



**San Gabriel Valley Council of Governments
Capital Projects and Construction Committee**

Meeting Agenda

Monday, January 22, 2018 12:00PM

San Gabriel City Hall

425 S. Mission Drive

San Gabriel, CA 91776

Members of the public may comment on any item on the agenda at the time it is taken up by the Board. We ask that members of the public come forward to be recognized by the Chair and keep their remarks brief. If several persons wish to address the Committee on a single item, the Chair may impose a three-minute time limit on individual remarks at the beginning of the discussion.

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- I. Pledge of Allegiance
- II. Roll Call and Introductions
- III. Public Comment
- IV. Confirmation of San Gabriel Valley Council of Governments Governing Board Actions and Direction to Administer Transition From ACE Construction Authority to San Gabriel Valley Council of Governments Capital Projects and Construction Committee Action
- V. Approval of the ACE Board of Directors Special Meeting Minutes of December 18, 2017 Action
- VI. Chairman's Remarks
- VII. Board Member Comments
- VIII. Chief Engineers Monthly Report Information

The ACE Construction Authority is constituted of seven (7) member jurisdiction; the Cities of El Monte, Industry, Montebello, San Gabriel and Pomona, the County of Los Angeles and the San Gabriel Valley Council of Governments. Each member or alternate has one vote. A quorum of the ACE Construction Authority is no less than four (4) of its total voting membership. Actions taken by the ACE Construction Authority shall be by simple majority of the members present with a quorum in attendance except for personnel actions, the annual budget, matters dealing with the Administrative Code or matters requiring subsequent approval by the SGVCOG, all of which shall require five (5) votes. All disclosable public records related to this meeting are available for viewing at the ACE office above during normal working hours.

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|-------|---|--------|
| IX. | Election of Officers | Action |
| X. | Approval to Receive and File ACE Financial Audited Statements for Fiscal Year Ended June 30, 2017 | Action |
| XI. | Quarterly Financial Reports | Action |
| XII. | Quarterly Project Progress & Mitigation Monitoring Reports | |
| XIII. | Adjournment | Action |



If you would like to receive the ACE Board agenda electronically, please email Amy Hanson at ahanson@theaceproject.org



Advanced Construction & Engineering

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



Memo to: Capital Projects and Construction Committee Members & Alternates

From: Mark Christoffels
Chief Engineer

Date: January 22, 2018

Subject: Confirmation of San Gabriel Valley Council of Governments Governing Board Actions and Direction to Administer Transition from ACE Construction Authority to San Gabriel Valley Council of Governments Capital Projects and Construction Committee

RECOMMENDATION: During the transition from the ACE Board to the San Gabriel Valley Council of Governments (SGVCOG) Capital Projects and Construction Committee, staff recommends the Committee take the following actions:

1. Ratify the existing ACE Board members and officers as members and officers of the SGVCOG Capital Projects and Construction Committee until such time as a reorganized Committee is appointed by the SGVCOG's Governing Board.
2. Direct the former ACE Chief Executive Officer to use the title "Chief Engineer" until such time as a formal and permanent title is approved by the relevant authority.
3. Direct that all duties and authorities previously assigned to the Chief Executive Officer of ACE be assigned to the SGVCOG Chief Engineer.
4. Direct the Chief Engineer to efficiently but meticulously undertake a review of all administrative and executive functions of the former ACE organization and to cause all notices to be given and all other actions to be undertaken to effectuate the transition of the former ACE entity into full integration with the SGVCOG while maintaining all contractual and funding relationships previously held by ACE.
5. Direct the former General Counsel of ACE to serve as Counsel to the Committee and the Chief Engineer until such time as the SGVCOG Governing Board or SGVCOG Chief Executive determine the legal representation needs of the combined organization.
6. Ratify that the meeting schedule approved for ACE Board meetings shall remain as approved for the Capital Projects and Construction Committee.

BACKGROUND:

On December 19, 2017, the required number of cities approved the SGVCOG's amended Joint Powers Agreement (JPA) to ratify the replacement of the ACE Construction Authority with a SGVCOG Capital Projects and Construction Committee. As part of the action approving the amended JPA, the SGVCOG Governing Board approved amended by-laws

establishing the membership for the Capital Projects and Construction Committee with implicit direction that new Committee members be selected in May of 2018 and seated in July of 2018 with additional implicit direction that the current ACE Board serve as the Committee until the new members are seated.

The SGVCOG Governing Board also previously stated that an administrative transition from ACE as a quasi-separate entity to a fully integrated part of the SGVCOG be made during January 2018 through July 2018. Included in the integration is transitioning ACE Project assigned employees to SGVCOG employees. With the integration a recruitment began to fill the position Executive Director of the combined agencies. However, the day-to-day operations of the ACE Project requires a full time executive to provide oversight. At this time the former Chief Executive Officer of ACE continues to fulfill the duties and authorizations previously assigned to him as Chief Executive Officer. However, it is apparent that an interim title is needed until such time as the SGVCOG Executive Director or SGVCOG Governing Board approves a permanent organizational structure that will address this and other titles and staff responsibilities. Staff is recommending that the former ACE Chief Executive Officer use the title "Chief Engineer" and ACE Project staff continue to report to the "Chief Engineer" during the administrative transition, with the "Chief Engineer" serving as a conduit between the SGVCOG Executive Director and the ACE staff until such time as the SGVCOG Governing Board formally adopts a new organizational structure for the combined staff.

While the amended JPA and amended SGVCOG Bylaws make it clear that the SGVCOG is assuming all obligations previously held by ACE, there are administrative steps needed to fulfill contractual responsibilities with respect to that assumption of obligations. In order to maintain operations and fully transition ACE into the SGVCOG staff is reviewing insurance policies, agreements, and contracts and working with legal counsel to assure notices are prepared and any other actions necessary are taken to effectuate the transition. It is imperative that all contractual and funding relationships previously held by ACE be adequately addressed.

Legal counsel will be important during this transition period, and to insure an effective and efficient transition staff believes it is essential to maintain current counsel during this time. As such, staff is recommending that the former General Counsel of ACE continue to serve as Counsel to the Committee and the Chief Engineer until such time as the SGVCOG Governing Board or SGVCOG Chief Executive determine the legal staffing needs of the combined organization.

Finally, the ACE Board approved the meeting schedule for 2018. Staff is recommending that that adopted schedule remain in place for the Committee until as such time as a full Committee is appointed by the SGVCOG's Governing Board.



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 December 18, 2017 Minutes

Chairperson Costanzo called the meeting of the Board of Directors of the Alameda Corridor-East Construction Authority to order at 11:08AM at the San Gabriel City Hall Council Chambers.

1. **Pledge of Allegiance** – Mark Christoffels led the pledge of allegiance.

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

In attendance was:

Juli Costanzo, San Gabriel, Chair

Victoria Martinez, El Monte, Vice Chair

Barbara Messina, SGVCOG

Jack Hadjinian, Montebello

Tim Sandoval, Pomona

Hilda Solis, Los Angeles County

Staff:

Mark Christoffels, CEO

Gregory Murphy, Burke, Williams & Sorensen, legal counsel

Deanna Stanley

Amy Hanson

Phil Balmeo

Victoria Butler

Paul Hubler

Guests:

Peter Duyshart, SGVCOG

Andres Roldan, AECOM

Charlie Guess, WSP

David Eanes, AECOM

John Burton, LAC DPW

George Malacolta, Jacobs

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

4. **Approval of November 27, 2017 Board meeting minutes** – A motion was made by Member Solis and seconded by Member Hadjinian to approve the November 27, 2017 regular Board meeting minutes.

M/S/C/Solis/Hadjinian/Unanimous

5. **Chairman Remarks** – Chairperson Costanzo reported the recent passing of Congresswoman Grace Napolitano’s husband Frank and requested the Board adjourn the meeting in his memory. Chairman Costanzo and the Board expressed birthday wishes to Mark Christoffels with a small birthday cake and presented staff a cake in appreciation of their work.
6. **Board Member Comments** – Member Hadjinian expressed concerns with the new policy of the ACE committee with regard to stipends. He indicated this would be discussed at the January SGVCOG meeting and asked for the Board’s participation. Members Messina, Sandoval, Solis and Vice Chair Martinez wished everyone happy holidays.
7. **Chief Executive Officer’s Report** – Mr. Christoffels reviewed the status of the SGVCOG/ACE integration. He indicated the required number of City approvals of the amended JPA agreement was expected this week at which point ACE would cease to exist. He indicated the SVCOCG will keep the acronym ACE that will now stand for Advanced Construction and Engineering. He reviewed the ACE committee selection process and confirmed the bylaws do not include stipend payments but indicated the bylaws may be amended by the Governing Board at the pleasure of the Board. He reminded the Board that the Executive Director recruitment is under way and is expected to conclude in February. Finally, he reviewed his recent presentation to the CTC.
8. **Construction Progress Reports** – Charles Tsang reviewed the highlights of the Lemon Avenue on/off ramp construction. He indicated the projected is anticipated to be complete in February. Victoria Butler reviewed the construction progress of the Fullerton Road grade separation project. She reviewed pump station excavation. Phil Balmeo reviewed Puente Avenue grade separation construction progress. He also reviewed San Gabriel Trench progress.
9. **Approval of Hearing on Amendment to Resolution of Necessity No. 13-13, 19700 Business Parkway, City of Industry** – Greg Murphy reminded the board that Resolution of Necessity No. 13-13 was adopted by the Board in October 2013 but an amendment is found to be necessary. He reviewed the three determinations the Board must find and indicated the public would have an opportunity to speak during the hearing. The Chairperson opened the hearing. Mr. Christoffels indicated the original adopted Resolution of Necessary, adopted in October 2013 addressed specific parcels but during construction it was discovered that several utility services would require relocations different from what was initially sought. He indicated the new easement would also require Majestic Realty to amends its right of way. Mr. Christoffels reviewed the sites of the utilities affected. Public comment period was opened and there were no comments. Public comment was closed. There were no board questions.

A motion was made to amend Resolution of Necessity No. 13-13 authorizing the amendment of eminent domain proceedings for property located at 19700 Business Parkway, City of Industry.

M/S/C/Solis/Sandoval/Unanimous

10. **Approval of Agreement with Majestic Realty for Removal of Rail Spurs for the Fairway Drive Grade Separation Project** – Mr. Christoffels explained the rail spurs were originally a part of four parcels affected by the Fairway Drive grade separation project and all owned in part or in full by Majestic Realty. The spur tracks were removed and placed out of service. He indicated three of the four wanted the spur tracks to be replaced and Majestic asked ACE to consider for the third parcel acquisition of the spur. Mr. Christoffels indicated the unusual circumstance resulted in staff relying on assistance from Caltrans to determine an appraised value for removal of the spur track. It was determined that elimination will offset the cost of the additional work of replacing the spur track that consisted of drainage, sewer and retaining wall construction with a value of \$444,252 which staff requested the Board’s approval as a payment to Majestic Realty.

A motion was made to authorize the Chief Executive Officer to enter into an agreement with Majestic Realty Company in an amount not to exceed \$444,252 for the elimination of an existing rail spur connection on the Fairway Drive grade separation project.

M/S/C/Solis/Hadjinian/Unanimous

11. **Approval of Contract Amendment with WSP for Construction Management Services for the Lemon Avenue Betterment of the Fairway Drive Grade Separation Project** – Mr. Christoffels reminded the Board that in July 2016 the Board approved adding the SR-60 Lemon Avenue on/off ramp betterment to the Fairway Drive grade separation project. He reminded the Board that betterments are additions typically requested by the city and ACE would seek reimbursement for the additional work. Mr. Christoffels reported that contract for construction management services was amended to capture the additional costs required for the addition of Lemon but Caltrans requirement changes and resulting plan and schedule changes resulted in additional costs not captured in the original amendment. He indicated a contract amendment for \$451,714 would cover the estimated additional costs for the betterment changes for this project.

A motion was made to authorize the Chief Executive Officer to execute a contract amendment for construction management services with WSP for a not-to-exceed amount of \$451,714.

M/S/C/Hadjinian/Solis/Unanimous

12. **Approval of Contract Amendment with URS Corporation for Design Services for the Durfee Avenue Grade Separation Project** – Mr. Christoffels indicated the contract with URS initially executed covered lump sum items identified at the time with an expected release of final design scheduled. However, additional costs have incurred due to the extension in putting the project out for bid. Mr. Christoffels indicated the additional costs would be recovered during construction. There were no questions.

A motion was made to authorize the Chief Executive Officer to amend the contract with URS Corporation (URS) to add \$158,096 for additional services for the Durfee Avenue grade separation, for a new contract value of \$6,150,618.

M/S/C/Solis/Sandoval/Unanimous

13. **Adoption of Contract Amendment with AECOM for Construction Management Services for the Puente Avenue Grade Separation Project** – Mr. Christoffels indicated AECOM provides construction management services for the Puente Avenue project which has been affected by third party delays. He reviewed the details that include UPRR crew availability and reminded the Board that when delays occur re-phasing of work is done to ensure work can continue.

A motion was made to authorize the Chief Executive Officer to amend the contract with AECOM to add \$979,996 for additional services for the Puente Avenue grade separation project.

M/S/C/Solis/Martinez/Unanimous

14. **Approval of Amendment to the Waterline Relocation Agreement with Rowland Water District for the Fullerton Road Grade Separation Project** – Mr. Christoffels explained the relocation agreement with Rowland Water District which approved in an amount not to exceed \$1,565,771 in April, 2016 covered specific line relocations. He indicated during the relocation previously unidentified lines were discovered which caused additional relocation work to occur. He indicated the amount necessary to cover the costs of the additional work is \$669,127.

A motion was made to authorize the Chief Executive Officer to execute an amendment to the Waterline Relocation Agreement with Rowland Water District for the design, construction and inspection of private water facilities as part of the Fullerton Road grade separation project for a revised not-to-exceed amount of \$2,225,898.

M/S/C/Solis/Martinez/Unanimous

15. **Approval of Revised Retention Withholding Policy** – Mr. Christoffels reviewed the current retention policy and explained its purpose. He indicated new policies were to reduce the amount withheld from 10% to 5% unless the project is determined

to be complex and of sufficient size which the ACE Projects are. Projects in this category may continue to withhold 10%, however any projects not meeting the criteria would adhere to a 5% withholding.

A motion was made to Board find the ACE's grade separation projects to be of sufficient size and complexity to warrant 10% retention for construction contracts.

M/S/C/Sandoval/Solis/Unanimous

16. **Approval of Assignment of Funds for CalPERS Unfunded Termination Liability** – Mr. Christoffels reviewed the ACE fund balance and indicated ACE's financial auditors suggested ACE assign a portion of the fund balance to maintain an amount to be used for the termination liability of the CalPERS contract. This would release all liability of the SGVCOG and protect the benefits of the employees.

