

San Gabriel Valley  
Council of Governments

# Adopted Budget

**Fiscal Year 2013 – 2014**



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# San Gabriel Valley Council of Governments

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May 30, 2013

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

On behalf of the San Gabriel Valley Council of Governments (SGVCOG), it is my pleasure to present a balanced budget for Fiscal Year 2013-14. The budget provides detailed information about anticipated revenues and planned expenditures for the upcoming fiscal year, and demonstrates how available resources are allocated based on the Governing Board's Strategic Plan and objectives. The budget was developed using a conservative approach to revenue forecasting and incorporates prudent expenditure adjustments to achieve a balanced operating budget. Some new costs are included in the FY 2013-14 budget based on the Governing Board's direction to transition from a contract management service to in-house personnel and enhance the level of transparency and openness in conducting the SGVCOG's business. Chief among these new costs are contractual costs related to human resources administration, information technology and updated software systems. These new costs are funded through a reallocation of resources and reductions in some expenditure categories. There is no recommended increase in member dues for the sixth consecutive year.

The SGVCOG continues to demonstrate its commitment to providing a high level of service to the communities it serves and efforts to be recognized as a leader in achieving sustainable solutions and advocating on behalf of the region. The Strategic Planning process and the Mission and Vision Statement adopted by the Governing Board set the expectations.

### ***The Mission***

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

### ***The Vision***

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

Additionally, this process identified goals to be achieved over the past three years to support the Agency's mission and vision:

1. Take the leading role in redefining and revitalizing economic development, affordable housing and homeless services.
2. Advocate for and secure funding for prioritized COG transportation projects.

3. Advocate for and secure funding for prioritized energy, environmental and natural resources projects.
4. Strengthen internal and external relationships and communication.

FY 2012-13 involved a period of change for the SGVCOG. Criticism and scrutiny regarding the SGVCOG's processes provided an opportunity for reevaluation and change. As a result, a new model was formed and best practices used in government agencies across the Valley and throughout the State are being implemented. There is a greater sensitivity to public perception and renewed commitment to ensuring the SGVCOG is serving the needs of the member agencies and providing value. Despite the challenges and scrutiny, there were a number of achievements in FY 2012-13. The most notable achievements include:

#### *Organizational*

- ✓ **New Organizational Structure:** In October 2012, the Master Services Agreement (MSA) with Arroyo Associates, Incorporated (AAI), which provided staffing for the SGVCOG, was terminated. Three individuals were hired as six-month temporary employees of the SGVCOG primarily to carry out the work on the SGVCOG's three grant projects. At its January 2013 meeting, the Governing Board hired five individuals, including a new Executive Director, to serve as employees of the SGVCOG to carry out the responsibilities of the organization.
- ✓ **New Executive Director:** Beginning in July 2012, Francis Delach was hired to serve as Interim Executive Director of the SGVCOG. The Governing Board created an ad-hoc Search Committee, comprised of members of the Governing Board and a representative of the City Managers Steering Committee, to identify a new Executive Director. After a six-month search, in January 2013, the Governing Board hired Andrea M. Miller, formerly the City Manager for the cities of La Mirada and San Bernardino, to serve as the Executive Director of the SGVCOG.
- ✓ **Transparency:** In October 2012, Jones & Mayer, General Counsel for the SGVCOG, provided a two-hour Brown Act training session for the Governing Board to increase transparency and address the Brown Act violations that had occurred. Additional training was provided to SGVCOG staff to ensure compliance with all requirements of the Brown Act. Every contract is now reviewed by the Governing Board, and new processes have been implemented to ensure the SGVCOG is meeting the requirements.
- ✓ **Valley Voice Newsletter:** A new monthly newsletter, *Valley Voice*, was initiated in March 2013 to inform local leaders of the progress on the SGVCOG's priority projects and initiatives and alert them to emerging issue, provide an opportunity to highlight the effective partnerships in the region and celebrate successes.

#### *Transportation*

- ✓ **Transportation Forum:** The SGVCOG hosted a Transportation Forum in October 2012. Several LA County Supervisors, state legislators, and MTA staff members spoke at the event, which was attended by more than 100 local leaders.
- ✓ **Transportation Matrix:** In January 2013, the SGVCOG adopted an updated transportation matrix which reflects the Valley's priority transportation projects. This will allow the SGVCOG to advocate for and track the status of projects.

- ✓ **710 Gap Closure Environmental Work:** This year, work began on the 710 Gap Closure environmental impact report. This Measure R funded effort represents significant progress on a long-standing SGVCOG transportation priority.
- ✓ **ACE Project:** Significant progress was made toward the completion of the \$1.7 billion ACE Project of 22 grade separations and safety improvements at 39 crossings. In 2013, ACE launched its busiest period ever in its 15-year history with three construction projects underway and five additional grade separation projects in the design and property acquisition phase. The three projects underway include: Baldwin Avenue in El Monte, Nogales at State Route 60, and the San Gabriel Trench. The five projects in design are expected to be ready for construction in the near future.

#### *Housing, Community/Economic Development, and Homelessness*

- ✓ **Small Business Assistance:** Throughout summer and fall 2012, the CEO of the San Gabriel Valley Economic Partnership (SGVEP) and several COG representatives met with representatives from colleges and universities in the San Gabriel Valley to determine if any schools were interested in housing a Small Business Development Center (SBDC) to replace the one that had been located at Mount Saint Antonio College (Mount SAC) and closed two years ago. Several schools were interested in this effort, and the University of La Verne and Pasadena City Colleges submitted grant applications for funding for SBDC subcenters. The Pasadena City College SBDC subcenter and the University of La Verne SBDC subcenter are anticipated to open during 2013. In addition to the two SBDCs that will be housed at Pasadena City College and the University of La Verne, a satellite office of the SBDC opened in late 2012 in the City of San Gabriel. The Center will be providing business assistance to small businesses and is currently in the process of determining which services are most needed by businesses in the San Gabriel Valley.

#### *Environment*

- ✓ **Partnership with the County of Los Angeles on Energy Upgrade California:** SGVCOG is assisting the County with implementation of this new statewide energy efficiency rebate and incentive program for single-family homes by providing coordination, staffing resources and technical assistance to cities to help promote the program. Through this program, residents can qualify for financial rebates and incentives and secure significant monthly energy savings by implementing upgrades to their homes. The San Gabriel Valley continues to have the highest participation rate in the EUCLA program in all of Los Angeles County. As of January 31, 2013, a total of 2,725 projects have submitted applications through the program in the County and 1,170, or 45%, have been in the San Gabriel Valley. Over the past year, SGVCOG staff attended 50 events in 18 cities, interacting with over 9,200 residents.
- ✓ **LA Permit Group:** In support of the LA Permit Group's negotiation efforts on the National Pollutant Discharge Elimination System Municipal Storm Separate Stormwater System (NPDES MS4) Permit, the COG carried out the procurement process and collected the funds necessary to cover the cost of a technical assistance contract. The COG reached out to all cities in both the San Gabriel Valley and the LA Permit Group as a whole, receiving funds or an in-kind contribution from 39 cities overall – 24 cities within the COG and 15 outside of the COG – and the money collected exceeded the cost of the contract, providing for

a reimbursement for each participating city. Following the adoption of the NPDES MS4 Permit, the LA Permit Group asked the COG to assist in another procurement process to obtain a technical consultant to support the cities in the implementation of the NPDES MS4 Permit requirements, which cities are responsible for meeting and implementing by June 2013. To support this contract, each city had the opportunity to receive its reimbursement or to put forward its reimbursement towards the new technical assistance contract. The new contract, which was executed with Larry Walker Associates (LWA) in February 2013 following recommendation by the LA Permit Group, is supported by the overage of funds that were retained. As of March 12, 33 of the original participating cities allowed the SGVCOG to retain its reimbursement for the new contract, 2 additional cities contributed money for the contract, and 2 cities requested a reimbursement. The amount of money retained exceeded the cost of the contract, and it is anticipated the participating cities will receive a reimbursement.

- ✓ **Climate Action Planning:** Through a grant from Southern California Edison (SCE), the COG has been working to help cities plan to increase their energy efficiency and reduce their greenhouse gas emissions (GHG) emissions in support of AB 32. The COG has assisted in the development of GHG inventories and Energy Action Plans for 27 participating cities in the San Gabriel Valley. The GHG data collected includes both municipal operations and community-wide, as well as a baseline inventory and a forecast inventory. Using this emissions data, each city has been working with the COG and the COG's consultant team to complete an Energy Action Plan to serve as a guiding document for municipalities in identifying GHG mitigation activities and strategies that are appropriate to each city. Together, these two work products make up a significant portion of the work required to complete a full Climate Action Plan (CAP). The CAP would not only assist cities in addressing the increased scrutiny from regulatory agencies related to GHG mitigation but would also assist in other planning efforts, including General Plan Updates and CEQA compliance. Energy Action Plans for twenty seven cities have been completed.
- ✓ **Regional Energy Network:** In 2012, the SGVCOG has been active in the Southern California Regional Energy Network (SoCalREC), which has helped to provide aggregated regional procurement and contracting for several cities in the SGVCOG. In 2012, the California Public Utilities Commission (CPUC) provided \$44.6 million in funding for local governments in Southern California as a part of the Southern California Regional Energy Network (SoCalREN). SoCalREN will be administered by Los Angeles County and will expand SoCalREC and will provide additional programs and services to local governments—in addition to the utilities' Local Government Partnerships (LGPs)—in pursuit of greater energy efficiency. These additional programs include the continuation of many of the existing Energy Upgrade California in Los Angeles County programs and offerings, including Flex Path and continued assistance in marketing and outreach for the program, will support low-income retrofit programs, and will support financing programs.
- ✓ **2010-12 Energy Wise Partnership:** From 2010 – 2012, the SGVCOG administered the San Gabriel Valley Energy Wise Partnership with SCE. The Partnership was extremely successful, exceeding its annual kilowatt-hours (kWh) savings goal each year, as well as its overall three-year goal. During the three-year cycle, San Gabriel Valley cities completed 45 projects in their municipal facilities, saving the cities approximately 6.2 million kWh, which is equivalent to approximately \$916,000 in

- annual electricity costs. Through the completion of municipal projects in the Partnership, cities have also received approximately \$295,000 in rebates.
- ✓ **Regional Conference:** In September 2012, the SGVCOG hosted a regional Energy Efficiency and Climate Change Conference to showcase the greenhouse gas (GHG) emissions inventories and municipal and community-wide Energy Action Plans that were completed as a part of a long-term strategic planning grant from SCE, to highlight best practices and strategies for implementation from other LGPs across the region, and to discuss regional and statewide greenhouse gas and climate change planning efforts. Nearly 150 people attended the event, and speakers included State Senator Carol Liu, Air Resources Board Member Hector De La Torre, Denise Tyrrell from the CPUC, and Michael McCormick from the Governor's Office of Planning and Research.

As the new Executive Director, I am striving to meet personally with the members of the Governing Board, elected officials, City Managers and Administrators, representatives of the various technical advisory committees and working groups, and partner agencies to develop a greater understanding of the issues facing the SGVCOG and expectations. I have been overwhelmed by the commitment of the members to extend the leadership and innovative approach the SGVCOG has demonstrated in the area of energy and the environment to other areas including transportation, housing, homelessness, economic growth and development, to engage the entire organization in setting the vision for the SGVCOG, to continue to forge strong partnerships with regional planning agencies, and to complete the ACE Project. A resounding message has been the desire for increased transparency and openness in conducting SGVCOG business. I will continue to reach out within our organization and externally to ensure the staff is meeting the Board's expectations and leverage the SGVCOG's resources to enhance the quality of life in the San Gabriel Valley.

