



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

**MAY 18, 2017 - 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  
**Vacant**

3<sup>rd</sup> Vice President  
**Vacant**

**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*  
*Pasadena*  
*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.sgvco.org](http://www.sgvco.org). Copies are available via email upon request ([sgv@sgvco.org](mailto:sgv@sgvco.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.

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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

**PRESENTATIONS**

**15 MINUTES**

6. Overview of Alameda Corridor-East (ACE) History and Insurance Coverage  
*Recommended Action: For information only.*

**CONSENT CALENDAR**

**5 MINUTES**

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

7. Governing Board Meeting Minutes – Page 1  
*Recommended Action: Adopt Governing Board minutes.*
8. Monthly Cash Disbursements/Balances/Transfers – Page 5  
*Recommended Action: Approve Monthly Cash Disbursements/Balances/Transfers.*
9. ACE Board of Directors Minutes – Page 7  
*Recommended Action: Receive and file.*
10. ACE Monthly Report – Page 9  
*Recommended Action: Receive and file.*
11. Committee Attendance – Page 11  
*Recommended Action: Receive and file.*
12. SGVCOG Committee Appointments – Page 27  
*Recommended Action: Appoint members to standing SGVCOG Policy Committees and Technical Advisory Committees*
13. Foothill Gold Line Construction Authority – Page 29  
*Recommended Action: Appoint Sam Pedroza (Claremont) and Tim Sandoval (Pomona) to serve as the SGVCOG's delegate and alternate, respectively, on the Foothill Gold Line Construction Authority Board of Directors.*
14. League of California Cities – Page 31  
*Recommended Action: Appoint Sam Pedroza (Claremont) to serve as the SGVCOG's representative on the League of California Cities – LA Division Executive Committee.*
15. San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC)–Page 33  
*Recommended Action: Appoint Margaret Clark (Rosemead) to serve as the SGVCOG (Rivers Seat) representative on the RMC Board of Directors.*

**ACTION ITEMS**

**60 MINUTES**

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

16. FY 2016-17 3<sup>rd</sup> Quarter Financial Plan – Page 35  
*Recommended Actions: Receive and file.*
17. FY 2017-18 Budget – Page 63  
*Recommended Actions: Adopt Resolution 17-13 approving the FY 2017-18 budget.*
18. Measure H Comment Letter – Page 101  
*Recommended Action: Authorize President to send comment letter regarding draft*

- Measure H expenditure plan to the County of Los Angeles.*
19. SGVCOG Officer Elections – Page 107  
*Recommended Action: Elect SGVCOG delegates to serve in the SGVCOG Officer Positions as follows:*
- *President*
  - *1<sup>st</sup> Vice President*
  - *2<sup>nd</sup> Vice President*
  - *3<sup>rd</sup> Vice President*
20. Southern California Association of Governments (SCAG) – Page 111  
*Recommended Actions: 1) For FY 2017-18, allocate the 7 SGVCOG appointments to SCAG Policy Committees as follows: Transportation Committee (3), Community, Economic and Human Development (CEHD) (2), and Energy & Environment (2). 2) Appoint the following representatives to serve on SCAG Policy Committees:*
- *Transportation Committee: Jack Hadjinian (Montebello), Teresa Real Sebastian (Monterey Park), and Cynthia Sternquist (Temple City)*
  - *CEHD Committee: Joe Lyons (Claremont) and Becky Shevlin (Monrovia)*
  - *Energy and Environment: Judy Nelson (Glendora) and Diana Mahmud (South Pasadena)*
21. Memorandum of Understanding (MOU) with the Los Angeles County Metropolitan Transportation Authority (Metro) – Page 113  
*Recommended Action: Authorize Executive Director to execute MOU with Metro to provide funding for Metro Board of Director support services.*
22. Metro Service Sector Appointment  
*Recommended Action: Discuss and provide direction to staff.*
23. San Gabriel Mountains National Monument Status – Page 119  
*Recommended Action: Discuss and provide direction to staff.*
24. AB 1669 (Friedman) – Page 129  
*Recommended Action: Discuss and provide direction to staff.*
25. AB 968 (Rubio) – Page 149  
*Recommended Action: Discuss and provide direction to staff.*

#### **PRESIDENT'S REPORT**

**5 MINUTES**

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

26. Oral Report  
*Recommended Action: For information.*

#### **EXECUTIVE DIRECTOR'S REPORT**

**5 MINUTES**

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

27. Oral Report  
*Recommended Action: For information.*

#### **GENERAL COUNSEL'S REPORT**

#### **COMMITTEE REPORTS**

**15 MINUTES**

**Transportation Committee**  
**Homelessness Committee**  
**Energy, Environment and Natural Resources Committee**

**Water Committee  
Ad Hoc Legislative Committee**

**PROJECT REPORTS** **10 MINUTES**  
**The ACE Project**  
**San Gabriel Valley Energy Wise Partnership**

**LIAISON REPORTS** **10 MINUTES**  
**Gold Line Foothill Extension Construction Authority**  
**San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy**  
**Southern California Association of Governments**  
**League of California Cities**  
**San Gabriel Valley Economic Partnership**  
**South Coast Air Quality Management District**

**BOARD MEMBER ITEMS**  
**ANNOUNCEMENTS**  
**ADJOURN**



**SGVCOG Governing Board Unapproved Minutes**

Date: April 20, 2017

Time: 6:00 PM

Location: USGVMWD (602 E. Huntington Drive, Monrovia)

**PRELIMINARY BUSINESS**

1. Call to Order  
President Cynthia Sternquist called the meeting to order at 6:14 p.m.
2. Pledge of Allegiance  
Cynthia Sternquist led the pledge.
3. Roll Call

**A quorum was in attendance.**

**Governing Board Members Present**

Alhambra	Barbara Messina
Arcadia	Sho Tay
Azusa	Angel Carrillo
Baldwin Park	Monica Garcia
Claremont	Joe Lyons
Covina	Peggy Delach
Diamond Bar	Nancy Lyons
Duarte	John Fasana
Glendora	Judy Nelson
La Verne	Tim Hepburn
Montebello	Vivian Romero
Monrovia	Becky Shevlin
Monterey Park	Teresa Real Sebastian
Pasadena	Terry Tornek
Pomona	Tim Sandoval
Rosemead	Margaret Clark
San Dimas	Denis Bertone
San Gabriel	Juli Costanzo
Sierra Madre	John Capoccia
South Pasadena	Diana Mahmud
Temple City	Cynthia Sternquist
West Covina	Corey Warshaw
LA County District 1	Rachel Barbosa
LA County District 4	Lauren Yokomizo
LA County District 5	Debra Mendelsohn
San Gabriel Water Districts	Anthony Fellow

**Absent**

Bradbury  
El Monte  
Industry  
Irwindale  
La Canada Flintridge  
La Puente  
San Marino  
South El Monte  
Walnut

**SGVCOG Staff**

Phil Hawkey, Executive Director  
Marisa Creter, Assistant Executive Director  
Dick Jones, General Counsel  
Christian Cruz, Staff  
Stefanie Hernandez, Staff  
Eric Wolf, Staff

4. Public Comment  
Phil Reyes commented on his organics solutions company in reference to Prop 64.
5. Changes to Agenda Order

**There was an emergency motion to add to the Agenda under item 19, consideration of Bill Huang, City of Pasadena, as the SGVCOG Measure H Planning Group alternate (M/S: J. Lyons/B. Shevlin).**

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

**PRESENTATIONS**

6. Recognition of Former President Gene Murabito and Former Vice-President Kevin Stapleton
7. Impact of Proposition 64 (Legalization of Recreational Marijuana)

**CONSENT CALENDAR**

8. Governing Board Meeting Minutes  
*Recommended Action: Adopt Governing Board minutes.*
  9. Monthly Cash Disbursements/Balances/Transfers  
*Recommended Action: Approve Monthly Cash Disbursements/Balances/Transfers.*
  10. ACE Board of Directors Minutes  
*Recommended Action: Receive and file.*
  11. ACE Monthly Report  
*Recommended Action: Receive and file.*
  12. Committee Attendance  
*Recommended Action: Receive and file.*
  13. SGVCOG Bylaws  
*Recommended Action: Adopt 8<sup>th</sup> Amended and Restated Bylaws*
  14. Letter of No Prejudice for Lemon Avenue/ SR-60 Project  
*Recommended Action: Request that the Metropolitan Transportation Authority (Metro) issue a “Letter of No Prejudice” for the early construction of a Measure M eligible project for new ramps at State Route 60 and Lemon Avenue.*
  15. SB 541 (Allen)  
*Recommended Action: Adopt Resolution 17-06 (17-11) in support of SB 541 (Allen)*
  16. AB 1180 (Holden)  
*Recommended Action: Adopt Resolution 17-07 in support of AB 1180 (Holden).*
  17. AB 346 (Daly & Brough)  
*Recommended Action: Adopt Resolution 17-08 in support of AB 346 (Daly & Brough).*
  18. SB 633 (Portantino)  
*Recommended Action: Adopt Resolution 17-09 in support of SB 633 (Portantino)*
- There was a motion to approve consent calendar items 8-18 (M/S: D. Bertone/J. Fasana).**

**[Motion Passed]**

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

**ACTION ITEMS**

19. Measure H Guiding Principles

**There was a motion to adopt Resolution 17-10 approving Measure H Guiding Principles (M/S: J. Fasana/T. Sandoval).**

**[Motion Passed]**

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

**There was a motion to approve Bill Huang, City of Pasadena, as the SGVCOG Measure H Planning Group alternate. (M/S: J. Lyons/M. Clark).**

**[Motion Passed]**

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

20. Measure M Draft Guidelines

**There was a motion to recommend Governing Board send comment letter regarding draft guidelines. (M/S: J. Fasana/C. Warshaw).**

**[Motion Passed]**

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

21. SB 231 (Hertzberg)

**There was a motion to oppose SB231. (M/S: J. Capoccia/N. Lyons).**

**[Motion Passed]**

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

## **PRESIDENT'S REPORT**

- 22. Oral Report  
No report given
- 23. Call for Nominations

## **EXECUTIVE DIRECTOR'S REPORT**

- 24. Oral Report
- 25. Draft FY 17-18 Budget  
M. Creter reported on this item.
- 26. Caltrans Audit  
P. Hawkey discussed the Caltrans pre-award audit and commented on CCA and city participation.

## **GENERAL COUNSEL'S REPORT**

No report given

## **COMMITTEE REPORTS**

### **Transportation Committee**

J. Fasana reported on this item.

### **Homelessness Committee**

J. Lyons reported on this item.

### **Energy, Environment and Natural Resources Committee**

D. Bertone reported on this item.

### **Water Committee**

D. Mahmud, J. Nelson, and P. Hawkey reported on this item.

### **ACE / Large Capital Projects Ad Hoc Committee**

No report given.

### **Ad Hoc Legislative Committee**

M. Clark reported on this item.

## **PROJECT REPORTS**

### **The ACE Project**

M. Christoffels.

### **San Gabriel Valley Energy Wise Partnership**

M. Creter reported on this item.

## **LIAISON REPORTS**

### **Gold Line Foothill Extension Construction Authority**

No report given.

### **San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy**

D. Bertone reported on this item.

### **Southern California Association of Government**

J. Cartagena reported on SB 1, SCAG General Assembly, and Go Human Campaign launch.

### **San Gabriel Valley Economic Partnership**

No report given.

### **South Coast Air Quality Management District**

M. Cacciotti reported on this item.

## **BOARD MEMBER ITEMS**

### **ANNOUNCEMENTS**

C. Warshaw reported on Foothill Transit proposed fare structure.

### **ADJOURN**

President Cynthia Sternquist adjourned at 8:18 p.m.

**SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS**  
**Selected Asset Account Balances**  
**As of April 30, 2017**

Account Name	Balance 3/31/2017	Increase	Decrease	Net Change	Balance 3/31/17
CBB - Checking	\$ 579,858	\$ 63,771	\$ 82,123	\$ (18,352)	\$ 561,507
CBB- 242-034-325 CD	\$ 55,549			\$ -	\$ 55,549
CBB - 2766 Savings	\$ 1,587			\$ -	\$ 1,587
CBB -242-034-953 CD	\$ 54,782			\$ -	\$ 54,782
Petty Cash	\$ 400			\$ -	\$ 400
LAIF	\$ 229,395	\$ 439		\$ 439	\$ 229,834
LAIF Maket Value	\$ 86			\$ -	\$ 86
Member Receivable	\$ -			\$ -	\$ -
Grants/Contracts Receivable	\$ 90,451	\$ 7,589	\$ 52,244	\$ (44,655)	\$ 45,796
Sponsorships Receivable	\$ 25			\$ -	\$ 25
Rental Deposits Receivable	\$ 215			\$ -	\$ 215
Receivables - Other	\$ -	\$ -		\$ -	\$ -
	<b>\$ 1,012,348</b>	<b>\$ 71,799</b>	<b>\$ 134,367</b>	<b>\$ (62,568)</b>	<b>\$ 949,780</b>

SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

Disbursements Report

April 2017

Transaction Date	Number/Reference	Vendor Name	Description	Amount
4/4/2017	9397	Artin Baghkhonian	Mileage Reimbursement for Mar'17	43.07
4/4/2017	9398	Elite-TRC-Alhambra Community	Rent - May'17	6,198.45
4/4/2017	9399	Vantagepoint Transfer Agents	ICMA-457 Payment (PE 3/31/17)	68.26
4/4/2017	9400	Kaiser Permanente Health Pla	Dues for May'17	669.89
4/4/2017	9401	PLIC-SBD GRAND ISLAND	Dues for Apr'17	173.49
4/11/2017	9402	Kelsey Zurcher	Mileage Reimbursement for Mar'17	35.60
4/11/2017	EFT	Citi Card	Citi Card Payment	3,709.30
4/14/2017	EFT	Paychex	Payroll Period Ending 4/14/17	33,583.61
4/14/2017	EFT	Paychex	Payroll Processing Fee Apr'17	40.00
4/18/2017	9403	Alameda Corridor East Constr	Reimbursement for CALPERS (PE 3/31/17, 4/14/17)	4,349.43
4/18/2017	9404	Image IV Systems	Copy Machine Rental Apr'17	890.46
4/18/2017	9405	Jones & Mayer	Retainer Legal Services for Mar'17	2,083.33
4/18/2017	9406	Mary Lou Echternach	Board Support for Mar'17	8,840.83
4/18/2017	9407	Proforma Quality Printing	Business Card (P. Duyshart)	43.36
4/18/2017	9408	RMR Awards	Plaques (Murabito & Stapleton)	216.41
4/18/2017	9409	Vantagepoint Transfer Agents	ICMA-457 Payment (PE 4/14/17)	86.26
4/18/2017	9410	Peter Duyshart	Mileage Reimbursement for Mar'17	43.44
4/24/2017	EFT	Spectrum Business	Internet Provider	125.00
4/25/2017	9411	Athena Parking (Alhambra)	Monthly Parking for May'17	375.00
4/25/2017	9412	Philip A. Hawkey	Travel Expenses for Mar'17	356.11
4/28/2017	EFT	Paychex	Payroll Period Ending 4/28/17	20,191.68
			<b>Total April 2017 Disbursements</b>	<b>\$ 82,122.98</b>



# Alameda Corridor-East Construction Authority

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

## ACE Construction Authority Board of Directors Meeting March 27, 2017 Minutes

Chairperson Costanzo called the meeting of the Board of Directors of the Alameda Corridor-East Construction Authority to order at 1:00PM at the San Gabriel City Hall Council Chambers.

1. Pledge of Alliance – Member Hadjinian led the pledge of allegiance.
2. Roll Call: Chairperson Costanzo welcomed the Board to San Gabriel.

In attendance was:

Juli Costanzo, San Gabriel, Chair  
Victoria Martinez, El Monte, Vice Chair  
Jack Hadjinian, Montebello  
Barbara Messina, SGVCOG

Staff:

Mark Christoffels, CEO  
Gregory Murphy, Burke, Williams & Sorensen, legal counsel  
Amy Hanson  
Cecilia Cardenas  
Charles Tsang  
Genichi Kanow  
Paul Hubler  
Phil Balmeo  
Rachel Korkos  
Ricky Choi  
Victoria Butler

Guests:

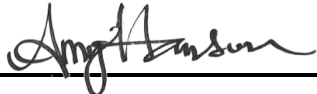
Charlie Nakamoto, Jacobs  
Clem Calvillo, City of Industry  
Cynthia Sternquist, Temple City  
Hank Fung, LA County  
Joshua Nelson, City of Industry  
Phil Hawkey, SGVCOG

3. Public Comments – There were no public comments
4. Approval of February 27, 2017 Board meeting minutes – A motion was made by member Martinez and seconded by member Messina to approve the February 27, 2017 regular Board meeting minutes.

M/S/C/Martinez/Messina

5. Chairman Remarks – Chairperson Costanzo thanked staff for their efforts toward arranging meetings with legislative representatives in Washington DC.
6. Board Member Comments – Member Hadjinian expressed his apologies for missing the trip to Washington DC.

7. Chief Executive Officer's Report – Mr. Christoffels indicated that the California Transportation Committee has recently authorized a portion of \$2.2 million in funding to be released which couple be a vital souse of funding for ACE. He gave an update on Board Member Solis' request at last month's meeting for ACE to look into the possibility of entering into project labor agreements. Mr. Christoffels stated that he has various meetings scheduled with local Union representatives to discuss the options.
8. Construction Progress Reports – Charles Tsang reviews progress photos of the Fairway Drive grade separation project. Victoria Butler reviews project progress photos of the Fullerton Road grade separation project. Genichi Kanow reviews project progress photos of the Puente Avenue grade separation project. Phil Balmeo reviewed project progress photos of the San Gabriel Trench project.
9. Approval of Closeout of Construction Contract with Griffith Company and Acceptance of Nogales Street Grade Separation Project as Complete – Mr. Christoffels reported that the contractor has completed the majority of the project. He indicated that a small punch list of items still need to be completed but that the approval of this item is to allow staff to release the bonds and insurance once the project has been completed.  
Joshua Nelson, Contract Deputy Engineer from the City of Industry addressed the Board. He reported that the City of Industry is pleased with the outcome of the project and are very close to accepting the project as complete.  
A motion was made my member Martinez and seconded by member Messina to approve the closeout of construction contract with Griffith Company and accept the Nogales Street grade separation project as complete.  
  
M/S/C/Martinez/Messina/Unanimous
10. Presentation of ACE Procedures for Procurement of Construction Contracts – Mr. Christoffels gave a brief presentation on the process of procuring construction contracts. A motion was made by member Hadjinian and seconded by member Martinez to receive and file the presentation of ACE procedures for procurement of construction contracts.  
  
M/S/C/Hadjinian/Martinez/Unanimous
18. Closed Session – Legal Counsel announced that the Board would adjourn to closed session in accordance with Government Code Section 54956 to discuss pending litigation: LA Superior Court Case No. BC 608839 AVE vs. the heirs and devisees of Bernardo S. Sanchez, deceased, trustee of the Sanchez Family trust dates July 27, 2000, and all persons claiming by, though or under said decedent; et al. The Board returned to open session and legal counsel announced that the Board gave unanimous direction to settle on specified terms. The settlement will be in the form of a stipulated judgment approved by the court and can be made public after the court has approved.
17. Adjournment – The meeting was adjourned at 2:01PM in memory of Bonnie Jimenez, one of ACE's original Board members representing the city of El Monte, and in memory of Richard Beatie, brother of Board Chair Costanzo.

X 

Amy Hanson  
Assistant to the Clerk of the Board



## Alameda Corridor-East Construction Authority

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

MEMO TO: SGVCOG Governing Board Members & Alternates

FROM: Juli Costanzo, Chair

DATE: May 4, 2017

SUBJECT: Monthly Report

The following are items of note since the last meeting:

Federal Funding – U.S. Transportation Secretary Elaine Chao has announced that the Trump Administration will unveil a 10-year infrastructure plan possibly as early as this month. During her confirmation hearing, Secretary Chao stated that the plan would include direct federal funding for transportation infrastructure beyond the funding authorized in the five-year Fixing America's Surface Transportation ("**FAST**") Act adopted in late 2015. Staff will continue to monitor developments for potential funding opportunities.

Project Labor Agreements – **Staff is continuing to follow up on Board Member Solis'** request to explore the possibility of ACE incorporating the use of Project Labor Agreements (PLA) on future projects. Staff recently met with Ron Miller representing the Los Angeles and Orange Counties Building and Construction Trades Council. Mr. Miller indicated he would consult with the represented unions and determine if there is an interest in working with ACE on a PLA. Staff will follow up accordingly and report back when adequate information is available.

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

- Distributed construction alert notices regarding repaving work on Agostino Road and Main Street for the San Gabriel Trench project; and
- Conducted ongoing community outreach and support activities for the San Gabriel Trench, Puente Avenue, Fairway Drive and Fullerton Road grade separation projects.



**Governing Board  
FY 2016-17**

	2016						2017					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
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	✓				✓					✓		
Pasadena	✓			✓	✓		✓		✓	✓		
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	✓				✓		✓	✓		✓		
SGV Water Agencies				✓	✓		✓	✓	✓	✓		

**Major Action Items and Presentations**

***July***

- SCE Rolling Blackouts
- Conflict of Interest Code
- WRDA (S 2848 and HR 5303)
- AJR 44

**Governing Board**  
**FY 2016-17**

WOTUS Challenge Amicus Brief  
Metro Measure M

***September***

LA Impact  
SCE Coordination with Cities  
Modification of ACE Phase II Project  
LA County Parks Measure  
4th Quarter Financial Report  
FY 16-17 Budget Amendment #1

***October***

LACCE Letter of Support/Comment  
SG National Monuments Draft EA  
Puente Hills Regional Park LOS  
Financial Policies

***November***

Adopt SGVCOG Stormwater Policy  
Measure M Next Steps  
Closed Session: Executive Director position

***January***

LA County Drought Resiliency Appointment  
Los Angeles County Homeless Advisory Council  
Homeless Committee Policy and Workplan  
Approval of San Gabriel Valley Energy Wise MA Position  
Authorization to Participate in LACCE JPA Negotiations  
Formation of Ad Hoc Legislative Committee  
Stormwater Legislative Priorities

***February***

Amendment to ACE's FY 206-17 Budget  
Comment Letter on Statewide Housing Assesment  
LOS for Appointmnet to SWRCB  
Measure H Revenue Planning Process Group  
2nd Quarter Financial Report  
FY 2016-17 Budget Amendment #2  
Appointments to Ad Hoc Legislative Committee  
Approval of ACE/Large Capital Projects Committee Report  
Support for Measure H

***March***

FY 2015-16 Financial Audit Report  
Strategic Plan Update  
Adopt Measue M Guiding Principles  
LOS for AB 589

***April***

Measure H Guiding Principles  
Measure M Draft Guidelines  
SB 231 (Hertzberg)

**Transportation Committee Attendance  
FY 2015-16**

	2016						2017					
	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			✓	✓	✓		✓	✓				
Monterey Park				✓	✓							
Rosemead			✓									
San Gabriel					✓					✓		
South El Monte			✓		✓		✓	✓				
South Pasadena			✓	✓	✓		✓	✓	✓	✓		
Temple City			✓							✓		
Walnut					✓		✓	✓	✓	✓		

**Agenda Topics**

***September***

- Highway 39 Completion
- Regional Quiet Zone Development Efforts
- Election of Chair and Vice-Chair

***October***

- SG Mountains National Monument Access Planning Efforts
- Pilot Study of Subsidized Ridesharing at Transit Stations
- BFBD Pilot
- SCAG Sustainability Planning Grants

***November***

- Bike SGV
- Measure M next steps

***January***

- CV Link
- Metro ExpressLanes
- LRTP Update

***February***

- Measure M Policy Guidelines
- SCAG Sustainability Planning Grants
- Metro Goods Movement Update

***March***

- Measure M Guiding Principles
- LA County Vision Zero
- East Side Transit Corridor Phase II

***April***

- Metro Bike Share

**Transportation Committee Attendance  
FY 2015-16**

626 Golden Streets Recap

**Reminder:** If a member agency misses more than three consecutive committee meetings, the agency must request reappointment by the Governing Board.

**EENR Committee Attendance  
2016-2017**

	2016						2017					
	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**

LA County Marks Measure

**September**

SG Mountains National Monument Draft Environmental Assessment

Community Choice Aggregation

**October**

Mandatory Organics

AB 45

Puente Hillss Regional Park

Leg Recap

**November**

Emerald Necklace

Climate Resolve

**January**

Regional Organics

Mosquito and Vector Control

**February**

San Gabriel Canyons Improvement Project

Clean Water through oysters

**March**

Measure A

Aliso Canyon Facility Update

**April**

Easy Program Evaluation

SCE Charge Ready Program

**Homelessness Committee Attendance  
FY 2016-2017**

	2016						2017					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Baldwin Park	✓	✓	✓		✓		✓	✓		✓		
Claremont	✓		✓	✓			✓		✓	✓		
Covina	✓	✓	✓				✓		✓			
Monrovia	✓	✓	✓	✓			✓	✓		✓		
Pasadena		✓	✓		✓		✓		✓			
Pomona	✓	✓					✓	✓	✓	✓		
Rosemead	✓		✓	✓			✓		✓			
San Gabriel	✓	✓			✓		✓					
South El Monte		✓	✓									
West Covina	✓	✓	✓	✓			✓		✓	✓		
LA County Dist 1	✓	✓	✓	✓			✓	✓		✓		
Water Districts	✓		✓				✓		✓			
TVMWD	✓		✓									

**Agenda Topics**

**July**

- Urban Harvester
- LA County Homeless Initiative

**August**

- SGV Homeless Fundraiser
- Lions Gate Transitional Living Centers

**September**

- Claremont Homeless Advocacy Program
- Vets Advocacy West LA

**October**

- Azusa PD Homeless Task Force
- LA County Sheriffs COPS unit
- Claremont Human Services

**November**

- Homeless Committee Work Plan
- Tour of Mar Vista Apartments

**January**

- Homeless Committee Work Plan
- LA County 1/4 Cent Measure
- LA Regional Homelessness Advisory Council

**February**

- El Monte Veterans Affordable Housing
- Pomona Homeless Plan

**March**

- Measure H Guiding Principles
- Pomona Homeless Plan regional implementation
- Real Change Movement
- Hathaway-Sycamores Youth CES

**April**

- Measure H Comment Letter
- Union Station CES

**Water Policy Committee  
2016-2017 Attendance**

	2016						2017					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Claremont	✓			✓	✓	✓	✓	✓				
Diamond Bar		✓	✓		✓			✓		✓		
Glendora	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Monrovia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Rosemead	✓	✓	✓	✓		✓	✓	✓		✓		
Sierra Madre	✓		✓	✓	✓	✓	✓	✓	✓	✓		
South Pasadena	✓	✓	✓	✓	✓	✓	✓	✓	✓			

**Agenda Topics**

***July (Joint Meeting with Water TAC)***

- Elections
- Legislative Update
- RWQCB Update
- Stormwater Subcommittee Update
- Litigation Update

***August (Joint Meeting with Water TAC)***

- SB 1298
- Legislative Update
- RWQCB Update
- Stormwater Subcommittee Update

***September (Joint Meeting with Water TAC)***

- Legislative Update
- Litigation Update
- RWQCB Update
- Stormwater Subcommittee Update

***October (Joint Meeting with Water TAC)***

- Presentation: CA Water Fix
- Legislative Update
- Litigation Update
- RWQCB Update
- Stormwater Policy

***November (Joint Meeting with Water TAC)***

- Presentation: SB 485
- Presentation: SG Basin Groundwater
- RWQCB Update
- Legislative Update

***December (Joint Meeting with Water TAC)***

- Establish Stormwater Outreach Team
- Establish Stormwater Legislative Priorities
- RWQCB Update
- Election 2016 updates

***January (Joint Meeting with Water TAC)***

- Rio Hondo/San Gabriel River EWMP Presentation
- Establish Stormwater Legislative Priorities

**Water Policy Committee  
2016-2017 Attendance**

Urban Greening Grants  
Stormwater Outreach Updates  
Litigation Update  
**February (Joint Meeting with Water TAC)**  
Letter of Support: Irma Munoz to SWQCB  
    Revisions to 303(d) listing  
Stormwater Outreach: Sacramento trip  
Legislative Update  
Water Supply Update: Chapman presentation  
**March (Joint Meeting with Water TAC)**  
support for SB 589, SB 541, AB 1180  
    Stormwater Outreach: Sacramento, D.C.  
303(d) listing  
Regulatory Update  
water supply update  
**April (Joint Meeting with Water TAC)**  
support for SB 633  
    opposition to SB 231  
WOTUS rule rewrite  
303(d) listing  
County Water Resiliency

**City Managers' Steering Committee Attendance  
FY 2016-17**

	2016						2017					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Arcadia	✓		✓	✓	✓	✓	✓					
Baldwin Park	✓		✓	✓	✓	✓	✓	✓	✓			
Claremont	✓			✓	✓		✓	✓	✓			
Diamond Bar				✓		✓	✓	✓	✓			
Duarte	✓		✓	✓	✓				✓			
Glendora	✓		✓	✓	✓	✓	✓	✓	✓			
La Canada Flintridge	✓			✓	✓				✓			
La Verne	✓		✓	✓	✓	✓	✓	✓	✓			
Monrovia												
Monterey Park	✓		✓	✓								
Pomona						✓	✓	✓				
South Pasadena	✓		✓	✓			✓		✓			
Temple City	✓			✓			✓	✓	✓			
West Covina				✓	✓	✓			✓			

**Agenda Topics**

**July**

- SCE Rolling Blackouts
- Metro Measure M
- County Parks Measure

**September**

- SCE Coordination with Cities
- Metrolink Coordination with Cities
- 4th Quarter Financial Report
- SB 1298
- FY 2016-17 Budget Amendment

**October**

- LA Impact
- SGVCOG Financial Policies

**November**

- LAHSA Homeless Count
- Quarterly Financial Report
- Budget Amendment #1
- Stormwater Policy

**December**

- Metro Bike Share
- Performance Benchmark Study
- ACE Ad Hoc Committee Update
- Regional Quiet Zone update

**January**

- ACE Ad Hoc Committee Draft Report
- SGVCOG Office Lease

**February**

- Measure H

**City Managers' Steering Committee Attendance  
FY 2016-17**

Budget Amendment #2  
ACE Ad Hoc Committee Report  
LACCE

***March***

SCE Coordination with Cities  
LACDPW Coordination  
SGVCOG Strategic Plan Update  
ACE Ad Hoc Committee Next Steps  
Transportation Planner/Program Manager

**Planning TAC Attendance  
FY 2016-17**

	2016						2017					
	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												
LaVerne									✓	✓		
Monrovia		✓		✓		✓	✓					
Monterey Park		✓	✓	✓		✓	✓		✓	✓		
Pasadena												
Pomona		✓								✓		
Rosemead			✓	✓		✓		✓		✓		
San Dimas		✓	✓	✓		✓	✓	✓	✓	✓		
San Gabriel		✓	✓	✓			✓	✓		✓		
Sierra Madre		✓	✓					✓		✓		
South Pasadena			✓				✓		✓	✓		
Temple City		✓					✓		✓	✓		
Walnut												
West Covina		✓	✓			✓		✓	✓	✓		

**Agenda Topics**

**August**

- Elections
- Legislative Update
- Wireless Siting

**September**

- SCAG Sustainability Grant presentation
- Duarte Town Center presentation
- Joint PW/Planners PIWG

**October**

- Joint PW/Planners PIWG
- SGVCOG Housing
- Future Visioning

**December**

- Housing
- Marijuana
- GHG Impact by Transit Mode

**January**

- Housing
- Future Trends

**Planning TAC Attendance  
FY 2016-17**

Measure M

***February***

Model Drone Ordinance

Housing

Measure M

***March***

Affordable Housing Presentation

Drone follow up

Measure M

Future Trends

***April***

Measure M

SB 649: wireless telecommunications

Future Visioning

**Public Works TAC Attendance  
FY 2016-17**

	2016						2017					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra												
Arcadia			✓	✓			✓	✓	✓			
Azusa			✓	✓	✓		✓	✓	✓	✓		
Claremont				✓				✓	✓			
Diamond Bar			✓	✓	✓		✓	✓	✓	✓		
Duarte												
El Monte			✓						✓	✓		
Irwindale			✓	✓	✓		✓	✓		✓		
Monrovia					✓		✓	✓	✓	✓		
Pasadena			✓	✓	✓		✓	✓		✓		
Pomona			✓	✓	✓		✓	✓	✓	✓		
San Dimas			✓	✓	✓		✓	✓	✓	✓		
West Covina				✓	✓		✓	✓	✓	✓		
LA County			✓	✓	✓		✓	✓	✓	✓		

**Agenda Topics**

**September:**

- ITS FIRST presentation
- PW TAC bank account
- ACE Ad Hoc committee update
- Joint PW/Planning PIWG concept

**October**

- METRO Complete Streets
- CCE
- SGVCOG Stormwater Policy
- Joint PW/Planning PIWG concept

**November**

- Aliso Canyon Gas Wells update
- METRO Complete Streets
- Stormwater Policy

**January**

- Envision Sustainability planning tool
- Urban Greening grant program
- Fastlane grant
- ACE Ad Hoc committee update

**February**

- Metro LRTP
- CA Conservation Corps
- Measure M
- ACE Ad Hoc committee update

**March**

- Vision Zero
- Measure M
- Urban Greening grant program
- LACCE

**April**

**Public Works TAC Attendance  
FY 2016-17**

Measure M  
SB 649: Wireless Telecommunications  
Future Visioning

**Water TAC Attendance  
FY 2016-17**

	2016						2017					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Arcadia	✓	✓	✓	✓				✓	✓	✓		
Covina												
Monrovia		✓	✓	✓	✓	✓	✓	✓	✓	✓		
Sierra Madre	✓	✓	✓		✓	✓	✓	✓	✓	✓		
LA County DPW	✓	✓	✓	✓		✓	✓	✓	✓	✓		
Upper San Gabriel Valley Municipal Water District	✓		✓	✓	✓	✓	✓	✓	✓	✓		
<i>Ex-Officio</i>												
Foothill MWD												
LA County Sanitation Districts		✓	✓	✓	✓	✓	✓	✓	✓			
Main San Gabriel Basin Watermaster	✓	✓	✓		✓	✓	✓	✓	✓	✓		

**Agenda Topics**

***July (Joint Meeting with Water TAC)***

- Elections
- Legislative Update
- RWQCB Update
- Stormwater Subcommittee Update
- Litigation Update

***August (Joint Meeting with Water TAC)***

- SB 1298
- Legislative Update
- RWQCB Update
- Stormwater Subcommittee Update

***September (Joint Meeting with Water TAC)***

- Legislative Update
- Litigation Update
- RWQCB Update
- Stormwater Subcommittee Update

***October (Joint Meeting with Water TAC)***

Presentation: CA Water Fix

- Legislative Update
- Litigation Update
- RWQCB Update
- Stormwater Policy

***November (Joint Meeting with Water TAC)***

Presentation: SB 485

- Presentation: SG Basin Groundwater
- RWQCB Update
- Legislative Update

***December (Joint Meeting with Water TAC)***

Establish Stormwater Outreach Team

- Establish Stormwater Legislative Priorities

**Water TAC Attendance  
FY 2016-17**

RWQCB Update  
Election 2016 updates  
MSGB Resource Development Fee update  
**January (Joint Meeting with Water TAC)**  
Rio Hondo/San Gabriel River EWMP Presentation  
    Establish Stormwater Legislative Priorities  
Urban Greening Grants  
Stormwater Outreach Updates  
Litigation Update  
**February (Joint Meeting with Water TAC)**  
Letter of Support: Irma Munoz to SWQCB  
    Revisions to 303(d) listing  
Stormwater Outreach: Sacramento trip  
Legislative Update  
Water Supply Update: Chapman presentation  
**March (Joint Meeting with Water TAC)**  
support for SB 589, SB 541, AB 1180  
    Stormwater Outreach: Sacramento, D.C.  
303(d) listing  
Regulatory Update  
water supply update  
**April (Joint Meeting with Water TAC)**  
support for SB 633  
    opposition to SB 231  
WOTUS rule rewrite  
303(d) listing  
County Water Resiliency

DATE: May 18, 2017

TO: Governing Board Delegates and Alternates

FROM: Phil Hawkey, Executive Director

RE: **SGVCOG COMMITTEE APPOINTMENTS**

## **RECOMMENDED ACTION**

Appoint members to the following SGVCOG Policy and Technical Advisory Committees (TACs): Transportation Committee; Homelessness Committee; Water Committee; Energy, Environment, and Natural Resources (EENR) Committee; Transportation TAC; Planners TAC; Public Works TAC; and Water TAC.

## **BACKGROUND**

In 2007, the SGVCOG adopted a policy whereby all committee appointments would be reviewed and renewed on annual basis. This was intended to encourage attendance by committee members as well as to inform new board members about opportunities to participate on the SGVCOG's various committees.

The SGVCOG policy and ad hoc committees serve as forums to present and discuss issues relevant to the SGVCOG as well as make policy recommendations to the SGVCOG Governing Board. The SGVCOG policy committees meet regularly, typically every month. Other Ad Hoc Committees are formed on an as needed basis. According to SGVCOG by-laws a city's Governing Board Representative or Alternate, city manager or city or County staff members may serve as the representative or alternate on SGVCOG policy and ad hoc committees. Cities may have both a representative and alternate for each committee; however, each city is allowed only one vote.

## **APPOINTMENTS**

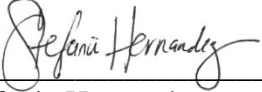
Individuals that are interested in being appointed to any of the SGVCOG's committees for FY 16-17 were required to submit their names in writing to the SGVCOG offices. To date, the following nominations have been received:


- ***Transportation Committee:*** Alhambra, Claremont, Diamond Bar, Duarte, El Monte, Glendora, La Canada Flintridge, South El Monte, South Pasadena, Walnut, LA County District #1, LA District # 5
- ***EENR:*** Claremont, Duarte, Glendora, Rosemead, San Dimas, Sierra Madre, South Pasadena, West Covina
- ***Homelessness:*** Baldwin Park, Claremont, Covina, Monrovia, Pasadena, Pomona, Rosemead, San Gabriel, South El Monte, West Covina, LA County District 1,
- ***Water:*** Claremont, Diamond Bar, Glendora, Monrovia, Rosemead, Sierra Madre, South Pasadena

# REPORT

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- **Transportation TAC:** Alhambra, Arcadia, Claremont, Diamond Bar, Industry, La Puente, Pasadena, Pomona, San Dimas, San Gabriel, South Pasadena, LA County District 1, LA County District 5
- **Planners TAC:** Alhambra, Arcadia, Baldwin Park, Claremont, Covina, Diamond Bar, Duarte, El Monte, Glendora, La Verne, Monrovia, Monterey Park, Rosemead, San Dimas, San Gabriel, Sierra Madre, South Pasadena, Temple City, West Covina
- **Public Works TAC:** Arcadia, Azusa, Claremont, Diamond Bar, El Monte, Irwindale, Monrovia, Pasadena, Pomona, San Dimas, West Covina, LA County DPW
- **Water TAC:** Alhambra, Arcadia, Monrovia, Sierra Madre, LA County DPW, Upper San Gabriel Valley Municipal Water District

Prepared by:   
Stefanie Hernandez  
Project Assistant

Approved by:   
Marisa Creter  
Assistant Executive Director

DATE: May 18, 2017

TO: Governing Board Delegates and Alternates

FROM: Phil Hawkey, Executive Director

RE: **SGVCOG APPOINTMENT TO FOOTHILL GOLD LINE  
CONSTRUCTION AUTHORITY BOARD OF DIRECTORS**

## **RECOMMENDED ACTION**

Appoint Sam Pedroza (Claremont) to serve as SGVCOG's delegate and Tim Sandoval (Pomona) to serve as the SGVCOG's alternate on the Foothill Gold Line Construction Authority Board of Directors for the term of July 1, 2017 through June 30, 2018.

## **BACKGROUND**

In 1999, SB 1847 (Schiff) was passed, forming the Foothill Gold Line Construction Authority. The Authority was charged with overseeing the design and construction of a 38-mile light rail line between downtown Los Angeles to Montclair. The legislation provided for a Board of Directors to oversee this project. This Board was comprised of stakeholders from the project's geographic included following five voting members:

- 1 representative of the San Gabriel Valley Council of Governments
- 1 representative of the Metropolitan Transportation Authority
- 1 representative of the City of Pasadena
- 1 representative of the City of Los Angeles
- 1 representative of the City of South Pasadena

Once the first phase of this project (Los Angeles to Pasadena) was completed, this governance structure was modified to allow for the representation of the new Phase 2 cities. This change centered around the cities of Pasadena and South Pasadena's seats.

## **APPOINTMENT**

In April, the SGVCOG issued to call for nominations for the SGVCOG representative on the Metro Gold Line Construction Authority Board of Directors. Sam Pedroza (Claremont) currently serves as the SGVCOG's representative.

As of the deadline, one nomination for delegate, Sam Pedroza (Claremont), and one nomination for alternate, Tim Sandoval (Pomona) were received. As per SGVCOG policy, only nominations received prior to the deadline will be considered. Given that only a single nomination for each position was received, no election will be held and both appointments will be confirmed at the May Governing Board meeting.

# REPORT

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Prepared by: Marisa Creter  
Marisa Creter  
Assistant Executive Director

Approved by: Phil Hawkey  
Phil Hawkey  
Executive Director

# REPORT

DATE: May 18, 2017  
TO: Governing Board Delegates and Alternates  
FROM: Phil Hawkey, Executive Director  
RE: **SGVCOG APPOINTMENT TO THE LOS ANGELES COUNTY DIVISION  
OF THE LEAGUE OF CALIFORNIA CITIES**

## **RECOMMENDATION**

Appoint Sam Pedroza (Claremont) to serve as the SGVCOG representative to the Los Angeles County Division of the League of California Cities.

## **BACKGROUND**

The League of California Cities, Los Angeles County Division, has a thirteen member Executive Board, comprised of the following representatives: President, Vice President, Treasurer and Secretary, State Legislative Director and one representative from each of the six Council of Governments in the Division's boundaries.

The duties and responsibilities for this appointment involves participation in a monthly conference call with the Executive Committee members to review League matters and subsequent attendance at the League's monthly dinner meeting held the first Thursday of every month. There is no compensation paid for this appointment.

## **APPOINTMENT**

In April, the SGVCOG released a call for nominations for the SGVCOG representative for the League of California Cities Los Angeles County Division. Sam Pedroza (Claremont) currently serves as the SGVCOG's representative.

As of the deadline, only one nomination, Sam Pedroza (Claremont), was received for the position. As per SGVCOG policy, only nominations received prior to the deadline will be considered. Given that only a single nomination was received for the position of Representative, no election will be held and Sam Pedroza will be appointed as the Representative by the Governing Board in May.

Prepared by: Marisa Creter  
Marisa Creter  
Assistant Executive Director

Approved by: Phil Hawkey  
Phil Hawkey  
Executive Director



# REPORT

DATE: May 18, 2017

TO: Governing Board Delegates and Alternates

FROM: Phil Hawkey, Executive Director

RE: **SGVCOG REPRESENTATIVE TO RMC BOARD OF DIRECTORS (RIVERS REPRESENTATIVE)**

## RECOMMENDED ACTION

Appoint Margaret Clark of Rosemead as the Rivers cities representative on the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC) Board of Directors. The term of office shall be for a two-year period commencing June 2017.

## BACKGROUND

The San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy was created in 2000 as the result of SGVCOG sponsored legislation (SB 216 - Solis). The purpose of the RMC is to oversee the restoration of the San Gabriel and Lower Los Angeles Rivers and their tributaries in the San Gabriel Valley, Southeast Los Angeles County and Northwest Orange County.

Three seats are allocated to SGVCOG and are divided between the rivers and the foothills. The seat currently up for appointment, the Rivers seat, represents cities bordering the San Gabriel River and its tributaries and is filled at the sole discretion of the SGVCOG Board and must be done by formal Board action. Below is a list of cities which border on the San Gabriel River and/or its tributaries; only SGVCOG Governing Delegates from these cities are eligible for this position:

- Alhambra
- Arcadia
- Azusa
- Baldwin Park
- Claremont
- Covina
- Diamond Bar
- Duarte
- El Monte
- Glendora
- Industry
- Irwindale
- La Puente
- Monrovia
- Montebello
- Monterey Park
- Pomona
- Rosemead
- San Dimas
- San Gabriel
- San Marino
- Sierra Madre
- South El Monte
- Walnut
- West Covina

## APPOINTMENT

In April, the SGVCOG released a call for nominations to serve in this position. In response to this solicitation, only one nomination, from Margaret Clark (Rosemead), was received. As is Board policy, no additional nominations will be accepted after the nominations period has closed.

Prepared by: *Mariisa Creter*  
Mariisa Creter  
Assistant Executive Director

Approved by: *Phil Hawkey*  
Phil Hawkey  
Executive Director



# REPORT

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DATE: May 1, 2017

TO: City Managers' Steering Committee  
Executive Committee  
Governing Board Delegates and Alternates

FROM: Phil Hawkey, Executive Director

RE: **FY 2016-17 3<sup>RD</sup> QUARTER FINANCIAL AND INVESTMENT REPORT**

## **RECOMMENDED ACTION**

Receive and file.