A motion was made to approve an assignment of a portion of the agency's fund balance to the Unfunded Termination Liability currently identified as \$6,347,036 in the most recent and available CalPERS valuation report, dated June 30, 2016.

M/S/C/Solis/Martinez/Unanimous

17. **Approval of Oppose Position on Measures to Repeal SB-1** – Paul Hubler, Director of Government and Community Relations reviewed the potential source of funding provided by SB-1. He reminded the Board that ACE has taken a support position on funding programs that could benefit the Project. He reported that an aggressive campaigns are underway to repeal SB-1 with signature collections to qualify for the ballot. Mr. Hubler reviewed rules for ballot measure advocacy for public agencies and assured the board that staff will comply with applicable rules and regulations. Member Hadjinian reported that the state gas tax jeopardized a recent proposed city sales tax measure in Montebello.

A motion was made to approve an oppose position on proposed statewide ballot measures to appeal Senate Bill 1 and reiterate support for Assembly Constitutional Amendment 5.

M/S/C/Solis/Sandoval/Unanimous

18. **Approval of 2018 Meeting Schedule** – The meeting schedule was discussed. The Board requested the June 4th meeting date changed to May 21st. A motion was made to adopt the revised 2018 meeting schedule.

M/S/C/Hadjinian/Solis/Unanimous

19. **Approval of Extension of Office Lease** – Mr. Christoffels indicated the lease for the ACE office is up in April and the current space accommodates the needs of the

staff. He indicated the staff was requesting approval to extend the office lease for a period of three years.

A motion was made to approve extension of the office lease at 4900 Rivergrade Road Suite A120 Irwindale for a period of three years.

M/S/C/Martinez/Messina/Unanimous

20. **Adjournment** – The next meeting would be held on Monday, January 22 at noon at San Gabriel City Hall. The Board meeting was adjourned at 12:06PM in memory of Frank Napolitano, spouse of Congresswoman Grace Napolitano.

X 

Deanna Stanley
Clerk of the Board



Advanced Construction & Engineering

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Memo to: Capital Projects and Construction Committee Members & Alternates

From: Mark Christoffels
Chief Engineer

Date: January 22, 2018

SUBJECT: Chief Engineer’s Monthly Report

The following are items of note since the last meeting:

SGVCOG/ACE Integration Update – Staff is working on several elements towards the integration of SGVCOG and ACE including:

- Reviewing contracts and agreements for legal counsel to prepare assignments from ACE to SGVCOG;
- New project logo under final review;
- New ACE Project identification replacement name confirmed (Advanced Construction & Engineering);
- Procurement underway to hire a firm to review employee compensation and benefits for preparation of a consolidated plan;
- Irwindale office lease extended to avoid disruption in ongoing project work; and
- Recruitment of Chief Executive Officer is underway.

CTC Vice Chair – ACE joined a dozen other Southern California transportation agencies last month in signing a joint letter urging Governor Brown to re-nominate California Transportation Commission Vice Chair Fran Inman to the Commission. A nationally recognized freight policy expert, Ms. Inman has served on the Commission since 2010. Her term expires in February 2018.

Contracting – ACE’s Administrative Code delegates to the CEO/Chief Engineer the authority to approve new contracts or change orders for previously approved contracts within certain limits, with a requirement that staff formally report such contract action. The CEO/Chief Engineer has approved the following since the last ACE meeting:

Consultant/Vendor	Reason for Change	Change Amount	Total Contract Value
OHL USA, Inc.	Fairway Drive Grade Separation project: Change Order No. 5 – Retaining Wall 89R Acceleration	\$195,815	\$92,151,965
Interior Demolition, Inc.	Demolition & Construction Related Services at Durfee Avenue grade separation project	\$105,500	\$1,187,460

PreScience Corporation	Third-Party Inspection Services for San Gabriel Trench Project	\$20,000	\$20,000
APSI CM	Third-Party Schedule Assessment for San Gabriel Trench Project	\$35,000	\$35,000
WSP	Traffic counts for the Fairway Drive grade separation project	\$4,358	8,670,121
Biggs Cardosa Associates	Traffic counts and UPPR modifications for the Fullerton Road grade separation project	\$31,450	\$11,267,679

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

- Distributed construction alert notices regarding the 55-hour weekend closure of eastbound Fullerton Road on- and off-ramps on State Route 60 for the Fullerton Road project; and
- Conducted ongoing community outreach and support activities for the San Gabriel Trench, Puente Avenue, Fairway Drive and Fullerton Road grade separation projects.



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MEMO TO: Capital Projects and Construction Committee Members & Alternates

FROM: Mark Christoffels, Chief Engineer

DATE: January 23, 2017

SUBJECT: Board Election of Officers

In accordance with the Bylaws of the San Gabriel Valley Council of Governments, at its first regular meeting of every calendar year, the ACE Construction Authority Board of Directors held annual elections to fill the positions of Chair and Vice Chair of the Board. The transition to a Capital Projects and Construction Committee will not be fully implemented until July 1, 2018, at which time the Committee will elect officers to serve one-year terms beginning and ending in July.

Therefore, in accordance with the past practice of the ACE Construction Authority Board of Directors, it is requested that the Committee hold an election to fill the positions of Chair and Vice Chair of the Committee, which officers will serve until the Committee elects its new officers in July of this year.



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Memo to: Capital Projects and Construction Committee Members & Alternates

From: Mark Christoffels
Chief Engineer

Date: January 22, 2018

Subject: Audited Financial Statements for Fiscal Year ending June 30, 2017

RECOMMENDATION: Staff recommends the Committee receive and file the Audited Financial Statements for Fiscal Year ending June 30, 2016

BACKGROUND: In December 2017, the firm of Vasquez & Company LLP completed their comprehensive audit of the financial statements for the ACE Construction Authority for the fiscal year ending June 30, 2017, and transmitted the attached report to staff and the ACE Board of Directors. The report concludes the following:

- In their opinion, the component unit financial statements present fairly, in all material respects, the respective financial position of the governmental activities and major funds of the ACE Construction Authority as of June 30, 2017, and the respective financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.
- No exceptions were taken to their review of the ACE Construction Authority's internal control over financial reporting and their tests of the agency's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters related to financial controls.

In summary, the audits found no discrepancies with the ACE Construction Authority's financial reporting and records for the financial reporting period ending June 30, 2017.

ATTACHMENTS:



Alameda Corridor – East Construction Authority
(A Component Unit of San Gabriel Valley Council of Governments)
Audited Financial Statements
and Supplementary Information
As of and for the Year Ended June 30, 2017
with Report of Independent Auditors

Alameda Corridor – East Construction Authority
(A Component Unit of San Gabriel Valley Council of Governments)
Audited Financial Statements
and Supplementary Information
As of and for the Year Ended June 30, 2017
with Report of Independent Auditors

Alameda Corridor - East Construction Authority
(A Component Unit of San Gabriel Valley Council of Governments)
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Report of Independent Auditors

The Honorable Members of the Board of Directors Alameda Corridor – East Construction Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Alameda Corridor - East Construction Authority (ACE), a component unit of San Gabriel Valley Council of Governments (SGVCOG), which comprise the statement of net position as of June 30, 2017, and the related statement of activities for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alameda Corridor – East Construction Authority as of June 30, 2017, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 11 and the required supplementary information on pages 33 – 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ACE's basic financial statements. The schedule of revenues, expenditures, and changes in fund balance – budget to actual is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of revenues, expenditures and changes in fund balance – budget to actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of revenues, expenditures and changes in fund balance – budget to actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2018, on our consideration of ACE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACE's internal control over financial reporting and compliance.

Vacquez & Company LLP

Los Angeles, California
January 15, 2018

Alameda Corridor - East Construction Authority
(A Component Unit of San Gabriel Valley Council of Governments)
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2017

The management's discussion and analysis (MD&A) of the financial performance and activity of the Alameda Corridor – East Construction Authority (ACE) provides an overview of ACE financial statements for the year ended June 30, 2017. This discussion was prepared by management and should be read in conjunction with the accompanying financial statements and notes, which follow this section.

Background

The San Gabriel Valley Council of Governments (SGVCOG) created ACE in 1998. ACE is a single purpose construction authority established to implement a construction program intended to mitigate the adverse impacts at rail-roadway crossings in the San Gabriel Valley of increasing rail traffic along the nationally significant Alameda Corridor East Trade Corridor. Train counts through the Valley are projected to nearly double by the year 2035 as increasing numbers of freight trains carry freight to and from the nation's busiest container ports in San Pedro Bay.

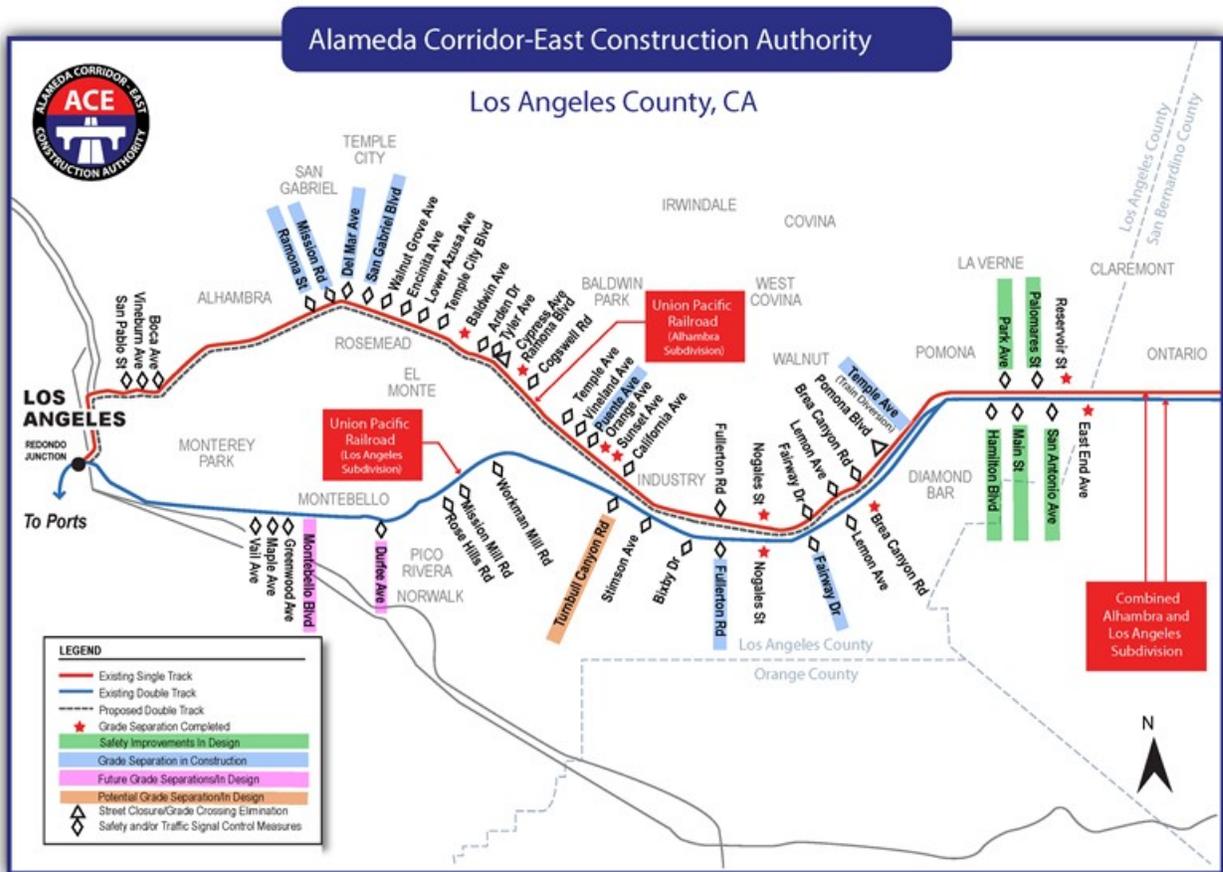
The ACE Project is a comprehensive program of constructing grade separations, where the road goes over or under the railroad, and safety and mobility upgrades at fifty-two crossings in the San Gabriel Valley. Construction has been completed on nine rail-roadway grade separations. Seven additional grade separations and a rail diversion project are under construction. Three grade separation projects are in design along with improved pedestrian and vehicle safety gate at another eight crossings. Safety improvements have been completed at 39 at-grade crossings.

The cost estimate as of June 30, 2017 for the completed safety improvements and 14 grade separations either completed or going into construction is \$1.662 billion.

Projects under construction include the Fullerton Road, Fairway Drive, and Puente Avenue grade separations; the San Gabriel Trench; and the Temple Avenue rail diversion project. Going to construction in 2018 will be the Durfee Avenue grade separation project. Currently in design is the Montebello Corridor Project, the Turnbull Canyon Road Grade Separation Project, and the At-Grade Crossing Safety Improvements.

**Alameda Corridor - East Construction Authority
 (A Component Unit of San Gabriel Valley Council of Governments)
 Management's Discussion and Analysis (Unaudited)
 Year Ended June 30, 2017**

Project Progress During FY 2017						
Project	06/16	09/16	12/16	03/17	06/17	
At-Grade Crossing (212)	Design					
Durfee (208)	Design / ROW Acquisitions					
Fairway Drive (204)	ROW Acquisitions / Construction					
Fullerton (207)	ROW Acquisitions / Construction					
Montebello (209)	ROW Acquisitions / Construction					
Puente Avenue (202)	ROW Acquisitions / Construction					
Nogales - LA (250)	Construction					
S.G. Trench (201)	Construction					
Temple/Pomona (119)	Construction					
Turnbull Canyon (212)	Design					



Alameda Corridor-East Project Area

Alameda Corridor - East Construction Authority
(A Component Unit of San Gabriel Valley Council of Governments)
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As of June 30, 2017, the following funding had been committed to the ACE project:

<u>Federal</u>	ACE Funding Commitments	
	(\$ millions)	
TEA-21 Earmark	\$ 132.6	
Annual Appropriations (FY 2000-10)	21.5	
SAFETEA-LU Earmark	67.3	
Rail-Highway Crossing Program	10.0	
ISTEA (Nogales LA)	6.9	
CMAQ (Nogales LA)	6.3	
Total Federal		\$ 244.7
<u>State</u>		
Trans. Imp. Program (FY 2000-04)	39.0	
PUC Grade Separation Fund	10.0	
Trans. Cong. Relief Prog. (TCRP)	130.3	
Trade Corr. Impr. Fund (TCIF)	420.5	
Hwy. Rail Crossing Safety Act (HRCSA)	46.6	
Total State		\$ 646.4
<u>L.A. County MTA</u>		
17% - Match	259.9	
FY 2007 Call-for-projects	28.8	
Measure R	400.0	
Total L.A. County MTA		\$ 688.7
City/County Funds/MWD Funds	12.1	
Railroad Contributions	40.6	
City/Railroad/Betterments/Property Sales	29.5	
Total ACE Project Funding		<u>\$1,662.0</u>

The committed/pledged amounts may differ slightly from authorized funding due to budgetary holdbacks on multi-year grants, and reflect management's best estimate as to the amount that will be available. Railroad contributions reflect a regulatory ceiling of 5% of construction cost pro-rated over the construction phase of the various projects.