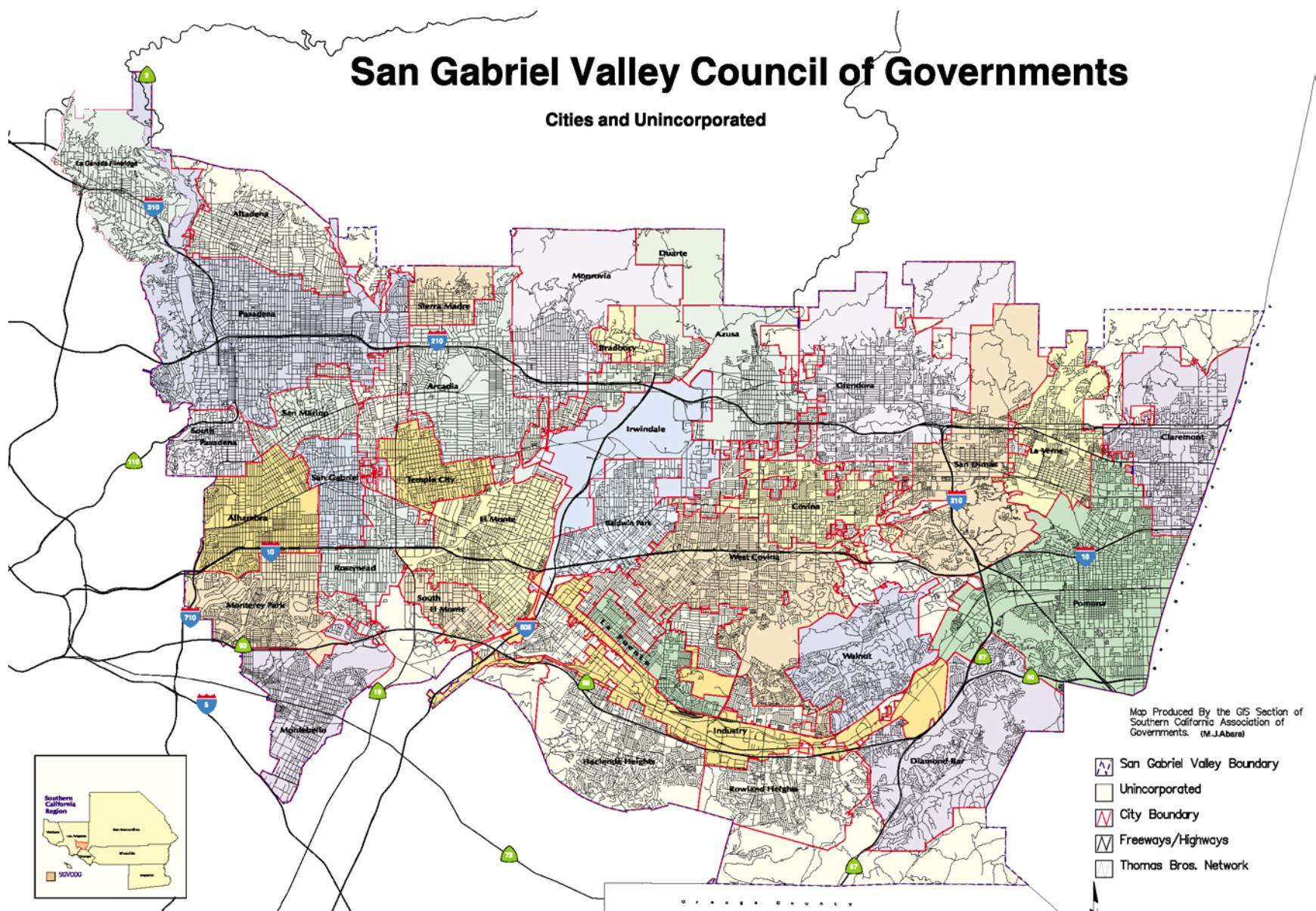
The budget is the culmination of the teamwork and prudent budget practices. I believe that the efforts and active participation of the Governing Board, Policy Committees, and the various Technical Advisory Committees and working groups, working in cooperation with the SGVCOG staff in the coming year will enable the organization and the region to successfully meet the challenges ahead and preserve and enhance the quality of life in the San Gabriel Valley.

Respectfully submitted,

**SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS**



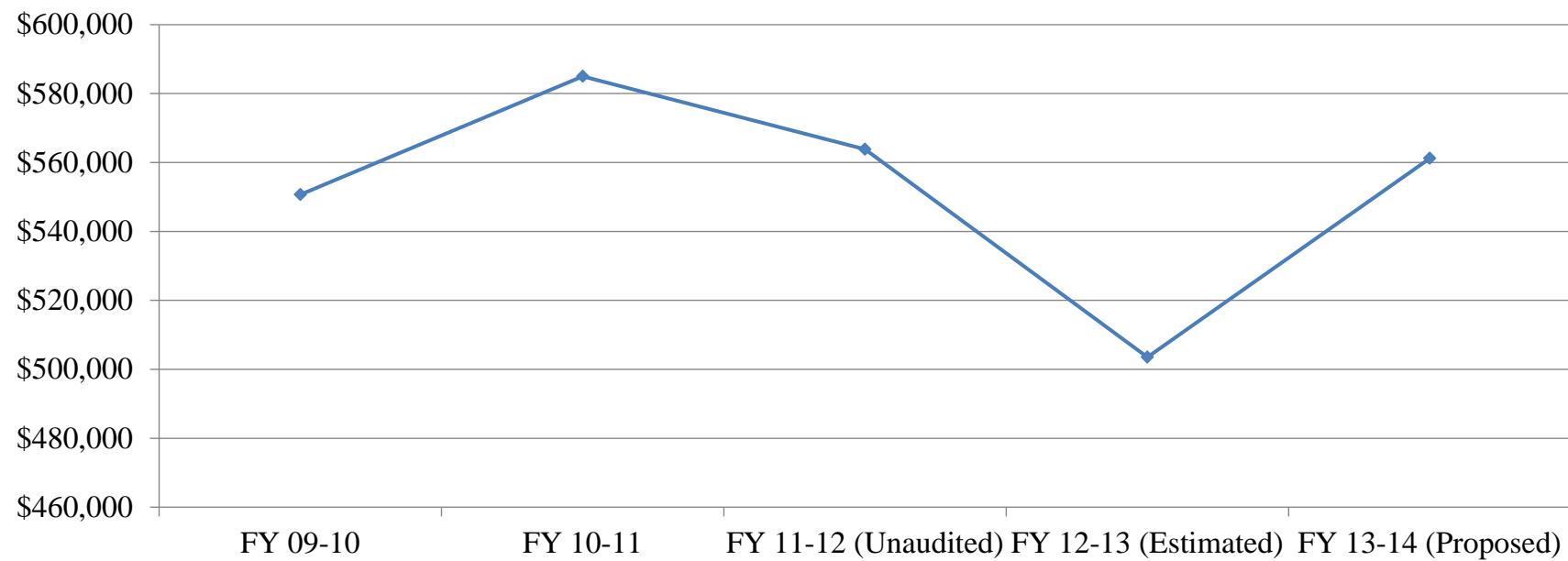
Andrea M. Miller  
Executive Director



**San Gabriel Valley Council of Governments  
Adopted Budget  
Fiscal Year 2013-14**

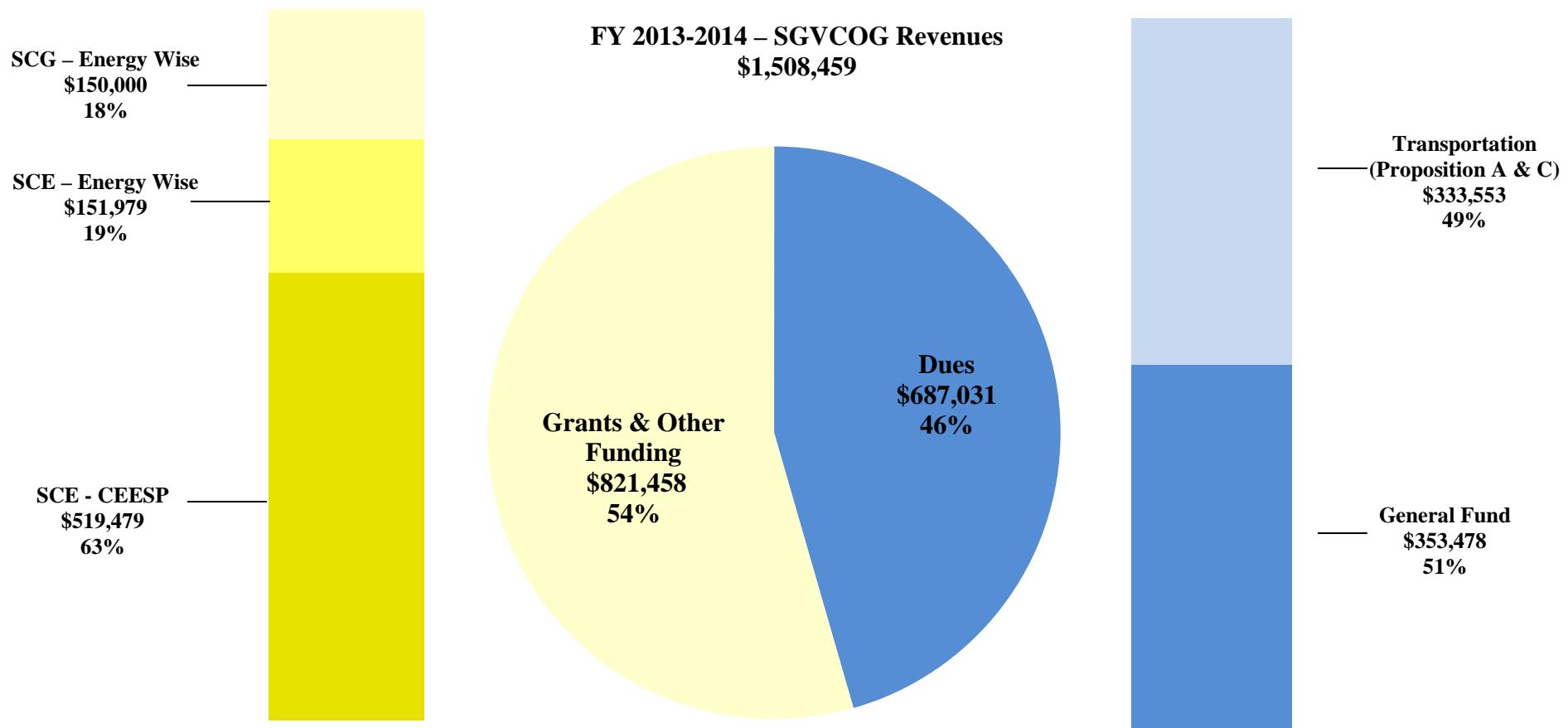
<b>Description</b>	<b>Amount</b>
<b>Revenues:</b>	
Dues	\$ 687,031
Grants & Other Funding	821,458
<b>Total Revenue</b>	<b><u>1,508,459</u></b>
<b>Expenses:</b>	
Administrative & Personnel Services	563,596
Maintenance & Operation Costs	165,200
Contractual Services	140,500
Capital Outlay	7,500
Programs	575,000
<b>Total Expenses</b>	<b><u>1,451,796</u></b>
<b>Net Operating Income</b>	<b>56,692</b>
Non-Operating Income	1,000
<b>Change in Net Assets</b>	<b><u>\$ 57,692</u></b>

### FY 2009-14 SGVCOG Net Assets



## **REVENUES**

In FY 2013-14, SGVCOG revenues are projected at \$1,508,459. Dues revenue, which reflects direct contributions made by member agencies, is estimated at \$687,031, or 46% of total revenues. Of the dues revenue, \$353,478, or 51%, is projected to be made with unrestricted, or general, funds, while \$333,553, or 49%, is anticipated to be paid by member agencies with transportation (Proposition A & C) funds. The other \$821,458, or 54%, of the SGVCOG revenues are received through grants and other funding. Of note, \$1,155,011, or 77%, of SGVCOG revenues come from restricted sources, both grants revenue and restricted source dues income, which limits the use of these funds.



