



# San Gabriel Valley Council of Governments

## **REVISED** NOTICE OF THE **SPECIAL** MEETING OF THE CITY MANAGERS' STEERING COMMITTEE

**Date: Wednesday, August 31, 2016 – 12 noon**

**Location: Foothill Transit Office (100 S. Vincent Ave., Suite 200  
West Covina, CA 91790)**

*Chair*  
**Chris Jeffers**  
Glendora

Thank you for participating in the City Managers' Steering Committee meeting. The City Managers' Steering Committee encourages public participation and invites you to share your views on agenda items.

*Vice-Chair*  
**Paul Talbot**  
Monterey Park

**MEETINGS: Regular Meetings of the City Managers' Steering Committee are held on the first Wednesday of each month at 12:00 noon at the Foothill Transit Office (100 S. Vincent Ave., Suite 200 West Covina, CA 91790.** The City Managers' Steering Committee agenda packet is available at the San Gabriel Valley Council of Government's (SGVCOG) Office, 1000 South Fremont Avenue, Suite 10210, Alhambra, CA, and on the website, [www.sgvcog.org](http://www.sgvcog.org). Copies are available via email upon request ([sgv@sgvcog.org](mailto:sgv@sgvcog.org)). Documents distributed to a majority of the Committee after the posting will be available for review in the SGVCOG office and on the SGVCOG website. Your attendance at this public meeting may result in the recording of your voice.

*Immediate Past-Chair*  
**Mark Alexander**  
La Canada Flintridge

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

*Northeast  
Representatives*  
**Tony Ramos**  
Claremont  
**Bob Russi**  
La Verne

**TO ADDRESS THE CITY MANAGERS' STEERING COMMITTEE:** At a regular meeting, the public may comment on any matter within the jurisdiction of the Committee during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public wishing to speak are asked to complete a comment card or simply rise to be recognized when the Chair asks for public comments to speak. We ask that members of the public state their name for the record and keep their remarks brief. If several persons wish to address the Committee on a single item, the Chair may impose a time limit on individual remarks at the beginning of discussion. **The City Managers' Steering Committee may not discuss or vote on items not on the agenda.**

*Southeast  
Representatives*  
**Jim DeStefano**  
Diamond Bar  
**Linda Lowry**  
Pomona

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

*Central Representatives*  
**Shannon Yauchzee**  
Baldwin Park  
**Tony Ybarra**  
South El Monte

*Southwest  
Representatives*  
**Sergio Gonzalez**  
South Pasadena  
**Bryan Cook**  
Temple City

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

*Northwest  
Representatives*  
**Dominic Lazzaretto**  
Arcadia  
**Darrell George**  
Duarte

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



## **PRELIMINARY BUSINESS**

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

## **CONSENT CALENDAR**

6. City Managers' Steering Committee Minutes  
*Recommended Action: Approve City Managers' Steering Committee Minutes.*

## **PRESENTATIONS**

7. SCE Coordination with Cities  
*Recommended Action: For information only.*
8. Metrolink Coordination Effort with Cities  
*Recommended Action: For information only.*

## **ACTION ITEMS**

9. 4<sup>th</sup> Quarter Financial Report and Treasurer's Report  
*Recommended Action: Recommend Governing Board receive and file.*
10. FY 2016-17 Budget Amendment #1  
*Recommended Action: Recommend Governing Board approve Amendment #1 to the FY 2016-17 budget.*

## **DISCUSSION ITEMS**

11. SB 1298 (Hertzberg)  
*Recommended Action: For information.*
12. Update on Stormwater Funding and Permit Implementation Efforts  
*Recommended Action: For information.*
13. Communication and Coordination Efforts with Southern California Edison  
*Recommended Action: For information.*

## **UPDATE ITEMS**

14. ACE Construction Authority – Oral Report  
*Recommended Action: For information only.*
15. Executive Director's Monthly Report – Oral Report  
*Recommended Action: For information only.*

**CLOSED SESSION** (*It is anticipated that the City Managers' Steering Committee may take action on the following matters*)

16. Public Employee Performance Evaluation – Executive Director pursuant to Government Code Section 54957(b).

## **COMMITTEE MEMBER ITEMS**

## **ANNOUNCEMENTS**

## **ADJOURN**



**SGVCOG**  
**City Managers' Steering Committee Unapproved Minutes**  
**July 6, 2016**  
**12:00 Noon**  
**Foothill Transit Office**

**PRELIMINARY BUSINESS**

**1. Call to Order**

The meeting was called to order at 12:03 noon.

**Members Present:**

Arcadia	D. Lazaretto
Baldwin Park	S. Yauchzee
Claremont	T. Ramos
Duarte	D. George
Glendora	C. Jeffers
La Canada Flintridge	M. Alexander
La Verne	B. Russi
Monterey Park	P. Talbot
South Pasadena	S. Gonzalez
Temple City	B. Cook

**Members Absent:**

Diamond Bar  
 Pomona  
 South El Monte

**SGVCOG Staff:**

Phil Hawkey, Executive Director  
 M. Christoffels, ACE CEO  
 M. Creter, Staff  
 E. Wolf, Staff  
 C. Cruz, Staff

**2. Pledge of Allegiance**

**3. Roll Call**

**4. Public Comment**

**5. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting**

**CONSENT CALENDAR**

**6. City Managers' Steering Committee Minutes**

**There was a motion to approve the consent calendar with corrections (M/S: B. Russi/ T. Ramos).**

**[Motion Passes]**

<b>AYES:</b>	Arcadia, Baldwin Park, Claremont, Duarte, Glendora, La Canada Flintridge, La Verne, Monterey Park, South Pasadena, Temple City
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Diamond Bar, Pomona, South El Monte

**PRESENTATIONS**

7. Information on Rolling Blackouts  
J. Torres (SCE) presented on this item.

P. Hawkey requested that SCE staff provide requested follow up information to SGVCOG staff for distribution.

**ACTION ITEMS**

8. Joint Ad Hoc Committee to Address Stormwater Policy Development  
**There was a motion to nominate C. Jeffers (Glendora) and D. Lazaretto (Arcadia) to serve on this committee (M/S: D. George/ B. Russi).**

**[Motion Passes]**

<b>AYES:</b>	Arcadia, Baldwin Park, Claremont, Duarte, Glendora, La Canada Flintridge, La Verne, Monterey Park, South Pasadena, Temple City
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Diamond Bar, Pomona, South El Monte

**DISCUSSION ITEMS**

9. County Park Funding Measure  
C. Jeffers and P. Hawkey provided an update on the LACBOS' action. There was discussion regarding whether the Governing Board should take an action on this item.

**There was a motion to recommend that the Governing Board not take a position on this item (M/S: M. Alexander/ T. Ramos).**

**[Motion Passes]**

<b>AYES:</b>	Arcadia, Baldwin Park, Claremont, Duarte, Glendora, La Canada Flintridge, La Verne, Monterey Park, South Pasadena, Temple City
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Diamond Bar, Pomona, South El Monte

10. Metro Potential Ballot Measure (PBM)  
M. Christoffels provided an update on this item. There was a discussion regarding the 3% match for cities that have planned light rail stations.

**There was a motion to recommend that the Governing Board discuss this item in July but delay action until its September meeting (M/S: C. Jeffers/ T. Ramos).**

**[Motion Passes]**

<b>AYES:</b>	Arcadia, Baldwin Park, Claremont, Duarte, Glendora, La Canada Flintridge, La Verne, Monterey Park, South Pasadena, Temple City
<b>NOES:</b>	
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Diamond Bar, Pomona, South El Monte

- 11.** Update on Stormwater Funding and Permit Implementation Efforts  
E. Wolf provided an update on this item and discussed the COG's potential participation in an amicus brief related to the WOTUS case. The City Managers requested staff prepare a summary of this case and related issues and distribute to the Committee.
- 12.** Communication and Coordination Efforts with Southern California Edison  
The Committee requested that staff coordinate a follow up meeting with the appropriate senior level staff at SCE to discuss public affairs and coordination with local agencies.

**UPDATE ITEMS**

- 13.** ACE Construction Authority – Oral Report  
There was no additional report on this item.
- 14.** Executive Director's Monthly Report – Oral Report  
There was no additional report on this item.

**COMMITTEE MEMBER ITEMS**

The Committee concurred to cancel their August meeting.

**ANNOUNCEMENTS**

**ADJOURN**

The meeting adjourned at 1:25 PM.



# REPORT

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DATE: August 29, 2016

TO: City Managers' Steering Committee  
Executive Committee

FROM: Phil Hawkey, Executive Director

**RE: FY 2015-16 4TH QUARTER FINANCIAL AND INVESTMENT REPORT**

## **RECOMMENDED ACTION**

Recommend Governing Board receive and file the FY 2015-16 4<sup>th</sup> Quarter Financial and Investment Reports for SGVCOG and ACE.

## **BACKGROUND**

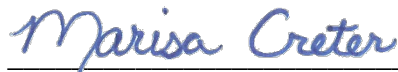
Attachment A is the SGVCOG's FY 2015-16 4<sup>th</sup> Quarter Financial and Investment Report. This includes additional detailed reporting that was recommended by the SGVCOG's Treasurer. Attachment B is ACE's 4<sup>th</sup> Quarter Financial and Investment Report. Both reports were prepared by ACE staff, who now manages the SGVCOG's finances. Attachment C is the Treasurer's Report.

Prepared by:



Carlos Monroy  
Director of Finance, ACE

Approved by:



Marisa Creter  
Assistant Executive Director

## **ATTACHMENTS**

Attachment A – FY 2015-16 4th Quarter Financial Report  
Attachment B- ACE 3<sup>rd</sup> Quarter Financial and Investment Report  
Attachment C – SGVCOG Treasurer's Report



## Fourth Quarter 2016 Reports

### June 30, 2016

# Grants Receivable Aging Detail

## As of June 30, 2016

Month	So. California Edison - CEESP3	So. California Edison - Energy Wise	So. California Gas - Energy Wise	MTA	Totals	Notes
OCT-15	\$0.00	\$0.00	\$0.00	\$6,402.16	\$6,402.16	Received 7/15/16
NOV-15	-	-	-	6,402.16	6,402.16	Received 7/15/16
DEC-15	-	-	-	7,367.73	7,367.73	Received 7/15/16
DEC-15	\$17,775.44	-	-	-	17,775.44	Received 7/25/16
APR-16	-	-	4,378.46	-	4,378.46	
MAY16	6,211.02	-	-	-	6,211.02	
JUN-16	11,092.94	\$21,546.71	12,597.81	44,206.38	89,443.84	Edision Energy Wise: \$10,554.69 received on 7/6/16 & 7/11/16, MTA: \$29,470.92 received 7/29/16
	<u>\$ 35,079.40</u>	<u>\$ 21,546.71</u>	<u>\$ 16,976.27</u>	<u>\$ 64,378.43</u>	<u>\$137,980.81</u>	

