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I. EXECUTIVE SUMMARY

As shown in Table 1, the San Gabriel Valley Council of Governments' (SGVCOG) estimated revenues for FY 2012-13 will be \$1,833,096 while ongoing operating expenses are estimated to be \$1,814,533. Currently, this is expected to result in a surplus of \$18,563, or approximately 2.5% of next year's estimated general operating income. This represents a balanced budget, and for the fifth consecutive year there will be no increases in member agency dues. Exhibit 1 on the following page provides a consolidated matrix of revenues and expenses allocated by fund. It is important to note that this proposed budget does not reflect implementation of any of the recommendations from the recently completed organization and operations review that was conducted by City Gate Associates, LLC. Any changes resulting from implementation of those recommendations would be presented as revisions to this budget.

As shown in Figure 1 below, the SGVCOG's reserves at the end of FY 2011-12 are currently estimated at \$626,470 and are expected, based on the expenditure plan for next year, to increase to \$645,033 by the end of FY 2012-13. At the end of FY 2012-13, the SGVCOG will be approximately 95% of the way towards achieving the Agency's adopted goal of having reserves equal to one year of member dues income.

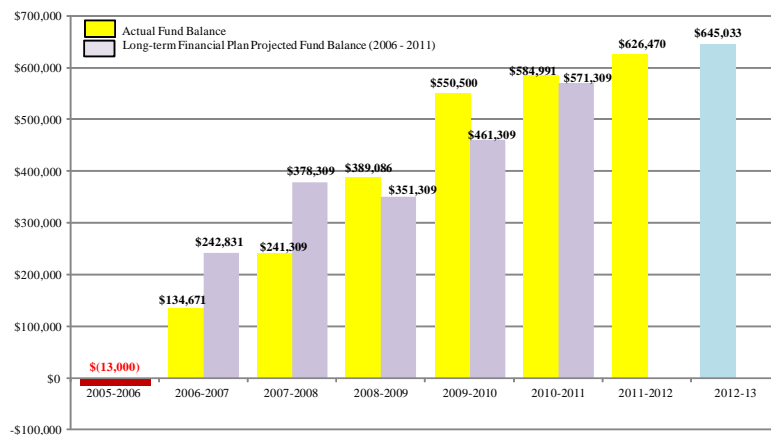


Figure 1
SGVCOG Reserves 2005-2013

Budget Item	Adopted FY 2011-12	Approved Mid-Year Revision FY 2011-12	Estimated Actual FY 2011-12	Proposed FY 2012-13
General Operating Income				
Member Dues	\$701,211	\$701,211	\$701,211	\$702,096
Interest	\$1,000	\$1,000	\$2,387	\$1,000
Total General Operating Income	\$702,211	\$702,211	\$703,598	\$703,096
Grants & Special Project Income				
SCE Local Government Partnership	\$178,965	\$160,000	\$143,429	\$75,000
Watershed Coordinator Grant	\$34,000	\$50,995	\$50,995	\$0
CalRecycle Grant	\$186,000	\$186,000	\$150,534	\$0
SCE CEESP Grant	\$2,360,000	\$2,360,000	\$1,286,555	\$1,000,000
Energy Upgrade California	\$55,000	\$55,000	\$55,115	\$55,000
MS-4 Permit Coordination	\$0	\$0	\$165,500	\$0
Reach #2 TMDL	\$0	\$0	\$55,317	\$0
Total Grants & Special Project Income	\$2,813,965	\$2,811,995	\$1,907,446	\$1,130,000
Misc. Income				
Vendor Registration fees for Events	\$0	\$0	\$250	\$0
Total Misc. Income	\$0	\$0	\$250	\$0
Total Income	\$3,516,176	\$3,514,206	\$2,611,293	\$1,833,096
General Operating Expenses				
Ongoing Management and Operational Contracts				
Management Services Contract (MSC)	\$422,154	\$428,033	\$428,033	\$428,033
MTA Board Support	\$50,000	\$50,000	\$50,000	\$50,000
Legal Services	\$66,214	\$66,214	\$83,880	\$40,000
Financial Audit Services	\$15,000	\$13,500	\$13,500	\$15,000
Bookkeeping / Accounting	\$12,500	\$12,000	\$12,000	\$13,000
Consultant Services				
Federal Advisory Services	\$25,000	\$5,000	\$0	\$0
Strategic Planning	\$16,000	\$16,000	\$9,519	\$16,000
Media/Public Relations	\$10,000	\$10,000	\$715	\$15,000
Annual Evaluation	\$4,500	\$4,500	\$0	\$4,500
SGVCOG Organization and Operation Review	TBD	\$19,949	\$19,949	\$0
LARWQCB Technical Support	\$0	\$7,500	\$7,500	\$0
Special Events and Advocacy Travel				
Annual Federal & State Advocacy Delegation	\$22,000	\$22,000	\$1,000	\$22,000
Local Receptions	\$5,000	\$5,000	\$6,017	\$5,000
Governing Board and Committee Meetings	\$7,500	\$7,500	\$7,871	\$7,500
Direct Expenses				
Board Stipends	\$11,000	\$11,000	\$11,800	\$11,000
Insurance	\$6,000	\$6,000	\$4,863	\$6,000
Printing / Publication	\$20,000	\$14,000	\$6,947	\$14,000
Miscellaneous	\$20,000	\$20,000	\$4,426	\$20,000
Total Operating Expenditures	\$712,868	\$718,197	\$668,020	\$667,033
Grants & Special Projects Expenses				
Grants & Special Projects Staff				
MSC - Amendment #1 (Energy Wise, CalRecycle, Watershed)	\$105,000	\$105,000	\$105,000	\$52,500
MSC - Amendment #2 (SCE CEESP)	\$200,000	\$160,000	\$135,624	\$100,000
MSC - Amendment #3 (Energy Upgrade)	\$55,000	\$55,000	\$55,115	\$55,000
Grants & Policy Committee Internship Program	\$20,000	\$0	\$0	\$10,000
Caltrans Audit Response Expenses	\$0	\$2,400	\$2,421	\$0
Contract Administrator	\$20,000	\$0	\$0	\$0
Consultant Services and Other Direct Grant Expenses				
Miscellaneous Grant Expenses	\$10,000	\$5,000	\$4,500	\$5,000
Local Government Sustainable Energy Coalition	\$0	\$10,000	\$10,000	\$10,000
Information Technology	\$5,000	\$5,000	\$1,000	\$5,000
Watershed Coordinator Grant	\$30,000	\$44,344	\$44,401	\$0
SCE Local Government Partnership Expenses	\$20,000	\$30,000	\$38,250	\$10,000
CalRecycle Grant Expenses	\$175,000	\$175,000	\$133,734	\$0
SCE CEESP Expenses	\$2,160,000	\$2,200,000	\$1,150,931	\$900,000
MS-4 Permit Coordination	\$0	\$0	\$165,500	\$0
Reach #2 TMDL	\$0	\$0	\$55,317	\$0
Total Grant & Special Project Expenses	\$2,800,000	\$2,791,744	\$1,901,794	\$1,147,500
Total Expenditures	\$3,512,868	\$3,509,940	\$2,569,814	\$1,814,533
Surplus	\$3,308	\$4,266	\$41,479	\$18,563

Table 1
Recommended SGVCOG FY 2012-13 Budget

SGVCOG FY 2012-13 General Operating and Grants Revenue / Expenses Matrix

Exhibit 1

			Member Dues		Other	Grants Income			
			General Fund	A&C / Other Restricted	Interest	SGVEWP	SCE CEESP Grant	Energy Upgrade California	
			\$ 250,000	\$ 452,096	\$ 1,000	\$ 75,000	\$ 1,000,000	\$ 55,000	Balance
General Operating Expenses	Ongoing Management and Operational Contracts								
	Management Services Contract (MSC)	\$428,033	\$ 30,437	\$ 385,096		\$ 12,500			\$0
	MTA Board Support	\$50,000		\$ 50,000					\$0
	Legal Services	\$40,000	\$ 40,000						\$0
	Financial Audit Services	\$15,000	\$ 6,000	\$ 9,000					\$0
	Bookkeeping / Accounting	\$13,000	\$ 9,000	\$ 4,000					\$0
	Consultant Services								
	Strategic Planning	\$16,000	\$ 12,000	\$ 4,000					\$0
	Media/Public Relations	\$15,000	\$ 15,000						\$0
	Annual Evaluation	\$4,500	\$ 4,500						\$0
	Special Events and Advocacy Travel								
	Annual Federal Advocacy Delegation	\$22,000	\$ 22,000						\$0
	Local Reception	\$5,000	\$ 5,000						\$0
	Governing Board and Committee Meetings	\$7,500	\$ 7,500						\$0
	Direct Expenses								\$0
	Board Stipends	\$11,000	\$ 11,000						
	Insurance	\$6,000	\$ 6,000						\$0
	Printing / Publication	\$14,000	\$ 14,000						\$0
	Miscellaneous	\$20,000	\$ 20,000						\$0
Grants & Special Project Expenses	Grants & Special Projects Staff								
	MSC - Amendment #1	\$52,500				\$ 52,500			\$0
	MSC - Amendment #2	\$100,000					\$ 100,000		\$0
	MSC - Amendment #3	\$55,000						\$ 55,000	\$0
	Grants & Policy Committee Internship Program	\$10,000	\$ 10,000						
	Consultant Services and Other Direct Grant Expenses								
	Local Government Sustainable Energy Coalition	\$10,000	\$ 10,000						\$0
	Miscellaneous Grant Expenses	\$5,000	\$ 5,000						\$0
	Information Technology	\$5,000	\$ 5,000						\$0
	SCE Local Government Partnership Expenses	\$10,000				\$ 10,000			\$0
	SCE CEESP Expenses	\$900,000					\$ 900,000		\$0
Balance			\$17,563	\$0	\$1,000	\$0	\$0	\$0	\$18,563