ACE manages its projects to avoid risk wherever possible. All projects are designed to be within the scope allowed by federal, state and local guidelines. The project host city is responsible for paying for any "betterments" not needed for the basic grade separation. In addition, the California Department of Transportation (CalTRANS) must approve each phase - design, right-of-way acquisition and utility relocation, and construction - for reimbursement in advance.

ACE must pay contractors and vendors first before invoicing grantors for reimbursement. Reimbursements are currently running between two to four weeks for CalTRANS (Federal and State funding) and the Los Angeles County Metropolitan Transportation Authority ("Metro") (local funding). Working capital therefore remains a major consideration. ACE and Metro entered into an agreement to provide ACE \$45M subordinate Proposition C Sales Tax Revenue

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Revolving Obligation Construction Fund, which replaced the Grants Anticipation Notes as the primary bridge funding.

Financial Highlights

For the year ended June 30, 2017:

- Net position increased by \$0.9 million, an increase of 6.7%.
- Construction in progress increased by \$103.5 million, an increase of 17.5%.
- Total revenues decreased by \$31.9 million, a decrease of 23.4%.
- Total project expenses decreased by \$31.0 million, a decrease of 23.1%.

Overview of Basic Financial Statements

ACE's basic financial statements consist of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements and (3) Notes to the Basic Financial Statements.

Governmental entities are required to report information on a government-wide basis and on a fund basis (with emphasis placed on major funds of the entity). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The governmental fund financial statements (i.e., the balance sheet and the statement of revenues, expenditures and changes in fund balance) report information on individual funds of the government. A fund is considered to be a separate accounting entity with a self-balancing set of accounts.

Since ACE is engaged in a single governmental activity and it has no component units, the government-wide and governmental fund financial statements have been combined with a reconciliation of the individual line items in a separate column entitled "Adjustments" on the financial statements. The government-wide financial statements are reported in the "Statement of Net Position" and "Statement of Activities" columns. The governmental fund financial statements are reported in the "Capital Projects Fund" column.

Government-wide Financial Statements

The government-wide financial statements are designed to give readers a broad overview of ACE's financial position. These include all of ACE's assets and liabilities, deferred inflows/outflows of resources, revenues and expenses. The accounting basis is full accrual (similar to private sector companies) where ACE's revenues and expenses are reported as the causal event occurs, instead of when the revenue was received or expense paid.

The "Statement of Net Position" is the basic government-wide statement of financial position. It presents information on all of ACE's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position (or equity in the private sector). While large net position might indicate that a governmental agency has not spent all available revenues and other resources, negative net position indicates that the

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agency has overspent. It is management's position to maintain sufficient net position to compensate for any disallowed costs, but to allocate any surplus to construction activities.

The "Statement of Activities" presents ACE's revenues and expenses for the year ended on June 30, 2017. The statement has four primary areas: *project expenses*, *operating revenues*, *nonoperating income (expense)*, and *change in net position*. Expenses are broken out into direct (those expenses that can be identified directly to individual projects) and indirect. The financing income is the interest earned on cash balances less interest and fees paid on the corresponding debt.

Fund Financial Statements

The fund financial statements report information on Capital Projects Fund of ACE. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

ACE, unlike cities, county or state governments, has one activity – construction. All of ACE's activities are classified as a Construction Fund (Capital Projects) with the exception of the amount invested in a deferred compensation plan funded solely by the employees.

Differences between the two sets of financial statements are normally determined by the complexity of the reporting agency and usually revolve around different treatments for fixed assets and depreciation, debt issuance and repayment, and pension-related account balances. ACE's focus on a single activity results in the two statements being very similar.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements and the governmental funds financial statements. The notes can be found on pages 14 through 32 of this report.

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Condensed Statements of Net Position

The following table shows the condensed statements of net position for the past two years:

	June 30		Variance	
	2017	2016	Amount	%
Current and other assets	\$ 100,343,185	\$ 93,669,646	\$ 6,673,539	7.1%
Capital assets	12,335	24,923	(12,588)	-50.5%
Construction in progress	695,912,451	592,444,003	103,468,448	17.5%
Less due to member cities and Union Pacific Railroad	(695,912,451)	(592,444,003)	(103,468,448)	17.5%
Total assets	100,355,520	93,694,569	6,660,951	7.1%
Deferred outflows of resources	2,214,048	1,000,636	1,213,412	121.3%
Liabilities	87,223,814	79,965,009	7,258,805	9.1%
Deferred inflow of resources	515,398	827,531	(312,133)	-37.7%
Net position	\$ 14,830,356	\$ 13,902,665	\$ 927,691	6.7%

All organizations are required to report construction in progress (that is, the sum of prior and current year's construction expense) on the statement of net position as an asset. This would normally be done by treating each year's construction as a capital expense, which would be excluded from the statement of activities. However, the grant reimbursements generated by construction would be included in the statement of activities as revenue. ACE is obligated to transfer components of completed projects to the UPRR and the cities so that they can be included in their financial statements. The resulting reduction in assets would flow through the statement of activities as a loss. The net effect would be to produce widely fluctuating net position and fund balances depending on whether ACE was constructing (surplus) or transferring assets to member cities (deficit).

Therefore, ACE elected to treat construction in progress as a matching asset and liability. This shows the total cost of ACE's projects and the resulting liability to transfer the assets upon completion while not unduly affecting the statement of activities.

Total assets increased by 7.1% to \$100.4 million, mainly due to increases in cash and investments, as one participating city funded future betterment work.

Construction in progress increased by 17.5% to \$695.9 million, primarily because of increased construction activity on San Gabriel Trench, Puente Avenue, Fairway Drive, and Fullerton Road projects.

Unearned revenue increased by 38.6% to \$22.3 million, mainly because of betterment funds received in advance for the Fullerton Road project.

Due to delay in funding from previously approved federal grant, unbilled receivables increased 29.7% to \$31.5 million.

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Condensed Statements of Activities

The following table shows the condensed statements of activities for the years ended June 30, 2017 and 2016.

Total net position increased by \$0.9 million or 6.7% for the year ended June 30, 2017. The increase was due to an adjustment to construction expenses that were incurred in the prior year.

	Years ended June 30		Variance	
	2017	2016	Amount	%
Project Expenses				
Direct (Construction)	\$ 99,658,490	\$ 132,103,266	\$ (32,444,776)	-24.6%
Indirect expenses charged to operations	3,465,867	2,025,888	1,439,979	71.1%
Total project expenses	103,124,357	134,129,154	(31,004,797)	-23.1%
Operating revenues				
Grant reimbursements	104,116,255	133,732,844	(29,616,589)	-22.1%
Other operating revenues	467,489	2,763,634	(2,296,145)	-83.1%
Total revenues	104,583,744	136,496,478	(31,912,734)	-23.4%
Income/(loss) from operations	1,459,387	2,367,324	(907,937)	-38.4%
Nonoperating income (expense)				
Financing income	597,423	499,752	97,671	19.5%
Financing expense	(1,129,119)	(394,603)	(734,516)	186.1%
Net financing income (loss)	(531,696)	105,149	(636,845)	-605.7%
Change in net position	927,691	2,472,473	(1,544,782)	-62.5%
Net position at beginning of year	13,902,665	11,430,192	2,472,473	21.6%
Net position at end of year	\$ 14,830,356	\$ 13,902,665	\$ 927,691	6.7%

Capital Assets

ACE had \$12,335 invested in capital assets, net of depreciation, as of June 30, 2017.

Economic Factors and New Year's Budget

Budget expenditures in fiscal year 2018 increased 10.9% over 2017, as increases in construction were offset by reductions in right-of-way acquisitions. Based on 2018 first quarter expenditures, it is anticipated the 2018 budget will be within 5% of budgeted expenditures.

Requests for Information:

These financial statements are designed to provide citizens, taxpayers, customers, and creditors with a general overview of ACE's finances and to demonstrate accountability for the money it receives. If there are any questions about this report or a need for additional information, please contact ACE, 4900 Rivergrade Road, Suite A120, Irwindale, CA 91706, or call (626) 962-9292.

Alameda Corridor - East Construction Authority
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Governmental Fund Balance Sheet/
Statement of Net Position
June 30, 2017

	Capital Projects Fund	Adjustments	Government Activities Statement of Net Position
ASSETS			
Current assets			
Cash and investments	\$ 47,737,803	\$ -	\$ 47,737,803
Grants receivable	14,383,963	-	14,383,963
Unbilled receivable	31,530,596	-	31,530,596
Notes receivable	150,000	-	150,000
Interest receivable	3,670	-	3,670
Retention receivable	873,136	-	873,136
Prepaid expenses	387,056	-	387,056
Property held for sale	4,260,128	-	4,260,128
Under-recovery of indirect cost	1,016,833	-	1,016,833
Total current assets	100,343,185	-	100,343,185
Noncurrent assets			
Capital assets - Leasehold improvement and equipment	-	12,335	12,335
Construction in progress	-	695,912,451	695,912,451
Less due to member cities and Union Pacific Railroad	-	(695,912,451)	(695,912,451)
Total noncurrent assets	-	12,335	12,335
Total assets	100,343,185	12,335	100,355,520
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	-	2,214,048	2,214,048
Total deferred outflows of resources	-	2,214,048	2,214,048
Total assets and deferred outflows of resources	\$ 100,343,185		
LIABILITIES			
Current liabilities			
Accounts payable and accrued expense	\$ 17,732,271	-	17,732,271
Accrued retention payable	1,131,110	-	1,131,110
Unearned revenue	22,254,454	-	22,254,454
Compensated absences	217,831	-	217,831
MTA promissory note loan	45,000,000	-	45,000,000
Net pension liability	-	888,148	888,148
Total current liabilities	86,335,666	888,148	87,223,814
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	-	515,398	515,398
Total deferred inflows of resources	-	515,398	515,398
FUND BALANCES/NET POSITION			
Fund balance			
Nonspendable for:			
Prepaid expenses	387,056		
Committed:			
CalPERS unfunded termination liability	6,347,036		
Assigned:			
Capital project fund	7,273,427		
Total fund balance	14,007,519		
Total liabilities, deferred inflows of resources and fund balance	\$ 100,343,185		
Net position			
Net investment in capital assets		12,335	12,335
Unrestricted		810,502	14,818,021
Total net position		\$ 822,837	\$ 14,830,356

See notes to financial statements.

Alameda Corridor - East Construction Authority
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Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance/Statement of Activities
Year Ended June 30, 2017

Project Expenses	Capital Projects Fund	Adjustments	Statement of Activities
Direct (Construction)	\$ 101,105,289	\$ (1,446,799)	\$ 99,658,490
Indirect expenses charged to operations	3,478,455	(12,588)	3,465,867
Total project expenses	<u>104,583,744</u>	<u>(1,459,387)</u>	<u>103,124,357</u>
Operating revenues			
Grant reimbursements	104,116,255	-	104,116,255
Other operating revenues	467,489	-	467,489
Total revenues	<u>104,583,744</u>	<u>-</u>	<u>104,583,744</u>
Income from operations	-	1,459,387	1,459,387
Nonoperating income (expense)			
Financing income	597,423	-	597,423
Financing expense	(1,129,119)	-	(1,129,119)
Net nonoperating income (expense)	<u>(531,696)</u>	<u>-</u>	<u>(531,696)</u>
Excess of revenues over expenditures/Change in net position	(531,696)	1,459,387	927,691
Fund balance/Net Position at beginning of year	<u>14,539,215</u>	<u>(636,550)</u>	<u>13,902,665</u>
Fund balance/Net Position at end of year	<u>\$ 14,007,519</u>	<u>\$ 822,837</u>	<u>\$ 14,830,356</u>

See notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The Alameda Corridor - East Construction Authority (ACE) is a component unit of the San Gabriel Valley Council of Governments (SGVCOG).

SGVCOG created ACE in 1998. ACE is a single purpose construction authority established to implement a construction program intended to mitigate the adverse impacts at rail-roadway crossings in the San Gabriel Valley of increasing rail traffic along the nationally significant Alameda Corridor East Trade Corridor. The ACE Project is a comprehensive program of constructing grade separations, where the road goes over or under the railroad, and safety and mobility upgrades at fifty-two crossings in the San Gabriel Valley.

Basis of Accounting

Government-wide financial statements are reported using the full accrual basis of accounting. The statement of activities presents changes in net position (This is equivalent to a statement of income and statement of changes in equity in for-profit entities). Revenues are recorded when earned and expenses are recognized at the time of the causal event.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Expenditures are generally recorded when a liability is incurred.

ACE recognizes grant revenues to the extent reimbursable obligations are earned on or before June 30, 2017, and are therefore the same under both modified accrual and full accrual basis.

Description of Funds

ACE uses funds and account groups to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Governmental Fund

The Capital Projects Fund accounts for the activity of obtaining support from governmental groups, determining funding and specifications for structures needed and to fund the contracts for the grade crossing improvements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the following fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds:

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples are inventories, prepaid expenses, long-term receivables, or non-financial assets held for resale unless the proceeds are restricted, committed or assigned.

Restricted fund balance includes resources that are subject to externally enforceable legal restrictions. It includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors ("Board"), ACE's highest level of decision-making authority. The Board may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specific use through the same type of formal action taken to establish the commitment. The ACE Board of Directors committed \$6,347,036 of its fund balance for CalPERS unfunded termination liability as of June 30, 2017.

Assigned fund balance consists of funds that are set aside for specific purposes by ACE's Board or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balance is the residual classification for all spendable amounts not contained in the other classifications. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The Board delegates the authority to assign fund balance to the Chief Executive Officer for purposes of reporting in the annual financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACE considers the restricted fund balances to have been spent when expenditure is incurred for purposes for which both unrestricted and restricted fund balance is available. ACE considers unrestricted fund balances to have been spent when expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of ACE to reduce the committed amounts first, followed by assigned amounts, and then unassigned amounts.

Budgetary Reporting

It is ACE's policy not to start any phase of a project (i.e., design, right-of-way acquisition, or construction), unless there are sufficient funds to complete that phase. All project related expenses are reimbursable from existing grants and, as such, revenues are not budgeted separately, but derived from budgeted expenditures.