**Dues Revenue** - The revenue from dues is the primary source of income to support SGVCOG's day-to-day staffing and operations. In 2007, the Governing Board approved a dues structure as follows:

$$\text{\$5,000 flat fee + \$.30 per capita = Member Dues}$$

There is a \$30,000 cap on member agencies dues. Dues range from \$5,320 to \$30,000, with agencies paying an average of \$19,692; nine member agencies pay the maximum dues amount. The Governing Board also approved a policy to annually review the need for an adjustment of dues proportionate to increases in the Consumer Price Index (CPI). For the sixth consecutive year, no increase in dues is being recommended.

In 2009, the SGVCOG Governing Board adopted a policy that at least \$5,000 of each member agency's dues be paid using general, or unrestricted, funds. The remainder may be paid using restricted funds, but it is the member's responsibility to ensure that SGVCOG dues are an eligible use of these funds. This policy is intended to ensure the SGVCOG has adequate unrestricted funding to operate pursuant to the Governing Board's direction without allowing the source of funds to determine the organization's priorities. Dues are typically derived from two sources: general funds and transportation funds (Propositions A & C, Measure R). This year, 51% of the dues paid by member agencies are anticipated to be paid by member agencies' general, or unrestricted, funds, while 49% is expected to be funded by transportation funds. This will require the SGVCOG meet the restrictions related to the use of these funds.

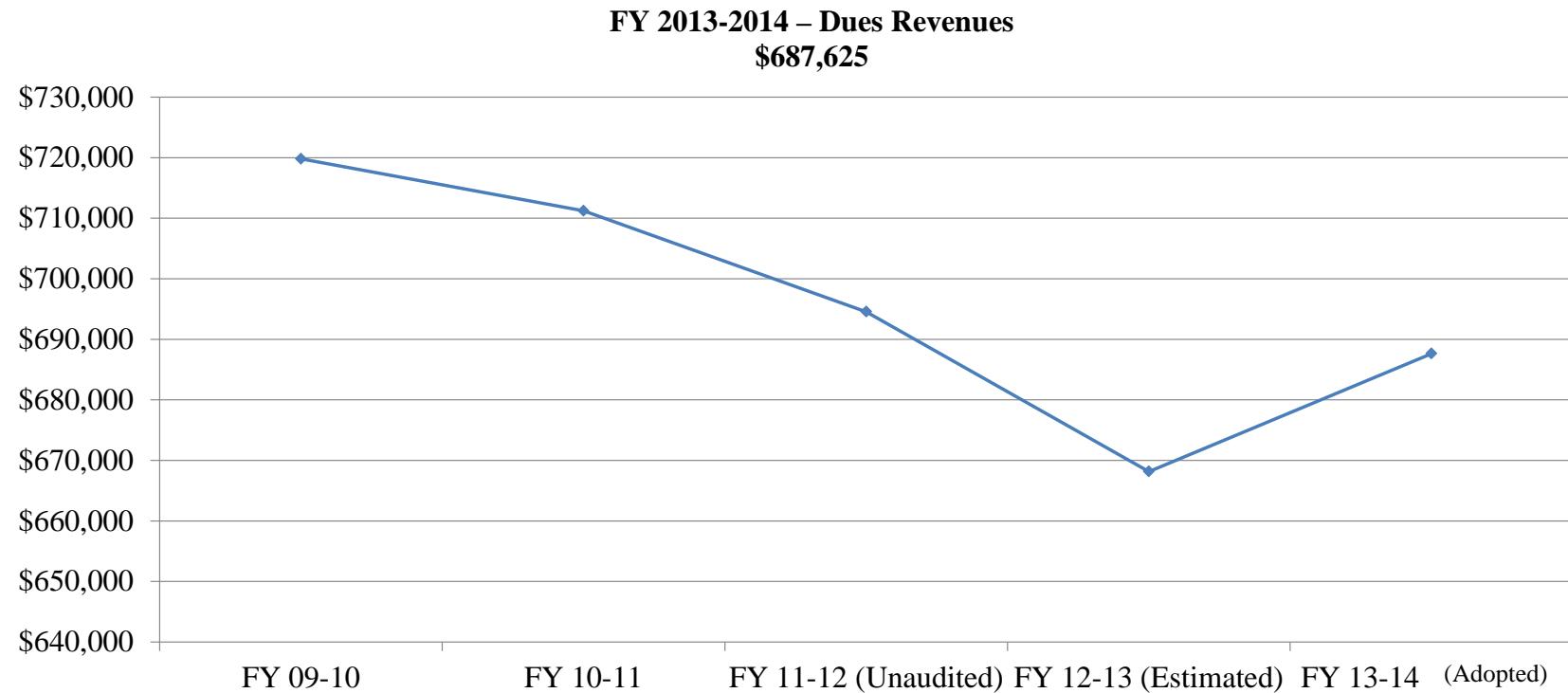
Total member agency dues for FY 2013-14 are estimated to be \$687,031. For the purposes of comparison, staff has also compiled data on the reimbursements and incentive payments that cities have received as a result of participating in the San Gabriel Valley Energy Wise Partnership and the Southern California Edison (SCE) California Long-term Energy Efficiency Strategic Plan (CEESP) grant. During FY 2012-13, cities received \$494,114 in incentives and reimbursements for staff labor.

<b>FY 2013-14 SGVCOG Estimated Annual Dues \$687,031</b>		
<b>Agency</b>	<b>2012 Population Dept. of Finance (1)</b>	<b>Estimated 2013- 2014 Dues</b>
Alhambra	83,661	\$ 30,000
Arcadia	56,546	\$ 21,964
Azusa	46,618	\$ 18,985
Baldwin Park	75,830	\$ 27,749
Bradbury	1,065	\$ 5,320
Claremont	35,300	\$ 15,590
Covina	48,038	\$ 19,411
Diamond Bar	55,819	\$ 21,746
Duarte	21,411	\$ 11,423
El Monte	113,912	\$ 30,000
Glendora	50,361	\$ 20,108
Industry	436	\$ 19,629
Irwindale	1,416	\$ 5,425
La Canada Flintridge	20,335	\$ 11,101
La Puente	39,987	\$ 16,996
La Verne	31,461	\$ 14,438
Monrovia	36,727	\$ 16,018
Montebello	62,857	\$ 23,857
Monterey Park	61,153	\$ 23,346
Pasadena	139,222	\$ 30,000
Pomona	149,950	\$ 30,000
Rosemead	54,172	\$ 21,252
San Dimas	33,499	\$ 15,050
San Gabriel	39,926	\$ 16,978
San Marino	13,195	\$ 8,959
Sierra Madre	10,963	\$ 8,289
South El Monte	20,190	\$ 11,057
South Pasadena	25,725	\$ 12,718
Temple City	35,749	\$ 15,725
Walnut	29,661	\$ 13,898
West Covina	106,713	\$ 30,000
LA County District 1	N/A	\$ 30,000
LA County District 4	N/A	\$ 30,000
LA County District 5	N/A	\$ 30,000
SGV Water Agencies	N/A	\$ 30,000
<b>Total</b>	<b><u>1,501,898</u></b>	<b><u>\$687,031</u></b>

<b>FY 2012-13 Estimated Incentive and Reimbursements \$494,114 (2)</b>			
<b>City</b>	<b>SGVEWP Incentives</b>	<b>CEESP Reimbursements</b>	<b>Total</b>
Alhambra	\$ 59,983	\$ 2,086	\$ 62,069
Arcadia	\$ 26,278	\$ 4,649	\$ 30,928
Baldwin Park	\$ 22,041	\$ 2,377	\$ 24,418
Bradbury	\$ -	\$ 2,086	\$ 2,086
Claremont	\$ -	\$ 11,278	\$ 11,278
Covina	\$ 7,231	\$ 6,692	\$ 13,923
Diamond Bar	\$ -	\$ 1,662	\$ 1,662
Duarte	\$ 8,169	\$ 10,305	\$ 18,474
El Monte	\$ 135,717	\$ -	\$ 135,717
Glendora	\$ 17,585	\$ -	\$ 17,585
Industry	\$ -	\$ -	\$ -
Irwindale	\$ -	\$ 1,215	\$ 1,215
La Canada Flintridge	\$ -	\$ 4,681	\$ 4,681
La Puente	\$ -	\$ 1,739	\$ 1,739
La Verne	\$ -	\$ 1,140	\$ 1,140
Monrovia	\$ 14,532	\$ 8,771	\$ 23,303
Montebello	\$ 17,117	\$ -	\$ 17,117
Monterey Park	\$ -	\$ -	\$ -
Pomona	\$ 10,690	\$ 6,848	\$ 17,538
Rosemead	\$ -	\$ 8,809	\$ 8,809
San Dimas	\$ -	\$ 21,154	\$ 21,154
San Gabriel	\$ -	\$ -	\$ -
San Marino	\$ -	\$ -	\$ -
Sierra Madre	\$ -	\$ -	\$ -
South El Monte	\$ -	\$ 33,418	\$ 33,418
South Pasadena	\$ 20,574	\$ -	\$ 20,574
Temple City	\$ -	\$ 1,108	\$ 1,108
Walnut	\$ 7,441	\$ -	\$ 7,441
West Covina	\$ 11,200	\$ 5,538	\$ 16,738
<b>Total</b>	<b><u>\$ 358,559</u></b>	<b><u>\$ 135,556</u></b>	<b><u>\$ 494,114</u></b>

- (1) At the time the draft budget was prepared, the California Department of Finance population estimates were not available. Therefore, 2012 population estimates were used. Actual dues will be based on the 2013 data. Typically dues vary +/- 1% from year to year.
- (2) Only cities that are SCE customers are eligible for incentives and reimbursements through the San Gabriel Valley Energy Wise Partnership.
- (3) Incentive estimates include projects that are scheduled to be completed by June 2013.