## **BACKGROUND**

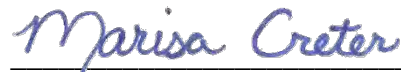
Attachment A is the SGVCOG's FY 2016-17 3<sup>rd</sup> Quarter Financial and Investment Report. This includes additional detailed reporting that was recommended by the SGVCOG's Treasurer. Attachment B is ACE's 3<sup>rd</sup> Quarter Financial and Investment Report. Both reports were prepared by ACE staff, who now manages the SGVCOG's finances.

Prepared by:



Carlos Monroy  
Director of Finance, ACE

Approved by:



Marisa Creter  
Assistant Executive Director

## **ATTACHMENTS**

Attachment A – FY 2016-17 3<sup>rd</sup> Quarter Financial Report  
Attachment B- ACE 3<sup>rd</sup> Quarter Financial and Investment Report

## SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

FY 2017 3rd Quarter Budget Report

As of March 31, 2017

	General Fund	Transportation	SGVEWP / Strategic Plan	CEESP Phase 3	Jan/17 - Mar/17 Actual	FY 2017 Budget	% of Budget
<b>1 General Operating Income</b>							
2 Member Dues	\$ 500,602	\$ 54,455	\$ -	\$ -	\$ 555,057	\$ 745,909	74%
3 Sponsorships	12,551	-	-	-	12,551	12,551	100%
4 Hero Revenue	10,531	-	-	-	10,531	12,000	88%
5 Miscellaneous Revenue	-	1,717	-	-	1,717	13,146	13%
6 Interest	821	-	-	-	821	1,000	82%
7 <i>Total General Operating Income</i>	524,505	56,172	-	-	580,677	784,606	74%
<b>8 Grants &amp; Special Project Income</b>							
9 MTA Consultant	-	66,361	-	-	66,361	88,413	75%
10 Energy Wise (SGVEWP) - Gas	-	-	81,190	-	81,190	100,000	81%
11 Energy Wise (SGVEWP) - Edison	-	-	112,390	-	112,390	109,000	103%
12 SCE CEESP Phase 3 Grant	-	-	-	15,846	15,846	15,846	100%
13 Strategic Plan Grant - SGVEWP	-	-	7,417	-	7,417	40,000	19%
14 <i>Total Grants &amp; Special Project Income</i>	-	66,361	200,996	15,846	283,204	353,259	80%
<b>15 Total Income</b>	<b>524,505</b>	<b>122,533</b>	<b>200,996</b>	<b>15,846</b>	<b>863,881</b>	<b>1,137,865</b>	<b>76%</b>
<b>16 General Operating Expenses</b>							
<b>17 Ongoing Operational Contracts</b>							
18 Legal Services	23,046	-	-	-	23,046	35,000	66%
19 Financial Audit Services	20,000	-	-	-	20,000	20,000	100%
20 Treasurer	6,075	-	-	-	6,075	13,500	45%
21 Financial/Accounting Services (ACE)	17,945	-	-	-	17,945	32,000	56%
<b>22 Personnel</b>							
23 Salaries & Deferred Compensation	142,519	37,205	73,684	6,710	260,118	364,167	71%
24 Internship Program	-	-	56,176	3,645	59,821	60,500	99%
25 Benefits	31,499	2,992	4,303	311	39,105	56,700	69%
26 PERS & Employer Taxes	24,667	1,723	2,504	154	29,048	34,122	85%
27 CalPERS - Retro Employer Payment	18,650	1,303	2,010	-	21,963	25,000	88%
28 Staff Training and Professional Development	-	-	-	-	-	5,000	N/A

## SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

FY 2017 3rd Quarter Budget Report

As of March 31, 2017

	General Fund	Transportation	SGVEWP / Strategic Plan	CEESP Phase 3	Jan/17 - Mar/17 Actual	FY 2017 Budget	% of Budget
29 <u>General &amp; Administrative</u>							
30 Rent & Parking	27,428	-	27,084	1,021	55,533	72,627	76%
31 Utilities	1,803	-	1,780	68	3,651	8,025	46%
32 Postage	300	-	300	8	608	2,000	30%
33 Equipment & Software Acquisition	2,144	-	2,134	63	4,341	10,000	43%
34 Storage	1,061	-	1,046	41	2,148	2,671	80%
35 Office Supplies	1,352	-	1,340	45	2,737	5,000	55%
36 Miscellaneous maint/ops expense	295	-	302	1	598	5,000	12%
37 Meeting/Travel	7,511	-	7,463	233	15,207	40,000	38%
38 Dues & Subscriptions	512	-	522	3	1,038	3,500	30%
39 Administrative Fees	1,576	-	1,567	48	3,191	3,500	91%
40 Insurance	1,990	-	1,966	73	4,028	8,000	50%
41 General Assembly	11,815	-	-	-	11,815	10,500	113%
42 <u>Consultant Services</u>							
43 Management Services	65,000	-	-	-	65,000	65,000	100%
44 MTA Board Support	-	79,310	-	-	79,310	106,090	75%
45 Transportation Technical Support (ACE)	24,550	-	-	-	24,550	30,000	82%
46 Administrative Support (ACE)	19,456	-	-	-	19,456	25,000	78%
47 Media/Public Relations	2,000	-	-	-	2,000	2,000	100%
48 Information Technology	1,750	-	-	-	1,750	2,000	88%
49 Grant Writing Services	25,295	-	-	-	25,295	50,000	51%
50 <u>Direct Expenses</u>							
51 Board Stipends & Taxes	6,104	-	-	-	6,104	11,000	55%
52 Printing / Publication	7,598	-	-	-	7,598	12,000	63%
53 <u>Direct Grant Expenses</u>							
54 SGVEWP Edison & Gas Expenses	-	-	16,814	-	16,814	40,000	42%
55 SCE CEESP Phase 3 Expenses	-	-	-	3,422	3,422	2,475	138%
56 <i>Total Grant &amp; Special Project Expenses</i>	-	-	16,814	3,422	20,237	42,475	48%
57 <b>Total Expenditures</b>	<b>493,942</b>	<b>122,533</b>	<b>200,996</b>	<b>15,846</b>	833,316	1,162,376	72%
58 <b>Net income (Loss)</b>	<b>\$ 30,564</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	\$ 30,564	<b>\$ (24,512)</b>	



SGVCOG

San Gabriel Valley Council of Governments

2017 3<sup>rd</sup> Quarter Reports

March 31, 2017

## Grants Receivable Aging Detail As of March 31, 2017

Month	So. California Edison - Energy Wise	So. California Gas - Energy Wise	MTA	Totals	Notes
JAN-17		\$10,795.41		\$ 10,795.41	
FEB-17	15,698.97	10,209.66	7,588.76	\$ 33,497.39	Edison \$15,698.97 received 4/4/17 MTA \$7,588.76 received 4/3/17
MAR-17	21,367.48	17,202.24	7,588.76	\$ 46,158.48	Edison \$21,367.48 received 4/11/17 MTA \$7,588.76 received 4/10/17
	<u>\$ 37,066.45</u>	<u>\$38,207.31</u>	<u>\$15,177.52</u>	<u>\$ 90,451.28</u>	

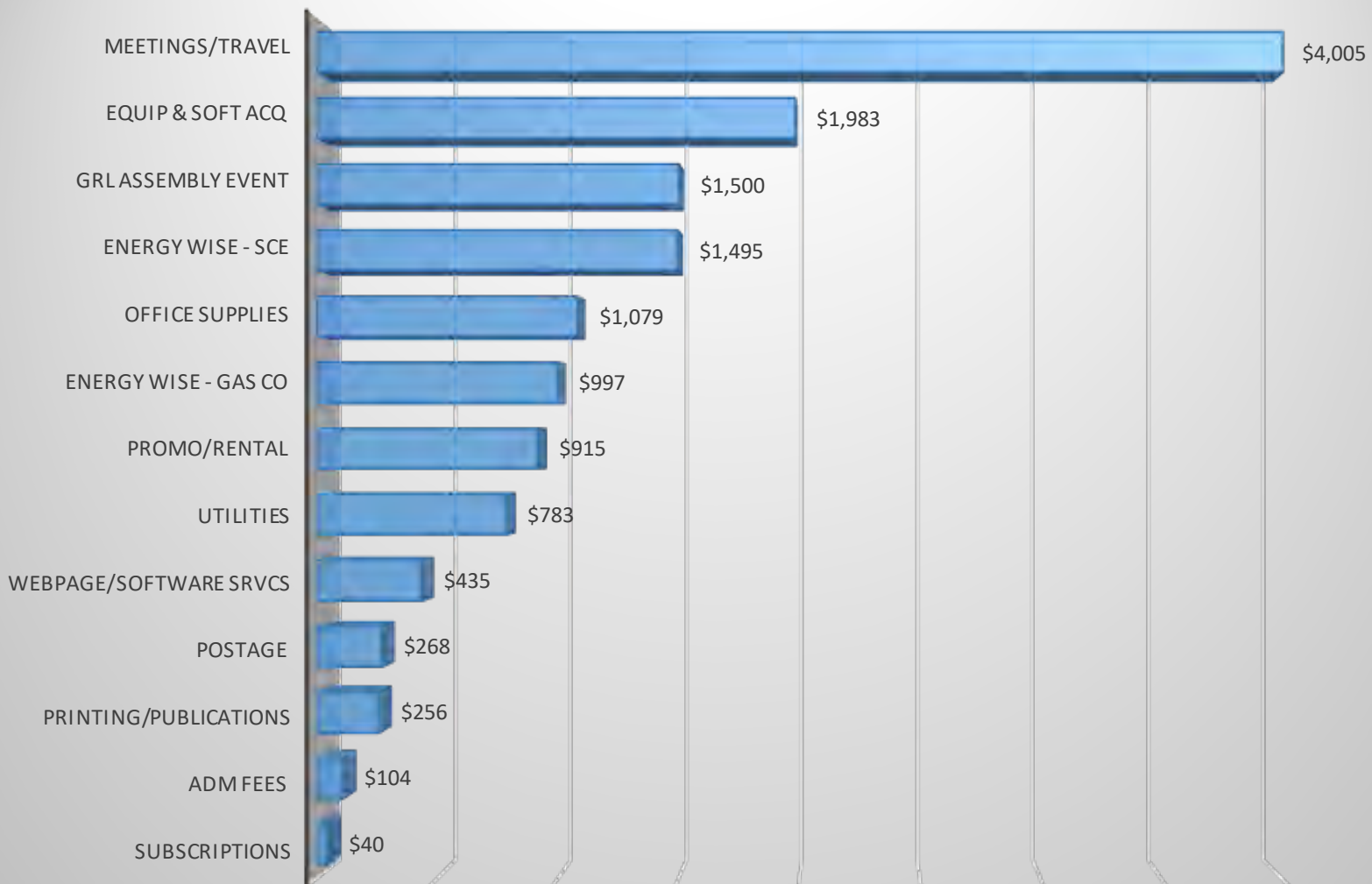
## Comparative Summary Balance Sheet As of March 31, 2017

	03.31.2017	Change	12.31.2016
CBB - Checking	\$ 579,858	\$ (216,584)	\$ 796,442
CBB- 242-034-325 CD	55,549	14	55,535
CBB - 2766 Savings	1,587	0	1,587
CBB -242-034-953 CD	54,782	14	54,769
Petty Cash	400	-	400
LAIF	229,395	390	229,005
LAIF Maket Value	86	-	86
Cash and equivalents	<u>921,657</u>	<u>(216,166)</u>	<u>1,137,823</u>
Member Cities Receivable	-	(800)	800
Grants/Contracts Receivable	90,451	2,307	88,144
Receivables	<u>90,451</u>	<u>1,507</u>	<u>88,944</u>
Misc receivables, prepaids, and deferrals	<u>61,176</u>	<u>19,834</u>	<u>41,342</u>
Total assets	<u>1,073,284</u>	<u>(194,825)</u>	<u>1,268,109</u>
Accounts Payable	7,948	(18,913)	26,861
Unearned Revenues - Member Cities Dues	190,053	(181,880)	371,933
Pension Liability	-	(538)	538
Accruals, deferrals and other payables	46,516	16,158	30,357
Total liabilities	<u>244,516</u>	<u>(185,173)</u>	<u>429,689</u>
Net Position, beginning of period	795,093	11,396	783,697
Change in net position	30,564	(24,159)	54,723
Net Position, end of period	<u>\$ 825,657</u>	<u>(12,765)</u>	<u>838,422</u>

# CITICARD Charges: Period January 2017 – March 2017

Attachment A

## \$13,860



## SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

Trial Balance  
March 31, 2017

Flex Field	CC	Project	Task	Account	Account Name	Amount
<b>Assets</b>						
000-000-000-1010	000	000	000	1010	CBB - Checking	\$ 579,858.45
000-000-000-1020	000	000	000	1020	CBB- 242-034-325 CD	55,548.56
000-000-000-1030	000	000	000	1030	CBB - 2766 Savings	1,587.15
000-000-000-1040	000	000	000	1040	CBB -242-034-953 CD	54,782.48
000-000-000-1090	000	000	000	1090	Petty Cash	400.00
000-000-000-1100	000	000	000	1100	LAIF	229,394.77
000-000-000-1101	000	000	000	1101	LAIF Maket Value	85.55
000-000-000-1220	000	000	000	1220	Grants/Contracts Receivable	90,450.93
000-000-000-1225	000	000	000	1225	Sponsorships Receivable	25.00
000-000-000-1232	000	000	000	1232	Rental Deposits Receivable	214.80
000-000-000-1400	000	000	000	1400	Prepaid Expense	11,417.59
000-000-000-1450	000	000	000	1450	Net Pension Asset	1,407.00
000-000-000-1510	000	000	000	1510	Fixed Assets - Book	8,645.36
000-000-000-1600	000	000	000	1600	Accumulated Depreciation	(8,645.36)
000-000-000-1901	000	000	000	1901	Deferred Outflow of Resources	48,112.00
<b>Total assets</b>						<b>\$ 1,073,284.28</b>
<b>Liabilities</b>						
000-000-000-2010	000	000	000	2010	Accounts Payable	\$ 7,947.69
000-000-000-2102	000	000	000	2102	Citi Bank Card	3,196.60
000-000-000-2210	000	000	000	2210	Vacation Accrual	22,646.14
000-000-000-2300	000	000	000	2300	Empl Ded - 457 Contribution	205.36
000-000-000-2902	000	000	000	2902	Deferred Inflow of Resources	23,579.00
000-000-000-2910	000	000	000	2910	Unearned Revenues - Member Cities Dues	190,052.84
<b>Total liabilities</b>						<b>\$ 247,627.63</b>
<b>Change in net position</b>						
000-000-000-3101	000	000	000	3101	Net position, beginning of year	\$ 795,092.57
000-000-000-3101	000	000	000	3101	Change in net position	30,564.08
000-000-000-3101	000	000	000	3101	Net position, end of period	<b>\$ 825,656.65</b>
<b>Operating revenues</b>						
012-000-000-4010	012	000	000	4010	Revenues - Member Cities Dues	\$ 555,056.89
012-000-000-4015	012	000	000	4015	Revenues - Grl Assembly/Sponsorship/Ticket Sales	12,551.31
015-125-050-4110	015	125	050	4110	Grant Reimbursements - EWSCE - Administration	7,718.10
015-125-060-4110	015	125	060	4110	Grant Reimbursements - EWSCG - Administration	5,469.68
015-135-050-4110	015	135	050	4110	Grant Reimbursements - Strategic Plan - SCE - Admn	761.20
015-125-050-4111	015	125	050	4111	Grant Reimbursements - EWSCE - Marketing	25,985.82
015-125-060-4111	015	125	060	4111	Grant Reimbursements - EWSCG - Marketing	19,922.05
015-125-050-4112	015	125	050	4112	Grant Reimbursements - EWSCE - Direct Implementatn	78,685.65
015-125-060-4112	015	125	060	4112	Grant Reimbursements - EWSCG - Direct Implementatn	55,798.25
015-135-050-4112	015	135	050	4112	Grant Reimbursements - Strategic Plan - SCE - DI	6,655.51
015-130-050-4114	015	130	050	4114	CEESP 3-SCE-Grant Reimbursements-Administration	216.56
015-120-040-4116	015	120	040	4116	Grant Reimbursement - MTA Board Support Svcs-Tran	66,361.09
015-120-040-4118	015	120	040	4118	Grant Reimbursement - MTA Adm Fee - Board Support	1,716.72
015-130-050-4119	015	130	050	4119	CEESP 3- SCE - Grant Reimb - Direct Implementation	15,629.65
012-000-000-4120	012	000	000	4120	Revenues - HERO Program	10,530.63
<b>Total operating revenues</b>						<b>\$ 863,059.11</b>
<b>Operating expense</b>						
012-000-000-5110	012	000	000	5110	G & A - Salaries and Wages	\$ 165,792.94
012-000-000-5111	012	000	000	5111	G & A - Stormwater Program - Salaries and Wages	21,328.16
012-000-000-5112	012	000	000	5112	G & A - Homeless Program - Salaries and Wages	184.62
012-000-000-5113	012	000	000	5113	G & A - Open Streets - Salaries and Wages	2,584.61
012-000-000-5114	012	000	000	5114	G & A - Vacation Time - Salaries and Wages	15,688.74
012-000-000-5116	012	000	000	5116	G & A - Holiday Pay - Salaries and Wages	12,811.54
012-000-000-5118	012	000	000	5118	G & A - Sick Time Pay - Salaries and Wages	1,077.39
012-000-000-5119	012	000	000	5119	G & A - Admn Leave, Jury Duty, Other	3,832.10
012-000-000-5122	012	000	000	5122	Fringe Benefits - Long Term Disability	1,665.00
012-000-000-5123	012	000	000	5123	Fringe Benefits - Parking	3,227.50
012-000-000-5125	012	000	000	5125	G & A - Salaries and Wages - Auto Allowance	4,923.17
012-000-000-5126	012	000	000	5126	G & A - S & W - Medical In Lieu of - FT Staff	22,050.00
012-000-000-5128	012	000	000	5128	Salaries and Wages - Medical in Lieu of - PT Staff	6,300.00
012-000-000-5130	012	000	000	5130	Fringe Benefits - Retirement - CalPERS	35,933.50
012-000-000-5135	012	000	000	5135	Fringe Benefits - Workers Compensation	939.56
012-000-000-5151	012	000	000	5151	Employer Payroll Tax Allocation	15,077.42

## SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

Trial Balance  
March 31, 2017

Flex Field	CC	Project	Task	Account	Account Name	Amount
012-000-000-5181	012	000	000	5181	Employer Payroll Tax Expense - Board Stipend	3.83
012-000-000-5310	012	000	000	5310	Rent - Other	55,533.00
012-000-000-5315	012	000	000	5315	Utilities	3,651.43
012-000-000-5320	012	000	000	5320	Postage	341.76
012-000-000-5325	012	000	000	5325	Office Supplies	2,736.85
012-000-000-5330	012	000	000	5330	Printing/Publications	7,597.67
012-000-000-5345	012	000	000	5345	Insurance	4,028.35
012-000-000-5350	012	000	000	5350	Dues & Subscriptions	1,037.53
012-000-000-5355	012	000	000	5355	Meetings/Travel	13,979.60
012-000-000-5360	012	000	000	5360	Administrative Fees	3,191.36
012-000-000-5365	012	000	000	5365	Storage	2,148.00
012-000-000-5370	012	000	000	5370	General Assembly Expense	11,815.35
012-000-000-5380	012	000	000	5380	Misc Maint/Op Expense	597.99
012-000-000-5505	012	000	000	5505	Contract Srvcs - Executive Director	65,000.00
012-000-000-5510	012	000	000	5510	Contract Srvcs - Treasurer	6,075.00
012-000-000-5525	012	000	000	5525	Contract Srvcs - ACE Transportation Tech Support	24,550.15
012-000-000-5530	012	000	000	5530	Contract Srvcs - ACE IT, Acctg & Fin'l Support	17,945.13
012-000-000-5540	012	000	000	5540	Contract Srvcs - ACE Administrative Support	19,455.76
012-000-000-5550	012	000	000	5550	Media/Public Relations	2,000.00
012-000-000-5561	012	000	000	5561	Legal Expense - SGVCOG	22,990.64
012-000-000-5563	012	000	000	5563	Legal Expense - Conway	55.50
012-000-000-5570	012	000	000	5570	Contract Services - Accounting/Auditing	20,000.00
012-000-000-5586	012	000	000	5586	Grant Writing Services	25,295.00
012-000-000-5910	012	000	000	5910	Equipment & Soft Acquisition	4,341.48
012-000-000-5920	012	000	000	5920	Webpage/Software Services	1,750.14
014-000-000-5010	014	000	000	5010	Unallowable - DL	2,026.07
014-000-000-5180	014	000	000	5180	Unallowable - Board Stipend	6,100.00
014-000-000-5320	014	000	000	5320	Unallowable - Postage	266.19
014-000-000-5355	014	000	000	5355	Unallowable - Meetings/Travel	1,226.95
015-120-040-5110	015	120	040	5110	Salaries & Wages - Transportation (Prop A & C)-Tr	22,761.09
015-125-050-5110	015	125	050	5110	Energy Wise - SCE - Administration - DL	2,592.78
015-125-060-5110	015	125	060	5110	Energy Wise - SGC - Administration - DL	1,854.66
015-135-050-5110	015	135	050	5110	Strategic Plan 620152 - SCE - Administration - DL	136.84
015-135-060-5110	015	135	060	5110	Strategic Plan 620152 -SCG - Administration - DL	23.08
015-125-050-5111	015	125	050	5111	Energy Wise - SCE - Marketing - DL	6,126.86
015-125-060-5111	015	125	060	5111	Energy Wise - SCG - Marketing - DL	6,419.07
015-125-050-5112	015	125	050	5112	Energy Wise - SCE - Direct Implementation - DL	24,231.23
015-125-060-5112	015	125	060	5112	Energy Wise - SCG - Direct Implementation - DL	19,911.61
015-130-050-5112	015	130	050	5112	CEESP3 - SCE - Green Bldg Direct Impl - DL	227.31
015-135-050-5112	015	135	050	5112	Strategic Plan 620155 - SCE - Direct Impl - DL	5,963.31
015-130-050-5114	015	130	050	5114	CEESP 3 - SCE - Online Permitting Admn - DL	100.00
015-130-050-5116	015	130	050	5116	CEESP 3 - Online Permitting Direct Impl - DL	18.00
015-130-050-5119	015	130	050	5119	CEESP 3 - SCE - Point of Permit - Direct Impl - DL	4,246.92
015-135-050-5213	015	135	050	5213	Strategic Plan 620155 - SCE- DI - Travel/Mileage	33.76
015-120-040-5520	015	120	040	5520	Contract Srvcs - MTA Board Support	79,309.97
015-125-050-6010	015	125	050	6010	Energy Wise - SCE - Program Mgt	12,942.10
015-125-060-6010	015	125	060	6010	Energy Wise - Gas Co. - Program Mgt	(88.29)
015-130-050-6013	015	130	050	6013	CEESP 3 - SCE - Program Mgt	2,322.37
015-125-060-6017	015	125	060	6017	Energy Wise - SC Gas Company - Program Mgt	4,873.90
015-130-050-6018	015	130	050	6018	CEESP 3 - SCE - Grant Management Expense	152.96
<b>Total operating expense</b>						<b>\$ 833,316.51</b>
Operating income						<b>29,742.60</b>
<b>Nonoperating income</b>						
012-000-000-4090	012	000	000	4090	Interest Income	<b>821.48</b>
<b>Change in net position</b>						<b>\$ 30,564.08</b>



MEMO TO: ACE Construction Authority Finance Committee

FROM: Mark Christoffels  
Chief Executive Officer

DATE: April 27, 2017

SUBJECT: Review of Quarterly Progress Reports

RECOMMENDATION: Receive and file a report on the ACE Quarterly Progress Reports for the period from December 31, 2016 through March 31, 2017

BACKGROUND: ACE is required to produce quarterly financial reports to update revenues, project budgets, expenditure forecasts, grant reimbursements, investments, and project schedules. Attached are exhibits that provide this required information and below is a summary of any changes from the prior quarter.

Exhibit I – ACE Revenue by Source

This exhibit details all funding authorized, allocated to projects, and remaining unallocated (surplus) since the inception of the ACE Project. During this review period there were no additional allocations, and the current un-programmed fund balance is \$6.6 million. If we are successful in obtaining the remaining funding needed for the Turnbull Canyon Road Grade Separation, these funds will be used on that project.

Exhibit II – ACE Project Funding by Source

The funding allocation for the entire ACE Project is distributed among projects in this Exhibit based on the available revenues identified in Exhibit I. Funding allocations are adjusted either up or down quarterly to reflect updated project cost estimates as the project design is further developed, right of way acquisition costs become known as appraisals are made and purchase agreements executed, and finally when construction bids are received. In addition, funding sources may need to be changed due to **modification on ACE’s grant funding agreements with Caltrans and the MTA**. Project allocation changes are shown on the summary sheet at the end of Exhibit II.

Exhibit III – ACE Project Allocations vs. Estimate at Completion

This Exhibit tracks project allocations as compared to the estimated cost to complete for each project, along with other data. The current report shows that if the current ACE projects were to be completed based on what we know today; there would be an approximate \$320,000 surplus. As the projects are bid out, or those in design are further developed, the cost estimates will be refined and the needed allocations adjusted **based on ACE’s available balance of grant funds**.

#### Exhibit IV – Expenditure Forecasts

This is a cash flow forecast for active projects. The spreadsheets show full anticipated project costs regardless of whether the project is currently in design, right of way, or a construction phase. This allows staff to keep track of the overall program status and determine what remaining funds are available for future projects. The reasons for any changes shown in the Estimated at Completion (EAC) column are noted with footnotes at the bottom of the spreadsheet. This quarter two adjustments were made. Fairway Drive was increased by \$19 million to reflect the executed betterment agreement with the cities of Diamond Bar and Industry to construct the Lemon Avenue Ramps at the State Route 60 in conjunction with our grade separation project. The other change was \$2.3 million on the Nogales Street project based on the close out costs.

#### Exhibit V – ACE Expenditures vs. Reimbursements

This exhibit captures the reimbursement status for all active or completed projects as of September 30, 2016. Since ACE must borrow funds to make current payments to its vendors, consultants, and contractors, and then seek reimbursement from its granting agencies, minimizing the time for reimbursements is a key component to avoid incurring significant interest costs on **ACE borrowed funds**. **ACE's policy is to try to bill and receive reimbursements within 30 days.** As noted in this exhibit, as of March 31, 2017, ACE was current on all of its requested grant reimbursements except for \$1,319,000 in receivables that were over 30 days. This amount is reflective of retention payments being held by Metro pending completion of a routine audit. The audit was recently completed with no major findings and Metro is in the process of authoring the release of these retention payments.

#### Exhibit VI – Project Schedules

This exhibit reflects current estimated schedules for different phases of active projects.

**Changes from last quarter's report** are as follows:

Durfee Ave	One-month delay based on late final design comments from City of Pico Rivera.
Fairway Ave	Three-month delay due to weather, design revisions incorporating a shoofly, and alternative soil consolidation
Montebello	One-month delay based on anticipated approval process for environmental documentation process
Fullerton Rd	Four-month delay due to weather and design revisions at SR60 by Caltrans
Puente Ave	Two-month delay based on weather and gas line relocations
SG Trench	One-month delay due to weather
At Grade Imp	Three-month delay based on ongoing discussions with CPUC and the addition of the San Antonio crossing

Exhibit VII – Treasury/Banking Investments

This exhibit has two components – a statement of net assets as of March 31, 2017 and an accounting of all banking and investments.

The exhibit shows that if ACE were to conclude all operations as of this date, it would have assets over liabilities of \$8,382,587 after paying off its current liabilities including the CalPERS liabilities. In an agreement with CalPERS, ACE is currently paying down its unfunded and termination liabilities through additional payments made each month. CalPERS current published unfunded and termination liability numbers (shown on Exhibit VII) do not yet reflect all payments so our actual liability is much less than currently stated.

**ACE's** banking and investments remain in compliance with the SGVCOG investment policy.

Attachments

## EXHIBIT I - ACE REVENUE BY SOURCE

As of March 31, 2017

Grant		Authorized	Adjustments	Note	Net Authorized	Allocated To Projects	Surplus	Allocated Inc/(Decr)
<b>Federal</b>								
TEA - 21	Sect 0491	4,655,048	(402,000)	a	4,253,048	4,253,048	-	
TEA - 21	Sect 1017	2,205,000	(141,317)	b	2,063,683	2,063,683	-	
TEA - 21	Sect 1138	17,250,000	-		17,250,000	17,250,000	-	
TEA - 21	Sect 1533	100,000,000	-		100,000,000	100,000,000	-	
TEA - 21	Sect 198	9,562,500	(572,760)	b	8,989,740	8,989,740	-	
Hiway Fund FY 01		1,500,000	(3,300)	b	1,496,700	1,496,700	-	
NCPD FY 2000		1,240,000	-		1,240,000	1,240,000	-	
NCPD FY 2001		2,400,000	(2,565)	b	2,397,435	2,397,435	-	
NCPD FY 2002		4,000,000	(116,000)	b	3,884,000	3,884,000	-	
NCPD FY 2003		1,495,000	(10,000)	b	1,485,000	1,485,000	-	
NCPD FY 2004		2,000,000	(119,163)	b	1,880,837	1,880,837	-	
STP FY 2006		4,200,000	(42,000)	b	4,158,000	4,158,000	-	
STP FY 2009		570,000	-		570,000	570,000	-	
STP FY 2010		500,000	(85)	b	499,915	499,915	-	
AAA FY 2010		1,349,000	(230)	b	1,348,770	1,348,770	-	
SAFETEA-LU FY 05	Sect 1701	2,528,000	(255,185)	c	2,272,815	2,272,815	-	
SAFETEA-LU FY 06	Sect 1701	2,528,000	(254,883)	c	2,273,117	2,273,117	-	
SAFETEA-LU FY 07	Sect 1701	2,528,000	(252,029)	c	2,275,971	2,275,971	-	
SAFETEA-LU FY 08	Sect 1701	2,528,000	(252,029)	c	2,275,971	2,275,971	-	
SAFETEA-LU FY 09	Sect 1701	2,528,000	(251,136)	c	2,276,864	2,276,864	-	
SAFETEA-LU FY 05	Sect 1934	3,000,000	(280,077)	c	2,719,923	2,719,923	-	
SAFETEA-LU FY 06	Sect 1934	6,000,000	(560,154)	c	5,439,846	5,439,846	-	
SAFETEA-LU FY 07	Sect 1934	7,500,000	(700,192)	c	6,799,808	6,799,808	-	
SAFETEA-LU FY 08	Sect 1934	7,500,000	(700,192)	c	6,799,808	6,799,808	-	
SAFETEA-LU FY 09	Sect 1934	6,000,000	(560,154)	c	5,439,846	5,439,846	-	
SAFETEA-LU FY 05	Sect 1301	3,125,000	(247,763)	c	2,877,237	2,877,237	-	
SAFETEA-LU FY 06	Sect 1301	6,250,000	(495,526)	c	5,754,474	5,754,474	-	
SAFETEA-LU FY 07	Sect 1301	7,812,500	(619,407)	c	7,193,093	7,193,093	-	
SAFETEA-LU FY 08	Sect 1301	7,812,500	(619,407)	c	7,193,093	7,193,093	-	
SAFETEA-LU FY 09	Sect 1301	6,250,000	(495,526)	c	5,754,474	5,754,474	-	
FRA		2,544,100	-		2,544,100	2,544,100	-	
PUC (Section 130)		10,000,000	-		10,000,000	10,000,000	-	
ISTEA (Nogales-LA)		6,936,147	-		6,936,147	6,936,147	-	
CMAQ (Nogales-LA)		6,347,000	-		6,347,000	6,347,000	-	
	Subtotal	252,643,795	(7,953,080)		244,690,715	244,690,715	-	
<b>State</b>								
ITIP		39,000,000	(18,426)	d	38,981,574	38,981,574	-	
PUC (Section 190)		10,000,000	-		10,000,000	10,000,000	-	
TCRP		150,000,000	(19,700,000)	e	130,300,000	130,300,000	-	
Prop 1B - HRCSA (Nogales-LA/Fullerton)		43,906,000	-		43,906,000	43,906,000	-	
TCIF (SG Trench/Baldwin/Fairway/Puente)		420,497,000	-		420,497,000	419,576,000	921,000	
	Subtotal	663,403,000	(19,718,426)		643,684,574	642,763,574	921,000	
<b>Local</b>								
MTA 1 (FY 98-02)	C 25%	37,500,000	(23,360,000)	f	14,140,000	14,140,000	-	
MTA 2 (FY 03-05)	C 10%	1,857,000	-		1,857,000	1,857,000	-	
MTA 2 (FY 03-05)	C 25%	13,178,000	-		13,178,000	13,178,000	-	
MTA 2 (FY 03-05)	AB 3090	9,308,000	-		9,308,000	9,308,000	-	
MTA 2 (FY 03-05)	STIP-RIP	5,496,000	-		5,496,000	5,496,000	-	
MTA 3 (FY 06-09)	C 25%	85,000,000	-		85,000,000	85,000,000	-	
MTA 4 (FY 09-15)	C 25%-Remaining	28,566,800	-		28,566,800	28,566,800	-	
MTA 5 (FY 09-15)	C 25%-Supplemental	112,324,000	-		112,324,000	112,324,000	-	
MTA 6 (Nogales-LA)	C 25%	28,849,000	-		28,849,000	28,849,000	-	
MTA 7 (Phase II)	Measure R	400,000,000	-	g	400,000,000	399,587,000	413,000	
	Subtotal	722,078,800	(23,360,000)		698,718,800	698,305,800	413,000	
<b>Other Sources</b>								
Railroad (UPRR/MetroLink)		40,552,000	-	h	40,552,000	36,910,000	3,642,000	
Cities/LA County (Nogales-LA)		9,915,303	-		9,915,303	9,915,303	-	
Betterments (Cities/MetroLink)		54,527,807	-		54,527,807	54,527,807	-	19,000,000
MWD (Brea Canyon)		2,207,402	-		2,207,402	2,207,402	-	
Property Sale		4,540,452	-		4,540,452	2,894,012	1,646,440	
	Subtotal	111,742,964	-		111,742,964	106,454,524	5,288,440	
<b>TOTAL GRANTS</b>		<b>1,749,868,559</b>	<b>(51,031,506)</b>		<b>1,698,837,053</b>	<b>1,692,214,613</b>	<b>6,622,440</b>	
<b>Other Income</b>								
Property Rental Income		139,316	-		139,316	-	139,316	
Recovered Costs		17,288	-	i	17,288	-	17,288	
	Subtotal	156,604	-		156,604	-	156,604	
<b>TOTAL ACE Construction</b>		<b>1,750,025,163</b>	<b>(51,031,506)</b>		<b>1,698,993,657</b>	<b>1,692,214,613</b>	<b>6,779,044</b>	<b>19,000,000</b>

## Notes:

- Transferred by LA County to ACE for the Nogales-LA project.
- Federal budgetary reduction.
- Based on Caltrans updated OA, appropriations reduced by 10% instead of 15%.
- \$18K for Ramona lapsed in June 2008 prior to project closeout.
- \$19.7 million programmed to other entities (yet to be allocated by State).
- Allocated to City of LA.
- Of the \$400M Measure R funds, \$135M has executed MOU.
- Based on individual projects, UPRR paid 1/2 before and 1/2 after construction phase.  
\$39.552M committed by UPRR but due to phasing of construction, only \$26.753 has been received.
- Costs recovered from audit after a project had been closed.

EXHIBIT II - ACE PROJECTS FUNDING BY SOURCE  
As of March 31, 2017  
(\$ 000's)

Project	Task	Fed #	TEA-21	NCPD/STP	SAFETEA	ITIP	ISTEA/CMQ	FRA/PUC	TCRP	Prop 1B	MTA 1	MTA 2	MTA 3	MTA 4	MTA 5	MTA 6	MTA 7	Railroad	Prop Sale	Cities/Better	
All																					
212	At-Grade Crossing Design ROW Constr	n/a	4,463												100		4,363				
		n/a	1,075												1,075		7,063				
		n/a	22,916												11,490		11,426				
102	Baldwin At-Grade Crossing Total	(017)	5,390	3,013		753							495	696	432						
		(028)	37,237		21,008								9,382	2,500	4,347						
		(017)	27,738							27,738											
	Baldwin Total		70,365	3,013	21,008	753				27,738			9,877	3,196	4,779						
208	Durfee Design ROW Constr	(039)	9,046		6,984										2,062						
		n/a	32,624	1,349	3,556										10,865		13,961			2,894	
		n/a	49,473		3,883										45,590		59,551				
	Durfee Total		91,143	1,349	14,422										12,927		2,894				
204	Fairway-LA Design ROW Constr Lemon	(036)	8,231											60	8,171		30,946			9,916	
		n/a	31,603												657		18,069			19,000	
		n/a	99,523							71,000					538						
		n/a	19,000																	19,000	
	Fairway-LA Total		158,357							71,000				60	9,366		49,015				28,916
207	Fullerton Design ROW Constr	n/a	10,698												1,970		8,728				
		n/a	26,625												17,739		8,886				
		n/a	115,062							53,366					10,768		38,582			4,508	
	Fullerton Total		152,384							53,366					30,476		56,196			4,508	7,838
205	Hamilton Design ROW Constr	n/a	1,767												1,242		525				
		n/a	22												22						
		n/a	1,789												1,264		525				
209	Montebello Design ROW Constr	n/a	13,530												4,023		9,507				
		n/a	29,660												2,100		27,560				
		n/a	116,855														99,404			17,451	
	Montebello Total		160,045												6,123		136,471			17,451	
250	Nogales-LA Design ROW Constr	(032)	4,706	932												1,766				2,008	
		(035)	50,295				6,936	1,109								6,877	27,083			2,883	
		(032)	66,087	3,321	570	12,810	6,347	16,435		25,600							99,404			17,451	
	Nogales-LA Total		121,088	4,253	570	12,810	13,283	17,544		25,600					6,123		28,849			2,883	
202	Puente Design ROW Constr	(034)	9,413		(0)																
		n/a	30,828																		
		(040)	57,136																		
	Puente Total		97,377		(0)																
201	San Fench Design ROW Constr	(030)	33,458	120	1,881	11,913															
		(037)(038)	33,273		500						3	27									
			246,026																		
	San Fench Total		312,758	120	2,381	11,913					3	27									
109	Temple Design ROW Constr	(009)	7,265	4,680																	
		(009)	13,077	7,768																	
		(009)	77,822	36,073	3,884	1,043			1,387												
	Temple Total		98,165	48,522	3,884	1,043			1,387												
210	Turnbull Cyn Design ROW Constr	n/a	10,106																		
		n/a																			
		n/a																			
	Turnbull Cyn Total		10,106																		

**EXHIBIT II - ACE PROJECTS FUNDING BY SOURCE**  
As of March 31, 2017  
(\$ 000's)

Project	Task	Fed #	All																	
			TEA-21	NCPD/STP	SAFETEA	ITIP	ISTEA/CMQ	FRA/PUC	TCRP	Prop 1B	MTA 1	MTA 2	MTA 3	MTA 4	MTA 5	MTA 6	MTA 7	Railroad	Prop Sale	Cities/Better
101	Ramona	(002)	4,355	3,560	-	-	-	-	-	-	795	-	-	-	-	-	-	-	-	-
	Design	(002)	8,156	2,400	-	-	-	-	-	215	5,494	48	-	-	-	-	-	-	-	-
	ROW	(002)	40,580	16,684	4,158	5,533	-	-	-	8,083	2,324	1,680	-	-	-	-	-	1,000	-	1,119
	Constr	(002)	53,091	22,644	4,158	5,533	-	-	1,010	13,577	2,372	1,680	-	-	-	-	-	1,000	-	1,119
	Ramona Total		4,034	2,560	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
105	Nogales-AH	(005)	17,231	9,829	2,397	1,473	-	-	-	700	1,940	-	-	-	-	-	-	-	-	-
	Design	(005)	28,534	1,841	-	21,580	-	-	382	225	-	-	-	-	-	-	-	-	-	100
	ROW	(005)	49,798	14,230	2,397	25,417	-	-	1,082	2,166	-	-	-	-	-	-	-	-	-	100
	Constr	(005)	4,739	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Design	(020)	3,326	100	-	-	-	-	4,400	-	-	-	-	-	-	-	-	-	-	-
	ROW	(026)	85,797	-	1,673	-	-	-	100	-	-	-	-	888	-	-	-	-	-	-
	Constr	TCRP	93,862	100	1,673	-	-	52,220	47,720	-	14,607	16,691	345	-	-	-	-	-	-	6,434
	Sunset Total		4,295	1,952	1,240	952	-	-	-	97	54	-	-	-	-	-	-	-	-	-
110	East End	(003)	4,478	3,131	-	1,347	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Design	(003)	3,620	2,896	-	600	-	-	-	122	2	-	-	-	-	-	-	-	-	-
	ROW	(010)	9,431	5,718	-	2,255	-	-	-	286	919	253	-	-	-	-	-	-	-	-
	Constr	TCRP	57,176	-	-	407	-	46,780	-	433	9,557	-	-	-	-	-	-	-	-	-
	EE/Reservoir Total		79,000	13,697	1,240	5,561	-	46,780	-	122	818	10,530	253	-	-	-	-	-	-	-
111	Brea Canyon	(019)	4,556	1,191	-	410	-	2,500	-	-	455	-	-	-	-	-	-	-	-	-
	Design	(027)	12,881	-	1,485	5,521	-	2,000	-	-	3,875	-	-	-	-	-	-	-	-	-
	ROW	TCRP	56,466	-	-	-	5,000	21,007	-	-	21,745	-	-	-	-	-	-	-	-	8,715
	Constr	TCRP	73,903	1,191	1,485	5,521	410	25,507	-	-	26,075	-	-	-	-	-	-	-	-	8,715
	Brea Canyon Total		8,057	6,072	-	265	-	-	-	1,541	179	-	-	-	-	-	-	-	-	-
309	Jump Start	(001)	3,582	2,866	-	-	-	-	-	612	239	(134)	-	-	-	-	-	-	-	-
	Design	(001)	11,639	8,938	-	265	-	-	-	2,153	239	45	-	-	-	-	-	-	-	-
	ROW	(006)	242	240	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-
	Constr	(015)	2,270	1,578	-	-	-	-	-	515	96	81	-	-	-	-	-	-	-	-
	Jump Start Sub-Total		2,670	1,978	-	-	-	-	-	517	94	81	-	-	-	-	-	-	-	-
315	JS - Mission	(006)	4,832	3,863	-	-	-	-	-	888	38	43	-	-	-	-	-	-	-	-
	Design	(007)	2,936	2,164	-	-	-	-	-	374	167	231	-	-	-	-	-	-	-	-
	ROW	(008)	3,553	2,845	-	-	-	-	-	96	615	(2)	-	-	-	-	-	-	-	-
	Constr	(014)	4,991	3,992	-	-	-	-	-	1,000	(1)	-	-	-	-	-	-	-	-	-
325	IRRLIS - Traffic	(021)	3,520	2,502	-	-	-	-	-	727	290	-	-	-	-	-	-	-	-	-
	Constr	(021)	34,141	26,282	-	265	-	-	-	4,028	2,880	686	-	-	-	-	-	-	-	-
	Safety/IRRLIS Total		1,680,288	134,053	17,464	67,346	38,982	13,283	22,544	463,482	84,414	28,578	84,800	27,567	108,585	28,849	399,587	36,910	2,894	6,434
	Start-up/Misc	MTA	11,926	-	-	-	-	-	-	5,726	1,261	200	1,000	3,739	-	-	-	-	-	-
	MTA	n/a	1,692,215	134,053	17,464	67,346	38,982	13,283	22,544	463,482	14,140	29,839	85,000	28,567	112,324	28,849	399,587	36,910	2,894	6,434
	Net Authorized Allocated to Projects		1,698,837	134,053	17,464	67,346	38,982	13,283	22,544	464,405	14,140	29,839	85,000	28,567	112,324	28,849	400,000	40,552	4,540	6,434
	Surplus / (Shortfall)		1,692,215	134,053	17,464	67,346	38,982	13,283	22,544	463,482	14,140	29,839	85,000	28,567	112,324	28,849	399,587	36,910	2,894	6,434
	Other Income		6,622	(0)	0	(0)	0	(0)	(0)	921	-	-	-	0	-	-	413	3,642	1,646	0
	Start-up Surplus / (Shortfall)		157	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MTA 1: MOU P0004867		6,779	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MTA 2: MOU 8002		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MTA 3-5: AMENDMENTS TO MOU		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MTA 6: MOU P000F1159 (Nogales-LA)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	MTA 7: MOU 8002R (Measure R-Phase II)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Exhibit II - ACE PROJECTS FUNDING BY SOURCE  
 Changes in Funding on Active Projects  
 As of March 31, 2017  
 (\$ 000's)

Project	Task	12/31/2016	SAFETEA-LU	TCIF	102-3M MTA 5	28-849M MTA 6	Meas R MTA 7	Railroad	City	3/31/2017	Comments
At-Grade Crossing	Design	4,463								4,463	
	ROW	1,075								1,075	
	Constr	17,378								17,378	
At-Grade Crossing Total		22,916			(2,000)		2,000			22,916	Transferred Prop C funds to Montebello
Durfee	Design	9,046								9,046	
	ROW	32,624								32,624	
	Constr	49,473								49,473	
Durfee Total		91,143								91,143	
Fairway-LA	Design	8,231								8,231	
	ROW	31,603								31,603	
	Constr	99,523								99,523	
Lemon		-						19,000		19,000	Allocated Lemon Betterment
Fairway-LA Total		139,357						19,000		158,357	
Fullerton	Design	10,698								10,698	
	ROW	26,625			1,406		(1,406)			26,625	Transferred funds between tasks
	Constr	115,061			(1,406)		1,406			115,061	Transferred funds between tasks
Fullerton Total		152,384								152,384	
Montebello	Design	13,530								13,530	
	ROW	29,660			2,000		(2,000)			29,660	Added Prop C, reduced Measure R
	Constr	116,855								116,855	
Montebello Total		160,045								160,045	
Nogales-LA	Design	4,706								4,706	
	ROW	50,295								50,295	
	Constr	66,087								66,087	
Nogales-LA Total		121,088								121,088	
Puente	Design	9,413								9,413	
	ROW	30,828								30,828	
	Constr	57,136								57,136	
Puente Total		97,377								97,377	
SG Trench	Design	33,458								33,458	
	ROW	33,273								33,273	
	Constr	246,026								246,026	
SG Trench Total		312,757								312,757	
Temple	Design	7,265								7,265	
	ROW	13,077								13,077	
	Constr	77,822								77,822	
Temple Total		98,164								98,164	
Turnbull Cyn	Design	10,106								10,106	
	ROW	-								-	
	Constr	-								-	
Turnbull Cyn Total		10,106								10,106	
<b>NET CHANGE</b>										<b>19,000</b>	

# Exhibit III

## ACE Projects Allocation vs. Actual Summary

As of March 31, 2017

		(\$ 000's)						
	Project	Cost Estimate (1997)	Cost Estimate (2006)	(Exhibit II) Total Allocated to Projects	ITD Expenditures (Exhibit V)	Estimate at ** Completion Exhibit IV	Variance (Allocated vs. Estimate at Completion)	Status
	Start-up/Misc			\$ 11,926	\$ 10,053			
<b>ACE Projects</b>								
1	At-Grade Crossing Safety Improvements	N/A	N/A	\$ 22,916	\$ 1,050	\$ 22,916	\$ -	Active
2	Durfee Road	N/A	N/A	91,143	21,773	91,143	-	Active
3	Fairway Drive (LA)	N/A	N/A	158,357	67,180	158,357	-	Active
4	Fullerton Road	N/A	N/A	152,384	43,250	152,384	-	Active
5	Montebello Corridor	N/A	N/A	160,045	4,048	160,045	-	Active
6	Nogales South (LA)	24,307	N/A	121,088	116,105	120,772	316	Active
7	Puente Avenue	N/A	N/A	97,377	63,672	97,377	-	Active
8	San Gabriel Trench	198,205	N/A	312,758	247,967	312,755	3	Active
9	Temple Avenue	35,985	80,272	98,165	90,406	98,166	(1)	Active
10	Turnbull Canyon Road	N/A	N/A	10,106	316	10,106	-	Preliminary
11	Baldwin Avenue	23,994	64,765	70,365	70,365	70,364	1	Closed
12	Brea Canyon	26,571	64,401	73,903	73,459	73,903	-	Closed
13	Crossing Safety/IRIS	61,000	35,200	34,141	34,343	34,141	-	Closed
14	East End/Reservoir	56,571	69,180	79,000	78,960	79,000	0	Closed
15	Hamilton Blvd.	N/A	N/A	1,789	1,789	1,789	-	Closed
16	Nogales North (Alh)	39,636	54,599	49,798	49,797	49,798	0	Closed
17	Ramona Blvd.	14,489	47,102	53,091	53,091	53,091	-	Closed
18	Sunset Avenue	22,259	70,502	93,862	93,794	93,862	-	Closed
	<b>Subtotal</b>	<b>\$ 503,017</b>	<b>\$ 486,021</b>	<b>1,692,215</b>	<b>\$ 1,121,415</b>	<b>\$ 1,679,969</b>	<b>\$ 320</b>	

<b>Estimated Total Project Cost</b>	<b>\$ 950,000</b>
<b>Net Authorized Allocated Available</b>	<b>\$ 1,698,837,053</b>
	<b>1,692,214,613</b>
	<b>\$ 6,622,440</b>

\*\* Excludes Start-up/Misc of \$11.926M to agree with Exhibit-IV EAC.

