GUIDELINES**

Employee salaries will be established and periodically reviewed for adjustment based on the SGVCOG's Salary Administration Guidelines.

### **Salary Ranges**

All SGVCOG staff positions and ranges will be established by the Board of Directors. The ranges will be recommended based on comparable positions at other public agencies similar in nature to the Authority. Salary ranges may be adjusted with approval of the Board of Directors based on changes in job responsibilities or changes in the salaries for comparable jobs at other agencies.

### **Salary Administration**

New hires are compensated by a salary set by the Executive Director within the salary range of the position.

The supervisor will evaluate new employees' performance at the end of an initial six-month probation period. Thereafter, performance evaluations will be done on an annual basis.

Based on performance evaluation of a rating satisfactory or better, employees are eligible for salary adjustments if funds are available within the Board-approved budget.

Each fiscal year, in the submission of the budget, staff may request a merit pool based on an average salary adjustment percentage. Aggregate salary adjustments during the course of the year will be limited to the dollar value approved by the Board of Directors as part of the adopted budget. Individual salary adjustments cannot exceed 10%.

Salary adjustments will be limited to the range for a given position. Should an employee reach the top of his/her salary range, under no circumstance may an employee be compensated with an alternative form of compensation that would place him/her over the Board-approved salary range

for the position.

In order to keep the SGVCOG salary ranges reasonably current with the market annual adjustments to the ranges based on the local Consumer Price Index will be done each January, except as otherwise specifically determined by the Board of Directors. Such adjustments would not be applied to employee salaries, only the ranges.

As public agency, SGVCOG is committed to transparency. As such, all salary ranges of all positions will be posted on the SGVCOG website and updated accordingly.

## EMPLOYEE ACKNOWLEDGEMENT FORM

I have received and read a copy of the \_\_\_\_\_ 2018 employee handbook. I understand that it is not a contract of employment between the San Gabriel Valley Council of Governments (SGVCOG) and me.

I agree to abide by all rules and regulations as shown in this handbook, a copy of which I have received. If I have any questions about the handbook and its policies and procedures, I will contact my supervisor for explanation and answer to my questions.

I agree to always treat all persons conducting business with the SGVCOG in a manner that is courteous, cheerful, considerate, and professional. I further realize that my continued employment is directly related to the SGVCOG's ability to serve our clients' needs.

I understand that the statements contained in the handbook are intended to serve as general information concerning the SGVCOG and its existing policies, procedures and practices of employment and employee benefits.

**I UNDERSTAND THAT NOTHING CONTAINED IN THE HANDBOOK IS INTENDED TO CREATE, NOR BE CONSTRUED AS CREATING, AN EXPRESS OR IMPLIED CONTRACT, OR GUARANTEE OF EMPLOYMENT FOR A DEFINITE OR INDEFINITE TERM.**

I understand that from time to time the SGVCOG may need to delete, clarify, amend and/or supplement the information contained in the handbook, at its discretion, and that the SGVCOG will inform me, in advance, in writing, when any such deletions, changes, etc. occur. Only the SGVCOG Governing Board has the ability to adopt any revisions to the policies in the Personnel Policy/Employee Handbook.

Furthermore, I acknowledge that this handbook is neither a contract of employment nor a legal document. I have received the handbook, and I understand that it is my responsibility to read and comply with the policies contained in this handbook and any revisions made to it.

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EMPLOYEE'S SIGNATURE

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DATE

---

EMPLOYEE'S NAME (PRINTED OR TYPED)



# REPORT

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DATE: April 19, 2018

TO: Governing Board

FROM: Marisa Creter, Executive Director

RE: **AB 1971 (SANTIAGO)**

## **RECOMMENDED ACTION**

Adopt Resolution 18-20 to support AB 1971 (Santiago).

## **AB 1971 (SANTIAGO) BACKGROUND**

In October 2017, the Los Angeles County Board of Supervisors passed a motion (Attachment A) to work with attorneys, mental health advocacy groups, civil rights organizations and others to develop a legislative proposal that would expand the state law definition of grave disability. The legislation is intended to allow first responders to provide assistance to individuals in dire need of health and/or mental health services, that refuse care due to their lack of self-awareness of their own condition.

Currently, state law defines grave disability as a condition in which a person, as a result of a mental disorder, is unable to provide for their basic personal needs which include food, clothing or shelter. Therefore, the legislative proposal would seek to change state law to allow for urgent medical needs of an individual to be considered when determining their need for treatment of a mental disorder.

In November 2017, the Homelessness Committee received a presentation on the LA County initiative. Once the state legislature tied the legislative proposal to a bill number, the Committee directed staff to bring the legislation back to the committee to consider for support.

In February, the office of Assemblymember Miguel Santiago introduced AB 1971 (Attachment B). This Bill will change the definition of “gravely disabled” to consider urgently needed medical treatment as a basic human need when assessing an individual’s need for conservatorship or need for a 72-hour hold while maintaining all statutorily protected safeguards and civil liberties. Additionally, this Bill will allow a court to order a conservator to be appointed for a person who is gravely disabled as a result of a mental health disorder, so long as the condition of gravely disabled is proven beyond a reasonable doubt.

On March 22nd, the Homelessness Committee received a presentation on AB 1971 and recommended the bill for support. Additionally, the Committee directed staff to monitor the bill throughout the legislative cycle.

## **LOCAL IMPACT**

A 2017 report by Los Angeles Homeless Services Authority estimates that 30% of the County’s homeless population suffers from a serious mental illness. Often times an individual’s mental illness acts as a barrier to them accepting medical care. AB 1971 will allow first responders to provide

assistance to individuals in need of medical attention, that refuse due to a mental disorder. This will help provide necessary medical attention to a significant portion of the homeless population in Los Angeles County.


### **SUPPORT AND OPPOSITION**

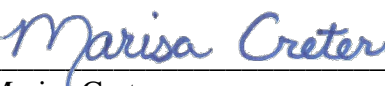
Supporters believe AB 1971 would provide first responders legal recourse to provide proper medical care to those who refuse treatment, due to a mental disorder, but are clearly in need of care. The following is a list of supporters:

- Los Angeles County
- California Psychiatric Association
- The Steinberg Institute
- Los Angeles Councilmember David E. Ryu
- National Alliance on Mental Illness

Those who oppose this bill believe it dangerously expansive at the expense of individual rights, and does not meet the sponsors' goals of addressing homelessness and medical care. The following is a list of those who oppose this bill:

- American Civil Liberties Union
- California Association of Mental Health
- Patients' Rights Advocates
- California Pan-Ethnic Health Network
- Coalition on Homelessness San Francisco
- Disability Rights California
- Law Foundation of Silicon Valley
- National Health Law Project
- Sacramento Regional Coalition to End Homelessness
- Western Center on Law and Poverty

Prepared by:   
Christian Cruz  
Management Analyst

Approved by:   
Marisa Creter  
Executive Director

### **ATTACHMENTS**

Attachment A – County Motion  
Attachment B – AB 1971  
Attachment C – Resolution 18-20

MOTION BY SUPERVISORS KATHRYN BARGER AND  
HILDA L. SOLIS

OCTOBER 31, 2017

**Assessment of Grave Disability**

Los Angeles County is committed to improving options, treatment and outcomes for those suffering with mental illness. Perhaps one of the most difficult populations to reach in this regard is the homeless population. A 2017 report by Los Angeles Homeless Services Authority (LAHSA) estimates that 30% of the County's homeless population (15,728 individuals) suffers from a serious mental illness. Within our homeless population, there is a significant segment of individuals who refuse treatment but are clearly in need of mental health care.

At the Board's request, the Department of Mental Health (DMH) convened a full range of County and community stakeholders to thoroughly examine current methods of engagement, delivery of services, and related laws to empower the County to care for the gravely disabled. As a result, the Department released a strategic plan with 13 recommendations aimed to improve the delivery of quality and humane treatment for those who are gravely disabled and incapable of seeking or accepting mental health treatment and care.

--- MORE ---

**MOTION**

Solis	_____
Kuehl	_____
Hahn	_____
Barger	_____
Ridley-Thomas	_____

Currently state law defines grave disability as a condition in which a person, as a result of a mental disorder, is unable to provide for his (or her) basic personal needs (i.e. food, clothing, or shelter). One recommendation that came to the Board as part of the DMH strategic plan was to explore legislation that would include a person's inability to provide urgently needed medical care for him or herself due to a mental disorder as part of grave disability. The need for this consideration derives from circumstances when an individual is in dire need of health and/or mental health care to the point their lives are in jeopardy, yet they refuse care due to lack of self-awareness to their own condition and need for treatment. These extreme circumstances should be explored and considered within state law to ensure that those in the gravest situations have access to life saving treatment.

**I, THEREFORE, MOVE** that the Board of Supervisors direct the Department of Mental Health to work with County Counsel, the Chief Executive Office, mental health advocacy groups, civil rights organizations, and other pertinent stakeholders to develop recommendations for legislative proposals that would consider an individual's inability to provide and/or access urgently needed medical care for him or herself due to a mental disorder as part of the criteria for grave disability and report back to the Board in 60 days.

# # #

KB:ems



**ASSEMBLY BILL**

**No. 1971**

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**Introduced by Assembly Members Santiago and Friedman**

January 31, 2018

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An act to amend Section 4031 of the Welfare and Institutions Code, relating to mental health.

LEGISLATIVE COUNSEL'S DIGEST

AB 1971, as introduced, Santiago. Mental health services: planning, research, and evaluation.

Existing law requires the State Department of Health Care Services to perform various functions with regard to the statewide delivery of mental health services, including, but not limited to, implementation of related planning, research, evaluation, technical assistance, and quality assurance responsibilities.

This bill would make a nonsubstantive change in those provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 4031 of the Welfare and Institutions Code
- 2 is amended to read:
- 3 4031. The State Department of Health Care Services shall, to
- 4 the extent resources are available, do all of the following:
- 5 (a) Conduct, sponsor, coordinate, and disseminate results of
- 6 research and evaluation directed to the public policy issues entailed
- 7 in the selection of resource utilization and service delivery in the
- 8 state.

- 1 (b) Make available technical assistance to local mental health
- 2 programs incorporating the results of research, evaluation, and
- 3 quality assurance to local mental health programs.
- 4 (c) Implement a system of required performance reporting by
- 5 local mental health programs.
- 6 (d) Perform—any other activities useful to improving and
- 7 maintaining the quality of community mental health programs.

O

**RESOLUTION 18-20**  
**A RESOLUTION OF THE GOVERNING BOARD OF THE SAN GABRIEL**  
**VALLEY COUNCIL OF GOVERNMENTS (“SGVCOG”)**  
**SUPPORTING AB 1971 (SANTIAGO).**

**WHEREAS**, California State Law defines gravely disabled as “a condition in which a person as a result of a mental health disorder, is unable to provide for his or her basic personal needs for food, clothing, or shelter”;

**WHEREAS**, current State law fails to address the needs of those with a mental illness that are unable to provide for their urgently needed medical treatment;

**WHEREAS**, often times an individual’s mental illness acts as a barrier to them accepting medical care;

**WHEREAS**, AB 1971 seeks to change the definition of “gravely disabled” to consider urgently needed medical treatment as a basic human need when assessing an individual’s need for conservatorship or need for a 72 hour hold while maintaining all statutorily protected safeguards and civil liberties;

**WHEREAS**, a 2017 report by the Los Angeles Homeless Services Authority estimates that 30% of the County’s homeless population suffers from a serious mental illness; and

**WHEREAS**, AB 1971 would improve effective delivery of homeless services.

**NOW, THEREFORE BE IT RESOLVED THAT THE GOVERNING BOARD OF THE SGVCOG SUPPORTS AB 1971 (SANTIAGO).**

PASSED, APPROVED, and ADOPTED this 19<sup>th</sup> day of April, 2018.

SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

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Cynthia Sternquist, President

**Attest**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 18-20 was adopted at a regular meeting of the Governing Board held on the 19<sup>th</sup> day of April, 2018, by the following roll call vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

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Marisa Creter, Secretary

# REPORT

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DATE: April 19, 2018

TO: Executive Committee  
Governing Board Delegates and Alternates

FROM: Marisa Creter, Executive Director

RE: **SALARY RESOLUTION**

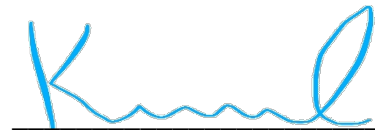
## **RECOMMENDED ACTION**

Adopt Resolution 18-21 to update the SGVCOG salary schedule.

## **BACKGROUND**

In December 2017, a resolution to the SGVCOG salary schedule was approved to combine the salary schedules for ACE and SGVCOG employees to maintain existing pay and benefits of current employees pending the outcome of the classification and compensation study. The position of Chief Engineer was inadvertently omitted from this updated schedule, as this position was formally titled the Chief Executive Officer of ACE. As a result of the revised SGVCOG structure and Joint Powers Authority amendment, the position of Chief Executive Officer of ACE was eliminated. Thus, the purpose of the updated salary resolution is to add the Chief Engineer to the SGVCOG's salary schedule, while at the same time, eliminating the Chief Executive Officer of ACE from the salary schedule. Additionally, the current salary schedule dictates that salary ranges be adjusted by CPI on January 1 of each year. Given that the classification and compensation study is still underway, a deferment of these adjustments is recommended until the results of the final compensation study are complete.