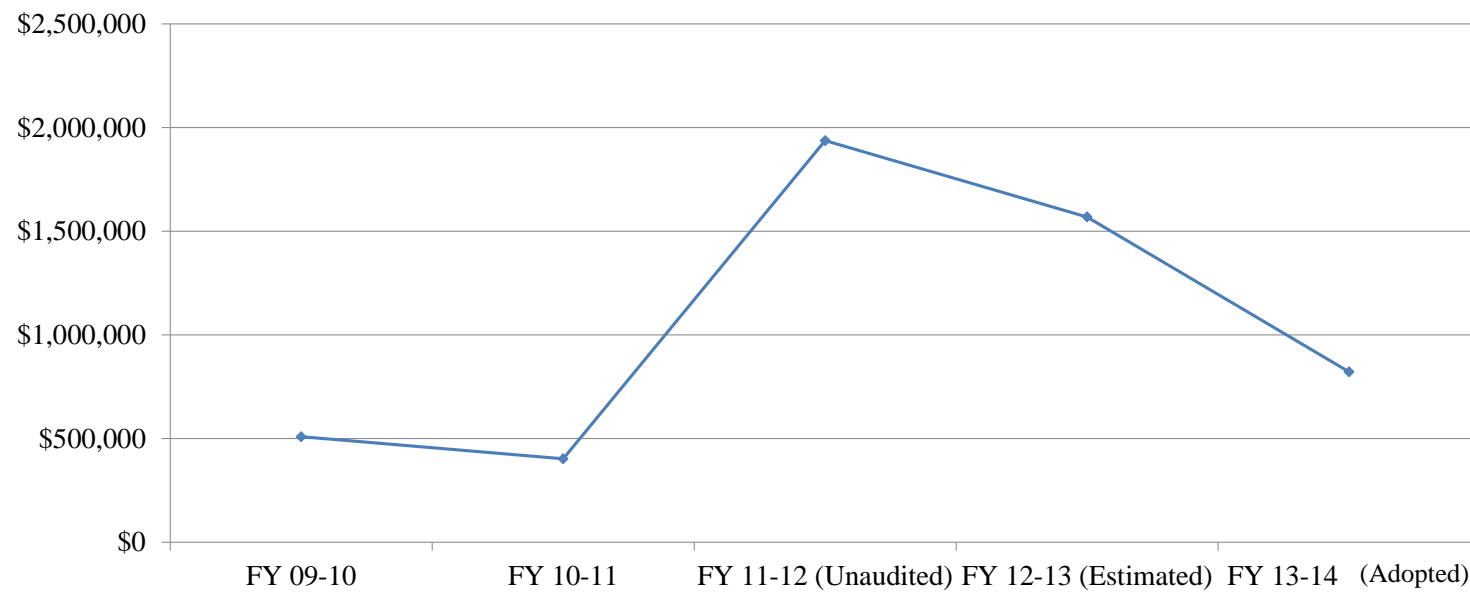
Historically, the SGVCOG has had relatively stable dues revenue. In FY 2011-12, there was a slight decrease due to new population estimates from the California Department of Finance that reflected data from the 2010 Census. In FY 2012-13, there was a decrease in dues resulting from two cities (Irwindale and Walnut) suspending their memberships. In FY 2013-14, it is projected that all member agencies will pay dues as the SGVCOG executive staff works to resolve the specific issues of each member agency.



**Grants & Other Funding-** One of the strategies identified in the SGVCOG's Strategic Plan was to expand and diversify the Agency's resources to support Governing Board adopted goals and service levels. Income from grants and other sources varies annually based on the number of active grants and has been used to leverage the SGVCOG's other resources and enable the organization to meet its objectives and serve the needs of member agencies.

The Energy Upgrade California grant program was completed in FY 2012-13. That program provided part-time staffing to implement marketing and outreach activities associated with the Energy Upgrade California program. This work was funded by the County of Los Angeles through a grant from the California Energy Commission (CEC) and United States Department of Energy (DOE). "Energy Upgrade California" is a partnership of the CEC, the California Public Utilities Commission (CPUC), investor-owned and municipal utilities, Councils of Governments (COG), local governments, and other stakeholders. Staff has received positive feedback on all work that was completed under this grant, and the San Gabriel Valley continues to have the highest participation rate under this program.

**FY 2013-2014 – Grants & Other Funding (4)**  
**\$821,458**



(4) In FY 2012-2013, \$75,000 in revenue was included from a settlement with the SGVCOG's former insurance agent related to the 2006 Caltrans audit and related legal expenses

In FY 2013-14, there is an estimated \$821,458 in revenue anticipated from two grant programs:

- ***San Gabriel Valley Energy Wise Partnership (\$301,979)***: At the January 2013 meeting, the Governing Board approved a contract extension to continue participating in this local government partnership program through December 2014. This program is funded by the CPUC. There are a number of specific objectives for the Partnership:
  - 1) Assisting local governments in identifying and implementing energy-efficiency projects in their municipal facilities;
  - 2) Providing training to city staff on energy efficiency issues and initiatives including Title 24, AB 32 and Demand Response; and
  - 3) Educating and outreach to the public to increase knowledge of energy-efficiency in their homes and businesses and to provide information on SCE's residential programs and rebates.

As the local government partner, the SGVCOG is primarily responsible for administrating and coordinating with SCE staff in identifying energy-efficiency projects in city facilities and marketing and outreach for the Partnership. SGVCOG is fully reimbursed for all staff time spent managing this partnership.

In prior years, the partnership was solely between SGVCOG and Southern California Edison (SCE). Beginning in FY 2013-14, the Southern California Gas Company (SGC) will also join the partnership and provide additional funding. This is the result of SGVCOG's ongoing success as the lead local government partner from 2010-12. The inclusion of SGC will allow for an expansion of the existing Partnership, including new community outreach programs and expanded technical services to assist cities in identifying and implementing natural gas related projects.

For FY 2013-2014, \$151,979 in revenues from SCE are anticipated and \$150,000 in revenues from SCG are anticipated. In addition to the funding that the SGVCOG receives for administering the Partnership, there is \$357,000 available in financial incentives for cities that complete qualified energy-efficient municipal retrofits during the 2013-14 program cycle. In FY 2012-13, cities completed 25 energy efficiency projects resulting in over \$361,782 in financial incentives that were given to the cities through this program.

- ***SCE CEESP Grant (\$519,479)***: This is the third year of this grant program, which was been extended through October 2014 with mutual approval from SCE and the SGVCOG Governing Board in Fall 2012. This program provides funding for two activities:
  - 1) Developing customized energy actions plans (EAPs) and greenhouse gas (GHG) emissions inventories, and
  - 2) Training and funding for city staff to upload cities' municipal facility energy usage data onto a County-wide energy management and tracking program.

Both of these efforts will assist cities in complying with AB 32 and other State and Federal mandates related to energy-efficiency and climate change. The first task, development of EAPs, was completed in FY 2012-13. In FY 2013-14, staff will continue to work with the County of Los Angeles and participating cities on the second task, implementation of an online utility manager.

In addition to these programs, in April 2013, the SGVCOG entered into a Memorandum of Understanding (MOU) with Western Riverside Council of Governments (WRCOG) to promote the California HERO program in the San Gabriel Valley. The California HERO program provides property owners with access to loans for the installation of energy-efficiency and renewable energy projects. Participating contractors attend certification classes and are monitored for program compliance. This program has been operating in Western Riverside County for over a year and has resulted in increased construction jobs. To date, there have been 6,000 applications submitted, 4,000 applications approved, and \$126 million in loans approved for the residential program. This makes it the largest Property Assessed Clean Energy (PACE) program in the country.

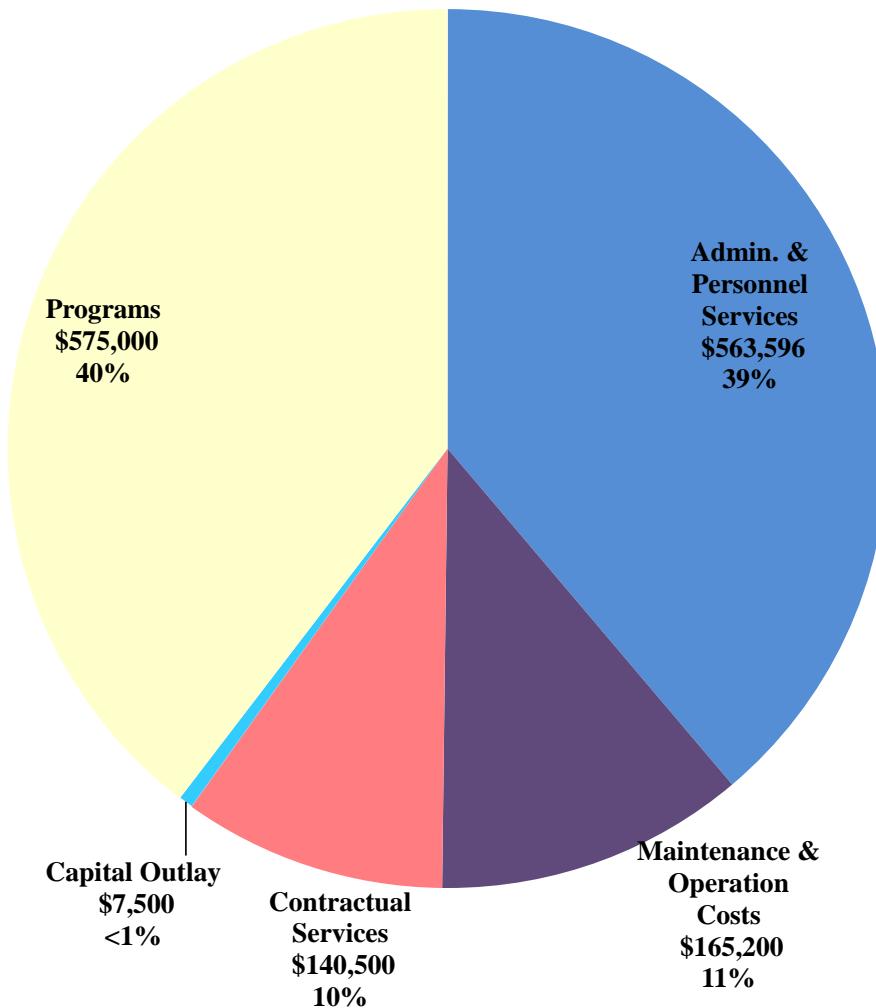
The SGVCOG is the first COG to execute an MOU with WRCOG, although Gateway Cities COG and South Bay Cities COG are currently reviewing the proposed MOU. Pursuant to the MOU, the SGVCOG will serve as the point of contact for information and support for the program in our region and will assist San Gabriel Valley cities in implementing the program. While contractors would have the primary responsibility for marketing the program, SGVCOG staff will provide information on California HERO at existing marketing and outreach events in participating cities. In exchange for this program support, WRCOG is obligated to pay Participant fees to the SGVCOG equal to 0.05% of the aggregate cost of the bonds issued to fund California HERO eligible projects within the subregion. The proposed FY 2013-14 budget does not include revenues related to the California HERO program. During the first half of the fiscal year, staff will review the program activity and recommend changes to projected revenues during the mid-year budget analysis, if appropriate.

## **EXPENDITURES**

During FY 2013-14, SGVCOG expenditures are projected to total \$1,451,796. This reflects a decrease of \$846,373, or 37%, from FY 2012-13, which is associated with the completion of one of the two CEESE grant tasks—development of EAPs. Additionally, over the past two years, there has been a significant increase in administrative and personnel service costs as the SGVCOG has added full-time in-house staff. This increase is offset by a decrease in program and contractual expenditures related to the MSA, which was the contract for the executive and administrative services provided to SGVCOG by AAI.