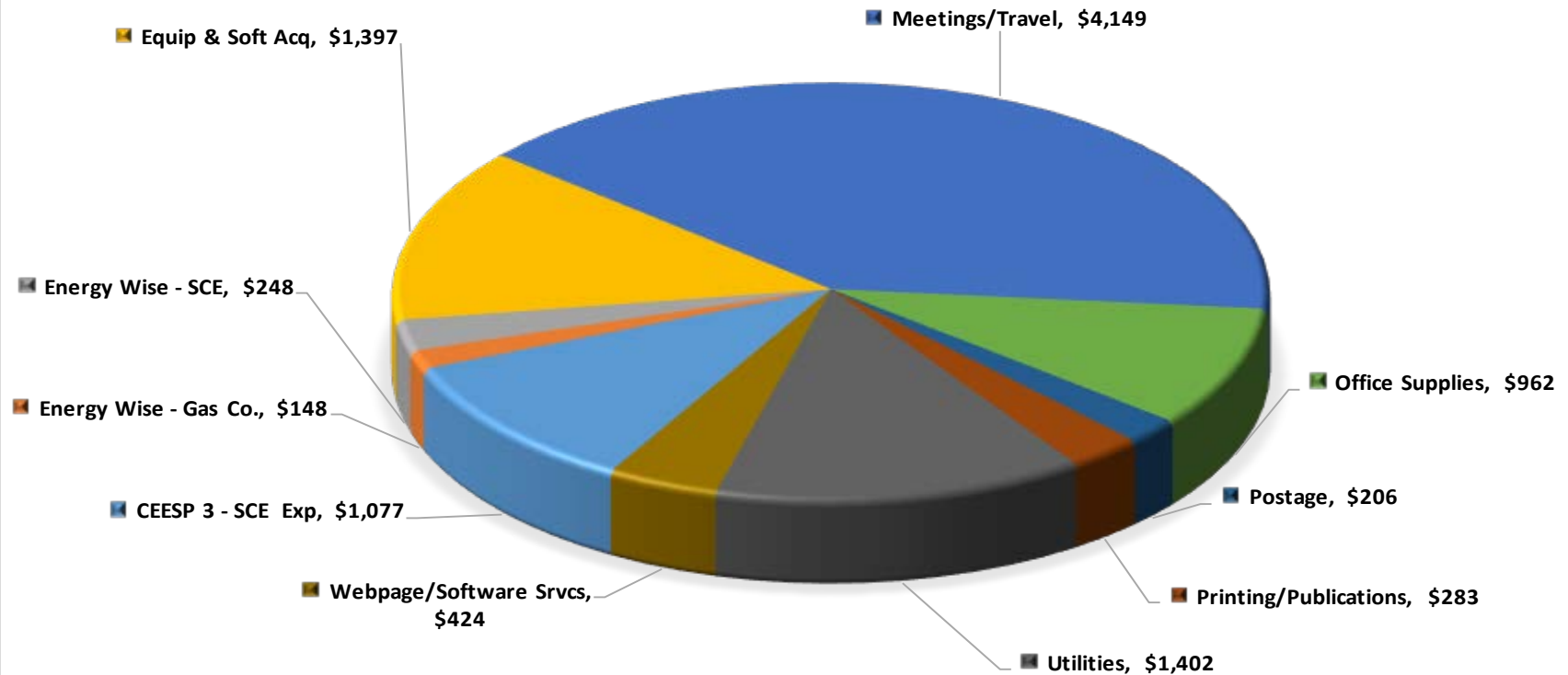
Preliminary Selected Asset Accounts Balances  
As of June 30, 2016

Account Name	Balance					Balance
	05/31/2016	Increase	Decrease	Net Change	06/30/2016	
CBB - Checking	\$ 417,265	\$ 66,172	\$ 119,597	\$ (53,425)	\$ 363,840	
CBB- 242-034-325 CD	55,493	14	-	14	55,507	
CBB - 2766 Savings	1,586	0.4	-	0	1,586	
CBB -242-034-953 CD	54,728	14	-	14	54,741	
Petty Cash	400	-	-	-	400	
LAIF	228,347	-	-	-	228,347	
LAIF Maket Value	86	-	-	-	86	
Member Receivable	800	-	-	-	800	
Grants/Contracts Receivable	64,467	89,444	15,930	73,514	137,981	
	<b>\$ 823,170</b>	<b>\$ 155,644</b>	<b>\$ 135,527</b>	<b>\$ 20,117</b>	<b>\$ 843,287</b>	

# AMEX Credit Card Charges: Period April – June 2016

Attachment A

## \$10,296



San Gabriel Valley Council of Governments  
Primary Government Budget  
Update for July 1, 2015 - June 30, 2016  
*Preliminary*

							Attachment A	
							BUDGET FY	% of Budget
							15/16	
General Fund	Transportation	SGVEWP	CEESP Phase 3	Actual Through June 30, 2016				
<b>1 General Operating &amp; Nonoperating Income</b>								
2 Member Dues	\$ 635,910	\$ 86,020	\$ -	\$ -	\$ 721,930	\$ 721,129	100%	
3 Hero Revenue	16,225	-	-	-	16,225	16,225	100%	
4 Insurance Settlement	50,933	-	-	-	50,933	60,000	85%	
5 Interest	1,080	-	-	-	1,080	1,000	108%	
6 <i>Total General Operating Income</i>	704,149	86,020	-	-	790,168	798,354	99%	
<b>7 Grants &amp; Special Project Income</b>								
8 MTA Consultant	-	89,378	-	-	89,378	85,838	104%	
9 Energy Wise (SGVEWP) - Gas	-	-	66,379	-	66,379	70,000	95%	
10 Energy Wise (SGVEWP) - Edison	-	-	107,443	-	107,443	110,000	98%	
11 SCE CEESP Grant	-	-	-	115,946	115,946	105,000	110%	
12 <i>Total Grants &amp; Special Project Income</i>	-	89,378	173,822	115,946	379,147	370,838	102%	
13 <b>Total Income</b>	<b>704,149</b>	<b>175,398</b>	<b>173,822</b>	<b>115,946</b>	<b>1,169,316</b>	<b>1,169,192</b>	<b>100%</b>	
<b>14 General Operating Expenses</b>								
<b>15 <u>Ongoing Operational Contracts</u></b>								
16 Legal Services	21,579	-	5,395	-	26,974	30,000	90%	
17 Financial Audit Services	15,000	-	2,500	-	17,500	20,000	88%	
17 Treasurer	2,985	-	-	-	2,985	5,000	60%	
18 Financial/Accounting Consultant	15,811	-	4,510	-	20,321	20,321	100%	
<b>19 <u>Personnel</u></b>								
20 Salaries & Deferred Compensation	100,525	9,596	45,884	27,530	183,534	191,632	96%	
21 Internship Program	-	-	34,534	11,511	46,045	50,000	92%	
22 Benefits	15,673	1,496	7,154	4,292	28,616	29,712	96%	
23 PERS & Employer Taxes	11,646	1,112	5,316	3,190	21,264	20,000	106%	
24 <b><u>General &amp; Administrative</u></b>	-	-	-	-	-	-	-	-
25 Rent & Parking	43,487	-	13,381	10,036	66,904	70,511	95%	
26 Utilities	3,740	-	1,151	863	5,754	7,350	78%	
27 Postage	564	-	174	130	868	2,000	43%	
28 Equipment & Software Acquisition	11,239	-	3,458	2,594	17,291	18,500	93%	
29 Storage	1,675	-	516	387	2,578	2,596	99%	
30 Office Supplies	2,605	-	802	601	4,008	4,500	89%	
31 Miscellaneous Maint/Ops Expense	944	-	290	218	1,452	3,500	41%	
32 Meeting/Travel	19,685	-	6,350	5,715	31,750	35,000	91%	
33 Dues & Subscriptions	3,083	-	949	712	4,744	5,000	95%	
34 Administrative Fees	2,363	-	727	545	3,635	3,500	104%	
35 Insurance	4,336	-	1,322	951	6,609	8,000	83%	

Continued on next page

San Gabriel Valley Council of Governments  
Primary Government Budget  
Update for July 1, 2015 - June 30, 2016  
Preliminary

							Attachment A	
							BUDGET FY	% of Budget
							15/16	
General Fund	Transportation	SGVEWP	CEESP Phase 3	Actual Through June 30, 2016				
36 <u>Consultant Services</u>								
37 Interim Executive Director Services	145,141	-	10,641	218	156,000	156,000	100%	
38 MTA Board Support	-	102,750	-	-	102,750	103,000	100%	
39 Strategic Plan	9,998	-	-	-	9,998	10,000	100%	
40 Administrative and Technical Committee Support	38,067	30,892			68,958	75,000	92%	
41 Media/Public Relations	1,150	-	-	-	1,150	2,000	58%	
42 Information Technology	2,532	-	-	-	2,532	2,000	127%	
43 Administrative Management Support	27,293	-	-	-	27,293	27,293	100%	
44 Stormwater Consultant	7,313	-	-	-	7,313	10,000	73%	
45 Grant Writing Services	-	29,553	-	-	29,553	30,000	99%	
46 <u>Direct Expenses</u>								
47 Board Stipends & Taxes	13,739	-	-	-	13,739	12,000	114%	
48 Printing / Publication	8,143	-	-	-	8,143	12,000	68%	
49 Miscellaneous	2,361	-	-	-	2,361	3,000	79%	
50 <u>Direct Grant Expenses</u>								
51 SGVEWP Edison & Gas Expenses	-	-	28,770	-	28,770	40,000	72%	
52 SCE CEESP Expenses	-	-	-	46,453	46,453	55,000	84%	
53 <i>Total Grant &amp; Special Project Expenses</i>	-	-	28,770	46,453	75,224	95,000	79%	
54 <b>Total Expenditures</b>	<b>532,677</b>	<b>175,399</b>	<b>173,822</b>	<b>115,946</b>	<b>997,843</b>	<b>1,064,415</b>	<b>94%</b>	
55 <b>Net income (Loss)</b>	<b>\$ 171,472</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 171,472</b>	<b>\$ 104,777</b>	<b>164%</b>	

## SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

*Preliminary* Trial Balance  
June 30, 2016 as of August 8, 2016

<u>Flex Field</u>	<u>Account</u>	<u>Description</u>	<u>Balance</u>
<b>Assets</b>			
000-000-000-1010	1010	CBB - Checking	\$ 363,840
000-000-000-1020	1020	CBB- 242-034-325 CD	55,507
000-000-000-1030	1030	CBB - 2766 Savings	1,586
000-000-000-1040	1040	CBB -242-034-953 CD	54,741
000-000-000-1090	1090	Petty Cash	400
000-000-000-1100	1100	LAIF	228,347
000-000-000-1101	1101	LAIF Maket Value	86
000-000-000-1210	1210	Member Receivable	800
000-000-000-1220	1220	Grants/Contracts Receivable	137,981
000-000-000-1232	1232	Rental Deposits Receivable	215
000-000-000-1290	1290	Interest Receivable	311
000-000-000-1291	1291	Receivables - Other	53,648
000-000-000-1400	1400	Prepaid Expense	13,157
000-000-000-1901	1901	Deferred Outflow of Resources	23,254
<b>Total assets</b>			<b>\$ 933,871</b>
<b>Liabilities</b>			
000-000-000-2010	2010	Accounts Payable	\$ (70,744)
000-000-000-2101	2101	AMEX	(1,412)
000-000-000-2123	2123	Payroll Payable	(12,794)
000-000-000-2200	2200	Year End Accruals	(45,000)
000-000-000-2205	2205	Accrued Payroll	(1,179)
000-000-000-2210	2210	Vacation Accrual	(10,727)
000-000-000-2220	2220	Comp Time Accrual	(5,889)
000-000-000-2300	2300	Empl Ded - 457 Contribution	(35)
000-000-000-2901	2901	Pension Liability	(538)
000-000-000-2902	2902	Deferred Inflow of Resources	(8,172)
000-000-000-2910	2910	Deferred Revenues - Member Cities Dues	(49,159)
<b>Total liabilities</b>			<b>\$ (205,651)</b>
<b>Net position</b>			
000-000-000-3101	3101	Net position, beginning of year	\$ (556,748)
000-000-000-3101	3101	Change in net position	(171,472)
000-000-000-3101	3101	Net position, end of year	<b>\$ (728,220)</b>

## SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

*Preliminary* Trial Balance

June 30, 2016 as of August 8, 2016

<u>Flex Field</u>	<u>Account</u>	<u>Description</u>	<u>Balance</u>
<b>Operating revenues</b>			
012-000-000-4010	4010	Revenues - Member Cities Dues	\$ (721,930)
015-125-050-4103	4103	Grant Reimbursements - Energy Wise - SCE	(107,443)
015-130-050-4114	4114	Grant Reimbursements - CEESP 3 - SCE	(115,946)
012-000-000-4116	4116	Grant Reimb - MTA Consultant	(8,333)
015-120-040-4116	4116	Grant Reimbursement - MTA Board Support Svcs-Tran	(81,045)
015-125-060-4117	4117	Grant Reimbursements - Energy Wise - So Gas Co.	(66,379)
012-000-000-4120	4120	Revenues - HERO Program	(16,225)
<b>Total operating revenues</b>			<b>\$ (1,117,303)</b>
<b>Operating expenses</b>			
012-000-000-5110	5110	G & A - Salaries and Wages	\$ 169,170
015-125-050-5110	5110	Energy Wise - SCE - Administration - DL	9,028
015-125-060-5110	5110	Energy Wise - SGC - Administration - DL	6,018
015-130-050-5110	5110	CEESP 3 - SCE - Green Building Admn - DL	6,371
015-125-050-5111	5111	Energy Wise - SCE - Marketing - DL	401
015-125-060-5111	5111	Energy Wise - SCG - Marketing - DL	254
012-000-000-5112	5112	G & A - Homeless Program - Salaries and Wages	264
015-125-050-5112	5112	Energy Wise - SCE - Direct Implementation - DL	718
015-125-060-5112	5112	Energy Wise - SCG - Direct Implementation - DL	483
015-130-050-5112	5112	CEESP3 - SCE - Green Bldg Direct Impl - DL	117
012-000-000-5114	5114	G & A - Vacation Time - Salaries and Wages	10,226
015-130-050-5114	5114	CEESP 3 - SCE - Online Permitting Admn - DL	94
012-000-000-5118	5118	G & A - Sick Time Pay - Salaries and Wages	910
015-130-050-5119	5119	CEESP 3 - SCE - Point of Permit - Direct Impl - DL	897
012-000-000-5121	5121	Fringe Benefits - Medical	251
012-000-000-5123	5123	Fringe Benefits - Parking	4,180
012-000-000-5125	5125	G & A - Salaries and Wages - Auto Allowance	4,119
012-000-000-5126	5126	G & A - S & W - Medical In Lieu of - FT Staff	18,550
012-000-000-5130	5130	Retirement - CalPERS - Other	11,176
012-000-000-5135	5135	Fringe Benefits - Workers Compensation	1,516
012-000-000-5150	5150	Employer Tax Allocation	5,950
012-000-000-5151	5151	Employer Taxes Allocation	4,138
012-000-000-5170	5170	Internship Program - Other	24,629
012-000-000-5180	5180	Board Stipend - Other	12,450
012-000-000-5181	5181	Board Taxes	1,289
012-000-000-5310	5310	Rent - Other	66,904
012-000-000-5315	5315	Utilities	5,754
012-000-000-5320	5320	Postage	868
012-000-000-5325	5325	Office Supplies	4,008
012-000-000-5330	5330	Printing/Publications	8,143
012-000-000-5345	5345	Insurance	6,609
012-000-000-5350	5350	Dues & Subscriptions	4,744
012-000-000-5355	5355	Meetings/Travel	31,750
012-000-000-5360	5360	Administrative Fees	3,635
012-000-000-5365	5365	Storage	2,578

## SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS

*Preliminary* Trial Balance

June 30, 2016 as of August 8, 2016

<u>Flex Field</u>	<u>Account</u>	<u>Description</u>	<u>Balance</u>
012-000-000-5380	5380	Misc Maint/Op Expense	1,452
012-000-000-5505	5505	Contract Srvcs - Executive Director	156,000
012-000-000-5510	5510	Contract Srvcs - Treasurer	2,985
015-120-040-5520	5520	MTA Board Support Srvcs - Contract Srvcs - MLE	102,750
012-000-000-5525	5525	Contract Srvcs - ACE Transportation Tech Support	30,892
012-000-000-5530	5530	Contract Srvcs - ACE IT, Acctg & Fin'l Support	20,306
012-000-000-5540	5540	Contract Srvcs - ACE Administrative Support	17,760
012-000-000-5546	5546	Contract Srvcs - Stormwater Consultant	7,313
012-000-000-5548	5548	Contract Srvcs - Strategic Planning Consultant	9,998
012-000-000-5550	5550	Media/Public Relations	1,150
012-000-000-5561	5561	Legal Expense - SGVCOG	25,200
012-000-000-5563	5563	Legal Expense - Conway	1,774
012-000-000-5570	5570	Contract Services - Accounting/Auditing	37,821
012-000-000-5586	5586	Grant Writing Services	29,553
012-000-000-5587	5587	Administrative Consultants	27,293
012-000-000-5910	5910	Equipment & Soft Acquisition	17,291
012-000-000-5920	5920	Webpage/Software Services	2,532
012-000-000-6010	6010	Energy Wise	28,007
015-125-050-6010	6010	Energy Wise - SCE - Program Mgt	268
015-125-060-6010	6010	Energy Wise - Gas Co. - Program Mgt	373
015-130-050-6013	6013	CEESP 3 - SCE - Program Mgt	536
015-125-060-6017	6017	Energy Wise - SC Gas Company - Program Mgt	121
015-000-000-6018	6018	GP Set UP	92
015-130-050-6018	6018	CEESP 3 - SCE - Grant Management Expense	45,825
012-000-000-8902	8902	Prior Year Expense	2,361
<b>Total operating expenses</b>			<b>\$ 997,843</b>
Operating income			(119,459)
<b>Nonoperating income</b>			
012-000-000-4090	4090	Interest Income	\$ (1,080)
012-000-000-4800	4800	Miscellaneous Revenue	(50,933)
Total nonoperating income			<b>(52,013)</b>
Change in net position			<b>\$ (171,472)</b>



MEMO TO: ACE Construction Authority Finance Committee

FROM: Mark Christoffels  
Chief Executive Officer

DATE: July 28, 2016

SUBJECT: Review of Quarterly Progress Reports

**RECOMMENDATION:** Receive and file a report on the ACE Quarterly Progress Reports for the period from April 1, 2016 through June 30, 2016

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

**Exhibit I – ACE Revenue by Source**

This exhibit details all funding authorized, allocated to projects, and remaining unallocated (surplus) since the inception of the ACE Project. During this review period there were no additional allocations, however project savings from completed projects increased the un-programmed surplus to \$43.2 million. These funds will be programmed for our final project, the Turnbull Canyon Road Grade Separation.

**Exhibit II – ACE Project Funding by Source**

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

**Exhibit III – ACE Project Allocations vs. Estimate at Completion**

This Exhibit tracks project allocations as compared to the estimated cost to complete for each project, along with other data. The current report shows that if the current ACE projects were to be completed based on what we know today; there would be an approximate \$3.3 million surplus. As the projects are bid out, or those in design are further developed the cost estimates will be refined and the needed allocations adjusted based on ACE's available balance of grant funds.

#### **Exhibit IV – Expenditure Forecasts**

This is a cash flow forecast for active projects. The spreadsheets show full anticipated project costs regardless of whether the project is currently in design, right of way, or a construction phase. This allows staff to keep track of the overall program status and determine what remaining funds are available for future projects. The reasons for any changes shown in the Estimated at Completion (EAC) column are noted with footnotes at the bottom of the spreadsheet.

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

This exhibit captures the reimbursement status for all active or completed projects as of June 30, 2016. Since ACE must borrow funds to make current payments to its vendors, consultants, and contractors, and then seek reimbursement from its granting agencies, minimizing the time for reimbursements is a key component to avoid incurring significant interest costs on ACE borrowed funds. ACE's policy is to try to bill and receive reimbursements within 30 days. As noted in this exhibit, as of June 30, 2016, ACE had no receivables that were over 30 days.

#### **Exhibit VI – Project Schedules**

This exhibit reflects current estimated schedules for different phases of active projects. Changes from last quarter's report are as follows:

Fullerton Road

Four-month delay based on revised construction schedule due to utility relocations.

#### **Exhibit VII – Treasury/Banking Investments**

This exhibit has two components – a statement of net assets as of June 30, 2016 and an accounting of all banking and investments.

The exhibit shows that if ACE were to close its doors, it would have assets over liabilities of \$9,547,598 million after paying off its current liabilities including the CalPERS liabilities. In an agreement with CalPERS, ACE is currently paying down its unfunded liabilities through additional payments made each month. We began to make payments to CalPERS in December 2014. CalPERS current published unfunded liability number (the one shown on Exhibit VII) does not yet reflect these payments so our actual liability is much less than currently stated. As for the potential termination liability, in an agreement with CalPERS, we are now making monthly payments to also pay that down.

As noted on the exhibit, ACE's banking and investments remain in compliance with the SGVCOG investment policy.