Prepared by: \_\_\_\_\_



Katie Ward  
Senior Management Analyst

Approved by: \_\_\_\_\_



Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A – Resolution 18-21

**RESOLUTION NO. 18-21**

**A RESOLUTION OF THE GOVERNING BOARD OF THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS (SGVCOG) AMENDING SALARY SCHEDULE BY DELETING CHIEF EXECUTIVE OFFICER AND ADDING CHIEF ENGINEER AND DEFERRING CPI INCREASES FOR ALL POSITIONS**

**WHEREAS**, the Governing Board created the Alameda Corridor East Construction Authority (ACE) in 1998 as a section of the SGVCOG, separately administered by a Board made up of SGVCOG Board members, for the specific purpose of constructing railroad grade crossings and grade separations in a defined rail corridor generally paralleling the 60 freeway; and

**WHEREAS**, on December 19, 2017, the majority of the Member agencies approved an amendment to the Joint Powers Authority Agreement governing the SGVCOG, to revise the structure of the SGVCOG and to convert ACE into a fully integrated construction department of the SGVCOG; and

**WHEREAS**, a new salary study is being conducted to determine the appropriate pay and benefits for all SGVCOG employees in a fully integrated organization; and

**WHEREAS**, the Governing Board previously approved Resolution No. 17-39 establishing a combined salary schedule for ACE and SGVCOG employees to maintain existing pay and benefits of current employees pending the outcome of the salary study, which salaries and benefits are subject to change in the future; and

**WHEREAS**, the position of Chief Engineer was inadvertently omitted from the salary schedule previously adopted; and

**WHEREAS**, the position of Chief Executive Officer of ACE is being eliminated as a result of the revised structure and JPA amendment.

**NOW, THEREFORE**, the Governing Board of the SGVCOG does hereby resolve, declare, determine and order as follows:

**SECTION 1.** The position of Chief Executive Officer of ACE is hereby eliminated from the SGVCOG salary schedule.

**SECTION 2.** The position of Chief Engineer is added to the SGVCOG salary schedule as follows:

	Range Minimum		Range Maximum	
Position Title	Monthly Salary	Bi-Weekly Salary	Monthly Salary	Bi-Weekly Salary

Chief Engineer	\$16,757.75	\$7,734.35	\$19,928.00	\$9,197.54
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Annual compensation is equal to 26 bi-weekly pay periods. Salary ranges shall be adjusted by CPI on January 1<sup>st</sup> of each year pursuant to the existing practice, except as otherwise determined by the Governing Board. These salary ranges and actual salaries are subject to change as determined by the Governing Board.

**SECTION 3.** CPI increases which would have been implemented in January 2018 for all positions shall be deferred until such time as the Board has received the final salary study currently underway and has acted to make any adjustments which may result from that study.

**SECTION 4.** The SGVCOG reserves the right, in its sole discretion, at any time and from time to time, and upon a non-discriminatory basis, to amend or rescind any provision of this Resolution or any salary or benefit provisions, or to terminate any benefits or salary provisions. Such changes may apply to current and/or future employees. All salary and benefits in this Resolution are subject to meet and confer guidelines and shall be reviewed at least annually in their entirety.

**SECTION 5.** The Executive Director shall certify to the adoption of this Resolution and shall enter this Resolution into the official book of resolutions. This Resolution is effective upon its adoption.

**PASSED AND ADOPTED** by the Governing Board of San Gabriel Valley Council of Governments, in the County of Los Angeles, State of California, on the 18th day of April 2018.

San Gabriel Valley Council of Governments

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Cynthia Sternquist, President

Attest:

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 18- 21 was adopted at a regular meeting of the Governing Board held on the 19th day of April 2018 by the following roll call vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

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Marisa Creter, Secretary



DATE: April 19, 2018

TO: Governing Board Delegates and Alternates

FROM: Marisa Creter, Executive Director

RE: **CONFLICT OF INTEREST CODE UPDATE**

## **RECOMMENDED ACTION**

1) Adopt Resolution 18-22 to update SGVCOG Conflict of Interest Code and 2) Direct Executive Director to submit to the County of Los Angeles Board of Supervisors.

## **BACKGROUND**

Pursuant to the Political Reform Act, all public agencies are required to adopt a conflict-of-interest code. A code designates positions required to file Statements of Economic Interests (Form 700), and assigns disclosure categories specifying the types of interests to be reported. The Form 700 is a public document intended to alert public officials and members of the public to the types of financial interests that may create conflicts of interests.

Each code must contain the following three elements:

1. **Terms of the code:** The terms of the code comprise the main body of a code and include such provisions as the manner to report financial interests, the disqualification procedures, etc. The SGVCOG's code follow the Fair Political Practices Commission's (FPPC) recommendation to incorporate FPPC Regulation 18730 by reference. This is because the type of information required to be in the main body of the code is quite complex and Regulation 18730 contains all of these provisions. The FPPC will amend the regulation to include legislative and regulatory changes that affect the main body of the code; therefore, this component of an agency's code is automatically in compliance with the Act.
2. **Designated positions:** The code must specifically list positions that make or participate in making decisions. Typically, positions that involve voting on matters, negotiating contracts, or making recommendations on purchases without substantive review must be included in codes. Positions listed in Government Code Section 87200 (i.e. City Councilmembers, Planning Commissioners, Members of the Board of Supervisors, etc.) are not required to be included, because these positions automatically file Form 700.
3. **Disclosure Categories:** A primary purpose of the code is to require disclosure of those types of investments, interests in real property, sources of income and business positions that designated positions may affect in their decision-making.

The current update to the code adds the following designated positions to the code:

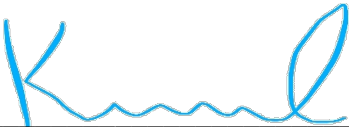
- Chief Executive Officer/Chief Engineer
- Director of Government and Community Outreach
- Manager of Contracts
- Director of Finance
- Audit Manager


## REPORT

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- Office Manager/Administrative Services Manager
- Senior Contracts & Procurement Administrator
- Contracts Administrator
- Senior Project Manager

Los Angeles County Board of Supervisors is responsible for reviewing the San Gabriel Valley Council of Governments' Conflict of Interest Code.

Prepared by:   
Katie Ward  
Senior Management Analyst

Approved by:   
Marisa Creter  
Executive Director

### **ATTACHMENTS**

Attachment A – Resolution 16-22 and Conflict of Interest Code

## Attachment A

### **RESOLUTION 18-22 A RESOLUTION OF THE GOVERNING BOARD OF THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS (“SGVCOG”) UPDATING THE CONFLICT OF INTEREST CODE**

**WHEREAS**, the Political Reform Act of 1974, ("the Act", California Government Code §81000 et seq.) requires in Government Code §87300 that each agency subject to the Act, including the San Gabriel Valley Council of Governments, adopt a local Conflict of Interest Code;

**WHEREAS**, the Act provides in §87302 that each local Conflict of Interest Code shall designate positions within each agency subject to the Code and further designate the types of reportable interests which must be disclosed by such designated employees;

**WHEREAS**, the Fair Political Practices Commission in administering the Act has adopted a regulation (California Code of Regulations §18730) which permits agencies subject to the Act to adopt by reference a Model Conflict of Interest Code developed by the Fair Political Practices Commission;

**WHEREAS**, the San Gabriel Valley Council of Governments has previously adopted said Model Code; and

**WHEREAS**, the County of Los Angeles requires all reporting agencies to report updates to Conflict of Interest Code.

**NOW, THEREFORE, BE IT RESOLVED** that the Governing Board hereby updates the SGVCOG Conflict of Interest Code, attached hereto and incorporated herein as Exhibit A.

PASSED, APPROVED, and ADOPTED this 19<sup>th</sup> day of April, 2018.

SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

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Cynthia Sternquist, President

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 18-22 was adopted at a regular meeting of the Governing Board held on the 19<sup>th</sup> day of April, 2018, by the following roll call vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

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Marisa Creter, Secretary

**CONFLICT OF INTEREST CODE OF THE SAN GABRIEL VALLEY COUNCIL OF  
GOVERNMENTS**

**1. Incorporation of FPPC Regulation 18730 (2 California Code of Regulations. Section 18730) by Reference**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated into the conflict of interest code of this agency by reference. This regulation and the attached Appendices (or Exhibits) designating officials and employees and establishing economic disclosure categories shall constitute the conflict of interest code of this agency.

**2. Place of Filing of Statements of Economic Interests**

All officials and employees required to submit a statement of economic interests shall file their statements with the agency head; or his or her designee. The agency shall make and retain a copy of all statements filed by its Board Members, Governing Board Members, Alternate Board Members, as appropriate, and its agency head (Agency/Department Head, Executive Director/Officer or Chief Executive Officer, Chief Engineer, Superintendent, or Director), and forward the originals of such statement to the Executive Office of the Board of Supervisors of Los Angeles County.

The agency shall retain the originals of statements for all other Designated Positions named in the agency's conflict of interest code. All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).

**SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS (SGVCOG)  
DISCLOSURE CATEGORIES  
EXHIBIT "A"**

**CATEGORY 1**

Persons in this category shall disclose all interest in real property within the jurisdiction. Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the agency.

Persons are not required to disclose property used primarily as their residence or for personal recreational purposes.

**CATEGORY 2**

Persons in this category shall disclose all investments and business positions.

**CATEGORY 3**

Persons in this category shall disclose all income and business positions.

**CATEGORY 4**

Persons in this category shall disclose all business positions, investments in, or income (including gifts and loans) received from business entities that manufacture, provide or sell service and/or supplies of a type utilized by the agency and associated with the job assignment of designated positions assigned to this disclosure category.

**CATEGORY 5**

Individuals who perform under contract the duties of any designated position shall be required to file Statements of Economic Interests disclosing reportable interest in the categories assigned to that designated position.

In addition, individuals who, under contract, participate in decisions which affect financial interests by providing information, advice, recommendation or counsel to the agency which could affect financial interest shall be required to file Statements of Economic Interests, unless they fall within the Political Reform Act's exceptions to the definition of consultant. The level of disclosure shall be as determined by the executive officer (or head) of the agency.

**SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS (SGVCOG)  
DESIGNATED POSITIONS  
EXHIBIT "B"**

The following positions entail the making or participation in the making of decisions which may foreseeably have a material effect on financial interests:

<b>Designated Positions</b>	<b>Disclosure Categories</b>
Governing Board Representative	1, 2, 3
Alternate Governing Board Representative	1, 2, 3
Executive Director	1, 2, 3
Chief Executive Officer/Chief Engineer	1, 2, 3
Assistant Executive Director	1, 2, 3
Senior Project Manager	1, 2, 3
Director of Government and Community Outreach	2, 3
Manager of Contracts	2, 3
Director of Finance	2, 3
Senior Contracts & Procurement Administrator	2, 3
Audit Manager	4
Office Manager/Administrative Services Manager	4
Technical Evaluation Committee	4
Consultants	5

Only consultants defined by Title 2, Section 18701 (a) (2) of the California Code of Regulations shall be required to disclose information in accordance with the above. The Executive Director may determine, in writing, that a particular consultant is not defined by Title 2, Section 18701 (a) (2) of the California Code of Regulations and is therefore not required to disclose information or that a particular consultant is only required to perform a limited range of duties and thus is not required to fully comply with the disclosure statements. If a consultant is exempted for the latter reason, then a statement of the extent of disclosure requirements shall be included in the Executive Director's determination. The Executive Director's determination is a matter of public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Technical Evaluation Committee Members who are included in other categories of Designated Positions shall comply with the Disclosure Categories for such other Designated Positions. Technical Evaluation Committee Members who are not included in any other category of Designated Positions shall comply with the Disclosure Category shown. However, since Technical Evaluation Committees are formed to evaluate specific proposals to the Authority and only exist for limited periods of time, all required disclosures for Technical Evaluation Committee Members who hold no other Designated Position will be made at the time of formation of each Technical Evaluation Committee rather than annually as required for all other Designated Positions.

Effective: 4/19/18





DATE: April 19, 2018

TO: Governing Board

FROM: Marisa Creter, Executive Director

RE: **AB 2538 (RUBIO)**

## **RECOMMENDED ACTION**

Adopt Resolution 18-23 supporting AB 2538 (Rubio).

## **BACKGROUND**

Local governments are required to meet regulatory standards for drinking water, wastewater, and stormwater. The totality of expense in meeting these requirements can create a financial burden on municipalities and often competes for general fund resources creating difficult tradeoffs. Local taxing restrictions and economic realities often preclude passing compliance costs on to ratepayers and in some cases, the regulatory costs associated with water become a financial burden on residents as well.

In recognition of this problem, the Environmental Protection Agency (EPA) created the Financial Capability Assessment (FCA), a framework for assessing a community's ability to finance water-related capital infrastructure and the ability of individual utility customers to pay for water services without undue hardship. The FCA framework identifies the key elements the EPA uses in working with permittees to evaluate how their financial capability should influence compliance schedules. It does not exempt permittees from compliance. The process uses a two-phased approach to consider the burden on both ratepayers and municipalities:

- Ratepayers. The residential share of CWA obligations is compared to the median household income (MHI).
- Municipalities. FCA assesses the financial strength of the permittee.

The U.S. Conference of Mayors (Mayors) completed an affordability survey that examined the financial capability of a diverse group of California cities. In November 2014, the Mayors released their report, *Public Water Cost Per Household: Assessing Financial Impacts of EPA Affordability Criteria in California Cities*. The study reviewed over 30 California cities using the EPA's affordability criteria under FCA. The study found that 10 of those cities had 20% or more of households that exceeded EPA's threshold spending on combined water costs. Under the FCA process those cities would be eligible to request an extension of their timeline for meeting Clean Water Act (CWA) regulations.

The CWA allows the EPA to grant oversight of compliance to states. California is one of many states that have created their own monitoring agencies; in this case the State Water Resources Control Board and the nine regional water boards. Because of this, FCA does not apply to California. AB 2538 attempts to close this gap by creating a financial capability assessment program for the state.