Cash Equivalents

Cash equivalents are those short-term investments readily converted into cash. Deposits with the State of California's Local Agency Investment Fund (LAIF) Operating Fund and the bond portfolio managed by Citizens' Business Bank are considered cash equivalents.

Grant Revenues and Expenditures

All grant agreements are between the SGVCOG and the granting authorities. ACE has been given authority to obtain and administer funding in the name of SGVCOG. The Los Angeles County Metropolitan Transportation Authority (METRO) grant was in existence when ACE was created and all subsequent grants are therefore administered by ACE.

Historically, all grants with the exception of the Union Pacific Railroad (UPRR) contributions are, and are anticipated to be in the future, cost reimbursable. That is, ACE must first incur the expenditure and then bill for reimbursement from the grantors.

Capital assets - Leasehold Improvements and Equipment

Equipment and other improvements that can be capitalized in the government-wide financial statements are recorded as expenditures in the Capital Projects Fund. The threshold for capitalization is \$5,000 in accordance with federal guidelines. On the government-wide financial statements, such items that meet the capitalization threshold are recorded as capital assets and are depreciated based upon their estimated useful lives on a straight-line basis. Useful lives of capital assets are as follows:

Leasehold improvements	10 years
Office furniture	10 years
Computer and telephone equipment	5 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasehold Improvements and Equipment (Continued)

Under GASB Statement No. 34, construction in progress is prepared on the statement of net position as an asset. Therefore, construction costs would normally be capitalized and excluded from the statement of activities. However, the grant reimbursements generated by construction would be included in the statement of activities as program revenue. ACE is obligated to transfer components of completed projects to the UPRR and the member cities so that they can be included in their financial statements. The resulting reduction in assets would flow through the statement of activities as a loss. The net effect would be to produce widely fluctuating net position and fund balances depending on whether ACE was constructing (surplus) or transferring assets to member cities (deficit). Therefore, ACE elected to treat construction in progress as a matching asset and liability. This shows the total cost of ACE's projects and the resulting liability to transfer the assets upon completion while not unduly impacting the statement of activities.

Use of Estimates

The process of presenting financial information requires the use of estimates and assumptions regarding certain assets and liabilities and their related income and expense items. Grant revenues and construction costs are especially vulnerable to such assumptions and accordingly actual results may differ from estimated amounts.

Property Held for Sale

The property held for sale is recorded at the lower of acquisition cost or estimated net realizable value. At June 30, 2017, property held for resale was \$4,260,128.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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Notes to Financial Statements
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NOTE 2 CAPITAL ASSETS

Capital assets are recorded at cost and consist of the following:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Cost:				
Leasehold Improvements	\$ 19,762	\$ -	\$ -	\$ 19,762
Computer Equipment:				
Hardware	214,141	-	-	214,141
Software	114,483	-	-	114,483
Website	3,393	-	-	3,393
Telephone Equipment	12,086	-	-	12,086
Office Furniture	31,972	-	-	31,972
Total cost	<u>395,837</u>	<u>-</u>	<u>-</u>	<u>395,837</u>
Less accumulated depreciation for:				
Leasehold Improvements	19,762	-	-	19,762
Computer Equipment:				
Hardware	191,416	10,830	-	202,246
Software	112,285	1,758	-	114,043
Website	3,393	-	-	3,393
Telephone Equipment	12,086	-	-	12,086
Office Furniture	31,972	-	-	31,972
Total accumulated depreciation	<u>370,914</u>	<u>12,588</u>	<u>-</u>	<u>383,502</u>
Capital assets, net \$	<u>\$ 24,923</u>	<u>\$ (12,588)</u>	<u>\$ -</u>	<u>\$ 12,335</u>

Depreciation expense included in indirect expenses for the year ended June 30, 2017 amounted to \$12,588.

NOTE 3 CASH AND INVESTMENTS

Cash and investments at June 30, 2017 consist of the following:

Cash in bank	\$ 2,713,338
Pooled funds	1,593,497
Money market funds	12,696,181
Investments	30,734,787
Total cash and investments	<u>\$ 47,737,803</u>

Alameda Corridor - East Construction Authority
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Notes to Financial Statements
Year Ended June 30, 2017

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and ACE's Investment Policy

The table below identifies the investment types that are authorized for ACE by the California Government Code ("Code") or ACE's investment policy ("Policy"), which is more restrictive. The table also identifies certain provisions of the Code (or the Policy) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements, rather than the general provisions of the Code or the Policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Notes	5 years	100%	None
Treasury Notes of the State of California	5 years	25%	None
Indebtness of Any Local Agency within CA	5 years	25%	None
U.S. Government Agencies	5 years	50%	15%
Banker's Acceptances	180 days	40%	10%
Commercial Paper	270 days	10%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	90 days	20%	None
Medium-Term Notes	5 years	30%	10%
Shares of Beneficial Interest Issued by Diversified Companies Registered with the SEC	None	20%	10%
State of CA Local Agency Investment Fund (LAIF)	None	None	None
Mortgage-backed Securities	5 years	15%	None

Alameda Corridor - East Construction Authority
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Notes to Financial Statements
Year Ended June 30, 2017

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees is governed by provisions of the debt agreements, rather than the general provisions of the Code or the Policy.

The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed in</u>	<u>Maximum Investment One Issuer</u>
U.S Government Agencies	5 years	42%	15%
Medium-term Notes (Corporate Bonds)	5 years	28%	10%
Mortgage-backed Securities	5 years	7%	None
Certificate of Deposits	5 years	13%	10%
Money Market Funds	None	2%	None
State's Local Agency Investment Fund (LAIF)	None	5%	None
Municipals	None	2%	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that ACE manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of ACE's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of ACE's investments by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
LAIF	\$ 1,593,497	\$ 1,517,010	\$ 46,211	\$ 30,276	\$ -
Money Market Funds	12,696,181	12,696,181	-	-	-
Fidelity Government Portfolio	744,080	744,080	-	-	-
Government Agencies	13,630,070	-	-	13,630,070	-
Certificates of Deposit	4,337,044	-	-	4,337,044	-
Corporate Bonds	9,273,853	-	-	9,273,853	-
Government Mortgages	2,026,852	-	-	2,026,852	-
Municipals	722,888	-	-	722,888	-
Total	<u>\$ 45,024,465</u>	<u>\$ 14,957,271</u>	<u>\$ 46,211</u>	<u>\$ 30,020,983</u>	<u>\$ -</u>

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NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

ACE has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Code, the Policy, or debt agreements, and the actual rating at the end of the year for each investment type.

Investment Type	Total	Minimum Legal Rating	Rating As of June 30, 2017			
			AAA	AA	A	Not Rated
LAIF	\$ 1,593,497	N/A	\$ -	\$ -	\$ -	\$ 1,593,497
Money Market Funds	12,696,181	A	12,696,181	-	-	-
Fidelity Government Portfolio	744,080	N/A	-	-	-	744,080
Government Agencies	13,630,070	A	-	13,630,070	-	-
Certificates of Deposit	4,337,044	N/A	-	-	-	4,337,044
Corporate Bonds	9,273,853	A	-	-	9,273,853	-
Government Mortgages	2,026,852	A	-	2,026,852	-	-
Municipals	722,888	A	258,310	-	464,578	-
Total	\$ 45,024,465		\$ 12,954,491	\$ 15,656,922	\$ 9,738,431	\$ 6,674,621

Concentration of Credit Risk

ACE's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Code. As of June 30, 2017, ACE had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of ACE's total investments other than funds held by the trustees.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

The Code and the Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2017, ACE's deposit of \$15,447,370 with financial institutions is in excess of federal depository insurance limits but are held in collateralized accounts.

As of June 30, 2017, the following investment types were held by the same broker-dealer (counterparty) that was used by ACE to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Money Market Funds	\$ <u><u>12,696,181</u></u>

Investments in State Investment Pool

ACE is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the Code under the oversight of the Treasurer of the State of California. At June 30, 2017, the total fair value of LAIF, including accrued interest was approximately \$77.617 billion. The fair value of ACE's investment in this pool is \$1,593,497 at June 30, 2017 based upon ACE's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). LAIF's (and ACE's) exposure to risk (credit, market or legal) is not currently available.

NOTE 4 METRO PROMISSORY NOTE PAYABLE

In June 2013, ACE entered into a promissory note to borrow up to \$45,000,000, in variable rate, from the Metro to be used as working capital. The note payable balance outstanding at June 30, 2017 amounted to \$45,000,000. Interest rates vary according to market conditions and have ranged from 1.26% to 1.60%. Proceeds from the note payable have been used to pay for construction activities.

NOTE 4 METRO PROMISSORY NOTE PAYABLE (CONTINUED)

The principal amount of the loan is to be used as working capital pursuant to the terms of the *Alameda Corridor East Phase II Grade Separations Master Funding Agreement* ("Master Agreement"), dated June 14, 2013. Except as otherwise provided in the Master Agreement and the promissory note, including, but not limited to, Metro's right to set off against the Measure R and/or Proposition C funds reimbursement due borrower, the entire unpaid balance of the working capital loan, all accrued and outstanding CP costs and any fees are unsecured and due on September 9, 2023, ten years after the first drawdown date. Because this is a revolving construction fund provided by Metro to facilitate the payment to the project contractors of ACE, this loan is not considered as a long-term debt.

NOTE 5 GRANTS RECEIVABLE PROJECTS

During the year ended June 30, 2017, ACE was the recipient, primarily from the U.S. Department of Transportation through California Department of Transportation (CalTRANS), of cost reimbursement type grants. Local matching share funds are also received from Metro. These grants are expenditure driven; funds must be expended before reimbursement is received. Certain amounts have been held back by the grantor agency pending completion of certain phases of contracted work and certain costs incurred may be subject to disallowance. Grants receivable and unbilled grants receivable at June 30, 2017 are shown net of disallowed costs. CalTRANS approved, under Uniform Guidance section 2 CFR 200.516, an indirect overhead allocation formula of 157.2% of total direct salaries and fringe benefit costs. Indirect costs incurred charged to grants for the year ended June 30, 2017 were \$3,108,165.

NOTE 6 EMPLOYEE BENEFIT PLANS

A. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees of ACE (as a component unit of SGVCOG), are eligible to participate in SGVCOG's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and ACE resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

Classic participants (defined as eligible participants prior to January 1, 2013) are required to contribute 7% of their annual covered salary. New participants (defined as eligible employees brought into CalPERS membership for the first time on or after January 1, 2013 PEPRA) contribute at least half the normal cost rate as determined by CalPERS. ACE contributes the remaining amounts necessary to fund the benefits for its employees, using the actuarial basis adopted by the CalPERS Board of Administration.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous Plan	
	<u>Classic</u>	<u>PEPRA</u>
	Prior to Jan. 1, 2013	On or after Jan. 1, 2013
Hire date	2% @ 55	2% @ 62
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50 - 55	52 - 67
Retirement age	2.0% to 2.7%	1.0% to 2.5%
Monthly benefits , as a % of eligible compensation	7.00%	6.25%
Required employee contribution rates	8.38%	6.55%
Required employer contribution rates		

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NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. ACE is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2017, the contributions made by ACE recognized as part of pension expense for the Plan were as follows:

		<u>Miscellaneous Plan</u>
Contributions - employer	\$	<u>421,250</u>

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As a component unit of SGVCOG, ACE was allocated pension liability, pension expense and deferred inflows and outflows of resources based on ACE's share of the pension contribution during the fiscal year 2017.

As of June 30, 2017, ACE reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

		<u>Miscellaneous Plan</u>
Net Pension Liability	\$	<u>888,148</u>

ACE's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. ACE's proportion of the net pension liability was based on a projection of the ACE's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, which is actuarially determined.

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NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

Effective for measurement period 2015, CalPERS provides the GASB Statement No. 68 Accounting Valuation Report for the miscellaneous risk pool and allocation methodology to be used by participants in the risk pool. The schedules of employer allocation include three ratios. It includes allocation for the Total Pension Liability, Plan Fiduciary Net Position and all other pension amounts (e.g. deferred outflows/inflows of resources and pension expense). The Total Pension Liability is allocated based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2015 used for funding purposes. The Plan Fiduciary Net Position is allocated based on the sum of the Plan's Market Value of Assets from the most recent Actuarial Valuation as of June 30, 2015 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities. All other pension amounts (deferred outflows/inflows of resources and pension expense) are allocated based on the legally or statutorily required employer contributions for the fiscal year ended June 30, 2016, including reported contribution adjustments and suspended payroll information.

SGVCOG's proportionate share for pension items as provided by CalPERS are as follows:

	2017
Total pension liability	0.0005212
Plan fiduciary net position	0.0005978
All other pension amounts (deferred outflows/inflows of resources and pension expense)	0.0007990

At June 30, 2017, ACE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

	2017	
	Miscellaneous Plan	
	Classic	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,360,867	\$ -
Differences between actual and expected experience	11,970	(2,024)
Changes in assumption	-	(113,244)
Differences in proportions	-	(26,968)
Changes in employer's proportion	48,468	(334,448)
Differences between the employer's contribution and the employer's proportionate share of contributions	162,724	(38,714)
Net differences between projected and actual earnings on pension plan investments	<u>630,019</u>	<u>-</u>
Total	\$ <u>2,214,048</u>	\$ <u>(515,398)</u>

\$1,360,867 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 22,978
2019	29,608
2020	172,562
2021	112,635
2022	-
Thereafter	-

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NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Salary Increases	(1)
Investment Rate of Return	7.5% (2)
Mortality	(3)
Post-Retirement Benefit Increase	(4)

(1) Varies by entry age and service

(2) Net of pension plan investment and administrative expenses, including inflation

(3) Derived using CalPERS' Membership Data for all funds

(4) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

Alameda Corridor - East Construction Authority
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NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement Nos. 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	51.00%	5.25%	5.71%
Global Debt Securities	20.00%	0.99%	2.43%
Inflation Assets	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrast ructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100%		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents ACE's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what ACE's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		<u>Miscellaneous Plan</u>
1% Decrease		6.65%
Net Pension Liability	\$	1,809,504
Current Discount Rate		7.65%
Net Pension Liability	\$	888,148
1% Increase		8.65%
Net Pension Liability	\$	126,693

C. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. Payable to the Pension Plan

At June 30, 2017, ACE did not have outstanding balance for contributions to the pension plan required for the Year Ended June 30, 2017.

E. Deferred Compensation Plan

ACE has entered into a salary reduction deferred compensation plan for its employees. The plan allows employees to defer a portion of their current income from state and federal taxation. Employees may withdraw their participation at any time by giving written notice at least a week in advance prior to the effective date of the withdrawal. At June 30, 2017, plan assets with a total fair value of \$1,578,809 were held by independent trustees. Accordingly, such amounts are not reflected in the accompanying basic financial statements.