Attachments

## EXHIBIT I - ACE REVENUE BY SOURCE

As of June 30, 2016

## Attachment B

Grant		Authorized	Adjustments	Note	Net Authorized	Allocated To Projects	Surplus	Allocated Inc/(Decr)
<b>Federal</b>								
TEA - 21	Sect 0491	4,655,048	(402,000)	a	4,253,048	4,253,048	-	
TEA - 21	Sect 1017	2,205,000	(141,317)	b	2,063,683	2,063,683	-	
TEA - 21	Sect 1138	17,250,000	-		17,250,000	17,250,000	-	
TEA - 21	Sect 1533	100,000,000	-		100,000,000	100,000,000	-	
TEA - 21	Sect 198	9,562,500	(572,760)	b	8,989,740	8,989,740	-	
Hiway Fund FY 01		1,500,000	(3,300)	b	1,496,700	1,496,700	-	
NCPD FY 2000		1,240,000	-		1,240,000	1,240,000	-	
NCPD FY 2001		2,400,000	(2,565)	b	2,397,435	2,397,435	-	
NCPD FY 2002		4,000,000	(116,000)	b	3,884,000	3,884,000	-	
NCPD FY 2003		1,495,000	(10,000)	b	1,485,000	1,485,000	-	
NCPD FY 2004		2,000,000	(119,163)	b	1,880,837	1,880,837	-	
STP FY 2006		4,200,000	(42,000)	b	4,158,000	4,158,000	-	
STP FY 2009		570,000	-		570,000	570,000	-	
STP FY 2010		500,000	(85)	b	499,915	499,915	-	
AAA FY 2010		1,349,000	(230)	b	1,348,770	1,348,770	-	
SAFETEA-LU FY 05	Sect 1701	2,528,000	(255,185)	c	2,272,815	2,272,815	-	
SAFETEA-LU FY 06	Sect 1701	2,528,000	(254,883)	c	2,273,117	2,273,117	-	
SAFETEA-LU FY 07	Sect 1701	2,528,000	(252,029)	c	2,275,971	2,275,971	-	
SAFETEA-LU FY 08	Sect 1701	2,528,000	(252,029)	c	2,275,971	2,275,971	-	
SAFETEA-LU FY 09	Sect 1701	2,528,000	(251,136)	c	2,276,864	2,276,864	-	
SAFETEA-LU FY 05	Sect 1934	3,000,000	(280,077)	c	2,719,923	2,719,923	-	
SAFETEA-LU FY 06	Sect 1934	6,000,000	(560,154)	c	5,439,846	5,439,846	-	
SAFETEA-LU FY 07	Sect 1934	7,500,000	(700,192)	c	6,799,808	6,799,808	-	
SAFETEA-LU FY 08	Sect 1934	7,500,000	(700,192)	c	6,799,808	6,799,808	-	
SAFETEA-LU FY 09	Sect 1934	6,000,000	(560,154)	c	5,439,846	5,439,846	-	
SAFETEA-LU FY 05	Sect 1301	3,125,000	(247,763)	c	2,877,237	2,877,237	-	
SAFETEA-LU FY 06	Sect 1301	6,250,000	(495,526)	c	5,754,474	5,754,474	-	
SAFETEA-LU FY 07	Sect 1301	7,812,500	(619,407)	c	7,193,093	7,193,093	-	
SAFETEA-LU FY 08	Sect 1301	7,812,500	(619,407)	c	7,193,093	7,193,093	-	
SAFETEA-LU FY 09	Sect 1301	6,250,000	(495,526)	c	5,754,474	5,754,474	-	
FRA		2,544,100	-		2,544,100	2,544,100	-	
PUC (Section 130)		10,000,000	-		10,000,000	10,000,000	-	
ISTEA (Nogales-LA)		6,936,147	-		6,936,147	6,936,147	-	
CMAQ (Nogales-LA)		6,347,000	-		6,347,000	6,347,000	-	
	Subtotal	252,643,795	(7,953,080)		244,690,715	244,690,715	-	
<b>State</b>								
ITIP		39,000,000	(18,426)	d	38,981,574	38,981,574	-	
PUC (Section 190)		10,000,000	-		10,000,000	10,000,000	-	
TCRP		150,000,000	(19,700,000)	e	130,300,000	130,300,000	-	
Prop 1B - HRCSA (Nogales-LA/Fullerton)		43,906,000	-		43,906,000	43,906,000	-	
TCIF (SG Trench/Baldwin/Fairway/Puente)		420,497,000	-		420,497,000	419,576,000	921,000	
	Subtotal	663,403,000	(19,718,426)		643,684,574	642,763,574	921,000	(921,000)
<b>Local</b>								
MTA 1 (FY 98-02)	C 25%	37,500,000	(23,360,000)	f	14,140,000	14,140,000	-	
MTA 2 (FY 03-05)	C 10%	1,857,000	-		1,857,000	1,857,000	-	
MTA 2 (FY 03-05)	C 25%	13,178,000	-		13,178,000	13,178,000	-	
MTA 2 (FY 03-05)	AB 3090	9,308,000	-		9,308,000	9,308,000	-	
MTA 2 (FY 03-05)	STIP-RIP	5,496,000	-		5,496,000	5,496,000	-	
MTA 3 (FY 06-09)	C 25%	85,000,000	-		85,000,000	85,000,000	-	
MTA 4 (FY 09-15)	C 25%-Remaining	28,566,800	-		28,566,800	28,566,800	-	
MTA 5 (FY 09-15)	C 25%-Supplemental	112,324,000	-		112,324,000	102,345,000	9,979,000	
MTA 6 (Nogales-LA)	C 25%	28,849,000	-		28,849,000	28,849,000	-	
MTA 7 (Phase II)	Measure R	400,000,000	-	g	400,000,000	377,201,000	22,799,000	
	Subtotal	722,078,800	(23,360,000)		698,718,800	665,940,800	32,778,000	(135,000)
<b>Other Sources</b>								
Railroad (UPRR/Metrolink)		40,552,000	-	h	40,552,000	31,341,000	9,211,000	
Cities/LA County (Nogales-LA)		9,915,303	-		9,915,303	9,915,303	-	
Betterments (Cities/Metrolink)		26,273,575	-		26,273,575	26,273,575	-	
MWD (Brea Canyon)		2,207,402	-		2,207,402	2,207,402	-	
Property Sale		3,224,226	-		3,224,226	2,894,012	330,214	
	Subtotal	82,172,506	-		82,172,506	72,631,292	9,541,214	
<b>TOTAL GRANTS</b>		<b>1,720,298,101</b>	<b>(51,031,506)</b>		<b>1,669,266,595</b>	<b>1,626,026,381</b>	<b>43,240,214</b>	
<b>Other Income</b>								
Property Rental Income		139,316	-		139,316	-	139,316	
Recovered Costs		17,288	-	i	17,288	-	17,288	
	Subtotal	156,604	-		156,604	-	156,604	
<b>TOTAL ACE Construction</b>		<b>1,720,454,705</b>	<b>(51,031,506)</b>		<b>1,669,423,199</b>	<b>1,626,026,381</b>	<b>43,396,818</b>	<b>(1,056,000)</b>

## Notes:

- Transferred by LA County to ACE for the Nogales-LA project.
- Federal budgetary reduction.
- Based on Caltrans updated OA, appropriations reduced by 10% instead of 15%.
- \$18K for Ramona lapsed in June 2008 prior to project closeout.
- \$19.7 million programmed to other entities (yet to be allocated by State).
- Allocated to City of LA.
- Of the \$400M Measure R funds, \$135M has executed MOU.
- Based on individual projects, UPRR paid 1/2 before and 1/2 after construction phase.
- \$39.552M committed by UPRR but due to phasing of construction, only \$23.360M has been received.
- Costs recovered from audit after a project had been closed.

EXHIBIT II - ACE PROJECTS FUNDING BY SOURCE

As of June 30, 2016

(\$ 000's)

Project	Task	Fed #	All															Prop Sale	Cities/Better
			TEA-21	NCPO/STP	SAFETEA	ITIP	ISTEA/CMQ	FRA/PUC	TCRP	Prop 18	MTA 1	MTA 2	MTA 3	MTA 4	MTA 5	MTA 6	MTA 7		
212 At-Grade Crossing	Design	n/a	3,707	-	-	-	-	-	-	-	-	-	-	-	100	-	3,607	-	-
	ROW	n/a	311	-	-	-	-	-	-	-	-	-	-	-	311	-	-	-	-
	Constr	n/a	15,822	-	-	-	-	-	-	-	-	-	-	-	13,079	-	2,743	-	-
	At-Grade Crossing Total		19,840	-	-	-	-	-	-	-	-	-	-	-	13,490	-	6,350	-	-
102 Baldwin	Design	(017)	5,390	3,013	-	753	-	-	-	-	-	-	495	696	432	-	-	-	-
	ROW	(028)	37,237	-	21,008	-	-	-	-	-	-	-	9,382	2,500	4,347	-	-	-	-
	Constr	(017)	27,738	-	-	-	-	-	-	27,738	-	-	-	-	-	-	-	-	-
	Baldwin Total		70,365	3,013	-	753	-	-	-	27,738	-	-	9,877	3,196	4,779	-	-	-	-
208 Durfee	Design	(039)	8,738	-	6,984	-	-	-	-	-	-	-	-	-	1,754	-	-	-	-
	ROW	n/a	27,771	1,349	3,556	-	-	-	-	-	-	-	-	-	11,173	-	8,800	2,894	-
	Constr	n/a	41,872	-	3,883	-	-	-	-	-	-	-	-	-	-	-	37,989	-	-
	Durfee Total		78,381	1,349	14,422	-	-	-	-	-	-	-	-	-	12,927	-	46,789	2,894	-
204 Fairway-LA	Design	(036)	8,231	-	-	-	-	-	-	-	-	-	-	60	8,171	-	-	-	-
	ROW	n/a	34,198	-	-	-	-	-	-	-	-	-	-	-	657	-	33,541	-	-
	Constr	n/a	96,928	-	-	-	-	-	-	71,000	-	-	-	-	538	-	20,390	-	5,000
	Fairway-LA Total		139,357	-	-	-	-	-	-	71,000	-	-	-	60	9,366	-	53,931	-	5,000
207 Fullerton	Design	n/a	10,586	-	-	-	-	-	-	-	-	-	-	-	1,970	-	8,616	-	-
	ROW	n/a	24,105	-	-	-	-	-	-	-	-	-	-	-	17,527	-	6,578	-	-
	Constr	n/a	110,876	-	-	-	-	-	-	53,366	-	-	-	-	1,000	-	48,502	4,508	3,500
	Fullerton Total		145,567	-	-	-	-	-	-	53,366	-	-	-	-	20,497	-	63,696	4,508	3,500
205 Hamilton	Design	n/a	1,767	-	-	-	-	-	-	-	-	-	-	-	1,242	-	525	-	-
	ROW	n/a	22	-	-	-	-	-	-	-	-	-	-	-	22	-	-	-	-
	Constr	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Hamilton Total		1,789	-	-	-	-	-	-	-	-	-	-	-	1,264	-	525	-	-
209 Montebello	Design	n/a	12,600	-	-	-	-	-	-	-	-	-	-	-	4,023	-	8,577	-	-
	ROW	n/a	27,200	-	-	-	-	-	-	-	-	-	-	-	100	-	27,100	-	-
	Constr	n/a	102,200	-	-	-	-	-	-	-	-	-	-	-	-	-	84,749	17,451	-
	Montebello Total		142,000	-	-	-	-	-	-	-	-	-	-	-	4,123	-	120,426	17,451	-
250 Nogales-LA	Design	(032)	4,706	932	-	-	-	-	-	-	-	-	-	-	-	1,766	-	2,008	-
	ROW	(035)	50,770	-	-	-	6,936	1,109	-	-	-	-	-	-	6,877	27,083	-	3,358	5,407
	Constr	(032)	66,087	3,321	570	12,810	6,347	16,435	-	25,600	-	-	-	-	-	-	-	1,004	-
	Nogales-LA Total		121,563	4,253	570	12,810	13,283	17,544	-	25,600	-	-	-	-	6,877	28,849	-	3,358	8,419
202 Puente	Design	(034)	9,413	-	(0)	-	-	-	-	-	-	-	-	84	9,329	-	-	-	-
	ROW	n/a	30,163	-	-	-	-	-	-	-	-	-	-	-	9,683	-	20,480	-	-
	Constr	(040)	56,882	-	-	-	-	-	-	48,000	-	-	-	-	984	-	7,898	-	-
	Puente Total		96,458	-	(0)	-	-	-	-	48,000	-	-	-	84	19,996	-	28,378	-	-
201 SG Trench	Design	(030)	33,458	120	1,881	-	-	-	-	-	3	27	3,006	1,365	-	-	15,144	-	-
	ROW	n/a	33,333	-	500	-	-	-	-	-	-	-	-	-	3,055	-	27,593	-	-
	Constr	(037)(038)	245,966	-	-	-	-	-	-	237,778	-	-	-	-	-	-	5,763	-	-
	SG Trench Total		312,756	120	2,381	-	-	-	-	237,778	3	27	3,006	1,365	3,055	-	48,000	-	-
209 Temple	Design	(009)	7,265	4,680	-	-	-	-	-	-	1,168	151	978	288	-	-	-	-	-
	ROW	(009)	13,070	7,768	-	-	-	-	-	-	969	1,370	2,260	-	-	-	-	703	-
	Constr	(009)	71,785	96,073	3,884	-	1,043	-	1,387	-	33	7,589	13,505	3,950	-	-	-	4,321	-
	Temple Total		92,121	108,522	3,884	-	1,043	-	1,387	-	2,169	9,110	16,743	4,238	-	-	-	5,024	-
100 Turnbull Cyn	Design	n/a	10,106	-	-	-	-	-	-	-	-	-	-	-	1,000	-	9,106	-	-
	ROW	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Constr	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Turnbull Cyn Total		10,106	-	-	-	-	-	-	-	-	-	-	-	1,000	-	9,106	-	-

Attachment B

EXHIBIT II - ACE PROJECTS FUNDING BY SOURCE

As of June 30, 2016

(\$ 000's)