## **AB 2538 (RUBIO)**

This bill would require the state board, by an unspecified date, to establish FCA guidelines for MS4 permittees that are adequate and consistent when considering the costs to local jurisdictions. The bill would require the California Regional Water Quality Control Board, Los Angeles region, to use the guidelines in a pilot project conducted to assess if a financial capability analysis can be effectively used to help municipalities to implement a municipal separate storm sewer system permit. The bill would require the state board to oversee the use of the guidelines and, upon the completion of the pilot project, to make statewide recommendations or site-specific recommendations based on feasibility and the need to address the most prominent pollutants.

## **DISCUSSION**

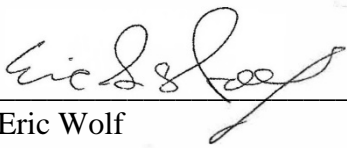
In the 2017 legislative cycle, an FCA bill was introduced by Sen Hernandez as SB 589. Due to concerns about the cost of implementing FCA, SB 589 was amended to only include a pilot program in the Los Angeles region. This year, the FCA concept was picked up by Assemblymember Rubio with the pilot project as beginning language for the bill. Staff is working to amend the bill by adding information from the State Auditor's report which found that regional water boards do not adequately consider the costs that local jurisdictions face in compliance and that the State Water Resources Control Board lacks expertise in municipal finance and accounting.


AB 2538 has been assigned to the Committee on Environmental Safety and Toxic Materials which meets on April 24, 2018. The committee has requested letters of support or opposition by April 17<sup>th</sup>.

**SUPPORT AND OPPOSITION.** There is currently no recorded support or opposition to this bill.

## **RECOMMENDED ACTION**

Adopt Resolution 18-23 supporting AB 2538 (Rubio).

Prepared by:   
Eric Wolf  
Senior Management Analyst

Approved by:   
Marisa Creter  
Executive Director

## **ATTACHMENT**

Attachment A – Resolution 18-23

# REPORT

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Attachment B – AB 2538 (Rubio)

Attachment C – AB 2538 Fact Sheet

**RESOLUTION 18-23**

**A RESOLUTION OF THE GOVERNING BOARD OF THE SAN GABRIEL  
VALLEY COUNCIL OF GOVERNMENTS (“SGVCOG”)  
SUPPORTING AB 2538 (RUBIO)**

**WHEREAS**, local governments are required to meet regulatory standards for drinking water, wastewater, and stormwater, and the totality of expense in meeting these requirements can create a financial burden on municipalities and often competes for general fund resources creating difficult tradeoffs, and;

**WHEREAS**, local taxing restrictions and economic realities often preclude passing compliance costs on to ratepayers and in some cases, the regulatory costs associated with water become a financial burden on residents as well, and;

**WHEREAS**, in recognition of this problem, the Environmental Protection Agency (EPA) created the Financial Capability Assessment (FCA), a framework for assessing a community’s ability to finance water-related capital infrastructure and the ability of individual utility customers to pay for water services without undue hardship, and;

**WHEREAS**, the Clean Water Act allows the EPA to grant oversight of compliance to states and California is one of many states that have created their own monitoring agencies; in this case the State Water Resources Control Board and the nine regional water boards.

**WHEREAS**, because of this, the EPA’s FCA framework does not apply to California and AB 2538 attempts to close this gap by creating an FCA program for the state, and;

**WHEREAS**, AB 2538 would require the state board, by an unspecified date, to establish FCA guidelines for stormwater permittees and require the Los Angeles Regional Water Quality Control Board to use the guidelines in a pilot project conducted to assess if FCA can be effectively used to help municipalities to implement municipal separate storm sewer system permits (MS4), and;

**WHEREAS**, AB 2538 would require the state board to oversee the use of the guidelines and, upon the completion of the pilot project, to make statewide recommendations or site-specific recommendations based on feasibility and the need to address the most prominent pollutants,

**NOW, THEREFORE BE IT RESOLVED THAT THE GOVERNING BOARD OF THE SGVCOG SUPPORTS AB 2538 (RUBIO).**

PASSED, APPROVED, and ADOPTED this 19<sup>th</sup> day of April 2018.

SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

By: \_\_\_\_\_

Cynthia Sternquist, President

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 18-23 was adopted at a regular meeting of the Governing Board held on the 19<sup>th</sup> day of April, 2018, by the following roll call vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

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Marisa Creter, Secretary

AMENDED IN ASSEMBLY MARCH 23, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2538**

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**Introduced by Assembly Member Rubio**

February 14, 2018

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An act to ~~amend Section 13383.5 of~~ *add Section 13185 to the Water Code*, relating to water quality.

LEGISLATIVE COUNSEL'S DIGEST

AB 2538, as amended, Rubio. ~~Stormwater. Municipal separate storm sewer systems: financial capability analysis: pilot project.~~

*Under existing law, the State Water Resources Control Board and the California regional water quality control boards prescribe waste discharge requirements for the discharge of stormwater in accordance with the federal national pollutant discharge elimination system permit program. Existing law requires the state board or the regional boards to issue waste discharge requirements that ensure compliance with the federal Clean Water Act and apply any more stringent effluent standards or limitations necessary to implement water quality control plans, or for the protection of beneficial uses, or to prevent nuisance.*

*This bill would require the state board, by an unspecified date, to establish financial capability assessment guidelines for municipal separate storm sewer system permittees that are adequate and consistent when considering the costs to local jurisdictions. The bill would require the California Regional Water Quality Control Board, Los Angeles region, to use the guidelines in a pilot project conducted to assess if a financial capability analysis can be effectively used to help municipalities to implement a municipal separate storm sewer system permit. The bill would require the state board to oversee the use of the*

*guidelines and, upon the completion of the pilot project, to make statewide recommendations or site-specific recommendations based on feasibility and the need to address the most prominent pollutants.*

~~Existing law requires the State Water Resources Control Board to develop monitoring requirements for municipalities and industries that are required to obtain a stormwater permit in accordance with the federal Clean Water Act.~~

~~This bill would make nonsubstantive changes to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     *SECTION 1. (a) The Legislature finds and declares as follows:*
- 2     *(1) On November 24, 2014, the federal Environmental*
- 3     *Protection Agency, Office of Enforcement and Compliance*
- 4     *Assurance, announced it had adopted a refined financial capability*
- 5     *assessment framework to aid in negotiating schedules for*
- 6     *compliance with the municipal federal Clean Water Act*
- 7     *requirements and in developing integrated management plans.*
- 8     *(2) The financial capability assessment framework does not*
- 9     *alter or waive water quality standards, but offers alternative*
- 10    *compliance pathways to municipal separate storm sewer system*
- 11    *permittees and achievable schedules for compliance for*
- 12    *disadvantaged communities.*
- 13    *(3) A financial capability assessment is necessary to set*
- 14    *achievable schedules for water quality objectives in water quality*
- 15    *control plans under the Porter-Cologne Water Quality Control*
- 16    *Act (Division 7 (commencing with Section 13000) of the Water*
- 17    *Code) and to develop integrated regional water management plans.*
- 18    *(b) It is the intent of the Legislature in enacting this measure*
- 19    *to do all of the following:*
- 20    *(1) Comply with the federal Clean Water Act (33 U.S.C. Sec.*
- 21    *1251 et seq.).*
- 22    *(2) Help local governments that are making a good faith effort*
- 23    *to be stewards of the environment but lack a dedicated revenue*
- 24    *source for stormwater.*
- 25    *(3) Find solutions and share the cost of compliance for local*
- 26    *governments that are participating in a watershed management*
- 27    *program or an enhanced watershed management program.*

1 (4) *Not weaken environmental protections for lower income*  
2 *communities but rather to provide funding to achieve the same*  
3 *protections for all communities.*

4 (5) *Help the State Water Resources Control Board, the*  
5 *California regional water quality control boards, and local*  
6 *governments to prioritize the many competing requirements faced*  
7 *by communities dealing with funding drinking water, groundwater,*  
8 *sanitary sewer, flood protection, and stormwater improvements.*

9 (6) *Give communities time to apply for grants to overcome the*  
10 *financial constraints of local government without fear of fines and*  
11 *third-party litigation.*

12 SEC. 2. *Section 13185 is added to the Water Code, to read:*

13 13185. (a) *By \_\_\_\_\_, the state board shall establish financial*  
14 *capability assessment guidelines for municipal separate storm*  
15 *sewer system permittees that are adequate and consistent when*  
16 *considering the costs to local jurisdictions, including costs incurred*  
17 *in previous years. In developing the guidelines, the state board*  
18 *shall document any source it uses to develop an estimate of local*  
19 *costs and the overall cost of stormwater management. The state*  
20 *board shall consider, but is not limited to considering, both of the*  
21 *following United States Environmental Protection Agency policies*  
22 *in drafting the financial capability assessment guidelines:*

23 (1) *Combined Sewer Overflows—Guidance for Financial*  
24 *Capability Assessment and Schedule Development, dated February*  
25 *1997.*

26 (2) *Affordability Criteria for Small Drinking Water Systems:*  
27 *An EPA Science Advisory Board Report, dated December 2002.*

28 (b) *The regional board for the Los Angeles region shall use the*  
29 *guidelines developed by the state board in a pilot project conducted*  
30 *to assess if a financial capability analysis can be effectively used*  
31 *to help municipalities to implement a municipal separate storm*  
32 *sewer system permit. The state board shall oversee the use of the*  
33 *guidelines and, upon completion of the pilot project, shall make*  
34 *statewide recommendations or site-specific recommendations*  
35 *based on feasibility and the need to address the most prominent*  
36 *pollutants.*

37 ~~SECTION 1. Section 13383.5 of the Water Code is amended~~  
38 ~~to read:~~

39 ~~13383.5. (a) As used in this section, “regulated municipalities~~  
40 ~~and industries” means the municipalities and industries required~~



1 to obtain a stormwater permit under Section 402(p) of the Clean  
2 Water Act (33 U.S.C. Sec. 1342(p)) and implementing regulations.

3 ~~(b) This section only applies to regulated municipalities that~~  
4 ~~were subject to a stormwater permit on or before December 31,~~  
5 ~~2001, and to regulated industries that are subject to the General~~  
6 ~~Permit for Stormwater Discharges Associated with Industrial~~  
7 ~~Activities Excluding Construction Activities.~~

8 ~~(c) Before January 1, 2003, the state board shall develop~~  
9 ~~minimum monitoring requirements for each regulated municipality~~  
10 ~~and minimum standard monitoring requirements for regulated~~  
11 ~~industries. This program shall include, but is not limited to, all of~~  
12 ~~the following:~~

13 ~~(1) Standardized methods for collection of stormwater samples.~~

14 ~~(2) Standardized methods for analysis of stormwater samples.~~

15 ~~(3) A requirement that every sample analysis under this program~~  
16 ~~be completed by a state-certified laboratory or by the regulated~~  
17 ~~municipality or industry in the field in accordance with the quality~~  
18 ~~assurance and quality control protocols established pursuant to~~  
19 ~~this section.~~

20 ~~(4) A standardized reporting format.~~

21 ~~(5) Standard sampling and analysis programs for quality~~  
22 ~~assurance and quality control.~~

23 ~~(6) Minimum detection limits.~~

24 ~~(7) Annual reporting requirements for regulated municipalities~~  
25 ~~and industries.~~

26 ~~(8) For the purposes of determining constituents to be sampled~~  
27 ~~for, sampling intervals, and sampling frequencies, to be included~~  
28 ~~in a municipal stormwater permit monitoring program, the regional~~  
29 ~~board shall consider the following information, as the regional~~  
30 ~~board determines to be applicable:~~

31 ~~(A) Discharge characterization monitoring data.~~

32 ~~(B) Water quality data collected through the permit monitoring~~  
33 ~~program.~~

34 ~~(C) Applicable water quality data collected, analyzed, and~~  
35 ~~reported by federal, state, and local agencies, and other public and~~  
36 ~~private entities.~~

37 ~~(D) Any applicable listing under Section 303(d) of the Clean~~  
38 ~~Water Act (33 U.S.C. Sec. 1313).~~

1     ~~(E) Applicable water quality objectives and criteria established~~  
2     ~~in accordance with the regional board basin plans, statewide plans,~~  
3     ~~and federal regulations.~~

4     ~~(F) Reports and studies regarding source contribution of~~  
5     ~~pollutants in runoff not based on direct water quality measurements.~~

6     ~~(d) The requirements prescribed pursuant to this section shall~~  
7     ~~be included in all stormwater permits for regulated municipalities~~  
8     ~~and industries that are reissued following development of the~~  
9     ~~requirements described in subdivision (c). Those permits shall~~  
10    ~~include these provisions on or before July 1, 2008. In a year in~~  
11    ~~which the Legislature appropriates sufficient funds for that purpose,~~  
12    ~~the state board shall make available to the public via the Internet~~  
13    ~~a summary of the results obtained from stormwater monitoring~~  
14    ~~conducted in accordance with this section.~~

O

## AB 2538 (Rubio) Stormwater Financial Capabilities Assessment

### Bill Summary

Assembly Bill 2538 requires that the State Water Resources Control Board develop Financial Capability Assessment (FCA) guidelines for cities and counties (permittees) looking to comply with the federal Clean Water Act (CWA). This bill will not alter or waive water quality standards, but rather, help permittees and disadvantaged communities meet CWA requirements.

### Existing Law

EPA first adopted FCA factors in 1997, and updating in 2014, to assess community water quality compliance costs, burden on individual households, and to help find the most cost-effective ways to meet CWA objectives.

FCA establishes a process to assist regulators and permittees in prioritizing water quality improvements and schedules for compliance, while taking communities financial capabilities into careful consideration. Although FCA process is in place for several states, California manages its water quality through the Porter Cologne Act (1969) and thus, is not subject to FCA guidelines.