FY 2012-13 Grant Funding

Included in the estimated income for this next year is revenue attributable to three grant sources listed below:

- ✓ ***Southern California Edison (SCE) Local Government Partnership (\$75,000):*** This is the third year of a three-year program cycle for this grant program. All work for the current funding cycle is expected to complete by December 31st, 2012. This grant funds the San Gabriel Valley Energy Wise Partnership (SGVEWP) and has a number of specific objectives including the following: assisting local governments in implementing energy-efficiency projects, providing training to city staff on energy efficiency issues, and educating and outreaching to the public to increase knowledge of energy-efficiency. During FY 2012-13, the SGVCOG anticipates receiving \$75,000 for administration, implementation and expenses associated with specific workplan elements of this program.
- ✓ ***SCE California Long-Term Energy-Efficiency Strategic Plan (CEESP) Grant (\$1,000,000):*** This is the second year of the two-year period for this grant. All work is expected to conclude by the end of FY 2012-13. This program will provide funding for two activities: 1) developing customized energy-efficiency chapters for cities' existing or planned climate action plans or 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 mandates regarding energy-efficiency and climate change. The SGVCOG is administering this program and anticipates receiving \$100,000 in FY 2012-2013 for labor costs associated with this work. The remaining funds (\$900,000) will be used for reimbursements to cities for their respective staff time spent on the project, data and software fees, consultant services for the climate action planning task, and reimbursement to the County of Los Angeles for costs associated with the energy management program.
- ✓ ***Energy Upgrade California (\$55,000):*** This is the second year of the two-year period for this grant. All work is required to be completed by the end of FY 2012-13. This grant provides part-time staffing to implement marketing and outreach activities associated with the Energy Upgrade California program. This work is being funded by the County of Los Angeles through a grant from the CEC and DOE. "Energy Upgrade California" is a partnership of the California Energy Commission (CEC), the California Public Utilities Commission (CPUC), investor-owned and municipal utilities, Councils of Governments, local governments, and other stakeholders. The goal of this program is to create a new market for residential and commercial investment grade retrofits.

It is important to note that two of the SGVCOG's grant projects, CalRecycle and Watershed Coordinator, that were included in the 2011-12 adopted budget have been successfully completed, and the projects have been closed out. Staff has received positive feedback from the grant managers at the respective State agencies that oversee these grants. Additionally, the SGVCOG's Watershed Coordinator grant was included in a statewide financial audit conducted by the Department of Finance, and there were no findings as a result of this audit. The CalRecycle final report was submitted in April 2012, and the report, as well as all deliverables associated with the grant, were accepted and approved by the Agency's assigned grant manager.

Staffing

Over the past three years, due to the increased workload associated with staffing and managing grants, the SGVCOG expanded its staffing. In FY 2011-12, there was a total of 6 Full-Time Equivalent (FTE) positions. However, as several grants continue to reach completion, it is anticipated that the needed staffing resources will decrease. In FY 2012-13, a total of 5 FTEs will be requested to meet the Governing Board's adopted contracts. Across the MSA and all three Amendments, the SGVCOG pays an average fully burdened hourly rate of \$61 for the turnkey services provided by Arroyo Associates Inc. (AAI) for all staffing. As shown in Table 2, nearly half of the SGVCOG positions (2.0 FTE) are assigned to work on grant-related work.

Budget Item	Adopted Budget FY 2011-12	Approved Mid-Year 2011-12	Proposed FY 2012-13	Estimated FY 2012-13 FTE	Average Hourly Rate
Management Services Contract (MSC)	\$428,033	\$428,033	\$428,033	3	\$69
MSC - Amendment #1 (Energy Wise)	\$105,000	\$105,000	\$52,500	0.5	\$50
MSC - Amendment #2 (SCE CEESP)	\$200,000	\$160,000	\$100,000	1	\$48
MSC - Amendment #3 (Energy Upgrade)	\$ 55,000	\$ 55,000	\$55,000	0.5	\$53
Total	\$788,033	\$748,033	\$635,533	5	\$61
Total FTE	6	6	6		

Table 2
Overview of SGVCOG Staffing and Average Hourly Rate by Project

II. FY 2011-12 GOALS, OBJECTIVES, AND ACHIEVEMENTS

Beginning six years ago and in response to recommendations from the City Managers' TAC, the SGVCOG engaged in a formal strategic planning process. An outside consultant was hired to facilitate a Strategic Planning Retreat, the first of which was held in 2006. Since that time, we have held seven additional strategic workshops in six month intervals. This process has had numerous benefits:

- Developing consensus among SGVCOG member agencies regarding the long and short-term goals of the organization
- Identifying a specific timeline in order to achieve long-term goals
- Maximizing accountability of staff performance to ensure that all desired outcomes and objectives established by member agencies are achieved

More broadly, this exercise has helped our stakeholders establish a clear vision for the Agency and has heightened our sense of accountability within the SGVCOG. Below are highlights of the SGVCOG's major accomplishments this past year. This is by no means an exhaustive list and is only meant to serve as a snapshot. See the Appendix for a full explanation of all activities listed below.

Transportation

- ✓ **710 Gap Closure Environmental Work:** This year, work began on the 710 Gap Closure environmental impact report. This Measure R funded effort represents significant project on a long-standing SGVCOG transportation priority.
- ✓ **Measure R Funding:** This year, 710 Gap Closure, ACE and the Gold Line Foothill Extension saw the first draw down of Measure R funding. In total, ACE will receive \$400 million in Measure R funding and the Gold Line Foothill Extension will receive \$780 million. This is in addition to the funds that are allocated to the 710 environmental work. To date, the San Gabriel Valley has received the most Measure R funding of any subregion.
- ✓ **California High Speed Rail Project "Blended Approach":** Last year, under the initiation of Supervisor Antonovich, SCAG and MTA began analyzing the feasibility of the "blended approach" to high speed rail in Southern California. This plan would focus on investing in upgrades and improvements to the existing rail network, including Metrolink, rather than building a separate high speed rail system. New high speed rail systems would only be built to connect the major metropolitan areas. In September, the SGVCOG Governing Board took a position of support for this approach. In January, the California High Speed Rail Authority incorporated this approach into its business plan and began negotiations with SCAG, MTA and other southern California transportation agencies to secure funding for this approach.

- ✓ **ACE Phase II:** This year, with input from the City Managers' Steering Committee and the Transportation Committee, a project list for ACE Phase II remaining projects for completion of ACE has been evaluated and selected. A budget and project schedule is being prepared for adoption by SGVCOG Board in June.

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 April 30th, 846 projects have submitted applications through the program in the County and 384 (or 45%) have been in the San Gabriel Valley. See Figure 2 for a comparison of EUCLA participation rates across all subregions in Los Angeles County. Over the past year, SGVCOG staff attended 58 events in 18 cities, interacting with over 4,000 residents.
- ✓ **Product Stewardship:** In 2009, the COG was awarded a \$395,951 grant from the California Department of Resources Recycling and Recovery (CalRecycle) with the goal of building knowledge and capacity among San Gabriel Valley local governments, retailers, producers, and other stakeholders to begin the transition from government-managed and financed product end-of-life (EOL) systems to producer-managed and financed EOL systems for products banned from trash under the universal waste disposal ban. In April 2012, the SGVCOG completed all work on this grant and submitted a final report to CalRecycle. This 400+ page report detailed all of the work that was completed as part of this grant and provided documentation for all of the deliverables required in the SGVCOG's workplan and contract. Staff has since received notification from the SGVCOG's CalRecycle grant manager that the final report was accepted and approved. In 2011, the grant team launched 40 household battery collection sites at local businesses throughout the San Gabriel Valley and served as the lead in promoting the SCE-sponsored CFL/fluorescent tube take-back event. The grant team also engaged in extensive education and outreach to educate consumers about the hazards of batteries and CFL/fluorescent tubes, and the opportunities to properly and conveniently recycle these items at partnering business locations. To date, over 8,000 pounds of non-rechargeable batteries have been collected through this program. This accomplishment was featured on the Reuters Sign in New York City Times Square in March 2012 with a caption that read "San Gabriel Valley Area Project Collects 7,809 lbs. of Batteries for Safe Disposal."