## Exhibit IV Expenditure Forecast (Active Projects)

As of March 31, 2017  
(\$ millions)

	ITD 2015	Actual 2016	Budget Estimate <sup>A</sup>		Forecast			EAC <sup>C</sup>		
			2017	2018	2019	2020 <sup>B</sup>	Q2 FY17	Change	Q3 FY17	
<b>Active Projects</b>										
At-Grade Crossing Safety	0.1	0.2	1.5	1.5	7.7	10.3	3.1	22.9	22.9	
Durfee Road	7.6	2.6	14.2	17.3	24.6	18.5	20.5	91.1	91.1	
Fairway Drive (LA)	37.8	12.1	25.7	29.6	38.2	27.8	12.9	139.4	158.4	
Fullerton Road	26.8	14.1	26.0	15.1	31.4	34.0	31.0	152.4	152.4	
Montebello Corridor	0.1	0.2	4.9	4.9	25.6	21.7	107.5	160.0	160.0	
Nogales (LA)	88.4	24.3	3.8	8.1				118.5	2.3 <sup>E</sup>	
Puente Ave	41.0	12.1	15.5	15.5	20.6	8.2		97.4	97.4	
San Gabriel Trench	169.0	55.3	41.4	41.4	44.6	2.5		312.8	312.8	
Temple	88.9	0.2		9.1				98.2	98.2	
Turnbull Canyon Rd	0.0		0.5	0.5	9.5			10.0	10.0	
<b>Completed Projects</b>										
Baldwin	69.9	0.5						70.4	70.4	
Brea Cyn	73.9							73.9	73.9	
Crossing Safety/IRIS	34.2							34.2	34.2	
East End/Reservoir	79.0							79.0	79.0	
Hamilton Blvd.	1.8							1.8	1.8	
Nogales (Alh)	49.8							49.8	49.8	
Ramona	53.1							53.1	53.1	
Sunset	93.8							93.8	93.8	
<b>Total</b>	<b>915.2</b>	<b>121.6</b>	<b>133.5</b>	<b>143.0</b>	<b>202.2</b>	<b>123.0</b>	<b>175.0</b>	<b>1,658.7</b>	<b>21.3</b>	<b>1,680.0</b>

Note: Project forecasts include indirect cost.

<sup>A</sup> 2017 estimate includes mid-year adjustments

<sup>B</sup> Includes costs beyond 2020

<sup>C</sup> EAC includes 2017 estimate

<sup>D</sup> Added Lemon Avenue Interchange

<sup>E</sup> Construction Closeout

# Exhibit V

## ACE Expenditures vs. Reimbursements

As of March 31, 2017

Projects	Reimbursement Status (\$ 000)									
	ITD Expenditures	Received	Current/ 30 days or Less	Aged ** Receivable	To Be Billed	MTA Retention				
At Grade Crossing	\$ 1,050	\$ 999	-	\$ 0.25	\$ 50	\$ 1				
Baldwin	70,365	70,336	-	27	-	2				
Durfee	21,773	20,783	416	55	481	38				
Fairway Drive	65,340	63,416	894	177	826	26				
Fairway-Lemon Betterment	1,840	-	1,247	-	594	-				
Fullerton	43,250	39,729	1,251	458	1,577	234				
Montebello	4,048	3,535	-	0	508	4				
Nogales (LA)	116,105	105,768	-	273	9,610	454				
Puente Ave.	63,672	61,740	1,311	192	397	31				
SG Trench	247,967	242,169	5,645	75	66	13				
Temple	90,406	89,367	-	-	1,039	-				
Turnbull Cyn.	316	287	-	-	21	8				
Brea Canyon	73,459	73,459	-	-	-	-				
Crossing Safety / IRRIS	34,343	34,343	-	-	-	-				
EE/Reservoir	78,960	78,960	-	-	-	-				
Hamilton	1,789	1,738	-	51	-	-				
Nogales (AH)	49,797	49,797	-	-	-	-				
Ramona	53,091	53,091	-	-	-	-				
Sunset	93,794	93,784	-	9	-	-				
<b>Sub-total Projects</b>	<b>1,111,362</b>	<b>1,083,300</b>	<b>10,764</b>	<b>1,319</b>	<b>15,170</b>	<b>809</b>				
Project Administration	10,053	9,934	-	-	119	-				
<b>Total ACE</b>	<b>\$ 1,121,415</b>	<b>\$ 1,093,233</b>	<b>\$ 10,764</b>	<b>\$ 1,319</b>	<b>\$ 15,289</b>	<b>\$ 809</b>				

\*\* Represents retention billed MTA and collection of \$573,672 in Prop C funds is expected soon. Measure R portion is pending final audit report.

# Exhibit VI Project Schedules As of 03/31/17

Activity Name	FY2017				FY2018				FY2019				FY2020				FY2021				
	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	
<b>ACTIVE PROJECTS</b>																					
<b>At-Grade Crossing Safety</b>																					
Design																					
Construction																					
Closeout																					
<b>Durfee Avenue</b>																					
Design																					
ROW Acquisition																					
Construction																					
Caltrans Closeout (Extends beyond reporting period)																					
<b>Fairway Drive (LA)</b>																					
ROW Acquisition (Completed)																					
Design (Completed)																					
Construction																					
Caltrans Closeout																					
<b>Fullerton Road</b>																					
ROW Acquisition (Completed)																					
Design (Completed)																					
Construction																					
Caltrans Closeout (Extends beyond reporting period)																					
<b>Montebello Corridor</b>																					
Design																					
ROW Acquisition																					
Construction (Extends beyond reporting period)																					
Caltrans Closeout (Occurs after reporting period)																					
<b>Nogales (LA)</b>																					
Design (Completed)																					
ROW Acquisition (Completed)																					
Construction																					
Caltrans Closeout																					
<b>Puente Avenue</b>																					
ROW Acquisition (Completed)																					
Design (Completed)																					
Construction																					
Caltrans Closeout																					

## Exhibit VI Project Schedules As of 03/31/17

Activity Name	FY2017				FY2018				FY2019				FY2020				FY2021			
	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4
<b>San Gabriel Trench</b>																				
Design (Completed)																				
ROW Acquisition (Completed)																				
Construction																				
Caltrans Closeout																				
<b>Turbull Canyon</b>																				
Design																				
ROW Acquisition																				
Construction (Extends beyond reporting period)																				
Caltrans Closeout (Occurs after reporting period)																				
<b>COMPLETED AND CLOSED</b>																				
<b>No Projnum</b>																				
Nogales Street (Alh)																				
Ramona Blvd																				
Brea Canyon Blvd																				
Crossing Safety/IRIS																				
East End/Reservoir																				
Sunset Avenue																				
Temple Ave																				
Hamilton Blvd																				
Baldwin Ave																				

Previous Report  
 Actual Work  
 Remaining Work  
 Critical Remaining Work

# Exhibit VII

## Treasury / Banking Investments

As of March 31, 2017

	<u>03.31.2017</u>	<u>Change</u>	<u>12.31.2016</u>
<b><u>Cash on hand</u></b>			
Operating Account	\$ 2,976,651	\$ 174,771	\$ 2,801,880
Money Market Account	8,297,981	(3,807,348)	12,105,329
Money Market (UPRR Contributions)	7,700,627	6,716	7,693,912
<b>Total cash on hand</b>	<b>18,975,260</b>	<b>(3,625,861)</b>	<b>22,601,121</b>
<b><u>Investments</u></b>			
LAIIF	1,590,454	2,704	1,587,750
CBT - Portfolio	31,041,310	131,191	30,910,119
<b>Total investments</b>	<b>32,631,764</b>	<b>133,895</b>	<b>32,497,869</b>
<b><u>Current - 30 days or less</u></b>	<b>12,083,258</b>	<b>2,907,443</b>	<b>9,175,815</b>
<b><u>Aged Receivable</u></b>	<b>1,319,214</b>	<b>-</b>	<b>1,319,214</b>
<b><u>To Be Billed</u></b>	<b>15,288,658</b>	<b>2,402,755</b>	<b>12,885,904</b>
<b><u>MTA Retention</u></b>	<b>809,498</b>	<b>147,717</b>	<b>661,782</b>
<b>Total Exhibit V</b>	<b>29,500,628</b>	<b>5,457,914</b>	<b>24,042,714</b>
Other receivables, prepaids and deferred costs	4,472,165	(2,924,504)	7,396,669
<b>Total Cash, Cash Equivalents &amp; Receivables</b>	<b>85,579,817</b>	<b>(958,555)</b>	<b>86,538,372</b>
<b><u>Liabilities</u></b>			
Payables & other Accruals	1,401,995	(625,086)	2,027,080
Unearned revenues	24,602,798 (a.)	(349,981)	24,952,780
MTA Working Capital Loan	45,000,000	-	45,000,000
<b>Total liabilities</b>	<b>71,004,793</b>	<b>(975,067)</b>	<b>71,979,860</b>
<b>Fund balance</b>			
Resources net of actual liabilities	14,575,024	16,512	14,558,512
Less estimated:			
CalPERS - Unfunded Liability	947,089 (b.)	-	947,089
CalPERS - Unfunded Termination Liability	5,245,348 (b.)	-	5,245,348
<b>Resources net of estimated liabilities</b>	<b>\$ 8,382,587</b>	<b>\$ 16,512</b>	<b>\$ 8,366,075</b>

a.) Represents surplus property appraised value, net proceeds from sale of ROW surplus properties, advanced UPRR funding, disallowed retention, and Betterment funds billed in advance to City of Industry for Fairway Drive and Fullerton projects.

b.) Updated based on CalPERS's annual valuation report as of June 30, 2015.

# Exhibit VII Treasury / Banking Investments

As of March 31, 2017

Deposit/ Investment Amount 03.31.17	% of Invest- ments	Bank Deposits	Maximum Maturity	Maximum Percent of Portfolio	Maximum Investment in One Issuer
		Ace deposits are held by Citizens Business Bank (CBB) under a deposit agreement in amounts not to exceed \$50 million. Under the agreement, CBB maintains collateral deposits of at least 110% of the value of all ACE deposits at Bank of New York Mellon in eligible securities. The CBB deposits accounts are:			
\$ 2,976,651		Checking Account			
\$ 15,998,609		Money Market Accounts (3) *			
\$ 18,975,260		Total Deposits			
		<b>Permitted Investments **</b>			
\$ 13,203,533	40.46%	Government Securities (3.0 - 5.00 years)	5 years	50%	15% <=
\$ 9,109,409	27.92%	Corporate Bonds (3.40 - 4.99 years)	5 years	30%	10% <=
\$ 2,706,865	8.30%	Gov't Mortgages (4.06 - 4.78 years)	5 years	15%	None stated
\$ 732,813	2.25%	Municipals (4.7 - 5.03 years)	None stated	None stated	None stated
\$ 4,533,577	13.89%	CDs (2.75 - 5.01 years)	5 years	30%	10% <=
\$ 755,113	2.31%	Money Markets	None stated	None stated	None stated
\$ 31,041,310	95.13%	Subtotal Investments - Book value *			
\$ 1,590,454	4.87%	State's Local Agency Investment Fund	None stated	None stated	None stated
\$ 32,631,764	100.00%	Total Investments			
\$ 51,607,024		<b>Total</b>			

\* Note: Includes \$21,293,465 of available unearned revenues

\*\* Complies with SGVCOG Investment Policy

Fixed Income Investments Portfolio  
March 31, 2016

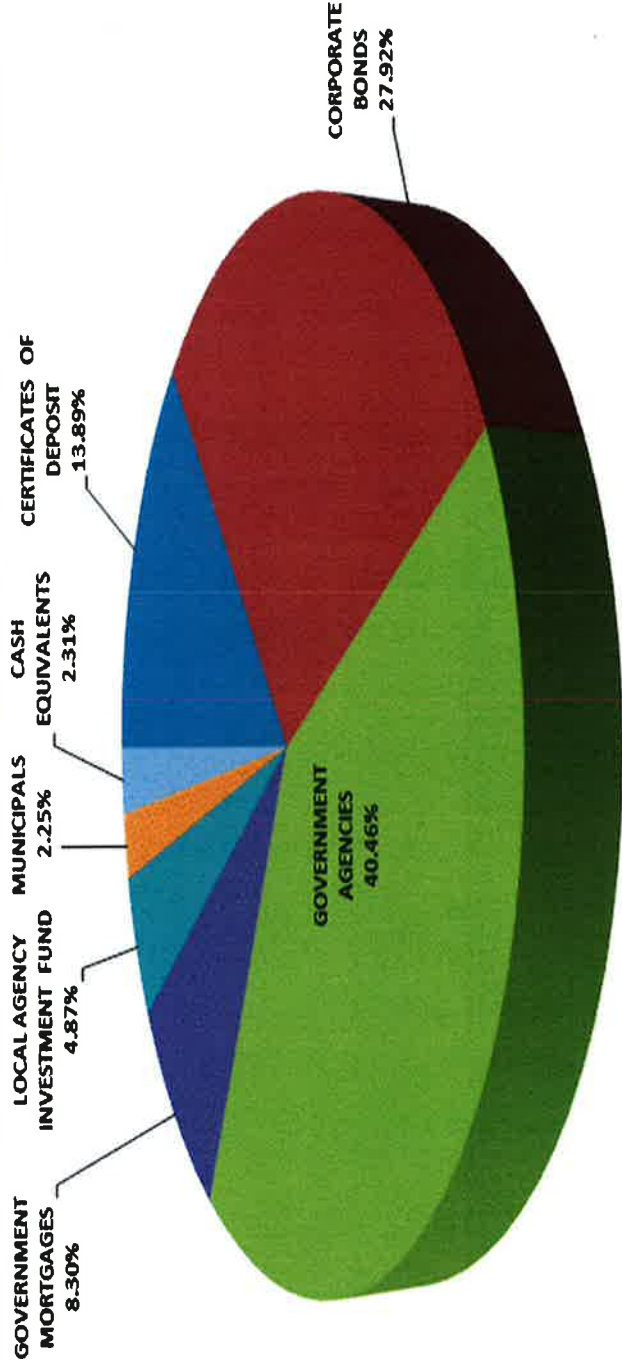
Cusip	Name	Coupon	Yield to Maturity	Purchase Date	Maturity Date	Current Price	Par Value	Market Value	Current Book Value	
3136G1M55	Fannie Mae	0.80	0.823	12/10/2013	11/28/2017	98.910	250,000	249,775	250,000	
3135G0J46	Fannie Mae	1.25	1.366	2/26/2016	2/28/2019	99.559	250,000	249,316	199,924	
3136G1C99	Fannie Mae	1.42	1.534	5/11/2016	2/5/2020	99.589	150,000	149,382	151,348	
3136G3C78	Fannie Mae	2.06	2.206	7/28/2016	7/28/2021	97.959	200,000	193,814	200,000	
3136G3X23	Fannie Mae	2.016	2.016	8/25/2016	8/25/2021	96.877	300,000	292,674	300,000	
3136G3Y33	Fannie Mae	1.40	1.730	6/24/2016	6/24/2020	98.712	400,000	387,508	400,000	
3136G0N66	Fannie Mae	2.152	2.152	9/23/2016	9/23/2021	97.157	1,000,000	971,570	999,924	
3136G3506	Fannie Mae	1.60	2.241	9/30/2016	9/30/2021	96.984	900,000	872,856	899,487	
3136G3J94	Fannie Mae	2.236	2.236	10/28/2016	10/28/2021	97.124	250,000	242,810	249,898	
3136G45F4	Fannie Mae	1.55	2.195	10/31/2016	10/28/2021	96.963	200,000	193,926	200,000	
3133ECSV2	Federal Farm Credit Bank	1.19	2.279	12/6/2013	12/4/2018	99.569	625,000	622,305	617,613	
3133EFZ91	Federal Farm Credit Bank	1.62	2.274	4/12/2016	4/12/2021	96.525	500,000	484,625	499,545	
3133790K0	Federal Home Loan Bank	1.88	1.667	10/29/2014	3/8/2019	100.970	250,000	252,425	250,594	
3130A6NA1	Federal Home Loan Bank	1.40	1.589	10/29/2015	10/29/2021	99.269	200,000	198,538	200,000	
313380FB8	Federal Home Loan Bank	1.38	1.461	11/5/2015	9/13/2019	99.677	365,000	363,821	363,785	
3130A8EN9	Federal Home Loan Bank	1.64	2.000	6/14/2016	6/14/2021	98.294	100,000	98,294	100,000	
3130A8NT6	Federal Home Loan Bank	1.48	1.919	7/28/2016	7/13/2021	97.933	200,000	195,356	200,000	
3130A8WV9	Federal Home Loan Bank	1.30	1.833	8/3/2016	8/3/2021	98.081	400,000	395,926	400,000	
3130A9GS4	Federal Home Loan Bank	1.70	2.207	10/12/2016	10/12/2021	97.610	300,000	295,666	299,727	
3130AA2S6	Federal Home Loan Bank	1.80	2.105	11/30/2016	11/26/2021	96.717	400,000	386,868	400,000	
3134G93Q8	Freddie Mac	1.50	2.289	8/25/2016	8/25/2021	96.740	700,000	677,180	700,000	
3134G95L7	Freddie Mac	1.50	2.230	9/30/2016	9/30/2021	96.891	1,000,000	968,910	999,480	
3134GAEEO	Freddie Mac	1.60	2.430	9/7/2016	10/25/2021	107.444	155,458	167,031	171,733	
3134GAEY3	Freddie Mac	4.33	2.486	9/7/2016	12/25/2020	106.893	321,608	343,776	355,227	
3137ABRP7	Freddie Mac	3.99	2.658	9/7/2016	6/25/2021	105.961	496,000	525,567	547,013	
3137ABFH9	Freddie Mac	3.99	2.255	10/27/2016	10/27/2021	96.917	300,000	290,751	300,000	
3134GARB2	Freddie Mac	2.05	2.173	12/30/2016	12/30/2021	99.419	200,000	198,938	200,000	
3134GAZR8	Freddie Mac	1.63	1.669	1/30/2017	1/28/2020	99.871	200,000	199,742	200,000	
880591EQ1	Tenn Valley Authority DTD	1.551	1.551	10/6/2014	10/15/2018	100.773	200,000	201,346	200,000	
880591EL2	Tenn Valley Authority DTD	3.88	2.087	9/19/2016	2/15/2021	107.496	500,000	500,185	500,000	
<b>40.46% Government Securities (3.0 - 5.00 years)</b>										
02006LM42	Ally Bank Medium	1.30	1.664	9/15/2016	6/16/2019	99.026	250,000	247,654	250,000	
02587DWKO	American Expr Centurion	2.20	2.100	7/19/2016	11/29/2019	100.418	171,377	175,993	171,377	
06740KHJ9	Barclays Bank/Delaware	1.60	1.654	7/23/2016	7/23/2019	99.793	250,000	247,118	250,000	
05580AFA7	BMW Bank North America	1.20	1.601	9/13/2016	8/26/2019	96.936	250,000	247,840	249,950	
05580ACP5	BMW Bk North America DTD	2.00	1.960	9/30/2016	10/8/2019	96.936	250,000	252,640	249,950	
05568P6C6	BMW Bk North America Salt Lake	2.00	1.897	9/13/2016	10/8/2019	98.922	249,000	246,316	249,000	
140420D54	Capital One Bank	1.65	1.965	9/14/2016	8/31/2021	98.515	250,000	245,286	250,000	
140420F21	Capital One Bank	1.60	1.950	9/13/2016	8/17/2021	98.364	250,000	245,911	249,408	
140420V83	Capital One Bank Medium	1.60	1.912	7/13/2016	5/4/2021	98.574	250,000	246,434	250,573	
140420Q00	Capital One NA Medium	2.15	2.032	7/7/2016	10/16/2019	100.481	163,993	164,781	163,993	
254672W20	Discover Bank DTD	2.20	1.968	10/8/2016	10/7/2020	101.100	200,000	202,200	199,230	
36830KEU5	GE Capital Retail Bank	1.85	1.900	12/14/2016	12/14/2020	99.806	200,000	199,613	200,000	
36157QTF4	GE Capital Retail Bank	2.00	1.467	11/15/2013	11/22/2017	100.129	250,000	250,323	250,000	
619165GX5	Morton Community Bank	1.60	1.818	11/19/2013	11/23/2017	100.486	200,000	200,000	200,000	
87164YML5	Synchrony Bank DTD	1.55	1.915	7/13/2016	6/16/2020	99.264	200,000	198,658	200,000	
949763AW6	Wells Fargo Bank	1.30	1.637	9/14/2016	6/29/2021	98.279	250,000	247,557	249,463	
949763AZ9	Wells Fargo Bank	1.65	1.964	9/14/2016	9/14/2021	99.023	250,000	246,273	250,000	
9497485W3	Wells Fargo Bank CD	1.75	1.941	7/13/2016	8/17/2021	99.107	250,000	247,767	250,000	
<b>15.89% CDs (2.76 - 6.01 years)</b>										
009158M55	Air Products/Honda Finance	1.20	1.210	11/14/2013	10/15/2017	99.981	4,634,370	4,609,668	4,633,673	
05591FAL7	BB&T Corp	1.70	2.365	11/22/2013	9/9/2021	105.210	1,204,530	1,204,530	1,197,402	
05531FAL7	BB&T Corp	2.63	1.583	11/22/2013	8/15/2017	100.062	1,400,000	1,356,460	1,392,034	
14912L6U0	Caterpillar Financial Serv Corp	2.471	2.471	9/9/2016	6/29/2020	96.450	500,000	500,310	500,028	
40428HPJ5	HSBC USA INC	2.25	2.399	12/4/2013	9/9/2021	101.020	1,746,000	934,435	929,494	
437076BB7	Home Depot	4.13	2.010	11/7/2013	9/24/2018	101.020	1,000,000	1,010,200	1,008,741	
440452AE0	Hormel Foods Corp	4.50	2.432	1/31/2017	4/15/2020	106.728	500,000	503,640	536,270	
713448BN7	PepsiCo Inc	1.65	1.698	1/29/2015	1/15/2020	107.435	100,000	107,435	107,696	
882508AU8	Texas Instruments Inc	3.13	2.285	9/9/2015	8/3/2019	99.820	500,000	499,749	499,254	
313812AMB	United Parcel Service DTD	3.84	2.661	6/10/2016	10/15/2021	103.648	9,081,000	9,032,896	9,109,409	
<b>27.92% Corporate Bonds (3.40 - 4.99 years)</b>										
31381NM83	Federal Nat'l Mtge Assn#N485783	3.94	3.426	12/10/2015	9/1/2020	105.210	155,744	163,858	165,818	
31381P3Z9	Fannie Mae Pool #467116	3.79	3.426	11/10/2013	11/1/2018	100.022	500,000	500,110	530,781	
31381CN69	Fannie Mae Pool #468052	3.59	3.234	11/21/2013	4/1/2018	101.266	680,214	688,825	740,794	
31381SLV7	Fannie Mae Pool #489116 DTD	2.84	2.704	11/21/2013	10/1/2018	101.450	453,616	460,375	481,181	
31407RTU8	Fannie Mae Pool #838563	5.00	3.914	4/29/2015	9/1/2020	104.375	627,804	634,408	663,020	
<b>8.30% Gov't Mortgages (4.06 - 4.78 years)</b>										
758148GY0	Reed Calif Union School District	4.00	3.060	11/18/2013	8/1/2018	104.051	2,626,931	2,660,879	2,706,966	
010831BM6	Alameda County JPA	5.00	3.597	11/21/2013	12/1/2018	106.402	440,000	468,169	471,786	
31607A208	Fidelity Prime Mon Mar-Ins	1.00	2.25%	10/7/2015	12/1/2013	105.565	690,000	728,366	732,913	
<b>2.31% Money Markets</b>										
								\$ 30,629,479	\$ 30,607,844	\$ 31,041,310

# Fixed Income Investments at 03-31-2017 - Summary



Alameda Corridor - East Construction Authority  
Office of ACE Construction Authority Finance Director/Treasurer

ASSET ALLOCATION	Current Par Value	Current Book Value	Market Value	Mkt/Book
Assets (Dollars)		4,533,577	4,509,558	99.47%
CERTIFICATES OF DEPOSIT	4,534,370	9,109,409	9,032,896	99.16%
CORPORATE BONDS	9,061,000	13,203,533	12,921,003	97.86%
GOVERNMENT AGENCIES	13,063,066	2,706,865	2,560,879	94.61%
GOVERNMENT MORTGAGES	2,525,931	1,590,454	1,590,454	100.00%
LOCAL AGENCY INVESTMENT FUND	1,590,454	732,813	728,396	99.40%
MUNICIPALS	690,000	755,113	755,113	100.00%
CASH EQUIVALENTS	755,113	32,631,764	32,098,299	98.37%
<b>Totals (Dollars)</b>	<b>32,219,933</b>	<b>32,631,764</b>	<b>32,098,299</b>	



**Fixed Income Composition by Book Value**

**Par Value:** Or face value is the amount of money redeemed to the bondholder once the bonds matures  
**Book Value :** Is the par value or face value plus any unamortized premiums or less any unamortized discounts.  
**Market Value:** Is the current price at which the bond is trading  
**Mkt/Book:** Measures the market value over the book value of a bond.



**Alameda Corridor-East Construction Authority**

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

MEMO TO: ACE Construction Authority Finance Committee

FROM: Mark Christoffels  
Chief Executive Officer

DATE: April 27, 2017

SUBJECT: Update on Working Capital Financing Program

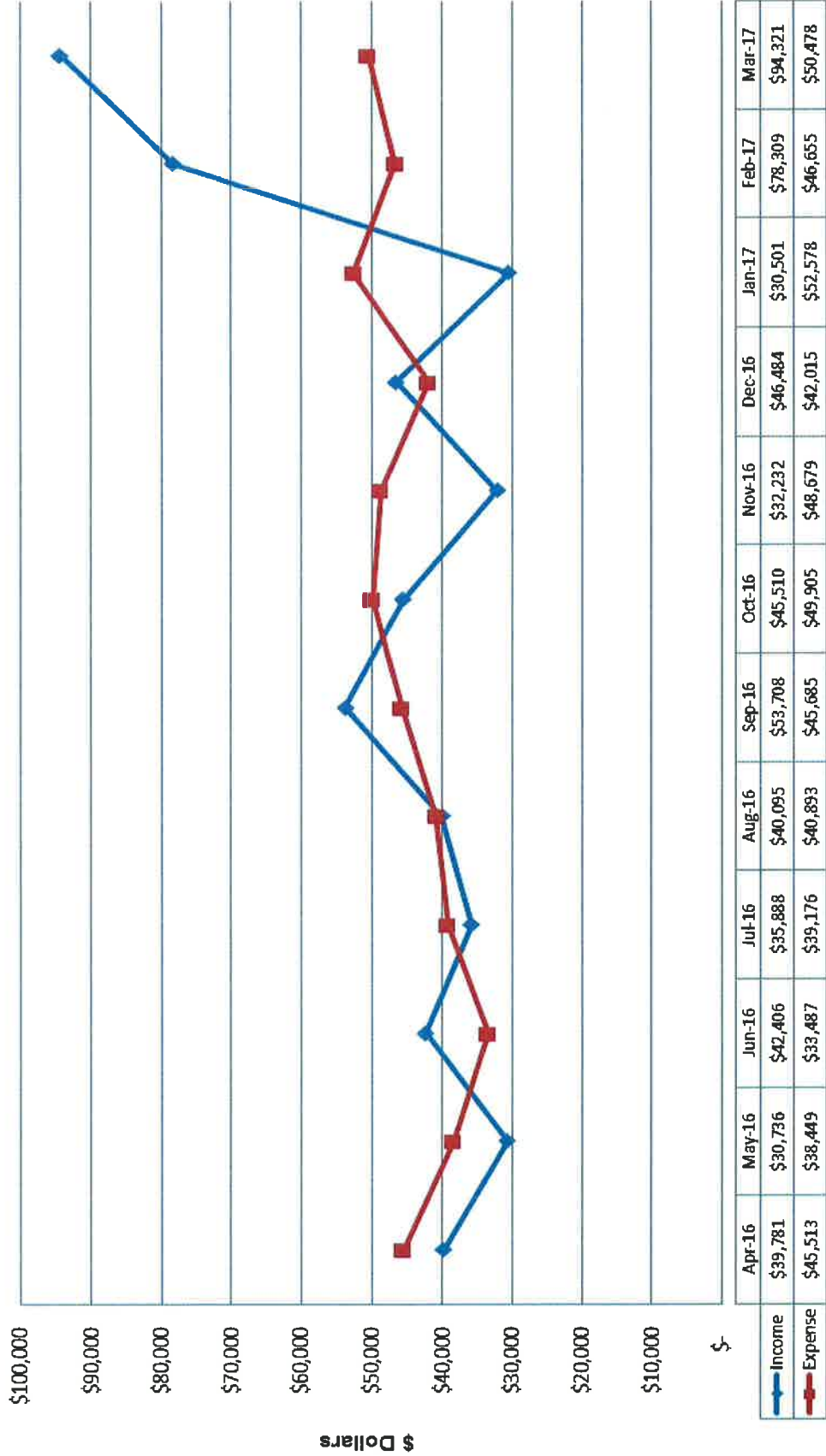
**RECOMMENDATION:** Receive and file a report on the ACE's Working Capital Financing Program for the period from December 31, 2016 through March 31, 2017

**BACKGROUND:** ACE's revenue is primarily based on grant funding which is allocated on a reimbursement basis. In order to meet its financial obligations under the contracts issued, ACE must obtain working capital through borrowing and cash on hand. The attached documents identify ACE's working capital investment returns and how much of our incurred debt is available for short term investments.

ACE staff has been working hard to keep receivables (essentially grant reimbursements) **at less than 30 days.** A benefit of reducing aging receivables is that ACE's cost of borrowing is substantially reduced because we are able to maintain a healthy balance in short-term investments. For the months of January, February, and March, the cost of borrowing was \$149,711 and the interest income on short-term investments was \$203,131 for a net income of \$53,420 on a \$45m loan.

Attachment

# ACE Construction Authority Cost of Borrowing





# REPORT

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DATE: May 18, 2017  
TO: Governing Board Delegates and Alternates  
FROM: Phil Hawkey, Executive Director  
RE: **FY 2017-18 BUDGET**

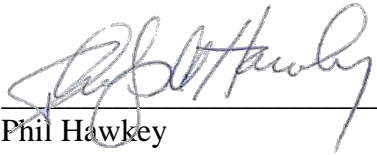
## **RECOMMENDED ACTION**

Adopt Resolution 17-13 adopting 2017-18 budget.

## **BACKGROUND**

Attachment A provides an overview of the proposed FY 2017-18. The full budget and resolution as included as Attachment B.

Prepared by:   
\_\_\_\_\_  
Marisa Creter  
Assistant Executive Director

Approved by:   
\_\_\_\_\_  
Phil Hawkey  
Executive Director

## **ATTACHMENTS**

Attachment A – FY 2017-18 Budget Summary  
Attachment B - Resolution 17-13 and Proposed FY 2017-18 Budget

	Adopted Budget FY 16/17	Adopted Amendment #1	Adopted Amendment #2	FY 2017-18
1	<b>General Operating Income</b>			
2	\$ 745,909	\$ 745,909	\$ 745,909	\$ 760,798
3	-	10,500	12,551	50,000
4	12,000	12,000	12,000	12,000
5	-	2,500	13,146	-
6	1,000	1,000	1,000	1,000
7	<i>Total General Operating Income</i>	758,909	771,909	784,606
8	<b>Grants &amp; Special Project Income</b>			
9	88,413	88,413	88,413	88,413
10				200,000
11	80,000	80,000	100,000	120,000
12	109,000	109,000	109,000	100,000
13	47,850	47,850	15,846	-
14			40,000	40,000
15	<i>Total Grants &amp; Special Project Income</i>	325,263	325,263	353,259
16	<b>Total Income</b>	1,084,172	1,097,172	1,137,865
17	<b>General Operating Expenses</b>			
18	<u>Ongoing Operational Contracts</u>			
19	30,000	30,000	35,000	30,000
20	20,000	20,000	20,000	20,400
21	5,000	5,000	13,500	12,000
22	28,000	28,000	32,000	28,000
23	<u>Personnel</u>			
24	260,000	260,000	364,167	619,550
25	40,500	40,500	60,500	40,000
26	33,600	33,600	56,700	63,600
27	19,162	19,162	34,122	54,673
28	-	-	25,000	
29	5,000	5,000	5,000	5,000
30	<u>General &amp; Administrative</u>			
31	72,627	72,627	72,627	74,806

		Adopted Budget FY 16/17	Adopted Amendment #1	Adopted Amendment #2	FY 2017-18
32	Utilities	8,025	8,025	8,025	8,265
33	Postage	2,000	2,000	2,000	2,000
34	Equipment & Software Acquisition	10,000	10,000	10,000	10,000
35	Storage	2,671	2,671	2,671	2,751
36	Office Supplies	5,000	5,000	5,000	5,000
37	Miscellaneous maint/ops expense	5,000	5,000	5,000	20,000
38	Meeting/Travel	40,000	40,000	40,000	40,000
39	Dues & Subscriptions	3,500	3,500	3,500	3,500
40	Administrative Fees	3,500	3,500	3,500	3,500
41	Insurance	8,000	8,000	8,000	8,000
42	General Assembly	-	13,000	10,500	50,000
43	<u>Consultant Services</u>				
44	Management Consultant Services	156,000	156,000	65,000	-
45	MTA Board Support	106,090	106,090	106,090	106,090
46	Transportation Technical Support (ACE)	30,000	30,000	30,000	25,000
47	Administrative Support (ACE)	20,000	20,000	25,000	20,000
49	Media/Public Relations	2,000	2,000	2,000	2,000
50	Information Technology	2,000	2,000	2,000	2,000
51	Grant Writing Services	50,000	50,000	50,000	50,000
52	Transportation Consultant	-	10000	-	-
52	<u>Direct Expenses</u>				
53	Board Stipends & Taxes	11,000	11,000	11,000	11,000
54	Printing / Publication	12,000	12,000	12,000	12,000
55	<u>Direct Grant Expenses</u>		-		
56	SGVEWP Edison & Gas Expenses	40,000	40,000	40,000	40,000
57	SCE CEESP Phase 3 Expenses	40,000	40,000	2,475	
58	<b>Total Expenditures</b>	<b>1,070,675</b>	<b>1,093,675</b>	<b>1,162,376</b>	<b>1,369,136</b>
59	<b>Net income (Loss)</b>	<b>\$ 13,497</b>	<b>\$ 3,497</b>	<b>\$ (24,511)</b>	<b>\$ 3,075</b>

**RESOLUTION NO. 17-13**

**RESOLUTION OF THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS  
(SGVCOG) ADOPTING THE FY 2017-18 BUDGET**

**WHEREAS**, the SGVCOG Joint Powers Agreement (JPA) and Bylaws direct that the SGVCOG Governing Board adopted adopt a Budget prior to July 1 of every year;

**WHEREAS**, the Budget serves as the basis for the SGVCOG's programs and activities;

**WHEREAS**, the Executive Director is responsible for the development and implementation of the Budget;

**WHEREAS**, the Governing Board may, from time to time, modify the Budget to conform to the Governing Board's policy directives; and

**WHEREAS**, there are funds within this budget document that are for specific purposes and appropriations of those funds will comply with accounting principles and governing rules of the funding sources.

**NOW, THEREFORE, BE IT RESOLVED** that the Governing Board adopts the FY 2017-18 Budget, attached hereto and incorporated herein as Exhibit A.

**PASSED 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 18<sup>th</sup> day of May, 2017.

San Gabriel Valley Council of Governments

---

Gene Murabito, President

**Attest:**

I, Philip A. Hawkey, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 17-13 was adopted at a regular meeting of the Governing Board held on the 18<sup>th</sup> day of May, 2017, by the following roll call vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

---

Philip A. Hawkey, Secretary



# Proposed Budget – FY 2018





# SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS FISCAL YEAR 2017-18 BUDGET

## Officers

### President

Cynthia Sternquist

### 1<sup>st</sup> Vice President

Margaret Clark

### 2<sup>nd</sup> Vice President

Vacant

### 3<sup>rd</sup> Vice President

Vacant

**Philip A. Hawkey**

Executive Director

**Carlos Monroy**

Accountant/Treasurer

**Richard Jones**

General Counsel

**Marisa Creter**

Assistant Executive Director

**Eric Wolf**

Senior Analyst

**Christian Cruz**

Management Analyst

**Kaitlin Ward**

Management Analyst

**Stefanie Hernandez**

Project Assistant

Alhambra  
Covina  
Irwindale  
Monterey Park  
San Marino  
West Covina

Arcadia  
Diamond Bar  
La Canada Flintridge  
Pasadena  
Sierra Madre  
LA County District 1

Azusa  
Duarte  
La Puente  
Pomona  
South El Monte  
LA County District 4

Baldwin Park  
El Monte  
La Verne  
Rosemead  
South Pasadena  
LA County District 5

Bradbury  
Glendora  
Monrovia  
San Dimas  
Temple City  
San Gabriel Valley Water Agencies

Claremont  
Industry  
Montebello  
San Gabriel  
Walnut

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May 18, 2017

**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 2017-18. 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.

***Strategic Plan, Mission, Vision & Core Values***

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 and were used as the basis for developed the key initiatives and near-term actions, 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.”*

**Core Values & Guiding Principles**

- *Accountability*
- *Fiscal Responsibility*
- *Mutual Respect*
- *Transparency*
- *Integrity*
- *Being Proactive & Results Oriented*
- *Unity of Common Goals & Objectives*
- *Creativity*
- *Reflecting the Diversity of Our Member Agencies*
- *Collaboration*

Table 1 summarizes the key initiatives for FY 2017-18, including goals and near-term actions.

<p><b>Water Quality</b></p> <p><b>Goal:</b> Assist cities in addressing stormwater MS-4 permit requirements, with an emphasis on securing long-term funding and identifying regional solutions.</p> <p><b>Near-Term Actions:</b></p> <ul style="list-style-type: none"> <li>• Draft and advocate for legislation supporting MS4 compliance.</li> <li>• Apply for grants for construction of stormwater capture and infiltration infrastructure.</li> <li>• Complete Stormwater Outreach agenda and continue meeting with stakeholders and policy makers.</li> <li>• Develop stronger coordinated relationships with LA County DPW and LA County Sanitation Districts.</li> <li>• Work to develop approach to new MS4 permit.</li> </ul>	<p><b>Active Transportation</b></p> <p><b>Goal:</b> Create a regional active transportation network that increases safety for bicyclists and pedestrians and enhances access to transit.</p> <p><b>Near-Term Actions:</b></p> <ul style="list-style-type: none"> <li>• Develop a high-level implementation plan for Greenway Network projects based on feasibility study and Measure M guidelines.</li> <li>• Execute 4-cities Open Street event in April 2018.</li> <li>• Coordinate with Goldline Phase 2B cities to develop First/Last Mile plans.</li> <li>• Serve as project manager for SCAG grant funded in FY 2017-18 (e.g. Bike Friendly Business District Pilot Expansion and First/Last Mile Planning).</li> </ul>	<p><b>Legislative &amp; Regulatory Advocacy</b></p> <p><b>Goal:</b> Advocate for San Gabriel Valley priorities and interests on the County-wide, State and Federal level.</p> <p><b>Near-Term Actions:</b></p> <ul style="list-style-type: none"> <li>• After one legislative cycle, report back findings on functionality of Ad Hoc Committee and provide recommendations regarding the formation of a standing committee.</li> </ul>
<p><b>Homelessness</b></p> <p><b>Goal:</b> Serve as a clearinghouse to member agencies for resources related to homelessness and advocate for resources to address homelessness in the San Gabriel Valley.</p> <p><b>Near-Term Actions:</b></p> <ul style="list-style-type: none"> <li>• Engage with the Los Angeles Homeless Services Authority (LAHSA) to better coordinate on regional homeless issues.</li> <li>• Complete master point of contact list and services/programs list.</li> <li>• Identify important legislation at the County, State and Federal Levels that can help combat homelessness in the San Gabriel Valley Region.</li> </ul>	<p><b>Large Capital Transportation Projects</b></p> <p><b>Goal:</b> Ensure the timely implementation of regional priority transportation projects.</p> <p><b>Near-Term Actions:</b></p> <ul style="list-style-type: none"> <li>• Implement Ad Hoc ACE/ Large Capital Projects Committee recommendations, including integration study.</li> <li>• Hire Transportation Planner/Program Manager and develop plan to manage Measure M funds.</li> </ul>	

**Table 1.**  
**FY 2017-18 Key Initiatives.**

### ***FY 2016-17 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:

- Adopted new financial and administrative policies and participated in a Caltrans pre-award audit to remove “high risk designation”, which would allow agency to receive State and Federal Transportation funding. That audit was completed in March 2017, and the SGVCOG received no findings and was determined to have addressed all findings from the prior audit.
- In partnership with 10 cities, awarded \$798K in funding for 5 projects submitted under SCAG’s Sustainability Planning Grant program (i.e. Greenway Network Feasibility Plan; Arrow Highway Demonstration Project; Bike Friendly Business District - El Monte/South El Monte; Bike Friendly Business District - Baldwin Park; and First/Last Mile Planning - El Monte).
- Awarded \$594,000 by Metro for Open Street event in partnership with cities of San Dimas, Pomona, La Verne, and Claremont.
- Initiated ATP Cycle 1 Grant to undertake Greenway Network Feasibility Study, which will complete Greenway Network Feasibility Study and Active Transportation Plans for 5 cities (Glendora, Monrovia, La Puente, Irwindale and Montebello), provide educational workshops, and develop a wayfinding/signage coordination plan.
- Coordinated with Metro to initiate Regional Bike Share Expansion Feasibility Study with 15 SGV Cities.
- Launching Bicycle-Friendly Business District Pilot with Glendora and South Pasadena.
- Supported passage of Measure A, which will provide over \$92.7M annually for open space and trail projects including the SGV Greenway Network.
- Developed Stormwater Policy and Legislative Platform that was adopted by Governing Board.
- At least five initiatives from the SGVCOG Legislative Platform are set to be introduced in this legislative cycle including the following:
  - AB 1180 (Holden): Creates a new tire fee to address stormwater pollution
  - SB 589 (Hernandez): Adopts Financial Capability Analysis (FCA) as a component of Municipal Separate Sewer Stormwater System (MS4) permits
  - SB 541 (Allen): Addresses school construction water capture design standards
  - SB 633 (Portantino): Clarifies that permittees shall enjoy entitlement to use the stormwater they capture
  - AB 968 (Rubio): Allows use of existing infrastructure to convey stormwater for capture and infiltration
- Ad Hoc Legislative Committee and committee structure approved by Governing Board in January 2017.
- Homelessness Committee formed in July 2017.
- Homelessness Policy and Committee workplan approved by Governing Board in January 2017.
- Supported Measure H which will provide over \$355M annually over the next 10 years for homeless services.
- Supported passage of Measure M, which will provide over \$3.3B in funding to San Gabriel Valley over next 40 years.
- Governing Board approved recommendations of Ad Hoc ACE/Large Capital Projects Committee to enlarge the scope of ACE to serve the San Gabriel Valley and integrate ACE and SGVCOG.