### Background

The CWA requires permittees to obtain permits to operate their stormwater systems. Permits serve as licenses for permittees to discharge stormwater into rivers, lakes, ocean or streams (known as receiving waters). Many local governments are also required to implement established waste load allocations for pollutants, in accordance with strict compliance schedules. Cities and counties must also comply with the Safe Drinking Water Act and ongoing operations and maintenance costs for drinking water and waste water systems.

The U.S. Conference of Mayors (Mayors) worked with EPA to revise the FCA policy. As part of the revision process, Mayors completed an affordability survey that examined the financial capability of a diverse group of California cities. In November 2014, based on survey results, the Mayors released *Public Water Cost Per Household: Assessing Financial Impacts of EPA Affordability Criteria in California Cities*. The study reviewed over 30 California cities in the EPA's affordability criteria under FCA. The study found that 10 of those cities had 20% or more number of households that exceeded EPA's threshold spending on combined water costs.

The study was completed prior to the implementation of the most recent Los Angeles area permits, which have resulted in additional financial burdens. Given that most cities do not have a dedicated revenue source for stormwater management, these costs compete with other public services provided by local governments' general fund, including law enforcement, fire and paramedics, traffic and transportation infrastructure, street and road repairs, and maintenance of parks and open spaces.

California's own State Auditor released a report on March 1, 2018, stating that regional water boards do not adequately consider the costs that local jurisdictions face in compliance and that the State Resources Control Board lacks expertise in municipal finance and accounting. Without closing these gaps, local communities will continue to be faced with ever-increasing unfunded regulations and no defined process for prioritizing compliance.

### Details of the Bill

AB 2538 requires the State Water Resources Control Board and Los Angeles Regional Water Board to consider the EPA's policies when developing FCA policy guidelines. This bill would also require that the Los Angeles Regional Water Board use the guidelines developed in a pilot project, assessing the financial capability of municipalities, within the Los Angeles area to implement water quality plans, and recommend appropriate changes to compliance schedules when applicable.

### Support

San Gabriel Valley Council of Governments (Sponsor)

### Opposition

None on file

### For More Information

Joaquin Pacheco  
Office of Assemblywoman Blanca E. Rubio  
State Capitol, Rm. 5175  
(916) 319-2048  
[Joaquin.pacheco@asm.ca.gov](mailto:Joaquin.pacheco@asm.ca.gov)



# REPORT

DATE: April 19, 2018  
TO: Governing Board  
FROM: Marisa Creter, Executive Director  
RE: **LEASE EXTENSION**

## **RECOMMENDED ACTION**

Authorize the Executive Director to execute an extension of the Alhambra office lease through April 2021.

## **BACKGROUND**

As part of the ACE-COG Integration, the Governing Board directed staff to identify options to move to a single, consolidated office, which would house all staff. At that time (August 2017), the SGVCOG's lease, for its office in Alhambra, was set to expire in June 2018, and ACE's lease, for its office in Irwindale, was set to expire in April 2018. Prior to the approval of the JPA by a majority of member agencies, in December 2017, the ACE Board of Directors approved a three-year extension of the ACE's lease, through April 2021. The terms of the lease provide the option to sub-lease the space.

Key terms of the respective leases are as follows:

### **SGVCOG**

- Current Term: Through June 2018
- Square Feet: 2,326
- Monthly Base Rent: \$5,652 (3% annual increase)

### **ACE**

- Current Term: Through April 2021
- Square Feet: 9,137
- Monthly Base Rent: \$21,413.25 (3% annual increase)

Neither the ACE office space or the SGVCOG office space has sufficient space to accommodate the employees currently working at the alternate site on a permanent basis.

Originally, staff had recommended extending the SGVCOG lease through December 2018, to allow for the completion of the Executive Director recruitment before initiating research to identify a new joint office space. Initial research of comparable available space indicates that the cost of the joint office space would be approximately equivalent to the combined cost of the two existing leases. However, based on the financial considerations discussed below, staff is recommending extending the SGVCOG's lease term to run concurrent with ACE's lease (through April 2021) based on the following factors:

- **One-Time Moving Costs:** Staff estimates that the moving costs for the SGVCOG office will range from \$5,000 - \$10,000 based on size and equipment. The cost for moving the ACE office will be significantly higher due to size and equipment, including re-locating a computer server. Initial cost estimates are \$60,000 - \$80,000. Currently, ACE's funds are restricted such that moving costs are ineligible. Therefore, the full cost for the relocation of both offices (\$65,000 - \$90,000) would need to be paid for by the SGVCOG's general

fund. As ACE begins to take on a wider range of projects, with varied sources of funds, the costs associated with moving could be budgeted for and set aside. Alternately, as the ACE Project (i.e. grade separations) are completed, this may be considered an allowable project closeout cost.

- **Sub-Lease Discount Costs:** If ACE and SGVCOG were to combine offices before the end of ACE's lease term, the space would need to be subleased. Currently, vacant space is available at the site of both ACE's office in Irwindale and the SGVCOG's office in Alhambra. In order to make a sub-lease attractive to a potential leaser, the lease rate would need to be discounted. Based on consultation from the SGVCOG's broker, staff estimates that the discount would likely need to range from 10-20%, which would range from approximately \$2,000 - \$4,000 per month for the Irwindale site. Assuming a new joint space could be secured by January 2019, the sub-lease of the Irwindale site would run for 28 months, with total sub-lease discount costs ranging from approximately \$60,000 - \$120,000. Again, based on ACE's restricted fund sources, these costs would need to be paid by the SGVCOG's general fund.
- **Potential for Vacant Space at Irwindale Site:** One alternative that has been explored is the potential for vacant office space in the Irwindale office as the ACE Project closes down. However, the Chief Engineer has indicated that any changes to staffing levels would not occur during the term of the lease (through April 2021). If anything, existing staff will be taking on additional responsibility as new capital projects are approved by the Governing Board while ACE Projects are still underway. Additionally, the grant agreements for the ACE Project allow for the full cost of the lease to be charged to the grant regardless of whether of the site is at full "capacity" because 100% of the employees working at the site are working on the Project. However, if non-ACE Project staff were to be housed in that facility, the SGVCOG would need to pay for that portion of the lease with general funds. Therefore, the SGVCOG general fund would see no savings as a result of a consolidation into the Irwindale site. The ACE Project would be the beneficiary of the savings, which compared to the overall budget of the Project would be insignificant.
- **Space at SGV Corporate Campus:** Staff has explored the possibility of leasing separate office space at the SGV Corporate Campus, where the ACE Project is currently located, to place staff currently working at the Alhambra office. However, the broker has indicated to staff that there is no space available "as-is" that is the appropriate size and configuration. Therefore, any available space would need to be subdivided and re-configured. The broker has indicated that the property owner would only assume these construction costs (deemed "tenant improvements") if the SGVCOG were to enter into a five-year lease, not a three-year lease, in order to ensure return on investment. This would again mean that the lease terms would not be co-terminus, and the SGVCOG would need to sub-lease this new space for approximately two years.
- **Move Date Uncertainty:** The sub-lease structure requires finding a tenant seeking the same office configuration as currently exists. Given that there is existing vacant space available at the Irwindale site, it is unknown how long it will take to secure a tenant willing to sub-lease. This presents a challenge in that staff cannot negotiate a lease for a new space until a sub-lease for the Irwindale site has been negotiated. This could potentially leave staff working in the Alhambra office in flux if, as originally proposed, the lease for that site is only extended through December 2018. The office space immediately adjacent to / surrounding the Alhambra office will be vacant in six months or so. Therefore, the

property owner will only offer either a six-month extension or a longer term extension (ie three years) because there is an opportunity for the building to consolidate space with the surrounding soon-to-be vacant space under a single lease offering. They are not willing to offer a one-year lease with one-year options. Therefore, if a new space were not secured by December 2018, the staff working at the Alhambra site would be without a worksite.

Based on this, staff recommends extension of the Alhambra lease through April 2021 so that the term is concurrent with that of the Irwindale site. Staff has confirmed with building management that this extension would be acceptable to the building owner, and the building owner has offered a one-month rent abatement as an incentive. Staff believes that this proposed arrangement is feasible and will not negatively impact staff cohesion or other aspects of the integration. Beginning in March 2018, staff has begun participating in monthly joint staff meetings, and management staff are in daily contact via phone, email and/or in-person. Additionally, both offices can accommodate staff from the other site to work on a temporary basis for convenience based on work schedule and meetings. This recommendation would allow for staff to conduct a thorough search of a joint office space, which could be initiated after the five-year capital projects workplan has been adopted by the Governing Board and, therefore there is further certainty regarding long-term funding and staffing levels. Both the Executive Committee and ACE Ad Hoc Integration Committee reviewed and approved this recommendation. The anticipated timeline to conduct this search would be April 2020, which will allow staff to explore different sites, negotiate lease terms, as well as have a better understanding of what the current staff capacity and office needs of the SGVCOG will be at this time.

### **NEXT STEPS**

If approved by the Governing Board, staff would execute an extension of the Alhambra office lease through April 2021.

Prepared by: Marisa Creter  
Marisa Creter  
Executive Director

### **ATTACHMENTS**

Attachment A – Draft Lease Agreement

**Kevin Duffy**

Senior Vice President

Lic. 01032613

CBRE, Inc.

Brokerage Services

Broker Lic. 00409987



234 South Brand Boulevard  
8<sup>th</sup> Floor  
Glendale, CA 91204

818 502 6724 Tel  
818 243 6069 Fax

kevin.duffy@cbre.com  
www.cbre.com

March 23, 2018

Ms. Marisa Creter

Executive Director

Ms. Stefanie Hernandez

Project Assistant

**San Gabriel Valley Council of Governments**

1000 S. Fremont Ave., Building A10, Suite 10210

Alhambra, CA 91803

**RE: LETTER OF INTENT**

**SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS**

**1000 SOUTH FREMONT AVENUE**

**ALHAMBRA, CALIFORNIA**

Dear Marisa and Stefanie:

The Alhambra Office Community, LLC ("Landlord") has authorized CBRE, Inc. to submit the following Letter of Intent to **San Gabriel Valley Council of Governments** ("Tenant") to extend the lease of a portion of the building located at 1000 South Fremont Avenue, Alhambra, CA (the "Building") under the following terms and conditions.

**BUILDING:** 1000 S. Fremont Avenue  
Alhambra, CA 91803

**LANDLORD:** The Alhambra Office Community, LLC

**TENANT:** **San Gabriel Valley Council of Governments**

**PROJECT:** The Alhambra consists of multiple commercial buildings within the Project containing approximately 923,290 rentable square feet of office space in a campus style environment together with adjacent surface parking and two parking structures.

**USE:** General Office.



Ms. Marisa Creter  
Ms. Stefanie Hernandez  
March 23, 2018  
Page 2 of 3

<b>PREMISES:</b>	Approximately 2,326 rentable square feet consisting of a portion of the Galt Building (A10), second (2 <sup>nd</sup> ) Floor.
<b>LEASE TERM:</b>	Thirty-four (34) months commencing July 1, 2018 through April 30, 2021.
<b>LEASE COMMENCEMENT:</b>	July 1, 2018.
<b>BASE RENT:</b>	The Base Rent for the first year of the amended Lease Term shall be \$2.43 per rentable square foot, per month, on a full service gross basis. Said Base Rent shall increase by three percent (3%) per annum on each subsequent anniversary of the Commencement Date.
<b>BASE RENT ABATEMENT:</b>	Tenant shall be granted one (1) month of Base Rent Abatement during the second (2nd) month of the Lease Term.
<b>TENANT IMPROVEMENTS:</b>	Tenant shall accept the Premises in an “as-is” condition.
<b>BUILDING OPERATING AND PROPERTY TAX EXPENSES:</b>	Pursuant to the existing Lease.
<b>PARKING:</b>	Pursuant to the existing Lease.
<b>SECURITY DEPOSIT:</b>	Pursuant to the existing Lease.
<b>SUBJECT TO EXECUTION OF LEASE AMENDMENT:</b>	This Letter of Intent is an outline of major Lease Amendment provisions only, and is neither a binding agreement nor should it be construed as a legal offer to renew the Lease. The Premises described herein is subject to prior leasing and/or withdrawal at any time without further notice. Neither Landlord nor Tenant shall have any obligation resulting from this Letter of Intent made hereby nor shall any obligation or liability be incurred by either party until and unless a Lease Amendment is executed by both parties.
<b>EXPIRATION:</b>	The terms contained herein shall expire seven (7) days from the date of the Letter of Intent.

*CBRE © 2018 All Rights Reserved. All information included in this proposal pertaining to CBRE—including but not limited to its operations, employees, technology and clients—are proprietary and confidential,*

Ms. Marisa Creter  
Ms. Stefanie Hernandez  
March 23, 2018  
Page 3 of 3

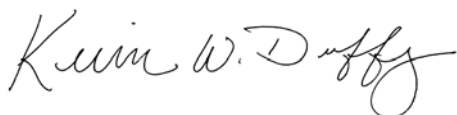
*and are supplied with the understanding that they will be held in confidence and not disclosed to third parties without the prior written consent of CBRE.*

This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. The parties agree that this letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty whatsoever on either party to continue negotiations, including without limitation any obligation to negotiate in good faith or in any way other than at arm's length. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties and/or (3) unilaterally terminate all negotiations with the other party hereto.

The Landlord looks forward to the prospect of retaining **San Gabriel Valley Council of Governments** as a valued Tenant at The Alhambra.

As a next step in proceeding, please have an authorized representative sign, date and return a counterpart of this Letter of Intent. If you have any questions, please feel free to call.

Sincerely,  
**CBRE, INC.**



Kevin Duffy, Lic. 01032613  
Senior Vice President  
818-502-6724  
kevin.duffy@cbre.com

AGREED & ACCEPTED  
Tenant: **San Gabriel Valley Council of Governments**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

cc: The Ratkovich Company  
CBRE, Inc.