All																					
Project	Task	Fed #	TEA-21	NCPD/STP	SAFETEA	ITIP	ISTEA/CMQ	FRA/PUC	TCRP	Prop 18	MTA 1	MTA 2	MTA 3	MTA 4	MTA 5	MTA 6	MTA 7	Railroad	Prop Sale	Cities/Better	
Total			4,355	3,560	-	-	-	-	-	-	795	-	-	-	-	-	-	-	-	-	
101 Ramona	Design	(002)	8,156	2,400	-	-	-	-	-	-	215	5,494	48	-	-	-	-	-	-	-	
	ROW	(002)	40,580	16,684	4,158	5,533	-	-	-	-	8,083	2,324	2,324	1,680	-	-	-	1,000	-	1,119	
	Constr	(002)	53,091	22,644	4,158	5,533	-	-	-	-	1,010	13,577	2,372	1,680	-	-	-	1,000	-	1,119	
Ramona Total																					
105 Nogales-AH	Design	(005)	4,034	2,560	-	1,473	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	ROW	(005)	17,231	9,829	2,397	2,364	-	-	-	-	700	1,940	-	-	-	-	-	-	-	-	
	Constr	(005)	28,534	1,841	-	21,580	-	-	4,406	-	382	225	-	-	-	-	-	-	-	100	
Nogales-AH Total																				100	
106 Sunset	Design	(020)	4,739	-	-	-	-	-	4,400	-	-	-	339	-	-	-	-	-	-	-	
	ROW	(026)	3,326	100	-	1,673	-	-	100	-	-	-	565	-	888	-	-	-	-	-	
	Constr	TCRP	85,797	-	-	-	-	-	47,720	-	-	-	14,607	16,691	345	-	-	-	-	6,434	
Sunset Total																				6,434	
110 East End	Design	(003)	4,295	1,952	-	952	-	-	-	-	97	-	54	-	-	-	-	-	-	-	
	ROW	(003)	4,478	-	-	1,347	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Design	(010)	3,620	2,896	-	600	-	-	-	-	122	2	-	-	-	-	-	-	-	-	
104 Reservoir	ROW	(010)	9,431	5,718	-	2,255	-	-	-	-	286	919	253	-	-	-	-	-	-	-	
	Constr	TCRP	57,176	-	-	407	-	-	46,780	-	-	433	9,557	-	-	-	-	-	-	-	
	EE/Reservoir Total		79,000	13,697	1,240	5,561	-	-	46,780	-	122	818	10,530	253	-	-	-	-	-	-	
111 Brea Canyon	Design	(019)	4,556	1,191	-	410	-	-	2,500	-	-	-	455	-	-	-	-	-	-	-	
	ROW	(027)	12,881	-	1,485	5,521	-	-	2,000	-	-	-	3,875	-	-	-	-	-	-	-	
	Constr	TCRP	56,466	-	-	-	-	5,000	21,007	-	-	-	21,745	-	-	-	-	-	-	8,715	
Brea Canyon Total																				8,715	
309 Jump Start	Design	(001)	8,057	6,072	-	265	-	-	-	-	1,541	-	179	-	-	-	-	-	-	-	
	ROW	(001)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Constr	(001)	3,582	2,866	-	-	-	-	-	-	612	239	(134)	-	-	-	-	-	-	-	
Jump Start Sub-Total																					
312 JS - Mission	Design	(006)	242	240	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	
	ROW	(006)	158	160	-	-	-	-	-	-	-	(2)	-	-	-	-	-	-	-	-	
	Constr	(015)	2,270	1,578	-	-	-	-	-	-	515	96	81	-	-	-	-	-	-	-	
JS - Mission Sub-Total																					
315 JS - Quad Gates	Design	(016)	2,670	1,978	-	-	-	-	-	-	517	94	81	-	-	-	-	-	-	-	
	ROW	(016)	4,832	3,863	-	-	-	-	-	-	888	38	43	-	-	-	-	-	-	-	
	Constr	(007)	2,936	2,164	-	-	-	-	-	-	374	167	231	-	-	-	-	-	-	-	
320 IRRIS - Train	Design	(008)	3,553	2,845	-	-	-	-	-	-	96	615	(2)	-	-	-	-	-	-	-	
	ROW	(008)	4,991	3,992	-	-	-	-	-	-	1,000	(1)	-	-	-	-	-	-	-	-	
	Constr	(014)	3,520	2,502	-	-	-	-	-	-	727	290	-	-	-	-	-	-	-	-	
325 IRRIS - Traffic	Design	(021)	34,141	26,282	-	265	-	-	-	-	4,028	2,880	686	-	-	-	-	-	-	-	
	ROW	(021)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Constr	JS/Safety/IRRIS Total																			
Total Projects			1,614,100	134,053	17,464	67,346	38,982	13,283	22,544	130,300	463,482	84,414	28,578	84,800	27,567	98,606	28,849	377,201	31,341	2,894	3,066
Start-up/Misc	Design	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	ROW	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Constr	ACE	11,926	-	-	-	-	-	-	-	5,726	1,261	200	1,000	3,739	-	-	-	-	-	-
Total ACE			1,626,026	134,053	17,464	67,346	38,982	13,283	22,544	130,300	463,482	85,000	28,567	102,345	28,849	377,201	31,341	2,894	3,066		
Net Available			1,669,266	134,053	17,464	67,346	38,982	13,283	22,544	130,300	464,403	85,000	28,567	112,324	28,849	400,000	40,552	3,224	3,066		
Allocated to Projects			1,626,026	134,053	17,464	67,346	38,982	13,283	22,544	130,300	463,482	85,000	28,567	102,345	28,849	377,201	31,341	2,894	3,066		
Surplus / (Shortfall)			43,240	(0)	0	(0)	0	(0)	(0)	(0)	921	-	-	0	9,979	-	22,799	9,211	330	(40)	
Other Income			157	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus / (Shortfall)			43,397	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Attachment B

Item #49

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Attachment B

MTA 1 : MOU P0004967  
MTA 2 : MOU 8002  
MTA 3-5 : AMENDMENTS TO MOU  
MTA 6 : MOU P000F1159 (Nogales-LA)  
MTA 7 : MOU 8002R (Measure R-Phase II)

**Exhibit II - ACE PROJECTS FUNDING BY SOURCE**  
**Changes in Funding on Active Projects**  
 As of June 30, 2016  
 (\$ 000's)

Project	Task	3/31/2016	SAFETEA-LU	TEA-21	PUC	TCIF	MTA 5	28,849M	MTA 6	Meas R	Railroad	City	6/30/2016	Comments
At-Grade Crossing	Design	3,707											3,707	
	ROW	311											311	
	Constr	15,822											15,822	
At-Grade Crossing Total		19,840											19,840	
Baldwin	Design	5,390					23						5,413	
	ROW	37,778	(362)				(179)						37,237	Based on actual incurred costs
	Constr	28,659				(921)							27,738	Based on actual incurred costs
Baldwin Total		71,827											70,388	Cost savings for de-allocation
Durfee	Design	8,738											8,738	
	ROW	27,771											27,771	
	Constr	41,872											41,872	
Durfee Total		78,381											78,381	
Fairway-LA	Design	8,231											8,231	
	ROW	34,198											34,198	
	Constr	96,928											96,928	
Fairway-LA Total		139,357											139,357	
Fullerton	Design	10,984								(398)			10,586	Based on revised budget
	ROW	23,295								810			24,105	Based on actual incurred costs
	Constr	110,905					(2,867)			2,838			110,876	Based on revised budget
Fullerton Total		145,184											145,567	
Hamilton	Design	1,767											1,767	
	ROW	22											22	
	Constr	-											-	
Hamilton Total		1,789											1,789	
Montebello	Design	12,600											12,600	
	ROW	27,200											27,200	
	Constr	102,200											102,200	
Montebello Total		142,000											142,000	
Nogales-LA	Design	4,706											4,706	
	ROW	50,770											50,770	
	Constr	66,087											66,087	
Nogales-LA Total		121,563											121,563	
Puente	Design	9,473					(50)						9,413	Based on revised budget
	ROW	30,163											30,163	
	Constr	56,822					60						56,882	Based on revised budget
Puente Total		96,458											96,458	
SG Trench	Design	33,458											33,458	
	ROW	33,596								737		(1,000)	33,333	Based on revised budget
	Constr	245,703								(737)		1,000	245,966	Based on revised budget
SG Trench Total		312,757											312,757	
Temple	Design	7,265											7,265	
	ROW	13,070											13,070	
	Constr	71,785											71,785	
Temple Total		92,120											92,120	
Turnbull Cyn	Design	10,106											10,106	
	ROW	-											-	
	Constr	-											-	
Turnbull Cyn Total		10,106											10,106	
NET CHANGE			(362)	-	-	(921)	(3,023)	-	-	3,250	-	-	(1,056)	

# Exhibit III

## ACE Projects Allocation vs. Actual Summary

As of June 30, 2016

	Project	Cost Estimate (1997)	Cost Estimate (2006)	(Exhibit II) Total Allocated to Projects	ITD Expenditures (Exhibit V)	Estimate at ** Completion Exhibit IV	Variance (Allocated vs. Estimate at Completion)	Status
	Start-up/Misc			\$ 11,926	\$ 9,792			
<b>ACE Projects</b>								
1	At-Grade Crossing Safety Improvements	N/A	N/A	\$ 19,840	\$ 753	\$ 19,840	\$ -	Active
2	Durfee Road	N/A	N/A	78,381	17,753	78,381	-	Active
3	Fairway Drive (LA)	N/A	N/A	139,357	53,034	139,357	-	Active
4	Fullerton Road	N/A	N/A	145,567	30,015	145,564	3	Active
5	Montebello Corridor	N/A	N/A	142,000	2,072	142,000	-	Active
6	Nogales South (LA)	24,307	N/A	121,563	106,494	118,245	3,318	Active
7	Puente Avenue	N/A	N/A	96,458	56,942	96,458	-	Active
8	San Gabriel Trench	198,205	N/A	312,758	222,389	312,755	3	Active
9	Temple Avenue	35,985	80,272	92,121	90,101	92,121	-	Active
10	Tumbull Canyon Road	N/A	N/A	10,106	178	10,106	-	Preliminary
11	Baldwin Avenue	23,994	64,765	70,365	70,365	70,364	1	Closed
12	Brea Canyon	26,571	64,401	73,903	73,459	73,903	-	Closed
13	Crossing Safety/IRIS	61,000	35,200	34,141	34,343	34,141	-	Closed
14	East End/Reservoir	56,571	69,180	79,000	78,960	79,000	-	Closed
15	Hamilton Blvd.	N/A	N/A	1,789	1,789	1,789	-	Closed
16	Nogales North (Alh)	39,636	54,599	49,798	49,797	49,798	-	Closed
17	Ramona Blvd.	14,489	47,102	53,091	53,091	53,091	-	Closed
18	Sunset Avenue	22,259	70,502	93,862	93,794	93,862	-	Closed
	<b>Subtotal</b>	<b>\$ 503,017</b>	<b>\$ 486,021</b>	<b>1,626,026</b>	<b>\$ 1,045,119</b>	<b>\$ 1,610,775</b>	<b>\$ 3,325</b>	

<b>Estimated Total Project Cost</b>	<b>\$ 950,000</b>	<b>\$ 1,400,000</b>
<b>Net Authorized</b>	<b>\$ 1,669,266,595</b>	
<b>Allocated</b>	<b>1,626,026,381</b>	
<b>Available</b>	<b>\$43,240,214</b>	

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

# Exhibit IV Expenditure Forecast (Active Projects)

As of June 30, 2016  
(\$ millions)

ITD 2014	Actual 2015	Budget		Estimate <sup>A</sup>		Forecast			EAC <sup>C</sup>		
		2016	2017	2018	2019 <sup>B</sup>	2017	2018	2019	Q3 FY16	Change	Q4 FY16
Active Projects											
At-Grade Crossing Safety		0.2	1.7	0.4	1.5	7.7	10.0	19.8	19.8		19.8
Durfee Road	5.0	2.6	17.5	13.5	14.2	24.6	18.5	78.4	78.4		78.4
Fairway Drive (LA)	25.6	12.1	34.3	12.1	25.7	36.1	27.8	139.4	139.4		139.4
Fullerton Road	12.7	14.1	7.7	7.4	26.0	41.3	44.0	145.2	145.2	0.3 <sup>D</sup>	145.5
Montebello Corridor		0.2	2.5	1.2	4.8	25.6	110.2	142.0	142.0		142.0
Nogales (LA)	64.1	24.3	28.6	19.3	3.8	6.7		118.2	118.2		118.2
Puente Ave	28.9	12.1	31.7	12.7	15.5	27.3		96.5	96.5		96.5
San Gabriel Trench	113.7	55.3	57.9	57.9	41.3	44.6		312.8	312.8		312.8
Temple	88.6	0.2	3.3	3.3				92.1	92.1		92.1
Turnbull Canyon Rd			1.0	1.0	0.5	8.5		10.0	10.0		10.0
Completed Projects											
Baldwin	60.1	9.7	6.9	0.6				70.1	70.1	0.3 <sup>E</sup>	70.4
Brea Cyn	73.9							73.9	73.9		73.9
Crossing Safety/IRRIS	34.2							34.2	34.2		34.2
East End/Reservoir	79.0							79.0	79.0		79.0
Hamilton Blvd.	1.7	0.1						1.8	1.8		1.8
Nogales (Alh)	49.8							49.8	49.8		49.8
Ramona	53.1							53.1	53.1		53.1
Sunset	93.8							93.8	93.8		93.8
Total	784.2	130.9	193.1	129.4	133.3	222.4	210.5	1,610.1	1,610.1	0.6	1,610.7

Note: Project forecasts include indirect cost.