All amounts of compensation deferred under the plans are solely the property and rights of each beneficiary (pursuant to legislative changes effective 1998 to the Internal Revenue Code Section 457, this includes all property and rights purchased and income attributable to these amounts until paid or made available to the employee or other beneficiary).

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NOTE 7 COMMITMENTS AND CONTINGENCIES

As discussed in Note 5, ACE receives reimbursement type grants from federal, state and local sources. Certain expenditures are not subject to reimbursement. Also, there may be disallowed costs. Management's experience in this regard indicates disallowances, if any, will not be material.

In the ordinary course of operations, ACE is the subject of claims and litigations from outside parties. In the opinion of management, there is no pending litigation or unasserted claims, the outcome of which would materially affect ACE's financial position.

Lease

ACE occupies its office from Metropolitan Life Insurance Company subject to a lease expiring April 30, 2018. The monthly base rent, as defined in the lease agreement, follows:

Period from / to	Monthly Rent	Annual Amount
May 1, 2017 to April 30, 2018	\$ 20,834	\$ 250,009
May 1, 2018 to April 30, 2019 ++	21,188	254,259
May 1, 2019 to April 30, 2020 ++	21,824	261,887
May 1, 2020 to April 30, 2021 ++	22,479	269,743
Total lease commitments	\$	1,035,898

++ Proposed

Escrow Agreements for Contract Retention

Pursuant to contracts entered into between ACE and several of its contractors, funds are deposited with an Escrow Agent. The Escrow Agent holds the funds for the benefit of the contractors until the escrow is terminated. The Escrow Agent, contractor or ACE may terminate this Escrow Agreement, with or without cause, by providing 30 days prior written notice to the other parties. In the event of termination of this Escrow Agreement, all the funds on deposit shall be paid to ACE and any accrued interest less escrow fees shall be paid to the contractor. ACE has recognized expenditures related to contract retention payments totaling \$14,890,552 for fiscal year ended June 30, 2017. Funds are deposited in several escrow accounts until release to the contractor is authorized.

NOTE 8 CONSTRUCTION IN PROGRESS AND TRANSFER OF COMPLETED PROJECTS

Except for minor acquisitions that may be sold by ACE when no longer needed, all of the construction projects, when completed, will be deeded and transferred to the UPRR and the cities in which they are located at no cost to the acquirer. At June 30, 2017, \$695,912,451 of costs was accumulated on projects in process and \$463,758,906 had been transferred to UPRR and impacted cities.

Under the modified accrual basis of accounting project expenditures would be reported as expenditures in the year incurred. On the government-wide financial statements conforming to GASB 34 reporting on these transactions would result in (accumulating such costs as construction in progress (i.e., treated as a cash flow expenditure and not a current year expense). This would substantially overstate income while reporting the disposal and expensing the accumulated costs would distort the cost of operations. In both cases, net position would greatly fluctuate, depending on the timing of construction and transfer of the completed projects.

To alleviate this situation, management has elected to record a liability (same amount as the construction in progress) to UPRR and governments likely to be the eventual owner of the improvements/grade separations upon project completion. This approach will minimize the effects both the acquisition of property for construction and the accumulation of construction costs and their eventual disposal.

NOTE 9 SUBSEQUENT EVENTS

ACE has evaluated events subsequent to June 30, 2017 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through January 15, 2018, the date the financial statements were available to be issued. Based upon this evaluation, there were no subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**Alameda Corridor - East Construction Authority
(A Component Unit of San Gabriel Valley Council of Governments)
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Years***

	2017		2016		2015	
	Miscellaneous Plan		Miscellaneous Plan		Miscellaneous Plan	
			Classic	PEPRA	Classic	PEPRA
Proportion of the net pension liability	0.02803%	**	0.04943%	0.000158%	0.01668%	0.00001%
Proportionate share of the net pension liability	\$ 973,847	**	\$ 835,047	\$ (469)	\$ 1,038,037	\$ 126
Covered - employee payroll ⁽¹⁾	\$ 3,422,438	**	\$ 2,769,467	\$ 55,122	\$ 2,764,711	\$ 176,748
Proportionate share of the net pension liability as percentage of covered-employee payroll	28.45%	**	30.15%	-0.85%	37.55%	0.07%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	12.98%	**	87.61%	108.71%	83.03%	83.02%
Plan's proportionate share of aggregate employer contributions ⁽²⁾	\$ 243,174	**	\$ 393,080	\$ 15,076	\$ 137,329	\$ 88
ACE proportionate share of the net pension liability	\$ 888,148					

** Plan pertains to the Miscellaneous Plan of ACE and SGVCOG

* Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

Notes to Schedule

- ¹ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB Statement No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.
- ² The plan's proportionate share of aggregate employer contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

* Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

See report of independent auditors.

**Alameda Corridor - East Construction Authority
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Schedule of Pension Contributions
Last Ten Years***

	2017	2016		2015	
	Miscellaneous Plan*	Miscellaneous Plan		Miscellaneous Plan	
		Classic	PEPRA	Classic	PEPRA
Actuarially determined contributions	\$ 527,296	\$ 306,775	\$ 11,765	\$ 286,167	\$ 10,141
Contributions in relation to the actuarially determined contributions	(527,296) **	(306,775)	(11,765)	(286,167)	(10,141)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 3,422,438	\$ 2,769,467	\$ 55,122	\$ 2,764,711	\$ 176,748
Contributions as a percentage of covered-employee payroll	15.41%	11.08%	21.34%	10.35%	5.74%

** Contributions in relation to the actuarially determined contributions exclude payments made toward the unfunded liability of \$900,000 during the fiscal year 2017.

* Plan pertains to the Miscellaneous Plan of ACE and SGVCOG

Notes to Schedule:

Valuation date June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age normal
Amortization method / Period	Level percent of payroll
Remaining amortization period	15 years as of valuation date
Asset valuation method	5 year Smoothed Market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50%, net of pension plan investment expense and administrative expenses including inflation.
Retirement age	55 years
Mortality	Derived using CalPERS Membership Data for all funds

* Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

See report of independent auditors.

Alameda Corridor - East Construction Authority
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Schedule of Revenues, Expenditures and Changes in Fund Balance
Capital Project Fund - Budget to Actual
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Amended</u> <u>Final</u>		
Revenues				
Reimbursements				
Federal grants	\$ 3,684,740	\$ 3,700,945	\$ 6,026,263	\$ 2,325,318
State grants	101,321,172	101,766,761	56,234,202	(45,532,559)
Local grants	22,446,639	22,545,354	23,912,324	1,366,970
Betterment - Other	4,986,912	5,008,844	17,943,467	12,934,623
Total revenues	<u>132,439,463</u>	<u>133,021,904</u>	<u>104,116,255</u>	<u>(28,905,649)</u>
Operating expenditures				
Construction				
Design	7,569,842	7,569,842	1,915,373	(5,654,469)
Right-of-way acquisition	19,052,985	19,052,985	77,654,948	58,601,963
Construction management	15,533,366	15,533,366	16,598,338	1,064,972
Construction	82,976,627	82,976,627	1,619,056	(81,357,571)
Betterments	4,247,586	4,247,586	3,317,574	(930,012)
Total construction	<u>129,380,406</u>	<u>129,380,406</u>	<u>101,105,289</u>	<u>(28,275,118)</u>
Indirect				
Personnel				
Salaries and wages	1,476,847	1,476,847	1,542,894	66,047
Fringe benefits	766,027	1,348,468	1,332,772	(15,696)
Employee related expenses	37,300	37,300	32,172	(5,128)
Professional services				
Auditing/accounting	41,504	41,504	48,724	7,220
Legal	25,000	25,000	23,498	(1,502)
Brokerage	65,000	65,000	51,271	(13,729)
Insurance	230,000	230,000	170,984	(59,016)
Equipment expense	112,628	112,628	69,409	(43,219)
Office rental expense	244,451	244,451	246,902	2,451
Office operations	52,500	52,500	39,328	(13,172)
Other	7,800	7,800	11,007	3,207
Applied (under) indirect expense	-	-	(557,995)	(557,995)
Total indirect	<u>3,059,057</u>	<u>3,641,499</u>	<u>3,010,967</u>	<u>(630,532)</u>
Total operating expenditures	<u>132,439,463</u>	<u>133,021,905</u>	<u>104,116,255</u>	<u>(28,905,649)</u>
Excess revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Investment revenue	466,300	466,300	597,423	131,123
Interest and related expenses	(421,000)	(421,000)	(1,129,119)	(708,119)
Non-project reimbursable funds	352,436	352,436	371,342	18,906
Non-project reimbursable expense	(352,436)	(352,436)	(371,342)	(18,906)
Intercompany revenue	51,246	51,246	96,147	44,901
Intercompany expense	(51,246)	(51,246)	(96,147)	(44,901)
Net other financing sources (uses)	<u>45,300</u>	<u>45,300</u>	<u>(531,696)</u>	<u>(576,996)</u>
Change in fund balance	<u>45,300</u>	<u>45,300</u>	<u>(531,696)</u>	<u>(576,996)</u>
Fund balance at beginning of year	14,539,215	14,539,215	14,539,215	-
Fund balance at end of year	\$ <u>14,584,515</u>	\$ <u>14,584,515</u>	\$ <u>14,007,519</u>	\$ <u>(576,996)</u>

See report of independent auditors.

**Report of Independent Auditors on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**The Honorable Members of the Board of Directors
Alameda Corridor – East Construction Authority**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Alameda Corridor – East Construction Authority (ACE), a component unit of San Gabriel Valley Council of Governments, as of and for the Year Ended June 30, 2017, and the related notes to the financial statements, which collectively comprise ACE's basic financial statements, and have issued our report thereon dated January 15, 2018.

Internal Control over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Vazquez & Company LLP". The signature is written in a cursive, flowing style.

Los Angeles, California
January 15, 2018



www.vasquezcpa.com

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Memo to: Capital Projects and Construction Committee Members & Alternates

From: Mark Christoffels
Chief Engineer

Date: January 22, 2018

SUBJECT: Receive and File: Quarterly Project Progress & Financial Reports

RECOMMENDATION: Receive and file the ACE Program Quarterly Progress Reports for the period covering the 2nd quarter of Fiscal Year 2018.

BACKGROUND: To keep the ACE Board as well as the interested public informed about ACE's progress in designing and constructing the projects in the adopted ACE program, staff prepares and submits to the Board progress reports on a quarterly basis. The attached reports are prepared by the Project Managers for each respective active ACE project and provide a one-page summary of expenditures, schedules, work completed and to be done, as well as any areas of concerns. In addition to these reports, staff will make an oral presentation to provide updates on the following for the period from October 1, 2017 through December 31, 2017:

- Major Activities Completed
- Construction and Design Progress
- Current Project Schedules
- Current Project Cost Estimates
- Project Funding

**ALAMEDA CORRIDOR-EAST PHASE II
AT-GRADE CROSSING SAFETY IMPROVEMENTS (City of Pomona)**

As of December 2017

LOCATION: Pomona	CONSTRUCTION MANAGER: TBD
DESIGN CONSULTANT: Railpros	CONTRACTOR: TBD

PHOTO Pedestrian Crossing at Main Street	WORK COMPLETED PAST QUARTER
	<ul style="list-style-type: none"> Completed and Submitted Draft 35% Plans to City for Review Performed Additional Traffic Analysis for San Antonio Avenue Developed Detailed Design Concepts to Address ADA Concerns Completed the Geotechnical Report

EXPENDITURE STATUS (\$ in Millions)				SCHEDULE ASSESSMENT			
ACTIVITIES	PERCENT EXPENDED	\$ CURRENT ESTIMATE	\$ EXPENDED AMOUNT	MAJOR SCHEDULE ACTIVITIES	PRIOR PLAN	CURRENT PLAN	VARIANCE WEEKS +/-
DESIGN (35% only)	100%	\$4.5	\$1.8	Environmental			
				Statutory Exemption	Jan-18	Feb-18	5
RIGHT-OF-WAY	0%	\$1.1	\$0.0	Design			
				Notice To Proceed	May-15 A	May-15 A	
				Final PS&E Complete	Apr-19	May-19	4
CONSTRUCTION	0%	\$17.4	\$0.0	Right-of-Way			
				All Parcels Available	N/A	N/A	
TOTAL	8%	\$22.9	\$1.8	Construction			
				Notice To Proceed	Dec-19	Jan-20	4
				Construction Complete	Nov-20	Dec-20	4

AREAS OF CONCERN	CRITICAL ACTIVITIES / 3 MONTH LOOK AHEAD
	<ul style="list-style-type: none"> Complete Review of 35% Plans Submit 35% Plans to UPRR for Review Complete the Final Hydrology and Hydraulics Report Submit Project Design Report to ACE Board Begin 65% Design Phase

ROW ACQUISITION	Plan	Acquired	Remaining
o Permanent Parcels	0	0	0
o Temporary Parcels	0	0	0
o Total Parcels	0	0	0

**ALAMEDA CORRIDOR-EAST PHASE II
GRADE SEPARATION - DURFEE AVENUE (City of Pico Rivera)**

As of December 2017

LOCATION: Pico Rivera	CONSTRUCTION MANAGER: PreScience
DESIGN CONSULTANT: URS	CONTRACTOR: TBD

PHOTO Traffic Back-up at Crossing	WORK COMPLETED PAST QUARTER
	<ul style="list-style-type: none"> ▪ Continued Stakeholder, Utility, and Other Agency Coordination ▪ Resubmitted 100% track design to UPRR for review ▪ Received structural review comments from UPRR ▪ Continued ROW Acquisition and Relocation Activities ▪ Started demolition of 208A ▪ Continued Coordination with Private Property Owners for Final Approval of Site Improvements ▪ Provided support for eminent domain legal proceedings ▪ Submitted Draft C&M to UPRR for Review ▪ Continued Preparation of Draft ROW Certification for Caltrans' Review ▪ Completed Constructability Review and Workshop with New CM

EXPENDITURE STATUS (\$ in Millions)				SCHEDULE ASSESSMENT			
ACTIVITIES	PERCENT EXPENDED	\$ CURRENT ESTIMATE	\$ EXPENDED AMOUNT	MAJOR SCHEDULE ACTIVITIES	PRIOR PLAN	CURRENT PLAN	VARIANCE WEEKS +/-
DESIGN	85%	\$9.6	\$8.3	Environmental			
				NEPA/CEQA	Jul-14 A	Jul-14 A	
RIGHT-OF-WAY	54%	\$32.6	\$17.9	Design			
				Notice To Proceed	Oct-12 A	Oct-12 A	
				Final PS&E Complete	Apr-18	Apr-18	3
CONSTRUCTION	0%	\$48.9	\$0.0	Right-of-Way			
				All Parcels Available	Mar-18	Mar-18	0
TOTAL	29%	\$91.1	\$26.2	Construction			
				Notice To Proceed	Oct-18	Dec-18	9
				Construction Complete	Apr-21	Jun-21	9