# REPORT

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DATE: April 19, 2018

TO: Executive Committee  
Governing Board Delegates and Alternates

FROM: Marisa Creter, Executive Director

RE: **MARK CHRISTOFFELS LETTER AGREEMENT**

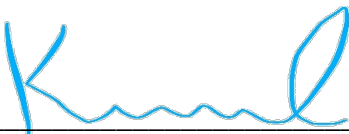
## **RECOMMENDED ACTION**

Approve letter agreement with Mark Christoffels to mutually terminate employment agreement, Y-rate Chief Engineer at current salary and benefits level and authorize Executive Director to execute agreement and implement same.

## **BACKGROUND**

Based on direction given by the Governing Board, the Executive Director negotiated the termination of Mark Christoffels Employment Agreement as Chief Executive Officer of the former ACE administrative entity. Mr. Christoffels was previously reclassified as Chief Engineer. This action would terminate the existing employment agreement, in consideration of Mr. Christoffels being Y-rated at his current salary and benefit levels, which exceed the salary range of the Chief Engineer. The letter agreement was prepared by General Counsel and approved by Mr. Christoffels.

Prepared by:



Katie Ward  
Senior Management Analyst

Approved by:



Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A – Mark Christoffels Letter Agreement



## Attachment A

April 10, 2018

### OFFICERS

*President*  
**Cynthia Sternquist**

*1<sup>st</sup> Vice President*  
**Margaret Clark**

*2<sup>nd</sup> Vice President*  
**Joe Lyons**

*3<sup>rd</sup> Vice President*  
**Becky Shevlin**

### MEMBERS

**Alhambra**

**Arcadia**

**Azusa**

**Baldwin Park**

**Bradbury**

**Claremont**

**Covina**

**Diamond Bar**

**Duarte**

**El Monte**

**Glendora**

**Industry**

**Irwindale**

**La Cañada 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**

**First District, LA County**  
**Unincorporated Communities**

**Fourth District, LA County**  
**Unincorporated Communities**

**Fifth District, LA County**  
**Unincorporated Communities**

**SGV Water Districts**

Dear Mr. Christoffels,

This letter reflects the agreement we entered into regarding the mutual termination of your Employment Agreement as the Chief Executive Officer for the Alameda Corridor East Construction Authority of the San Gabriel Valley Council of Governments (ACE Construction Authority). In addition, it memorializes the terms of your continued employment as the Chief Engineer for the San Gabriel Valley Council of Governments (SGVCOG). All issues that have not been specifically addressed by this agreement shall be subject to the general personnel rules, regulations, policies and procedures for the SGVCOG.

### Duties

The SGVCOG and Christoffels mutually agree to terminate the agreement executed July 22, 2014 for Christoffels to serve the ACE Construction Authority as the Chief Executive Officer. Effective upon the amendment to the SGVCOG Joint Powers Authority, the position of Chief Executive Officer of the ACE Authority no longer exists and will be formally eliminated by SGVCOG Board Resolution. Christoffels has been appointed the Chief Engineer for the SGVCOG. As the Chief Engineer, Christoffels shall perform his duties to the best of his ability in accordance with the highest professional and ethical standards of his profession and shall comply with all laws and with the general rules, regulations, policies and procedures established by the SGVCOG and the Chief Executive Officer. Christoffels shall be subject to annual reviews by the Executive Director, who may seek input from the Capital Projects and Construction Committee and the Executive Committee. Christoffels shall not serve any new probationary period. Christoffels is not being terminated and no severance payment will be made.

### Compensation

Notwithstanding the approved salary range for the existing position of Chief Engineer, and in consideration of the mutual termination of the Employment Agreement, the parties agree that Christoffels' pay shall remain at its current level of Twenty One Thousand Two Hundred Eleven and 75/100ths Dollars (\$21,211.75) per month. Christoffels' pay shall be Y-Rated at this salary until the top of the pay range for the Chief Engineer position exceeds Christoffels' current level of pay. Christoffels is not eligible for pay increases or cost of living adjustments until such time as the top salary range for the Chief Engineer position exceeds his current salary.

### Benefits

The SGVCOG shall continue to provide Christoffels with the same leave benefits, car allowance, health, dental, vision, worker's compensation, disability, longer term disability and life insurance in the same manner as was provided under the terminated Employment Agreement. Benefits shall be increased only as necessary to maintain Christoffels' benefits at the same level as those provided to other management employees.

If this letter accurately reflects your understanding of our agreement, please sign and return the original document to Human Resources. Upon the document being returned to Human Resources, a copy of the fully executed agreement shall be provided to you.

The agreement is effective as of the date of execution and will remain in effect until Mark Christoffels is terminated for cause, or voluntarily resigns. In addition, it is understood that the SGVCOG may desire to change or modify the designated title of Chief Engineer and the associated duties. It is understood that such changes, if they occur, shall not alter the terms of this agreement with respect to compensation or benefits.

Sincerely,



4/10/18

Marisa Creter  
Executive Director

Date



Mark Christoffels

4/10/18  
Date



# REPORT

---

DATE: April 19, 2018

TO: Executive Committee  
Governing Board Delegates and Alternates

FROM: Marisa Creter, Executive Director

RE: **INVESTMENT POLICY**

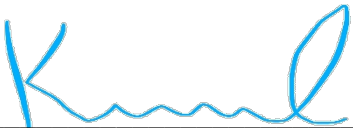
## **RECOMMENDED ACTION**

Adopt Resolution 18-24 to update the SGVCOG investment policy.


## **BACKGROUND**

In July 2014, the Governing Board approved an updated investment policy, which covers a wide range of investments. This investment policy mirrors Metro's investment policy. Given a majority of funding is provided by Metro due to the ACE Project, the SGVCOG's investment policy reflects the requirements outlined in Metro's policy. With recent updates to Metro's investment policy, updates to the SGVCOG investment policy exhibits these changes.

Prepared by: \_\_\_\_\_

  
Katie Ward  
Senior Management Analyst

Approved by: \_\_\_\_\_

  
Marisa Creter  
Executive Director

## **ATTACHMENTS**

Attachment A – Resolution 18-24

**RESOLUTION 18-24**

**A RESOLUTION OF THE GOVERNING BOARD OF THE SAN GABRIEL  
VALLEY COUNCIL OF GOVERNMENTS (“SGVCOG”)  
UPDATING INVESTMENT POLICY**

**WHEREAS**, investment policies guide the SGVCOG Treasurer for all investment activities on behalf of the SGVCOG; and

**WHEREAS**, those investment activities are primarily governed by the SGVCOG’s adopted investment policies and by California state law (Government Code sections 53600-53610); and

**WHEREAS**, the Investment Policy for the SGVCOG is consistent with state law and; and

**WHEREAS**, revisions to Government Code section 53646 now require annual review and approval of a SGVCOG’s investment policy only if there are changes, however it encourages agencies to conduct an annual review and approval process even if there are no proposed changes; and

**WHEREAS**, the SGVCOG Governing Board adopted an updated Investment Policy on July 18, 2013; and

**WHEREAS**, this year staff is recommending revisions to the Investment Policy.

**NOW, THEREFORE, BE IT RESOLVED** that the Governing Board updates the SGVCOG Investment Policy attached hereto and incorporated herein as Exhibit A.

PASSED, APPROVED, and ADOPTED this 19<sup>th</sup> day of April 2018.

SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

By: \_\_\_\_\_

Cynthia Sternquist, President



**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 18-24 was adopted at a regular meeting of the Governing Board held on the 19<sup>th</sup> day of April 2018, by the following roll call vote:

<b>AYES:</b>	
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	

---

Marisa Creter, Secretary



# **SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS**

## **STATEMENT OF INVESTMENT POLICIES**

## INTRODUCTION

It is the policy of the San Gabriel Valley Council of Governments (SGVCOG) to ensure that the temporarily idle funds of the agency are prudently invested to preserve capital and provide necessary liquidity, while maximizing earnings, and conforming to state and local statutes governing the investment of public funds.

This investment policy conforms to the California Government Code ("Code") as well as to customary standards of prudent investment management. Investments may only be made as authorized by the Code, Section 53600 et seq., Sections 16429.1 through 16429.4 and this investment policy. Should the provisions of the Code become more restrictive than those contained herein, such provisions will be considered as immediately incorporated in this investment policy. Changes to the Code that are less restrictive than this investment policy may be adopted by the Board of Directors (Board).

### 2.0 Scope

This investment policy sets forth the guidelines for the investment of surplus Enterprise and Capital Projects, and any new fund created by the Board, unless specifically exempted.

Internal and external portfolio managers may be governed by Portfolio Guidelines that may on an individual basis differ from the total fund guidelines outlined herein. The Finance Director/Treasurer is responsible for monitoring and ensuring that the total funds subject to this investment policy remain in compliance with this investment policy, and shall report to the Board regularly on compliance.

### 3.0 Investment Objectives

The primary objectives, in priority order, of investment activities shall be:

- A. Safety:** Safety of principal is the foremost objective of the investment program. The investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The SGVCOG shall seek to ensure that capital losses are avoided whether from institutional default, broker-dealer default, or erosion of market value. Diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- B. Liquidity:** The investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated.
- C. Return on Investments:** The SGVCOG shall manage its funds to maximize the return on investments consistent with the two objectives above, with the goal of exceeding the performance benchmarks (Section 12.0) over a market cycle (typically a three to five-year period).

It is policy to hold investments to maturity. However, a security may be sold prior to its maturity and a capital gain or loss recorded if liquidity needs arise, or in order to improve the quality, or rate of return of the portfolio in response to market conditions and/or SGVCOG risk preferences.

Internal and external investment managers shall report such losses to the Finance Director/Treasurer quarterly.

Investments shall be made with the judgment, skill, and diligence of a prudent investor acting in like capacity under circumstances then prevailing, for the sole benefit of the SGVCOG, and shall take into account the benefits of diversification in order to protect the investment from the risk of substantial loss.

The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with this investment policy, written portfolio guidelines and procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in the quarterly investment report to the Board, and appropriate action is taken to control adverse developments.

#### 4.0 Delegation of Authority

The Board shall be the trustee of funds received by the SGVCOG. The Board hereby delegates the authority to invest or reinvest the funds, to sell or exchange securities so purchased and to deposit securities for safekeeping to the Finance Director/Treasurer for a one-year period, who thereafter assumes full responsibility for such transactions and shall make a monthly report of those transactions to the Board. Subject to review by the Board, the Board may renew the delegation of authority each year.

The Finance Director/Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy, including establishment of appropriate written agreements with financial institutions. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. The Finance Director/Treasurer may engage independent investment managers to assist in the investment of its financial assets.

No person may engage in an investment transaction except as provided under the terms of this investment policy and the procedures established by the Finance Director/Treasurer.

Officers and employees involved in the investment process shall be governed by the standards regarding ethical behavior and conflicts of interest established in the San Gabriel Council of Governments Ethics Policy and annually shall file a Statement of Economic Disclosure with the Ethics Office.

#### 5.0 Permitted Investments

All funds which are not required for immediate cash expenditures shall be invested in income producing investments or accounts, in conformance with the provisions and restrictions of this investment policy as defined in Section 5.1A and as specifically authorized by the Code, (Sections 53600, et seq.).

In order to reduce overall portfolio risk, investments shall be diversified among security type, maturity, issuer and depository institutions. See Section 5.1A for specific concentration limits by type of investment.

- A.** Percentage limitations where listed are only applicable at the date of purchase.
- B.** In calculating per issuer concentration limits commercial paper, bankers' acceptances, medium term notes, asset-backed securities, placement service assisted deposits, and negotiable certificates of deposit shall be included; deposits collateralized per Section 7.3 of this investment policy are excluded from this calculation.
- C.** Credit requirements listed in this investment policy indicate the minimum credit rating (or is equivalent by any nationally recognized statistical rating organization) required at the time of purchase without regard to modifiers (e.g., +/- or 1,2,3), if any.

Maturities of individual investments shall be diversified to meet the following objectives:

- A.** Investment maturities will be first determined by anticipated cash flow requirements.
- B.** Where this investment policy does not state a maximum maturity in Section 5.1A, no investment instrument shall be purchased which has a stated maturity of more than five years from the date of purchase, unless the instrument is specifically approved by the Board or is approved by the Board as part of an investment program and such approval must be granted no less than three months prior to the investment. The Board hereby grants express authority for the purchase of new issue securities with a 5-year stated maturity with extended settlement of up to 30 days from date of purchase.
- C.** The average duration of the externally managed funds subject to this investment policy shall not exceed 150% of the benchmark duration. The weighted average duration of the internal portfolios shall not exceed three (3) years.

State and local government sponsored Investment Pools and money market mutual funds as authorized by this investment policy are subject to due diligence review prior to investing and on a continual basis as established in Section 5.1A, #11 and #12.

This investment policy specifically prohibits the investment of any funds subject to this investment policy in the following securities:

- A.** Derivative securities, defined as any security that derives its value from an underlying instrument, index, or formula, are prohibited. The derivative universe includes, but is not limited to, structured and range notes, securities that could result in zero interest accrual if held to maturity, variable rate, floating rate or inverse floating rate investments, financial futures and options, and mortgage derived interest or principal only strips. Callable or putable securities with no other option features, securities with one interest rate step-up feature, and inflation indexed securities meeting all other requirements of this investment policy are excluded from this prohibition, as are fixed rate mortgage-backed securities and asset-backed securities.

- B.** Reverse repurchase agreements and securities lending agreements.