<sup>A</sup> 2016 estimate includes mid-year adjustments

<sup>B</sup> Includes costs beyond 2019

<sup>C</sup> EAC includes 2016 estimate

<sup>D</sup> Utility Relocations

<sup>E</sup> Project Closeout

# Exhibit V

## ACE Expenditures vs. Reimbursements

As of June 30, 2016

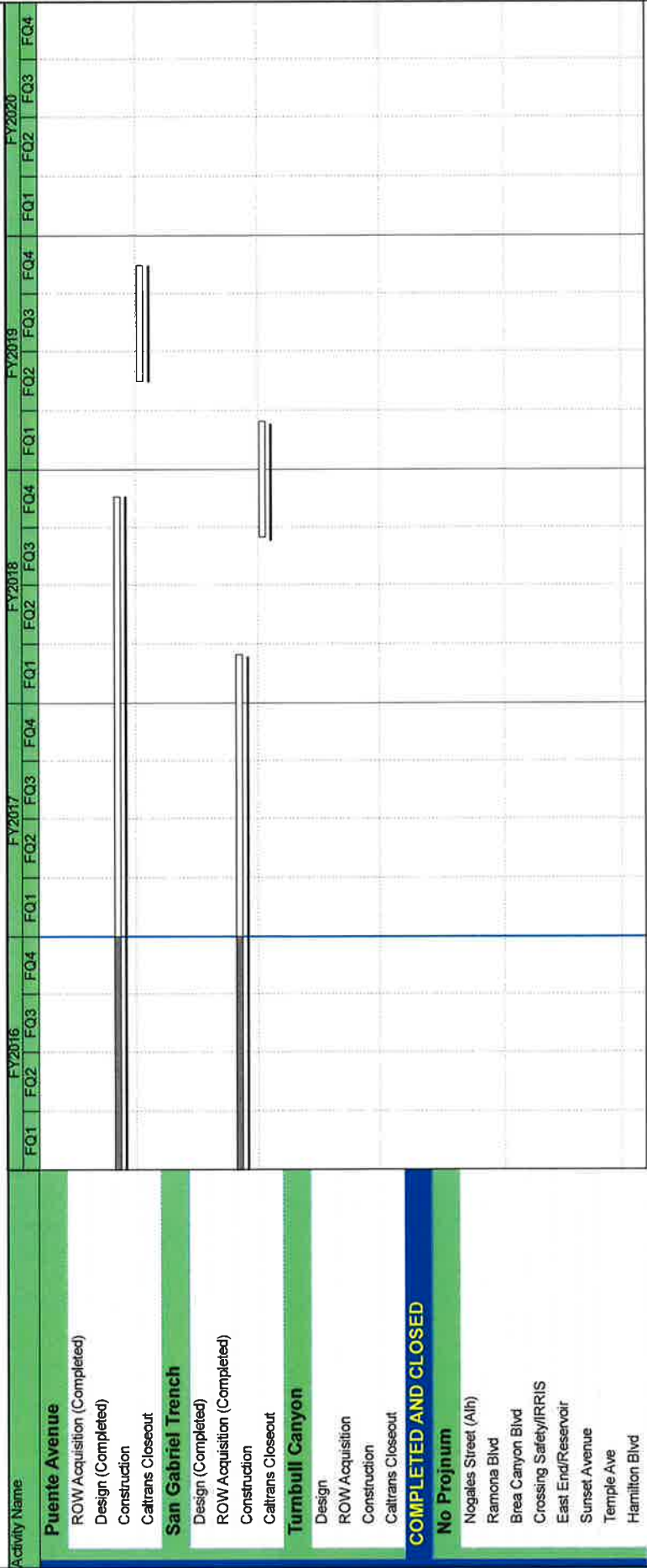
Projects	Reimbursement Status (\$ 000)					
	ITD Expenditures	Received	Current/ 30 days or Less	Aged Receivable	To Be Billed	MTA Retention
At Grade Crossing	\$ 753	\$ 642	\$ -	\$ -	\$ 110	\$ 1
Baldwin	70,365	70,318	-	-	19	28
Durfee	17,753	19,401	219	-	(1,929)	62
Fairway Drive	53,034	48,119	3,556	-	1,169	190
Fullerton	30,015	28,060	16	-	1,459	480
Montebello	2,072	958	-	-	1,113	0
Nogales (LA)	106,494	102,565	3,621	-	(371)	679
Puente Ave.	56,942	52,533	2,169	-	2,033	208
SG Trench	222,389	212,169	9,087	-	1,057	75
Temple	90,101	89,367	-	-	734	-
Turnbull Cyn.	178	19	-	-	159	-
Brea Canyon	73,459	73,459	-	-	-	-
Crossing Safety / IRRIS	34,343	34,343	-	-	-	-
EE/Reservoir	78,960	78,960	-	-	-	-
Hamilton	1,789	1,738	-	-	-	51
Nogales (AH)	49,797	49,797	-	-	-	-
Ramona	53,091	53,091	-	-	-	-
Sunset	93,794	93,784	-	-	-	9
Sub-total Projects	1,035,327	1,009,323	18,667	-	5,554	1,783
Project Administration	9,792	9,639	-	-	154	-
Total ACE	\$ 1,045,119	\$ 1,018,962	\$ 18,667	\$ -	\$ 5,708	\$ 1,783

\*\* Funding source change has resulted in a credit due MTA and State on future billing

# Exhibit VI Project Schedules As of 06/30/16

Activity Name	FY2016				FY2017				FY2018				FY2019				FY2020			
	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4
<b>ACTIVE PROJECTS</b>																				
<b>At-Grade Crossing Safety</b>																				
Design																				
ROW Acquisition																				
Construction (Extends beyond reporting period)																				
Closeout (Occurs after reporting period)																				
<b>Baldwin</b>																				
Design (Completed)																				
ROW Acquisition (Completed)																				
Construction (Completed)																				
Caltrans Closeout (Completed)																				
<b>Durfee Avenue</b>																				
Design																				
ROW Acquisition																				
Construction																				
Caltrans Closeout (Occurs after reporting period)																				
<b>Fairway Drive (LA)</b>																				
ROW Acquisition (Completed)																				
Design (Completed)																				
Construction																				
Caltrans Closeout																				
<b>Fullerton Road</b>																				
ROW Acquisition																				
Design																				
Construction																				
Caltrans Closeout (Occurs after reporting period)																				
<b>Montebello Corridor</b>																				
Design																				
ROW Acquisition																				
Construction (Extends beyond reporting period)																				
Caltrans Closeout (Occurs after reporting period)																				
<b>Nogales (LA)</b>																				
Design (Completed)																				
ROW Acquisition (Completed)																				
Construction (Completed)																				
Caltrans Closeout																				

Exhibit VI  
Project Schedules  
As of 06/30/16



# Exhibit VII

## Treasury / Banking Investments

As of June 30, 2016

	Preliminary 06.30.2016	Change	03.31.2016
<b>Cash on hand</b>			
Operating Account	\$ 667,252	\$ (372,829)	\$ 1,040,081
Money Market Account	12,766,126	(1,227,107)	13,993,233
Money Market (UPRR Contributions)	7,681,080	6,699	7,674,382
<b>Total cash on hand</b>	<b>21,114,458</b>	<b>(1,593,238)</b>	<b>22,707,696</b>
<b>Investments</b>			
LAIF	1,583,187	1,825	1,581,362
CBT - Portfolio	20,715,527	73,448	20,642,079
<b>Total investments</b>	<b>22,298,715</b>	<b>75,273</b>	<b>22,223,441</b>
<b>Current - 30 days or less</b>	<b>18,666,826</b>	<b>6,001,700</b>	<b>12,665,126</b>
<b>Aged Receivable To Be Billed</b>	<b>5,707,911</b>	<b>2,067,853</b>	<b>3,640,058</b>
<b>MTA Retention</b>	<b>1,783,218</b>	<b>22,776</b>	<b>1,760,442</b>
<b>Total Exhibit V</b>	<b>26,157,955</b>	<b>8,092,329</b>	<b>18,065,626</b>
<b>Other Receivable - City of Industry for Fairway Proj. Betterment</b>	<b>2,288,143</b>	<b>2,288,143</b>	<b>-</b>
<b>Total Cash, Cash Equivalents &amp; Receivables</b>	<b>71,859,271</b>	<b>8,862,508</b>	<b>62,996,764</b>
<b>Liabilities</b>			
CalPERS - Unfunded Liability at 06-30-14	1,038,037 <sup>(a.)</sup>	-	1,038,037
CalPERS - Hypothetical Termination Liability at 06-30-13	3,954,681 <sup>(a.)</sup>	-	3,954,681
Payables & other Accruals	4,725,805	4,211,760	514,044
Deferred Revenues	7,089,295 <sup>(b.)</sup>	3,057,471	4,031,824
Deferred Cost - Indirect	503,856 <sup>(c.)</sup>	503,856	-
MTA Working Capital Loan	45,000,000	-	45,000,000
<b>Total liabilities</b>	<b>62,311,673</b>	<b>7,773,087</b>	<b>54,538,586</b>
<b>Resources In Excess of liabilities</b>	<b>\$ 9,547,598</b>	<b>\$ 1,089,421<sup>(d.)</sup></b>	<b>\$ 8,458,177</b>

- a.) CalPERS unfunded and termination liabilities amounts have been offset against change in net position balance  
b.) Represents net proceeds from sale of ROW surplus properties, advanced UPRR funding, disallowed retention, and Betterment funds billed in advance to City of Industry for Fairway Drive project.  
c.) Actual indirect cost is now higher than applied or allocated  
d.) Increase is due to UPRR contribution for Fairway Drive project and Investment Income