- Working with Gateway COG, secured \$34 million in funding for the environmental and final project approval phases of the 605/60 improvement project.

***Proposed FY 2017-18 Budget***

The SGVCOG estimated revenues for the Fiscal Year 2016-17 budget are \$1,372,211 proposed expenditures are \$1,369,136, resulting in a net balance of \$3,075. The narrative provides detailed explanations of the anticipated changes and budgeted figures. Major changes from the current year's budget are as follows:

- **Dues:** Per direction from the Governing Board, the FY 2017-18 budget proposes a 2.1% increase to dues based on changes to the consumer price index (CPI).
- **Transportation Planner / Program Manager:** In February 2017, the Governing Board directed staff to begin work to create a transportation planner/program director position to primarily manage Measure M program funds, which will amount to nearly \$1.5 billion in various programs directed towards the SGV over the next 40 years. It is anticipated that staff will return to the Governing Board to request approval of a job description and pay range. Simultaneously, staff is working with Metro staff to develop a Memorandum of Understanding (MOU) with Metro to fund this position using Measure M program funds.
- **General Assembly:** Staff is working to plan the SGVCOG's next General Assembly for October 2017. The theme of this year's assembly will be on the regional impact of future trends. Staff is working to secure more sponsorships in order to expand this event.
- **Office Relocation:** The SGVCOG's office lease is set to expire in December 2017. Staff is working to evaluate various options for new office space and the proposed budget includes expenses related to moving costs.

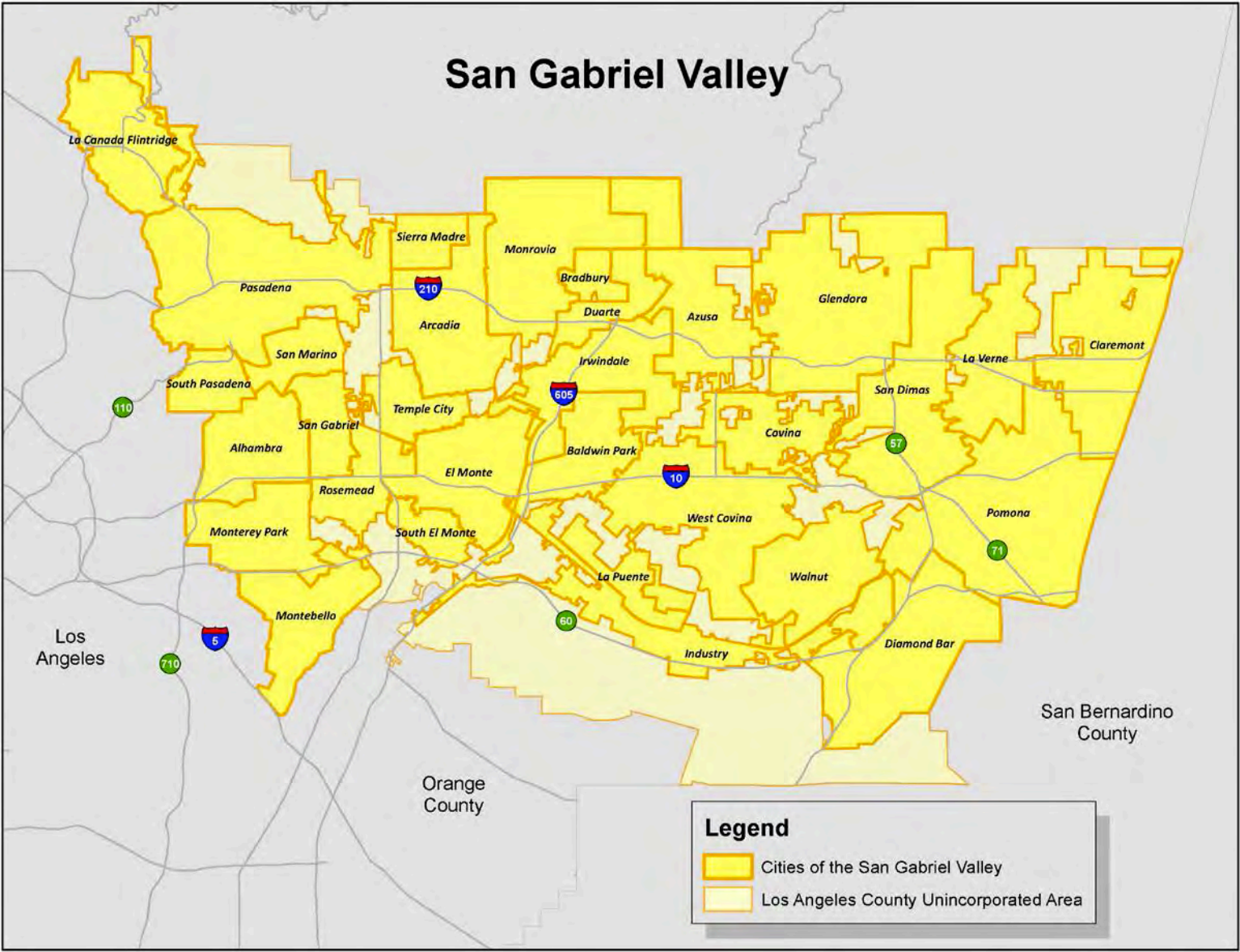
I anticipate this will be an exciting and rewarding year for the SGVCOG. The SGVCOG staff is working closely with you to deliver key projects and initiatives, and we will continue to reach out within our organization and externally to ensure the staff is meeting the Board's expectations and leverage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

Respectfully submitted,



Philip A. Hawkey  
Executive Director

**MAP OF THE SAN GABRIEL VALLEY**



**FY 2017-18 BUDGET**  
**BUDGET OVERVIEW**

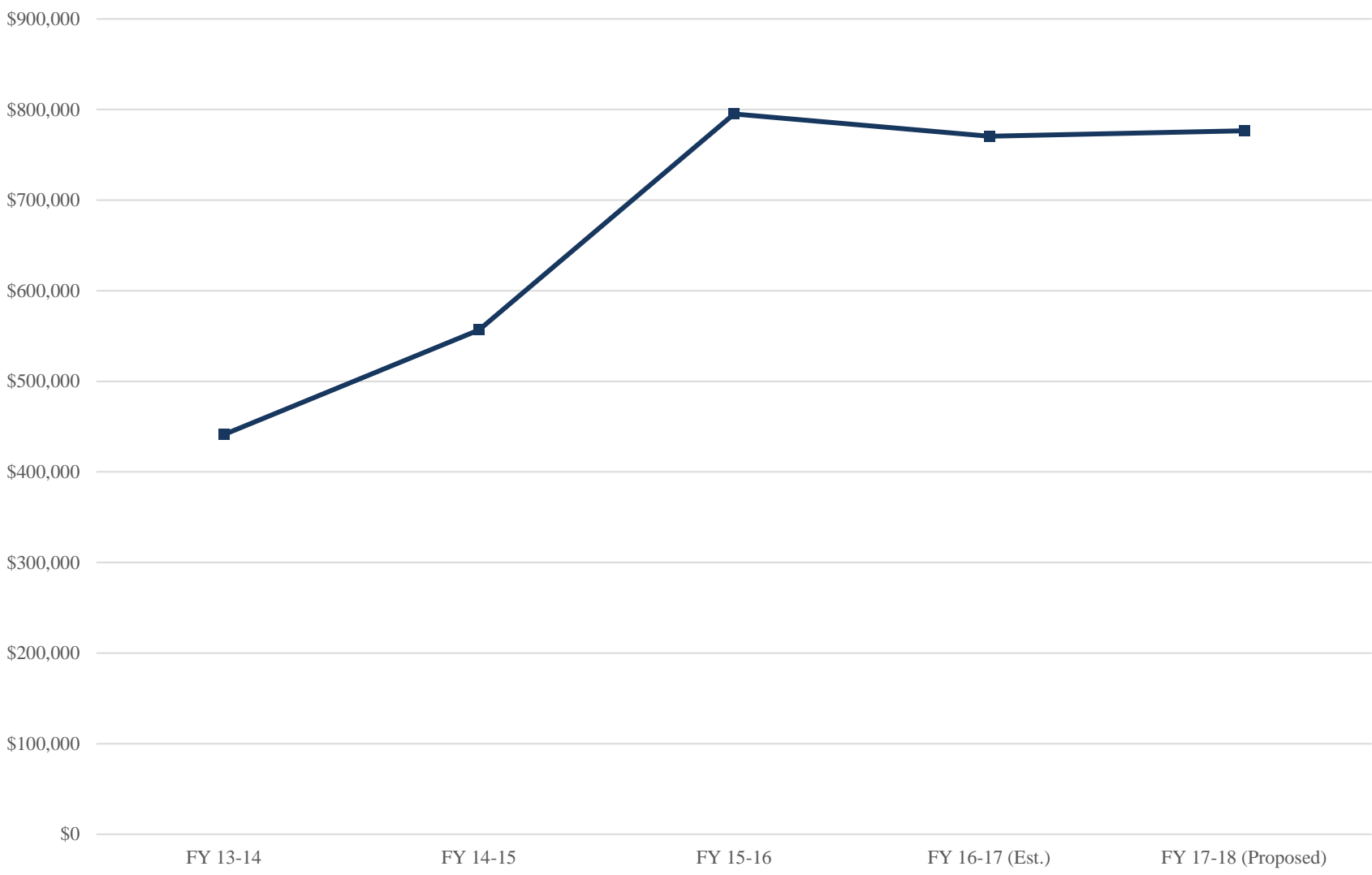
<b>San Gabriel Valley Council of Governments</b>	
<b>Proposed Budget</b>	
<b>Fiscal Year 2017-18</b>	
<b><u>Description</u></b>	<b><u>Amount</u></b>
<b>Revenues:</b>	
General Operating Income	\$ 823,798
Grants & Special Project Income	548,413
<b>Total Revenue</b>	<b>1,372,211</b>
<b>Expenses:</b>	
Ongoing Operational Contracts	90,400
Personnel	782,823
General & Administrative	227,823
Consultant Services	205,090
Direct Expenses	23,000
Grant and Special Project Expenses	40,000
<b>Total Expenses</b>	<b>1,367,136</b>
<b>Estimated Year-End Balance</b>	<b>\$ 3,075</b>

<b>Estimated Fund Balance (7/1/2017):</b>	\$770,584
<b>Estimated Fund Balance (6/30/2018):</b>	\$773,659

**SUMMARY OF REVENUES AND EXPENSES (2015-2018)**

<b><u>Description</u></b>	<b>FY 15-16 (Actual)</b>	<b>FY 16-17 (Estimated)</b>	<b>FY 17-18 (Proposed)</b>
<b>Revenues:</b>			
General Operating Income	\$ 790,168	\$ 784,606	\$ 823,798
Grants & Special Project Income	379,147	706,518	548,413
<b>Total Revenue</b>	<b>1,169,315</b>	<b>1,491,124</b>	<b>1,372,211</b>
<b>Expenses:</b>			
Ongoing Operational Contracts	67,780	100,500	90,400
Personnel	279,459	515,489	782,823
General & Administrative	147,954	170,823	227,823
Consultant Services	405,547	280,090	205,090
Direct Expenses	21,882	23,000	23,000
Grant and Special Project Expenses	75,223	42,475	40,000
<b>Total Expenses</b>	<b>997,845</b>	<b>1,162,376</b>	<b>1,369,136</b>
<b>Year-End Balance</b>	<b>\$ 171,470</b>	<b>\$ (24,511)</b>	<b>\$ 3,075</b>

**SGVCOG Fund Balance 2013-2018<sup>1</sup>**

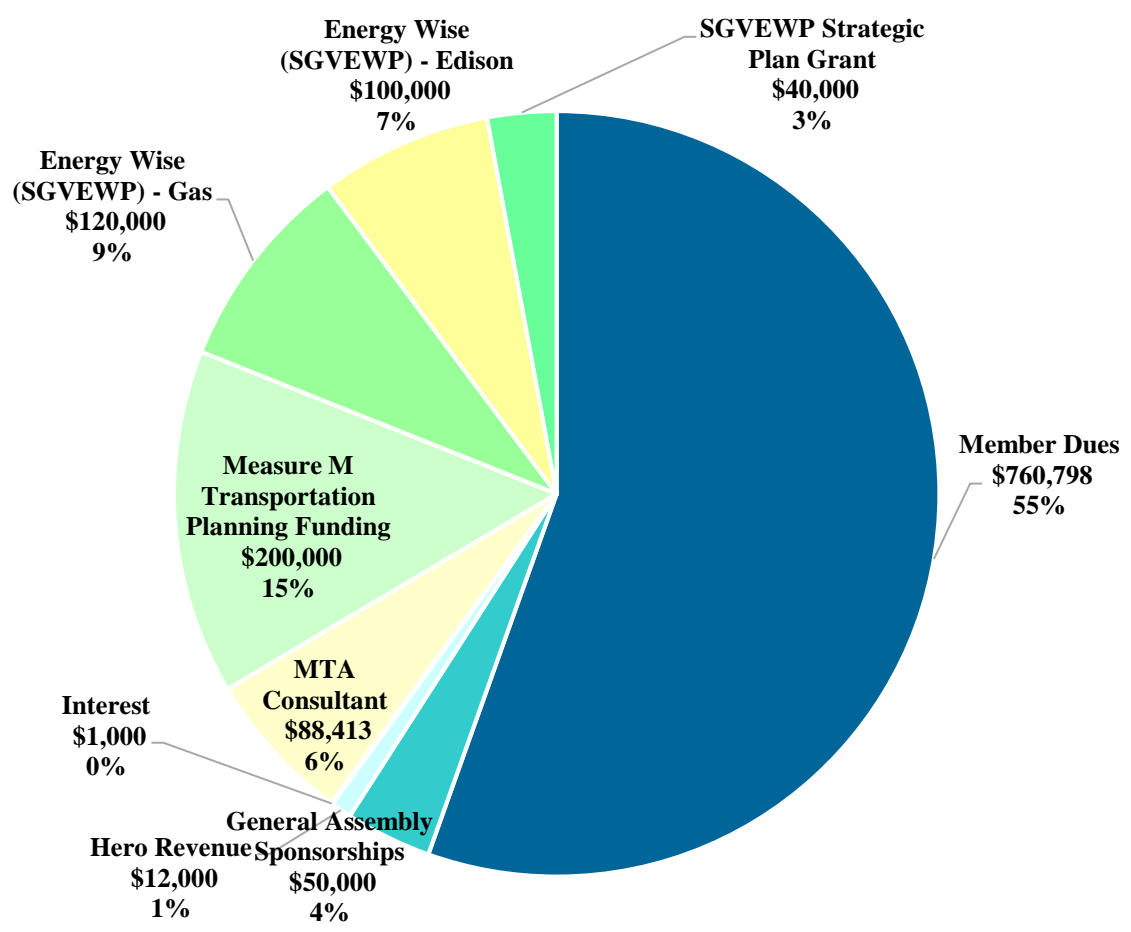


<sup>1</sup> FY 16-17 includes back payments to CalPERS and employee costs from FY 2015-16.

**REVENUES**

In FY 2017-18, SGVCOG revenues are projected at \$1,372,221. Dues revenue, which reflects direct contributions made by member agencies, is estimated at \$760,798, or 55% of total revenues. It is anticipated there will be \$1,000 in revenue from interest; \$50,000 in sponsorships for the general assembly; and \$12,000 will be received from the HERO program. The remaining \$548,413, or 40%, of the SGVCOG revenues are received through grants and other restricted funding.

**FY 2017-2018 – SGVCOG Revenues  
\$1,372,221**



**Dues Revenue** - Total member agency dues for FY 2017-18 are estimated to be \$760,798. 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:

$$[\$5,000 \text{ base fee} + \$0.32 \text{ per capita}] \times \text{Annual CPI Adjustment} = \text{Member Dues}^2$$

At the same time, the Governing Board approved the following:

1. Increased the dues cap from \$30,000 to \$31,200, or by 4%.
2. Implemented an annual CPI adjustment to the base fee, the per capita portion of the dues formula, and the dues cap beginning in FY 2016-17. The CPI would be based on the LA County region. The CPI adjustment would be considered annually by the Governing Board in conjunction with approval of the upcoming fiscal year budget.
3. Capped CPI adjustments at 5 percent.
4. Instituted a policy to review the need for changes to the dues cap and the cap on the CPI adjustment every three years beginning in FY 2016-17.
5. Instituted a policy to utilize the prior year population figures provided by the Department of Finance in calculating the dues. This change will ensure that the SGVCOG staff is able to accurately project the dues revenue earlier in the budget preparation process and prepare timely dues invoices for distribution to the member agencies.

Per the dues policy, staff is proposing a 2.1% CPI adjustment to the member agencies dues and cap. This proposed increase is necessary because of a number of ongoing operational contracts for goods and services, including rent, legal services, and financial audit services, that include an annual CPI adjustment. Therefore, approval of the CPI adjustment to the member dues would prevent the development of a structural deficit. Incorporating the proposed CPI increase, dues range from \$5,641 to \$32,843, with agencies paying an average of \$21,737; nine member agencies pay the maximum dues amount.

Agency	Dues
Alhambra	\$ 32,842.71
Arcadia	\$ 24,480.45
Azusa	\$ 21,931.18
Baldwin Park	\$ 30,438.62
Bradbury	\$ 5,641.54
Claremont	\$ 17,463.23
Covina	\$ 21,866.85
Diamond Bar	\$ 24,490.89
Duarte	\$ 12,733.54
El Monte	\$ 32,842.71
Glendora	\$ 22,901.31
Industry	\$ 21,737.08
Irwindale	\$ 5,739.90
La Canada Flintridge	\$ 12,187.51
La Puente	\$ 18,912.69
La Verne	\$ 16,446.62
Monrovia	\$ 17,905.51
Montebello	\$ 26,795.95
Monterey Park	\$ 25,927.55
Pasadena	\$ 32,842.71
Pomona	\$ 32,842.71
Rosemead	\$ 23,867.72
San Dimas	\$ 16,764.60
San Gabriel	\$ 18,880.01
San Marino	\$ 9,832.94
Sierra Madre	\$ 8,972.97
South El Monte	\$ 12,274.42
South Pasadena	\$ 14,030.74
Temple City	\$ 17,569.67
Walnut	\$ 15,419.91
West Covina	\$ 32,842.71
LA County District 1	\$ 32,842.71
LA County District 4	\$ 32,842.71
LA County District 5	\$ 32,842.71
SGV Water Agencies	\$ 32,842.71
<b>Total</b>	<b>\$ 760,797.79</b>

<sup>2</sup> The City of Industry pays dues equal to the average dues of all member agencies. That formula was approved by the Governing Board and agreed to by the City of Industry due to the differences in the City’s daytime and nighttime population.

**Grants & Other Funding-** 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 2017-18, there is an estimated \$548,413 in revenue projected from four programs:

- ***San Gabriel Valley Energy Wise Partnership (SGVEWP) (\$220,000):*** This program is funded by the California Public Utilities Commission (CPUC). The objectives of the Partnership are as follows: 1) Assisting local governments in identifying and implementing energy-efficiency projects in their municipal facilities; 2) Providing training to city staff on energy efficiency issues; and 3) Educating and outreaching to the public on energy-efficiency and related programs and rebates. As the local government partner, the SGVCOG is primarily responsible for administrating and coordinating with utility staff in identifying energy-efficiency projects in city facilities and marketing and outreach for the Partnership. SGVCOG is fully reimbursed for all staff time spent managing this program. The SGVCOG receives an annual budget allocation from Southern California Edison (SCE) and SoCalGas (SCG). This grant is paid on a reimbursement basis, based on labor and expenses, under a not to exceed amount. Based on the 2017 workplan and anticipated staffing and expenses, staff is recommending estimated revenues of \$220,000 be included in the proposed FY 2017-18 budget.
- ***SGVEWP Strategic Plan Grant (\$40,000):*** In January 2017, the SGVCOG was awarded funding through the SGVEWP to assist the cities of West Covina, Pomona, South Pasadena and Monrovia with energy benchmarking. Energy benchmarking allows cities to inventory their facilities' energy usage and compare it to similar facilities. All work will be completed in-house and must be completed by December 2017. This grant is paid on a reimbursement basis. It is anticipated the reimbursable labor costs associated with effort will be \$40,000 in FY 2017-18.
- ***MTA Transportation Consultant (\$88,413):*** The Los Angeles County Metropolitan Transportation Authority (MTA) Board of Directors includes one member appointed by the Los Angeles Division of the League of California Cities' City Selection Committee to represent the San Gabriel Valley as the SGVCOG representative. John Fasana (Duarte) currently serves in this role. MTA recognizes the need for the SGVCOG representative to have staff support to perform the duties of a Board Member. Beginning in FY 2013-14, MTA has instead provided an annual allocation to the SGVCOG via a Memorandum of Understanding (MOU), which can then be used to provide the support services either through the use of a consultant or by hiring an employee. 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 MTA is for an amount not exceed \$88,413 annually. This amount is

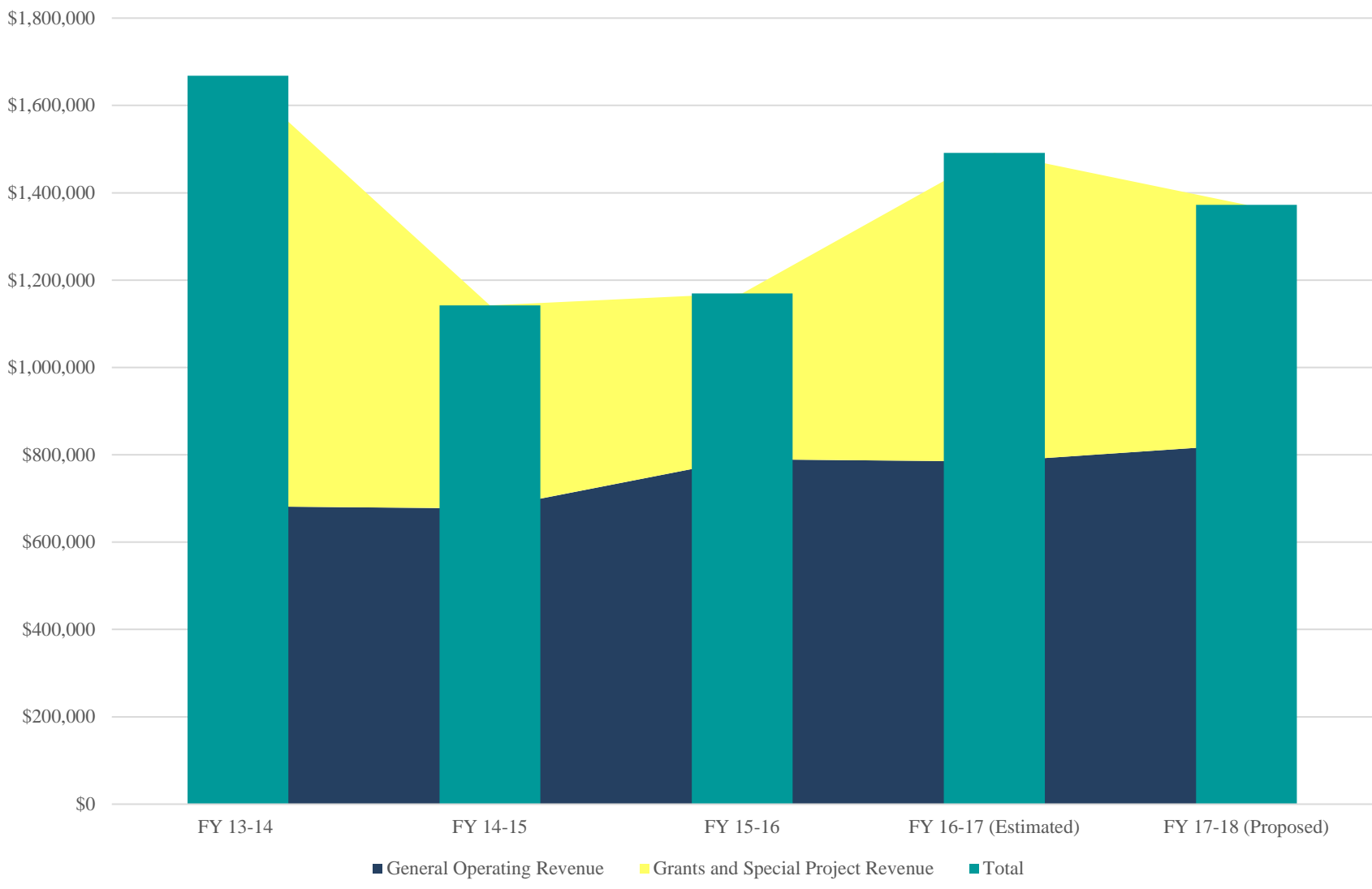
adjusted in an amount equal to any increases approved by the Board for MTA non-contract employee salary increases.<sup>3</sup> The term of the MOU is from July 1, 2013 to June 30, 2017, and staff is currently working on an extension. The SGVCOG utilizes this funding to pay for a consultant. The total annual cost of that contract is \$106,090, and the SGVCOG contributes the balance of \$17,677.

- **MTA Measure M Transportation Planning Funding (\$200,000):** In February 2017, the Governing Board directed staff to begin work to create a transportation planner/program director position to primarily manage Measure M program funds, which will amount to nearly \$1.5 billion in various programs directed towards the SGV over the next 40 years. It is anticipated that staff will return to the Governing Board to request approval of a job description and pay range. Simultaneously, staff is working with Metro staff to develop a MOU with Metro to fund this position using Measure M program funds. It is expected that this MOU will be brought to the Governing Board for consideration in July.
- **California HERO (\$12,000):** In April 2013, the SGVCOG entered into a MOU with Western Riverside Council of Governments (WRCOG) to promote the California HERO program in the San Gabriel Valley. The California HERO program provides property owners with access to loans for the installation of energy-efficiency and renewable energy projects. Pursuant to the MOU, the SGVCOG serves as the point of contact for information and support for the program in our region and assists San Gabriel Valley cities in implementing the program. While contractors have the primary responsibility for marketing the program, SGVCOG staff provides information on California HERO at existing marketing and outreach events in participating cities. In exchange for this 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.

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<sup>3</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 MTA.

**SGVCOG Total Revenue 2013-2018<sup>4</sup>**



<sup>4</sup> FY 15-16 includes \$50,933 in revenue from the SGVCOG's settlement with its insurance carrier.

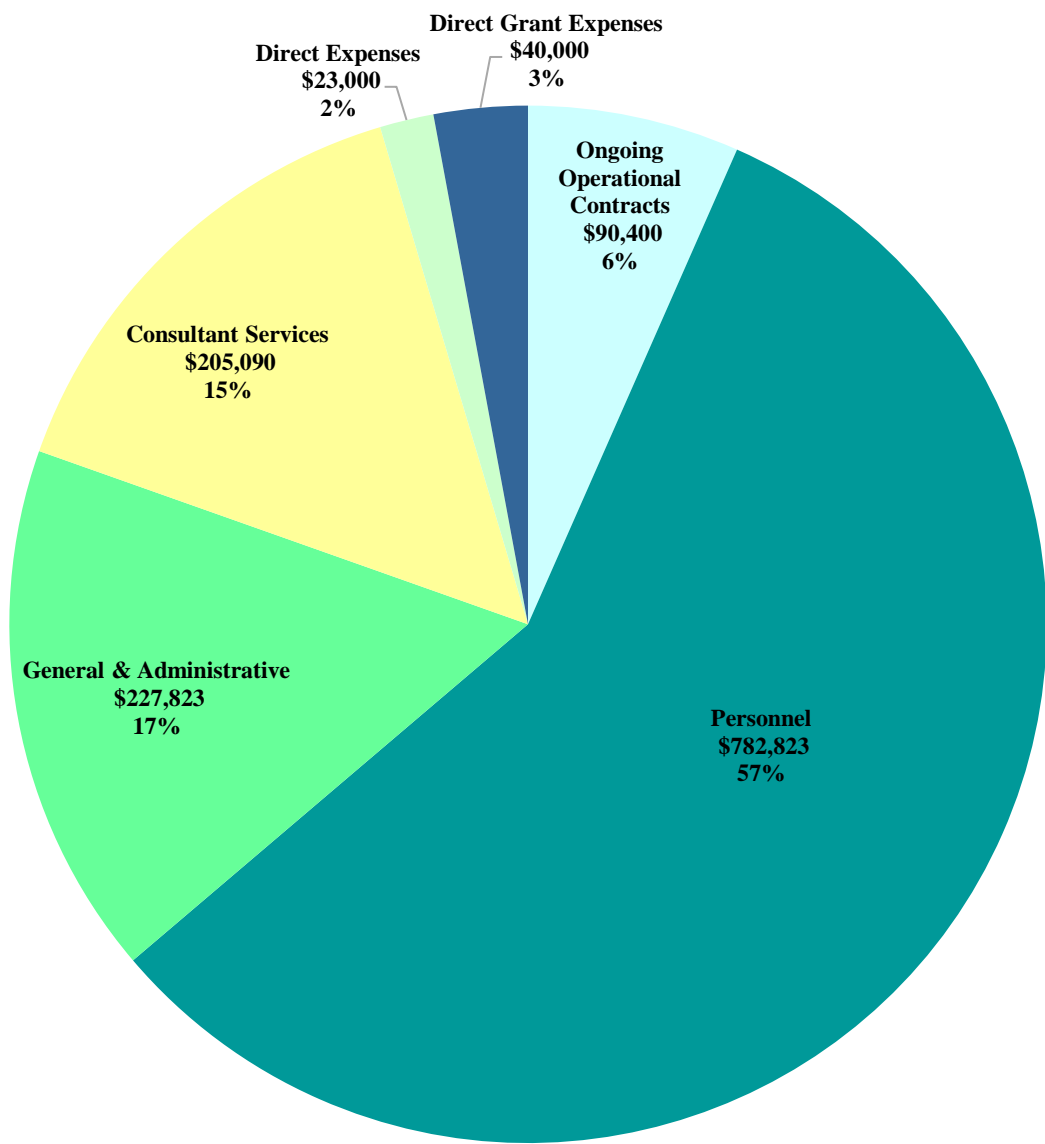
**EXPENDITURES**

During FY 2017-18, SGVCOG expenditures are projected to total \$1,367,136. This reflects an increase of 17.6% from FY 2016-17, largely associated with the creation of the new Measure M Transportation Planner/Program Manager position. The three largest expenditure components are 1) Personnel, 780,823 or 57% 2) General & Administrative Costs, \$227,823 or 17%, and 3) Consultant Services, \$205,090 or 15%.

**SGVCOG Expenses 2013-2018**

<b>Category</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17 (Est.)</b>	<b>FY 2017-18 (Proposed)</b>
Ongoing Operational Contracts	108,886	91,456	67,780	100,500	90,400
Personnel	417,429	353,459	279,459	515,489	782,823
General & Administrative	231,921	133,680	147,954	170,823	227,823
Consultant Services	93,354	254,023	405,547	280,090	205,090
Direct Expenses	15,192	18,177	21,882	23,000	23,000
Grant and Special Project Expenses	132,879	183,022	75,223	42,475	40,000
<b>Total</b>	<b>\$ 1,000,366</b>	<b>\$ 1,033,817</b>	<b>\$ 997,845</b>	<b>\$ 1,162,376</b>	<b>\$ 1,369,136</b>

**FY 2017-18 – SGVCOG Expenditures by Category**  
**\$1,367,136**



**Personnel-** These costs include the salary, benefit and retirement costs associated with the SGVCOG staff. For FY 2017-18, staff is proposing six full-time positions, including an Executive Director, Assistant Executive Director, a transportation planner/program manager, one Senior Management Analyst, two Management Analysts, and one part-time project assistant position. Additionally, the SGVCOG offers a paid internship program, and those interns generally work on projects related to the San Gabriel Valley Energy Wise Partnership. Legal services, administrative support, accounting and treasurer services are provided pursuant to contracts. Additionally, various specialized services, such as strategic planning and human resources, are provided to the SGVCOG on an as-needed basis under contracts. 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. Of the total personnel costs, \$245,520, or 32%, is anticipated to be offset by grants and revenue from Metro. For those programs that do not have outside funding, including administrative work, legislative tracking and advocacy, homelessness and stormwater, general fund revenue is used to pay these costs.

Changes from current fiscal year (FY 2016-17) and the proposed FY 2017-18 budget are attributable to the following:

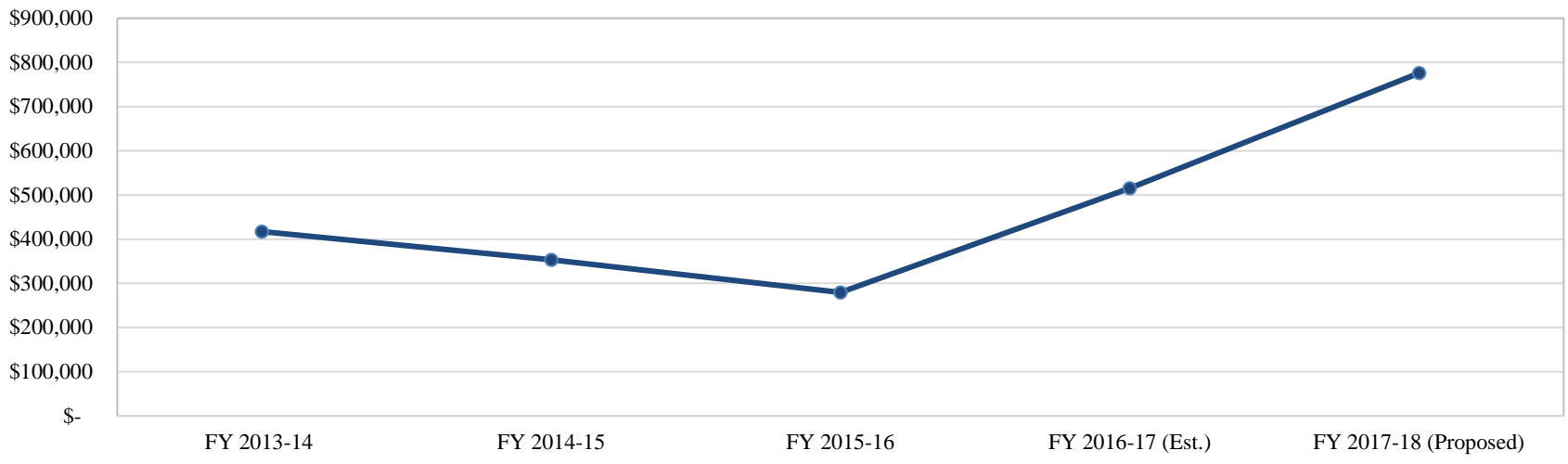
- **Salaries and Deferred Compensation (\$255,383 increase):** There several changes are reflected in the proposed salary costs as follows:
  - *Executive Director:* Per direction from CalPERS, the Executive Director position was converted from a consultant contract to an in-house position in FY 2016-17. The FY 2017-18 budget reflects 12 months of full-time salary for this position. Additionally, the salary was increased to \$180,250 to reflect a 3% increase from the prior full-time Executive Director's salary (\$175,000) in anticipation of undertaking a recruitment for this position.
  - *Salary Adjustments:* SGVCOG staff do not receive step increases or annual cost of living adjustments. All salary increases are based on annual evaluations. The proposed FY 2017-18 budget includes funding to provides to funding to provide merit-based salary increases of up to 3%.
  - *Management Analyst (Energy Wise Partnership):* In January 2017, the Governing Board approved creation of an additional management analyst position to manage the San Gabriel Valley Energy Wise Partnership. This position is limited term (dependent upon grant funding) and is fully funded through the San Gabriel Valley Energy Wise Partnership. The FY 2017-18 budget reflects 12 months of full-time salary for this position.
  - *Transportation Planner / Program Manager:* The Governing Board directed staff to work with Metro to develop an MOU to provide ongoing funding for this new full-time position. Based on comparable positions, the proposed starting salary for this position is \$120,000.
- **Internship Program (\$20,000 increase):** SGVCOG interns work to support and are funded through the San Gabriel Valley Energy Wise Partnership. With the creation of the new full-time Energy Wise Partnership position, staff anticipates that there will some decrease in the need for interns to staff the Energy Wise program.
- **Benefits (\$6,900 increase):** Full-time staff receive medical insurance benefits up to \$700 per month. The FY 2017-18 budget reflects a full year of costs for the new full-time positions (Executive Director, Management Analyst, and Transportation Planner/

Program Manager). This increase is partially offset by back payments for medical insurance benefits that were due to the Executive Director in FY 2016-17 when that position was converted from a consultant contract to an in-house position.

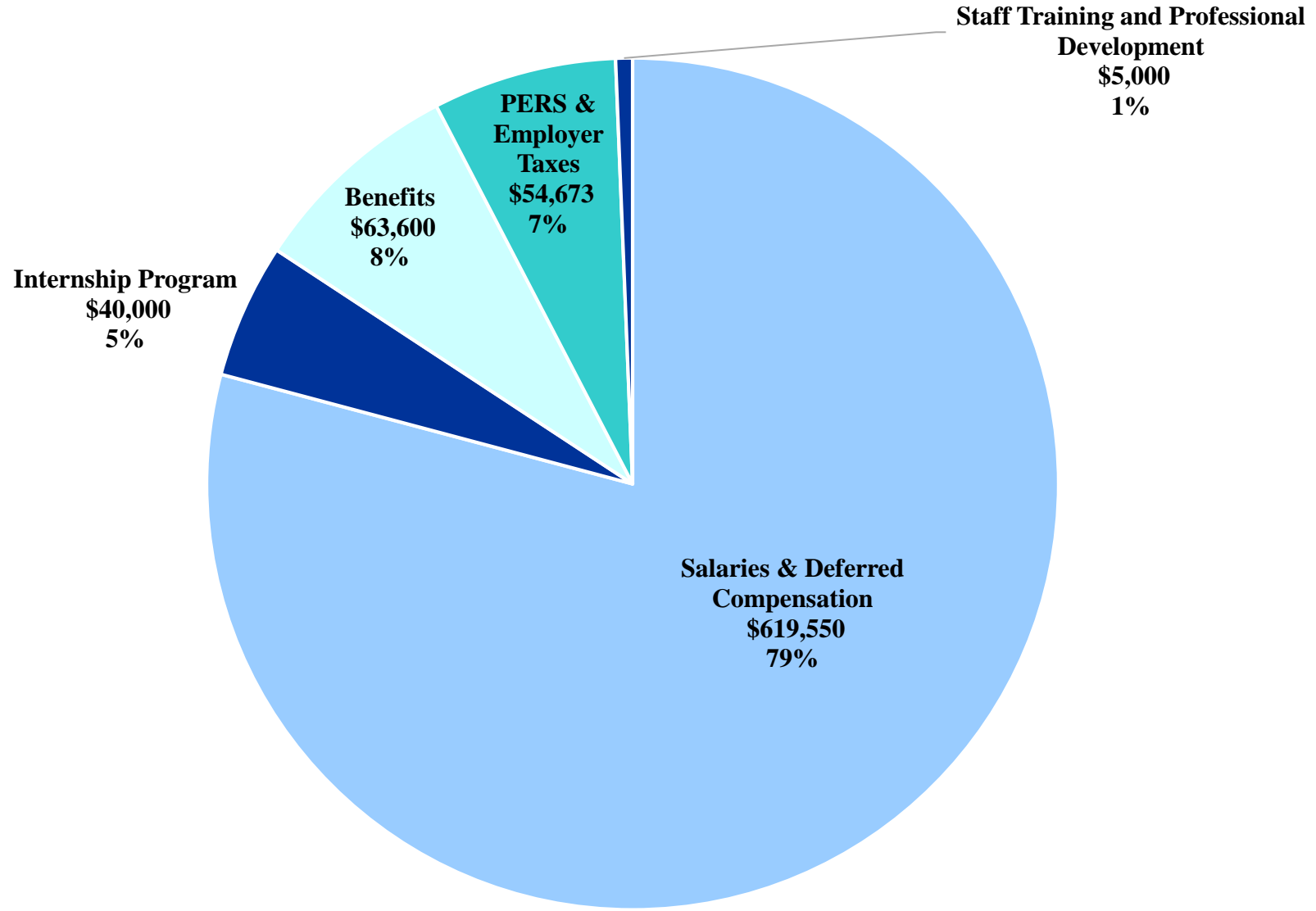
- PERS & Employer Taxes (\$20,551 increase):** Currently, all SGVCOG employers are subject to the Public Employee Pension Reform Act (PEPRA), which caps and limits pension benefits. CalPERS has indicated that the employer contribution rate for FY 2017-18 will be 6.55% of salaries for PEPRA employees.