<b>FY 2009-2014 – SGVCOG Expenditures</b>					
	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12 (Unaudited)</b>	<b>FY 12-13 (Estimated)</b>	<b>FY 13-14 (Adopted)</b>
Administrative & Personnel Services	\$36,146	\$30,828	\$62,950	\$501,422	\$563,596
Maintenance & Operation Costs	71,305	80,455	50,044	127,574	165,200
Contractual Services	59,091	237,336	295,735	162,000	140,500
Capital Outlay	3,657	669	812	5,000	7,500
Programs	900,816	732,721	2,245,427	1,502,174	575,000
<b>Total Expenses</b>	<b><u>\$1,071,015</u></b>	<b><u>\$1,082,009</u></b>	<b><u>\$2,654,968</u></b>	<b><u>\$2,298,170</u></b>	<b><u>\$1,451,796</u></b>

**FY 2013-2014 – SGVCOG Expenditures by Category**  
**\$1,451,796**



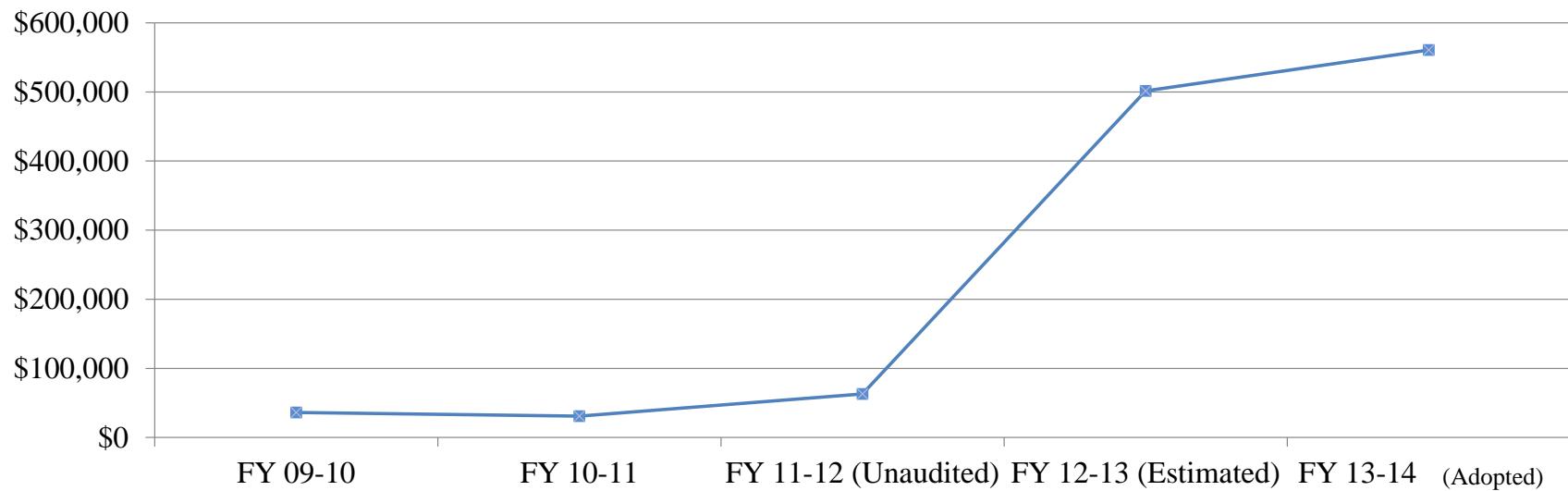
The three largest expenditure components are 1) Program Costs, \$575,000 or 40%, 2) Administrative & Personnel Services, \$563,596 or 39%, and 3) Maintenance & Operation Costs, \$165,200 or 11%. Contractual Services account for \$140,500, or 10%, of total expenses while \$7,500, or less than 1%, of the projected expenses in FY 2013-14 is allocated for capital equipment.

**Administrative & Personnel Services-** These costs include the salary, benefit and retirement costs associated with the Executive Director and four support staff, Governing Board stipends, administrative fees, and the internship program.

<b>FY 2009-2014 – SGVCOG Administrative &amp; Personnel Services Expenditures</b>					
	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12 (Unaudited)</b>	<b>FY 12-13 (Estimated)</b>	<b>FY 13-14 (Adopted)</b>
Salaries	-	-	-	\$271,873	\$417,996
Benefits	-	-	-	44,862	72,301
Retirement (CalPERS) – Employer Share	-	-	-	16,687	41,800
Total Personnel Expenses (5)	-	-	-	<u>333,422</u>	<u>532,096</u>
Internship Program	25,596	19,328	-	-	17,500
Stipends – Board (6)	10,550	11,500	12,950	13,000	11,000
Administrative Fees (7)	-	-	-	1,000	3,000
Settlement Expenses	-	-	50,000	155,000	
<b>Total Admin. &amp; Personnel Services Expenditures</b>	<b><u>\$36,146</u></b>	<b><u>\$30,828</u></b>	<b><u>\$62,950</u></b>	<b><u>\$501,422</u></b>	<b><u>\$563,596</u></b>

- (5) In FY 2012-13, the SGVCOG entered into temporary employment agreements in September 2012 and entered into two-year employment agreements with five staff members in February 2013. The personnel costs for FY 2012-13 include both the costs from the temporary and full-time agreements.
- (6) Governing Board members are paid a stipend of \$50 per meeting. Stipend expenditures vary based on the number of meetings and attendance at these meetings. In FY 2011-12 and FY 2012-13, there were both additional meetings and higher than average attendance, resulting in an increase in this expenditure.
- (7) Administrative fees include banking, payroll processing and other similar charges that SGVCOG incurs as a result of serving as an employer. Because the transition to having employees occurred in FY 2012-13, that year reflects only a partial year of costs.

### **FY 2009-2014 – SGVCOG Administrative & Personnel Services Expenditures**

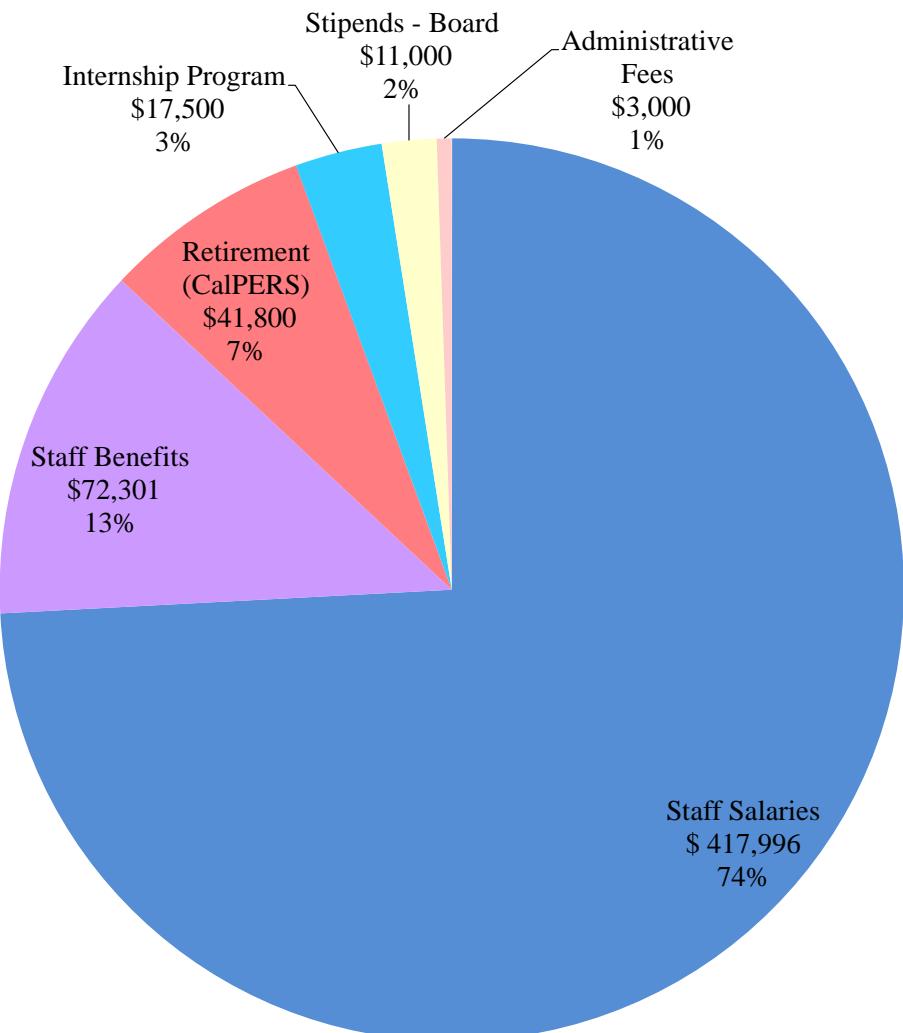


The three largest expenditures within Administrative & Personnel Services costs are 1) Salaries, \$417,996 or 74%, 2) Benefits, \$72,301 or 13%, and 3) Retirement, \$41,800 or 7%.

Of the \$532,096 in total personnel costs, \$180,000, or 34%, is offset by grants revenue. Additionally, the Adopted budget includes \$17,500 for an internship program. Of that, \$7,500, or 43%, is anticipated to be offset by grant revenues. Staff is exploring partnerships with local colleges and universities to obtain additional intern support at no cost to the SGVCOG by providing learning opportunities for students in the field of public policy. This is one of the many ways staff is working to maximize the SGVCOG's resources by identifying opportunities to enhance the efficiency of the organization.

#### FY 2013-2014 – SGVCOG Administrative & Personnel Services Expenditures

**\$563,596**

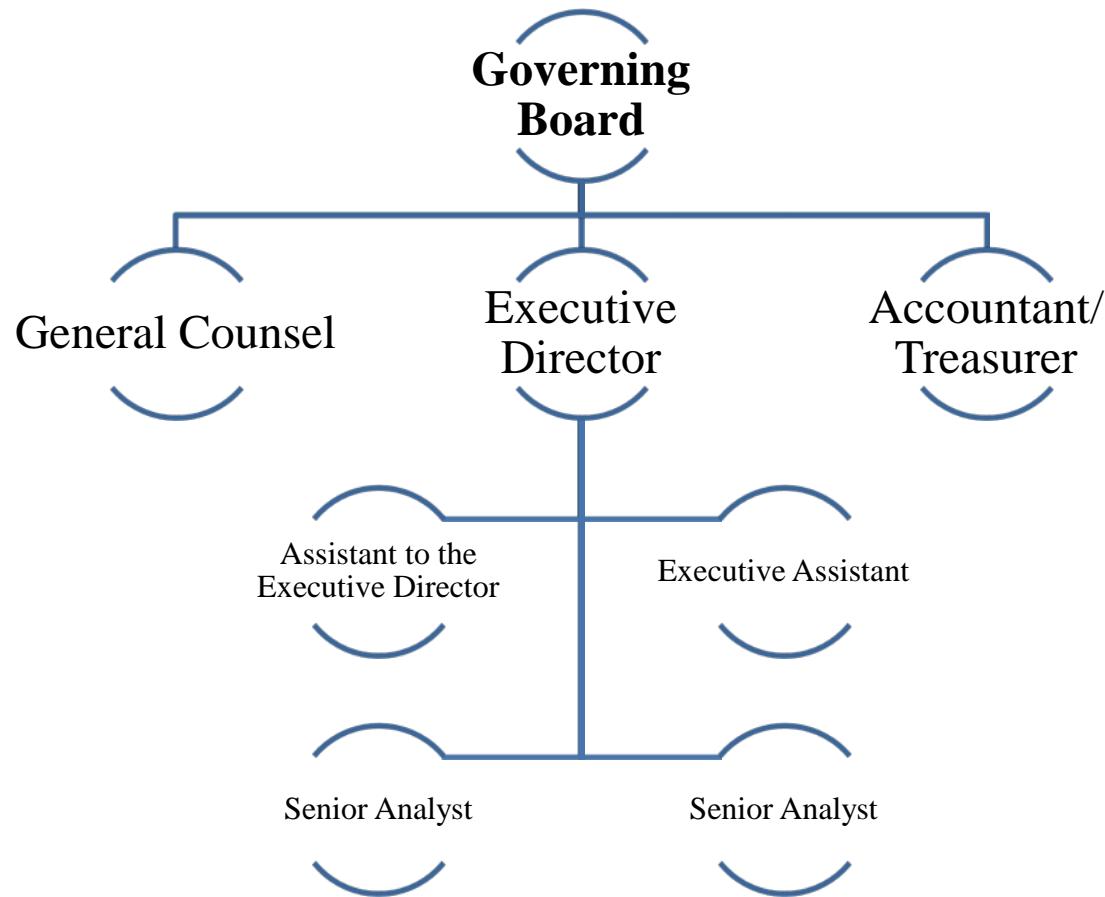


FY 2013-14 Administrative & Personnel Expenditures – Applied Revenues						
		Dues Revenue		Grants & Other Revenue Sources		
	FY 13-14 (Adopted)	General Fund	Transportation	SCE - CEEESP	SCE - Energy Wise	SCG - Energy Wise
Total Personnel	\$532,096	\$102,096	\$250,000	\$90,000	\$90,000	-
Internship Program	17,500	10,000	-	-	7,500	-
Stipends - Board	11,000	11,000	-	-	-	-
Administrative Fees	3,000	3,000	-	-	-	-