# Exhibit VII

## Treasury / Banking Investments

As of June 30 , 2016

Deposit/ Investment Amount 06.30.2016	% of Invest- ments	Bank Deposits	Maximum Maturity	Maximum Percent of Portfolio	Maximum Investment in One Issuer
		Ace deposits are held by Citizens Business Bank (CBB) under a deposit agreement in amounts not to exceed \$50 million. Under the agreement, CBB maintains collateral deposits of at least 110% of the value of all ACE deposits at Bank of New York Mellon in eligible securities. The CBB deposits accounts are:			
\$ 667,252		Checking Account			
20,447,207		Money Market Accounts (3) *			
21,114,458		Total Deposits			
		<b>Permitted Investments **</b>			
\$ 7,324,558	32.86%	Government Securities (3.0-5.01 years)	5 years	50%	15%<=
6,008,905	26.96%	Corporate Bonds (3.40-4.96 years)	5 years	30%	10%<=
2,787,203	12.50%	Gov't Mortgages (4.06-4.92 years)	5 years	15%	None stated
911,657	4.09%	Municipals (4.7-5.03 years)	None stated	None stated	None stated
1,882,762	8.45%	CDs (3.02-5.01 years)	5 years	30%	10%<=
1,800,442	8.08%	Money Markets	None stated	None stated	None stated
\$ 20,715,527	92.93%	Subtotal Investments - Book value			
1,583,187	7.10%	State's Local Agency Investment Fund	None stated	None stated	None stated
22,298,715	100.00%	Total Investments			
\$ 43,413,173		<b>Total</b>			

\* Note: Includes \$7,089,295 of unearned revenue, including sale of surplus ROW properties and advanced constructions funds

\*\* Complies with SGVCOG Investment Policy

# Fixed Income Investments at 06-30-2016 - Summary

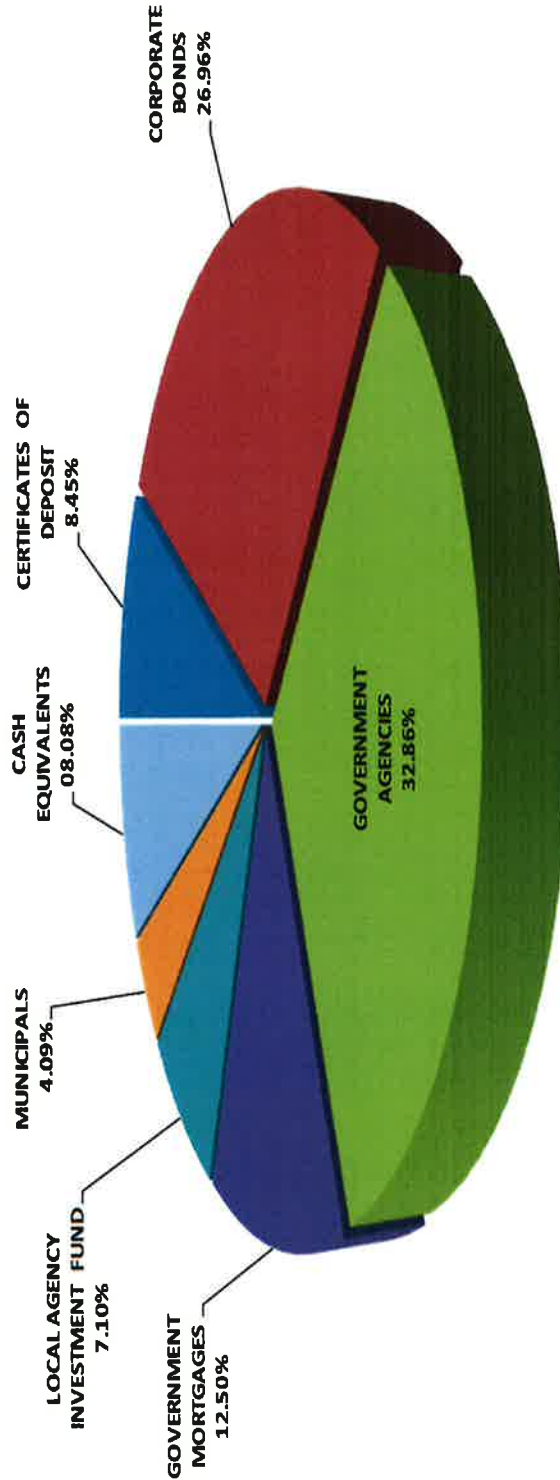
FIXED INCOME INVESTMENTS AT JUNE 30, 2016 - SUMMARY



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

## ASSET ALLOCATION

Assets (Dollars)	Current Par Value	Current Book Value	Market Value	Mkt/Book
CERTIFICATES OF DEPOSIT	1,885,370	1,882,762	1,940,715	103.08%
CORPORATE BONDS	5,965,000	6,008,905	6,081,286	101.20%
GOVERNMENT AGENCIES	7,340,000	7,324,558	7,363,239	100.53%
GOVERNMENT MORTGAGES	2,601,562	2,787,203	2,686,201	96.38%
LOCAL AGENCY INVESTMENT FUND	1,583,187	1,583,187	1,583,537	100.02%
MUNICIPALS	850,000	911,657	912,899	100.14%
CASH EQUIVALENTS	1,800,442	1,800,442	1,800,442	100.00%
<b>Totals (Dollars)</b>	<b>22,025,562</b>	<b>22,298,715</b>	<b>22,368,318</b>	<b>100.31%</b>



**Pooled Portfolio Composition by Book Value**

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

# Fixed Income Investments Portfolio

## June 30, 2016

Cusip	Name	Coupon	Yield to Maturity	Purchase Date	Maturity Date	Current Price	Par Value	Market Value	Current Book Value
3136G1BU2	Fannie Mae	0.85	0.848	12/6/2013	10/30/2017	100.008	150.000	150.012	148.898
3136G1M55	Fannie Mae	0.80	0.798	12/10/2013	11/28/2017	100.007	250.000	250.018	248.494
3136G2UN5	Fannie Mae	1.50	1.411	11/9/2015	5/30/2019	100.308	100.000	100.308	100.000
3135G0J46	Fannie Mae	1.25	1.240	2/26/2016	2/26/2019	100.308	200.000	200.060	199.924
3136G1C98	Fannie Mae	1.42	1.013	5/11/2016	2/5/2020	101.490	150.000	152.235	151.683
3136G1C98	Fannie Mae	1.19	1.190	12/6/2013	12/4/2018	100.000	625.000	625.000	615.803
3133EC5V2	Federal Farm Credit Bank	1.29	1.289	6/3/2014	6/14/2019	100.003	100.000	100.003	98.550
3133ECTL2	Federal Farm Credit Bank	0.67	0.667	12/6/2013	2/15/2017	100.009	300.000	300.027	298.368
3133EC2G6	Federal Farm Credit Bank	1.86	1.818	9/22/2013	9/22/2020	100.200	300.000	300.600	300.000
3133EFEG8	Federal Farm Credit Bank	1.62	1.596	4/12/2016	4/12/2021	100.114	500.000	500.570	499.545
3133EFZ91	Federal Farm Credit Bank	1.88	1.286	4/28/2014	3/8/2019	102.770	250.000	256.925	250.892
313378QK0	Federal Home Loan Bank	1.55	1.549	1/27/2015	1/17/2020	100.004	200.000	200.008	198.470
313381T88	Federal Home Loan Bank	2.00	1.973	7/29/2015	7/29/2020	100.129	500.000	500.645	500.000
3130A5V97	Federal Home Loan Bank	1.40	1.399	10/29/2015	10/29/2019	100.002	200.000	200.004	200.000
31330AFB8	Federal Home Loan Bank	1.38	0.982	11/5/2015	9/13/2019	101.483	365.000	370.413	363.785
3130A7J55	Federal Home Loan Bank	2.00	1.976	4/29/2016	4/29/2021	100.115	650.000	650.000	650.000
3130A8EN9	Federal Home Loan Bank	1.64	1.627	6/14/2016	6/14/2021	100.064	100.000	100.064	100.000
3134G73K5	Freddie Mac	1.70	1.594	10/28/2015	10/28/2020	100.027	600.000	600.162	599.700
3134G8UQ0	Freddie Mac	1.85	1.786	3/30/2016	3/30/2021	100.069	500.000	500.345	500.000
3134G8Q36	Freddie Mac	1.85	1.825	3/30/2016	3/30/2021	100.119	400.000	400.476	400.000
3134G8ZE2	Freddie Mac	1.50	1.487	4/28/2016	7/28/2020	100.055	300.000	300.165	300.000
3134G9FT9	Freddie Mac	1.88	1.864	5/24/2016	5/24/2021	100.052	100.000	100.052	100.000
3134G9QJ9	Freddie Mac	1.857	1.857	6/30/2016	6/30/2021	100.084	300.000	300.252	300.000
880591EQ1	Tenn Valley Authority DTD	1.75	1.221	10/6/2014	10/15/2018	102.074	200.000	204.148	200.448
<b>32.86%</b>	<b>Government Securities (3.0-6.01 years)</b>						<b>7,340,000</b>	<b>7,363,239</b>	<b>7,324,558</b>
02587DWK0	American Expr Centurion	2.20	1.319	7/1/2015	11/29/2019	103.768	171.377	177.834	171.377
06740KHJ9	Barclays Bank/Delaware	1.60	1.147	7/18/2014	7/23/2018	101.773	100.000	101.773	100.000
36830KET8	GE Capital Retail Bank	1.05	1.007	11/15/2013	11/22/2016	100.129	250.000	250.323	250.000
36830KEU5	GE Capital Retail Bank	1.50	1.338	11/15/2013	11/22/2016	100.630	250.000	251.576	250.000
05568P6C6	BMW Bk North, America Salt Lake	2.00	1.388	11/20/2013	11/15/2018	102.940	250.000	257.351	249.488
05580ACZ5	BMW Bk North, America DTD	2.20	1.085	10/8/2015	9/30/2020	103.395	250.000	263.488	249.950
36157QTF4	GE Capital Retail Bank	2.00	1.385	11/19/2013	11/23/2018	102.967	250.000	257.418	248.725
140420QF0	Capital One Bank USA	2.15	1.260	7/7/2015	10/16/2019	103.696	163.993	170.053	163.993
140420R22	Capital One NA Medium	2.20	1.078	10/8/2015	10/7/2020	105.450	200.000	210.899	199.230
<b>8.45%</b>	<b>CDs (3.02-6.01 years)</b>						<b>1,886,370</b>	<b>1,940,715</b>	<b>1,882,762</b>
79604YAB5	Samsung Electronics America	1.75	1.670	11/15/2013	4/10/2017	100.265	550.000	551.458	552.586
05531FAL7	BB&T Corp	1.60	1.451	11/22/2013	8/15/2017	100.541	500.000	502.705	500.084
05531FAU7	BB&T Corp	2.63	1.906	9/2/2015	6/29/2020	103.299	925.000	955.516	930.138
009158AS7	Air Products	1.20	1.083	11/14/2013	10/15/2017	100.448	1,205.000	1,210.398	1,197.402
437076BB7	Home Depot	2.25	1.809	11/7/2013	9/10/2018	102.975	1,000.000	1,029.750	1,010.903
40428HPJ5	HSBC USA INC	2.63	2.280	12/4/2013	9/24/2018	101.562	1,000.000	1,015.620	1,014.552
882508AU8	Texas Instruments Inc	1.65	1.303	9/9/2015	8/3/2019	101.316	500.000	506.580	495.052
713448BN7	PepsiCo Inc	4.50	2.164	1/29/2015	1/15/2020	110.941	100.000	110.941	110.215
911312AMB	United Parcel Service DTD	3.13	1.500	6/10/2016	1/15/2021	107.199	185.000	198.318	197.972
<b>26.96%</b>	<b>Corporate Bonds (3.40-4.96 years)</b>					<b>101.949</b>	<b>6,965,000</b>	<b>6,081,286</b>	<b>6,008,906</b>
3137AQS22	FHLMC	1.67	1.676	11/25/2013	10/25/2018	99.973	8.082	8.079	8.238
31381NM83	Federal Nat'l Mtge Assn#FN465783	3.84	1.849	12/10/2015	9/1/2020	108.979	158.300	172.513	168.540
31381P3Z9	Fannie Mae Pool #467116	3.73	3.745	12/10/2015	1/1/2018	99.945	500.000	499.725	530.781
31381QN69	Fannie Mae Pool #467613	3.74	2.861	11/21/2013	4/1/2018	103.581	690.363	715.085	751.849
31381Q5P7	Fannie Mae Pool #468054	3.59	2.689	11/21/2013	6/1/2018	103.817	460.497	478.074	498.632
31381SDV1	Fannie Mae Pool #489116 DTD	2.94	2.228	11/21/2013	9/1/2018	103.210	637.888	658.364	673.669
31407RTU8	Fannie Mae Pool #838563	5.00	3.664	4/29/2016	10/1/2020	105.413	146.433	154.359	155.493
<b>12.60%</b>	<b>Gov't Mortgages (4.06-4.92 years)</b>					<b>103.253</b>	<b>2,601,562</b>	<b>2,686,201</b>	<b>2,787,203</b>
54438CGC0	LA California Community College	5.00	4.924	11/20/2013	8/1/2018	100.317	160.000	160.507	163.484
758148GY0	Reed Calif Union School District	4.00	2.402	11/18/2013	8/1/2018	107.068	250.000	267.670	268.419
010831BM6	Alameda County JPA	5.00	2.819	11/21/2013	12/1/2018	110.164	440.000	484.722	479.754
<b>4.09%</b>	<b>Municipals (4.7-6.03 years)</b>					<b>107.400</b>	<b>850,000</b>	<b>912,899</b>	<b>911,657</b>
31607A208	Fidelity Prime Mon Mar-Ins	1.00		10/7/2015		100.000	1,800.442	1,800.442	1,800.442
<b>8.08%</b>	<b>Money Markets</b>						<b>1,800,442</b>	<b>1,800,442</b>	<b>1,800,442</b>
<b>TOTAL (Dollars)</b>								<b>\$ 20,442,374</b>	<b>\$ 20,715,627</b>