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17 (Est.)</b>	<b>FY 2017-18 (Proposed)</b>
Salaries & Deferred Compensation	348,259	299,983	183,534	364,167	619,550
Internship Program			46,045	60,500	40,000
Benefits	31,738	27,797	28,616	56,700	63,600
PERS & Employer Taxes	37,432	25,679	21,264	34,122	54,673
CalPERS Payment (One-time)				25,000	
Staff Training and Development				5,000	5,000
<b>Total</b>	<b>\$ 417,429</b>	<b>\$ 353,459</b>	<b>\$ 279,459</b>	<b>\$ 515,489</b>	<b>\$ 782,823</b>

**SGVCOG Personnel Costs 2013-2018**



**FY 2017-2018 – SGVCOG Personnel Expenditures**  
**\$782.823**



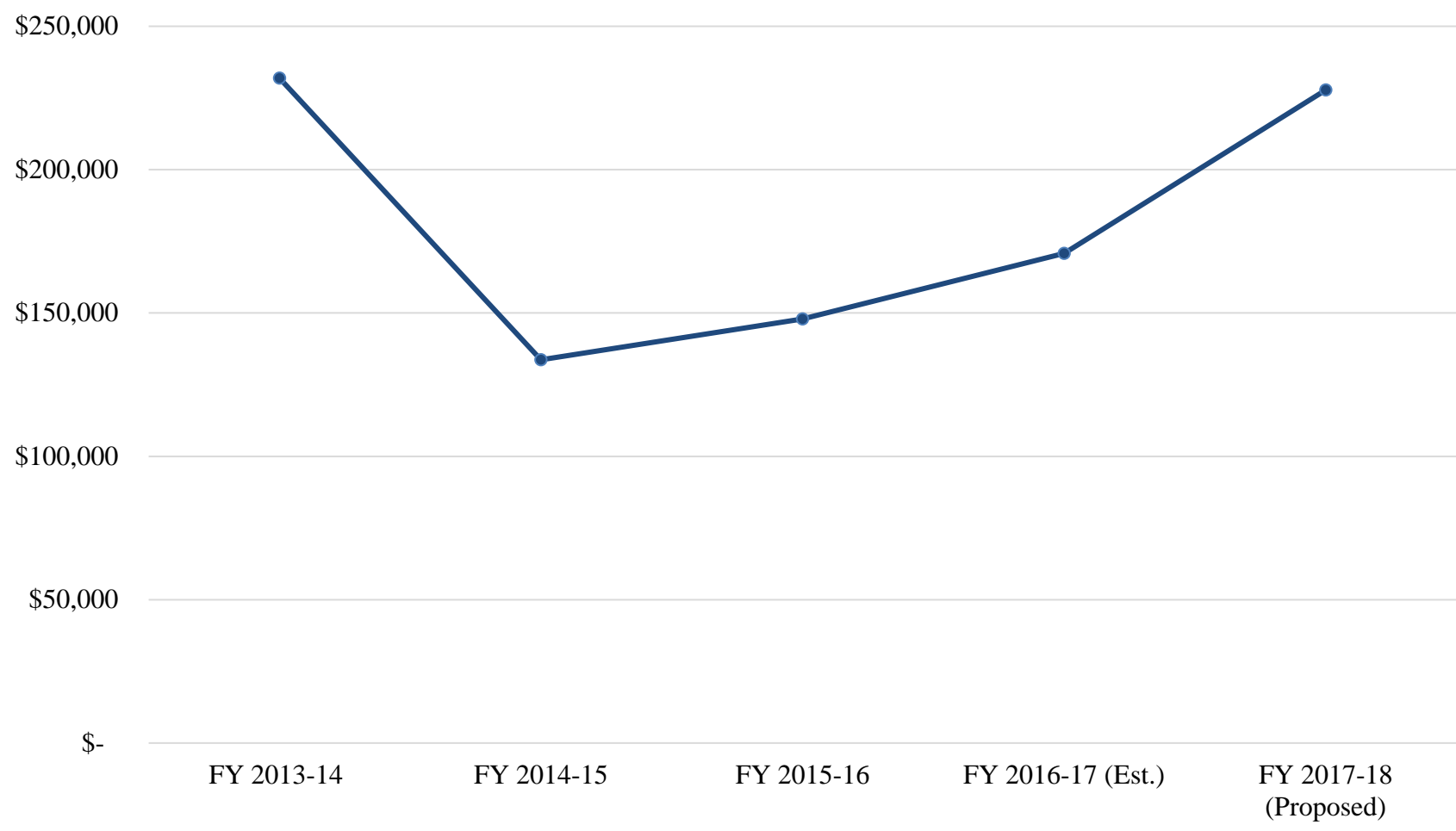
**General & Administrative-** These costs include facility costs (i.e. rent, storage, utilities, and office supplies), insurance/bonding, meetings and travel, and memberships. In January 2013, the SGVCOG entered into a five-year lease for the SGVCOG's offices that are currently located in Alhambra, and that lease is set to expire in December 2017. Staff is researching potential options for office space and will present options to the Governing Board in the coming months. Based on the SGVCOG's indirect costs allocation plan, a portion of the general and administrative costs are reimbursed through the SGVCOG's grant programs.

Changes from current fiscal year (FY 2016-17) and the proposed FY 2017-18 budget are attributable to the following:

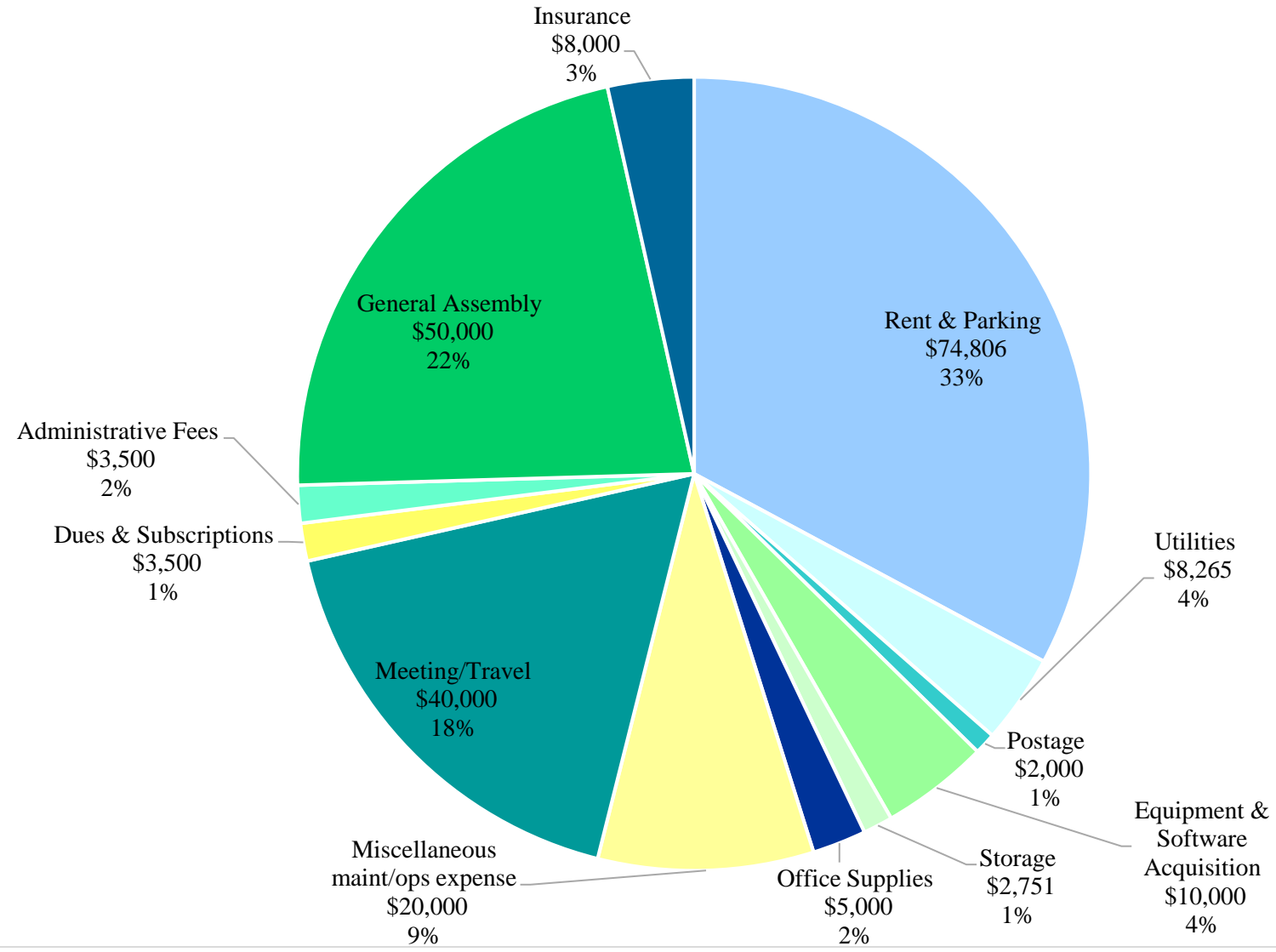
- **Rent (\$2,179 increase):** The FY 2017-18 assumes at 3% increase for rent, utilities, and storage based on increases to the consumer price index. This is consistent with historic trends.
- **Utilities (\$240 increase):** The FY 2017-18 assumes at 3% increase for rent, utilities, and storage based on increases to the consumer price index. This is consistent with historic trends.
- **Storage (\$80 increase):** The FY 2017-18 assumes at 3% increase for rent, utilities, and storage based on increases to the consumer price index. This is consistent with historic trends.
- **Miscellaneous Expenses (\$15,000 increase):** This line item includes \$15,000 to cover possible moving costs.
- **General Assembly (\$35,000 increase):** Staff is working to seek additional sponsorships for the General Assembly to expand the scope of the event. It is anticipated that revenues will offset all expenses for the general assembly.

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17 (Est.)	FY 2017-18 (Proposed)
Rent & Parking	62,169	63,762	66,904	72,627	74,806
Utilities	5,097	5,106	5,754	8,025	8,265
Postage	1,718	1,292	868	2,000	2,000
Equipment & Software Acquisition	12,041	4,175	17,291	10,000	10,000
Storage	1,238	2,063	2,578	2,671	2,751
Office Supplies	4,646	5,455	4,008	5,000	5,000
Miscellaneous Expenses	1,517	15,838	3,813	5,000	20,000
Meeting/Travel	30,444	24,520	31,750	40,000	40,000
Dues & Subscriptions	1,239	2,903	4,744	3,500	3,500
Administrative Fees	2,287	2,929	3,635	3,500	3,500
Claim Expense	102,929				
General Assembly				10,500	50,000
Insurance	6,596	5,637	6,609	8,000	8,000
<b>Total</b>	<b>\$ 231,921</b>	<b>\$ 133,680</b>	<b>\$ 147,954</b>	<b>\$ 170,823</b>	<b>\$ 227,823</b>

### SGVCOG General and Administrative Costs 2013-2018



**FY 2017-18 – SGVCOG General and Administrative Expenditures**  
**\$227,823**



**Ongoing Operational Contracts** – This includes ongoing annual contracts for legal, accountant/financial, treasurer and auditor 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 January 2016, the Governing Board approved a five-year contract with Vasquez and Company for financial audit services.<sup>5</sup> In February 2016, the Governing Board approved a Memorandum of Understanding (MOU) with ACE to provide accountant/financial management services. At the same time, the Governing Board approved a two-year contract with Vicenti, Lloyd & Stutzman to provide treasurer services.

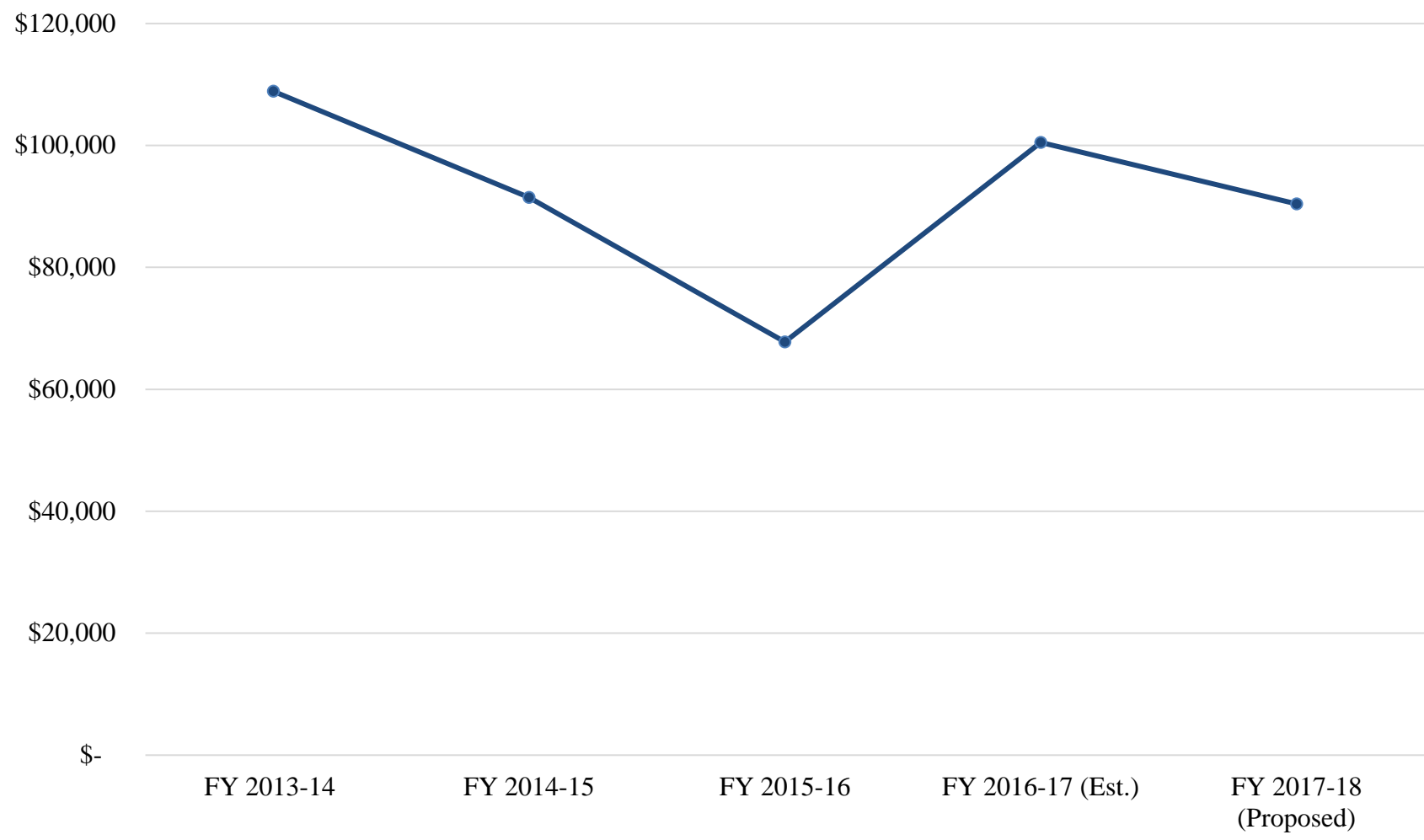
Changes from current fiscal year (FY 2016-17) and the proposed FY 2017-18 budget are attributable to the following:

- **Legal Services (\$5,000 decrease):** The annual cost of the SGVCOG’s retainer for legal services is \$25,000. In FY 2016-17, the SGVCOG had additional non-retainer legal expenses associated with addressing inquiries from CalPERS and providing legal opinions related to the reconfiguration of ACE. In FY 2017-18, it is anticipated that there will be some non-retainer services needed related to revising the bylaws and JPA to reflect the reconfiguration of ACE.
- **Financial Audit Service (\$400 increase):** The SGVCOG’s five-year contract provides for specified annual increases.
- **Treasurer (\$1,500 decrease):** The contract for this services specifies an annual not to exceed budget of \$22,500, and the costs are shared between ACE and SGVCOG. Based on discussions with the contractor, it is anticipated that the SGVCOG’s share of costs for FY 2017-18 will decrease slightly.
- **Financial/Accounting Services (\$4,000 decrease):** The SGVCOG’s MOU with ACE specifies an annual not to exceed budget of \$28,000, unless amended. In FY 2016-17, additional accounting costs were incurred assisting in developing new financial policies and participating in the Caltrans audit.

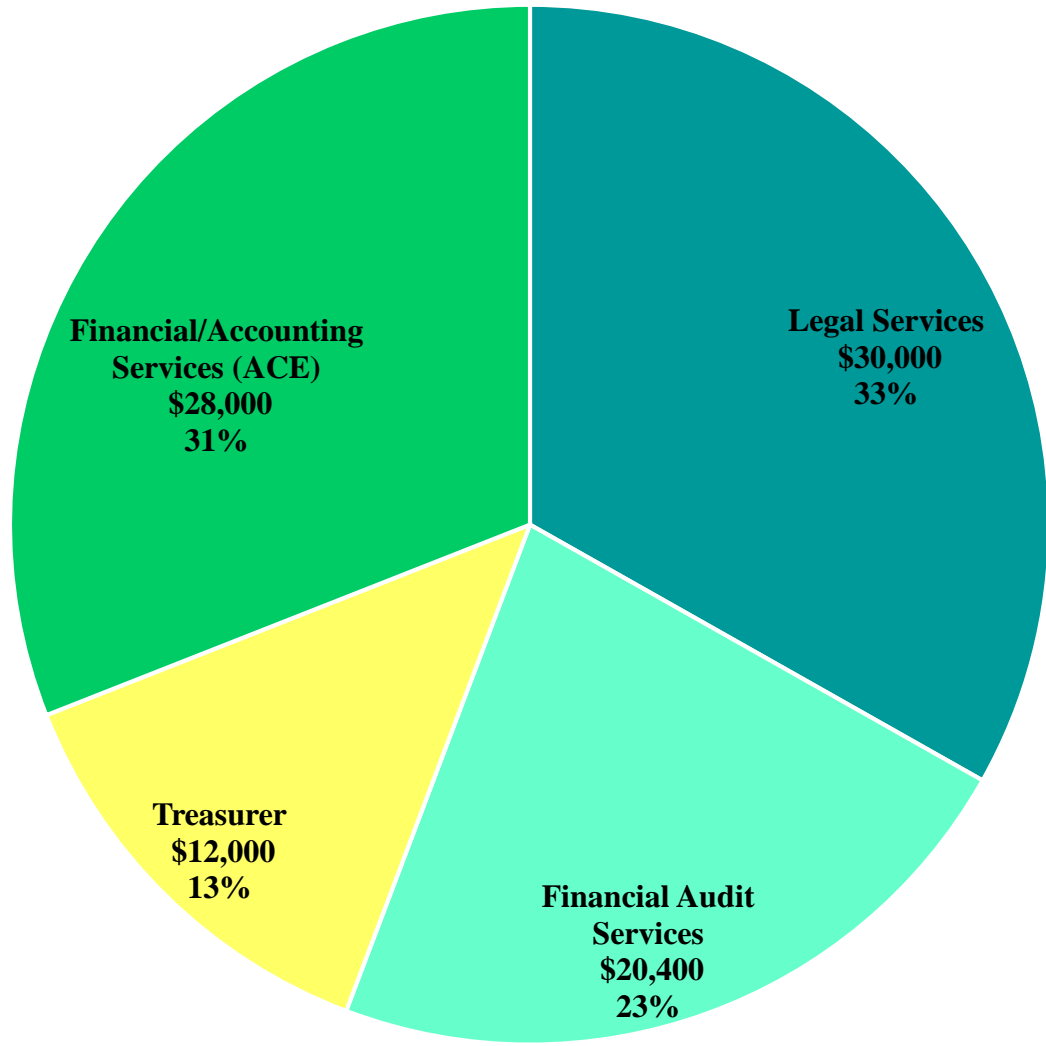
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17 (Est.)	FY 2017-18 (Proposed)
Legal Services	53,227	35,502	26,974	35,000	30,000
Financial Audit Services	15,000	20,000	17,500	20,000	20,400
Treasurer			2,985	13,500	12,000
Financial/Accounting Services	40,659	36,254	20,321	32,000	28,000
<b>Total</b>	<b>\$108,886</b>	<b>\$91,456</b>	<b>\$67,780</b>	<b>\$100,500</b>	<b>\$90,400</b>

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

### SGVCOG Operational Contracts 2013-2018



**FY 2017-18 – SGVCOG Ongoing Operational  
Contracts Expenditures  
\$90,400**



**Consultant Services-** This reflects the costs related to services including MTA Board Support, transportation planning support, administrative support,<sup>6</sup> media/public relations, and grant writing.

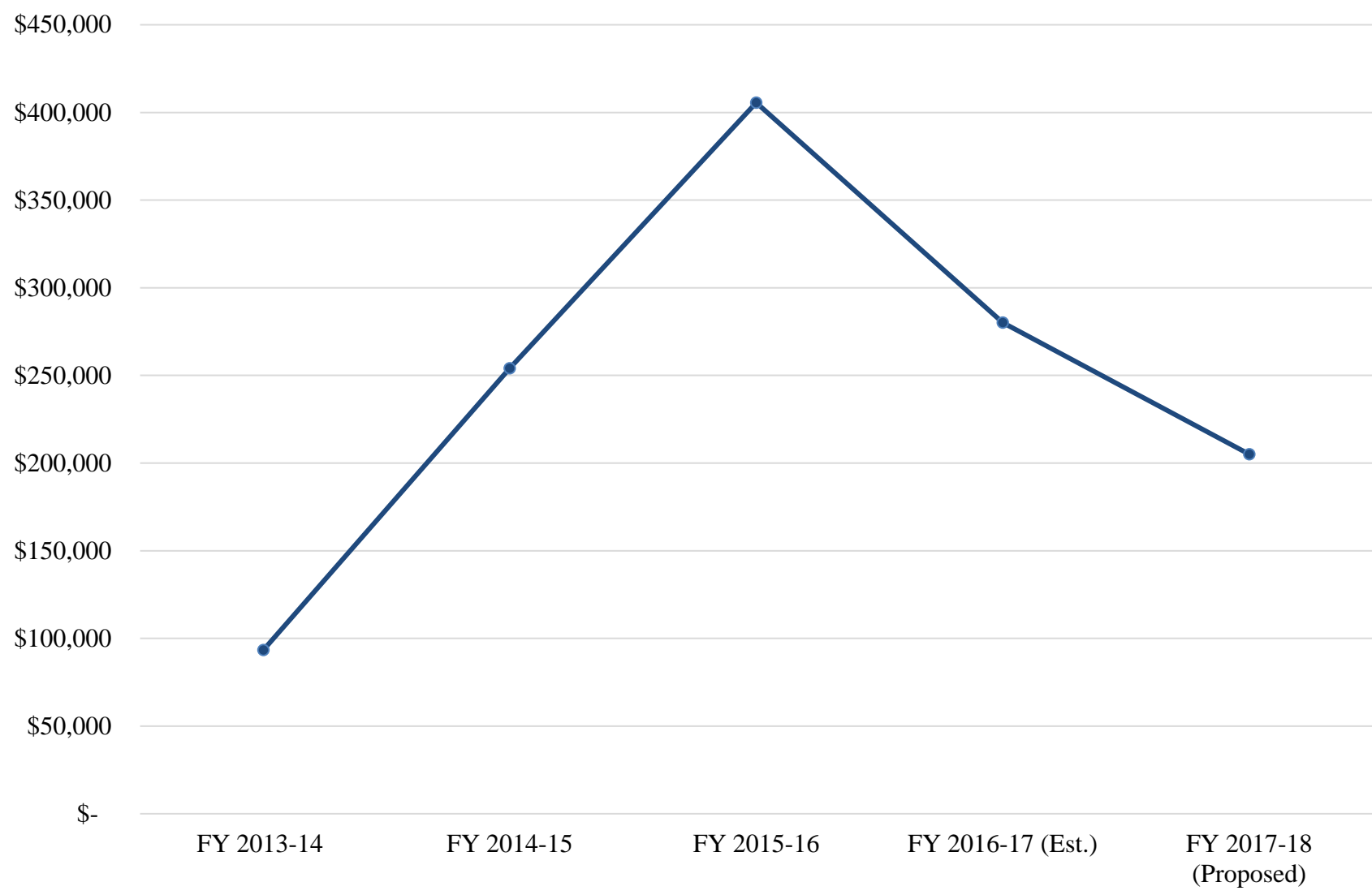
Changes from current fiscal year (FY 2016-17) and the proposed FY 2017-18 budget are attributable to the following:

- **Interim Executive Director (\$65,000 decrease):** In November 2016, the Executive Director position was converted from an consultant position to a full-time staff position. Those costs are now included under personnel costs.
- **Transportation Technical Support (\$5,000 decrease):** With the creation of the new transportation planner/program manager position, it is expected that there will be some decrease in the need for transportation technical support from ACE staff.
- **Administrative Support (\$5,000 decrease):** In FY 2016-17, additional administrative support costs were incurred assisting in developing new human resource procedures and financial policies as well as participating in the Caltrans audit.

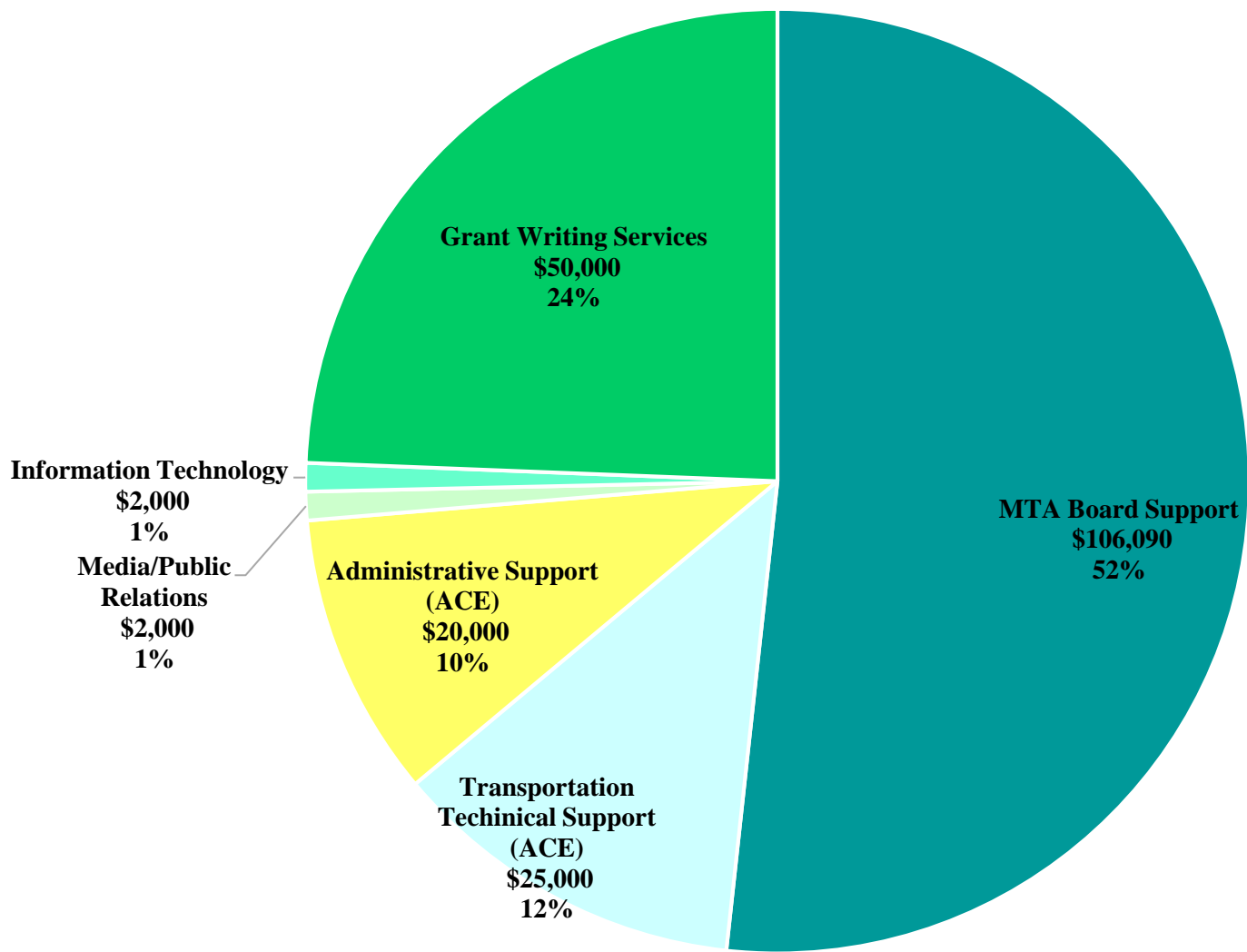
	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17 (Est.)</b>	<b>FY 2017-18 (Proposed)</b>
Interim Executive Director		58,250	156,000	65,000	
MTA Board Support	81,249	95,832	102,750	106,090	106,090
Strategic Plan		22,000	9,998		
Transportation Technical Support (ACE)		6,543	50,000	30,000	25,000
Administrative Support (ACE)	7,238		18,958	25,000	20,000
Media/Public Relations		3,200	1,150	2,000	2,000
Information Technology		5,546	2,532	2,000	2,000
Annual Executive Director Evaluation	4,867				
Management Services Support		55,652	27,293		
Grant Writing Services		7,000	29,553	50,000	50,000
Stormwater Consultant			7,313		
<b>Total</b>	<b>\$ 93,354</b>	<b>\$ 254,023</b>	<b>\$ 405,547</b>	<b>\$ 280,090</b>	<b>\$ 205,090</b>

<sup>6</sup> Both transportation planning and administrative support services are provided by ACE via MOUs that were approved by the Governing Board in February 2015 and February 2016 respectively.

### SGVCOG Consultant Services 2013-2018

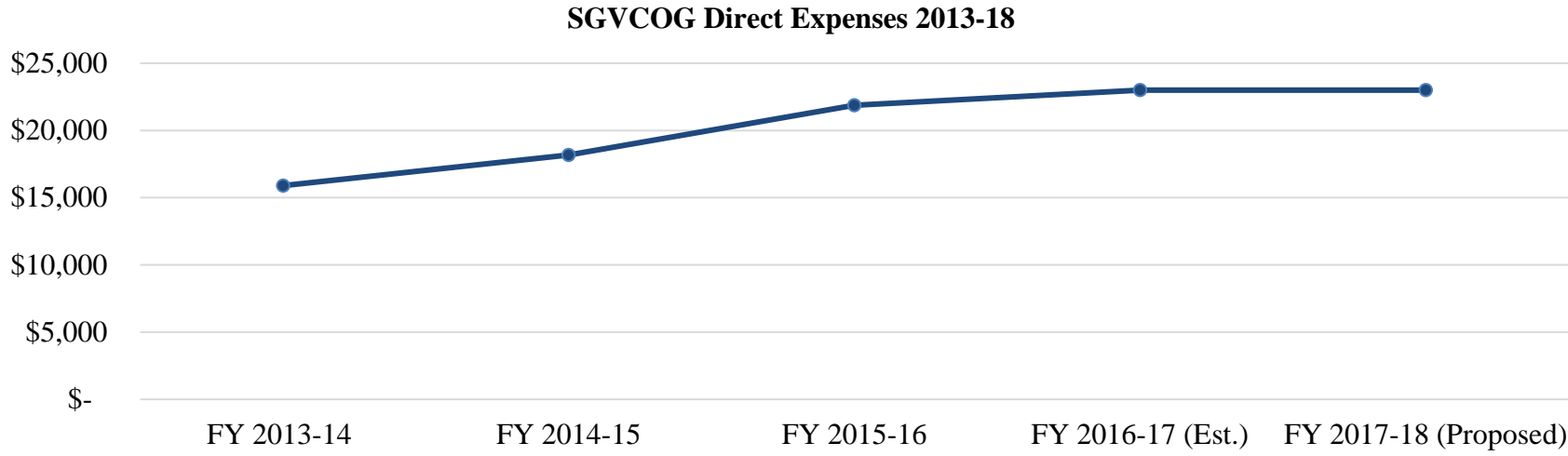


**FY 2017-18 – SGVCOG Consultant Services  
Expenditures  
\$205,090**



**Direct Expenses-** This category includes board stipends and printing/publication. Governing Board members are paid a stipend of \$50 per meeting. Stipend expenditures vary based on the number of meetings and attendance at these meetings. The SGVCOG has a lease arrangement to provide printing equipment. Large quantities and special order materials are generally outsourced. In May 2015, the Governing Board authorized a new five-year lease agreement for copier equipment and supplies.

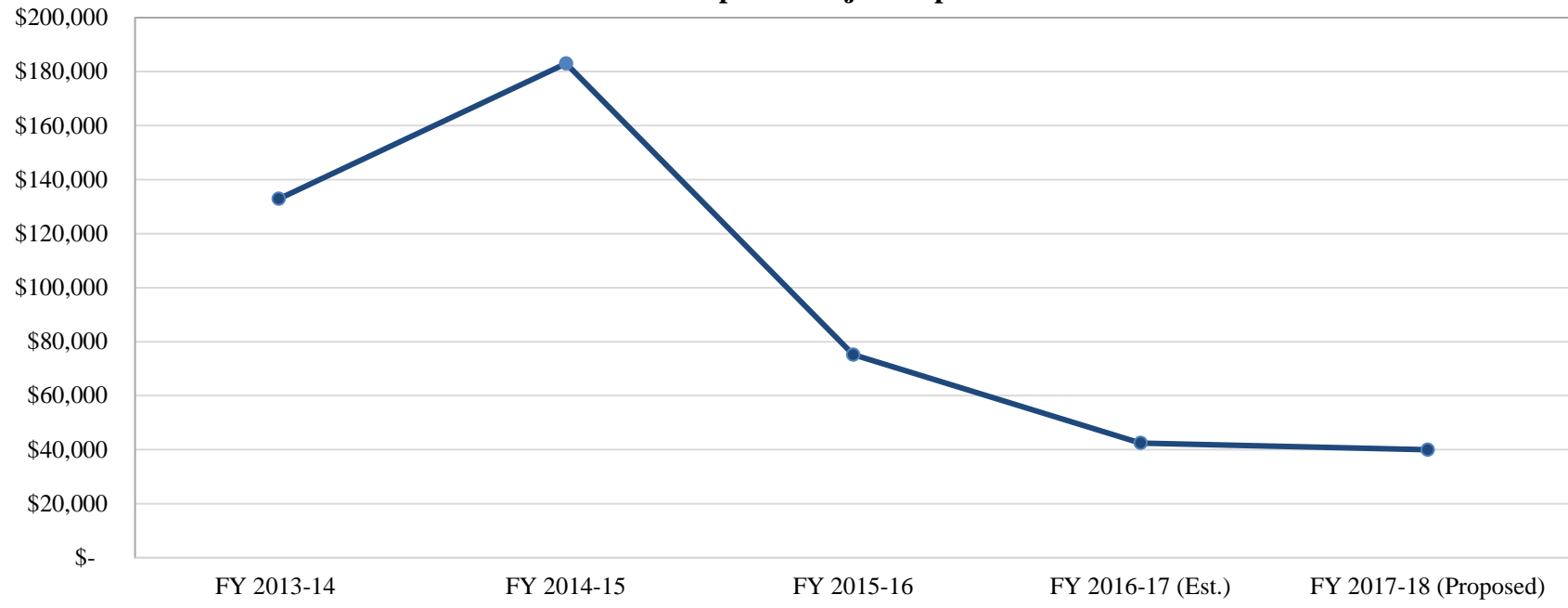
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17 (Est.)	FY 2017-18 (Proposed)
Board Stipends & Taxes	8,550	10,800	13,739	11,000	11,000
Printing / Publication	7,347	7,377	8,143	12,000	12,000
<b>Total</b>	<b>\$ 15,897</b>	<b>\$ 18,177</b>	<b>\$ 21,882</b>	<b>\$ 23,000</b>	<b>\$ 23,000</b>



**Grants & Special Projects Expenses-** This expenditure category reflects direct program expenditures related to the SGVCOG’s grant funded projects. In FY 2017-18, the SGVCOG will have two active grant programs: San Gabriel Valley Energy Wise Partnership and SCE Strategic Planning. These programs are described in further detail under “Revenues.”

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17 (Est.)</b>	<b>FY 2017-18 (Proposed)</b>
SGVEWP Edison & Gas Expenses	29,035	71,433	28,770	40,000	40,000
SCE CEESP Expenses <sup>7</sup>	103,844	111,589	46,453	2,475	
<b>Total</b>	<b>\$ 132,879</b>	<b>\$ 183,022</b>	<b>\$ 75,223</b>	<b>\$ 42,475</b>	<b>\$ 40,000</b>

**SGVCOG Grants and Special Project Expenses 2013-2018**



<sup>7</sup> The SCE CEESP Grant was completed in September 2015.



# REPORT

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DATE: May 18, 2017

TO: SGVCOG Homelessness Committee  
SGVCOG Governing Board Delegates and Alternates

FROM: Phil Hawkey, Executive Director

RE: **MEASURE H COMMENT LETTER**

## **RECOMMENDED ACTION**


Recommend SGVCOG President send a comment letter to the Los Angeles Board of Supervisors in reference to the Measure H Planning Group Funding recommendations.


## **BACKGROUND**

The Los Angeles County Homeless Initiative (HI) formed a Measure H Planning Group to discuss final funding recommendations for Measure H funds to be submitted to the Los Angeles County Board of Supervisors (BOS). The Measure H Planning Group began meeting in March and includes representatives from County departments, LAHSA, COGs, homeless services agencies, the faith community, and persons with lived experience. On April 13, The Planning group requested updated funding amounts for eligible strategies to consider and were provided an updated spreadsheet at their May 4<sup>th</sup> meeting (Attachment A). The Planning Group intends to finalize the recommended funding allocations by May 2017 and present the recommendations to the Los Angeles County Board of Supervisors in June 2017.

Last month, the Governing Board approved guiding principles to provide staff general policy direction. Staff is now seeking to submit a comment letter to the BOS that addresses specific areas of concern.

An initial draft comment letter was reviewed by the Homelessness Committee in April. The comment letter was updated to reflect committee members' comments and the new funding allocation plan. The Homelessness Committee will consider the updated draft comment letter at its May 11<sup>th</sup> meeting.

Prepared by:   
Christian Cruz  
Management Analyst

Approved by:   
Marisa Creter  
Assistant Executive Director

## **ATTACHMENTS**

Attachment A – Funding Recommendations  
Attachment B – Draft Comment Letter

## Requested Funding Amounts for Measure H Eligible Strategies (4-22-17)

#	STRATEGY	FY 2017-18	FY 2018-19	FY 2019-20
		(\$ million)	(\$ million)	(\$ million)
<b>A Prevent Homelessness</b>				
A1	Homeless Prevention Program for Families	\$3.000	\$6.000	\$6.000
A5	Homeless Prevention Program for Individuals	\$5.500	\$11.000	\$11.000
	<b>Sub-Total for Prevent Homelessness</b>	<b>\$8.500</b>	<b>\$17.000</b>	<b>\$17.000</b>
<b>B Subsidize Housing</b>				
B1	Provide Subsidized Housing to Homeless Disabled Individuals Pursuing Supplemental Security Income	\$5.138	\$5.138	\$5.138
B3	Expand Rapid Rehousing	\$57.000	\$73.000	\$86.000
B4	Facilitate Utilization of Federal Housing Subsidies	\$4.923	\$5.834	\$5.762
B6	Family Reunification Housing Subsidies	\$8.000	\$4.000	\$0.000
B7	Interim/bridge Housing for those Exiting Institutions	\$13.000	\$13.000	\$13.000
	<b>Sub-Total for Subsidize Housing</b>	<b>\$88.061</b>	<b>\$100.972</b>	<b>\$109.900</b>
<b>C Increase Income</b>				
C2	Increase Employment for Homeless Adults by Supporting Social Enterprise	\$0.000	\$2.000	\$2.000
C4	Countywide Supplemental Security/Social Security Disability Income	\$15.680	\$15.680	\$12.000
C5	and Veterans Benefits Advocacy			
C6				
C7	Subsidized Employment for Homeless Adults	\$5.000	\$5.150	\$5.300
	<b>Sub-Total for Increase Income</b>	<b>\$20.680</b>	<b>\$22.830</b>	<b>\$19.300</b>
<b>D Provide Case Management and Services</b>				
D2	Jail In-Reach	\$0.000	\$1.120	\$2.230
D4	Regional Integrated Re-entry Network	\$0.000	\$0.000	\$1.360
D6	Criminal Record Clearing Project	\$0.623	\$0.715	\$0.715
D7	Provide Services for Permanent Supportive Housing	\$17.600	\$41.800	\$64.600
	<b>Sub-Total for Provide Case Management and Services</b>	<b>\$18.223</b>	<b>\$43.635</b>	<b>\$68.905</b>
<b>E Create a Coordinated System</b>				
E6	Expand Countywide Outreach System	\$19.000	\$27.000	\$27.000
E7	Strengthen the Coordinated Entry System	\$25.000	\$34.000	\$34.000
E8	Enhance the Emergency Shelter System	\$56.000	\$56.000	\$56.000
E8 & B7	Crisis and Bridge Housing (One-time) <sup>1</sup>	\$93.000	\$0.000	\$0.000
E14	Enhanced Services for Transition Age Youth	\$5.000	\$19.000	\$19.200
	<b>Sub-Total for Create a Coordinated System</b>	<b>\$198.000</b>	<b>\$136.000</b>	<b>\$136.200</b>
<b>F Increase Affordable/Homeless Housing</b>				
F7	Promote the Development of Affordable Housing for Homeless Families and Individuals	\$10.000	\$15.000	\$20.000
F7	Housing Innovation Fund (One-time) <sup>1</sup>	\$10.000		
	<b>Sub-Total for Increase Affordable/Homeless Housing</b>	<b>\$20.000</b>	<b>\$15.000</b>	<b>\$20.000</b>
MISC.	Central Measure H Administration <sup>2</sup>	\$1.500	\$1.500	\$1.500
<b>Total Requested Amount</b>		<b>\$354.964</b>	<b>\$336.937</b>	<b>\$372.805</b>
<b>Measure H Revenue</b>		<b>\$355.000</b>	<b>\$355.000</b>	<b>\$355.000</b>
<b>Amount Under-requested/(Over-requested)</b>		<b>\$0.036</b>	<b>\$18.063</b>	<b>(\$17.805)</b>
<b>Balance</b>		<b>\$0.036</b>	<b>\$18.099</b>	<b>\$0.294</b>

<sup>1</sup> This funding will carry over into future years until it is fully utilized.<sup>2</sup> Cost for additional staff for the CEO Office of Homelessness, annual evaluation, annual audit, and oversight committee.



**DRAFT**

May 22, 2017

Los Angeles County Board of Supervisors  
500 West Temple St, Ste 383  
Los Angeles, CA 90012

**OFFICERS**

*President*  
Cynthia Sternquist

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

*2<sup>nd</sup> Vice President*  
Vacant

*3<sup>rd</sup> Vice President*  
Vacant

**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*
- Pasadena*
- 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*

**RE: MEASURE H PLANNING GROUP FUNDING RECOMMENDATIONS**

Dear Board of Supervisors:

The San Gabriel Valley Council of Governments (SGVCOG) has participated in the Measure H Planning Group and provides the following comments and recommended changes to the Measure H funding recommendations:

**Comment No. 1 (Strategy E7):**

The Coordinated Entry System is central to the County’s Homeless Initiative as it manages the initial interface with homeless residents and connects them with services. However, there is a critical element missing that will prevent achieving the mission and realizing this vision - namely the intentional engagement of local governments and regional governmental organizations as partners in this effort. There is in every strategy the recognition of the need and the resources to build the capacity of local service providers and community-based organizations; there is no such recognition or support for the role of local governments.

The SGVCOG submits the following recommendation for funding allocation under Strategy E7:

- Allocate a portion of Measure H funds to be used to allow interested COG’s to hire/create an in-house COG Regional Homeless Coordinator, to help expand capacity and facilitate coordination with regional member cities.

A COG Homeless Coordinator would coordinate and engage with COG member cities, regional service providers and their SPA to support the Coordinated Entry System and the Continuum of Care services for residents currently homeless and those who are at risk of becoming homeless.

**Comment No. 2 (Strategy E6):**

Strategy E6 includes \$1.245 million per year for the Los Angeles County Sheriff’s Department for homeless outreach services. However, this strategy does not provide similar funding for cities that provide the same services. Currently, local police departments and transit agencies with homeless task forces have limited resources to expand or maintain outreach services.

The SGVCOG submits the following recommendation for funding allocation under Strategy E6:

- Provide a portion of Measure H funds under this strategy for local police departments and agencies to provide similar services within their jurisdictions.

**Comment No. 3 (Strategy B4):**

Currently, Measure H does not provide any direct allocation of funding for Continuum of Cares (CoC's). The organizational infrastructure that exists within the CoC's, as well as the collaborations between the County and the CoC's are critical to delivering effective and relevant homeless prevention services consistent with the strategies outlined in Measure H.

The SGVCOG submits the following recommendation for funding allocation under Strategy B4:

- Provide a portion of Measure H funding for each of the CoC's so that they may support the County's overall homeless reduction efforts. At a minimum, CoC cities should receive a pro rata share of the funding or the Measure H funded strategies in which LAHSA is the designated lead agency. Additionally, funding should go directly to participating Housing Authorities and not remain solely with HACoLA to reduce bureaucracy and increase the usefulness of the program by enabling quick access to the funds.

**Comment No. 4 (Strategies D2 and D4):**

The program expansion for homeless inmates is a priority since it would offer all homeless inmates jail in reach services from the beginning of incarceration. By coordinating all services provided to homeless inmates, it would be possible to provide one case plan monitored by one assigned case manager, with the goal of ensuring strong service integration. Additionally, the expansion of Jail in-reach, in conjunction with the Re-entry Network, will help integrate high-quality mental health, physical health, and substance use disorder providers. It is necessary to include other law enforcement agencies to expand their capacity for Jail in-reach.

The SGVCOG submits the following recommendation for funding allocation under Strategy D2 and D4:

- Increase funding under these strategies to allow city police departments to participate and to provide in-reach services to city jails.

**Comment No. 5 (Strategy C7):**

The subsidized employment program currently provides subsidized employment to GROW youths, aged 18 to 24. The existing program design and infrastructure could be leveraged and expanded to provide services countywide to adults.

The SGVCOG submits the following recommendation for funding allocation under Strategy C7:

- Currently, the Transitional Subsidized Employment (TSE) temporary employment program only allows eight months of employment which is not long enough to make a long-term impact for the clients. Therefore, additional funds should be allocated to allow funding for temporary employment programs with longer durations of employment.

Again, thank you for the opportunity to provide comments and participate in this process. Should you have any questions, please contact our office at (626)457-1800.

Sincerely,

Cynthia Sternquist, President  
San Gabriel Valley Council of Governments  
Councilmember, City of Temple City

c.c.: SGVCOG Board of Directors  
Supervisor Hilda Solis, First District  
Supervisor Mark Ridley-Thomas, Second District  
Supervisor Sheila Kuehl, Third District  
Supervisor Janice Hahn, Fourth District  
Supervisor Kathryn Barger, Fifth District

DRAFT



# REPORT

DATE: May 18, 2017  
TO: Governing Board Delegates and Alternates  
FROM: Philip Hawkey, Executive Director  
RE: **SGVCOG ELECTION OF OFFICERS FY 2017-18**

## **RECOMMENDED ACTION**

Elect SGVCOG Governing Board members to each of the four (4) SGVCOG officer positions: 1) President, 2) 1st Vice-President, 3) 2nd Vice-President and 4) 3rd Vice-President.