AREAS OF CONCERN				CRITICAL ACTIVITIES / 3 MONTH LOOK AHEAD			
				<ul style="list-style-type: none"> ▪ Continue Stakeholder, Utility, and Other Agency Coordination ▪ Resubmit structural package to UPRR for review ▪ Continue ROW Acquisition and Relocation Activities ▪ Complete Demolition Bid Package for 208D ▪ Continue Coordination with Private Property Owners for Final Approval of Site Improvements ▪ Provide support for eminent domain legal proceedings ▪ Obtain Reviews and Signatures for C&M ▪ Continue Preparation of Draft ROW Certification for Caltrans' Review 			
ROW ACQUISITION	Plan	Acquired	Remaining				
o Permanent Parcels	48	11	37				
o Temporary Parcels	42	3	39				
o Total Parcels	90	14	76				

**ALAMEDA CORRIDOR-EAST PHASE II
GRADE SEPARATION - FAIRWAY AVENUE (LA Sub)(City of Industry)**

As of December 2017

LOCATION: City of Industry	CONSTRUCTION MANAGER: PB Americas
DESIGN CONSULTANT: CH2M Hill	CONTRACTOR: OHL USA

PHOTO Sewer Line Receiving Pit	WORK COMPLETED PAST QUARTER
	<p>Continued the construction of retaining walls #5 & #6.</p> <p>Began the demolition and grading underneath Pomona Freeway</p> <p>Lemon Avenue Ramps Construction:-</p> <p>Completed the LCB paving along WB on-ramp.</p> <p>Began sound wall construction on EB off-ramp.</p> <p>Continued on with retaining wall pour along EB on-ramp</p> <p>Completed the median work along Lemon and Golden Springs Drive</p>

EXPENDITURE STATUS (\$ in Millions)				SCHEDULE ASSESSMENT			
ACTIVITIES	PERCENT EXPENDED	\$ CURRENT ESTIMATE	\$ EXPENDED AMOUNT	MAJOR SCHEDULE ACTIVITIES	PRIOR PLAN	CURRENT PLAN	VARIANCE WEEKS +/-
DESIGN	100%	\$8.2	\$8.2	Environmental			
				IS/ND	Oct-12 A	Oct-12 A	
RIGHT-OF-WAY	90%	\$30.1	\$27.7	Design			
				Notice To Proceed	Apr-11 A	Apr-11 A	
				Final PS&E Complete	Jul-14 A	Jul-14 A	
CONSTRUCTION	45%	\$140.6	\$50.3	Right-of-Way			
				All Parcels Available	Apr-14 A	Apr-14 A	
TOTAL	48%	\$178.9	\$86.1	Construction			
				Notice To Proceed	Dec-14 A	Dec-14 A	
				Construction Complete	Jan-21	Aug-21	31

AREAS OF CONCERN	CRITICAL ACTIVITIES / 3 MONTH LOOK AHEAD
<p>Groundwater dewatering needs to be maintained to allow construction to continue</p> <p>Shoofly needs to be approved by UPRR to avoid project delay.</p>	<p>SCG needs to get start on the 30" transmission line relocation by Jan.</p> <p>City County and Caltrans need to grant approval of the proposed 8-week closure for Fairway roadway work</p>

ROW ACQUISITION	Plan	Acquired	Remaining
o Permanent Parcels	42	13	29
o Temporary Parcels	26	14	12
o Total Parcels	68	27	41

**ALAMEDA CORRIDOR-EAST PHASE II
GRADE SEPARATION - FULLERTON ROAD (City of Industry)**

As of December 2017

LOCATION: City of Industry	CONSTRUCTION MANAGER: Berg & Associates
DESIGN CONSULTANT: Biggs Cardosa Associates	CONTRACTOR: Shimmick Construction Co

<p>PHOTO Pump Station Influent Line</p> 	<p>WORK COMPLETED PAST QUARTER</p> <ul style="list-style-type: none"> Placed temporary signals south of SR-60 Placed temporary lighting on North Fullerton Road Continued NB Fullerton Road Outside Widening Started stormwater influent to Pump Station Constructed storm drain Line G Installed electrical service cabinets for lighting, signals, and ramp metering south of SR-60
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EXPENDITURE STATUS (\$ in Millions)				SCHEDULE ASSESSMENT			
ACTIVITIES	PERCENT EXPENDED	\$ CURRENT ESTIMATE	\$ EXPENDED AMOUNT	MAJOR SCHEDULE ACTIVITIES	PRIOR PLAN	CURRENT PLAN	VARIANCE WEEKS +/-
DESIGN	100%	\$10.7	\$10.7	Environmental			
				Categorical Exemption IS/ND	Oct-13 A	Oct-13 A	
RIGHT-OF-WAY	95%	\$26.6	\$21.0	Design			
				Notice To Proceed	Oct-12 A	Oct-12 A	
				Final PS&E Complete	Dec-15 A	Dec-15 A	
CONSTRUCTION	19%	\$115.1	\$21.8	Right-of-Way			
				All Parcels Available	Oct-15 A	Oct-15 A	
TOTAL	35%	\$152.4	\$53.6	Construction			
				Notice To Proceed	Jul-16	Jul-16 A	
				Construction Complete	Dec-20	Dec-20	0

<p>AREAS OF CONCERN</p> <p>Frontier communications relocation delay is delaying North Fullerton Road work</p>	<p>CRITICAL ACTIVITIES / 3 MONTH LOOK AHEAD</p> <ul style="list-style-type: none"> Complete South Fullerton Road widening outside lanes Complete North Fullerton Road widening outside lanes Pump Station electrical/mechanical Construct SR-60 On/Off Ramps Start North Fullerton Road improvements 																
<table border="1"> <thead> <tr> <th>ROW ACQUISITION</th> <th>Plan</th> <th>Acquired</th> <th>Remaining</th> </tr> </thead> <tbody> <tr> <td>o Permanent Parcels</td> <td>37</td> <td>25</td> <td>12</td> </tr> <tr> <td>o Temporary Parcels</td> <td>20</td> <td>16</td> <td>4</td> </tr> <tr> <td>o Total Parcels</td> <td>57</td> <td>41</td> <td>16</td> </tr> </tbody> </table>	ROW ACQUISITION	Plan	Acquired	Remaining	o Permanent Parcels	37	25	12	o Temporary Parcels	20	16	4	o Total Parcels	57	41	16	
ROW ACQUISITION	Plan	Acquired	Remaining														
o Permanent Parcels	37	25	12														
o Temporary Parcels	20	16	4														
o Total Parcels	57	41	16														

**ALAMEDA CORRIDOR-EAST PHASE II
GRADE SEPARATION - Various (Montebello)**

As of December 2017

LOCATION: Montebello	CONSTRUCTION MANAGER: TBD
DESIGN CONSULTANT: Moffat & Nichol	CONTRACTOR: TBD

PHOTO Montebello Boulevard	WORK COMPLETED PAST QUARTER
	<ul style="list-style-type: none"> ▪ Worked with Property Owners to Obtain Right-of-Entries for Phase II Site Investigation ▪ Continued Coordination with Stakeholders and Impacted Property Owners ▪ Continued work on the 35% Prelim Engineering Plan Development ▪ Performed Additional Soil Borings ▪ Completed CEQA for Montebello Grade Separation and At-Grade Improvements ▪ Completed Draft CEQA for Maple Ped OH Structure ▪ Completed Draft Structures and Geotech Reports

EXPENDITURE STATUS (\$ in Millions)				SCHEDULE ASSESSMENT			
ACTIVITIES	PERCENT EXPENDED	\$ CURRENT ESTIMATE	\$ EXPENDED AMOUNT	MAJOR SCHEDULE ACTIVITIES	PRIOR PLAN	CURRENT PLAN	VARIANCE WEEKS +/-
DESIGN (35% only)	31%	\$13.5	\$4.7	Environmental			
				CEQA/NEPA	May-18	May-18	0
RIGHT-OF-WAY	2%	\$29.7	\$0.6	Design			
				Notice To Proceed	Sep-15 A	Sep-15 A	
				Final PS&E Complete	Nov-19	Nov-19	0
CONSTRUCTION	0%	\$116.9	\$0.0	Right-of-Way			
				All Parcels Available	Nov-19	Nov-19	0
TOTAL	3%	\$160.0	\$5.3	Construction			
				Notice To Proceed	Apr-20	Apr-20	0
				Construction Complete	Apr-23	Apr-23	0

AREAS OF CONCERN				CRITICAL ACTIVITIES / 3 MONTH LOOK AHEAD			
				<ul style="list-style-type: none"> ▪ Obtain Right-of-Entries for Phase II Site Investigation ▪ Begin the Phase II Site Investigation ▪ Continue Coordination with Stakeholders and Impacted Property Owners ▪ Complete and Submit 35% Plans ▪ Complete Final Hydrology and Hydraulics Memorandum ▪ Perform Additional Soil Borings and Complete Geotechnical Foundation Reports ▪ Complete Traffic Study Addendum ▪ Complete 10% Submittal for UPRR for Track Design ▪ Complete 25% Submittal for UPRR for At-Grade Improvements ▪ Complete CEQA for Maple Ped OH Structure 			
ROW ACQUISITION	Plan	Acquired	Remaining				
o Permanent Parcels	26	1	25				
o Temporary Parcels	44	0	44				
o Total Parcels	70	1	69				

**ALAMEDA CORRIDOR-EAST PHASE I
GRADE SEPARATION - NOGALES ST. (LA SUB) (INDUSTRY)**

As of December 2017

LOCATION: City of Industry	CONSTRUCTION MANAGER: PB Americas
DESIGN CONSULTANT: AECOM	CONTRACTOR: Griffith Company

<p>PHOTO Traffic on new Nogales Street</p> 	<p>WORK COMPLETED PAST QUARTER</p> <p>Continued to work with City and RWD to resolve interim ground water dewatering arrangements, obtained discharge permit from LACSD.</p> <p>Continued with the out-grant of property process with agencies.</p> <p>Continued on with the Project Closeout.</p>
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EXPENDITURE STATUS (\$ in Millions)				SCHEDULE ASSESSMENT			
ACTIVITIES	PERCENT EXPENDED	\$ CURRENT ESTIMATE	\$ EXPENDED AMOUNT	MAJOR SCHEDULE ACTIVITIES	PRIOR PLAN	CURRENT PLAN	VARIANCE WEEKS +/-
DESIGN	100%	\$4.7	\$4.7	<i>Environmental</i>			
				IS/EA	Sep-09 A	Sep-09 A	
RIGHT-OF-WAY	95%	\$50.3	\$47.8	<i>Design</i>			
				Notice To Proceed	Jul-08 A	Jul-08 A	
				Final PS&E Complete	Dec-09 A	Dec-09 A	
CONSTRUCTION	99%	\$65.8	\$64.9	<i>Right-Of-Way</i>			
				All Parcels Available	Mar-12 A	Mar-12 A	
TOTAL	97%	\$120.8	\$117.4	<i>Construction</i>			
				Notice To Proceed	Jan-13 A	Jan-13 A	
				Construction Complete	Jun-16 A	Jun-16 A	

AREAS OF CONCERN				CRITICAL ACTIVITIES / 3 MONTH LOOK AHEAD			
ROW ACQUISITION	Plan	Acquired	Remaining				
o Permanent Parcels	2	2	0				
o Temporary Parcels	40	40	0				
o Total Parcels	42	42	0				

**ALAMEDA CORRIDOR-EAST PHASE II
GRADE SEPARATION - PUENTE AVENUE (City of Industry)**

As of December 2017

LOCATION: City of Industry	CONSTRUCTION MANAGER: AECOM
DESIGN CONSULTANT: Moffatt & Nichol	CONTRACTOR: OHL USA

PHOTO Installation of UPRR Steel Beams	WORK COMPLETED PAST QUARTER
	<p>UPRR has completed the cutover to new mainline Puente overall construction continues 2nd have of Railroad bridge continues</p>

EXPENDITURE STATUS (\$ in Millions)				SCHEDULE ASSESSMENT			
ACTIVITIES	PERCENT EXPENDED	\$ CURRENT ESTIMATE	\$ EXPENDED AMOUNT	MAJOR SCHEDULE ACTIVITIES	PRIOR PLAN	CURRENT PLAN	VARIANCE WEEKS +/-
DESIGN	100%	\$9.4	\$9.4	Environmental			
				Statutory Exemption	Apr-12 A	Apr-12 A	
RIGHT-OF-WAY	100%	\$30.8	\$25.5	Design			
				Notice To Proceed	Apr-11 A	Apr-11 A	
				Final PS&E Complete	Mar-14 A	Mar-14 A	
CONSTRUCTION	64%	\$57.1	\$41.6	Right-of-Way			
				All Parcels Available	Jan-14 A	Jan-14 A	
TOTAL	79%	\$97.4	\$76.5	Construction			
				Notice To Proceed	Sep-14 A	Sep-14 A	
				Construction Complete	Dec-18	Jan-19	5

AREAS OF CONCERN	CRITICAL ACTIVITIES / 3 MONTH LOOK AHEAD
Pump station needs to be activated and turned over to the City	Pump station completion will be critical to completing the project. Various utilities need to be completed in order to open Puente to the public

ROW ACQUISITION	Plan	Acquired	Remaining
o Permanent Parcels	32	24	8
o Temporary Parcels	3	3	0
o Total Parcels	35	27	8

**ALAMEDA CORRIDOR-EAST PHASE II
SAN GABRIEL TRENCH (City of San Gabriel)**

As of December 2017

LOCATION: City of San Gabriel	CONSTRUCTION MANAGER: Jacobs Engineering
DESIGN CONSULTANT: Moffatt & Nichol	CONTRACTOR: Walsh Construction

PHOTO	2nd Phase of CIDH Installation	WORK COMPLETED PAST QUARTER
		<p>Majority of the Haul Route Betterment work has been completed Railroad shoofly has been removed 2nd phase of wall work has begun 2nd half of Alhambra Wash bridge has begun</p>

EXPENDITURE STATUS (\$ in Millions)				SCHEDULE ASSESSMENT			
ACTIVITIES	PERCENT EXPENDED	\$ CURRENT ESTIMATE	\$ EXPENDED AMOUNT	MAJOR SCHEDULE ACTIVITIES	PRIOR PLAN	CURRENT PLAN	VARIANCE WEEKS +/-
DESIGN	100%	\$33.5	\$33.5	<i>Environmental</i>			
				Statutory Exemption			
RIGHT-OF-WAY	100%	\$32.5	\$30.7	<i>Design</i>			
				NTP for Prel Design			
				Complete Prel Design			
				100 % Submittal			
CONSTRUCTION	85%	\$227.7	\$197.7	<i>Right-of-Way</i>			
				All Parcels Available			
TOTAL	89%	\$293.7	\$261.9	<i>Construction</i>			
				Notice To Proceed			
				Construction Complete			