## **6.0 Selection of Depository Institutions, Investment Managers and Broker-Dealers**

To minimize the risk to the overall cash and investment portfolio, prudence and due diligence as outlined below shall be exercised with respect to the selection of Financial Institutions in which funds are deposited or invested. The SGVCOG's Financial Advisor (FA) will conduct competitive processes to recommend providers of financial services including commercial banking, investment management, investment measurement and custody services.

- A.** In selecting Depositories pursuant to Code Sections 53630 (et seq.), the credit worthiness, financial stability, and financial history of the institution, as well as the cost and scope of services and interest rates offered shall be considered. No funds will be deposited in an institution unless that institution has an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency. The main depository institutions will be selected on a periodic and timely basis.
- B.** Deposits which are insured pursuant to federal law by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Administration (NCUA) may be excluded from the collateralization requirements of Section 7.3 of this investment policy, at the Finance Director/Treasurer's discretion. A written waiver of securitization shall be executed, provided to the Depository Institution, and kept on file in the Treasury Department.
- C.** The Finance Director/Treasurer shall seek opportunities to deposit funds with disadvantaged business enterprises, provided that those institutions have met the requirements for safety and reliability and provide terms that are competitive with other institutions.
- D.** Deposits: The Agency's money shall be deposited in any state or national bank, savings association or federal association, state or federal credit union, or federally insured industrial loan company, as defined in Section 53630 et seq., with the objective of realizing maximum return, consistent with prudent financial management, except that money shall not be deposited in any state or federal credit union if a member of the Board of Directors, or an employee of the directors, or the credit committee or supervisory committee, of the state or deferral credit union. Deposits may be in inactive deposits, active deposits or interest-bearing deposits. The amount of the deposits cannot exceed the amount of the bank's savings and loan's credit unions paid up capital surplus.

The bank or savings and loan must secure the active and inactive deposits with eligible securities having a market value of 110% of the total amount of deposits. State law also allows, as an eligibility security, first trust deeds having a value of 150% of the total amount of the deposits. A third class of collateral is letters of credit drawn on the Federal Home Loan Bank (FHLB) of San Francisco having a value of 105% of the total amount of the deposits.

In selecting external investment managers and brokers, past performance, stability, financial strength, reputation, area of expertise, and willingness and ability to provide the highest investment return at the lowest cost within the parameters of this investment policy and the Code shall be

considered. External investment managers must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor Act of 1940.

Pursuant to Code Section 53601.5, the SGVCOG and its investment managers shall only purchase statutorily authorized investments either from the issuer, from a broker-dealer licensed by the state, as defined in Section 25004 of the Corporations Code, from a member of a federally regulated securities exchange, a national or state-chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.

- A.** Internal investment manager will only purchase or sell securities from broker-dealers that are Primary Dealers in U.S. Government Securities or are a direct affiliate of a Primary Dealer. Internal investment manager will only purchase securities from broker-dealers who have returned a signed Receipt of Investment Policy and completed the Broker-Dealer Questionnaire, and have been approved by the Finance Director/Treasurer (see Appendices B and C). A current copy of the Broker-Dealer's financial statements will be kept on file in the Treasury Department. Should market conditions limit access to inventory, the Finance Director/Treasurer may approve executing transactions through non-Primary Dealers who meet all of the criteria listed below:
- a. The broker dealer must qualify under Securities Exchange Commission rule 15C3-1 (Uniform Net Capital Rule);
  - b. Must be licensed by the state as a broker/dealer as defined in Section 25004 of the Corporations Code or a member of a federally registered securities exchange (i.e. FINRA, SEC, MSRB);
  - c. Have been in operation for more than five years; and
  - d. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in U.S. Treasuries and Agencies.
- B.** In addition to Primary Dealers in U.S. Government Securities and direct affiliates of a Primary Dealer, external investment managers may purchase or sell securities from non-Primary Dealers qualified under U.S. Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and provided that the dealer is a member of the Financial Industry Regulatory Authority. External investment managers shall submit, at least quarterly, a list of the non-Primary Dealers used during the period.
- C.** External investment managers must certify in writing that they will purchase securities in compliance with this investment policy, SGVCOG Procedures, and applicable State and Federal laws.

Financial institutions and external investment managers conducting investment transactions with or for SGVCOG shall sign a Certification of Understanding. The Certification of Understanding (see Appendix A) states that the entity:

- A.** Has read and is familiar with the Investment Policy and Guidelines as well as applicable Federal and State Law;
- B.** Meets the requirements as outlined in this investment policy;
- C.** Agrees to make every reasonable effort to protect the assets from loss;
- D.** Agrees to notify the SGVCOG in writing of any potential conflicts of interest.

Completed certifications shall be filed in the Finance Director/Treasurer's Office. Failure to submit a Certification of Understanding shall result in the withdrawal of all funds held by that financial institution, or investment manager and/or the rescission of any and all authority to act as an agent to purchase or invest funds.

All broker-dealers who do business with the SGVCOG's internal investment managers shall sign a Receipt of Investment Policy. The Receipt of Investment Policy (see Appendix B) states that the broker dealer:

- A.** Has received, read, and understands this investment policy;
- B.** Has communicated the requirements of this investment policy to all personnel who may select investment opportunities for presentation.

Failure to submit a Receipt of Investment Policy shall preclude the SGVCOG from purchasing or selling securities from such broker-dealer. Completed receipts shall be filed in the Finance Director/Treasurer's Office.

## **7.0 Custody and Safekeeping of Securities and SGVCOG Funds**

A Master Repurchase Agreement must be signed with the bank or dealer before any securities and collateral for repurchase agreements shall be purchased and maintained for the benefit of the SGVCOG in the Trust Department or safekeeping department of a bank as established by a written third party safekeeping agreement between the SGVCOG and the bank. Specific collateralization levels are defined in Section 5.1A.

All investment transactions shall be settled "delivery vs. payment", with the exception of deposits, money market mutual fund investments, and Local Agency Investment Fund or other Local Government Investment Pools. Delivery may be physical, via a nationally recognized securities depository such as the Depository Trust Company, or through the Federal Reserve Book Entry system.

Funds deposited shall be secured by a Depository in compliance with the requirements of Code Section 53652. Such collateralization shall be designated and agreed to in writing.

## **8.0 Reports and Communications**

The Finance Director/Treasurer is responsible for ensuring compliance with all applicable Local, State, and Federal laws governing the reporting of investments made with public funds. All



investment portfolios will be monitored for compliance. Non-compliance issues will be included in the quarterly Board report as stated in Section 8.3 of this investment policy.

The Finance Director/Treasurer shall annually submit a statement of investment policy to the Board for approval. The existing approved investment policy will remain in effect until the Board approves the recommended statement of investment policy.

The Finance Director/Treasurer shall render a quarterly cash, investment, and transaction report to the CEO and Board, and quarterly to the Internal Auditor within 30 days following the end of the quarter covered by the report. The report shall include a description of SGVCOG's funds, investments, or programs that are under the management of contracted parties, including lending programs. The report shall include as a minimum:

- A.** Portfolio Holdings by Type of Investment and Issuer
- B.** Maturity Schedule and Weighted Average Maturity (at market)
- C.** Weighted Average Yield to Maturity
- D.** Return on Investments versus Performance Benchmarks on a quarterly basis
- E.** Par, Book and Market Value of Portfolio for current and prior quarter-end
- F.** Percentage of the portfolio represented by each investment category
- G.** Total Interest Earned
- H.** Total Interest Received
- I.** A statement of compliance with this investment policy, or notations of non-compliance.
- J.** At each calendar quarter-end a subsidiary ledger of investments will be submitted with the exception listed in 8.3K.
- K.** For investments that have been placed in the Local Agency Investment Fund, in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in National Credit Union Administration insured accounts in a credit union, in a county investment pool, or in shares of beneficial interest issued by a diversified management company that invest in the securities and obligations as authorized by this investment policy and the Code, the most recent statement received from these institutions may be used in lieu of the information required in 8.3J.
- L.** At each calendar quarter-end the report shall include a statement of the ability to meet expenditure requirements for the next six months.
- M.** A quarterly gain or loss report on the sale or disposition of securities in the portfolio.

Internal and external investment managers shall monitor investments and market conditions and report on a regular and timely basis to the Finance Director/Treasurer.

- A.** Internal and external investment managers shall submit monthly reports to the Finance Director/Treasurer, such reports to include all of the information referenced in Section 8.3, items A-J of this investment policy. Portfolios shall be marked-to-market monthly and the comparison between historical cost (or book value) and market value shall be reported as part of this monthly report.

- B.** Internal and external investment managers shall monitor the ratings of all investments in their portfolios on a continuous basis and report all credit downgrades of portfolio securities to the Finance Director/Treasurer in writing within 24 hours of the event. If an existing investment's rating drops below the minimum allowed for new investments made pursuant to this investment policy, the investment manager shall also make a written recommendation to the Finance Director/Treasurer as to whether this security should be held or sold.
- C.** External and internal investment managers shall immediately inform the Finance Director/Treasurer, or the Executive Director in writing of any major adverse market condition changes and/or major portfolio changes. The Executive Director, and Finance shall immediately inform the Board in writing of any such changes.
- D.** External investment managers shall notify the SGVCOG internal managers daily of all trades promptly, via fax or via email.
- E.** Internal investment managers will maintain a file of all trades.

## 9.0 Portfolio Guidelines

Portfolio Guidelines are the operating procedures used to implement this investment policy approved by the Board. The Finance Director/Treasurer may impose additional requirements or constraints within the parameters set by this investment policy.

## 10.0 Internal Control

The Finance Director/Treasurer shall establish a system of internal controls designed to prevent losses of public funds arising from fraud, employee or third party error, misrepresentation of third parties, unanticipated changes in financial markets, or imprudent actions by employees or agents. Such internal controls shall be approved by the Executive Director and shall include authorizations and procedures for investment transactions, custody/safekeeping transactions, opening and dosing accounts, wire transfers, and clearly delineate reporting responsibilities.

- A.** SGVCOG officials with signature authority shall be bonded to protect against possible embezzlement and malfeasance, or at the option of the governing board self-insured.
- B.** Electronic transfer of funds shall be executed upon the authorization of two official signatories.
- C.** Transaction authority shall be separated from accounting and record keeping responsibilities.
- D.** All investment accounts shall be reconciled monthly with custodian reports and broker confirmations by a party that is independent of the investment management function. Discrepancies shall be brought to the attention of the investment manager, the Finance Director/Treasurer and if not resolved promptly, to the Executive Director.
- E.** The Finance Director/Treasurer shall establish an annual process of independent review by an external auditor. This review will provide independent confirmation of compliance with policies and procedures.
- F.** The Finance Director/Treasurer is responsible for the preparation of the cash flow model. The cash flow model shall be updated monthly based upon the actual and projected cash flow.

- G.** Annually, the Finance Director/Treasurer shall notify the external investment managers of the cash flow requirements for the next twelve months. The Finance Director/Treasurer shall monitor actual to maximum maturities within the parameters of this investment policy.
- H.** The Finance Director/Treasurer shall annually submit the Financial Institutions Resolution to the Board for approval. The existing resolution will remain in effect until the Board approves the recommended resolution.

## 11.0 Purchasing Guidelines

Investment managers shall purchase and sell securities at the price and execution that is most beneficial to the SGVCOG. The liquidity requirements shall be analyzed and an interest rate analysis shall be conducted to determine the optimal investment maturities prior to requesting bids or offers. Investments shall be purchased and sold through a competitive bid/offer process. Bids/offers for securities of comparable maturity, credit and liquidity shall be received from at least three financial institutions, if possible.

Such competitive bids/offers shall be documented on the investment managers' trade documentation. Supporting documentation from the Wall Street Journal, Bloomberg or other financial information system shall be filed with the trade documentation as evidence of general market prices when the purchase or sale was effected.

## 12.0 Benchmarks

Internal and external investment managers' performance shall be evaluated against the following agreed upon benchmarks. If the investment manager does not meet its benchmark over a market cycle (3 to 5 years), the Finance Director/Treasurer shall determine and set forth in writing reasons why it is in the best interests of the SGVCOG to replace or retain the investment manager.

Portfolio  
Intermediate Duration Portfolios

Investment Benchmarks  
Bank of America/Merrill Lynch  
AAA-A 1-5 year Government &  
Corporate Index (BV10)

Short Duration Portfolios

Three month Treasury

**San Gabriel Council of Governments**  
**Statement of Investment Policy <sup>a</sup>**

**Section 5.1A**

\* Percentage of portfolio authorized based on market value.