## **BACKGROUND**

Section 11 of the SGVCOG Joint Powers Authority states that the Governing Board shall elect a President and Vice-President at the first regular meeting of the Governing Board held in the month of May each year. It indicates that eligible candidates must be serving as their member agency's delegate on the SGVCOG Governing Board. Article V, Section A of the bylaws state that the 2<sup>nd</sup> and 3<sup>rd</sup> Vice-Presidents shall be elected at the same time and manner as the President and 1<sup>st</sup> Vice-President.

Written notification of the opportunity to serve as an Officer was sent to all Governing Board Delegates and Alternates. The following nominations were received by the nomination deadline:

Nominee	Officer Position			
	President	1st VP	2nd VP	3rd VP
Cynthia Sternquist (Temple City)	X			
Jack Hadjinian (Montebello)		X		
Tim Sandoval (Pomona)		X		X
Margaret Clark (Rosemead)		X		
Cruz Baca (Baldwin Park)			X	X
Joe Lyons (Claremont)			X	
Becky Shevlin (Monrovia)			X	X
Tim Hepburn (La Verne)				X
<b>Total Candidates:</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>4</b>

## ELECTION PROCEDURES

The election process will be as follows:

- **Election Official:** The SGVCOG General Counsel will serve as the SGVCOG's election official and run the election. Any concerns or questions should be directed to him.
- **Eligible Candidates:** Candidates must be serving as the Governing Board delegate from their member agency in order to be eligible for election.
- **Order of Elections:** Pursuant to prior Governing Board action, the elections will be held in the following order:
  - President
  - 1<sup>st</sup> Vice President
  - 2<sup>nd</sup> Vice President
  - 3<sup>rd</sup> Vice President
- **Election of President:** Given that there was only one nomination received for the President, this election will be held via voice vote. Additional nominations from the floor will not be accepted.
- **Election of Other Officer Positions:** Given that there were multiple nominations received for the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Vice-President positions, these elections will be held via written ballots. Additional nominations from the floor will not be accepted. The elections will be conducted as follows:
  1. The election for 1st Vice-President will be conducted first. Each candidate will be given **three minutes** to address the Governing Board to present their experience and qualifications for the position. They may also have another individual speak on their behalf, but the total speaking time shall not exceed three minutes. In addition, candidates may distribute a written statement of their qualification and interest. Candidates for each position will speak in alphabetical order based on city / member agency name.
  2. After all candidates have been given the opportunity to speak, staff will distribute written ballots. Each member agency will receive one ballot. When voting, Governing Board representatives must select only one candidate per position, sign and date their ballot, and write the name of their respective member agency on the ballot. Prior to counting ballots, staff will confirm that all ballots are signed and identified with the member agency. In the event that a ballot is unsigned or can not be identified, staff will make every attempt to identify the ballot and collect a signature. However, in the event that a ballot cannot be identified and signed, it will be discarded.
  3. Staff will tally the ballots, and General Counsel will announce the results. The Governing Board may consider other agenda items unrelated to the elections while staff tallies the votes. In the event that a candidate receives the majority of the votes,<sup>1</sup> that individual will be deemed the winner and the results will be confirmed via a motion.
    - **Runoff Procedure:** In the event that no candidate receives the majority of the votes, a runoff will be held between the two candidates receiving

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<sup>1</sup> Note, in order to be deemed the winner, a candidate must receive a majority of the votes from member agencies present.

the most votes. However, if two or more candidates tie for second place, all second place candidates will be included in the runoff. In order to conduct the runoff, General Counsel will announce the candidates that will be included in the runoff and, therefore, still eligible. Candidates will not have the opportunity to address the Governing Board again prior to the runoff. Staff will distribute written ballots and member agencies will be instructed to strike the names of any candidates that are not included in the runoff. Staff will collect and tally the ballots. This process will be repeated until a candidate receives the majority of the votes. The results will then be confirmed via a motion.

4. Following the election of 1<sup>st</sup> Vice President, the election for 2<sup>nd</sup> Vice President will be held and follow the same procedure outlined above.
  5. Finally, the election for 3<sup>rd</sup> Vice President will be held. In the event that any candidate running for 3<sup>rd</sup> Vice President is elected to the position of 1<sup>st</sup> or 2<sup>nd</sup> Vice President, General Counsel will instruct member agencies to strike their names from the ballot. The election will then follow the same procedure as the other officer positions.
- **Ballots:** Staff will keep an electronic (scanned) copy of all ballots, which will be made available upon request.
  - **Term of Office:** Newly elected officers will begin their one-year term on July 1, 2017.



DATE: May 18, 2017  
TO: Governing Board Delegates and Alternates  
FROM: Phil Hawkey, Executive Director  
RE: **SCAG APPOINTMENTS**

## **RECOMMENDED ACTIONS**

- 1) For FY 2017-18, allocate the 7 SGVCOG appointments to SCAG Policy Committees as follows: Transportation Committee (3), Community, Economic and Human Development (CEHD) (2), and Energy & Environment (2).
- 2) Appoint the following representatives to serve on SCAG Policy Committees:
  - Transportation Committee: Jack Hadjinian (Montebello), Teresa Real Sebastian (Monterey Park), and Cynthia Sternquist (Temple City)
  - CEHD Committee: Joe Lyons (Claremont) and Becky Shevlin (Monrovia)
  - Energy and Environment: Judy Nelson (Glendora) and Diana Mahmud (South Pasadena)

## **BACKGROUND**

The Southern California Association of Governments (SCAG) is the Metropolitan Planning Organization (MPO) for the six county area of Southern California. SCAG is governed by a seventy-two member Regional Council (RC) whose members are elected by districts based on population and representing various geographic clusters of cities located throughout the six-county area. The San Gabriel Valley is represented by seven districts on the RC.

In addition to the RC, SCAG has three standing policy committees which are responsible for the development of policies which affect southern California and make recommendations to the Regional Council for adoption. The San Gabriel Valley Council of Governments may make a total of seven appointments to these three policy committees. The description of these policy committees is as follows:

- **Community, Economic, and Human Development Committee:** This committee studies problems, programs and other matters which pertain to the regional issues of community, economic and human development and growth. This committee reviews projects, plans and programs of regional significance
- **Energy and Environment Committee:** This committee considers environmental and energy issues of regional significance, including but not limited to air quality, water quality, solid and hazardous waste, habitat preservation, environmental justice, and environmental impact analysis.
- **Transportation Committee:** This committee studies problems, programs and other matters which pertain to the regional issues of mobility, air (quality), transportation control measures and communications, and to make recommendations on such matters to the Regional Council. Major programs that are under the purview of TC are the Regional

# REPORT

Transportation Plan (RTP), the Regional Transportation Improvement Program (RTIP), Aviation, Highway, Transportation Finance and Transportation Conformity.

## APPOINTMENT

In keeping the Governing Board's policy with respect to all SGVCOG appointments, notification of these seven openings on the three policy committees was sent to all elected officials in SGVCOG member cities. To date, the following nominations have been received:

- Transportation Committee: Jack Hadjinian (Montebello), Teresa Real Sebastian (Monterey Park), and Cynthia Sternquist (Temple City)
- CEHD Committee: Joe Lyons (Claremont) and Becky Shevlin (Monrovia)
- Energy and Environment: Judy Nelson<sup>1</sup> (Glendora) and Diana Mahmud (South Pasadena)

SCAG has advised the SGVCOG that is up to the SGVCOG's discretion to determine how the seven appointments are allocated between the three policy committees. Staff is recommending that the appointments be allocated according to the nominations that were received (i.e. two CEHD positions, three Transportation Committee positions, and two Energy and Environment positions). Therefore, because only seven nominations were received, an election is not necessary and the appointments can be confirmed by the Governing Board at the May meeting.

Prepared by: Marisa Creter  
Marisa Creter  
Assistant Executive Director

Approved by: Phil Hawkey  
Phil Hawkey  
Executive Director

<sup>1</sup> As of the original deadline, only six nominations had been received. Judy Nelson (Glendora) submitted her nomination after the original deadline. Should additional names be received prior to the Board meeting, there will be an election for the 2<sup>nd</sup> EEC representative position. All other positions would not be subject to an election process.

# REPORT

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DATE: May 18, 2017

TO: Governing Board Delegates and Alternates

FROM: Phil Hawkey, Executive Director

RE: **MEMORANDUM OF UNDERSTANDING (MOU) WITH LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (METRO)**

## **RECOMMENDED ACTION**

Authorize Executive Director to execute MOU with Metro to provide funding for Metro Board of Director support services.

## **BACKGROUND**

The Los Angeles County Metropolitan Transportation Authority (Metro) Board of Directors includes one member appointed by the City Selection Committee to represent the San Gabriel Valley as the SGVCOG representative. John Fasana (Duarte) currently serves in this role. Metro recognizes the need for the SGVCOG representative to have staff support to perform the duties of a Board Member. Previously, these support services were provided by a Metro employee, and the salary and benefit costs related to the position were shared between the SGVCOG and Metro. Beginning in FY 2013-14, Metro modified this arrangement to instead provide an annual allocation to the SGVCOG, which can then be used to provide the support services either through the use of a consultant or by hiring an employee.

In August 2013, the SGVCOG approved an MOU with Metro for this purpose. 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. Metro reimburses the SGVCOG in an amount not to exceed the contract costs, if using consultant services, or the salary and benefit costs, if using an employee, plus an administrative fee of 3% of the actual costs.

The current MOU between the SGVCOG and Metro is set to expire on June 30, 2017. Metro has provided the SGVCOG an updated MOU, which would provide funding through June 30, 2022 (Attachment A). The terms of the new MOU are identical to the existing MOU. The funding amount in first year is \$91,065. This amount is adjusted in an amount equal to any increases approved by the Board for Metro non-contract employee salary increases. Typically, the average annual increase is approximately 3%.

Currently, the SGVCOG is under contract with Mary Lou Echternach to provide board support services as an independent contractor. In FY 2016-17, the cost of that contract was \$106,090. The SGVCOG pays the difference between the amount of funding provided by the Metro MOU and the consultant contract (~\$17,000). The contract with Ms. Echternach is set to expire on July 31, 2017. Staff is working with her to negotiate a new contract. It is anticipated that an updated contract will be presented to the SGVCOG Governing Board for consideration at its June 2017 meeting.

**ATTACHMENTS**

Attachment A – Metro-SGVCOG MOU

Prepared by: Marisa Creter  
Marisa Creter  
Assistant Executive Director

Approved by: Phil Hawkey  
Phil Hawkey  
Executive Director

**MEMORANDUM OF UNDERSTANDING**

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is dated as of April 21, 2017, by and between SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS ("SGVCOG"), a joint powers authority organized and existing pursuant to the laws of the State of California, and the LOS ANGELES COUNTY TRANSPORTATION AUTHORITY (the "LACMTA"), organized and existing pursuant to the laws of the State of California. The SGVCOG and the LACMTA shall be collectively referred to herein as the "Parties."

**RECITALS:**

- A. The LACMTA Board of Directors ("Board") includes a member appointed by the Los Angeles County City Selection Committee to represent the San Gabriel Valley of the County of Los Angeles. That member shall be referred to herein as the "COG Representative."
- B. The COG Representative requires staff assistance with his or her duties as a member of the LACMTA Board comparable to staff available to other Board members.
- C. The LACMTA acknowledges the need of the COG Representative to have a staff assistant ("Assistant") to provide support services in the performance of his or her duties as a Board member.
- D. The Parties desire that the SGVCOG contract directly with the Assistant for the provision of services to aid the COG Representative, and as such, the Parties understand and acknowledge that the Assistant will not be an employee of the LACMTA.
- E. The LACMTA desires to provide office accommodations to the Assistant and to reimburse the COG a portion of the cost of the Assistant's compensation.

NOW, THEREFORE, the parties hereto do agree as follows:

**AGREEMENT:**

Section 1. Contract between SGVCOG and Assistant

- A. The SGVCOG shall exercise its sole discretion in selection of the Assistant. The SGVCOG shall contract directly with the Assistant for the service of the Assistant. The contract between the SGVCOG and the Assistant shall herein be referred to as the "Contract."
- B. Assistant shall be a contractor of the SGVCOG and shall not under any circumstances be deemed an employee of the LACMTA.

Section 2. Payment.

- A. The LACMTA shall reimburse the SGVCOG in an amount equal to the actual annual cost of the Contract, plus an administrative fee not to exceed 3% of the actual annual cost of the Contract, however, in no event shall the total reimbursement from the LACMTA to the SGVCOG exceed \$91,065.14 for the first 12 months of the Contract, and the same amount for each consecutive 12-month period thereafter during the term of this MOU, except as provided in Section 2.B, below.
- B. During the term of this MOU, the reimbursement from the LACMTA to the SGVCOG for the cost of the Contract shall remain unchanged, except that the LACMTA shall increase the reimbursement due the SGVCOG by the same percentage as that approved by the Board for LACMTA non-contract employee salary increases. The increase in reimbursement shall be

effective the same date that the LACMTA Board-approved LACMTA non-contract salary increase becomes effective.

- C. The reimbursement described in this Section 2 shall be payable by the LACMTA to the SGVCOG in 12 monthly installments, each such installment representing approximately 1/12th of the annual reimbursement for the Contract as due under Sections 2.A and B, above. Each month, the SGVCOG shall send the LACMTA an invoice for the amount due. The LACMTA shall pay the SGVCOG the invoiced amount within 30 days of receipt.

Section 3. Accommodations.

- A. The LACMTA shall provide the Assistant throughout the term of this MOU with accommodations at its headquarters to aid in the performance of Assistant's duties to provide support services for the COG Representative in the performance of his or her duties as a Board member. The accommodations shall include a common area with access to an office, telephone, and a computer with Internet access, and any other accommodations to which the Parties mutually agree.
- B. The office space provided by the LACMTA pursuant to this paragraph shall not be the primary office of the Assistant.
- C. The LACMTA shall provide the Assistant throughout the term of this MOU with the same access to and within the LACMTA headquarters as that enjoyed by deputies to the other Board members.

Section 4. Term.

The term of this MOU shall commence on July 1, 2017 and expire on June 30, 2022, unless terminated earlier by mutual written agreement of the Parties.

Section 5. Miscellaneous.

- A. Notices. All notices which any Party required or desired to give hereunder shall be in writing and shall be deemed given on the date delivered personally or five (5) days after mailing by registered or certified mail (return receipt requested) to the following addresses or at such other addresses as the parties may from time to time designate by written notice in the aforesaid manner.

To the SGVCOG: San Gabriel Valley Council of Governments  
1000 S. Fremont Avenue, Unit 42  
Alhambra, CA 91803

Attention: Phil Hawkey, Executive Director

To the LACMTA: Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Los Angeles, CA 90012

Attn: Phillip A. Washington, Chief Executive Officer

- B. Binding Effect. This MOU shall be binding upon and insure to the benefit of each Party to this Agreement and their respective successors and assigns.
- C. Amendment. The terms and provisions of this MOU may not be amended, modified or waived, except by an instrument in writing signed by the Parties.

- D. Waiver. Waiver by any Party to this MOU of any term, condition, or covenant of this MOU 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, or a waiver of any subsequent breach or violation of any provision of this Agreement.
- E. Law to Govern; Venue. This MOU 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.
- F. No Presumption in Drafting. The Parties agree that the general rule that an Agreement is to be interpreted against the Party drafting it or causing it to be prepared shall not apply.
- G. Entire Agreement. This MOU constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements, whether written or oral, with respect thereto.
- H. Counterparts. This MOU may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute but one and the same instrument, provided, however, that such counterparts shall have been delivered to both Parties to this MOU.

**IN WITNESS WHEREOF**, the Parties hereto have caused this MOU to be executed the day and year first above written.

**SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS**

\_\_\_\_\_  
Phil Hawkey, Executive Director

**LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY**

\_\_\_\_\_  
Phillip A. Washington, Chief Executive Officer



DATE: May 18, 2017

TO: SGVCOG Governing Board Delegates and Alternates

FROM: Phil Hawkey, Executive Director

RE: **SAN GABRIEL NATIONAL MONUMENT STATUS**

## **RECOMMENDED ACTION**

Discuss and provide direction to staff.

## **BACKGROUND**

In October 2014, President Barack Obama designated 346,177 acres of land as the San Gabriel Mountains National Monument (Attachment A), the eighth national monument under Forest Service management. All the land included in the National Monument was already existing federal land as part of the National Forest. The designation provided additional resources for the San Gabriel Mountains and ensured that thousands of miles of streams, hiking trails, and other outdoor recreation opportunities would be protected. President Obama's declaration also required public input, which resulted in the creation of the San Gabriel Mountains National Monument Community Collaborative (Collaborative). Since its formation, the Collaborative has been tasked with bringing diverse partners and residents together in order to identify, prioritize and advocate for investments, management objectives, and values that sustainably benefit the Angeles National Forest, the San Gabriel Mountains National Monument, and all communities throughout the region.

On April 26, 2017, President Trump signed an executive order (Attachment B) directing the Secretary of the Interior to review all National Monuments established under the Antiquities Act over the past 21 years where the designation covers more than 100,000 acres which includes San Gabriel Mountains National Monument. The Secretary of the Interior is to review all National Monuments based on the following criteria:

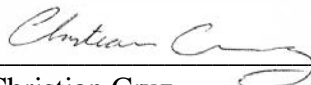
- The requirements and original objectives of the Act, including the Act's requirement that reservations of land not exceed "the smallest area compatible with the proper care and management of the objects to be protected";
- Whether designated lands are appropriately classified under the Act as "historic landmarks, historic and prehistoric structures, or other objects of historic or scientific interest";
- The effects of a designation on the available uses of designated Federal lands, including consideration of the multiple-use policy of the Federal Land Policy and Management, as well as the effects on the available uses of Federal lands beyond the monument boundaries;
- The effects of a designation on the use and enjoyment of non-Federal lands within or beyond monument boundaries;
- Concerns of State, tribal, and local governments affected by a designation, including the economic development and fiscal condition of affected States, tribes, and localities; and
- The availability of Federal resources to properly manage designated areas.

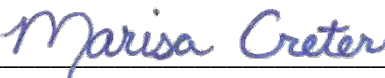
# REPORT

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The Secretary of the Interior is providing an interim report within 45 days to the President and a final report within 120 days of the date of the order.

On May 2, 2017, the Los Angeles County Board of Supervisors passed a motion (Attachment C) to direct the Chief Executive Office, in coordination with the Washington, DC Legislative Advocates, to send a five-signature letter to the Los Angeles County's congressional delegation (Attachment D), requesting their support to advocate and seek legislation that protects the existing National Monuments from ending. Additionally, the Collaborative will consider a letter at their May 25th meeting highlighting that the San Gabriel Mountains National Monument meets all the criteria, as established in the Executive Order, to keep its designation as a National Monument.

Prepared by:   
Christian Cruz  
Management Analyst

Approved by:   
Marisa Creter  
Assistant Executive Director

## **ATTACHMENTS**

- Attachment A – San Gabriel Mountains National Monument Map
- Attachment B – Executive Order
- Attachment C – LA County Board of Supervisors Motion
- Attachment D – LA County Supervisors Congressional Delegation Letter

# San Gabriel Mountains National Monum

Final Boundary

For more information about the U.S. Forest Service.

Monument boundary area 346,177 acres.

Disclaimer The USDA Forest Service makes no warranty, expressed or implied, regarding the data displayed on this map, and reserves the right to correct, update, modify, or replace this information without notification.

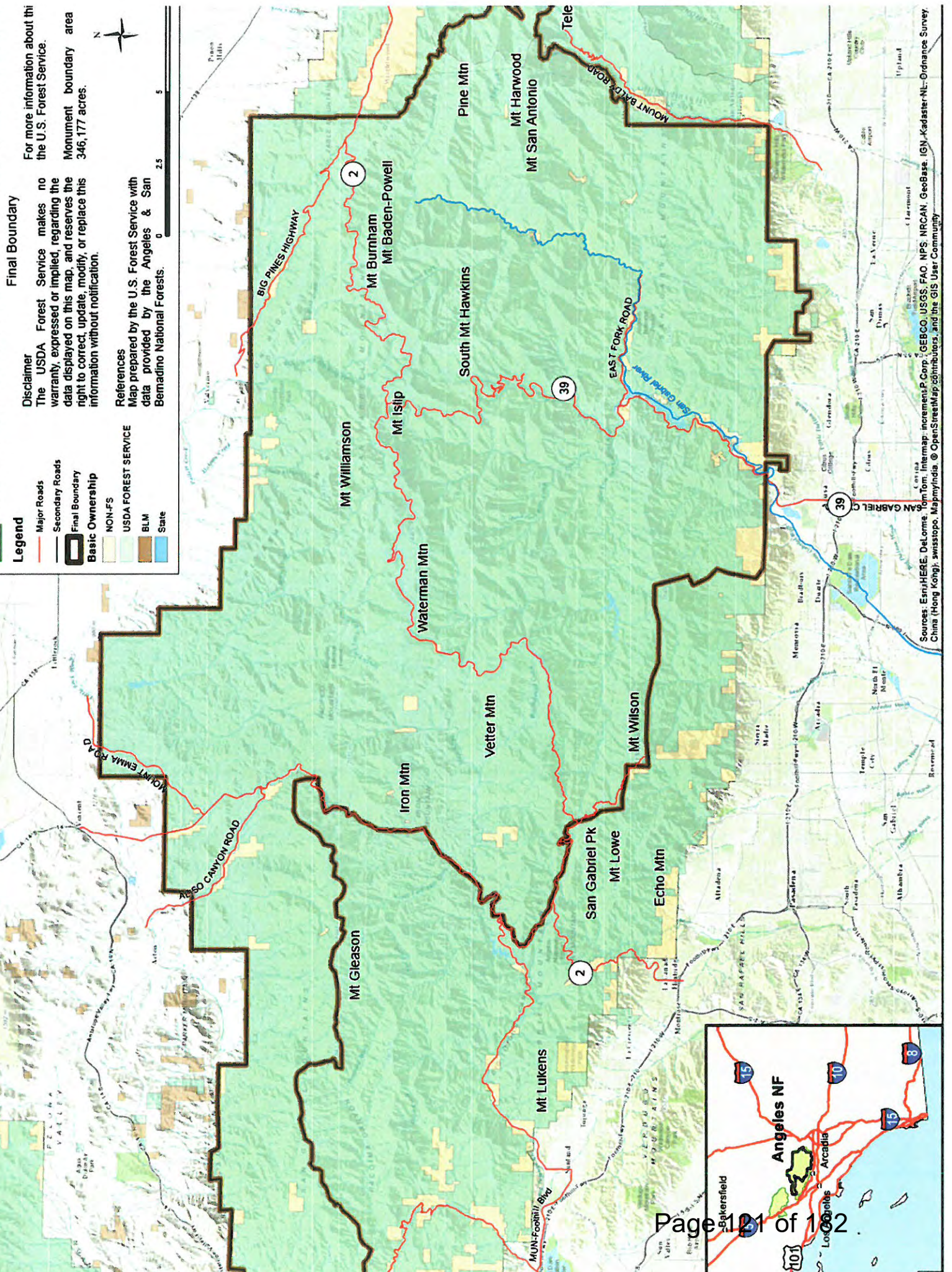
References Map prepared by the U.S. Forest Service with data provided by the Angeles & San Bernardino National Forests.

Legend

- Major Roads
- Secondary Roads
- Final Boundary
- Basic Ownership
- NON-FS
- USDA FOREST SERVICE
- BLM
- State

Scale 0 2.5 5

Attachment A



Sources: Esri/HERE, DeLorme, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

## Presidential Documents

Executive Order 13792 of April 26, 2017

### Review of Designations Under the Antiquities Act

By the authority vested in me as President by the Constitution and the laws of the United States of America, and in recognition of the importance of the Nation's wealth of natural resources to American workers and the American economy, it is hereby ordered as follows:

**Section 1. Policy.** Designations of national monuments under the Antiquities Act of 1906, recently recodified at sections 320301 to 320303 of title 54, United States Code (the "Antiquities Act" or "Act"), have a substantial impact on the management of Federal lands and the use and enjoyment of neighboring lands. Such designations are a means of stewarding America's natural resources, protecting America's natural beauty, and preserving America's historic places. Monument designations that result from a lack of public outreach and proper coordination with State, tribal, and local officials and other relevant stakeholders may also create barriers to achieving energy independence, restrict public access to and use of Federal lands, burden State, tribal, and local governments, and otherwise curtail economic growth. Designations should be made in accordance with the requirements and original objectives of the Act and appropriately balance the protection of landmarks, structures, and objects against the appropriate use of Federal lands and the effects on surrounding lands and communities.

**Sec. 2. Review of National Monument Designations.** (a) The Secretary of the Interior (Secretary) shall conduct a review of all Presidential designations or expansions of designations under the Antiquities Act made since January 1, 1996, where the designation covers more than 100,000 acres, where the designation after expansion covers more than 100,000 acres, or where the Secretary determines that the designation or expansion was made without adequate public outreach and coordination with relevant stakeholders, to determine whether each designation or expansion conforms to the policy set forth in section 1 of this order. In making those determinations, the Secretary shall consider:

- (i) the requirements and original objectives of the Act, including the Act's requirement that reservations of land not exceed "the smallest area compatible with the proper care and management of the objects to be protected";
- (ii) whether designated lands are appropriately classified under the Act as "historic landmarks, historic and prehistoric structures, [or] other objects of historic or scientific interest";
- (iii) the effects of a designation on the available uses of designated Federal lands, including consideration of the multiple-use policy of section 102(a)(7) of the Federal Land Policy and Management Act (43 U.S.C. 1701(a)(7)), as well as the effects on the available uses of Federal lands beyond the monument boundaries;
- (iv) the effects of a designation on the use and enjoyment of non-Federal lands within or beyond monument boundaries;
- (v) concerns of State, tribal, and local governments affected by a designation, including the economic development and fiscal condition of affected States, tribes, and localities;
- (vi) the availability of Federal resources to properly manage designated areas; and

(vii) such other factors as the Secretary deems appropriate.

(b) In conducting the review described in subsection (a) of this section, the Secretary shall consult and coordinate with, as appropriate, the Secretary of Defense, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Energy, the Secretary of Homeland Security, and the heads of any other executive departments or agencies concerned with areas designated under the Act.

(c) In conducting the review described in subsection (a) of this section, the Secretary shall, as appropriate, consult and coordinate with the Governors of States affected by monument designations or other relevant officials of affected State, tribal, and local governments.

(d) Within 45 days of the date of this order, the Secretary shall provide an interim report to the President, through the Director of the Office of Management and Budget, the Assistant to the President for Economic Policy, the Assistant to the President for Domestic Policy, and the Chairman of the Council on Environmental Quality, summarizing the findings of the review described in subsection (a) of this section with respect to Proclamation 9558 of December 28, 2016 (Establishment of the Bears Ears National Monument), and such other designations as the Secretary determines to be appropriate for inclusion in the interim report. For those designations, the interim report shall include recommendations for such Presidential actions, legislative proposals, or other actions consistent with law as the Secretary may consider appropriate to carry out the policy set forth in section 1 of this order.

(e) Within 120 days of the date of this order, the Secretary shall provide a final report to the President, through the Director of the Office of Management and Budget, the Assistant to the President for Economic Policy, the Assistant to the President for Domestic Policy, and the Chairman of the Council on Environmental Quality, summarizing the findings of the review described in subsection (a) of this section. The final report shall include recommendations for such Presidential actions, legislative proposals, or other actions consistent with law as the Secretary may consider appropriate to carry out the policy set forth in section 1 of this order.

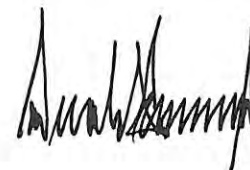
**Sec. 3. General Provisions.** (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

A handwritten signature in black ink, appearing to be the signature of Donald Trump, located in the upper right quadrant of the page.

THE WHITE HOUSE,  
*April 26, 2017.*

[FR Doc. 2017-08908  
Filed 4-28-17; 11:15 am]  
Billing code 3295-F7-P

AGN. NO. \_\_\_\_

May 2, 2017

**MOTION BY SUPERVISOR HILDA L. SOLIS**

**San Gabriel National Monument**

On April 26, 2017, President Trump signed an executive order that ordered a review of all National Monuments established under the Antiquities Act over the past 21 years, this includes the San Gabriel Mountains. As the original author that started the process to protect the San Gabriel Mountains when I served in Congress, implementing the President Trump’s Executive Order would wipe away the years of work has been done to date. The process to declare a National Monument took 10 years and plenty of community engagement to ensure that stakeholders were all involved.

President Obama declared the national monument in October 2014 and required public input, which resulted in the creation of the San Gabriel Mountains National Monument Community Collaborative. This collaborative has 40 diverse members who discuss priorities and ensure the Forest Service hears from the public. This effort could be ended with Presidents Trump’s order.

**I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS,**

Direct CEO, in coordination with the Washington, DC Legislative Advocates, to send a five-signature letter to the Los Angeles County’s congressional delegation, requesting their support to advocate and seek legislation that protects the existing National Monuments from ending.

###

HLS/tv

- MORE -

MOTION

SOLIS \_\_\_\_\_

KUEHL \_\_\_\_\_

HAHN \_\_\_\_\_

BARGER \_\_\_\_\_

RIDLEY-THOMAS \_\_\_\_\_



**COUNTY OF LOS ANGELES  
BOARD OF SUPERVISORS**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET  
LOS ANGELES, CALIFORNIA 90012

MEMBERS OF THE BOARD

HILDA L. SOLIS

MARK RIDLEY-THOMAS

SHEILA KUEHL

JANICE HAHN

KATHRYN BARGER

May 4, 2017

The Honorable Nanette Barragán  
U.S. House of Representatives  
1320 Longworth House Office Building  
Washington, D.C. 20515

Dear Representative Barragán:

We are writing to express our support for legislation that protects the designation of the San Gabriel Mountains National Monument.

On April 26, 2017, President Trump signed an Executive Order that directed a review of all national monuments established under the Antiquities Act over the past 21 years. This Executive Order could impact at least 20 and possibly up to 40 national monuments, including the San Gabriel Mountains National Monument.

Efforts to establish the San Gabriel Mountains National Monument began in 2003, with the enactment of the San Gabriel River Watershed Study Act, which was undertaken to determine whether any portion of the San Gabriel Watershed and Mountains would be eligible to be designated as a unit of the National Park Service.

In October 2014, President Obama declared 346,177 acres of existing Federal land as the San Gabriel Mountains National Monument. The designated area covers the Angeles National Forest and a portion of the neighboring San Bernardino National Forest. The designation provided additional resources for the San Gabriel Mountains, and ensured that thousands of miles of streams, hiking trails and other outdoor recreation opportunities would be protected. President Obama's declaration also required public input, which resulted in the creation of the San Gabriel Mountains National Monument Community Collaborative. This nonprofit partner of the U.S. Forest Service has 40 diverse members who work with the Forest Service to discuss priorities, resources, investments, management objectives and implementation practices related to the San Gabriel Mountains National Monument.


President Trump's Executive Order could wipe away the over 10 years of work that has been done to establish the San Gabriel Mountains National Monument, including the previous and ongoing community engagement to ensure that stakeholders are all involved.

The Honorable Nanette Barragán  
May 4, 2017  
Page 2


We respectfully urge you to support legislation that would protect the designation of the San Gabriel Mountains National Monument.


Thank you for your consideration on this important issue.

Sincerely,

  
MARK RIDLEY-THOMAS  
Chairman of the Board  
Supervisor, Second District

  
HILDA L. SOLIS  
Supervisor, First District

  
SHEILA KUEHL  
Supervisor, Third District

  
JANICE HAHN  
Supervisor, Fourth District

  
KATHRYN BARGER  
Supervisor, Fifth District



DATE: May 18, 2017  
TO: SGVCOG Governing Board  
FROM: Phil Hawkey, Executive Director  
RE: **ASSEMBLY BILL 1669 (FRIEDMAN)**

**RECOMMENDED ACTION**

Discuss and provide direction to staff

**BACKGROUND**

Existing law requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, that the waste or unreasonable method of use of water be prevented, and that conservation be exercised. Furthermore, the Water Conservation Act of 2009 requires the state to achieve a 20% reduction in urban per capita water use by December 31, 2020. To achieve a 20% reduction, urban retail water suppliers are required to develop urban water use targets using one of three formulas. The three formulas give the retailers some flexibility in how they develop their targets, taking into consideration local conditions such as geography, climate, and population.

**ASSEMBLY BILL 1669**

There are currently seven policy bills and a budget trailer bill that directly relate to long-term water efficiency. These bills, under the umbrella of Governor Brown’s “Making Water Conservation a Way of Life” policy, take different approaches to the development of long-term efficiency. The general framework of all the approaches is to require a baseline level of water conservation. There is disagreement however over whether long-term targets should be amended, who should amend them, and how the amendment process should be done. Among the stakeholder community they disagree as to whether policies should be developed through legislation or through the regulatory process.

Assembly Bill 1669 requires the State Water Resources Control Board (SWRCB), in consultation with the Department of Water Resources (DWR), to adopt long-term standards for urban water conservation and water use. It grants the SWRCB the authority to set customized water use targets for water suppliers taking into consideration microclimates and land use. Once those targets are set, suppliers would be able to decide how to meet them. The SWRCB would have the authority to set standards for water conservation that are in addition to, or exceed the 20% standard should they choose. Specifically, the bill:

- Specifies that the long-term standard shall include three components: indoor residential water use, outdoor irrigation water use, and industrial and commercial water use.
- Allows the SWRCB to adopt and update interim standards for urban water conservation and water use.
- Requires the long-term standards be adopted in accordance with the regular rulemaking process.

- Allows any decision or order allowed under exiting urban water conservation law and under the long-term standard that could be adopted under this bill to be subject to judicial review.

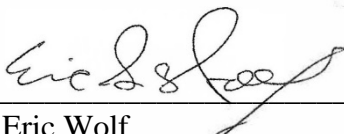
**SUPPORT AND OPPOSITION**


Supporters believe this bill addresses some of the deficiencies noted with the straight-line 20% reduction standard. They argue that the 20% standard did not recognize past efforts to use water more efficiently or local investments in drought resiliency supply. They believe AB 1669 is a fairer and more equitable approach to setting water use targets that incorporates local conditions, including population and climate. Since it focuses on efficient use of water rather than arbitrary percentage reductions, water suppliers receive credit for their previous investments in efficiency. The bill is supported by environmental groups.

Opponents do not support the authority this bill would grant the SWRCB in setting long-term water use standards. They argue that it is the proper role of the legislature to craft this policy. AB 1669 is opposed by water agencies.

**RECOMMENDATION**

Discuss and provide direction to staff

Prepared by:   
Eric Wolf  
Senior Management Analyst

Approved by:   
Marisa Creter  
Assistant Executive Director

**ATTACHMENTS**

- Attachment A – AB 1669 (Friedman)
- Attachment B – AB 1669 (Friedman) Legislative Analysis

AMENDED IN ASSEMBLY APRIL 18, 2017

AMENDED IN ASSEMBLY MARCH 22, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1669**

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**Introduced by Assembly Member Friedman**  
(Coauthor: Senator Allen)

February 17, 2017

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*An act to add Section 10608.18 to the Water Code, relating to water. An act to amend Sections 377, 1058.5, 1120, 1831, and 10608.20 of, and to add Chapter 9 (commencing with Section 10609) to Part 2.55 of Division 6 of, the Water Code, relating to water.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1669, as amended, Friedman. ~~Urban water use efficiency. Urban water conservation standards and use reporting.~~

*(1) Existing law requires the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020. Existing law requires each urban retail water supplier to develop urban water use targets and an interim urban water use target, as specified.*

*This bill would require the State Water Resources Control Board, in consultation with the Department of Water Resources, to adopt long-term standards for urban water conservation and water use by May 20, 2021. The bill would authorize the board, in consultation with the department, to adopt interim standards for urban water conservation and water use by emergency regulation. The bill would require the board, before adopting an emergency regulation, to provide at least 60 days for the public to review and comment on the proposed regulation and would require the board to hold a public hearing. The bill would*

*authorize a court or public entity to hold a person civilly liable in an amount not to exceed \$10,000 for a violation of a regulation adopted under these provisions, unless the regulation provides otherwise.*

*The bill would also authorize the board to issue a regulation or informational order requiring a distributor of a public water supply to submit information relating to water production, water use, or water conservation.*

*(2) Existing law establishes procedures for reconsideration and amendment of specified decisions and orders of the board. Existing law authorizes any party aggrieved by a specified decision or order of the board to file, not later than 30 days from the date of final board action, a petition for writ of mandate for judicial review of the decision or order.*

*This bill would apply these procedures to decisions and orders of the board issued pursuant to the provisions described in paragraph (1), including existing provisions and those added by this bill.*

*(3) Existing law authorizes the board to issue a cease and desist order in response to a violation or threatened violation of certain requirements, including specified emergency regulations adopted by the board. Under existing law, a person who violates a cease and desist order of the board may be liable for each day in which the violation occurs, as specified. Revenue generated from these penalties is deposited in the Water Rights Fund. The moneys in the Water Rights Fund are available, upon appropriation by the Legislature, for, among other things, the administration of the board's water rights program.*

*This bill would authorize the board to issue a cease and desist order in response to a violation or threatened violation of any regulation adopted by the board.*

~~Existing law requires the state to achieve a 20% reduction in urban per capita water use on or before December 31, 2020, and to make incremental progress toward that state target by reducing urban per capita water use by at least 10% on or before December 31, 2015.~~

~~This bill, on or before January 1, 2019, would require the State Water Resources Control Board, in consultation with the Department of Water Resources and other appropriate state agencies, to establish and adopt a process to increase urban water use efficiency through incremental urban water use efficiency standards and in that regard to establish an urban water use efficiency standard to be achieved by urban water suppliers by January 1, 2025. The bill would require the state board to~~

review and consider updates to the urban water use efficiency standard every 5 years.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1     SECTION 1. Section 377 of the Water Code is amended to  
2 read:

3     377. (a) From and after the publication or posting of any  
4 ordinance or resolution pursuant to Section 376, a violation of a  
5 requirement of a water conservation program adopted pursuant to  
6 Section 376 is a misdemeanor. A person convicted under this  
7 subdivision shall be punished by imprisonment in the county jail  
8 for not more than 30 days, or by a fine not exceeding one thousand  
9 dollars (\$1,000), or by both.

10    (b) A court or public entity may hold a person civilly liable in  
11 an amount not to exceed ten thousand dollars (\$10,000) for a  
12 violation of any of the following:

13    (1) An ordinance or resolution adopted pursuant to Section 376.

14    (2) ~~An emergency~~ A regulation adopted by the board under  
15 Section ~~1058.5~~, 1058.5 or Chapter 9 (commencing with Section  
16 10609) of Part 2.55 of Division 6, unless the board regulation  
17 provides that it cannot be enforced under this ~~section~~. section or  
18 provides for a lesser applicable penalty.

19    (c) Commencing on the 31st day after the public entity notified  
20 a person of a violation described in subdivision (b), the person  
21 additionally may be civilly liable in an amount not to exceed ten  
22 thousand dollars (\$10,000) plus five hundred dollars (\$500) for  
23 each additional day on which the violation continues.

24    (d) Remedies prescribed in this section are cumulative and not  
25 alternative, except that no liability shall be recoverable under this  
26 section for any violation of paragraph (2) of subdivision (b) if the  
27 board has filed a complaint pursuant to Section 1846 alleging the  
28 same violation.

29    (e) A public entity may administratively impose the civil liability  
30 described in subdivisions (b) and (c) after providing notice and an  
31 opportunity for a hearing. The public entity shall initiate a  
32 proceeding under this subdivision by a complaint issued pursuant  
33 to Section 377.5. The public entity shall issue the complaint at

1 least 30 days before the hearing on the complaint and the complaint  
2 shall state the basis for the proposed civil liability order.

3 (f) (1) In determining the amount of civil liability to assess, a  
4 court or public entity shall take into consideration all relevant  
5 circumstances, including, but not limited to, the nature and  
6 persistence of the violation, the extent of the harm caused by the  
7 violation, the length of time over which the violation occurs, and  
8 any corrective action taken by the violator.

9 (2) The civil liability calculated pursuant to paragraph (1) for  
10 the first violation of subdivision (b) by a residential water user  
11 shall not exceed one thousand dollars (\$1,000) except in  
12 extraordinary situations where the court or public entity finds all  
13 of the following:

14 (A) The residential user had actual notice of the requirement  
15 found to be violated.

16 (B) The conduct was intentional.

17 (C) The amount of water involved was substantial.

18 (g) Civil liability imposed pursuant to this section shall be paid  
19 to the public entity and expended solely for the purposes of this  
20 chapter.

21 (h) An order setting administrative civil liability shall become  
22 effective and final upon issuance of the order and payment shall  
23 be made. Judicial review of any final order shall be pursuant to  
24 Section 1094.5 of the Code of Civil Procedure.

25 (i) In addition to the remedies prescribed in this section, a public  
26 entity may enforce water use limitations established by an  
27 ordinance or resolution adopted pursuant to this chapter, or as  
28 otherwise authorized by law, by a volumetric penalty in an amount  
29 established by the public entity.

30 *SEC. 2. Section 1058.5 of the Water Code is amended to read:*

31 1058.5. (a) This section applies to any emergency regulation  
32 adopted by the board for which the board makes both of the  
33 following findings:

34 (1) The emergency regulation is adopted to prevent the waste,  
35 unreasonable use, unreasonable method of use, or unreasonable  
36 method of diversion, of water, to promote water recycling or water  
37 conservation, to require curtailment of diversions when water is  
38 not available under the diverter's priority of right, or in furtherance  
39 of any of the foregoing, to require reporting of diversion or use or  
40 the preparation of monitoring reports.

1 (2) The emergency regulation is adopted in response to  
2 conditions which exist, or are threatened, in a critically dry year  
3 immediately preceded by two or more consecutive below normal,  
4 dry, or critically dry years or during a period for which the  
5 Governor has issued a proclamation of a state of emergency under  
6 the California Emergency Services Act (Chapter 7 (commencing  
7 with Section 8550) of Division 1 of Title 2 of the Government  
8 Code) based on drought conditions.

9 (b) Notwithstanding Sections 11346.1 and 11349.6 of the  
10 Government Code, any findings of emergency adopted by the  
11 board, in connection with the adoption of an emergency regulation  
12 under this section, are not subject to review by the Office of  
13 Administrative Law.

14 (c) An emergency regulation adopted by the board under this  
15 section may remain in effect for up to ~~270 days~~, *one year*, as  
16 determined by the board, and is deemed repealed immediately  
17 upon a finding by the board that due to changed conditions it is  
18 no longer necessary for the regulation to remain in effect. An  
19 emergency regulation adopted by the board under this section may  
20 be renewed if the board determines that the conditions specified  
21 in paragraph (2) of subdivision (a) are still in effect.

22 (d) In addition to any other applicable civil or criminal penalties,  
23 any person or entity who violates a regulation adopted by the board  
24 pursuant to this section is guilty of an infraction punishable by a  
25 fine of up to five hundred dollars (\$500) for each day in which the  
26 violation occurs.

27 (e) (1) Notwithstanding subdivision (b) of Section 1551 or  
28 subdivision (e) of Section 1848, a civil liability imposed under  
29 Chapter 12 (commencing with Section 1825) of Part 2 of Division  
30 2 by the board or a court for a violation of an emergency  
31 conservation regulation adopted pursuant to this section shall be  
32 deposited, and separately accounted for, in the Water Rights Fund.  
33 Funds deposited in accordance with this subdivision shall be  
34 available, upon appropriation, for water conservation activities  
35 and programs.

36 (2) For purposes of this subdivision, an “emergency conservation  
37 regulation” means an emergency regulation that requires an end  
38 user of water, a water retailer, or a water wholesaler to conserve  
39 water or report to the board on water conservation. Water  
40 conservation includes restrictions or limitations on particular uses

1 of water or a reduction in the amount of water used or served, but  
2 does not include curtailment of diversions when water is not  
3 available under the diverter's priority of right or reporting  
4 requirements related to curtailments.

5 *SEC. 3. Section 1120 of the Water Code is amended to read:*

6 1120. This chapter applies to any decision or order issued under  
7 this part or Section 275, Part 2 (commencing with Section 1200),  
8 Part 2 (commencing with Section 10500) of Division 6, *Part 2.55*  
9 *(commencing with Section 10608) of Division 6, or Chapter 11*  
10 *(commencing with Section 10735) of Part 2.74 of Division 6,*  
11 *Article 7 (commencing with Section 13550) of Chapter 7 of*  
12 *Division 7, or the public trust doctrine.*

13 *SEC. 4. Section 1831 of the Water Code is amended to read:*

14 1831. (a) When the board determines that any person is  
15 violating, or threatening to violate, any requirement described in  
16 subdivision (d), the board may issue an order to that person to  
17 cease and desist from that violation.

18 (b) The cease and desist order shall require that person to comply  
19 forthwith or in accordance with a time schedule set by the board.