AREAS OF CONCERN				CRITICAL ACTIVITIES / 3 MONTH LOOK AHEAD			
				2nd half Wall, and Invert pours will dictate when completion date will be accomplished.			
ROW ACQUISITION	Plan	Acquired	Remaining				
o Permanent Parcels	64	64	0				
o Temporary Parcels	62	62	0				
o Total Parcels	126	126	0				

**ALAMEDA CORRIDOR-EAST PHASE II
GRADE SEPARATION - TURNBULL CANYON ROAD (LA SUB)**

As of December 2017

LOCATION:	City of Industry	CONSTRUCTION MANAGER:	TBD
DESIGN CONSULTANT:	HNTB	CONTRACTOR:	TBD

PHOTO	Turnbull Overpass Rendering	WORK COMPLETED PAST QUARTER
		<p>Provided proposed conceptual design to City of Industry and LA County Public Works which includes design exception request. Obtained CEQA Statutory Exemption.</p>

EXPENDITURE STATUS (\$ in Millions)				SCHEDULE ASSESSMENT			
ACTIVITIES	PERCENT EXPENDED	\$ CURRENT ESTIMATE	\$ EXPENDED AMOUNT	MAJOR SCHEDULE ACTIVITIES	PRIOR PLAN	CURRENT PLAN	VARIANCE WEEKS +/-
DESIGN	8%	\$10.1	\$0.9	<i>Environmental</i>			
				Statutory Exemption	Mar-18	Mar-19	53
RIGHT-OF-WAY	0%	\$33.9	\$0.0	<i>Design</i>			
				NTP for Prel Design	Feb-17A	Feb-17A	
				Complete Prel Design	Feb-18	May-18	16
				100 % Submittal	Apr-19	Jun-19	11
CONSTRUCTION	0%	\$42.3	\$0.0	<i>Right-of-Way</i>			
				All Parcels Available	Oct-19	Oct-19	0
TOTAL	1%	\$86.2	\$0.9	<i>Construction</i>			
				Notice To Proceed	Apr-20	Dec-19	(16)
				Construction Complete	Apr-22	Sep-22	23

AREAS OF CONCERN				CRITICAL ACTIVITIES / 3 MONTH LOOK AHEAD			
<p>If City of Industry and LA County Public Works does not accept the substational currently waiting for a formal response from both entities.</p>				<p>Obtaining design exception approval from City of Industry and La County Public Works Starting 35% Design and Environmental NEPA Clearance in order to be eligible for Federal Funds.</p>			
ROW ACQUISITION	Plan	Acquired	Remaining				
o Permanent Parcels	TBD	TBD	0				
o Temporary Parcels	TBD	TBD	0				
o Total Parcels	0	0	0				



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Memo to: Capital Projects and Construction Committee Members & Alternates

From: Mark Christoffels
Chief Engineer

Date: January 22, 2018

SUBJECT: Receive and File: Environmental Mitigation Monitoring Reports

RECOMMENDATION: Receive and file the ACE Environmental Mitigation Monitoring Reports for the period covering the 2nd quarter of Fiscal Year 2018.

BACKGROUND: Appended to this report are the quarterly environmental mitigation monitoring and public contact reports for each of ACE's projects currently in construction. The monitoring reports track compliance during construction with environmental mitigations and best management practices, as well as a summary of third part complaints and ACE's response.



Construction Mitigation Measure Matrix
Alameda Corridor-East Project
4th Quarter Report (October 1, 2017 – December 31, 2017)
Fairway Drive Grade Separation Project

Mitigation Measure		Mitigation Complete	
<u>Air quality</u>		YES	NO
1.	Use low sulfur fuel in construction equipment	<input checked="" type="checkbox"/>	
2.	Minimize Dust by Watering (Rule 403)	<input checked="" type="checkbox"/>	
3.	Cover Haul Trucks and Operate less than 15 MPH	<input checked="" type="checkbox"/>	
4.	Suspend construction operations in unpaved areas when winds are more than 25 MPH	<input checked="" type="checkbox"/>	
5.	Ballast wetted as it is unloaded from haul trucks	<input checked="" type="checkbox"/>	
6.	Asphalt paving materials comply with SCAQMD Rule 453 regarding compliant paving material	<input checked="" type="checkbox"/>	

<u>Archaeo & Paleo Monitoring</u>		YES	NO
7.	Worker education and briefing of monitoring archaeologists and construction inspectors conducted prior to construction	<input checked="" type="checkbox"/>	Worker education briefing was conducted on July 20, 2015
8.	Conduct Paleontological Monitoring where excavation exceeds 1.5 meters (5 ft.) below ground surface (may be reduced as warranted)	<input checked="" type="checkbox"/>	
9.	Plan in place for preservation and curation of significant paleontologic resources that may be discovered	<input checked="" type="checkbox"/>	Archaeo/Paleo Resource Monitoring, Mitigation and Curation Plan, LSA, January 30, 2015

<u>Noise & Vibration</u>		YES	NO
10.	Conduct construction in a manner that minimizes noise and maintains noise levels below City limits at noise sensitive land uses	<input checked="" type="checkbox"/>	
11.	Use effective noise mufflers on equipment	<input checked="" type="checkbox"/>	
12.	Minimize noise during the evening, at nighttime, week-ends and holidays	<input checked="" type="checkbox"/>	
13.	Noise monitoring conducted to demonstrate compliance with noise limits		<input checked="" type="checkbox"/> There are no sensitive noise receptors. No pile driving is being conducted

14.	Vibration monitoring performed during vibration-intensive activities	<input checked="" type="checkbox"/>	Preconstruction bldg. condition video is on file at construction office for pre/post construction comparison of bldg. conditions. No pile driving during this phase.	
15.	Noise blanket used to reduce increased noise level during operation of detour route during construction			<input checked="" type="checkbox"/>

Water Quality & Erosion

		YES	NO
16.	No detrimental discharge into drainages and bodies of water	<input checked="" type="checkbox"/>	
17.	A Storm Water Pollution Prevention Plan (SWPPP) is available on-site from the RE	<input checked="" type="checkbox"/>	
18.	Construction BMPs used to minimize erosion per SWPPP	<input checked="" type="checkbox"/>	
19.	Retaining walls constructed for long-term slope stabilization	<input checked="" type="checkbox"/>	
20.	Erosion prevention planting used in conjunction with a geofabric, where feasible		<input checked="" type="checkbox"/> N/A in this phase of construction

Hazardous Material/Wastes

		YES	NO
21.	Construction materials that may adversely affect groundwater stored away from excavation and in a contained area (protected by a berm)	<input checked="" type="checkbox"/>	
22.	Construction equipment and materials checked daily for leaks and repaired immediately	<input checked="" type="checkbox"/>	
23.	Hazardous waste (including dewatering waste water, aerially deposited lead, etc.) disposed of in accordance with federal, state, and local regulations	<input checked="" type="checkbox"/>	

Biological Resources

		YES	NO
24.	Bird surveys conducted prior to pruning and/or tree removal	<input checked="" type="checkbox"/>	Yes. Tree removal scheduled outside of the nesting bird season. Ficus

	trees (not a protected species) removed.	
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General Construction Conditions

	YES	NO
25. On-site construction manager available at all times	<input checked="" type="checkbox"/>	
26. Minimize interruption to utility services	<input checked="" type="checkbox"/>	
27. Mobile and stationary equipment maintained in proper working order	<input checked="" type="checkbox"/>	
28. Non-potable water used for construction activities, when feasible		<input checked="" type="checkbox"/> Non-potable water is not available nearby

Traffic

	YES	NO
29. Construction coordinated with other major public or private construction projects within a one-mile radius and construction contracts scheduled to avoid overlapping major activities	<input checked="" type="checkbox"/> Ongoing coordination with the Lemon On/off-ramp project.	
30. Haul route should minimize intrusion to residential areas	<input checked="" type="checkbox"/>	
31. Bridge construction that requires street closure scheduled so only one crossing in an area is affected at one time	<input checked="" type="checkbox"/> Fairway is open	
32. Local residents and businesses notified in advance of proposed construction activities and road closures	<input checked="" type="checkbox"/>	
33. Detour route to bypass construction area provided during Fairway Drive closure for bridge construction	<input checked="" type="checkbox"/> Current closures: Fairway Drive NB and SB reduced from 2 lanes to 1 lane each direction at Business Pkwy.	
34. Advance notice of proposed transit reroutes and any other changes in stops and service made	<input checked="" type="checkbox"/> Ongoing coordination with LA Metro and Foothill Transit	
35. Traffic handling plans approved by the City of Industry	<input checked="" type="checkbox"/>	
36. Coordinate with City of Industry, LA County and Caltrans to provide advance notice of proposed traffic detours and their duration to the public	<input checked="" type="checkbox"/>	
37. Coordination with Caltrans (including frwy signage) and City of Industry to ensure acceptable traffic operations are maintained on SR-60 segment from WB off-ramp to intersection of Fairway Drive and Gale Avenue/Walnut Drive	<input checked="" type="checkbox"/>	

Public Contacts Quarterly Report

DATE	CONTACT	QUERY	RESOLUTION
10/20/17	Resident	Complaint regarding traffic congestion due to construction activities.	Contractor directed to expedite completion of work. Provided construction schedule.
11/2/17	Resident	Report pothole on roadway.	Contractor requested to address concerns.
11/8/17	Resident	Report water leak in home.	Staff determined leak and damage due to pre-existing condition. Claim form provided.
11/10/17	Resident	Report injury within construction area.	Staff investigated incident. Claim form provided.
11/14/17	Resident	Inquiry regarding construction schedule.	Information provided.
11/15/17	Resident	Inquiry regarding construction schedule.	Information provided.
12/4/17	Resident	Inquiry regarding status of claim.	Contractor directed to respond.



Construction Mitigation Measure Matrix
Alameda Corridor-East Project
4th Quarter Report (October 1, 2017 – December 31, 2017)
Fullerton Road Grade Separation Project

Mitigation Measure	Mitigation Complete	
	YES	NO
<u>Air quality</u>		
1. Use low sulfur fuel in construction equipment	<input checked="" type="checkbox"/>	
2. Minimize Dust by Watering (Rule 403)	<input checked="" type="checkbox"/>	
3. Cover Haul Trucks and Operate less than 15 MPH	<input checked="" type="checkbox"/>	
4. Suspend construction operations in unpaved areas when winds are more than 25 MPH	<input checked="" type="checkbox"/>	
5. Ballast wetted as it is unloaded from haul trucks	<input checked="" type="checkbox"/>	
6. Asphalt paving materials comply with SCAQMD Rule 453 regarding compliant paving material	<input checked="" type="checkbox"/>	

Mitigation Measure	Mitigation Complete	
	YES	NO
<u>Archaeo & Paleo Monitoring</u>		
7. Worker education and briefing of monitoring archaeologists and construction inspectors conducted prior to construction	<input checked="" type="checkbox"/> The briefing was completed on September 12, 2016.	
8. Conduct Paleontological Monitoring where excavation exceeds 1.5 meters (5 ft.) below ground surface (may be reduced as warranted)	<input checked="" type="checkbox"/> Grade separation excavation monitoring is being conducted on an as needed basis	
9. Plan in place for preservation and curation of significant paleontologic resources that may be discovered	<input checked="" type="checkbox"/> Archaeo/Paleo Resource Monitoring, Mitigation and Curation Plan, LSA, September 19, 2016	

Mitigation Measure	Mitigation Complete	
	YES	NO
<u>Noise & Vibration</u>		
10. Conduct construction in a manner that minimizes noise and maintains noise levels below City limits at noise sensitive land uses	<input checked="" type="checkbox"/>	
11. Use effective noise mufflers on equipment	<input checked="" type="checkbox"/>	
12. Minimize noise during the evening, at nighttime, week-ends and holidays	<input checked="" type="checkbox"/>	
13. Noise monitoring conducted to demonstrate compliance with noise limits	<input checked="" type="checkbox"/> Noise monitoring is being conducted on an as needed basis. Results are	

	kept on file at the construction office	
14. Vibration monitoring performed during vibration-intensive activities	<input checked="" type="checkbox"/>	Preconstruction video of adjacent bldg. conditions is on file at construction office. Vibration monitoring will be conducted on an as needed basis.

Water Quality & Erosion

	YES	NO
15. No detrimental discharge into drainages and bodies of water	<input checked="" type="checkbox"/>	
16. A Storm Water Pollution Prevention Plan (SWPPP) is available on-site from the RE	<input checked="" type="checkbox"/> SWPPP by Rincon Consultants, Inc., July 5, 2016, is on file at construction office	
17. Construction BMPs used to minimize erosion per SWPPP	<input checked="" type="checkbox"/>	
18. Retaining walls constructed for long-term slope stabilization	<input checked="" type="checkbox"/>	
19. Erosion prevention planting used in conjunction with a geofabric, where feasible		<input checked="" type="checkbox"/> N/A in this phase of construction

Hazardous Material/Wastes

	YES	NO
20. Construction materials that may adversely affect groundwater stored away from excavation and in a contained area (protected by a berm)	<input checked="" type="checkbox"/>	
21. Construction equipment and materials checked daily for leaks and repaired immediately	<input checked="" type="checkbox"/>	
22. Hazardous waste (including dewatering waste water, aerially deposited lead, etc.) disposed of in accordance with federal, state, and local regulations	<input checked="" type="checkbox"/>	

Biological Resources

	YES	NO
23. Bird surveys conducted prior to pruning and/or tree removal	<input checked="" type="checkbox"/>	

General Construction Conditions

	YES	NO
24. On-site construction manager available at all times	<input checked="" type="checkbox"/>	
25. Minimize interruption to utility services	<input checked="" type="checkbox"/>	
26. Mobile and stationary equipment maintained in proper working order	<input checked="" type="checkbox"/>	

27.	Non-potable water used for construction activities, when feasible		<input checked="" type="checkbox"/> Non-potable water is not available nearby
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Traffic

		YES	NO
28.	Construction coordinated with other major public or private construction projects within a one-mile radius and construction contracts scheduled to avoid overlapping major activities	<input checked="" type="checkbox"/>	
29.	Haul route should minimize intrusion to residential areas	<input checked="" type="checkbox"/>	
30.	Bridge construction that requires street closure scheduled so only one crossing in an area is affected at one time	<input checked="" type="checkbox"/>	
31.	Local residents and businesses notified in advance of proposed construction activities and road closures	<input checked="" type="checkbox"/>	
32.	Detour route to bypass construction area provided during Fullerton Road closure for bridge construction	<input checked="" type="checkbox"/>	
33.	Advance notice of proposed transit reroutes and any other changes in stops and service made		N/A
34.	Traffic handling plans approved by the City of Industry	<input checked="" type="checkbox"/>	
35.	Coordinate with City of Industry and LA County to provide advance notice of proposed traffic detours and their duration to the public	<input checked="" type="checkbox"/>	

Public Contacts Quarterly Report

DATE	CONTACT	QUERY	RESOLUTION
10/19/17	Business Owner	Complaint regarding traffic congestion due to construction activities.	Reported concern and request to local and county representatives.
11/27/17	Resident	Concern regarding work schedule and traffic impacts due to construction activities.	Information provided.
12/19/17	Resident	Inquiry regarding project status and schedule.	Information provided.