The transition from contract administration of the SGVCOG to in-house staffing began in 2012-13. The increase in salaries, benefits and retirement costs reflects the full year of in-house staffing beginning in FY 2013-14.

The SGVCOG currently has five employees, including an Executive Director, Assistant to the Executive Director, Executive Assistant, and two Senior Analysts. Legal services and accounting/treasurer services are provided pursuant to contracts. Additionally, various specialized services, such as organization development and performance evaluations, are provided to the SGVCOG on an as needed basis under contracts. The Adopted FY 2013-14 budget includes funding for human resources, technical policy committee support, and information technology support services, which had not been budgeted in prior years and will be addressed further in the Contractual Services section.

**SGVCOG Organization Chart**



The SGVCOG provides standard benefits to staff and all staff members participate in the California Public Employees' Retirement System (CalPERS). All new employees are under the "2% at 62" formula. The recommended FY 2013-14 budget includes an increase of 1.5% in personnel costs to reflect potential restructuring of positions.

Annualized SGVCOG Personnel Expenditures (Current)					
	Executive Director	Asst. to the Executive Director	Executive Assistant	Senior Analyst	Senior Analyst
<b><u>Salary</u></b>					
Annual Salary	\$ 175,000	\$ 85,280	\$ 65,000	\$ 44,270	\$ 41,600
<u>Salary Subtotal</u>	<u>175,000</u>	<u>85,280</u>	<u>65,000</u>	<u>44,270</u>	<u>41,600</u>
<b><u>Retirement</u></b>					
Employer Paid PERS (10%) (8)	17,500	8,528	6,500	4,427	4,160
<u>Retirement Subtotal</u>	<u>17,500</u>	<u>8,528</u>	<u>6,500</u>	<u>4,427</u>	<u>4,160</u>
<b><u>Benefits</u></b>					
Medical / Deferred Compensation	8,400	8,400	8,400	8,400	8,400
Medicare & Unemployment (4.45%)	7,788	3,795	2,893	1,970	1,851
Auto Allowance & Parking	5,340	4,740	540	540	540
<u>Benefits Subtotal</u>	<u>21,528</u>	<u>16,935</u>	<u>11,833</u>	<u>10,910</u>	<u>10,791</u>
<b><u>Annual Total Comp</u></b>	<b><u>\$ 214,028</u></b>	<b><u>\$ 110,743</u></b>	<b><u>\$ 83,333</u></b>	<b><u>\$ 59,607</u></b>	<b><u>\$ 56,551</u></b>

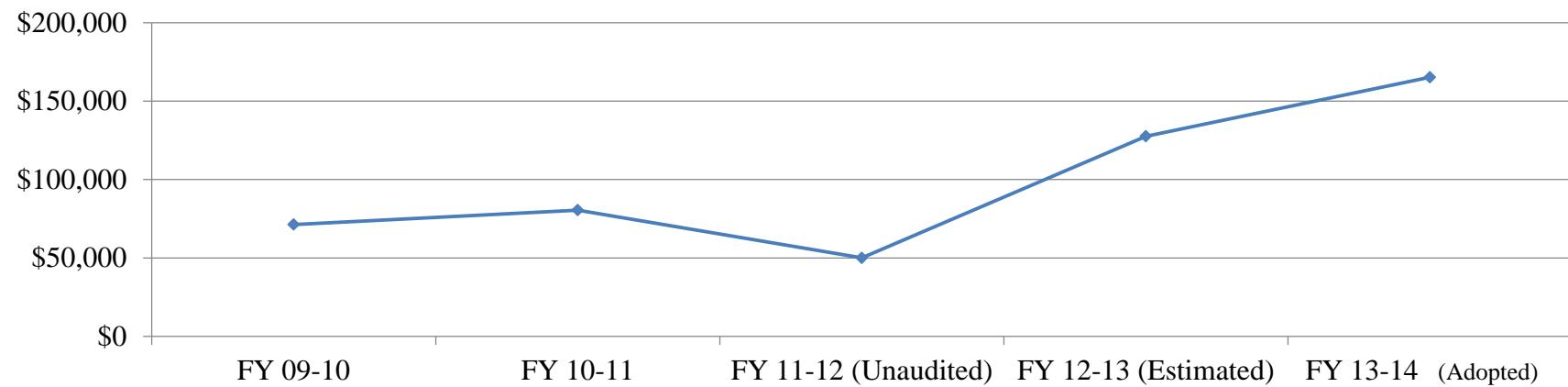
(8) The employer contribution for PERS was estimated to at 10% of annual salaries. This estimated was used to anticipate any potential increases in PERS costs that may occur Statewide. All staff members pay the full employee PERS contribution.

**Maintenance & Operation Costs-** These costs include facility costs (i.e. rent, storage, utilities, duplication and office supplies), insurance/bonding, meetings and travel, and memberships. Previously, facility costs were included under the terms of the SGVCOG's MSA. The facility costs reflected in the Adopted FY 2013-14 budget are offset by a reduction in the costs related to the termination of the MSA. In FY 2012-13, the Governing Board authorized entering into a five year lease with the facility where the SGVCOG's offices are currently located in Alhambra. Currently, the SGVCOG only has one annual membership, with the Local Government Sustainable Energy Coalition (LGSEC), that provides support and advocacy for local governments on energy-efficiency and renewable energy projects.

<b>FY 2009-2014 – SGVCOG Maintenance &amp; Operation Expenditures</b>					
	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12 (Unaudited)</b>	<b>FY 12-13 (Estimated)</b>	<b>FY 13-14 (Adopted)</b>
Rent	-	-	-	\$41,609	\$62,160
Storage				1,500	1,500
Utilities	-	-	-	3,392	4,240
Postage	-	-	-	1,920	2,400
Office Supplies	-	-	-	1,920	2,400
Printing & Publication (9)	18,068	5,803	6,167	23,987	14,000
Depreciation	1,049	-	-	1,000	1,000
Insurance & Bonding	3,859	4,662	4,834	6,000	8,000
Dues & Subscriptions	1,885	514	10,345	10,000	10,000
Meetings & Travel (10)	35,612	29,350	21,349	13,646	34,500
Miscellaneous	10,832	1,458	7,349	20,000	20,000
Unreimbursed Grant Expenses (11)	-	38,668	-	2,600	5,000
<b>Total Maintenance &amp; Op. Costs</b>	<b>\$71,305</b>	<b>\$80,455</b>	<b>\$50,044</b>	<b>\$127,574</b>	<b>\$165,200</b>

- (9) As part of their investigation alleged conflict of interest involving a former contract employee, the District Attorney's (DA) Office seized a number of the SGVCOG's records, including financial records and grant-related files. In order to recover an electronic copy of all files, the SGVCOG contracted with Discovery Data Solutions. The total cost to duplicate all records was \$9,987. This cost was included in the FY 2012-13 under printing and publication costs.
- (10) Meetings & travel expenses include costs for local meetings and receptions as well as Board and staff travel. In FY 11-12 and FY 12-13, there was limited Board and staff travel to Washington D.C. and Sacramento, which significantly lowered the expenditures in this area.
- (11) Unreimbursed Grant Expenses for FY 2010-11 includes the \$36,963 in Caltrans Grant Costs that were required to be returned as a result of a program audit.

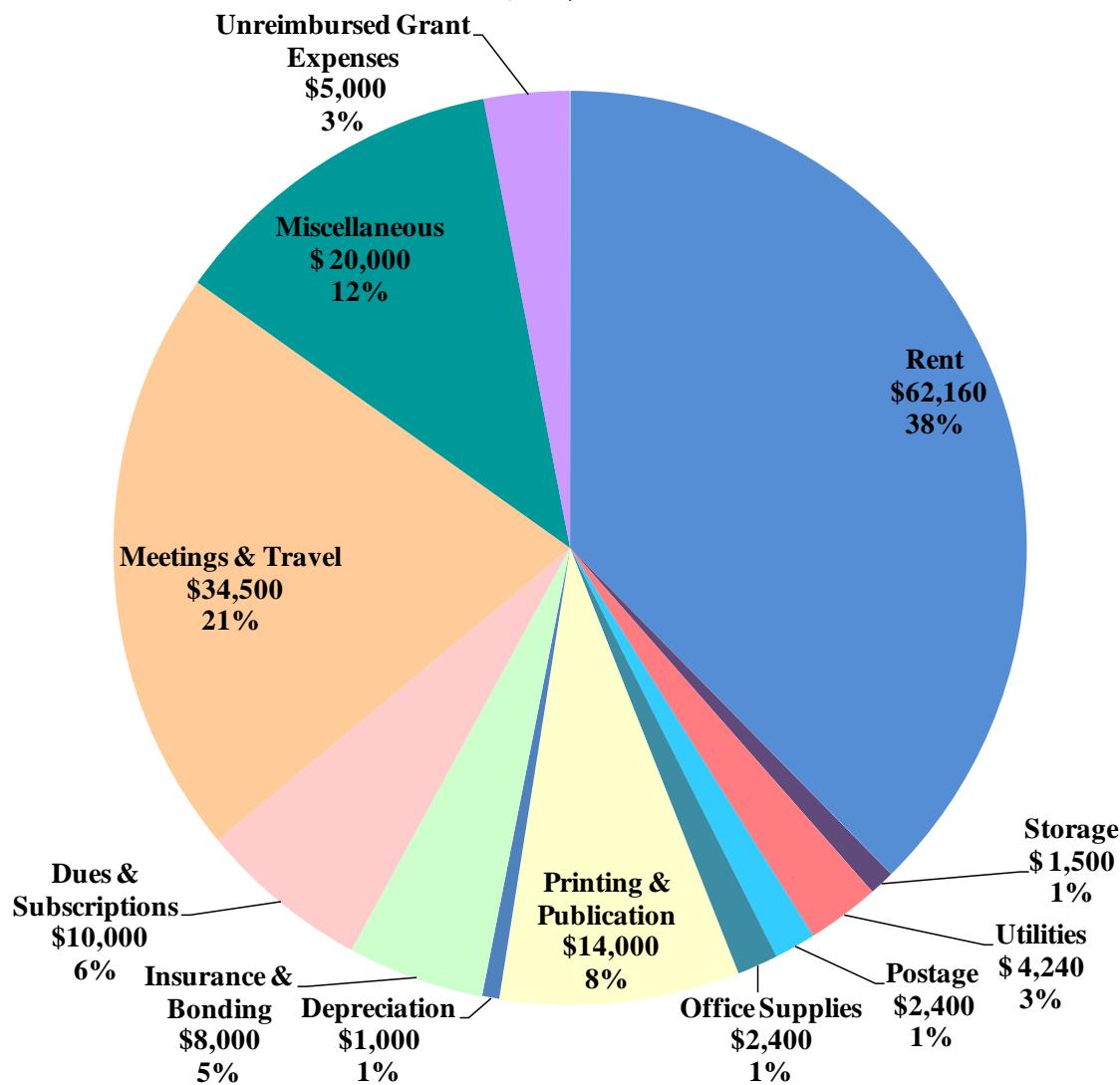
### FY 2009-2014 – SGVCOG Maintenance & Operation Expenditures