Investment Type	Maximum Maturity	Maximum Allowable Percentage of Portfolio*	Minimum Quality and Other Requirements
U.S. Treasury notes, bonds, bills or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for payment of principal and interest	5 years <sup>b</sup>	100%	None
Registered state warrants or treasury notes or bonds of the other 49 states in addition to California.	5 years <sup>b</sup>	25%	Such obligations must be rated “A1” or better short term; or “AA” or better long term, by nationally recognized statistical rating organization
Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California	5 years <sup>b</sup>	25%	Such obligations must be rated “A1” or better short term; or “AA” or better long term, by a nationally recognized statistical rating organization
Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government –sponsored enterprises	5 years <sup>b</sup>	50% <sup>d</sup>	See Footnote d
Bills of exchanges or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers’ acceptances	180 days	40% <sup>c</sup>	The issuer’s short-term debt must have the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization
Commercial paper or “prime” quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization	270 days	25% <sup>c</sup>	See Footnote e

Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal savings and loan association, a state or federal credit union, or by a state licensed branch of a foreign bank, or a federally licensed branch of a foreign bank.	5 years <sup>b</sup>	30% <sup>c</sup>	See Footnote f
Placement Service Assisted Deposits	5 years <sup>b</sup>	30% <sup>c</sup>	See Footnote g
Investments in repurchase agreements	90 days	20%	Limited to no more than 90 days. See Footnote h
Medium-term notes issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States	5 years <sup>b</sup>	30% <sup>c</sup>	Must be rated “A” or better by a nationally recognized statistical rating organization. If rated by more than one rating agency, both ratings must meet the minimum credit standards.
Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission, as authorized by Code Section 53601	Not applicable	20% <sup>c</sup>	See Footnote i
State of California Local Agency Investment fund (LAIF) Code Section 16429.1 through 16429.4 or other Local Government Investment Pool (LGIP) established by public California entities pursuant to Section 53684	Not applicable	Set by LAIF and LGIP	See Footnote j
Asset-backed Securities	5 years <sup>b</sup>	15% combined with mortgage-backed securities	See Footnote k
Mortgage-backed Securities	5 years <sup>b</sup>	15% combined with asset-backed securities	See Footnote l

**San Gabriel Council of Governments**  
**Statement of Investment Policy <sup>a</sup>**

<b>Footnotes for Section 5.1A</b>	
<b>a</b>	Sources: California Government Code Sections 16429.1, 53601, 53601.8, 53635 and 53638
<b>b</b>	Maximum maturity of five (5) years unless a longer maturity is approved by Board of Directors, either specifically or as part of an investment program, at least three (3) months prior to the purchase. New issue securities with a stated 5 year maturity can be purchased in the primary market with extended settlements of up to 30 days from the date of purchase.
<b>c</b>	Limited to no more than 10% of the portfolio in any one issue (i.e. bankers' acceptances, commercial paper, negotiable certificates of deposit, medium-term notes, and money market funds).
<b>d</b>	No more than 15% of portfolio in any one Federal Agency or government-sponsored issue
<b>e</b>	Eligible paper is further limited to 10% of the outstanding paper of an issuing corporation, the issuing corporation must be organized and operating within the United States and having total assets in excess of \$500,000,000 and have an "A" or higher rating for the issuer's debentures, other than commercial paper, if any, as provided for by a nationally recognized statistical rating organization. Issuing corporations that are organized and operating within the United States and have total assets in excess of \$500 million dollars and having an "A" or higher rating for the issuer's debentures, other than commercial paper, if any, as provided by a nationally recognized statistical rating organization.
<b>f</b>	The legislative body of the local agency, the Finance Director/Treasurer or other official of the local agency having custody of the money are prohibited from investing in negotiable certificates of deposit of a state or federal credit union if a member of the legislative body or any other specified city officer or employee also serves on the board of directors or certain committees of that credit union.
<b>g</b>	Investments in placement services assisted deposits is authorized under Sections 53601.8, 53635.8, and 53601 (i) of the California Government Code.
<b>h</b>	Repurchase agreements shall be executed through Primary Broker-Dealers. The repurchase agreement must be covered by a master repurchase agreement. Repurchase agreements shall be collateralized at all times. Collateral shall be limited to obligations of the United States and Federal Agencies with an initial margin of at least 102% of the value of the investment, and shall be in compliance if brought back up to 102% no later than the next business day. Collateral shall be delivered to a third party custodian in all cases. Collateral for term repurchase agreements shall be valued daily by the SGVCOG's investment manager (for internal funds) or external investment manager. Investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. The SGVCOG shall obtain a first lien and security interest in all collateral.
<b>i</b>	Companies must have either 1) the highest ranking or the highest letter and numerical rating provided by not less than two of the nationally recognized statistical rating organizations, or (2) retained an investment advisor registered or exempt with the Securities and-Exchange Commission, with no less than five years experience investing in the securities and obligations authorized by California Government Code 53601 a-k inclusive and m-o inclusive and with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price may not include any commissions charged by these companies.

<b>j</b>	Maximum investment per individual pool limited to the amount for LAIF as set by the State Finance Director/Treasurer's Office. Limit does not include funds required by law, ordinance, or statute to be invested in pool. Each pool must be evaluated and approved by the Finance Director/Treasurer, as to credit worthiness, security, and conformity to state and local laws. An evaluation should cover, but is not limited to establishing, a description of who may invest in the program, how often, what size deposit and withdrawal; the pool's eligible investment securities, obtaining a written statement of investment policy and objectives, a description of interest calculations and how it is distributed; how gains and losses are treated; a description of how the securities are safeguarded and how often the securities are priced and the program audited. A schedule for receiving statements and portfolio listings. A fee schedule, when and how fees are assessed.
<b>k</b>	Limited to senior class securities with stated maturities of no more than 5 years. Further limited to securities rated in a rating category of "AAA", and issued by an issuer having an "A" or higher rating for the issuer's debt as provided for by a nationally recognized statistical rating organization. Further limited to fixed rate, publicly offered, generic credit card, automobile receivables, and equipment receivables only. Deal size must be at least \$250 million, and tranche size must be at least \$25 million
<b>l</b>	Pass-Through securities: Limited to Government Agency or Government Sponsored issuers, fixed rate, stated maturity no more than 5 years. CMOS: Limited to Government Agency or Government Sponsored Issuers "AAA" rated by a nationally recognized statistical rating organization. Planned Amortization Classes (PAC) only. The following are prohibited: ARMS, floaters, interest or principal (IOs, POs), Targeted Amortization Classes, companion, subordinated, collateral classes, or zero accrual structures

## APPENDIX A

### SAN GABRIEL COUNCIL OF GOVERNMENTS CERTIFICATION OF UNDERSTANDING

The San Gabriel Council of Governments (SGVCOG) Investment Policy as approved by the Board of Directors requires that all Financial Institutions and Investment Managers' conducting investment transactions with or for SGVCOG sign a Certification of Understanding acknowledging that:

1. You have read and are familiar with the SGVCOG's Investment Policy as well as applicable Federal and State laws.
2. You meet the requirements as outlined in Investment Policy.
3. You agree to make every reasonable effort to protect the assets from loss.
4. You agree to notify the SGVCOG in writing of any potential conflicts of interest.
5. You agree to notify the SGVCOG in writing of any changes in personnel with decision-making authority over funds within 24 hours of such event.

Failure to submit a Certification of Understanding shall result in the withdrawal of all funds held by the financial institution or investment manager and the immediate revocation of any rights to act as an agent of the SGVCOG for the purchase of securities or investment of funds on behalf of SGVCOG.

The Board of Directors is committed to the goals of the Community Reinvestment Act (CRA). As part of the certification process for depository institutions, it is requested that you remit evidence of your most recent CRA rating.

Sign \_\_\_\_\_ Date \_\_\_\_\_

Name and Title \_\_\_\_\_

After reading and signing this Certification of Understanding, please return with any supporting documentation to:

SGVCOG  
Attention: Finance Director  
4900 Rivergrade Road, Ste. A120  
Irwindale, CA 91706

#### FOR SGVCOG USE ONLY

Approved: _____	Disapproved: _____	Date: _____
Signature: _____		
<b><i>SGVCOG Finance Director/Treasurer</i></b>		



## APPENDIX B

### SAN GABRIEL COUNCIL OF GOVERNMENTS BROKER-DEALER RECEIPT OF INVESTMENT POLICY

We are in receipt of the San Gabriel Council of Governments' (SGVCOG) Investment Policy.

We have read the policy and understand the provisions and guidelines of the policy. All salespersons covering SGVCOG's account will be made aware of this policy and will be directed to consider its provisions and constraints in selecting investment opportunities to present to SGVCOG.

Sign \_\_\_\_\_ Date \_\_\_\_\_

Name and Title \_\_\_\_\_

Firm Name \_\_\_\_\_

Sign \_\_\_\_\_ Date \_\_\_\_\_

Name and Title \_\_\_\_\_

Firm Name \_\_\_\_\_

After reading and signing this Certification of Understanding, please return with any supporting documentation to:

SGVCOG  
Attention: Finance Director  
4900 Rivergrade Road, Ste. A120  
Irwindale, CA 91706

#### FOR SGVCOG USE ONLY

Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_

***SGVCOG Finance Director/Treasurer***

## APPENDIX C

## SAN GABRIEL COUNCIL OF GOVERNMENTS BROKER/DEALER QUESTIONNAIRE

1. Name of Firm \_\_\_\_\_

2. Address Local

---

*Headquarters*

3. Telephone      ( )                  ( )  
                              *Local*                                  *Headquarters*

4. Primary Representative Manager/Partner in Charge

Name	Name
------	------

Title	Title
-------	-------

---

Telephone No.

Telephone No.

No. of Yrs. In Institutional Sales	No. of Yrs. In Institutional Sales
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
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90	90
91	91
92	92
93	93
94	94
95	95
96	96
97	97
98	98
99	99
100	100

No. of Yrs. With Firm	No. of Yrs. With Firm
-----------------------	-----------------------

5. Are you a Primary Deal in U.S. Government Securities?

☐ YES      ☐ NO

If NO, is the parent company or its subsidiary a Primary Dealer in U.S. Government Securities? Provide proof of certification.

☐ YES      ☐ NO

Please explain your Firm's relationship to the Primary Dealer:

[illegible]

Please provide proof certification from the National Association of Securities Dealer.

6. Are you a Broker instead of Dealer, i.e., you DO NOT own positions of Securities?  
☐ YES    ☐ NO

7. What is the net capitalization of your Firm? \_\_\_\_\_

8. What is the date of your Firm's fiscal year-end? \_\_\_\_\_

9. Is your Firm owned by a Holding Company? If so, what is the name and its net capitalization? \_\_\_\_\_

10. Please provide your WIRING and DELIVERY Instructions \_\_\_\_\_

11. Which of the following instruments are offered regularly by your local desk?

[ ] T-Bills [ ] Treasury Notes/Bonds [ ] Discount Notes [ ] NCD's  
[ ] Agencies (*specify*) \_\_\_\_\_

☐ BA's (*Domestic*)    ☐ BA's (*Foreign*)    ☐ Commercial Paper

☐ Med-Term Notes      ☐ Repurchase Agreements

12. Does your Firm specialize in any of the instruments listed above? \_\_\_\_\_

13. Please identify your comparable government agency clients in the SGVCOG's geographical area.

Entity	Contact Person
...	...

Telephone \_\_\_\_\_ Client Since \_\_\_\_\_

14. What reports, confirmations, and other documentation would SGVCOG receive? Please include samples of research reports or market information that your firm regularly provides to government agency client.

--

15. What precautions are taken by your Firm to protect the interest of the public when dealing with government agencies as investors?

16. Have you or your Firm been censored, sanctioned or disciplined by a Regulatory State or Federal Agency for improper or fraudulent activities, related to the sale of securities within the past five years? ☐ YES ☐ NO

If YES, please explain

17. Please provide your most recent audited financial statements within 120 days of your fiscal year- end.

18. Please indicate the current licenses of the SGVCOG representatives:

Agent: \_\_\_\_\_ License or Registration: \_\_\_\_\_

## **APPENDIX D**

### **SAN GABRIEL COUNCIL OF GOVERNMENTS INVESTMENT POLICY GLOSSARY**

**ASKED:** The price at which securities are offered from a seller.

**BANKERS' ACCEPTANCE (BA):** Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (or issuer - the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

**BID:** The price offered by a buyer of securities.

**BOOK VALUE:** The original cost of the investment, plus accrued interest and amortization of any premium or discount.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable (marketable or transferable).

**COLLATERAL:** Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public moneys.

**COMMERCIAL PAPER (CP):** Unsecured promissory notes issued by companies and government entities at a discount. Commercial paper is negotiable, although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days.

**CUSTODY or SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DELIVERY VERSUS PAYMENT:** Delivery of securities with a simultaneous exchange of money for the securities.

**FEDERAL AGENCIES AND U.S. GOVERNMENT SPONSORED ENTERPRISES (AGENCIES):** U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture). They include:

- Federal Home Loan Banks (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
- Federal National Mortgage Association (FNMA or "Fannie Mae")

- Federal Farm Credit Banks (FFCB)
- Student Loan Marketing Association (SLMA or “Sallie Mae”)
- Tennessee Valley Authority (TVA)

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold. **MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase/reverse repurchase agreements that establish each party’s rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MEDIUM TERM NOTES (MTN):** Interest bearing, continuously offered debt, issued in the 9 month to ten-year maturity range. Deposit notes, like Certificates of Deposit, actually represent an interest bearing deposit at a bank or other depository institution.

**OFFER:** The price asked by a seller of securities.

**PAR VALUE:** The face value, or principal amount payable at maturity.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight.

**REPURCHASE AGREEMENT (RP OR REPO):** A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date. This is in essence a collateralized investment, whereby the security “buyer” in effect lends the “seller” money for the period of the agreement, and the difference between the purchase price and sale price determining the earnings. Dealers use RP extensively to finance their positions.

**SECURITIES & EXCHANGE COMMISSION (SEC):** An agency created by Congress to protect investors in securities transactions by administering securities legislation.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY NOTES AND BONDS:** Long-term U.S. Treasury securities having initial maturities of 2 to 30 years.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage.

**YIELD TO MATURITY (YTM):** The rate of return earned on an investment considering all cash flows and timing factors: interest earnings, discounts, and premiums above par.

## SGVCOG / ACE Integration

	Activity	2017				2018												Status
		S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
Project Identification	Develop process for project identification, development and approval																	Draft process reviewed by committees in February, presented to Governing Board in March, and distributed to member agencies for comment in March.
	Submit process for project identification, development and approval to GB																	
	Conduct outreach to member agencies to develop/ refine project list.																	
	Develop and approve initial project list																	
Personnel and Admin. Restructure	Conduct ACE/COG employee outreach																	Joint monthly staff meetings are being held.
	Develop consolidated personnel system																	Salary/classification study initiated in February and be completed in October 2018.
	Implement consolidated personnel system																	Draft combined employee handbook being reviewed internally. To be considered for adoption in April 2018. Additional consolidation pending Comp/Class study.
	Develop consolidated admin and finance system																	Being developed by staff. Draft finance manual to be prepared by April.
Budget	Implement consolidated admin and finance system																	Action pending adoption of consolidated finance manual.
	Develop consolidated budget																	Anticipate fully consolidated budget to be presented for FY 19-20.
	Present budget to GB for approval																	

### Accomplishments:

- Developed and approved updated JPA (November 2017)
- JPA approved by a majority of member agencies (19) (December 2017)
- Developed and approved updated bylaws (December 2017)
- Election process for Construction Committee approved by Governing Board (January 2018). Elections to be held in May.
- Contract awarded for compensation / classification study (January 2018)
- Updated ACE Logo approved by Governing Board (February 2018).