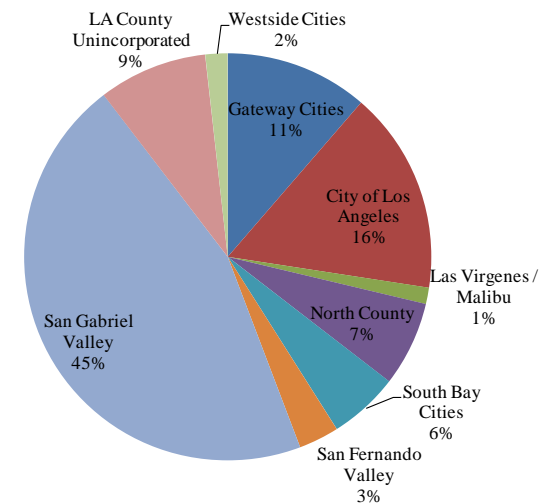


Figure 2
EUCLA Participation Rates by Subregion

- ✓ **Watershed Coordination:** This year, the SGVCOG completed work on the California Department of Conservation Watershed Coordinator Grant. The purpose of this grant was to implement watershed goals established in the comprehensive San Gabriel and Rio Hondo Watershed Management Plans. The program's main accomplishments were in the areas of planning, policy and partnership building. The program deliverables included a database and toolkit for the watershed to identify opportunities to improve water quality and supply reliability, conservation messaging, and enhancement of open space acquisition and development and connectivity planning for humans and wildlife. By working with local and regional municipalities, agencies, non-profits, the public and leaders in the region, this program identified areas of need and future opportunities to provide a variety of watershed friendly projects, including multi-purpose trails and parks along our waterways, daylighting streams, and restoration of habitats along channels. Additionally, the grant supported an overall green and sustainable message to the area's residents through demonstration gardens, interpretive signage, pilot projects and community gardens.
- ✓ **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 assisted the Group in obtaining a technical assistance consultant. The COG carried out the procurement process and collected the funds necessary to cover the cost of the contract. The COG reached out to all cities in the San Gabriel Valley, as well as the cities in the LA Permit Group that are not in the Valley, and through these outreach efforts, the COG received funds from 38 cities in the LA Permit Group. Twenty-four cities within the COG have participated, as well as 14 cities outside of the San Gabriel Valley. The money collected covered the cost of the contract, so all participating cities will receive a refund.
- ✓ **Los Angeles Regional Water Quality Control Board Technical Assistance:** The Los Angeles Regional Water Quality Control Board (LARWQCB) is a nine-member Board that meets monthly to make decisions on water quality matters. It is tasked with preserving and enhancing the water quality in the Los Angeles Region. Mary Ann Lutz, Mayor of Monrovia, was appointed to the Regional Water Quality Control Board in 2004 to serve as the representative for municipal agencies in Los Angeles, Ventura and parts of Kern County, and she is currently the only elected official on the nine-member Board. To help her fulfill her assigned duty, in the fall of 2007, Vice Chair Lutz worked with the League of California Cities/Los Angeles Division to secure funding to hire a part-time staff member to provide technical assistance to support her in fulfilling her role on the Board. However, due to the current economic constraints of that Agency, this year, they indicated that they were no longer able to provide the needed resources. In order to fill the funding gap for FY 2011-12, the SGVCOG committed \$7,500 in funding and, at the same time, worked with the League of California Cities to restore funding in the future. That funding has now been secured for the coming fiscal year, and Mayor Lutz will continue to have ongoing technical assistance. This will benefit the cities in our region and throughout the area, as she represents their interests on the LARWQCB.

Housing, Community/Economic Development, and Homelessness

- ✓ **Small Business Assistance:** Two years ago, the Small Business Development Center (SBDC) at Mount SAC closed, making the San Gabriel Valley the only area in metropolitan Los Angeles without an SBDC. With the large number of small businesses within the San Gabriel Valley, the COG decided to focus its economic development efforts on bringing an SBDC and small

business services back to the Valley. Throughout the year, the HCED Committee has met with representatives from colleges throughout the Valley to identify schools to house the SBDCs. As a result of these efforts, the University of La Verne has agreed to house an SBDC, and this is expected to open in the summer of 2012. Officials at Mt. SAC and Pasadena City College have also expressed interest in opening a center, and the HCED Committee is hopeful that these additional satellite centers will open as well. It is anticipated the San Gabriel Valley Consortium, which would include the University of La Verne, Mt. SAC and Pasadena College, will submit an application to SBA for full funding of SBDCs covering the entire San Gabriel Valley.

- ✓ **RHNA:** The Regional Housing Needs Assessment (RHNA) is completed by the Southern California Association of Governments (SCAG) every eight years to determine the number of low- and moderate-income housing units that should be developed in each city to meet the region's needs. This number is allocated based on the population projections and demographics of each city, in order to ensure that no one city is providing more than its "fair-share" of affordable housing. This year, the COG provided monthly updates on the RHNA process at the HCED meetings and Planners TAC meetings to ensure that its member cities were informed about the process of submitting revisions and appeals to SCAG. The City of La Puente successfully submitted a revision request and received a reduction in its RHNA numbers. The revision was granted on the basis that the city boundary of La Puente was noted incorrectly in the RHNA calculation and population was incorrectly allocated to the City. The City was one of the only cities in the SCAG region to be successful in its revision request.
- ✓ **Climate Action Planning Requirements:** Through a grant from Southern California Edison, the COG has been working to help cities plan to increase their energy efficiency and reduce their greenhouse gas emissions (GHG) emissions, especially 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 all emissions sectors for 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 that would be 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.

III. FY 2012-13 GENERAL OPERATING INCOME

Table 3 provides a summary of current and anticipated general operating revenue for FY 2012-13. General operating income is derived from member dues and interest. All agencies in the San Gabriel Valley are current on their member dues. The total anticipated general operating income for FY 2012-13 is \$703,096.

Budget Item	Adopted Budget FY 2011-12	Estimated Actual FY 2011- 12	Proposed FY 2012-13
General Operating Income			
Member Dues	\$701,211	\$701,211	\$702,096
Interest	\$1,000	\$2,387	\$1,000
Total General Operating Income	\$702,211	\$703,598	\$703,096

Table 3
SGVCOG Revenue Summary

Dues (\$702,096)

The revenue from dues is the primary source of income to support SGVCOG's day-to-day operations and services as outlined in the Management Services Agreement (MSA). This money is also used to support the agency's efforts to secure other funding resources and to support needed and desired programs. Membership and dues monies should provide sufficient working capital to ensure stability but must be leveraged to achieve other specific program and desired outcomes (i.e. watershed management, San Gabriel Valley Energy Wise Partnership, Leadership 21, etc.).

Methodology

In 2007, the Governing Board revised and approved a simplified dues structure as follows:

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

There is a \$30,000 cap on member agencies dues. Appendix A provides a listing of the projected dues per jurisdiction. Furthermore, the Governing Board approved a recommendation by the City Managers' Steering Committee that the Governing Board annually review the need for an adjustment of dues proportionate to increases in the Consumer Price Index (CPI). For the fifth consecutive year, no increase in dues is being recommended. It is important to note that member dues remain substantially below those paid by members in our benchmark organizations.

Source of Dues

Under this revised dues structure, the only required source of funding for dues was that a minimum of \$5,000 be paid using cities' General Fund money. However, in light of the fiscal challenges confronting our member agencies, I am recommending that this policy requiring General Fund designated dues be revised and members be allowed to use whatever funds they choose to pay their dues, provided that the use is considered eligible under the terms and restrictions of the respective funds.

The remaining amount of member dues (\$.30 per capita) can be paid using any eligible¹ source of funds. Despite this flexibility, historically, member agencies have paid dues from a combination of only the three following sources:

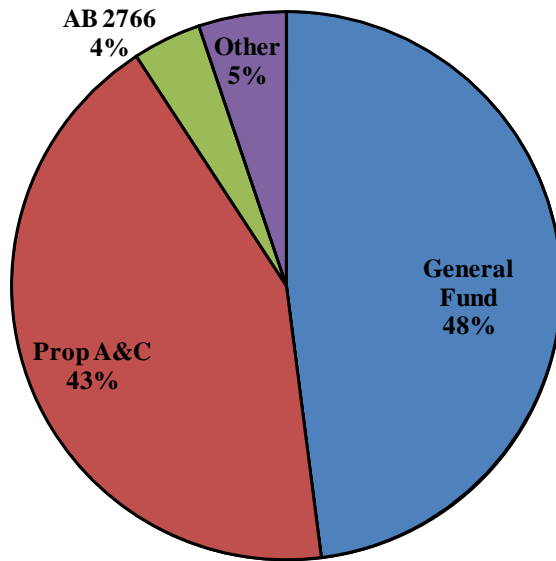


Figure 3
SGVCOG Membership Dues and Revenue

General Fund – Each member agency pays a minimum contribution of \$5,000 of general fund monies to support the general administrative activities of the SGVCOG. As shown in Figure 3, the SGVCOG’s operating monies derived from this revenue source now account for 48% of the SGVCOG’s dues income.

Propositions A & C – Propositions A & C are ½¢ sales tax measures passed by Los Angeles County voters in 1980 and 1986 respectively. The funds are restricted to supporting transportation improvements in the County and its cities. In the San Gabriel Valley, many member cities pay 15¢ per capita from the receipt of their City’s Proposition A & C funds to support our regional transportation activities. As shown in Figure 3, this revenue source provides 43% of our dues income.

AB 2766 – AB 2766 is a tax levied by the State on car registrations and subvented to cities and other public agencies. The tax for Mobile Source Emission Reduction is intended to raise revenues to support planning and projects that reduce emissions in the South Coast Air Basin. In the San Gabriel Valley, several member cities pay 15¢ per capita from AB 2766 monies to support SGVCOG programs relating to air quality and transportation. As shown in Figure 3, monies from this revenue source represent 4% of the SGVCOG’s dues income. As the South Coast Air Quality Management District (SCAQMD) receives additional mandates from the California State Air Resources Board (ARB) to demonstrate calculable emissions reductions, they are developing more stringent requirements for how cities may use these funds. This has been problematic for cities as they struggle to comply with these new requirements. Therefore, two years ago, the Governing Board, with concurrence from the City Managers’ Steering Committee, took action to recommend that cities no longer utilize AB 2766 funds in the payment of dues.

Other – Last year, a limited number of cities utilized housing and redevelopment funds to pay a portion of their dues.

¹ It is the responsibility of member agencies to determine any restriction on funding sources when determining eligibility.

IV. FY 2012-13 GRANTS AND SPECIAL PROJECTS INCOME

A summary of grants and special projects income is shown in Table 4. 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. In the coming year, there will be an estimated \$1,130,000 in revenue from the following three grant sources:

- ***SCE Local Government Partnership (\$75,000):***

Since 2009, the SGVCOG has been in a local government partnership with Southern California Edison (SCE) to increase energy-efficiency throughout the San Gabriel Valley. This effort, known as the San Gabriel Valley Energy Wise Partnership (SGVEWP), is funded by the California Public Utilities Commissions (CPUC) and has a number of specific objectives including the following: 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 outreaching 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. While a third-party implementer and qualified technical consultants are utilized to manage and implement specific energy-efficiency retrofit projects, the SGVCOG, as the local government partner, 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. During FY 2012-13, the SGVCOG anticipates receiving \$75,000. Of this, approximately \$10,000 will cover direct expenses for events, including speaker fees, room charges, food, and marketing materials. The remaining \$65,000 will be received by the SGVCOG as reimbursement for labor costs associated with this program.