20 (c) The board may issue a cease and desist order only after  
21 notice and an opportunity for hearing pursuant to Section 1834.

22 (d) The board may issue a cease and desist order in response to  
23 a violation or threatened violation of any of the following:

24 (1) The prohibition set forth in Section 1052 against the  
25 unauthorized diversion or use of water subject to this division.

26 (2) Any term or condition of a permit, license, certification, or  
27 registration issued under this division.

28 (3) Any decision or order of the board issued under this part,  
29 Section 275, Chapter 9 *(commencing with Section 10609) of Part*  
30 *2.55 of Division 6, or Chapter 11 (commencing with Section*  
31 *10735) of Part 2.74 of Division 6, or Article 7 (commencing with*  
32 *Section 13550) of Chapter 7 of Division 7, in which decision or*  
33 *order the person to whom the cease and desist order will be issued,*  
34 *or a predecessor in interest to that person, was named as a party*  
35 *directly affected by the decision or order.*

36 (4) A regulation adopted ~~under Section 1058.5~~ *by the board.*

37 (5) Any extraction restriction, limitation, order, or regulation  
38 adopted or issued under Chapter 11 *(commencing with Section*  
39 *10735) of Part 2.74 of Division 6.*

1 (6) Any diversion or use of water for cannabis cultivation if any  
2 of the following applies:

3 (A) A license is required, but has not been obtained, under  
4 Article 6 (commencing with Section 19331) of Chapter 3.5 of  
5 Division 8 of the Business and Professions Code.

6 (B) The diversion is not in compliance with an applicable  
7 limitation or requirement established by the board or the  
8 Department of Fish and Wildlife under Section 13149.

9 (C) The diversion or use is not in compliance with a requirement  
10 imposed under subdivision (d) or (e) of Section 19332.2 of the  
11 Business and Professions Code.

12 (e) This article does not alter the regulatory authority of the  
13 board under other provisions of law.

14 *SEC. 5. Section 10608.20 of the Water Code is amended to*  
15 *read:*

16 10608.20. (a) (1) Each urban retail water supplier shall  
17 develop urban water use targets and an interim urban water use  
18 target by July 1, 2011. Urban retail water suppliers may elect to  
19 determine and report progress toward achieving these targets on  
20 an individual or regional basis, as provided in subdivision (a) of  
21 Section 10608.28, and may determine the targets on a fiscal year  
22 or calendar year basis.

23 (2) It is the intent of the Legislature that the urban water use  
24 targets described in paragraph (1) cumulatively result in a  
25 20-percent reduction from the baseline daily per capita water use  
26 by December 31, 2020.

27 (b) An urban retail water supplier shall adopt one of the  
28 following methods for determining its urban water use target  
29 pursuant to subdivision (a):

30 (1) Eighty percent of the urban retail water supplier's baseline  
31 per capita daily water use.

32 (2) The per capita daily water use that is estimated using the  
33 sum of the following performance standards:

34 (A) For indoor residential water use, 55 gallons per capita daily  
35 water use as a provisional standard. Upon completion of the  
36 department's 2016 report to the Legislature pursuant to Section  
37 10608.42, this standard may be adjusted by the Legislature by  
38 statute.

39 (B) For landscape irrigated through dedicated or residential  
40 meters or connections, water efficiency equivalent to the standards

1 of the Model Water Efficient Landscape Ordinance set forth in  
2 Chapter 2.7 (commencing with Section 490) of Division 2 of Title  
3 23 of the California Code of Regulations, as in effect the later of  
4 the year of the landscape's installation or 1992. An urban retail  
5 water supplier using the approach specified in this subparagraph  
6 shall use satellite imagery, site visits, or other best available  
7 technology to develop an accurate estimate of landscaped areas.

8 (C) For commercial, industrial, and institutional uses, a  
9 10-percent reduction in water use from the baseline commercial,  
10 industrial, and institutional water use by 2020.

11 (3) Ninety-five percent of the applicable state hydrologic region  
12 target, as set forth in the state's draft 20x2020 Water Conservation  
13 Plan (dated April 30, 2009). If the service area of an urban water  
14 supplier includes more than one hydrologic region, the supplier  
15 shall apportion its service area to each region based on population  
16 or area.

17 (4) A method that shall be identified and developed by the  
18 department, through a public process, and reported to the  
19 Legislature no later than December 31, 2010. The method  
20 developed by the department shall identify per capita targets that  
21 cumulatively result in a statewide 20-percent reduction in urban  
22 daily per capita water use by December 31, 2020. In developing  
23 urban daily per capita water use targets, the department shall do  
24 all of the following:

25 (A) Consider climatic differences within the state.

26 (B) Consider population density differences within the state.

27 (C) Provide flexibility to communities and regions in meeting  
28 the targets.

29 (D) Consider different levels of per capita water use according  
30 to plant water needs in different regions.

31 (E) Consider different levels of commercial, industrial, and  
32 institutional water use in different regions of the state.

33 (F) Avoid placing an undue hardship on communities that have  
34 implemented conservation measures or taken actions to keep per  
35 capita water use low.

36 (c) If the department adopts a regulation pursuant to paragraph  
37 (4) of subdivision (b) that results in a requirement that an urban  
38 retail water supplier achieve a reduction in daily per capita water  
39 use that is greater than 20 percent by December 31, 2020, an urban  
40 retail water supplier that adopted the method described in paragraph

1 (4) of subdivision (b) may limit its urban water use target to a  
2 reduction of not more than 20 percent by December 31, 2020, by  
3 adopting the method described in paragraph (1) of subdivision (b).

4 (d) The department shall update the method described in  
5 paragraph (4) of subdivision (b) and report to the Legislature by  
6 December 31, 2014. An urban retail water supplier that adopted  
7 the method described in paragraph (4) of subdivision (b) may adopt  
8 a new urban daily per capita water use target pursuant to this  
9 updated method.

10 (e) An urban retail water supplier shall include in its urban water  
11 management plan due in 2010 pursuant to Part 2.6 (commencing  
12 with Section 10610) the baseline daily per capita water use, urban  
13 water use target, interim urban water use target, and compliance  
14 daily per capita water use, along with the bases for determining  
15 those estimates, including references to supporting data.

16 (f) When calculating per capita values for the purposes of this  
17 chapter, an urban retail water supplier shall determine population  
18 using federal, state, and local population reports and projections.

19 (g) An urban retail water supplier may update its 2020 urban  
20 water use target in its 2015 urban water management plan required  
21 pursuant to Part 2.6 (commencing with Section 10610).

22 (h) (1) The department, through a public process and in  
23 consultation with the California Urban Water Conservation  
24 Council, shall develop technical methodologies and criteria for  
25 the consistent implementation of this part, including, but not limited  
26 to, both of the following:

27 (A) Methodologies for calculating base daily per capita water  
28 use, baseline commercial, industrial, and institutional water use,  
29 compliance daily per capita water use, gross water use, service  
30 area population, indoor residential water use, and landscaped area  
31 water use.

32 (B) Criteria for adjustments pursuant to subdivisions (d) and  
33 (e) of Section 10608.24.

34 (2) The department shall post the methodologies and criteria  
35 developed pursuant to this subdivision on its Internet Web site,  
36 and make written copies available, by October 1, 2010. An urban  
37 retail water supplier shall use the methods developed by the  
38 department in compliance with this part.

39 (i) (1) The department shall adopt regulations for  
40 implementation of the provisions relating to process water in

1 accordance with subdivision (l) of Section 10608.12, subdivision  
2 (e) of Section 10608.24, and subdivision (d) of Section 10608.26.

3 (2) The initial adoption of a regulation authorized by this  
4 subdivision is deemed to address an emergency, for purposes of  
5 Sections 11346.1 and 11349.6 of the Government Code, and the  
6 department is hereby exempted for that purpose from the  
7 requirements of subdivision (b) of Section 11346.1 of the  
8 Government Code. After the initial adoption of an emergency  
9 regulation pursuant to this subdivision, the department shall not  
10 request approval from the Office of Administrative Law to readopt  
11 the regulation as an emergency regulation pursuant to Section  
12 11346.1 of the Government Code.

13 (j) (1) An urban retail water supplier is granted an extension  
14 to July 1, 2011, for adoption of an urban water management plan  
15 pursuant to Part 2.6 (commencing with Section 10610) due in 2010  
16 to allow the use of technical methodologies developed by the  
17 department pursuant to paragraph (4) of subdivision (b) and  
18 subdivision (h). An urban retail water supplier that adopts an urban  
19 water management plan due in 2010 that does not use the  
20 methodologies developed by the department pursuant to  
21 subdivision (h) shall amend the plan by July 1, 2011, to comply  
22 with this part.

23 (2) An urban wholesale water supplier whose urban water  
24 management plan prepared pursuant to Part 2.6 (commencing with  
25 Section 10610) was due and not submitted in 2010 is granted an  
26 extension to July 1, 2011, to permit coordination between an urban  
27 wholesale water supplier and urban retail water suppliers.

28 (k) *Nothing in this part limits the authority of the board to adopt*  
29 *standards for water conservation that are in addition to, or exceed,*  
30 *the standards provided under this part.*

31 *SEC. 6. Chapter 9 (commencing with Section 10609) is added*  
32 *to Part 2.55 of Division 6 of the Water Code, to read:*

33

34 *CHAPTER 9. URBAN WATER CONSERVATION STANDARDS AND*  
35 *USE REPORTING*

36

37 *10609. (a) The board, in consultation with the department,*  
38 *shall adopt long-term standards for urban water conservation and*  
39 *water use by May 20, 2021. The standards shall include, but are*  
40 *not limited to, standards for all of the following:*

1 (1) *Indoor residential water use.*

2 (2) *Outdoor irrigation in connection with domestic, industrial,*  
3 *institutional, or commercial water use.*

4 (3) *Industrial, institutional, and commercial water use.*

5 (b) *The board, in consultation with the department, may adopt*  
6 *interim standards for urban water conservation and water use*  
7 *pending the adoption of long-term standards pursuant to*  
8 *subdivision (a). The board, in consultation with the department,*  
9 *may update the interim standards as it determines to be reasonably*  
10 *necessary for purposes of this section, except that the board may*  
11 *not set new or revised standards under this subdivision after the*  
12 *board adopts long-term standards pursuant to subdivision (a) or*  
13 *May 20, 2021, whichever occurs first.*

14 (c) (1) *Long-term standards, and any amendments to those*  
15 *standards, adopted by the board pursuant to subdivision (a) shall*  
16 *be adopted in accordance with the regular rulemaking process*  
17 *provided for in Chapter 3.5 (commencing with Section 11340) of*  
18 *Part 1 of Division 3 of Title 2 of the Government Code.*

19 (2) (A) *Except for long-term standards, and any amendment to*  
20 *those standards, adopted pursuant to subdivision (a), regulations*  
21 *adopted by the board pursuant to this chapter, and any amendment*  
22 *or subsequent adjustment to those regulations, shall be adopted*  
23 *by the board as emergency regulations, in accordance with Chapter*  
24 *3.5 (commencing with Section 11340) of Part 1 of Division 3 of*  
25 *Title 2 of the Government Code. The adoption of regulations*  
26 *pursuant to this paragraph shall be deemed an emergency and*  
27 *shall be considered by the Office of Administrative Law as*  
28 *necessary for the immediate preservation of the public peace,*  
29 *health, safety, and general welfare. Notwithstanding Chapter 3.5*  
30 *(commencing with Section 11340) of Part 1 of Division 3 of Title*  
31 *2 of the Government Code, an emergency regulation adopted by*  
32 *the board pursuant to this paragraph shall remain in effect until*  
33 *revised by the board.*

34 (B) *Before adopting an emergency regulation pursuant to this*  
35 *paragraph, the board shall provide at least 60 days for the public*  
36 *to review and comment on the proposed regulation and shall hold*  
37 *a public hearing.*

38 (d) *Notwithstanding Section 15300.2 of Title 14 of the California*  
39 *Code of Regulations, an action of the board taken under this*  
40 *chapter shall be deemed to be a Class 8 action, within the meaning*

1 *of Section 15308 of Title 14 of the California Code of Regulations,*  
2 *if the action does not involve relaxation of existing water*  
3 *conservation or water use standards.*

4 *10609.2. The board may issue a regulation or informational*  
5 *order requiring a distributor of a public water supply, as that term*  
6 *is used in Section 350, to submit information relating to water*  
7 *production, water use, or water conservation.*

8 ~~SECTION 1. Section 10608.18 is added to the Water Code, to~~  
9 ~~read:~~

10 ~~10608.18. On or before January 1, 2019, the board, in~~  
11 ~~consultation with the department and other appropriate state~~  
12 ~~agencies, shall establish and adopt a process to increase urban~~  
13 ~~water use efficiency through incremental urban water use efficiency~~  
14 ~~standards and in that regard shall establish an urban water use~~  
15 ~~efficiency standard to be achieved by urban water suppliers by~~  
16 ~~January 1, 2025. Every five years, the board shall review and~~  
17 ~~consider updates to the urban water use efficiency standard for the~~  
18 ~~upcoming five years.~~

O

Date of Hearing: April 25, 2017

ASSEMBLY COMMITTEE ON WATER, PARKS, AND WILDLIFE

Eduardo Garcia, Chair

AB 1669 (Friedman) – As Amended April 18, 2017

**SUBJECT:** Urban water conservation standards and use reporting

**SUMMARY:** Requires the State Water Resources Control Board (SWRCB) in consultation with the Department of Water Resources (DWR) to adopt long-term standards for urban water conservation and water use by May 20, 2021. Specifically, **this bill:**

- 1) Specifies that the long-term standard shall include indoor residential water use, outdoor irrigation water use, as specified; and industrial, institutional and commercial water use.
- 2) Allows the SWRCB, in consultation with the DWR, to adopt and update interim standards for urban water conservation and water use. Prohibits the SWRCB from setting new or revised standards after the board adopts long-term standards.
- 3) Requires the long-term standards be adopted in accordance with the regular rulemaking process. Requires the interim standards and any amendments or adjustments to those regulations be adopted as emergency regulations.
- 4) Provides that a person who violates a long-term standard regulation may be held civilly liable in an amount not to exceed ten thousand dollars.
- 5) Extends a drought or water waste emergency regulation adopted by the SWRCB from 270 days to one year.
- 6) Allows any decision or order allowed under existing urban water conservation law and under the long-term standards that could be adopted under this bill to be subject to judicial review.
- 7) Allows the SWRCB to issue a cease and desist order to a person violating or threatening to violate a long-term standard that could be adopted under this bill.

**EXISTING LAW:**

- 1) Declares that because of the conditions prevailing in this state, the general welfare requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.
- 2) Requires a 20 percent reduction in urban per capita water use on or before December 31, 2020.
- 3) Requires each urban retail water supplier to develop an urban water use target based on one of the following methods:
  - a. Water use of 80 percent of the urban retail water supplier's baseline per capita water use.

- b. A water budget based on indoor use, outdoor use, and commercial, industrial and institutional uses.
  - c. Water use of 95 percent of the applicable state hydrologic region target.
  - d. A method developed by the DWR.
- 4) Defines “base daily per capita water use” as the average of gross water use over a period of time that is no longer than 15 continuous years and no shorter than five continuous years beginning no earlier than December 31, 1989, and ending no later than December 31, 2010. Establishes the standard period to be the 10 continuous years from December 31, 2004, through December 31, 2010. Allows five additional years for an urban water supplier that meets at least 10 percent of its 2008 retail demand through recycled water.
  - 5) Defines “gross water use” as the total volume of water entering the distribution system of an urban retail water supplier, excluding among other things, recycled water.
  - 6) Defines “recycled water” as water, which as a result of treatment of waste, is suitable for a direct beneficial use that would not otherwise occur, that is used to offset potable demand.
  - 7) Requires the SWRCB to adopt rules requiring an urban retail water suppliers to meet performance standards for the volume of water loss no later than July 1, 2020.

**FISCAL EFFECT:** Unknown.

**COMMENTS:** Requires the SWRCB, in consultation with the DWR, to adopt long-term standards for urban water conservation and water use by May 20, 2021.

**Author’s Statement.**

Water powers California’s economy, sustains our communities, and nourishes our environment. But we can no longer take it for granted. California's water supply is under intense pressure from climate change, increasing population and aging infrastructure. The financial demands from communities around the state for additional water and wastewater infrastructure currently exceed the available state and federal budgetary resources. Thus, it is essential that all California communities use existing water supplies as efficiently as possible.

The “20x2020” Water Conservation Act of 2009, established the need for long term conservation goals and set a statewide goal of reducing urban water demand by 20 percent by 2020. The implementation of “20x2020” also highlighted concerns about the fairness of applying a singular target to water suppliers with diverse local climates, land uses, and past investments in conservation. Additionally, percentage reduction targets, like those required by 20x2020 and the 2015 emergency regulations by the State Water Resources Control Board, work to reduce overall water use, but don’t ensure water is being used efficiently.

California needs a new framework for water use efficiency standards that is fair and flexible and addresses each of the concerns expressed by water suppliers regarding the state’s previous conservation efforts. The new standards should recognize that each community has unique water needs and savings potential, but require everyone to do their part to ensure there is enough water to go around. They need to go beyond the existing 20

percent by 2020 requirement, because the latest research demonstrates that our potential for affordably realizing efficiency gains is much greater than it was when that legislation was enacted 7 years ago.

Governor Brown recognizes the need to strengthen standards for the next round of water use targets as detailed in the public review draft report, “Making Water Conservation a California Way of Life: Implementing Executive Order B-37-16” (November 2016), that was prepared by state agencies in response to his Executive Order B-37-16 from May 2016.

An urban conservation framework needs to be based on local control and local conditions. Each water supplier should have a customized water use target that takes microclimates and land use into account. Targets should be based on strengthened standards in three areas: indoor residential water use, outdoor irrigation for all customers, and water distribution system leaks. Once the local target has been set, water suppliers will be able to decide how to meet it.

**Background. *Water Shortage Response In the Recent Drought.*** California experienced the worst drought in modern times from 2012-2016, with the first four years having been estimated to be the driest four-year period in the last 450 years. While the most recent drought was historic, current climate change models predict that severe drought will become a more common occurrence in the future.

The drought had significant impacts on the environment, agricultural water supply, and urban water supply. 2014 and 2015 were two of the driest years on record. During the drought, the State Water Project and federal Central Valley Project, which supply water to more than 25 million Californians and 3 million acres of agricultural land, provided limited water deliveries with approximately 15% and zero deliveries respectively in 2015.

In January of 2014, the Governor issued an executive order declaring a drought state of emergency and requesting a voluntary 20% reduction in urban potable water use. For the first time in the state’s history, the Governor issued an executive order in April of 2015, requiring the State Water Resources Control Board (SWRCB) implement mandatory restrictions to achieve a 25% statewide reduction in urban potable use, over 2013 levels of use. There are approximately 410 urban water suppliers that serve approximately 90 percent of the population of the state.

In May of 2015, the SWRCB adopted an emergency regulation placing each urban water supplier in a conservation tier ranging between 4% and 36%. In May of 2016, the SWRCB adopted an emergency regulation that replaced the percentage reduction requirement with a localized “stress test” requiring urban water suppliers to ensure a three-year supply of water to their customers under drought conditions. The “stress test” requirement mandated monthly reporting by water suppliers to the SWRCB. For the most part, all actions associated with the 2012-2016 drought were ended when the Governor declared the drought emergency over on April 7, 2017.

***Lessons Learned From the Drought.*** The response to the drought was unprecedented because the severity of the drought was unprecedented. It was evident, from the necessity to have an emergency response, that the water supply system was not as prepared as it needed to be for a drought of the severity experienced in 2012-2016. There is widespread agreement that the

SWRCB having to step in on an emergency basis is not an ideal plan for drought response. There is also widespread recognition that climate change will cause the drought of 2012-2016 to become a more typical event in the future.

The actions taken by the SWRCB in 2015 and 2016, were criticized by some, as not recognizing past efforts to use water more efficiently, supporting investments in drought resilient supply, and in some instances not being applied in a way that would produce water savings that could reasonably benefit other regions of the state. The 2016 “stress test” approach was also criticized as not being a meaningful enough step to prevent shortages should 2017 have become another dry year. There was widespread agreement that there could be a better approach moving forward for how the state is prepared for and responds to future drought.

In May of 2016, the Governor issued an executive order on “making water conservation a way of life.” In broad terms the executive order initiated a public process of five state departments, notably the DWR and the SWRCB, to develop a conservation framework that would advance long-term water use efficiency and develop a meaningful drought response tool.

Specifically in relation to drought response, the May 2016 executive order required the DWR to strengthen the requirements for drought response. It required that a WSCA include adequate actions to respond to droughts lasting at least five years, and that the WSCA remain customized for local conditions while also allowing for them to be quickly utilized during drought.

***Progressing but No Consensus.*** While there is widespread agreement that progress must be made in the areas of long-term water use efficiency and drought response, there is not yet consensus on the specific requirements that will best achieve progress in each area. As of this writing, there are seven policy bills and a budget trailer bill that directly relate to long-term efficiency and drought response. These “making water conservation a way of life” bills take several different approaches to the development of long-term efficiency and drought response policy. Because long-term efficiency impacts what future drought response will be, the two subjects are closely related but are generally addressed separately in the different bills. There is disagreement among the stakeholder community as to whether the policy should be heard through the legislative process or be addressed in a budget trailer bill. There is also disagreement over the extent to which the policies should be developed in legislation or through the regulatory process.

With the latest amendments, this bill closely aligns with the approach in the budget trailer bill on long-term efficiency. This bill is one approach, of several, to strengthen long-term water use efficiency. The general framework of all of the approaches to strengthen long-term efficiency is to require a baseline of water use that must be met, but permits the urban water supplier flexibility in how to meet that baseline. Beyond that general framework, this bill and the budget trailer bill differs from other approaches in several significant ways.

***Policy Through Regulation.*** This bill would give the SWRCB broad authority to develop long-term standards for urban water conservation and water use. It would subject those standards to a potential court challenge. It, however does not put the legislature in the position of developing this significant water use policy. Where important and difficult questions would not be developed and resolved in the legislative process.

***What Target Should be the Target?*** The current “20X2020” provided four options. Notably, AB 968 (Rubio), would maintain and enhance three of those options. The administration in the report it issued on “making water conservation a way of life”, selected one option the water budget option. The water budget in that report would be based on a standard indoor use statewide; a variable, outdoor water use standard depending on the local climate; and water loss through leaks. It would leave it to individual water suppliers to meet the budget. The language in this bill is similar to what was in the “making water conservation a way of life” report, but appears to include a required standard for industrial, institutional, and commercial water use. Water suppliers have questioned how outdoor standards will be developed, and have asked that the basis for those standards be validated prior to an outdoor standard being implemented. The industrial, institutional, and commercial use standard is not developed in the “making water conservation a way of life” report and questions remain if a water budget approach can work in this sector or if best practices would be more appropriate. AB 968 (Rubio) would require a task force to recommend water efficient measures for various segments of the industrial, institutional, and commercial water use sector.

***How Should Recycled Water be Treated?*** Existing law excludes recycled water from water budget calculation on water use reduction. AB 968 (Rubio) and AB 869 (Rubio) would continue that exemption. There have been other proposals that would require recycled water to be treated the same as all other sources of water. The “making water conservation a way of life” plan treated recycled water as something between the level of efficiency required for other potable sources of water and exempting it. This bill is silent on how the regulations could treat recycled water, but would appear to leave the development of the standard solely up to the SWRCB in consultation with the DWR. Recycled water is an evolving source of water. The SWRCB, this year, will be coming out with uniform standards for the augmentation of surface water reservoirs with recycled water, and AB 574 (Quirk), 2017, would require the next step for recycled water becoming a potable source of water by December 31, 2021.

***Adjustments to the Target?*** The existing “20x2020” law allows for adjustments to be made from the target. AB 968 (Rubio), 2017, would establish a different adjustment from target process. This bill would leave the questions of the inclusion of adjustments solely up to the water board.

#### **Prior and Related Legislation.**

- SB 7 x7 (Steinberg), Chapter 4, Statutes of 2009, Seventh Extraordinary Session, requires the state to achieve a 20 percent reduction in urban per capita water use by December 31, 2020, and promotes expanded development of sustainable water supplies at the regional level.
- AB 968 (Rubio), 2017, establishes a new 2025 water use efficiency requirement for urban retail water suppliers.
- AB 1323 (Weber), 2017, requires a stakeholder workgroup to be convened no later than February 1, 2018, to develop, evaluate, and recommend proposals for establishing new water use targets for urban water suppliers.
- AB 869 (Rubio), 2017, excludes recycled water from the calculation of any water use or water efficiency target established after 2020.

- AB 574 (Quirk), 2017, establishes new definitions for the use of recycled water and requires the SWRCB to develop uniform criteria for raw water augmentation of recycled water by December 31, 2021.

**Supporting Arguments.** As California grapples with the impacts of climate change on our water supply, it is imperative that we do all we can to use our existing supplies efficiently. This bill provides a long-term water efficiency plan for California's future. While this bill does not explicitly address recycled water, it is critical to include recycled water use in targets. This bill reflects a fair and equitable approach to setting water use targets. It incorporates local conditions, including population and climate. And since it focuses on efficient use of water rather than arbitrary percentage reductions, water suppliers effectively receive credit for their precious investments in efficiency.

**Opposing Arguments.** Opponents maintain that policy as far-reaching and consequential as California's long-term water use must be vetted through the full legislative process. Opponents do not support the authority this bill would grant the SWRCB in setting long-term water use standards. It is the proper role of the legislature at this time to craft long-term water use standards.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

California Coastkeeper Alliance  
Ceres  
Climate Resolve  
Community Water Center  
Environmental Justice Coalition for Water  
Natural Resources Defense Council  
Pacific Institute  
WaterNow Alliance

##### **Opposition**

Association of California Water Agencies  
Desert Water Agency  
East Valley Water District  
El Dorado Irrigation District

**Analysis Prepared by:** Ryan Ojakian / W., P., & W. /

DATE: May 18, 2017  
TO: SGVCOG Governing Board  
FROM: Phil Hawkey, Executive Director  
RE: **ASSEMBLY BILL 968 (RUBIO)**

**RECOMMENDED ACTION**

Discuss and provide direction to staff

**BACKGROUND**

Existing law requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, that the waste or unreasonable method of use of water be prevented, and that conservation be exercised. Furthermore, the Water Conservation Act of 2009 requires the state to achieve a 20% reduction in urban per capita water use by December 31, 2020. To achieve a 20% reduction, urban retail water suppliers are required to develop urban water use targets using one of three formulas. The three formulas give the retailers some flexibility in how they develop their targets, taking into consideration local conditions such as geography, climate, and population.

**ASSEMBLY BILL 968**

There are currently seven policy bills and a budget trailer bill that directly relate to long-term water efficiency. These bills, under the umbrella of Governor Brown’s “Making Water Conservation a Way of Life” policy, take different approaches to the development of long-term efficiency. The general framework of all the approaches is to require a baseline level of water conservation. There is disagreement however over whether long-term targets should be amended, who should amend them, and how the amendment process should be done. Among the stakeholder community they disagree as to whether policies should be developed through legislation or through the regulatory process.

Assembly Bill 968 maintains the 2020 standard and process but establishes a new process for developing water efficiency targets for 2025 in a manner that accounts for local conditions. It essentially puts the development of these new standards in the hands of water suppliers by establishing a stakeholder process. Specifically, the bill:

- Defines “water efficiency target” as a target developed by an urban retail water supplier for 2025.
- Requires each urban retail water supplier to adopt one of three methods for determining water efficiency targets.
- Permits the urban water supplier to adjust and update the water efficiency target based on population, irrigable landscape acreage, and other factors that affect water use.
- Requires DWR to convene an urban stakeholder committee to develop standardized variances permitted within the retail-level water efficiency target.

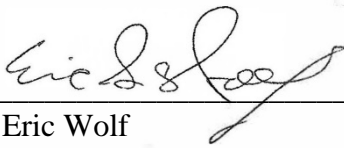
**SUPPORT AND OPPOSITION**

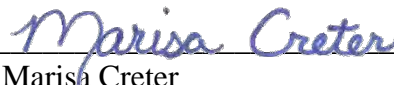
Supporters believe the factors used to formulate long-term water use efficiency targets vary significantly at the local level therefore, the use of local and regional efficiency measures that reflect the unique water supply and demand conditions of the community should be taken into account. They believe water suppliers are in the best position to balance actions to achieve greater water use efficiency and protect the financial position of the water system. Additionally, they believe this bill credits water suppliers that have made capital investments in water use efficiency and sustainable drought resilient supplies. Finally, supporters note that AB 968 preserves the legislature’s authority over long-term water use target setting. The bill is supported by numerous water districts and cities.

Opponents believe the bill will lead to overall weaker water use targets and less water efficiency. They argue a regional approach could allow some communities to use water inefficiently while being shielded by other communities in the same region that are conserving water. They believe there should be one standard for the state. The bill is opposed by environmental organizations.

**RECOMMENDATION**

Discuss and provide direction to staff

Prepared by:   
Eric Wolf  
Senior Management Analyst

Approved by:   
Marisa Creter  
Assistant Executive Director

**ATTACHMENTS**

- Attachment A – AB 968 (Rubio)
- Attachment B – AB 968 (Rubio) Legislative Analysis

AMENDED IN ASSEMBLY APRIL 17, 2017

AMENDED IN ASSEMBLY MARCH 28, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 968**

**Introduced by Assembly Member Rubio**

February 16, 2017

An act to amend ~~Section 10608 of~~, *Sections 10608, 10608.4, 10608.8, 10608.12, 10608.20, 10608.24 of*, to add *Sections 10608.25, 10608.46, and 10608.47 to*, and to add and repeal Section 10608.45 of, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 968, as amended, Rubio. Urban ~~retail~~ water use: ~~water efficiency targets: efficiency.~~

Existing law requires the state to achieve a 20% reduction in urban per capita water use on or before December 31, 2020, and to make incremental progress toward that state target by reducing urban per capita water use by at least 10% on or before December 31, 2015. *Existing law requires each urban retail water supplier to develop urban water use targets and an interim urban water use target, in accordance with specified requirements.*

~~This bill would require the Department of Water Resources to submit to the Legislature by December 31, 2018, a report that states preliminary water efficiency targets for 2025 for each of the state's hydrologic regions with per capita daily water use targets based on and considering specified factors. The bill would require the department to consult with a representative task force with members designated by the department by July 1, 2018. bill would revise the definitions of "gross water use"~~

and “recycled water” for these purposes. The bill would require the Department of Water Resources to reconvene its Urban Stakeholder Committee by April 1, 2018, composed as specified, and would require, by July 1, 2019, the department, in consultation with the committee, to develop certain methodologies. The bill would require the committee, by January 1, 2020, and every 5 years thereafter, to develop a report to provide information and recommendations to the department and the Legislature about new demand management measures, technologies, and approaches, and would require the department to review the committee report and include the department’s recommendations and comments in a final report to the Legislature. The bill would require, by December 31, 2025, the committee, in consultation with the department and the State Water Resources Control Board, to submit a report to the Legislature recommending for potential adjustments to water efficiency targets and commercial, industrial, and institutional performance measures, as defined.

The bill would require the department, in consultation with the board, to convene a commercial, industrial, and institutional water use efficiency task force by July 1, 2018, to recommend appropriate water efficiency measures for various segments of the commercial, industrial, and institutional water use sector and would require the task force, by December 31, 2019, in consultation with the department and the board, to submit a specified report to the Legislature.

Existing law, the Urban Water Management Planning Act, requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan and to update its plan once every 5 years on or before December 31 in years ending in 5 and zero, except as specified.

This bill would require each urban retail water supplier to develop a water efficiency target, as defined, for 2025 in its 2020 urban water management plan required to be submitted by July 1, 2021, and to achieve that target. The bill would authorize an urban retail water supplier to adjust and update the water efficiency target, as appropriate, when the supplier reports its compliance in achieving the water efficiency targets and its implementation of the identified performance measures in its 2025 urban water management plan required to be submitted by July 1, 2026. The bill would require each urban retail water supplier to meet its adjusted 2025 water efficiency target by

December 31, 2025, unless the supplier makes a certain report to the department.

The bill would require the department, by July 1, 2019, to provide to urban retail water suppliers in electronic form a database of validated aerial imagery and measured irrigable area, as specified, and to conduct a statistically valid review of the accuracy of the information in the database before providing the database to an urban retail water supplier. The bill would extend the deadline for an urban retail water supplier to submit its urban water management plan if the department does not release the database by July 1, 2019, as prescribed.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. Section 10608 of the Water Code is amended to  
2 read:  
3 10608. The Legislature finds and declares all of the following:  
4 (a) Water is a public resource that the California Constitution  
5 protects against waste and unreasonable use.  
6 (b) Growing population, climate change, and the need to protect  
7 and grow California's economy while protecting and restoring our  
8 fish and wildlife habitats make it essential that the state manage  
9 its water resources as efficiently as possible.  
10 (c) Diverse regional water supply portfolios will increase water  
11 supply reliability and reduce dependence on the Delta.  
12 (d) Reduced water use through long-term water use efficiency  
13 and conservation provides significant energy and environmental  
14 benefits, and can help protect water quality, improve streamflows,  
15 and reduce greenhouse gas emissions.  
16 (e) The success of state and local water use efficiency programs  
17 ~~to increase efficiency of water use~~ is best determined on the basis  
18 of measurable outcomes related to water use or efficiency.  
19 (f) Strengthening local and regional drought resilience is  
20 essential to increasing water supply reliability and the sustainable  
21 management of the state's water resources.  
22 (g) Improvements in technology, infrastructure, and management  
23 practices offer the potential for increasing water efficiency in  
24 California over time, providing an essential water management

1 tool to meet the need for water for urban, agricultural, and  
2 environmental uses.

3 (h) The Governor has called for implementation of the  
4 comprehensive California Water Action Plan.

5 (i) The factors used to formulate long-term water use efficiency  
6 targets can vary significantly from location to location based on  
7 factors including ~~weather~~, *climate*, patterns of urban and suburban  
8 development, water supplies, and past efforts to enhance water  
9 use efficiency. Therefore, it is necessary to *plan for and* implement  
10 water use efficiency measures at the regional and local level to  
11 reflect and best meet the water supply needs of each community  
12 and achieve effective water ~~shortage contingency~~ planning and  
13 management.

14 (j) Per capita water use is one measure of ~~a water provider's~~ *an*  
15 *urban water supplier's* efforts to ~~reduce urban water use~~ *improve*  
16 *water use efficiency* within its service area. However, per capita  
17 water use is less useful for measuring relative water use efficiency  
18 between different water providers. Differences in ~~weather~~, *climate*,  
19 historical patterns of urban and suburban development, and density  
20 of housing in a particular location need to be considered when  
21 assessing per capita water use as a measure of efficiency.

22 SEC. 2. Section 10608.45 is added to the Water Code, to read:

23 10608.45. (a) ~~By December 31, 2018, the department shall~~  
24 ~~submit to the Legislature a report that states preliminary water~~  
25 ~~efficiency targets for 2025 for each of the state's hydrologic~~  
26 ~~regions. The report shall include per capita daily water use targets~~  
27 ~~based on, and the department shall explain in the report how it~~  
28 ~~considered, factors that include, but are not limited to, all of the~~  
29 ~~following:~~

30 (1) ~~A uniform statewide standard for per capita indoor water~~  
31 ~~use, based on current conditions affecting indoor water use.~~

32 (2) ~~Outdoor water use standards that reflect the variable climates,~~  
33 ~~land use densities, and age of building stock within urban retail~~  
34 ~~water suppliers' service areas in each hydrologic region.~~

35 (3) ~~The amount of reductions in water use in each hydrologic~~  
36 ~~region that can be expected as a result of a normal rate of~~  
37 ~~improvement in plumbing facilities and the development of new~~  
38 ~~residential, commercial, and other structures that reflect~~  
39 ~~state-of-the-art water efficiency methods and facilities.~~

1 ~~(4) The regional target determination methodology used in the~~  
2 ~~state's 20x2020 Water Conservation Plan (dated February 2010):~~

3 ~~(b) In developing the report pursuant to subdivision (a), the~~  
4 ~~department shall consult with a representative task force consisting~~  
5 ~~of academic experts, urban retail water suppliers representing each~~  
6 ~~of the state's hydrologic regions, economic development interests,~~  
7 ~~business community representatives, environmental organizations,~~  
8 ~~commercial water users, industrial water users, and institutional~~  
9 ~~water users. The department shall designate the task force's~~  
10 ~~members by July 1, 2018.~~

11 ~~(c) (1) A report to be submitted pursuant to subdivision (a)~~  
12 ~~shall be submitted in compliance with Section 9795 of the~~  
13 ~~Government Code.~~

14 ~~(2) Pursuant to Section 10231.5 of the Government Code, this~~  
15 ~~section is repealed on January 1, 2023.~~

16 *SEC. 2. Section 10608.4 of the Water Code is amended to read:*

17 10608.4. It is the intent of the Legislature, by the enactment  
18 of this part, to do all of the following:

19 (a) ~~Require all water suppliers to increase the efficiency of~~  
20 ~~promote the efficient use of this essential resource.~~

21 (b) ~~Establish a long-term framework to meet the state targets~~  
22 ~~for urban water conservation identified in this part and called for~~  
23 ~~by the Governor. use efficiency.~~

24 ~~(c) Measure increased efficiency of urban water use on a per~~  
25 ~~capita basis.~~

26 ~~(d) Establish a method or methods for urban retail water~~  
27 ~~suppliers to determine targets for achieving increased water use~~  
28 ~~efficiency by the year 2020, in accordance with the Governor's~~  
29 ~~goal of a 20-percent reduction.~~

30 ~~(e)~~

31 (c) Establish consistent water use efficiency planning and  
32 implementation standards for urban water suppliers and agricultural  
33 water suppliers.

34 ~~(f)~~

35 (d) Promote urban water conservation standards that are *use*  
36 *efficiency that is* consistent with the California Urban Water  
37 Conservation Council's adopted best management practices and  
38 the requirements for demand management in Section 10631.

39 ~~(g)~~

1 (e) Establish standards that recognize and provide credit to water  
 2 suppliers that made substantial capital investments in urban water  
 3 ~~conservation~~ *use efficiency, sustainable drought resilient supplies,*  
 4 *and emergency supplies* since the drought of the early 1990s.

5 ~~(h)~~

6 (f) Recognize and account for the investment of urban retail  
 7 water suppliers in providing recycled water for ~~beneficial uses.~~  
 8 *both potable and nonpotable beneficial uses, and the need for*  
 9 *greater investment in water recycling and other sustainable*  
 10 *drought-resilient supplies.*

11 (g) *Recognize that water recycling is an efficient use of water*  
 12 *and the application of recycled water in landscape irrigation is*  
 13 *extensively regulated, which ensures its efficient use.*

14 ~~(i)~~

15 (h) Require implementation of specified efficient water  
 16 management practices for agricultural water suppliers.

17 ~~(j)~~

18 (i) Support the economic productivity of California's  
 19 agricultural, commercial, and industrial sectors.

20 ~~(k)~~

21 (j) Advance regional water resources management.

22 (k) *Empower water suppliers to utilize local and regional water*  
 23 *use efficiency measures that reflect their unique water supply and*  
 24 *demand circumstances that best meet the needs of their individual*  
 25 *communities.*

26 (l) *Ensure that a water supplier retains the same legal access*  
 27 *to its water supplies as the water supplier possessed before January*  
 28 *1, 2018, as provided under law to enhance local and regional*  
 29 *water supply reliability and drought resilience as well as to*  
 30 *voluntarily contribute to water supply reliability in other regions*  
 31 *of the state, as appropriate under law.*

32 *SEC. 3. Section 10608.8 of the Water Code is amended to read:*  
 33 *10608.8. (a) (1) Nothing in this part alters existing water*  
 34 *rights law or authorizes or enhances the authority of the board to*  
 35 *alter any existing water rights beyond its powers to do so before*  
 36 *January 1, 2018.*

37 (2) Water use efficiency measures adopted and implemented  
 38 pursuant to this part or Part 2.8 (commencing with Section 10800)  
 39 are water conservation measures subject to the protections provided  
 40 under Section 1011.

1     ~~(2)~~

2     (3) Because an urban agency is not required to meet its urban  
3 water use target until 2020 pursuant to subdivision (b) of Section  
4 10608.24, an urban retail water supplier's failure to meet those  
5 targets shall not establish a violation of law for purposes of any  
6 state administrative or judicial proceeding prior to January 1, 2021.  
7 Nothing in this paragraph limits the use of data reported to the  
8 department or the board in litigation or an administrative  
9 proceeding. This paragraph shall become inoperative on January  
10 1, 2021.

11     *(4) Because an urban agency is not required to meet its urban*  
12 *water efficiency target until 2025 pursuant to subdivision (d) of*  
13 *Section 10608.25, an urban retail water supplier's failure to meet*  
14 *that target shall not establish a violation of law for purposes of*  
15 *any state administrative or judicial proceeding before January 1,*  
16 *2026. Nothing in this paragraph limits the use of data reported to*  
17 *the department or the board in litigation or an administrative*  
18 *proceeding.*

19     ~~(3)~~

20     (5) To the extent feasible, the department and the board shall  
21 provide for the use of water conservation reports required under  
22 this part to meet the requirements of Section 1011 for water  
23 conservation reporting.

24     (b) This part does not limit or otherwise affect the application  
25 of Chapter 3.5 (commencing with Section 11340), Chapter 4  
26 (commencing with Section 11370), Chapter 4.5 (commencing with  
27 Section 11400), and Chapter 5 (commencing with Section 11500)  
28 of Part 1 of Division 3 of Title 2 of the Government Code.

29     (c) This part does not require a reduction in the total water used  
30 in the agricultural or urban sectors, because other factors, including,  
31 but not limited to, changes in agricultural economics or population  
32 growth may have greater effects on water use. This part does not  
33 limit the economic productivity of California's agricultural,  
34 commercial, or industrial sectors.

35     (d) The requirements of this part do not apply to an agricultural  
36 water supplier that is a party to the Quantification Settlement  
37 Agreement, as defined in subdivision (a) of Section 1 of Chapter  
38 617 of the Statutes of 2002, during the period within which the  
39 Quantification Settlement Agreement remains in effect. After the  
40 expiration of the Quantification Settlement Agreement, to the

1 extent conservation water projects implemented as part of the  
2 Quantification Settlement Agreement remain in effect, the  
3 conserved water created as part of those projects shall be credited  
4 against the obligations of the agricultural water supplier pursuant  
5 to this part.

6 *SEC. 4. Section 10608.12 of the Water Code is amended to*  
7 *read:*

8 10608.12. Unless the context otherwise requires, the following  
9 definitions govern the construction of this part:

10 (a) "Agricultural water supplier" means a water supplier, either  
11 publicly or privately owned, providing water to 10,000 or more  
12 irrigated acres, excluding recycled water. "Agricultural water  
13 supplier" includes a supplier or contractor for water, regardless of  
14 the basis of right, that distributes or sells water for ultimate resale  
15 to customers. "Agricultural water supplier" does not include the  
16 department.

17 (b) "Base daily per capita water use" means any of the  
18 following:

19 (1) The urban retail water supplier's estimate of its average  
20 gross water use, reported in gallons per capita per day and  
21 calculated over a continuous 10-year period ending no earlier than  
22 December 31, 2004, and no later than December 31, 2010.

23 (2) For an urban retail water supplier that meets at least 10  
24 percent of its 2008 measured retail water demand through recycled  
25 water that is delivered within the service area of an urban retail  
26 water supplier or its urban wholesale water supplier, the urban  
27 retail water supplier may extend the calculation described in  
28 paragraph (1) up to an additional five years to a maximum of a  
29 continuous 15-year period ending no earlier than December 31,  
30 2004, and no later than December 31, 2010.

31 (3) For the purposes of Section 10608.22, the urban retail water  
32 supplier's estimate of its average gross water use, reported in  
33 gallons per capita per day and calculated over a continuous  
34 five-year period ending no earlier than December 31, 2007, and  
35 no later than December 31, 2010.

36 (c) "Baseline commercial, industrial, and institutional water  
37 use" means an urban retail water supplier's base daily per capita  
38 water use for commercial, industrial, and institutional users.

39 (d) "Commercial water user" means a water user that provides  
40 or distributes a product or service.

1 (e) “Compliance daily per capita water use” means the gross  
2 water use during the final year of the reporting period, reported in  
3 gallons per capita per day.

4 (f) “Disadvantaged community” means a community with an  
5 annual median household income that is less than 80 percent of  
6 the statewide annual median household income.

7 (g) “Gross water use” means the total volume of water, whether  
8 treated or untreated, entering the distribution system of an urban  
9 retail water supplier, *as the distribution system is defined by the*  
10 *urban retail water supplier*, excluding all of the following:

11 (1) Recycled water that is delivered within the service area of  
12 an urban retail water supplier or its urban wholesale water ~~supplier~~  
13 *supplier, or recycled water used to augment water supplies,*  
14 *including, but not limited to, recycled water used to augment a*  
15 *surface water reservoir or recycled water percolated or injected*  
16 *into a groundwater basin for the purposes of augmenting the*  
17 *common groundwater supply and then extracted by an urban retail*  
18 *water supplier.*

19 (2) The net volume of water that the urban retail water supplier  
20 places into long-term storage.