Construction Mitigation Measure Matrix
 Alameda Corridor-East Project
 4th Quarter Report (October 1, 2017 – December 31, 2017)
 Puente Avenue Grade Separation Project

Mitigation Measure		Mitigation Complete	
		YES	NO
<u>Air quality</u>			
1.	Use low sulfur fuel in construction equipment	<input checked="" type="checkbox"/>	
2.	Minimize Dust by Watering (Rule 403)	<input checked="" type="checkbox"/>	
3.	Cover Haul Trucks and Operate less than 15 MPH	<input checked="" type="checkbox"/>	
4.	Suspend construction operations in unpaved areas when winds are more than 25 MPH	<input checked="" type="checkbox"/>	
5.	Ballast wetted as it is unloaded from haul trucks	<input checked="" type="checkbox"/>	
6.	Asphalt paving materials comply with SCAQMD Rule 453 regarding compliant paving material	<input checked="" type="checkbox"/>	

Mitigation Measure		Mitigation Complete	
		YES	NO
<u>Archaeo & Paleo Monitoring</u>			
7.	Worker education and briefing of monitoring archaeologists and construction inspectors conducted prior to construction	<input checked="" type="checkbox"/> The briefing was completed on 3/30/15.	
8.	Conduct Paleontological Monitoring where excavation exceeds 1.5 meters (5 ft) below ground surface (may be reduced as warranted)	<input checked="" type="checkbox"/> Grade separation excavation monitoring will be conducted on an as needed basis	
9.	Plan in place for preservation and curation of significant paleontologic resources that may be discovered	<input checked="" type="checkbox"/> Archaeo/Paleo Resource Monitoring, Mitigation and Curation Plan, LSA, Oct 31, 2014	

Mitigation Measure		Mitigation Complete	
		YES	NO
<u>Noise & Vibration</u>			
10.	Conduct construction in a manner that minimizes noise and maintains noise levels below City limits at noise sensitive land uses	<input checked="" type="checkbox"/>	
11.	Use effective noise mufflers on equipment	<input checked="" type="checkbox"/>	
12.	Minimize noise during the evening, at nighttime, week-ends and holidays	<input checked="" type="checkbox"/>	
13.	Noise monitoring conducted to demonstrate compliance with noise limits	<input checked="" type="checkbox"/> Noise monitoring is being conducted on an as needed	

	basis. Results are kept on file at the construction office	
14. Vibration monitoring performed during vibration-intensive activities		<input checked="" type="checkbox"/> Preconstruction video of adjacent bldg. conditions is on file at construction office. No vibration monitoring is planned.

Water Quality & Erosion

	YES	NO
15. No detrimental discharge into drainages and bodies of water	<input checked="" type="checkbox"/>	
16. A Storm Water Pollution Prevention Plan (SWPPP) is available on-site from the RE	<input checked="" type="checkbox"/> 10/15/14 SWPPP by MWH and Amendment 1, 5/14/15 are on file at construction office	
17. Construction BMPs used to minimize erosion per SWPPP	<input checked="" type="checkbox"/>	
18. Retaining walls constructed for long-term slope stabilization	<input checked="" type="checkbox"/>	
19. Erosion prevention planting used in conjunction with a geofabric, where feasible	<input checked="" type="checkbox"/>	

Hazardous Material/Wastes

	YES	NO
20. Construction materials that may adversely affect groundwater stored away from excavation and in a contained area (protected by a berm)	<input checked="" type="checkbox"/>	
21. Construction equipment and materials checked daily for leaks and repaired immediately	<input checked="" type="checkbox"/>	
22. Hazardous waste (including dewatering waste water, aerially deposited lead, etc.) disposed of in accordance with federal, state, and local regulations	<input checked="" type="checkbox"/> No contaminated soil is currently stored on site.	

Biological Resources

	YES	NO
23. Bird surveys conducted prior to pruning and/or tree removal	<input checked="" type="checkbox"/>	

General Construction Conditions

	YES	NO
24. On-site construction manager available at all times	<input checked="" type="checkbox"/>	
25. Minimize interruption to utility services	<input checked="" type="checkbox"/>	

26.	Mobile and stationary equipment maintained in proper working order	<input checked="" type="checkbox"/>	
27.	Non-potable water used for construction activities, when feasible		<input checked="" type="checkbox"/> Non-potable water is not available nearby

Traffic

		YES	NO
28.	Construction coordinated with other major public or private construction projects within a one-mile radius and construction contracts scheduled to avoid overlapping major activities	<input checked="" type="checkbox"/>	EPA well drilling activities in bldg. adjacent to the Puente construction office
29.	Haul route should minimize intrusion to residential areas	<input checked="" type="checkbox"/>	
30.	Bridge construction that requires street closure scheduled so only one crossing in an area is affected at one time	<input checked="" type="checkbox"/>	Puente Ave is closed
31.	Local residents and businesses notified in advance of proposed construction activities and road closures	<input checked="" type="checkbox"/>	
32.	Detour route to bypass construction area provided during Puente Avenue closure for bridge construction	<input checked="" type="checkbox"/>	Valley Blvd is complete and all lanes are open
33.	Advance notice of proposed transit reroutes and any other changes in stops and service made	<input checked="" type="checkbox"/>	Ongoing coordination with LA Metro and Foothill Transit
34.	Traffic handling plans approved by the City of Industry	<input checked="" type="checkbox"/>	
35.	Coordinate with City of Industry and LA County to provide advance notice of proposed traffic detours and their duration to the public	<input checked="" type="checkbox"/>	

Public Contacts Quarterly Report

DATE	CONTACT	QUERY	RESOLUTION
10/16/17	Business Owner	Inquiry regarding status of Caltrans project.	Provided status of project schedule. Informed Caltrans project is not ACE-related.
10/17/17	Resident	Inquiry regarding project status and potential future projects.	Information provided.
10/24/17	Resident	Concern regarding driveway access during construction activities.	Contractor directed to meet with resident to address concerns.

10/27/17	Resident	Concern regarding noise and safety due to new connector road. Request installation of block wall on property.	Inquiry noted. Informed current plans do not include installation of a block wall. Agency to consider landscape screen.
11/8/17	Resident	Concern regarding absence of block wall between new connector road and property.	Inquiry noted. Informed current plans do not include installation of a block wall. Agency to consider landscape screen.
11/13/17	Resident	Concern regarding safety and request for block wall installation.	Inquiry noted. Informed current plans do not include installation of a block wall. Agency to consider landscape screen.
11/14/17	Property Owner	Inquiry regarding scope of construction activities.	Information provided.
12/7/17	Property Owner	Concern regarding construction activities in close proximity to property. Request restoration of fence and repairs to damaged concrete.	Contractor directed to address concerns and make necessary repairs.



Construction Mitigation Measure Matrix
 Alameda Corridor-East Project
 4th Quarter Report (October 1, 2017 – December 31, 2017)
 San Gabriel Trench Grade Separation Project

Mitigation Measure		Mitigation Complete	
		YES	NO
<u>Air quality</u>			
1.	Use low sulfur fuel in construction equipment	<input checked="" type="checkbox"/>	
2.	Dust control plan is available from RE. Compliance with Caltrans' Standard Specifications Sections 7-10F and 10	<input checked="" type="checkbox"/>	Walsh Approved April 23, 2013
3.	Minimize Dust by Watering (Rule 403)	<input checked="" type="checkbox"/>	
4.	Cover Haul Trucks and Operate less than 15 MPH	<input checked="" type="checkbox"/>	
5.	Suspend construction operations in unpaved areas when winds more than 25 MPH	<input checked="" type="checkbox"/>	
6.	Ballast wetted as it is unloaded from haul trucks	<input checked="" type="checkbox"/>	
7.	Asphalt paving materials comply with SCAQMD Rule 453 regarding compliant paving material	<input checked="" type="checkbox"/>	

Mitigation Measure		Mitigation Complete	
		YES	NO
<u>Archaeo & Paleo Monitoring</u>			
8.	Archaeological Monitor in attendance at initial clearing and grading activities	<input checked="" type="checkbox"/>	Archaeological Monitor and Native American Monitor on-site as needed during excavation.
9.	Conduct Paleontological spot checking for excavations up to 4 feet in depth to ensure sensitive sediments are not being impacted. Conduct monitoring where excavation exceeds 4 feet below ground surface. Monitoring requirements may be adjusted based upon the confirmed depth of sensitive sediments at the site	<input checked="" type="checkbox"/>	Ongoing Paleo monitoring as needed during excavation activities.

Mitigation Measure		Mitigation Complete	
		YES	NO
<u>Noise & Vibration</u>			
10.	Noise Plan is available from RE. The plan includes noise monitoring to demonstrate compliance with noise limits specified in the MMRP	<input checked="" type="checkbox"/>	ABE Construction Services Approved November 26, 2012
11.	Avoid construction processes that generate high vibration levels within 76.5 meters (250 ft) of any residence	<input checked="" type="checkbox"/>	Piles are drilled. No pile driving.

12.	Vibration intensive construction activities (such as pile driving) limited to weekdays during daytime hours	<input checked="" type="checkbox"/>	N/A. There are no driven piles for this project	
13.	Use effective noise mufflers on equipment	<input checked="" type="checkbox"/>		
14.	Minimize noise during the evening, at nighttime, week-ends and holidays	<input checked="" type="checkbox"/>		
15.	Temporary noise barriers used to reduce construction noise at sensitive land uses per the MMRP	<input checked="" type="checkbox"/>	Temporary noise blankets installed at 2 locations per the project plans.	
16.	Vibration monitoring performed during vibration-intensive activities	<input checked="" type="checkbox"/>	Vibration monitoring is being conducted as needed and results are on file in the construction office.	

Water Quality & Erosion

		YES	NO
17.	No detrimental discharge into drainages and bodies of water	<input checked="" type="checkbox"/>	
18.	A Storm Water Pollution Prevention Plan (SWPPP) is available on-site from the RE	<input checked="" type="checkbox"/>	David Sluga December 2012 – Approved 12/17/12
19.	BMPs used to minimize erosion	<input checked="" type="checkbox"/>	
20.	Retaining walls constructed for long-term slope stabilization	<input checked="" type="checkbox"/>	
21.	Erosion prevention planting used in conjunction with a geofabric, where feasible	<input checked="" type="checkbox"/>	

Hazardous Material/Wastes

		YES	NO
22.	Construction materials that may adversely affect groundwater stored away from excavation and in a contained area (protected by a berm)	<input checked="" type="checkbox"/>	
23.	Construction equipment and materials checked daily for leaks and repaired immediately	<input checked="" type="checkbox"/>	
24.	Hazardous waste (including dewatering waste water, aerially deposited lead, etc.) disposed of in accordance with federal, state, and local regulations	<input checked="" type="checkbox"/>	No VOC containing soils are currently stored on-site.

General Construction Conditions

		YES	NO
25.	On-site construction manager available at all times	<input checked="" type="checkbox"/>	
26.	Emergency Response Plan available from RE	<input checked="" type="checkbox"/>	Walsh Approved 10/26/12

27.	Minimize interruption to utility services	<input checked="" type="checkbox"/>	
28.	Mobile and stationary equipment maintained in proper working order	<input checked="" type="checkbox"/>	
29.	Non-potable water used for construction activities, when feasible		<input checked="" type="checkbox"/> Non-potable water is not available nearby

Traffic

		YES	NO
30.	Construction coordinated with other major public or private construction projects within a one-mile radius and construction contracts scheduled to avoid overlapping major activities	<input checked="" type="checkbox"/>	
31.	Haul Route Plan is available from RE. Haul routes should minimize intrusion to residential areas	<input checked="" type="checkbox"/> Haul routes on plan sheets 257 to 264	
32.	Bridge construction that requires street closure scheduled so only one crossing in an area is affected at one time	<input checked="" type="checkbox"/> Temporary Closure on Mission for bridge deck repair	
33.	Local residents and businesses notified in advance of proposed construction activity	<input checked="" type="checkbox"/>	
34.	Advance notice of proposed transit reroutes and any other changes in stops and service made	<input checked="" type="checkbox"/> Coordination with LA Metro is ongoing	
35.	Traffic handling plans approved by the City of San Gabriel, the City of Alhambra and the City of Rosemead.	<input checked="" type="checkbox"/>	
36.	Coordinate with City of San Gabriel and the City of Alhambra to provide advance notice of proposed traffic detours and their duration provided to the public	<input checked="" type="checkbox"/> There is ongoing coordination with the Cities of San Gabriel, Alhambra and Rosemead.	

Public Contacts Quarterly Report

DATE	CONTACT	QUERY	RESOLUTION
10/9/17	Resident	Complaint regarding condition of roadway.	Contractor directed to mitigate the issue.
10/19/17	Resident	Complaint regarding condition of roadway.	Contractor directed to mitigate the issue.
10/24/17	Public agency	Concern regarding properly securing fence and access to trench.	Contractor directed to mitigate the issue.
11/2/17	Resident	Concern regarding road closure and its impact to the local schools.	Provided information regarding public notification of road closure.
11/7/17	Resident	Complaint regarding condition of roadway.	Contractor directed to mitigate the issue.

11/8/17	Resident	Inquiry regarding driveway repairs.	Contractor directed to make necessary repairs.
11/10/17	Resident	Complaint regarding excessive noise and vibration due to construction activities.	Contractor directed to minimize noise and vibration. Provided work schedule information.
11/20/17	Resident	Concern regarding damage to property due to construction activities.	Claim form provided.
11/27/17	Resident	Complaint regarding vibration due to construction activities.	Contractor directed to minimize noise and vibration. Provided work schedule information.
12/4/17	Resident	Report damage to property due to construction activities.	Staff investigated damages. Claim form provided.
12/20/17	Resident	Report damage to property due to construction activities.	Staff investigated damages. Claim form provided.