- ***SCE California Long-Term Energy-Efficiency Strategic Plan (CEESP) Grant (\$1,000,000):*** This is a grant program that was initiated in FY 2010-11. This grant provides funding for 27 of the SGVCOG's member cities that are SCE customers to complete the two activities described below:²

Budget Item	Adopted FY 2011-12	Estimated Actual FY 2011-12	Proposed FY 2012-13
SCE Local Government Partnership	\$178,965	\$143,429	\$75,000
Watershed Coordinator Grant	\$34,000	\$50,995	\$0
CalRecycle Grant	\$186,000	\$150,534	\$0
SCE CEESP Grant	\$2,360,000	\$1,286,555	\$1,000,000
Energy Upgrade California	\$55,000	\$55,115	\$55,000
MS-4 Permit Coordination	\$0	\$165,500	\$0
Reach #2 TMDL	\$0	\$55,317	\$0
Total Grants & Special Project Income	\$2,813,965	\$1,907,446	\$1,130,000

Table 4
Anticipated Grants Income for FY 2012-13

² The Cities of Pasadena and Azusa operate their own municipal utilities, the County of Los Angeles submitted a separate application (which was also funded), and the City of Industry opted not to participate in the SGVCOG's submittal. After the grant was awarded and approved, the City of Walnut indicated that it was not participating in the grant at this time.

- 1) Energy Efficiency Portion of Climate Action Plans/Energy Action Plans (\$650,000) – Participating cities are currently working with a consultant to develop greenhouse gas (GHG) inventories both for municipal facilities and community-wide. This will help cities save money and demonstrate their leadership in addressing climate change and energy-efficiency requirements. Building off of the inventories, cities can then develop and adopt an energy-efficiency (EE) chapter of their climate action plan (CAP) or develop a standalone energy action plan. This activity will help cities develop a road map for decreasing energy usage, increasing financial savings, and implementing AB 32 requirements. Of the total funding for this activity, approximately 4% will be kept by the SGVCOG to fund the labor costs involved in the administration and management of this program as set forth in MSA Amendment #2, 15% will be returned to the cities as a direct-cash reimbursement for staff time spent on this effort, and the remaining 81% will be paid to the consulting firm, selected through a competitive bidding process, that will develop the inventories and energy-efficiency chapters of climate action plans. These expenses are further explained in Chapter 5 of this budget.
- 2) Procurement and Implementation Strategy for City Facility Energy Management System (\$350,000) – The County of Los Angeles has purchased an unlimited license for an online Enterprise Energy Management Information System (EEMIS), whereby for a fee, cities can opt in to track and monitor energy usage in their facilities. This will allow cities to strategize cost-effective measures that significantly impact building efficiency. Under this proposal, cities can procure this program through the County at a significantly reduced cost and develop an implementation strategy for ongoing management. Of the total funding for this activity, approximately 3% will be kept by the SGVCOG to administer and manage this program, 41% will be returned to the cities as a reimbursement for staff time spent on this effort, and the remaining 56% will be used to cover other expenses including a share of the software license fee and purchase of energy data.
- ***Energy Upgrade California (\$55,000):*** Since 2008, the County of Los Angeles, as well as numerous agencies statewide, has worked on the development of “Energy Upgrade California.” This initiative was created to serve as the umbrella for a package of programs, including marketing, outreach, rebates, and financing, that are intended to encourage people to undertake energy-efficiency retrofit and renewable energy projects. In order to support the marketing and rebates that are envisioned as part of Energy Upgrade California, the County applied for and was awarded funding under both the California Energy Commission (CEC) State Energy Program (SEP) and the U.S. Department of Energy (DOE) BetterBuildings program.

At its October 21, 2009 meeting, SGVCOG took a position of support for both of the County’s applications and submitted letters of support for the programs. The County was subsequently awarded the grant. Because of the complexity of managing these programs County-wide, Los Angeles County approached each of the participating councils of governments (San Gabriel, South Bay and Westside Cities) to provide assistance with administration of both of these grant programs in each respective subregion as well as, more generally, to support the Energy Upgrade California effort.

At the October 2010 Governing Board meeting, the SGVCOG authorized the Executive Director to execute Memorandums of Understanding (MOU) with LA County to implement this grant funded program in San Gabriel Valley. Included in this MOU is funding for the SGVCOG in the amount of \$125,000 to implement this program for FY 2011 – 2013.

V. FY 2012-13 GENERAL OPERATING EXPENSES

As shown in Table 5, the SGVCOG's general operating expenses are anticipated to be \$667,033 for FY 2012-13. The majority of these expenses (\$546,033 or 82%) are associated with five ongoing contracts the SGVCOG has to support its management and ongoing operations, and the delivery of its programs and services. Additionally, the SGVCOG has three ongoing consultant contracts for specific activities, including strategic planning, media/public relations, and annual evaluation, which account for \$35,500 (5%) in expenses. This item is discussed in further detail below. The remaining \$85,500 (13%) accounts for costs associated with direct expenses, such as memberships, printing costs, travel, and board stipends.

Management Services Contract (\$428,033)

Background

One of the founding principles of the SGVCOG was that there would be no public employees in this newly created agency. In keeping with that directive, in 1994, the Agency entered into a management services agreement (MSA) with Ken Spiker & Associates (KSA) to provide all services related to the organization and operation of the new fledgling organization.

In 1996, the SGVCOG Board hired an executive recruiting firm to conduct a national search which resulted in the unanimous selection of Arroyo Associates, Inc (AAI). As stipulated in the recruitment, the SGVCOG Board required that all services would be performed by the Firm under a MSA. The initial MSA with AAI was for a two-year period (1996-98). At its conclusion, a committee composed of Board Directors and City managers conducted an evaluation, and the Governing Board unanimously approved a new three-year MSA with AAI. In 2001, 2004 and 2009, the MSA with AAI was rebid and renewed, by unanimous vote of the Governing Board, for five-year periods. It is important to note that the COG's current MSA with AAI is identical to the scope and terms and conditions that were specified by the SGVCOG and its legal counsel in its MSA with Ken Spiker & Associates beginning in 1994.

Budget Item	Adopted Budget FY 2011-12	Estimated Actual FY 2011-12	Proposed FY 2012-13
Ongoing Management and Operational Contracts			
Management Services Contract (MSC)	\$ 422,154	\$ 428,033	\$ 428,033
MTA Board Support	\$ 50,000	\$ 50,000	\$ 50,000
Legal Services	\$ 66,214	\$ 83,880	\$ 40,000
Financial Audit Services	\$ 15,000	\$ 13,500	\$ 15,000
Bookkeeping / Accounting	\$ 12,500	\$ 12,000	\$ 13,000
Consultant Services			
Federal Advisory Services	\$ 25,000	\$ -	\$ -
Strategic Planning	\$ 16,000	\$ 9,519	\$ 16,000
Media/Public Relations	\$ 10,000	\$ 715	\$ 15,000
Annual Evaluation	\$ 4,500	\$ -	\$ 4,500
SGVCOG Organization and Operation Review	TBD	\$ 19,949	\$ -
LA Regional Water Board Technical Support	\$ -	\$ 7,500	\$ -
Special Events and Advocacy Travel			
Annual Federal & State Advocacy Delegation	\$ 22,000	\$ 1,000	\$ 22,000
Local Receptions	\$ 5,000	\$ 6,017	\$ 5,000
Governing Board and Committee Meetings	\$ 7,500	\$ 7,871	\$ 7,500
Direct Expenses			
Board Stipends	\$ 11,000	\$ 11,800	\$ 11,000
Insurance	\$ 6,000	\$ 4,863	\$ 6,000
Printing / Publication	\$ 20,000	\$ 6,947	\$ 14,000
Miscellaneous	\$ 20,000	\$ 4,426	\$ 20,000
Total Operating Expenditures	\$ 712,868	\$ 668,020	\$ 667,033

Table 5
SGVCOG General Operating Expenditures

Scope of Work

As set forth in the MSA, AAI is responsible for overseeing the day-to-day management of SGVCOG. The firm provides all ongoing staff support to the Agency's Governing Board and its committees, including the three standing policy committees (Transportation; Housing, Community and Economic Development (HCED); and Energy, Environment and Natural Resources (EENR)) and three technical advisory committees (City Managers', Planning and Public Works). There are also three working groups which report to the EENR Committee: Energy, Solid Waste, and Water Resources. SGVCOG committee meeting attendance typically ranges from 10-40 people per meeting. In addition to the SGVCOG work, AAI also provides all staff support for SCAG Regional Council members and policy committee members.

As defined in the scope of the SGVCOG's MSA, this contractual arrangement is intended to be a turnkey operation. AAI arranges for all SGVCOG meetings, including coordinating and scheduling all participants, and ordering and delivery of food including cleanup after every event. AAI also prepares and distributes all meeting agendas, minutes and Board actions; conducts all staff analysis for the Board and all committees; prepares all grant applications and staff reports; prepares, copies and distributes all correspondence and mailings; and oversees and manages all contracts and projects authorized by the Governing Board. AAI also provides all infrastructure related to the administration and operation of the SGVCOG, including office space, supplies, furniture, computer equipment, utilities and all ancillary services necessary to run the day-to-day operations of the SGVCOG.

In addition to providing staff support for the ongoing meetings, AAI staff responds to all Board member and public inquiries, supplies all materials in response to requests for information, and represents the SGVCOG at public events deemed of importance to the Board.

Expenditures

The current five-year contract provides for annual cost-of-living adjustment based on changes in the consumer price index. That adjustment is effective July 1 of each fiscal year. As shown in Figure 4, the management services contract has increased 35% over the last ten-year period. This increase is below the changes in the consumer price index for that same time period.