21 (3) The volume of water the urban retail water supplier conveys  
22 for use by another urban water supplier.

23 (4) The volume of water ~~delivered for agricultural use~~, *the urban*  
24 *retail water supplier delivers for commercial or noncommercial*  
25 *agricultural purposes*, except as otherwise provided in subdivision  
26 (f) of Section 10608.24.

27 (h) “Industrial water user” means a water user that is primarily  
28 a manufacturer or processor of materials as defined by the North  
29 American Industry Classification System code sectors 31 to 33,  
30 inclusive, or an entity that is a water user primarily engaged in  
31 research and development.

32 (i) “Institutional water user” means a water user dedicated to  
33 public service. This type of user includes, among other users,  
34 higher education institutions, schools, courts, churches, hospitals,  
35 government facilities, and nonprofit research institutions.

36 (j) “Interim urban water use target” means the midpoint between  
37 the urban retail water supplier’s base daily per capita water use  
38 and the urban retail water supplier’s urban water use target for  
39 2020.

1 (k) “Locally cost effective” means that the present value of the  
 2 local benefits of implementing an agricultural efficiency water  
 3 management practice is greater than or equal to the present value  
 4 of the local cost of implementing that measure.

5 (l) *“Performance measures” means best management practices*  
 6 *that improve the efficiency of water use within the commercial,*  
 7 *industrial, and institutional sector, including the use of new*  
 8 *technologies and improvements in water management as identified*  
 9 *in the report developed pursuant to subdivision (b) of Section*  
 10 *10608.45.*

11 ~~(t)~~  
 12 (m) “Process water” means water used for producing a product  
 13 or product content or water used for research and development,  
 14 including, but not limited to, continuous manufacturing processes,  
 15 water used for testing and maintaining equipment used in producing  
 16 a product or product content, and water used in combined heat and  
 17 power facilities used in producing a product or product content.  
 18 Process water does not mean incidental water uses not related to  
 19 the production of a product or product content, including, but not  
 20 limited to, water used for restrooms, landscaping, air conditioning,  
 21 heating, kitchens, and laundry.

22 ~~(m)~~  
 23 (n) “Recycled water” means recycled water, as defined in  
 24 subdivision (n) of Section 13050, that is used to offset potable  
 25 demand, ~~including~~ *including, but not limited to, recycled water*  
 26 *supplied for nonpotable reuse, recycled water supplied for the*  
 27 *uses identified and defined in Section 13561, or recycled water*  
 28 *supplied for direct use and indirect potable reuse, that that, where*  
 29 *applicable, meets the following requirements, where applicable:*  
 30 *for reservoir augmentation and groundwater recharge, including*  
 31 *recharge through spreading basins or injections:*

32 ~~(1) For groundwater recharge, including recharge through~~  
 33 ~~spreading basins, water supplies that are all of the following:~~

34 ~~(A) Metered.~~

35 ~~(1) The use of the water supply is metered.~~

36 ~~(B)~~

37 (2) Developed through planned investment by the urban water  
 38 ~~supplier~~ *supplier, a water replenishment district, or a wastewater*  
 39 *treatment agency.*

40 ~~(C)~~

1 (3) Treated to a minimum tertiary level.

2 ~~(D)~~

3 (4) Delivered within the service area of an urban retail water  
4 supplier or its urban wholesale water supplier that helps an urban  
5 retail water supplier meet its urban water use target.

6 ~~(2) For reservoir augmentation, water supplies that meet the~~  
7 ~~criteria of paragraph (1) and are conveyed through a distribution~~  
8 ~~system constructed specifically for recycled water.~~

9 ~~(n)~~

10 (o) “Regional water resources management” means sources of  
11 supply resulting from watershed-based planning for sustainable  
12 local water reliability or any of the following alternative sources  
13 of water:

14 (1) The capture and reuse of stormwater or rainwater.

15 (2) The use of recycled water.

16 (3) The desalination of brackish groundwater.

17 (4) The conjunctive use of surface water and groundwater in a  
18 manner that is consistent with the safe yield of the groundwater  
19 basin.

20 ~~(o)~~

21 (p) “Reporting period” means the years for which an urban retail  
22 water supplier reports compliance with the urban water use targets.

23 ~~(p)~~

24 (q) “Urban retail water supplier” means a water supplier, either  
25 publicly or privately owned, that directly provides potable  
26 municipal water to more than 3,000 end users or that supplies more  
27 than 3,000 acre-feet of potable water annually at retail for  
28 municipal purposes.

29 ~~(q)~~

30 (r) “Urban water use target” means the urban retail water  
31 supplier’s targeted future daily per capita water use.

32 ~~(r)~~

33 (s) “Urban wholesale water supplier,” means a water supplier,  
34 either publicly or privately owned, that provides more than 3,000  
35 acre-feet of water annually at wholesale for potable municipal  
36 purposes.

37 (t) “Water efficiency target” means the target established by  
38 an urban retail water supplier pursuant to Section 10608.25.

39 (u) “Water loss” means the difference between the potable  
40 distribution system input volume and authorized consumption as

1 *consistent with the American Water Works Association's third*  
2 *edition of Water Audits and Loss Control Programs, Manual M36*  
3 *and subsequent editions in accordance with Section 10608.34.*

4 *SEC. 5. Section 10608.20 of the Water Code is amended to*  
5 *read:*

6 10608.20. (a) (1) Each urban retail water supplier shall  
7 develop urban water use targets and an interim urban water use  
8 target by July 1, 2011. Urban retail water suppliers may elect to  
9 determine and report progress toward achieving these targets on  
10 an individual or regional basis, as provided in subdivision (a) of  
11 Section 10608.28, and may determine the targets on a fiscal year  
12 or calendar year basis.

13 (2) It is the intent of the Legislature that the urban water use  
14 targets described in paragraph (1) cumulatively result in a  
15 20-percent reduction from the baseline daily per capita water use  
16 by December 31, 2020.

17 (b) An urban retail water supplier shall adopt one of the  
18 following methods for determining its 2020 urban water use target  
19 pursuant to subdivision (a):

20 (1) Eighty percent of the urban retail water supplier's ~~baseline~~  
21 *base* per capita daily water use.

22 (2) The per capita daily water use that is estimated using the  
23 sum of the following performance standards:

24 (A) For indoor residential water use, 55 gallons per capita daily  
25 water use as a provisional standard. Upon completion of the  
26 department's 2016 report to the Legislature pursuant to Section  
27 10608.42, this standard may be adjusted by the Legislature by  
28 statute.

29 (B) For landscape irrigated through dedicated or residential  
30 meters or connections, water efficiency equivalent to the standards  
31 of the Model Water Efficient Landscape Ordinance set forth in  
32 Chapter 2.7 (commencing with Section 490) of Division 2 of Title  
33 23 of the California Code of Regulations, as in effect the later of  
34 the year of the landscape's installation or 1992. An urban retail  
35 water supplier using the approach specified in this subparagraph  
36 shall use satellite imagery, site visits, or other best available  
37 technology to develop an accurate estimate of landscaped areas.

38 (C) For commercial, industrial, and institutional uses, a  
39 10-percent reduction in water use from the baseline commercial,  
40 industrial, and institutional water use by 2020.

1 (3) Ninety-five percent of the applicable state hydrologic region  
2 target, as set forth in the state's draft 20x2020 Water Conservation  
3 Plan (dated April 30, 2009). If the service area of an urban water  
4 supplier includes more than one hydrologic region, the supplier  
5 shall apportion its service area to each region based on population  
6 or area.

7 (4) A method that shall be identified and developed by the  
8 department, through a public process, and reported to the  
9 Legislature no later than December 31, 2010. The method  
10 developed by the department shall identify per capita targets that  
11 cumulatively result in a statewide 20-percent reduction in urban  
12 daily per capita water use by December 31, 2020. In developing  
13 urban daily per capita 2020 water use targets, the department shall  
14 do all of the following:

15 (A) Consider climatic differences within the state.

16 (B) Consider population density differences within the state.

17 (C) Provide flexibility to communities and regions in meeting  
18 the targets.

19 (D) Consider different levels of per capita water use according  
20 to plant water needs in different regions.

21 (E) Consider different levels of commercial, industrial, and  
22 institutional water use in different regions of the state.

23 (F) Avoid placing an undue hardship on communities that have  
24 implemented conservation measures or taken actions to keep per  
25 capita water use low.

26 (c) If the department adopts a regulation pursuant to paragraph  
27 (4) of subdivision (b) that results in a requirement that an urban  
28 retail water supplier achieve a reduction in daily per capita water  
29 use that is greater than 20 percent by December 31, 2020, an urban  
30 retail water supplier that adopted the method described in paragraph  
31 (4) of subdivision (b) may limit its urban water use target to a  
32 reduction of not more than 20 percent by December 31, 2020, by  
33 adopting the method described in paragraph (1) of subdivision (b).

34 (d) The department shall update the method described in  
35 paragraph (4) of subdivision (b) and report to the Legislature by  
36 December 31, 2014. An urban retail water supplier that adopted  
37 the method described in paragraph (4) of subdivision (b) may adopt  
38 a new urban daily per capita water use target pursuant to this  
39 updated method.

1 (e) An urban retail water supplier shall include in its urban water  
2 management plan due in 2010 pursuant to Part 2.6 (commencing  
3 with Section 10610) the baseline daily per capita water use, urban  
4 water use target, interim urban water use target, and compliance  
5 daily per capita water use, along with the bases for determining  
6 those estimates, including references to supporting data.

7 (f) When calculating per capita values for the purposes of this  
8 chapter, an urban retail water supplier shall determine population  
9 using *a combination of* federal, state, and local population reports  
10 and projections.

11 (g) An urban retail water supplier may update its 2020 urban  
12 water use target in its 2015 urban water management plan required  
13 pursuant to Part 2.6 (commencing with Section 10610).

14 (h) (1) The department, through a public process and in  
15 consultation with the California Urban Water Conservation  
16 Council, shall develop technical methodologies and criteria for  
17 the consistent implementation of this part, including, but not limited  
18 to, both of the following:

19 (A) Methodologies for calculating base daily per capita water  
20 use, baseline commercial, industrial, and institutional water use,  
21 compliance daily per capita water use, gross water use, service  
22 area population, indoor residential water use, and landscaped area  
23 water use.

24 (B) Criteria for adjustments pursuant to subdivisions (d) and  
25 (e) of Section 10608.24.

26 (2) The department shall post the methodologies and criteria  
27 developed pursuant to this subdivision on its Internet Web site,  
28 and make written copies available, by October 1, 2010. An urban  
29 retail water supplier shall use the methods developed by the  
30 department in compliance with this part.

31 (i) (1) The department shall adopt regulations for  
32 implementation of the provisions relating to process water in  
33 accordance with subdivision (l) of Section 10608.12, subdivision  
34 (e) of Section 10608.24, and subdivision (d) of Section 10608.26.

35 (2) The initial adoption of a regulation authorized by this  
36 subdivision is deemed to address an emergency, for purposes of  
37 Sections 11346.1 and 11349.6 of the Government Code, and the  
38 department is hereby exempted for that purpose from the  
39 requirements of subdivision (b) of Section 11346.1 of the  
40 Government Code. After the initial adoption of an emergency

1 regulation pursuant to this subdivision, the department shall not  
2 request approval from the Office of Administrative Law to readopt  
3 the regulation as an emergency regulation pursuant to Section  
4 11346.1 of the Government Code.

5 (j) (1) An urban retail water supplier is granted an extension  
6 to July 1, 2011, for adoption of an urban water management plan  
7 pursuant to Part 2.6 (commencing with Section 10610) due in 2010  
8 to allow the use of technical methodologies developed by the  
9 department pursuant to paragraph (4) of subdivision (b) and  
10 subdivision (h). An urban retail water supplier that adopts an urban  
11 water management plan due in 2010 that does not use the  
12 methodologies developed by the department pursuant to  
13 subdivision (h) shall amend the plan by July 1, 2011, to comply  
14 with this part.

15 (2) An urban wholesale water supplier whose urban water  
16 management plan prepared pursuant to Part 2.6 (commencing with  
17 Section 10610) was due and not submitted in 2010 is granted an  
18 extension to July 1, 2011, to permit coordination between an urban  
19 wholesale water supplier and urban retail water suppliers.

20 *SEC. 6. Section 10608.24 of the Water Code is amended to*  
21 *read:*

22 10608.24. (a) Each urban retail water supplier shall meet its  
23 interim urban water use target by December 31, 2015.

24 (b) Each urban retail water supplier shall meet its 2020 urban  
25 water use target by December 31, 2020.

26 (c) An urban retail water supplier's compliance daily per capita  
27 water use shall be the measure of progress toward achievement of  
28 its 2020 urban water use target.

29 (d) (1) When determining compliance daily per capita water  
30 use, an urban retail water supplier may consider the following  
31 factors:

32 (A) Differences in evapotranspiration and rainfall in the baseline  
33 period compared to the compliance reporting period.

34 (B) Substantial changes to commercial or industrial water use  
35 resulting from increased business output and economic  
36 development that have occurred during the reporting period.

37 (C) Substantial changes to institutional water use resulting from  
38 fire suppression services or other extraordinary events, or from  
39 new or expanded operations, that have occurred during the  
40 reporting period.

1 (2) If the urban retail water supplier elects to adjust its estimate  
2 of compliance daily per capita water use due to one or more of the  
3 factors described in paragraph (1), it shall provide the basis for,  
4 and data supporting, the adjustment in the report required by  
5 Section 10608.40.

6 (e) When developing the 2020 urban water use target pursuant  
7 to Section 10608.20, an urban retail water supplier that has a  
8 substantial percentage of industrial water use in its service area  
9 may exclude process water from the calculation of gross water use  
10 to avoid a disproportionate burden on another customer sector.

11 (f) (1) An urban retail water supplier that includes agricultural  
12 water use in an urban water management plan pursuant to Part 2.6  
13 (commencing with Section 10610) may include the agricultural  
14 water use in determining gross water use. An urban retail water  
15 supplier that includes agricultural water use in determining gross  
16 water use and develops its urban water use target pursuant to  
17 paragraph (2) of subdivision (b) of Section 10608.20 shall use a  
18 water efficient standard for agricultural irrigation of 100 percent  
19 of reference evapotranspiration multiplied by the crop coefficient  
20 for irrigated acres.

21 (2) An urban retail water supplier, that is also an agricultural  
22 water supplier, is not subject to the requirements of Chapter 4  
23 (commencing with Section 10608.48), if the agricultural water use  
24 is incorporated into its urban water use target pursuant to paragraph  
25 (1).

26 *SEC. 7. Section 10608.25 is added to the Water Code, to read:*  
27 *10608.25. (a) After December 31, 2020, an urban retail water*  
28 *supplier shall achieve a water efficiency target as provided for in*  
29 *this section.*

30 *(b) Each urban retail water supplier shall develop a water*  
31 *efficiency target for 2025 in its 2020 urban water management*  
32 *plan required to be submitted by July 1, 2021, pursuant to Section*  
33 *10621. An urban retail water supplier may determine the water*  
34 *efficiency target on a fiscal year or calendar year basis. An urban*  
35 *retail water supplier may adjust and update the water efficiency*  
36 *target, as appropriate, based upon population growth, changes in*  
37 *irrigable landscape acreage, and other changes that affect water*  
38 *use when the supplier reports its compliance in achieving the water*  
39 *efficiency targets and its implementation of the identified*  
40 *performance measures in its 2025 urban water management plan*

1 required to be submitted by July 1, 2026, pursuant to Section  
2 10621.

3 (c) An urban retail water supplier shall adopt one of the  
4 following methods for determining its water efficiency target  
5 pursuant to subdivision (b):

6 (1) Seventy-five percent of the urban retail water supplier's  
7 base daily per capita water use calculated using the methodology  
8 developed by the department pursuant to Section 10608.20.

9 (2) (A) Establishment of a retail-level water efficiency target  
10 that is the sum of the following:

11 (i) The residential population multiplied by 55 gallons of water  
12 use per person per day.

13 (ii) For irrigable landscape served by a residential or dedicated  
14 irrigation meter, an estimate of total irrigation demands within  
15 the supplier's service area, based on the following factors:

16 (I) Evapotranspiration adjustment factor of 1.0 for parcels  
17 developed before 1992 and for special landscape areas.

18 (II) Evapotranspiration adjustment factor of 0.8 for parcels  
19 developed between January 1, 1992, and December 31, 2009.

20 (III) Evapotranspiration adjustment factor of 0.7 for parcels  
21 developed between January 1, 2010, and December 31, 2015.

22 (IV) Evapotranspiration adjustment factor of 0.55 for residential  
23 parcels developed after January 1, 2016.

24 (V) evapotranspiration adjustment factor of 0.45 for commercial  
25 parcels developed after January 1, 2016.

26 (VI) Parcels in commercial or noncommercial agricultural use  
27 may be included by the urban retail water supplier, at its sole  
28 discretion, using an evapotranspiration factor of 1.0 in the  
29 calculation of the water use efficiency target or in the calculation  
30 for compliance of the target.

31 (iii) A volume of water to account for the variances taken by  
32 the water supplier due to unique situations within the water  
33 supplier's service area and developed pursuant to subdivision (f).

34 (B) An urban retail water supplier that adopts the method  
35 described in subparagraph (A) for determining its water efficiency  
36 target shall identify proposed performance measures, as  
37 appropriate, for efficient water use by its commercial, industrial,  
38 and institutional customers consistent with the recommendations  
39 identified in the report required pursuant to subdivision (b) of

1 Section 10608.45 in the water supplier's 2020 urban water  
2 management plan.

3 (3) Ninety percent of the applicable hydrologic region target,  
4 as set forth in the state's 20x2020 Water Conservation Plan, dated  
5 February 2010. If the service area of an urban retail water supplier  
6 includes more than one hydrologic region, the supplier shall  
7 apportion its service area to each region based on population or  
8 area.

9 (d) Each urban retail water supplier shall meet its adjusted  
10 2025 water efficiency targets by December 31, 2025, unless the  
11 supplier reports to the department that economic or hydrologic  
12 conditions beyond the water supplier's control rendered it  
13 impossible for the water supplier to do so. An urban retail water  
14 supplier may elect to determine and report progress toward  
15 achieving its 2025 water efficiency target on an individual or  
16 regional basis, as provided in subdivision (a) of Section 10608.28.  
17 An urban retail water supplier shall report on its compliance with  
18 this section in its 2025 urban water management plan required to  
19 be submitted by July 1, 2026, pursuant to Section 10621.

20 (e) An urban retail water supplier shall base its adjusted water  
21 efficiency target and compliance with that adjusted target on the  
22 best available information concerning population, irrigable  
23 landscape acreage, and other factors that affect water use within  
24 its service area. An urban retail water supplier shall calculate its  
25 compliance with subdivision (d) based on the method by which it  
26 set its water efficiency target, as follows:

27 (1) An urban retail water supplier with a water efficiency target  
28 determined pursuant to paragraph (1) of subdivision (c) shall  
29 calculate its compliance with subdivision (d) by comparing the  
30 adjusted water efficiency target with the urban retail water  
31 supplier's compliance daily per capita water use.

32 (2) An urban retail water supplier with a water efficiency target  
33 determined pursuant to paragraph (2) of subdivision (c) shall  
34 calculate its compliance with subdivision (d) by comparing the  
35 water efficiency target with the total volume of gross water use  
36 measured through residential and dedicated irrigation meters  
37 during the final year of the reporting period. The urban retail  
38 water supplier shall include in its report on compliance with  
39 subdivision (d) a report on the urban retail water supplier's  
40 implementation of the performance measures for efficiency

1 commercial, industrial, and institutional water use identified in  
2 its urban water management plan. If an urban retail water supplier  
3 includes parcels in agricultural use in its water efficiency target,  
4 the urban retail water supplier shall include water use for those  
5 parcels in its compliance calculation.

6 (3) An urban retail water supplier with a water efficiency target  
7 determined pursuant to paragraph (3) of subdivision (c) shall  
8 calculate its compliance with subdivision (d) by comparing the  
9 adjusted water efficiency target with the urban retail water  
10 supplier's compliance daily per capita water use.

11 (4) Water use or loss caused by conditions of disaster or extreme  
12 peril to the safety of persons and property, including, but not  
13 limited to, conditions, whether natural or human caused, of fire,  
14 flood, storm, drought, epidemic, riot, earthquake, or other  
15 condition, shall be excluded from the calculation of compliance  
16 with the water efficiency target.

17 (5) The deadline for an urban retail water supplier to submit  
18 its plan pursuant to subdivision (e) of Section 10621 shall be  
19 extended if the department does not release the final database  
20 pursuant to Section 10608.47 on or before July 1, 2019. The  
21 extension shall equal the length of time between July 1, 2019 and  
22 the date of the department's release of the final database.

23 (6) Each urban retail water supplier shall have the discretion  
24 to achieve its water efficiency target under this section and to  
25 design and utilize any rate structure in any manner consistent with  
26 that supplier's legal authority.

27 (7) Each urban retail water supplier shall have the discretion  
28 to measure progress toward achieving its water efficiency target  
29 under this section by considering the factors described in  
30 subdivisions (d) to (f), inclusive, of Section 10608.24.

31 (8) Notwithstanding the method used by an urban retail water  
32 supplier to calculate compliance with subdivision (c), each urban  
33 retail water supplier shall address water loss within its service  
34 area pursuant to Section 10608.34.

35 (f) The department, in consultation with the Urban Stakeholder  
36 Committee, shall develop all of the following and any other factors  
37 as may be identified by the committee:

38 (1) Standardized variance methodologies for all of the following:

39 (A) Livestock.

40 (B) Swamp coolers.

- 1 (C) Significant transient population increases.  
2 (D) Construction water for soil compaction and dust control.  
3 (E) Potable water use to supplement ponds and lakes to sustain  
4 wildlife.  
5 (F) Vegetation irrigated for fire protection.  
6 (G) Landscapes irrigated with recycled water having high levels  
7 of total dissolved solids.  
8 (H) Other water quality concerns.  
9 (2) A methodology to calculate the irrigable area associated  
10 with special landscape areas by aerial imagery or date of parcel  
11 establishment so that an urban retail water supplier may develop  
12 appropriate water efficiency targets as described in paragraph  
13 (2) of subdivision (c).  
14 (3) A process for the submission of supporting documentation  
15 for other variances that shall be included into the calculation of  
16 the urban retail water supplier's water efficiency target as  
17 described in paragraph (2) of subdivision (c).  
18 (g) For purposes of this section, "special landscape area"  
19 means an area of the landscape dedicated solely to edible plants,  
20 recreational areas, areas irrigated with recycled water, or water  
21 features using recycled water designed within and having the same  
22 evapotranspiration adjustment factor as contained in the model  
23 water efficient landscape ordinance set forth in Chapter 2.7  
24 (commencing with Section 490) of Division 2 of Title 23 of the  
25 California Code of Regulations, adopted on September 15, 2015.  
26 SEC. 8. Section 10608.45 is added to the Water Code, to read:  
27 10608.45. (a) By July 1, 2018, the department, in consultation  
28 with the board, shall convene a commercial, industrial, and  
29 institutional water use efficiency task force to recommend  
30 appropriate water efficiency measures for various segments of the  
31 commercial, industrial, and institutional water use sector. The  
32 task force shall consist of all of the following:  
33 (1) Urban retail water suppliers, including a broad spectrum  
34 of commercial, industrial, and institutional customers throughout  
35 the state and the representation of combined retail water and  
36 wastewater agencies.  
37 (2) Urban wholesale water suppliers.  
38 (3) Academic experts.  
39 (4) Economic development interests.  
40 (5) Business community representatives.

1 (6) *Environmental organizations.*

2 (7) *Commercial water users.*

3 (8) *Industrial water users.*

4 (9) *Institutional water users.*

5 (b) *By December 31, 2019, the task force, in consultation with*  
6 *the department and the board, shall submit a report to the*  
7 *Legislature that shall include, but is not limited to, all of the*  
8 *following:*

9 (1) *Recommendations of appropriate performance measures*  
10 *for commercial, industrial, or institutional water use that shall*  
11 *rely, to the extent appropriate, on the 2013 report to the Legislature*  
12 *by the CII Task Force entitled “Water Use Best Management*  
13 *Practices” and support the economic productivity of California’s*  
14 *commercial, industrial, and institutional sectors.*

15 (2) *Appropriate commercial, industrial, and institutional*  
16 *classifications that address significant uses of water and are*  
17 *consistent with the classifications and standards developed by the*  
18 *North American Industry Classification System published by the*  
19 *United States Office of Management and Budget.*

20 (3) *Recommendations for appropriate thresholds by which urban*  
21 *water suppliers could require commercial, industrial, and*  
22 *institutional water users to participate in audits and the*  
23 *development of water management plans.*

24 (4) *An evaluation of feasibility criteria and cost-effectiveness*  
25 *of separating mixed-use meters and equivalent technologies and*  
26 *recommendations on when separating mixed-use meters should*  
27 *not be required.*

28 (c) *Using available funds, the department shall provide technical*  
29 *and financial assistance to the task force to enable the completion*  
30 *of the report within the required time frame and to assist water*  
31 *suppliers and water users to comply with any new requirements*  
32 *resulting from implementation of the report recommendations.*

33 (d) (1) *A report to be submitted pursuant to subdivision (b)*  
34 *shall be submitted in compliance with Section 9795 of the*  
35 *Government Code.*

36 (2) *Pursuant to Section 10231.5 of the Government Code, this*  
37 *section is repealed on January 1, 2024.*

38 *SEC. 9. Section 10608.46 is added to the Water Code, to read:*

39 *10608.46. (a) The department shall reconvene its Urban*  
40 *Stakeholder Committee by April 1, 2018. The committee shall*

1 consist of a mix of small, medium, and large urban retail water  
2 suppliers from throughout the state, including at least one  
3 representative from each hydrologic region. The committee shall  
4 also include academic experts, urban wholesale water suppliers,  
5 business organizations, as well as representation of combined  
6 retail water and wastewater agencies.

7 (b) By July 1, 2019, the department shall consult with the  
8 committee to develop the methodologies required by subdivision  
9 (f) of Section 10608.25.

10 (c) By January 1, 2020, and every five years thereafter, the  
11 committee shall develop a report to provide information and  
12 recommendations to the department and the Legislature about  
13 new demand management measures, technologies, and approaches.  
14 The department shall review the committee report and include in  
15 the final report to the Legislature the department's  
16 recommendations and comments regarding the committee process  
17 and the committee's recommendations.

18 (d) By December 31, 2025, the committee, in consultation with  
19 the department and the board, shall submit a report to the  
20 Legislature recommending for potential adjustments to water  
21 efficiency targets and commercial, industrial, and institutional  
22 performance measures, consistent with the report provided to the  
23 Legislature pursuant to subdivision (b) of Section 10608.45, for  
24 implementation no sooner than 2030. If the committee recommends  
25 a change in the water efficiency targets or performance measures,  
26 the report shall do both of the following:

27 (1) State the technical changes or scientific basis that justifies  
28 a change in the targets or performance measures.

29 (2) Evaluate potential unintended consequences created by the  
30 proposed changes that could negatively impact California's  
31 economy, wastewater infrastructure, or local investments in water  
32 infrastructure and supplies, including specific impacts to the  
33 amount of recycled water or desalinated water available within  
34 the state.

35 (e) Using available funds, the department shall provide technical  
36 and financial assistance to the committee to enable the completion  
37 of the reports pursuant to this section within the required time  
38 frame and assist water suppliers to comply with any new  
39 requirements resulting from implementation of the report  
40 recommendations.

1 (f) Nothing in this section authorizes any state agency to  
2 establish, change, or otherwise modify the water efficiency targets  
3 and commercial, industrial, and institutional performance  
4 measures established under this chapter.

5 (g) A report to be submitted pursuant to subdivision (c) or (d)  
6 shall be submitted in compliance with Section 9795 of the  
7 Government Code.

8 SEC. 10. Section 10608.47 is added to the Water Code, to read:

9 10608.47. (a) By July 1, 2019, the department shall provide  
10 to urban retail water suppliers, in electronic form, a database of  
11 validated aerial imagery and measured irrigable area for all  
12 residential, commercial, industrial, and institutional areas within  
13 each water supplier's service area. The database shall correlate  
14 the relevant irrigable areas with assessor parcels within each  
15 water supplier's service area and shall state the year of parcel  
16 development. The database shall contain downloadable reference  
17 evapotranspiration data with representative climate zones for all  
18 urban retail water suppliers. The database's aerial imagery data  
19 shall be suitable for determining the appropriate amount of  
20 irrigation for a variety of vegetation, including, but not limited to,  
21 large trees and irrigable area under native tree canopy. The  
22 department shall update the database by December 31, 2025, and  
23 every five years thereafter.

24 (b) To the extent consistent with the California Public Records  
25 Act (Chapter 3.5 (commencing with Section 6250) of Division 7  
26 of Title 1 of the Government Code), the department and all urban  
27 retail water suppliers shall maintain the confidentiality of the  
28 information in the department's database.

29 (c) Before providing the database to urban retail water  
30 suppliers, the department shall conduct a statistically valid review  
31 of the accuracy of the information in the database. In conducting  
32 this review, the department shall consult with a representative  
33 sample of urban retail water suppliers representing each of the  
34 state's hydrologic regions.

35 (d) An urban retail water supplier may use its own database of  
36 validated aerial imagery, measured irrigable area, and date of  
37 parcel development for properties within its service areas for  
38 purposes of paragraph (2) of subdivision (c) of Section 10608.25,  
39 if the water supplier certifies that its database is of comparable

- 1 *or better quality than the relevant information included in the*
- 2 *department's database.*

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Date of Hearing: April 25, 2017

ASSEMBLY COMMITTEE ON WATER, PARKS, AND WILDLIFE

Eduardo Garcia, Chair

AB 968 (Rubio) – As Amended April 17, 2017

**SUBJECT:** Urban water use: water efficiency

**SUMMARY:** Establishes a new 2025 water use efficiency requirement for urban retail water suppliers. Specifically, **this bill:**

- 1) Defines “water efficiency target” as a target developed by an urban retail water supplier for 2025 water efficiency in its 2020 urban water management plan (UWMP).
- 2) Requires each urban retail water supplier to adopt one of the following methods for determining water efficiency targets:
  - a. 75 percent of the urban retail water suppliers base daily per capita water use, as specified through existing law.
  - b. A water budget efficiency target based on indoor water use, outdoor water use, and variances, as specified.
  - c. 90 percent of the applicable hydrologic region target, as specified.
- 3) Permits the urban water supplier to adjust and update the water efficiency target when the supplier reports its compliance. Requires the urban water supplier to base adjusted targets on population, irrigable landscape acreage, and other factors that affect water use.
- 4) Maintains the existing exclusion of recycled water from the calculation of base daily per capita water use.
- 5) Requires the department of water resources (DWR) to, by July 1, 2019, provide to urban water suppliers validated aerial imagery and measured irrigable area for areas within each water supplier’s service area. Extends the date by which the 2020 UWMPs are due, if the data required by the DWR by July 1, 2019, is overdue, by the length of time the DWR data is overdue.
- 6) Requires the DWR in consultation with the State Water Resources Control Board (SWRCB) to, by July 1, 2018, convene a task force for the purposes of recommending appropriate performance measures for the commercial, industrial, and institutional sector. Defines performance measures as best management practices that improve the efficiency of water use within the commercial, industrial, and institutional sector.
- 7) Requires the DWR to reconvene the urban stakeholder committee by April 1, 2018, to develop standardized variances permitted within the retail-level water efficiency target.
- 8) Specifies that failure of an urban water agency to meet its water use efficiency target before January 1, 2026, shall not establish a violation.

- 9) Provides that no change authorized by the bill on water use efficiency authorizes or enhances the authority of the SWRCB to alter any existing water right beyond its power to do so before January 1, 2018.
- 10) Makes several findings and declarations, and legislative intent, to the effect of recognizing the importance of local control in meeting water supply needs, efficiency of recycled water, and maintaining legal access to water supplies.

**EXISTING LAW:**

- 1) Declares that because of the conditions prevailing in this state, the general welfare requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.
- 2) Requires a 20 percent reduction in urban per capita water use on or before December 31, 2020.
- 3) Requires each urban retail water supplier to develop an urban water use target based on one of the following methods:
  - a. Water use of 80 percent of the urban retail water supplier's baseline per capita water use.
  - b. A water budget based on indoor use, outdoor use, and commercial, industrial and institutional uses.
  - c. Water use of 95 percent of the applicable state hydrologic region target.
  - d. A method developed by the DWR.
- 4) Defines "base daily per capita water use" as the average of gross water use over a period of time that is no longer than 15 continuous years and no shorter than five continuous years beginning no earlier than December 31, 1989, and ending no later than December 31, 2010. Establishes the standard period to be the 10 continuous years from December 31, 2004, through December 31, 2010. Allows five additional years for an urban water supplier that meets at least 10% of its 2008 retail demand through recycled water.
- 5) Defines "gross water use" as the total volume of water entering the distribution system of an urban retail water supplier, excluding among other things, recycled water.
- 6) Defines "recycled water" as water, which as a result of treatment of waste, is suitable for a direct beneficial use that would not otherwise occur, that is used to offset potable demand.
- 7) Requires the SWRCB to adopt rules requiring an urban retail water suppliers to meet performance standards for the volume of water loss no later than July 1, 2020.

**FISCAL EFFECT:** Unknown**COMMENTS:** This bill establishes a new 2025 water use efficiency requirement for urban retail water suppliers.

**Author's Statement:**

This bill will establish new water efficiency targets for water suppliers in a manner that accounts for local conditions, while also recognizing and incentivizing sustainable, balanced approaches to water management, including investments in recycled water. AB 968 will establish a collaborative stakeholder process to continue improvement in water use efficiency beyond 2025, and will preserve the Legislature's authority and oversight over long-term water use target setting while making conservation a way of life in California.

**Background. *Water Shortage Response In the Recent Drought.*** California experienced the worst drought in modern times from 2012-2016, with the first four years having been estimated to be the driest four-year period in the last 450 years. While the most recent drought was historic, current climate change models predict that severe drought will become a more common occurrence in the future.

The drought had significant impacts on the environment, agricultural water supply, and urban water supply. 2014 and 2015 were two of the driest years on record. During the drought, the State Water Project and federal Central Valley Project, which supply water to more than 25 million Californians and 3 million acres of agricultural land, provided limited water deliveries with approximately 15 percent and zero deliveries respectively in 2015.

In January of 2014, the Governor issued an executive order declaring a drought state of emergency and requesting a voluntary 20% reduction in urban potable water use. For the first time in the state's history, the Governor issued an executive order in April of 2015, requiring the State Water Resources Control Board (SWRCB) implement mandatory restrictions to achieve a 25% statewide reduction in urban potable use, over 2013 levels of use. There are approximately 410 urban water suppliers that serve approximately 90 percent of the population of the state.

In May of 2015, the SWRCB adopted an emergency regulation placing each urban water supplier in a conservation tier ranging between 4% and 36%. In May of 2016, the SWRCB adopted an emergency regulation that replaced the percentage reduction requirement with a localized "stress test" requiring urban water suppliers to ensure a three-year supply of water to their customers under drought conditions. The "stress test" requirement mandated monthly reporting by water suppliers to the SWRCB. For the most part, all actions associated with the 2012-2016 drought were ended when the Governor declared the drought emergency over on April 7, 2017.

***Lessons Learned From the Drought.*** The response to the drought was unprecedented because the severity of the drought was unprecedented. It was evident, from the necessity to have an emergency response, that the water supply system was not as prepared as it needed to be for a drought of the severity experienced in 2012-2016. There is widespread agreement that the SWRCB having to step in on an emergency basis is not an ideal plan for drought response. There is also widespread recognition that climate change will cause the drought of 2012-2016 to become a more typical event in the future.

The actions taken by the SWRCB in 2015 and 2016, were criticized by some, as not recognizing past efforts to use water more efficiently, supporting investments in drought resilient supply, and in some instances not being applied in a way that would produce water savings that could

reasonably benefit other regions of the state. The 2016 “stress test” approach was also criticized as not being a meaningful enough step to prevent shortages should 2017 have become another dry year. There was widespread agreement that there could be a better approach moving forward for how the state is prepared for and responds to future drought.

In May of 2016, the Governor issued an executive order on “making water conservation a way of life.” In broad terms the executive order initiated a public process of five state departments, notably the DWR and the SWRCB, to develop a conservation framework that would advance long-term water use efficiency and develop a meaningful drought response tool.

Specifically in relation to drought response, the May 2016 executive order required the DWR to strengthen the requirements for drought response. It required that a WSCA include adequate actions to respond to droughts lasting at least five years, and that the WSCA remain customized for local conditions while also allowing for them to be quickly utilized during drought.

***Progressing but No Consensus.*** While there is widespread agreement that progress must be made in the areas of long-term water use efficiency and drought response, there is not yet consensus on the specific requirements that will best achieve progress in each area. As of this writing, there are seven policy bills and a budget trailer bill that directly relate to long-term efficiency and drought response. These “making water conservation a way of life” bills take several different approaches to the development of long-term efficiency and drought response policy. Because long-term efficiency impacts what future drought response will be, the two subjects are closely related but are generally addressed separately in the different bills. There is disagreement among the stakeholder community as to whether the policy should be heard through the legislative process or be addressed in a budget trailer bill. There is also disagreement over the extent to which the policies should be developed in legislation or through the regulatory process.

This bill is one approach, of several, on long-term water use efficiency. The general framework of all of the approaches to strengthen long-term efficiency is to require a baseline of water use that must be met, but permits the urban water supplier flexibility in how to meet that baseline. Beyond that general framework, this bill differs from other approaches in several significant ways.

***Three Efficiency Methods.*** SB 7 x7 (Steinberg, 2009) included what is essentially the predecessor version of the three methods this bill would permit. One of the methods, the water use budget, is at the core of the proposal in AB 1669 (Friedman), and the budget trailer bill. The other two other methods of a percentage reduction and hydrologic region target allowed under existing law have been criticized as not rewarding and encouraging efficiency, and for creating a situation where good actors cover for bad actors. The bill develops the water budget method in numerous ways that could help move the discussion forward as to what will allow for an effective methodology. It also would require continued development of this method through two separate task forces.

***Outdoor Irrigation.*** It seems as though the single largest sticking point on moving forward with the water budget methodology, is, how outdoor irrigation will be treated. There is some uncertainty at this point as to how the outdoor irrigation component will be calculated for each urban water suppliers’ budget. Water suppliers’ have questioned how outdoor standards will be developed. This bill would require that basis for those standards being validated.

**Adjustments and Variances.** SB 7 x7 (Steinberg, 2009), allows for adjustments, subject to reporting, be made. Specifically allowing adjustments for differences in evapotranspiration, substantial changes to commercial or industrial use, and for substantial changes from extraordinary events to the water use target . AB 968 would establish a new process to allow for an adjustment to include population growth, changes in irrigable landscape, and other changes that affect water use. What controls these adjustments is not defined and there is no required reporting or verification process with these adjustments. Adjustments to the water target were considered as part of the development of the “making water conservation a way of life” report and there was some stakeholder agreement. The elements that allow for adjustment in AB 968 were discussed in the report and implied to be allowed, though it was implied that the adjustments would be included in a process that would validate the basis for the adjustment. AB 968 would include variances into the water budget methodology; that concept has not been expressed in other proposals. AB 968 would require the DWR to consult with the urban stakeholder committee to develop the variances and would require a process for inclusion of the variances into a water efficiency target.

**Management of the Commercial, Industrial, and Institutional Sector.** AB 1669 (Friedman) expressly includes commercial, industrial, and institutional sectors as an area where the SWRCB in consultation with the DWR will develop long-term efficiency regulations. This bill, instead, requires the DWR in consultation with the SWRCB to convene a commercial, industrial, and institutional water use efficiency task force. The task force is then required to, by December 31, 2019, in consultation with the DWR and the SWRCB, submit a report to the legislature including, among other things, recommendations on appropriate performance measures, appropriate classifications, and recommendations for appropriate audit thresholds in the commercial, industrial, and institutional sector.

### **Prior and Related Legislation.**

- SB 7 x7 (Steinberg), Chapter 4, Statutes of 2009, Seventh Extraordinary Session, requires the state to achieve a 20 percent reduction in urban per capita water use by December 31, 2020, and promotes expanded development of sustainable water supplies at the regional level.
- AB 1669 (Friedman), 2017, requires the SWRCB in consultation with the DWR to adopt long-term standards for urban water conservation and water use by May 20, 2021.
- AB 1323 (Weber), 2017, requires a stakeholder workgroup to be convened no later than February 1, 2018, to develop, evaluate, and recommend proposals for establishing new water use targets for urban water suppliers.

**Supporting Arguments.** This bill makes water use efficiency a way of life in California in a manner that accounts for local conditions, while also recognizing and incentivizing sustainable, balanced approaches to water management. The bill would acknowledge that factors used to formulate long-term water use efficiency targets can vary significantly at various location due to many factors. It is therefore optimal to utilize local and regional use efficiency measures that reflect the unique water supply and demand condition that suit the needs of their communities. The bill would establish standards that recognize and provide credit to water suppliers that made substantial capital investments in urban water use efficiency, sustainable drought resilient supplies and emergency supplies since back to 1990. Urban retail suppliers are best equipped to

operate their water systems, understand their customer base, and balance actions to achieve greater water use efficiency with protecting the financial position of the water system. The bill will establish a collaborative stakeholder process to continue improvement in water use efficiency beyond 2025. The bill will also preserve the Legislature's authority and oversight over long-term water use target setting.

**Opposing Arguments.** This bill directs the DWR to develop preliminary regional water use standards based on California's hydrologic regions. This will result in some communities being held to a higher standard than others, overall weaker water use targets, and less water efficiency in our state. We are concerned that the regional approach proposed in this bill could allow some communities to continue to use water inefficiently while hiding behind other communities in the same region that are doing their part and investing in programs and projects to improve local water efficiency. To address the fairness and equity concerns that have accompanied past water conservation efforts, we need one standard for every water supplier in the state that can be customized to local conditions.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Alameda County Water District  
Amador Water Agency  
Association of California Water Agencies  
Bay Area Water Supply and Conservation Agency  
Bella Vista Water District  
Calaveras County Water District  
CalDesal  
California Municipal Utilities Association  
California Special Districts Association  
California Water Association  
Camrosa Water District  
CA-NV Section of the American Water Works Association  
Carlsbad Municipal Water District  
Carmichael Water District  
Casitas Municipal Water District  
Citrus Heights Water District  
City of Anaheim  
City of Arcata  
City of Buena Park  
City of Eureka  
City of Fairfield  
City of Fountain Valley  
City of Fullerton  
City of Garden Grove  
City of Huntington Beach  
City of Long Beach Water Department  
City of Newport Beach  
City of Oceanside  
City of Poway

City of Roseville  
City of Sacramento  
City of Sacramento Department of Utilities  
City of San Diego  
City of San Diego Public Utilities Department  
City of Santa Ana  
City of Santa Cruz Water Department  
City of Santa Rosa  
City of Seal Beach  
City of Shasta Lake  
City of Tustin  
City of Yuba City  
Coachella Valley Water District  
Contra Costa Water District  
Cucamonga Valley Water District  
Desert Water Agency  
East Orange County Water District  
Eastern Municipal Water District  
El Dorado Irrigation District  
El Toro Water District  
Elsinore Valley Municipal Water District  
Fallbrook Public Utility District  
Helix Water District  
Humboldt Bay Municipal Water District  
Humboldt Community Services District  
Indian Wells Valley Water District  
Irvine Ranch Water District (Sponsor)  
Jurupa Community Services District  
Laguna Beach County Water District  
Lakeside Water District  
Las Virgenes Municipal Water District  
Long Beach Water Department  
McKinleyville Community Services District  
Mesa Water District  
Monte Vista Water District  
Monterey Peninsula Water Management District  
Mountain Counties Water Resources Association  
North Marin Water District  
Olivenhain Municipal Water District  
Orange County Water District  
Otay Water District  
Padre Dam Municipal Water District  
Placer County Water Agency  
Public Water Agencies Group  
Regional Water Authority (Sponsor)  
Rincon del Diablo Municipal Water District  
Rio Linda/Elverta CWD  
Sacramento Suburban Water District  
San Diego County Water Authority

San Francisco Public Utilities Commission  
San Juan Water District  
Santa Margarita Water District  
Scotts Valley Water District  
Serrano Water District  
Sonoma-Marín Saving Water Partnership  
South Tahoe Public Utility District  
Sweetwater Authority  
Three Valleys Municipal Water District  
Trabuco Canyon Water District  
Vallecitos Water District  
Valley Center Municipal Water District  
Walnut Valley Water District  
Western Municipal Water District  
Yorba Linda Water District  
Yuba City Water District  
Zone 7 Water Agency

**Opposition**

Amigos de los Rios  
California Coastal Protection Network  
California Coastkeeper Alliance  
Clean Water Action  
Climate Resolve  
Coastal Environmental Rights Foundation  
Endangered Habitats League  
Los Angeles Waterkeeper  
Natural Resources Defense Council  
Sierra Club  
Surfrider Foundation  
SYRCL & Yuba River Waterkeeper  
Wholly H2O

**Analysis Prepared by:** Ryan Ojakian / W., P., & W. /