### FY 2013-2014 – SGVCOG Maintenance & Operations

#### Expenditures

\$165,200



Staff is currently working to develop an indirect cost allocation plan that would allocate eligible expenditures across all funding sources, including grant funded programs. For the purposes of this year's budget, staff estimated the expenditures that are related to the grant programs based on the distribution of labor hours. Based on this initial analysis, it is expected that at least 23% of the maintenance and operation expenditures will be recuperated through grant-funded projects. A more formalized cost allocation plan will be developed over the next year and will serve as the basis of budgeting in future years.

FY 2013-14 Maintenance & Operation Expenditures – Applied Revenues						
		Dues Revenue		Grants & Other Revenue Sources		
	FY 13-14 (Adopted)	General Fund	Transportation	SCE - CEESP	SCE - Energy Wise	SCG – Energy Wise
Rent	\$62,160	\$11,927	\$29,205	\$10,514	\$10,514	-
Storage	1,500	1,500	-	-	-	-
Utilities	4,240	814	1,992	717	717	-
Postage	2,400	460	1,128	406	406	-
Office Supplies	2,400	460	1,128	406	406	-
Printing & Publication	14,000	2,686	6,578	2,368	2,368	-
Depreciation	1,000	1,000	-	-	-	-
Insurance & Bonding	8,000	1,535	3,759	1,353	1,353	-
Dues & Subscriptions	10,000	10,000	-	-	-	-
Meetings & Travel	34,500	34,500	-	-	-	-
Miscellaneous	20,000	3,837	9,397	3,383	3,383	-
Unreimbursed Grant Expenses	5,000	5,000	-	-	-	-

**Contractual Services**- This reflects the costs related to services. This includes legal and accounting services, which are provided on an annual fixed fee basis, and strategic planning, financial audit and annual evaluation services that are provided on an annual or semi-annual basis. Given the significant organizational changes that have occurred over the past year, staff has included funding for human resources and information technology (IT) support. These services would be utilized on an as-needed basis. Staff is also recommending an increase to the expenditure for accounting services in order to allow for further development of the SGVCOG's financial systems and controls as well as funding for policy committee support, specifically for the Transportation Committee, in order assist with analyzing various transportation projects and providing recommendations to the Governing Board. The final change being recommended is to include funding for as-needed media and public relations services. This year, staff has expanded the SGVCOG's public outreach efforts, including social media (Facebook and Twitter) and a monthly newsletter (Valley Voice). Upgrades to the SGVCOG's website are planned, and staff anticipates further expanding these efforts to enhance community outreach with the assistance of a professional media and public relations firm.

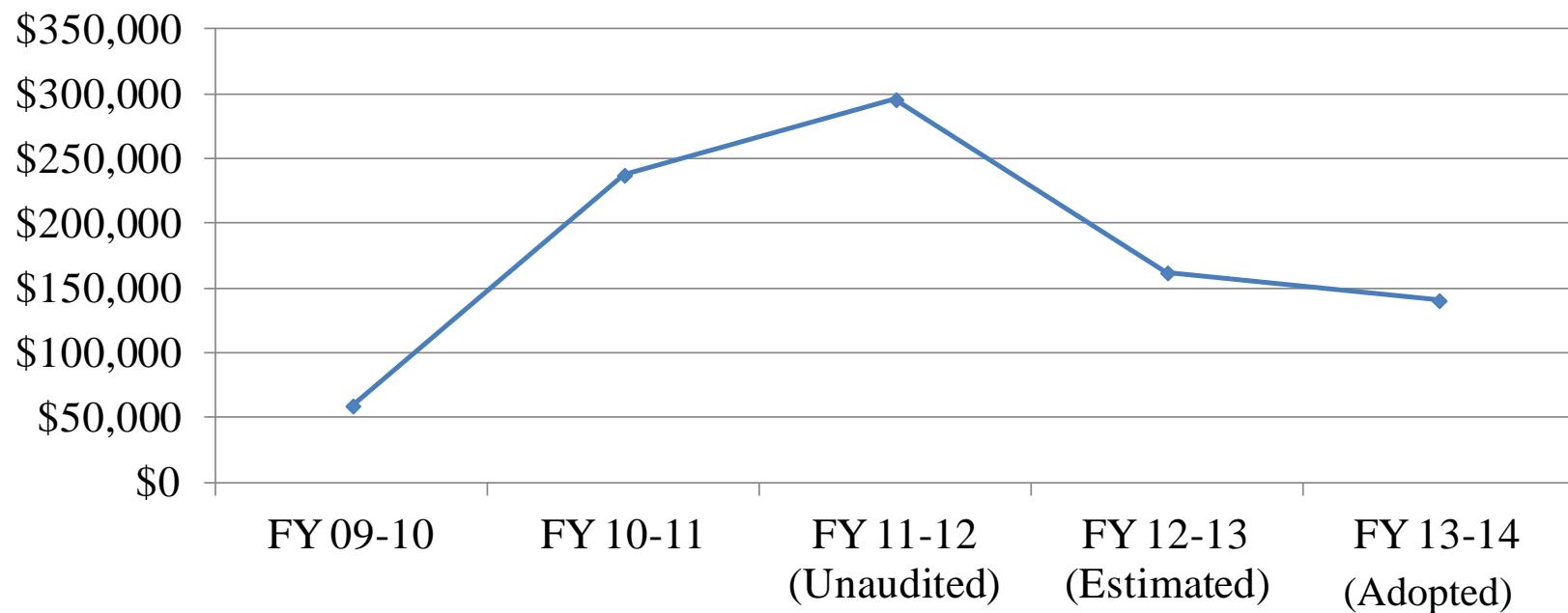
<b>FY 2009-2014 – SGVCOG Contractual Services Expenditures</b>					
	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12 (Unaudited)</b>	<b>FY 12-13 (Estimated)</b>	<b>FY 13-14 (Adopted)</b>
Management Services (12)	\$15,177	\$124,949	\$128,210	\$85,000	-
Human Resources	-	-	-	-	15,000
Technical Policy Committee Support (13)	-	-	35,446	-	15,000
Information Technology	-	-	-	-	15,000
Strategic Planning	-	-	-	-	16,000
Media & Public Relations	-	-	-	-	10,000
Legal	21,340	60,070	85,217	50,000	30,000
Accounting (14)	10,000	11,000	12,000	12,500	20,000
Financial Audit Services	8,686	37,387	14,913	14,500	15,000
Annual Evaluation	3,888	3,930	19,949	-	4,500
<b>Total Contractual Services Expenditures</b>	<b>\$59,091</b>	<b>\$237,336</b>	<b>\$295,735</b>	<b>\$162,000</b>	<b>\$140,500</b>

(12) In the FY 2009-12 financial audits, only the management services contract fees that were paid for by general fund revenue were included under the "Consultant fee". Labor charged to programs (i.e. Transportation and Air Quality) were included under those expense categories. In FY 2009-2013, Strategic Planning and Media/Public Relations service costs were also included under "Consultant fee". In FY 2012-13, the costs for the interim Executive Director are included under Management Services.

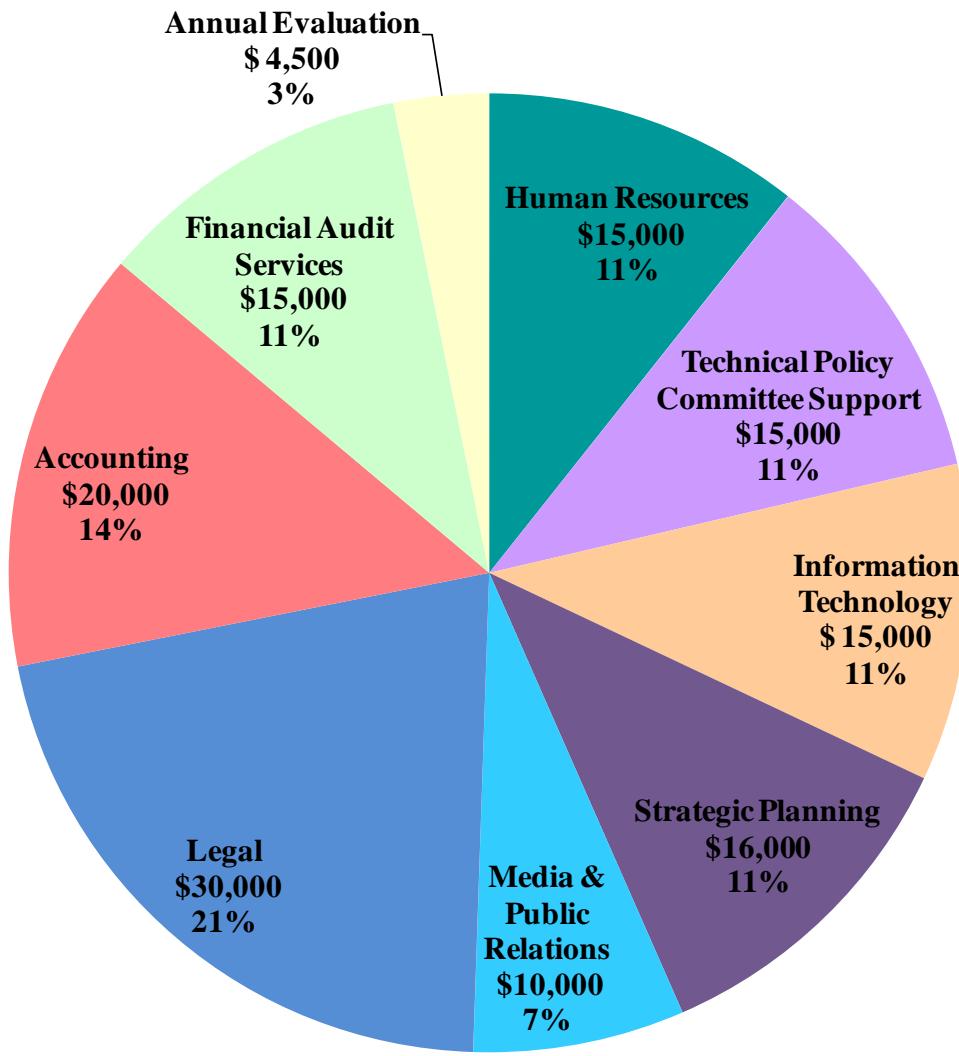
(13) Technical Policy Committee Support was identified as "MTA and Water Board Support" in the draft FY 2011-12 financial audit.