As shown in Figure 5, 78% of the monthly management services fees (\$333,866 annually) paid to AAI supports the

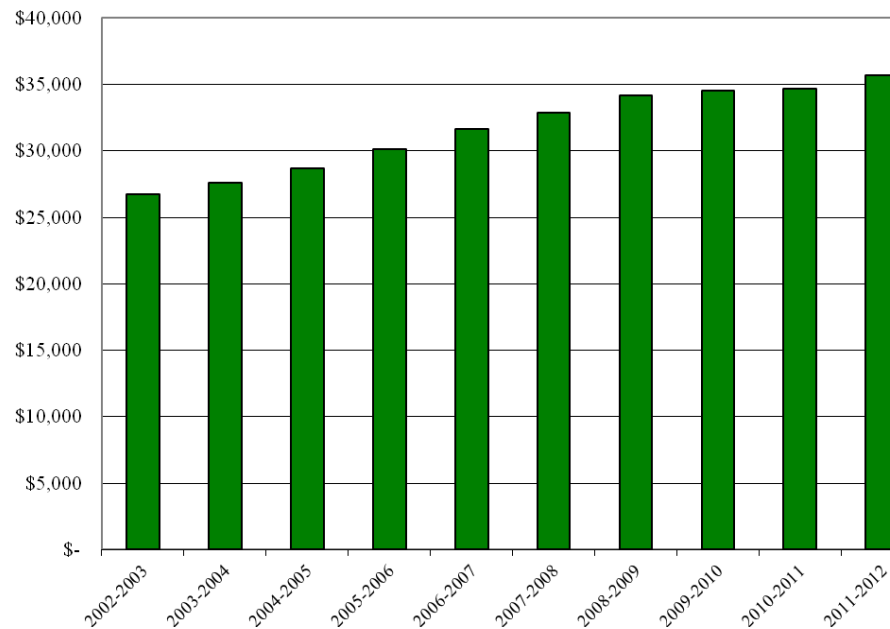


Figure 4
Monthly Management Service Fee

payment of salaries and benefits (retirement, vacation, sick leave, medical, auto etc.) related to the three full time staff and equipment needed to complete all of the required work identified in the above scope of work.

As noted in the Citygate Associates, LLC report, the staffing level (6,240 man hours or 3 FTEs) allocated under the SGVCOG's management services contract with AAI continues to be substantially below that found in other comparable organizations in Southern California. This benchmark is particularly significant given the fact that the SGVCOG is the second largest agency in the benchmark survey and has the most extensive committee structure and member participation involvement of any peer organization in our region. Despite the limited budget and staffing levels, SGVCOG is consistently judged by its peers as being one of the most successful agencies of its kind in the State and enjoys a national reputation for excellence.

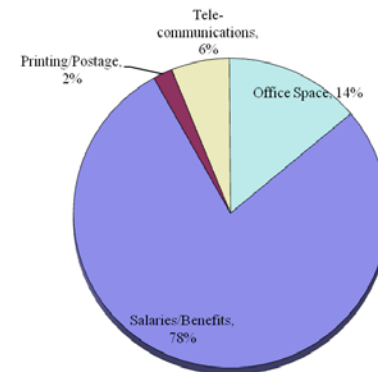


Figure 5
AAI Allocation of Management Services Contract Expenses

MTA Board Support (\$50,000)

Background

When MTA was formed in the early 1990s, the new agency and the thirteen-member Board used a variety of staffing models to assist them in their new oversight and policy development responsibilities. The five members from the County Board of Supervisors utilized the staff resources of their respective offices and county staff; the LA Mayor and his three appointments utilized staff from LA City. The elected officials from the four designated corridors: San Gabriel, Gateway (southeast), South Bay and North County that represented the other 87 cities in the County were left to secure their own resources for needed staff and technical support. Several relied on their respective city staff, consultants, or MTA assigned staff.

In 1994, shortly after the SGVCOG was formed, some member agencies agreed to contribute limited funding to support an independent contractor to provide these needed part-time Board support services for their area representative, John Fasana, as well as to undertake planning work for other desired transportation needs. This consultant was housed in the SGVCOG offices and allocated their time proportionately based on funding constraints.

Due to policy changes at MTA in the late 1990s, contractor positions were prohibited and the four city representatives made various staffing changes in response to that new policy. In the case of the SGVCOG, the Agency entered into an agreement with MTA to have a full-time MTA staff member assigned to the SGVCOG. The SGVCOG would reimburse MTA for 50% of the assigned analyst's salary (\$100,000) with the understanding the individual would spend 50% of their time on Board-support related activities and the balance of their time (50%) on work related to SGVCOG transportation activities, including providing all needed staff analysis and support to the SGVCOG's Transportation Committee and Public Works TAC. The other COGs used different staffing models to

address this change in Board support using a combination of local and MTA funds. Over the last twelve years as both MTA and SGVCOG evolved, the segmentation of these split job duties and responsibilities between MTA and the SGVCOG has changed and the SGVCOG related planning workload has been absorbed by existing COG staff. At the same time, the MTA Board support services continue to be provided by the MTA staff member assigned to support the San Gabriel Valley sector representative, which it should be. However, over the last six years, MTA policy has once again changed and contractors are once again allowed to provide these Board support services. This staffing model policy change was accompanied by changes in MTA practices with the various subregions relating to the cost sharing of these needed Board support services. Currently, those Board support costs are not being equitably borne by the four subregions. The SGVCOG's model is not consistent with the model used by two other subregions, and inequitably places the cost burden on the SGVCOG as compared to other areas.

I am currently working with the MTA Executive Director and other COGs to ensure the funding for these needed MTA Board staff positions is done equitably and consistently. I anticipate this issue will be resolved in the coming months and the budget impact will be addressed at the midyear review.

Scope of Work

This staff member is assigned to provide staff assistance to John Fasana, the San Gabriel Valley MTA Board representative in the performance of those duties. In addition, the position is intended to provide 50% of their staff time to supporting the SGVCOG and its various transportation-planning initiatives here in the Valley.

Expenditure

The contract amount for this staff position is \$4,166.67 per month or \$50,000 annually and is matched by an equal amount from MTA. As shown in Figure 6, the SGVCOG's cost for this support service has remained unchanged for the last ten years.

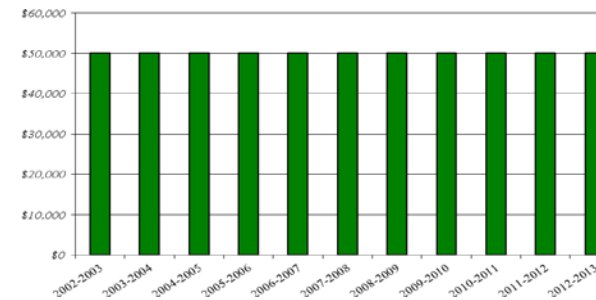


Figure 6
MTA Board Support

Legal Services (\$40,000)

Background

Richard Jones of Jones & Mayer serves as General Counsel for the SGVCOG. This upcoming year will be the fourth year of a five-year contract.

Scope of Work

Retainer Services

The scope of the legal services covered under the retainer include: attending the Governing Board meeting each month it is held; reviewing Governing Board and Executive Committee minutes and agendas; reviewing grants and contracts entered into between the SGVCOG and funding agencies; responding to inquiries from public regarding public records requests and Brown Act compliance matters; and providing legal assistance to staff and Board Members on an as needed basis on relevant issues.

AAI staff completes all other written work associated with the Governing Board and committees, including writing resolutions. General Counsel is responsible for ensuring the Agency's compliance with all applicable State and Federal rules and regulations. The retainer is limited and intended to cover on-going activities of the SGVCOG.

Non-retainer Services

In the event non-retainer legal services (i.e. services outside the scope of the above mentioned retainer legal services) are required to support a Board approved activity, the SGVCOG is billed on a time and materials basis. Unless there is a specific source of funds (i.e. special assessments) to pay for these services, the costs incurred for these legal services are paid out of the Agency's reserves. Figure 8 provides an overview of the SGVCOG's retainer and non-retainer costs from 2006 to present.

Over the past two years, there has been an increase in non-retainer related legal fees associated with the Gold Line litigation, Caltrans audit, ACE and Brown Act litigation. Figure 9 provides a graphic analysis of non-retainer legal fees as discussed above.

Expenditure

The SGVCOG's retainer agreement provides for \$24,000 annually, or \$2,000 per month (actual amount is based on annual CPI adjustments). Additionally, it is recommended that \$16,000 be budgeted for non-retainer services to support related to the ongoing

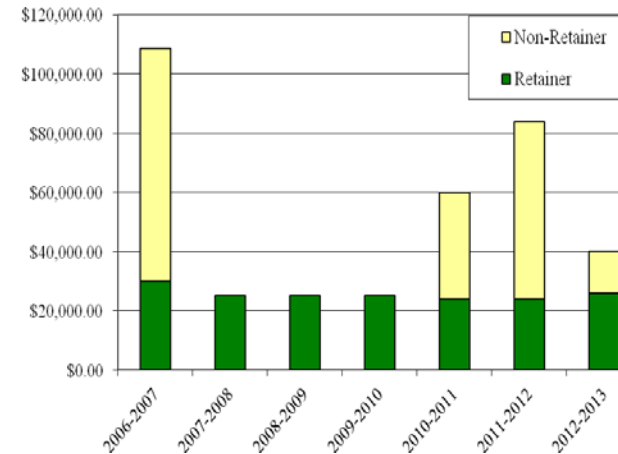


Figure 8
Retainer and Non-Retainer Legal Fees (FY 2010-12)

Brown Act litigation (\$16,000). In addition, any related on-going costs associated with the ACE Project would be billed separately and paid by ACE.