## REPORT

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DATE: April 19, 2018  
TO: Governing Board  
FROM: Marisa Creter, Executive Director  
RE: **MAY MEETING DATE**

### **RECOMMENDED ACTION**

Adopt Resolution 18-25 to move the May 2018 Governing Board meeting to May 31.

### **BACKGROUND:**

The regular meetings of the SGVCOG Governing Board are held on the third Thursday of every month at 6 PM at the Upper San Gabriel Valley Municipal Water District Offices (602 E. Huntington Drive, Monrovia, California 91016). In May, the regular meeting date is Thursday, May 17. To avoid conflicting with the California Contract Cities Association annual seminar, staff is recommending that the regular May Governing Board meeting be moved to May 31, at 6:00 PM at the Upper San Gabriel Valley Municipal Water District Offices (602 E. Huntington Drive, Monrovia, California 91016).

Prepared by: \_\_\_\_\_

  
Christian Cruz  
Management Analyst

Approved by: \_\_\_\_\_

  
Marisa Creter  
Executive Director

### **ATTACHMENTS**

Attachment A – Resolution 18-25

**RESOLUTION NO. 18-25**

**RESOLUTION OF THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS  
MOVING THE REGULAR MAY 2018 GOVERNING BOARD MEETING**

**WHEREAS**, the San Gabriel Valley Council of Governments holds regular meetings to evaluate matters of importance to the SGVCOG and the San Gabriel Valley;

**WHEREAS**, Governing Board Representatives and Alternate Governing Board Representatives perform essential duties for the SGVCOG by their attendance at the regular scheduled meetings of the Governing Board;

**WHEREAS**, regular meetings of the Governing Board are held on the third Thursday of every month at 6 PM at the Upper San Gabriel Valley Municipal Water District Offices (602 E. Huntington Drive, Monrovia, California 91016); and

**WHEREAS**, Governing Board representatives and alternates of the San Gabriel Valley Council of Governments attend the annual California Contract Cities Association seminar making it difficult for a quorum of Governing Board members to attend the regular May meeting.

**NOW, THEREFORE, BE IT RESOLVED** that the Governing Board hereby changes the date time, and location of the May 2018 Governing Board to Thursday, May 31, 2018 at 6:00 PM at the Upper San Gabriel Valley Municipal Water District Offices (602 E. Huntington Drive, Monrovia, California 91016).

**PASSED AND ADOPTED** by the Governing Board of San Gabriel Valley Council of Governments, in the County of Los Angeles, State of California, on the 19th day of April, 2018.

San Gabriel Valley Council of Governments

---

Cynthia Sternquist, President

**Attest:**

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the Governing Board held on the 19th day of April, 2018, by the following roll call vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

---

Marisa Creter, Secretary



# SGVCOG FY 18-19 BUDGET







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

### Officers

#### President

Cynthia Sternquist

#### 1<sup>st</sup> Vice President

Margaret Clark

#### 2<sup>nd</sup> Vice President

Joe Lyons

#### 3<sup>rd</sup> Vice President

Becky A. Shevlin

### Staff

#### Marisa Creter

Executive Director

#### Mark Christoffels

Chief Engineer

#### Alcira Godoy

Senior Accountant

#### Amy Hanson

Administrative Assistant

#### Carlos Monroy

Director of Finance

#### Cecilia Cardenas

Contracts Manager

#### Charles Tsang

Project Manager

#### Christian Cruz

Management Analyst

#### Deanna Stanley

Admin. Services Manager

#### Edward Villanueva

Utilities Coordinator

#### Eric Wolf

Senior Management Analyst

#### Fred Leung

Labor Compliance

#### Kaitlin Ward

Senior Management Analyst

#### Marita Torres

Document Control

#### Melissa Truong

Accountant

#### Menchu Ituralde

Manager of Audits & Grants

#### Michelle Arroyo

Accountant

#### Nathan Bocanegra

Senior Contracts Administrator

#### Paul Hubler

Director of Gov. & Community Relations

#### Peter Duyshart

Project Assistant

#### Phillip Balmeo

Project Manager

#### Rachel Korkos

Project Manager

#### Rey Alimoren

Senior Contract Auditor

#### Stefanie Hernandez

Project Assistant

#### Susan Nguyen

Manager of Information Technologies

#### Victoria Butler

Program Manager

#### Yanin Rivera

Administrative Assistant

#### Zarina Mapes

Contract Auditor

Alhambra  
Arcadia  
Azusa  
Baldwin Park  
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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Draft

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*

Marisa Creter  
Executive Director

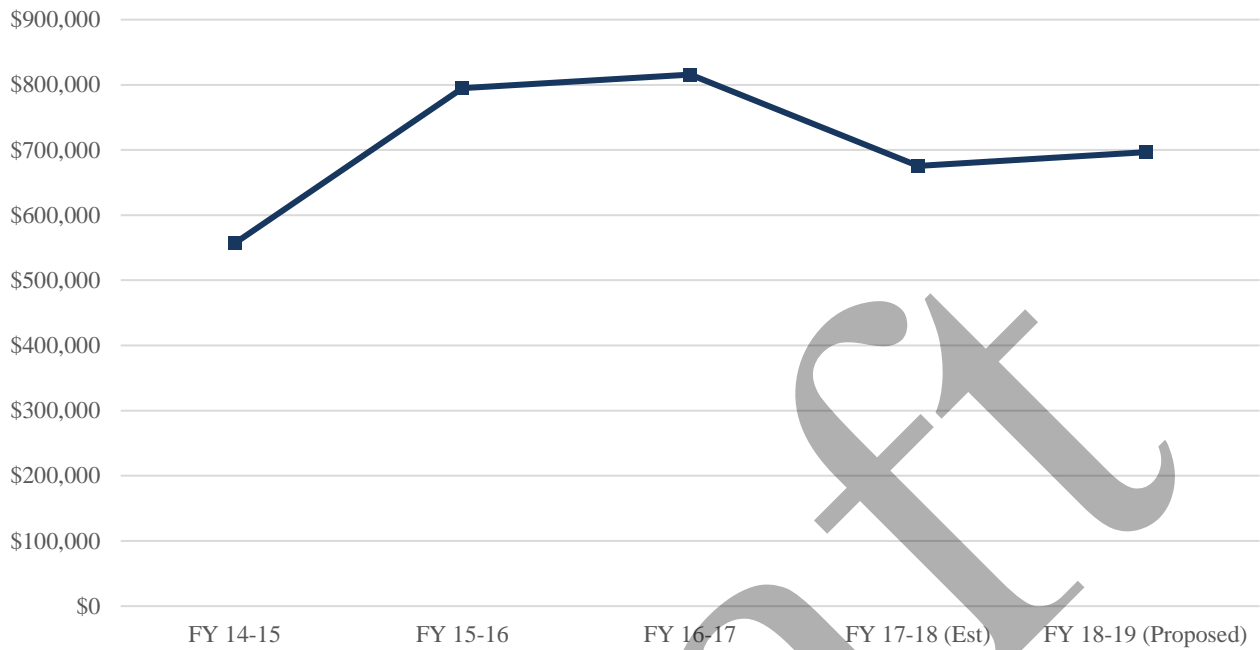
**FY 2018-19 BUDGET**  
**BUDGET OVERVIEW**

<b>San Gabriel Valley Council of Governments</b>	
<b>Proposed Budget: Fiscal Year 2018-19</b>	
<b><u>Description</u></b>	<b><u>Amount</u></b>
<b>Revenues:</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 Revenues</b>	<b>1,947,739</b>
<b>Expenditures:</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>1,926,465</b>
<b>Estimated Year-End Balance</b>	<b>\$ 21,274</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	\$ 862,164	\$ 930,441	\$ 914,668	-2%
Grants & Special Project	314,378	1,661,500	1,033,071	-38%
<b>Total Revenue</b>	<b>1,176,543</b>	<b>2,591,941</b>	<b>1,947,739</b>	<b>-25%</b>
<b>Expenditures:</b>				
Indirect Expenses	963,551	1,219,983	1,135,687	-7%
Direct Expenses	179,781	1,512,205	790,778	-48%
<b>Total Expenditures</b>	<b>1,143,339</b>	<b>2,732,188</b>	<b>1,926,465</b>	<b>-29%</b>
<b>Year-End Balance</b>	<b>\$ 33,204</b>	<b>\$ (140,247)</b>	<b>\$ 21,274</b>	<b>115%</b>

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

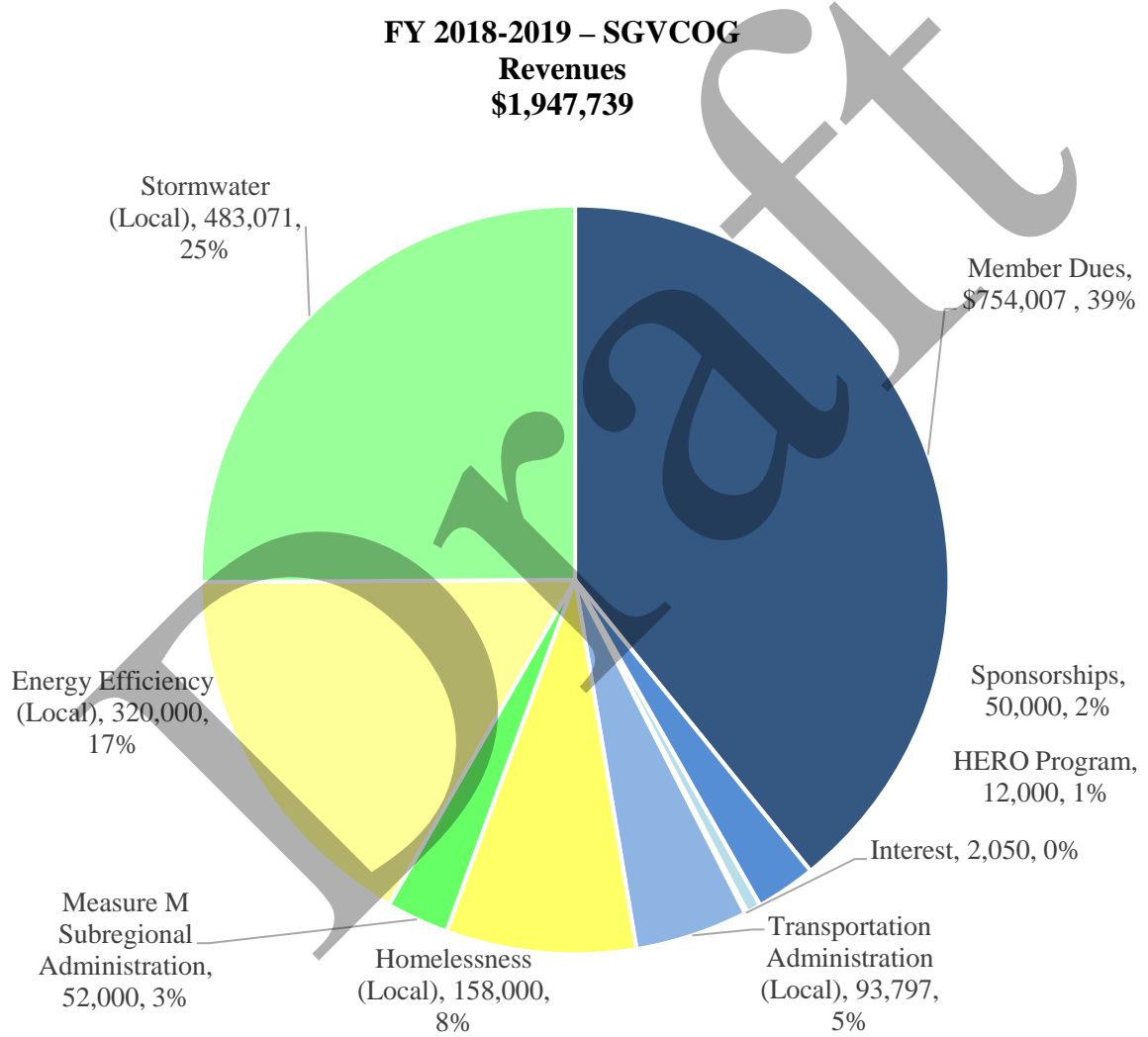


<b>Estimated Fund Balance (7/1/2018):</b>	<b>\$675,433</b>
<b>Estimated Fund Balance (6/30/2019):</b>	<b>\$696,707</b>

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

## **REVENUES**

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.



## **EXPENDITURES**

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. 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 A 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 Governing Board meeting stipends was approved to encourage participation and this is reflected in

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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.

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>4</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>4</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>

**Exhibit A**

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

Staff	Bill Rate	Bill Hours	FY 2019 Budget
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
Subtotal Accounting / Finance		299	28,356
Administration Mgr	120.62	78	9,408
Administrative Asst	72.59	130	9,437
IT Manager	80.92	26	2,104
Subtotal Administration		234	20,949
Gov't Relations Director	177.60	26	4,618
Chief Engineer	215.04	91	19,569
Subtotal Transportation		117	24,186
	Total	650	\$ 73,492