(14) In FY 2009-2012 financial audits, the Accounting and Financial Audit Services were combined as a single line item. The breakout of expenses is estimated in this budget.

### FY 2009-2014 – SGVCOG Contractual Services Expenditures



FY 2013-2014 – SGVCOG Contractual Services  
Expenditures  
\$165,200

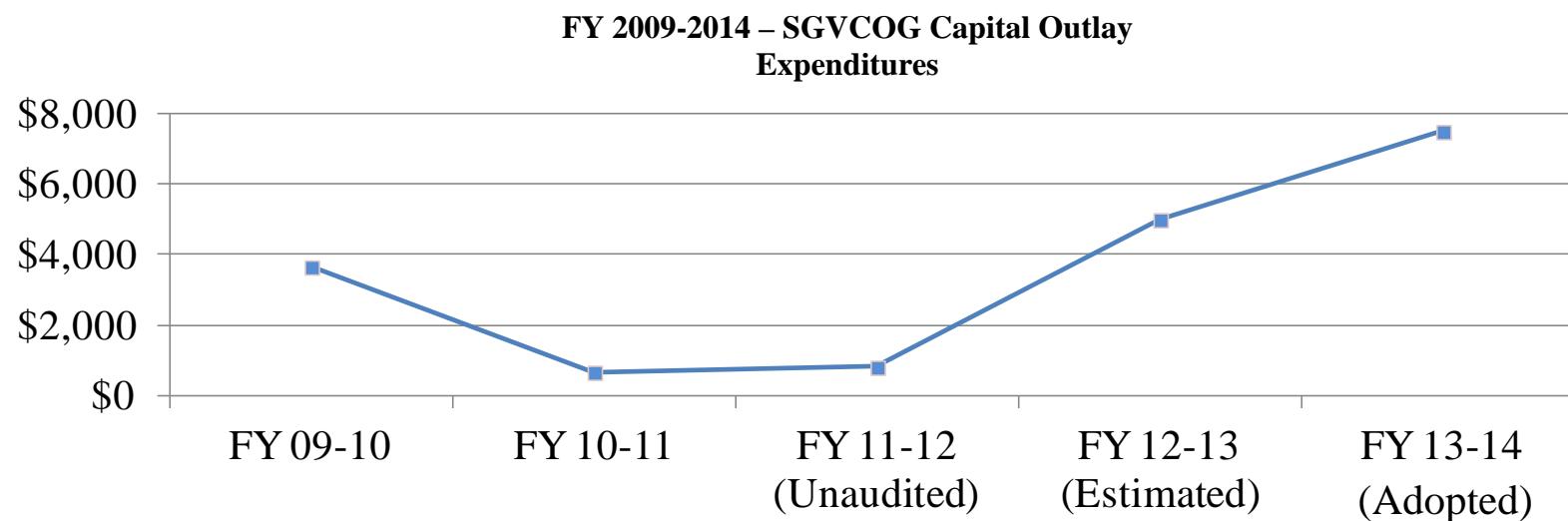


As discussed earlier, staff is in the process of developing an indirect cost allocation plan. However, because several of the proposed contractual services are related to governance, subject matter specific activities (i.e. technical policy committee support), and non-grant eligible activities, it is expected that only 12% of these costs can be reimbursed through grant funds at this time.

<b>FY 2013-14 Contractual Services Expenditures – Applied Revenues</b>						
	<b>Dues Revenue</b>		<b>Grants &amp; Other Revenue</b>			
	<b>FY 13-14 (Adopted)</b>	<b>General Fund</b>	<b>Transportation</b>	<b>SCE - CEESP</b>	<b>SCE - Energy Wise</b>	<b>SCG - Energy Wise</b>
Human Resources	<u>\$15,000</u>	\$15,000	-	-	-	-
Technical Policy Committee Support	<u>15,000</u>	10,000	5,000	-	-	-
Information Technology	<u>15,000</u>	2,878	7,048	2,537	2,537	-
Strategic Planning	<u>16,000</u>	16,000	-	-	-	-
Media & Public Relations	<u>10,000</u>	10,000	-	-	-	-
Legal	<u>30,000</u>	30,000	-	-	-	-
Accounting	<u>20,000</u>	3,837	9,397	3,383	3,383	-
Financial Audit Services	<u>15,000</u>	2,878	7,048	2,537	2,537	-
Annual Evaluation	<u>4,500</u>	4,500	-	-	-	-

**Capital Outlay-** Under the terms of the settlement with AAI, SGVCOG received all existing office agreement when it assumed the five-year facility lease. Therefore, the SGVCOG has limited need for capital outlay expenditures in FY 2013-14. The only anticipated cost is related to the purchase of new computers and software intended to upgrade the SGVCOG's current IT infrastructure and financial management and reporting software. All expenditures will be charged to grants and projects based on intended use. Currently, it is estimated that 50% of these expenditures can be reimbursed by grant funding.

<b>FY 2009-2014 – SGVCOG Capital Outlay Expenditures</b>					
	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12 (Unaudited)</b>	<b>FY 12-13 (Estimated)</b>	<b>FY 13-14 (Adopted)</b>
IT & Office Equipment	\$3,657	\$669	\$812	\$5,000	\$7,500



<b>FY 2013-14 SGVCOG Capital Outlay – Applied Revenues</b>						
		<b>Dues Revenue</b>		<b>Grants &amp; Other Revenue</b>		
	<b>FY 13-14 (Adopted)</b>	<b>General Fund</b>	<b>Transportation</b>	<b>SCE - CEEESP</b>	<b>SCE - Energy Wise</b>	<b>SCG - Energy Wise</b>
IT & Office Equipment	<b>\$7,500</b>	1,875	1,875	1,875	1,875	-

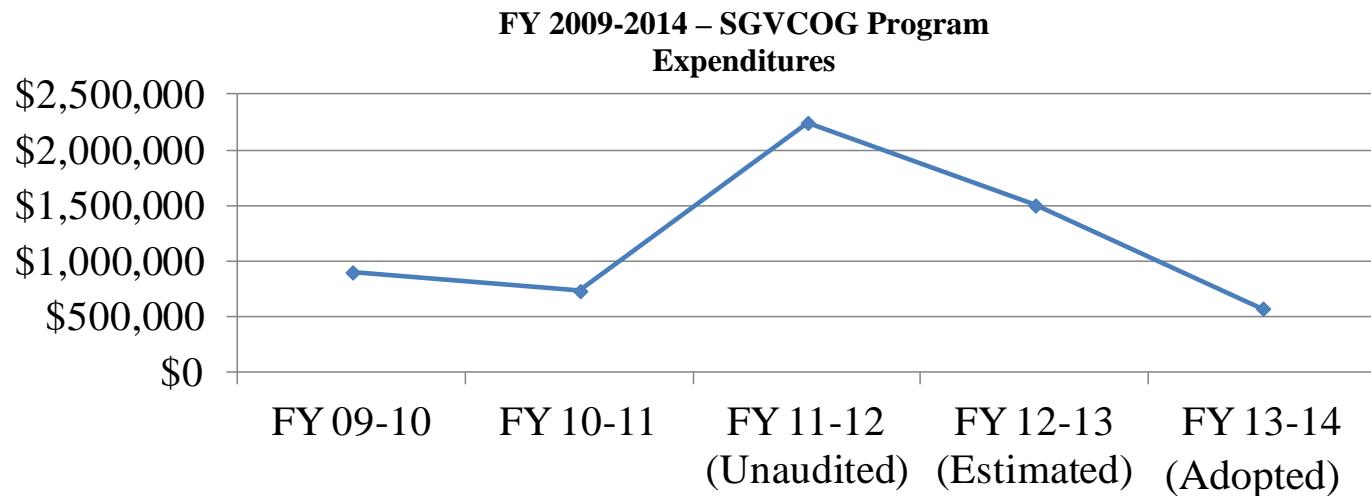
**Programs-** This expenditure category reflects direct program expenditures related to the SGVCOG's five identified priority areas: transportation, affordable housing, economic development, homeless services, and energy & environment. This structure is intended to reflect the goals and objectives identified in the SGVCOG's Strategic Plan. It is challenging to compare proposed expenditures for FY 2013-14 under this category with prior years' budgets as the SGVCOG transitions to an applied revenue model for staff labor and other expenses. In prior years, labor charges, paid under the MSA and related amendments, were included under program expenditures along with contracts for other third-party professional services and direct expenses.

<b>FY 2009-14 SGVCOG Program Expenditures</b>					
	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12 (Unaudited)</b>	<b>FY 12-13 (Estimated)</b>	<b>FY 13-14 (Adopted)</b>
Air Quality (15)	\$143,687	\$50,502	\$24,700	\$12,453	-
Transportation (16)	254,905	280,007	261,634	155,225	-
Affordable Housing	-	-	-	-	-
Economic Development	-	-	-	-	-
Homeless Services	17,437	1,210	-	-	-
Energy & Environment (17)	484,787	401,002	1,959,093	1,334,496	575,000
<b>Total Program Expenditures</b>	<b>\$ 900,816</b>	<b>\$732,721</b>	<b>\$2,245,427</b>	<b>\$1,502,174</b>	<b>\$575,000</b>

(15) In prior years' budget, Air Quality was listed as a separate line item from other Energy & Environment program because it reflected expenditures related to AB 2766 funds. This was intended to provide easier tracking as these funds are audited bi-annually by the South Coast Air Quality Management District.

(16) Transportation expenses include \$12,000 that funded a research study on the Arrow Highway Corridor in FY 2009-10.

(17) Energy & Environment expenses includes expenses for the following grants and programs: Southern California Edison - California Energy Efficiency Strategic Plan Implementation; Southern California Edison - Energywise; Southern California Gas Company - Energywise; California Department of Resources - CalRecycle; California Department of Conservation - Watershed Coordinator Program; Energy Upgrade; and Water Quality Improvement; MS-4 NPDES.



In the future, as additional years' data is available for analysis and comparison purposes, it will provide a clearer understanding of the funding available by each program area. However, the Adopted FY 2013-14 does identify a gap in funding for several SGVCOG priority areas, notably affordable housing, economic development and homeless services. Because there is no identified funding source for these areas, there is limited activity related to these issues and general fund revenues are used to fund the labor related to the coordination of policy committees. In the coming year, staff will be focusing on identifying funding related to these important program areas. Additionally, Transportation programs do not have any funding aside from dues funds that are restricted to transportation activities. However, these funds have been budgeted for SGVCOG labor and do not provide sufficient funding for specific projects outside of routine SGVCOG activities.

	FY 2013-14 SGVCOG Program Expenditures – Applied Revenues						
	<b>FY 13-14 (Adopted)</b>	Dues Revenue		Grants & Other Revenue			
		<b>General Fund</b>	<b>Transportation</b>	<b>SCE - CEEESP</b>	<b>SCE - Energy Wise</b>	<b>SCG - Energy Wise</b>	
Transportation	-	-	-	-	-	-	-
Affordable Housing	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-
Homeless Services	-	-	-	-	-	-	-
Energy & Environment	<u>\$575,000</u>	-	-	\$ 400,000	\$ 25,000	\$ 150,000	