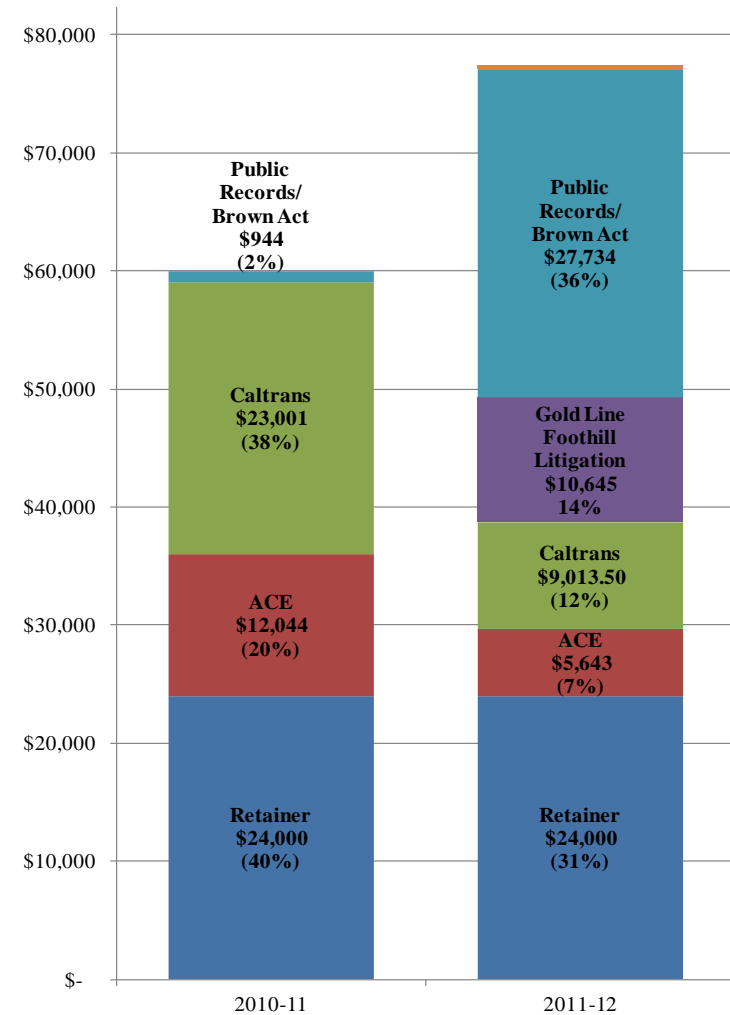


Figure 9
Retainer and Non-Retainer Legal Fees Analysis (FY 2010-12)

Note: The 2010-11 retainer fees included 27.6 manhours and \$5,106 in costs related to the ACE Project. The 2011-11 retainer fees included 11.9 manhours and \$2,202 in costs related to the ACE Project

Financial Audit Services (\$15,000)

Background

As set forth in the bylaws, the SGVCOG is required to have an independent financial audit conducted by a certified public accounting firm every fiscal year. The scope of the COG's audit includes the Alameda Corridor East (ACE) Construction Authority, which is a component unit of the COG. ACE pays separately their proportional costs for that part of the audit.

This external audit is in addition to the financial and compliance audits that are conducted of the SGVCOG by MTA, SCAG and AQMD pertaining to the use of their subvented funds. Since its founding in 1994, the SGVCOG has received a clean and unqualified opinion from every audit conducted by the above-mentioned agencies of the SGVCOG's operations. In February 2009, the Governing Board authorized negotiation of a five-year contract with the firm of Vasquez & Company. This upcoming year will be the fourth year of a five-year contract.

Scope of Work

This firm is responsible for conducting an annual audit of the SGVCOG, and its component unit (ACE), to ensure the Agency's compliance with adopted rules and regulations with respect to accounting and financial reporting.

Expenditure

A fee of \$15,000 is budgeted for SGVCOG's annual independent financial audit. Figure 10 shows that these costs have had relatively constant increases to account for cost-of-living increase and the additional work associated with increases in the scope of our Agency's operations and the audit requirements for public agencies.

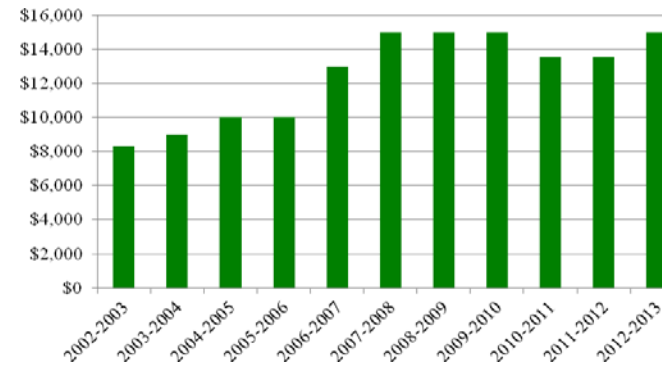


Figure 10
Financial Audit Services

Accounting Services (\$13,000)

Background

In 2007, SGVCOG's Independent Financial Auditor's Management Letter recommended that the SGVCOG hire a bookkeeper to provide the needed accounting expertise and, more importantly, the staffing required to maintain needed checks and balances with respect to SGVCOG's internal accounting and controls and to meet the expanded financial reporting requirements for all government agencies. In 2009, the Governing Board approved changes to the bylaws that identified this position as the treasurer/auditor for the SGVCOG, a position which is required under State law for all joint powers authorities.

Scope of Work

The treasurer/auditor position reports directly to the Governing Board and is responsible for maintaining the Agency's records accounting and preparing all reports related thereto.

Expenditure

As shown in Figure 11, the recommended budget for 2012-13 is \$13,000. This reflects a \$1,000 increase in costs in order to allow more hours to address the assigned duties and responsibilities as stated in the COG's bylaws.

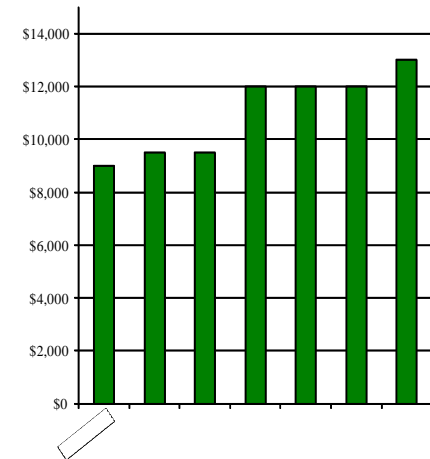


Figure 11
Accounting Services

Strategic Planning Workshops (\$16,000)

Background

Four years ago, the SGVCOG Governing Board approved a multi-year commitment to implement a Strategic Planning Process. This process helped develop consensus among SGVCOG member agencies regarding the long and short-term goals of the organization, identifying a specific timeline in order to achieve long-term goals, and creating accountability to ensure that all objectives are achieved.

Scope of Work

The process includes the hiring of a consultant/facilitator and the application of a structured methodology to illicit input and dialogue from the Agency's stakeholders with regards to their desired objectives, outcomes, and timeframes. The approach requires that a workshop be held every 6 months to review the progress being made on the adopted goals and objectives and make revisions where appropriate.

Expenditure

The total costs for FY 2012-13 are \$16,000, which provides for two strategic planning sessions that occur at six month intervals.

Media / Public Relations (\$15,000)

Background

This program was first included in the budget three years ago in response to recommendations by the Governing Board during the annual evaluation process as well as objectives identified in the SGVCOG's strategic plan. This addition was deemed necessary as the Agency continues to expand its membership and scope and sphere of issues. Simultaneously, the number of inquires for information is increasing daily as the Agency grows in importance and its various projects and services touch more organizations and people's lives.

Expenditure

For the coming fiscal year, it is recommended that this funding be used to hire a qualified public relations/media relations firm or firms to assist and advise SGVCOG with media activities. The Consultant would serve as the Public Information Officer for SGVCOG and will maintain relationships with local print, radio, and television media outlets, including and especially with those serving non-English speaking communities. The Consultant will also develop and implement a long-term strategic communications plan to enhance community awareness of the San Gabriel Valley Council of Governments. A total of \$15,000 is being budgeted for this effort.

Annual Evaluation (\$4,500)

Background

The SGVCOG's bylaws stipulate that there will be an annual evaluation of the Executive Director and his staff. This provision is intended to complement the SGVCOG's strategic planning process, which began that same year. It was also intended to provide the Executive Director and his staff with feedback on an annual basis as a supplement to the evaluation that occurs every five years prior to the renewal of the management services contract.

Scope of Work

This process includes the hiring of a consultant/facilitator to conduct the evaluation. The consultant utilizes a written evaluation instrument in order to survey the SGVCOG's member agencies. These results are then analyzed and synopsized for presentation to the Governing Board.

Expenditure

The budget provides for the full cost of the consultant contract in an amount not to exceed \$4,500.

Special Events and Advocacy Travel (\$34,500)

Background

One of the objectives identified in the SGVCOG Strategic Plan is to work with the Valley's representatives in Washington D.C. and Sacramento to ensure our region's fair share of resources. In addition to strengthening the working relationships between our Governing Board and these legislatures, the SGVCOG organizes several legislative receptions throughout the year. Additionally, the SGVCOG pays for the officers to participate in annual advocacy trips to Sacramento and Washington D.C.

Expenditure

Special events and legislative receptions are jointly sponsored with other agencies (Foothill Transit, ACE, etc.) and represent approximately \$13,000 of the budgeted amount. Typically, the SGVCOG co-hosts three such events annually: one in Washington D.C., one in Sacramento, and one locally. An additional \$14,000 is budgeted for travel costs to allow the four officers to participate in advocacy trips to Washington D.C. and Sacramento. The remaining \$7,500 is for food and other miscellaneous expenses for the Governing Board and other SGVCOG meetings held throughout the year.

Board Stipends (\$11,000)

Background

During 2001-2002, the SGVCOG Board was facing challenges in meeting its quorum requirements needed to conduct its business. As an incentive, the Governing Board decided to implement a stipend of \$50 per Governing Board Meeting.

Expenditure

Based on past attendance records and on 10 meetings during the year, \$11,000 has been budgeted to cover these reimbursements, as illustrated in Figure 12. In 2008, under staff's recommendation, the SGVCOG implemented a quarterly payment of these stipends.

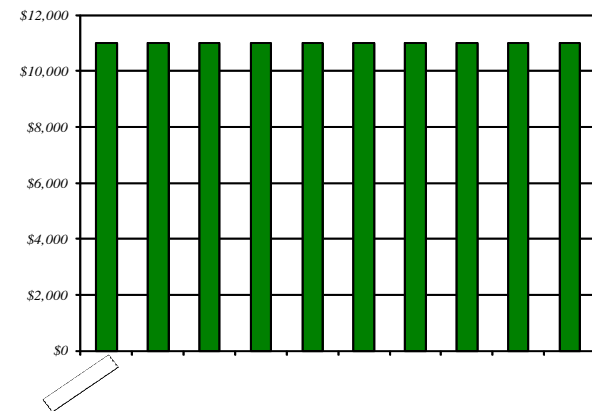


Figure 12
Governing Board Stipends

Insurance (\$6,000)

As a joint powers agency, the SGVCOG is required to secure errors and omission insurance to cover its operations. The premium for this policy is \$6,000 annually. AAI is also required as part of its MSA to secure insurance coverage for its employees and its overall operations.

Printing and Publication (\$14,000)

In July 2010, the SGVCOG entered into a new contract with CBE for copier leasing and supply services. It is anticipated that the costs, which include both a monthly rental fee and a per-copy cost, will remain under \$14,000.

Miscellaneous (\$20,000)

This expenditure covers all miscellaneous costs that occur throughout the year including conference registration, special meetings, and special mailings.

VI. FY 2012-13 GRANTS AND SPECIAL PROJECT EXPENSES

As discussed in Chapter 4, there will continue to be significant activity associated with grant and special projects for FY 2012-13. As shown in Table 6, the total anticipated expenditures for these programs are \$1,147,500. The majority (\$930,000 or 81%) of these grant expenses are for either consultant services or other direct expenses. Remaining costs (\$217,500 or 19%) are associated with SGVCOG staff labor hours spent managing or implementing the grants. Below is a detailed description of the expenditures associated with the grants and special projects staff as well as the other grant expenses.

MSA – Amendment #1 (\$52,500)

Background

This amendment was originally approved in 2008 and was intended to provide staffing for the Energy, Environment and Natural Resources (EENR) Committee and its working groups (Energy, Solid Waste, and Water Resources). This amendment has been reviewed and approved every year thereafter. This provides staffing for all administrative functions associated with this policy committee and its working groups, including coordinating meetings, developing agendas and minutes, and writing staff reports. Combined, the EENR Committee and its working groups represent the largest policy committee of the SGVCOG, with over fifty elected officials and staff participating and regularly attending meetings. This staff position also has the primary responsibility for completing grant applications for projects identified by the EENR Committee, and requested and approved by the City Managers' Steering Committee and the Governing Board. As a result of this expanded effort, the SGVCOG has secured over \$5 million in grants for use by our member agencies.

In addition to the broad responsibility discussed above, this amendment provides staffing to implement and manage the SCE Local Government Partnership Program (aka the San Gabriel Valley Energywise Partnership - SGVEWP), which provides the majority of funding for this staff position. Since 2009, the SGVCOG has been in a local government partnership with Southern California Edison (SCE) to increase energy-efficiency through the San Gabriel Valley. Objectives for this program include: 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 outreaching to the

Budget Item	Adopted Budget FY 2011-12	Approved Mid- Year Revision	Proposed FY 2012-13
<u>Grants & Special Projects Staff</u>			
MSA - Amendment #1 (Energy Wise, CalRecycle, Watershed)	\$105,000	\$105,000	\$52,500
MSA - Amendment #2 (SCE CEESP)	\$200,000	\$135,624	\$100,000
MSA - Amendment #3 (Energy Upgrade)	\$55,000	\$55,115	\$55,000
Grants & Policy Committee Internship Program	\$20,000	\$0	\$10,000
Caltrans Audit Response Expenses	\$0	\$2,421	\$0
Contract Administrator	\$20,000	\$0	\$0
<u>Consultant Services and Other Direct Grant Expenses</u>			
Miscellaneous Grant Expenses	\$10,000	\$4,500	\$5,000
Local Government Sustainable Energy Coalition	\$0	\$10,000	\$10,000
Information Technology	\$5,000	\$10,000	\$5,000
Watershed Coordinator Grant	\$30,000	\$44,401	\$0
SCE Local Government Partnership Expenses	\$20,000	\$38,250	\$10,000
CalRecycle Grant Expenses	\$175,000	\$133,734	\$0
SCE CEESP Expenses	\$2,160,000	\$1,150,931	\$900,000
MS-4 Permit Coordination	\$0	\$165,500	\$0
Reach #2 TMDL	\$0	\$55,317	\$0
Total Grant & Special Project Expenses	\$2,800,000	\$1,910,794	\$1,147,500

Table 6
SGVCOG Grants and Special Project Expenses

public to increase knowledge of energy-efficiency in their homes and business and provide information on SCE's residential programs and rebates. This program is funded by the California Public Utilities Commission).

Scope of Work

The primary work associated with this budget item includes implementing the Energy Wise workplan (including providing assistance to cities on SCE program offerings and planning training and marketing events).

Expenditure

This contract amendment is based upon workload and available grants and other non-dues funding and is paid to AAI on a reimbursement basis. The total expenditure for this amendment in FY 2012-13 is \$52,500. Because the 2010-12 cycle of the Energywise Partnership is scheduled to end on December 31, 2012, in the coming year, the term of this amendment is for a six month period, and the estimated expenditure reflects only 50% of the costs of a full one-year of services and man-hours.

MSA – Amendment #2 (\$100,000)

Background

In order to maintain transparency and ensure that costs are controlled as new grants are added, last year the SGVCOG's budget was revised to clearly reflect the source of funds used to pay various expenses and segregate ongoing operating expenses from grants expenses. In May 2010, the Governing Board approved Amendment #2 to the MSA. The purpose of this amendment is to provide staffing to implement and manage the following Board-adopted grant programs:

- ✓ **SCE California Long-Term Energy-Efficiency Strategic Plan (CEESP) Grant** (*funded by the California Public Utilities Commission*): This program will provide funding for two activities: 1) developing customized energy-efficiency chapters for cities' existing or planned climate action plans or 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.

The primary work associated with this grant includes managing a \$1.8 million consultant contract for the development of energy-efficiency climate action plans, coordinating with and assisting 27 participating cities efforts to collect data, and coordinating with Los Angeles County on the implementation of the energy management software. It is anticipated that work on this grant will be completed by the end of FY 2012-13.

Scope of Work & Expenditure

The recommended expenditure for this contract amendment, \$100,000, is an estimate. This funding is used for the salary and benefits associated with an estimated 1.0 FTE that is responsible for managing this program during its final year.

MSA – Amendment #3 (\$55,000)

Background

At the request of LA County, the COG was requested to assist in the implementation of Energy Upgrade California. In March 2011, with approval from the SGVCOG Governing Board, staff began work on activities associated with Energy Upgrade California. This work is being funded by the County of Los Angeles through a grant from the CEC and DOE. “Energy Upgrade California” is a partnership of the California Energy Commission (CEC), the California Public Utilities Commission (CPUC), investor-owned and municipal utilities, Councils of Governments, local governments, and other stakeholders. The goal of this program is to create a new market for residential and commercial investment grade retrofits. The program was developed utilizing over \$200 million in statewide funding.

Scope of Work & Expenditure

The structure of Amendment #3 is identical to Amendment #2. All monthly charges are on a reimbursement basis from CEC and DOE and reflect the level of effort required to complete the assigned tasks multiplied by the fully-burdened hourly rate of the staff member working on the assigned grant activity. Primary work activities associated with this grant includes:

- ✓ Participating in monthly County-wide Program Advisory Committee Meetings
- ✓ Coordinating and assisting cities in developing tailored marketing plans
- ✓ Serving as a point of contact between city staff and County staff and EU consultants
- ✓ Hosting informational booths at community events
- ✓ Organizing residential educational workshops
- ✓ Conducting presentations for City Councils and Commissions
- ✓ Conducting outreach to specific non-profit organizations
- ✓ Grant reporting and tracking

It is anticipated that expenditures on this effort will be approximately \$55,000 for FY 2012-2013. This will provide funding for 0.5 FTE to manage this grant and provide necessary staffing at events.

It is important to note, Amendments #1, #2 and #3 are paid on a reimbursement and time-and-materials basis set forth in a not-to-exceed contract. Therefore, the costs included in the draft FY 2012-13 budget are estimates based on fully-burdened hourly rates of assigned employees multiplied by the man-hours estimated to provide specific deliverables set forth by the grantor. In the event that these deliverables are not provided and/or the man-hours incurred are lower than projected, the costs are not incurred and are not invoiced. The hourly rates charged by AAI are in compliance with all applicable federal and state rules and regulations and are below that of other comparable professional firms. Additionally, the full cost of the grant is reimbursed to the SGVCOG by the funding agent, and there is no additional cost borne out by our member agencies. This is the Board’s adopted strategy to pursue external

funding opportunities that will provide additional resources needed to support the objectives of our member agencies. All grant activities are at the direct direction of the EENR committee and approved by the Governing Board.

Grants & Policy Committee Internship Program (\$10,000)

Since FY 2007-2008, the COG has budgeted funds to support an internship program that supports the special projects that the Governing Board identified as priorities. Since that time, this program has been extremely successful in supporting the COG's special projects. The Housing and Community Economic Development Committee has requested the COG Governing Board allocate funds to support the Valley's educational institutions and small businesses in preparing a grant application to the SBA to bring back a Small Business Development Center (SBDC) to the San Gabriel Valley. The COG funding would support two interns for the summer to develop the foundation for a San Gabriel Valley small business needs assessment and economic development plan. These interns would be tasked with surveying the San Gabriel Valley to identify the existing business development services and the additional needs of businesses in the Valley. The data collected and analyzed will be the foundation to create a successful SBDC application.

Miscellaneous Grant Expenses (\$5,000)

As the SGVCOG becomes more involved in applying for and administering grants, there are a number of associated expenses that often cannot be charged to these grants, but are necessary to perform the work. These costs including publishing request for proposals in newspapers and journals and legal fees associated with reviewing and developing contracts.

Information Technology (\$5,000)

This item includes computer hardware and software costs for all staff performing grants and special projects work. Depending on the restriction of the grants, these costs are usually reimbursable.

Memberships – Local Government Sustainable Energy Coalition (LGSEC) - \$10,000

Background

The San Gabriel Valley Energy Wise Partnership (SGVEWP), a partnership between the SGVCOG and Southern California Edison (SCE), is funded by the California Public Utilities Commission (CPUC). The CPUC is currently initializing work on a filing for 2013-14 that will determine how energy efficiency (EE) is allocated and programmed statewide. This includes funds that are set aside for local government partnerships, such as the SGVEWP.

This upcoming filing presents an opportunity to expand the role of local governments in designing, implementing and administering EE programs. However, the filing process is a complex legal proceeding that requires knowledge of the relevant legal and filing

procedures, as well as prior filings and advice letters. The Local Government Sustainable Energy Coalition (LGSEC) is a non-profit membership organization, made up of cities, counties, and non-profit organizations, that advocates on behalf of local governments at the state level. As a result of their previous involvement in filings and proceedings at the state level, they have extensive knowledge in how to participate in the filing process and have had documented success in bringing program changes that have directly benefited local governments.

Expenditure

In January 2012, the SGVCOG voting approved staff's recommendation to join the LGSEC. The annual membership dues are \$10,000.

SCE Local Government Partnership Expenses (\$10,000)

Background

As discussed previously, the SGVCOG is responsible for all marketing, outreach and education events related to the San Gabriel Valley Energy Wise Partnership. These activities include: website management, brochures, ribbon-cutting ceremonies and press conferences, trainings and workshops, community outreach events, and luncheons.

Expenditure

These expenses, which are estimated at \$10,000 for the coming year, will be reimbursed by the SGVEWP program and will pay for the costs of all events, speakers, and marketing materials.

SCE CEESP Grant (\$900,000)

As discussed previously, this grant program began last year and is anticipated to be completed in FY 2012-13. This program provides funding for two distinct activities:

1) Energy Efficiency Portion of Climate Action Plans/Energy Action Plans

Background

Participating cities will have the opportunity to complete greenhouse gas (GHG) inventories both for municipal operations and community-wide. This will help cities save money, and demonstrate their leadership in becoming more energy efficient. Building off of the inventories, cities can then develop and adopt an energy-efficiency (EE) chapter of their climate action plan (CAP) or develop a standalone energy action plan. This activity will help cities develop a road map for decreasing energy usage, increasing financial savings, and implementing AB 32 requirements.

Expenditure

Over the two year grant program, the total expenses, aside from SGVCOG staffing, for this work element will be \$3,001,544. Of that \$2,472,064, or 82%, will be used to fund consultants that will develop each of the 27 participating cities' EE CAPs. The consultants managing this effort, PMC, were selected through a competitive bidding process and with the input of the cities. Additionally, there is funding for cities to conduct energy-efficiency audits of their municipal facilities utilizing qualified energy firms. The remaining \$529,480, or 18%, of expenses, is being paid out to cities as reimbursement for their staff labor spent on this effort. It is estimated that in FY 2012-13, the total expenditures for this work element will be \$600,000. As shown in Appendix A, in addition to receiving approximately \$80,000 worth of consultant work in developed cities GHG inventories and energy action plans, the SGVCOG's contract with SCE provides up to \$18,910 in reimbursement for each participating for staff time spend on the project.

2) Procurement and Implementation Strategy for City Facility Energy Management System

Background

The County of Los Angeles has purchased an unlimited license for an online Enterprise Energy Management Information System (EEMIS), whereby for a fee, cities can opt in to track and monitor energy usage in their facilities. This will allow cities to strategize cost-effective measures that significantly impact building efficiency. Under this proposal, cities will be able to procure this program through the County at a significantly reduced cost and develop an implementation strategy for ongoing management.

Expenditure

Over the two year grant program, the total expenditure, aside from SGVCOG staffing, for this work element will be \$1,317,520. Of that \$749,680, or 57%, will be used to fund software costs, costs associated with accessing necessary energy usage data, and costs to the County for incorporating the cities' data. The remaining \$567,840, or 43%, of expenses, will be paid out to cities as reimbursement for their staff labor spent on this effort. It is estimated that in FY 2012-13, the total expenditures for this work element will be \$300,000. As shown in Appendix A, in addition to receiving approximately \$50,000 worth of software and technical assistance from LA County staff, the SGVCOG's contract with SCE provides up to \$20,280 in reimbursement for each participating for staff time spend on the project.

Projected SGVCOG Member Agency Dues FY 2012-13

	2012 Population Dept. of Finance	Actual 2011-12 Dues	Estimated 2012-13 Dues
Alhambra	83,661	\$ 30,000	\$ 30,000
Arcadia	56,546	\$ 21,964	\$ 21,964
Azusa	46,618	\$ 18,920	\$ 18,985
Baldwin Park	75,830	\$ 27,699	\$ 27,749
Bradbury	1,065	\$ 5,318	\$ 5,320
Claremont	35,300	\$ 15,516	\$ 15,590
Covina	48,038	\$ 19,379	\$ 19,411
Diamond Bar	55,819	\$ 21,730	\$ 21,746
Duarte	21,411	\$ 11,414	\$ 11,423
El Monte	113,912	\$ 30,000	\$ 30,000
Glendora	50,361	\$ 20,078	\$ 20,108
Industry	436	\$ 20,035	\$ 20,060
Irwindale	1,416	\$ 20,035	\$ 20,060
La Canada Flintridge	20,335	\$ 11,090	\$ 11,101
La Puente	39,987	\$ 16,979	\$ 16,996
La Verne	31,461	\$ 14,346	\$ 14,438
Monrovia	36,727	\$ 16,006	\$ 16,018
Montebello	62,857	\$ 23,838	\$ 23,857
Monterey Park	61,153	\$ 23,131	\$ 23,346
Pasadena	139,222	\$ 30,000	\$ 30,000
Pomona	149,950	\$ 30,000	\$ 30,000
Rosemead	54,172	\$ 21,210	\$ 21,252
San Dimas	33,499	\$ 15,040	\$ 15,050
San Gabriel	39,926	\$ 16,952	\$ 16,978
San Marino	13,195	\$ 8,956	\$ 8,959
Sierra Madre	10,963	\$ 8,284	\$ 8,289
South El Monte	20,190	\$ 11,052	\$ 11,057
South Pasadena	25,725	\$ 12,708	\$ 12,718
Temple City	35,749	\$ 15,702	\$ 15,725
Walnut	29,661	\$ 13,832	\$ 13,898
West Covina	106,713	\$ 30,000	\$ 30,000
LA County District 1	N/A	\$ 30,000	\$ 30,000
LA County District 4	N/A	\$ 30,000	\$ 30,000
LA County District 5	N/A	\$ 30,000	\$ 30,000
SGV Water Agencies	N/A	\$ 30,000	\$ 30,000
TOTALS	1,501,898	\$701,211	\$702,096

**Maximum Reimbursable Expenses Per City for SCE
CEESP Grant by Task**

	Energy Action Plans Task	Utility Manager Task	Total
Alhambra	\$ 18,910	\$ 20,280	\$ 39,190
Arcadia	\$ 18,910	\$ 20,280	\$ 39,190
Azusa	\$ -	\$ -	\$ -
Baldwin Park	\$ 18,910	\$ 20,280	\$ 39,190
Bradbury	\$ 18,910	\$ 20,280	\$ 39,190
Claremont	\$ 18,910	\$ 20,280	\$ 39,190
Covina	\$ 18,910	\$ 20,280	\$ 39,190
Diamond Bar	\$ 18,910	\$ 20,280	\$ 39,190
Duarte	\$ 18,910	\$ 20,280	\$ 39,190
El Monte	\$ 18,910	\$ 20,280	\$ 39,190
Glendora	\$ 18,910	\$ 20,280	\$ 39,190
Industry	\$ -	\$ -	\$ -
Irwindale	\$ 18,910	\$ 20,280	\$ 39,190
La Canada Flintridge	\$ 18,910	\$ 20,280	\$ 39,190
La Puente	\$ 18,910	\$ 20,280	\$ 39,190
La Verne	\$ 18,910	\$ 20,280	\$ 39,190
Monrovia	\$ 18,910	\$ 20,280	\$ 39,190
Montebello	\$ 18,910	\$ 20,280	\$ 39,190
Monterey Park	\$ 18,910	\$ 20,280	\$ 39,190
Pasadena	\$ -	\$ -	\$ -
Pomona	\$ 18,910	\$ 20,280	\$ 39,190
Rosemead	\$ 18,910	\$ 20,280	\$ 39,190
San Dimas	\$ 18,910	\$ 20,280	\$ 39,190
San Gabriel	\$ 18,910	\$ 20,280	\$ 39,190
San Marino	\$ 18,910	\$ 20,280	\$ 39,190
Sierra Madre	\$ 18,910	\$ 20,280	\$ 39,190
South El Monte	\$ 18,910	\$ 20,280	\$ 39,190
South Pasadena	\$ 18,910	\$ 20,280	\$ 39,190
Temple City	\$ 18,910	\$ 20,280	\$ 39,190
Walnut	\$ -	\$ -	\$ -
West Covina	\$ 18,910	\$ 20,280	\$ 39,190
LA County District 1	\$ -	\$ -	\$ -
LA County District 4	\$ -	\$ -	\$ -
LA County District 5	\$ -	\$ -	\$ -
SGV Water Agencies	\$ -	\$ -	\$ -
TOTALS	\$ 510,570	\$ 547,560	\$1,058,130