## Alameda Corridor-East Construction Authority

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

Attachment B

MEMO TO: ACE Construction Authority Finance Committee

FROM: Mark Christoffels  
Chief Executive Officer

DATE: July 28, 2016

SUBJECT: Update on Working Capital Financing Program

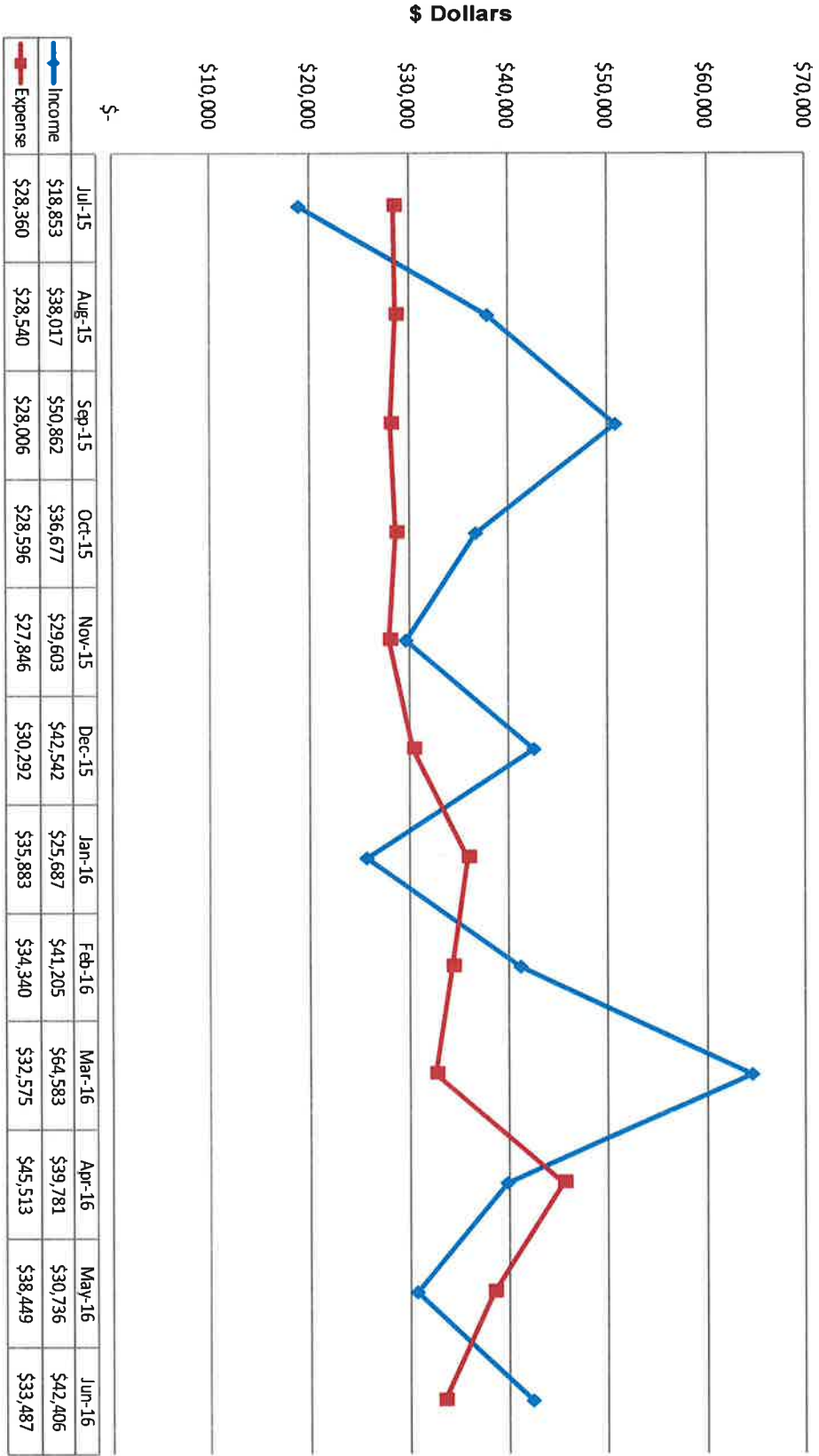
**RECOMMENDATION:** Receive and file a report on the ACE's Working Capital Financing Program for the period from April 1, 2016 through June 30, 2016

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

ACE staff has been working hard to keep receivables (essentially grant reimbursements) at less than 30 days. A benefit of reducing aging receivables is that ACE's cost of borrowing is now less than its investment income as shown on the cost of borrowing graph. For the months of April, May, and June, the cost of borrowing was \$117,449 and the interest income on short term investments was \$112,923 for a net financing cost of \$4,526.

Attachment

# ACE Construction Authority Cost of Borrowing





## VLS CONSULTING SERVICES

A PROFESSIONAL SERVICE OF VICENTI, LLOYD & STUTZMAN, LLP

Working together to build a culture of integrity and productivity within your workplace

### **San Gabriel Valley Council of Governments and Alameda Corridor - East Construction Authority**

RESPECT  
FOR THE INDIVIDUAL



HIGH ETHICAL  
STANDARDS



INNOVATION  
CREATIVITY  
CHANGE



MUTUAL TRUST



UNEQUIVOCAL  
EXCELLENCE

### **Report to Executive Committee**

**August 29, 2016**

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**I. Executive Summary**

***Background and Objective***

Vicenti, Lloyd & Stutzman LLP (VLS) was retained by the San Gabriel Valley Council of Governments to perform consulting services related to the San Gabriel Valley Council of Governments (COG) and the Alameda Corridor-East Construction Authority (ACE). Throughout the consulting engagement, VLS maintained regular contact with Phil Hawkey, Gene Murabito, Marisa Creter and Mark Christoffels.

***Professional Standards***

VLS performed this engagement in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Consulting Services contained in Rule 201 of the AICPA Code of Professional Conduct. In consulting engagements, the nature and scope of work is determined solely by the agreement between the practitioner (VLS) and the client. The analysis and report does not constitute an audit, compilation, or review, in accordance with Standards of the AICPA, the objective of which would be the expression of an opinion on any specified elements, accounts, or items. Accordingly, VLS does not express such an opinion.

***Scope of Engagement***

***General***

VLS created or obtained various electronic files in order to prepare this report to the Executive Committee; the electronic files are available if requested.

Some of the dollar values included in this report have been rounded; there may be minor rounding errors, when comparing the values included in this report to the underlying detail.

***Results of Procedures Performed***

This section summarizes our findings from the analyses and testing performed. The applicable sections of the report include a more detailed discussion of each area, specific observations, and recommendations.

### **Review of ACE Investments and Cash Balances**

The June 30, 2016 Fixed Income Investments Portfolio report was verified with the Citizen's Trust statement for the period of June 1, 2016 through June 30, 2016 and the LAIF statements as of June 2016. The amounts reported as current book value and market value on the June 30, 2016 Fixed Income Investments Portfolio report reconciled without exception. The allocation of investments within the pool by the type of investment is consistent with the 2016 Investment Policy.

Reconciled bank statements were reviewed and verified to the preliminary trail balance for the fiscal year 2016.

### **Review of the accuracy of information provided by ACE**

Exhibit V ACE Expenditures vs. Reimbursements and Exhibit VII Treasury/ Banking Investments reports as of June 30, 2016 were verified against the period trial balance as of June 30, 2016. Amounts reported on both exhibits are accurate and provide key balances that can be used for oversight and decision-making purposes.

### **Review of COG Fourth Quarter Report**

Three new schedules were added to the Fourth Quarter Reports. Key balances on the Selected Asset Account Balances as of June 30, 2016 report was verified to reconciled bank statements and the Grants Receivable Aging Detail report as of June 2016. Amounts reported on the Selected Asset Account Balances and Grants Receivable Aging reports were also verified to the trial balance without exception. The allocation of investments within the pool by the type of investment is consistent with the 2016 Investment Policy.

### **Follow-up on recommendations to COG's Quarterly Report**

An addendum to the June 6, 2016 Executive Committee Report included recommendations to the COG Quarterly Report with the goal of enhancing the usefulness of the reports provided to the Governing Board. Key recommendations were implemented with the Fourth Quarter 2016 Reports.

### **Review of written procedures for processing of COG transactions**

Staff is working diligently and making progress on finalizing written procedures and policies to be submitted to the Board for approval. Management decided to postpone the review of the written document for a more complete draft to be completed.

## II. Background and Scope of Engagement

### A. Engagement Background and Objectives

Vicenti, Lloyd & Stutzman LLP (VLS) was retained by the San Gabriel Valley Council of Governments. Throughout the engagement, VLS maintained regular contact with Phil Hawkey, Gene Murabito, Marisa Creter and Mark Christoffels.

### B. Professional Standards

VLS performed this engagement in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Consulting Services contained in Rule 201 of the AICPA Code of Professional Conduct. In consulting engagements, the nature and scope of work is determined solely by the agreement between the practitioner (VLS) and the client. The analysis and report does not constitute an audit, compilation, or review, in accordance with Standards of the AICPA, the objective of which would be the expression of an opinion on any specified elements, accounts, or items. Accordingly, VLS does not express such an opinion.

### C. Scope of Engagement

The engagement letter dated February 9, 2016 listed possible consulting procedures to be performed on a monthly basis based on initial discussions prior to entering into our agreement.

A phone conference was held on July 11, 2016 with Phil Hawkey, Marisa Creter and Renee Graves of VLS to clarify the scope of the engagement for the quarter ending June 30, 2016. A confirming email was sent to Gene Murabito, Phil Hawkey, Marisa Creter, and Mark Christoffels on July 30, 2016 regarding the scope of services. Also on July 30, 2016, an email requesting documentation was sent to Carlos Monroy. The following areas were agreed to during the July phone conference:

#### ACE

1. Investments and Cash Balances
2. Information reported to COG from ACE is correct and accurate

#### COG

1. Review the Fourth Quarter Reports
2. Follow-up on recommendations to COG's Quarterly Reports
3. Review of written procedures for processing of COG transactions

#### D. General Disclosures

VLS created or obtained various electronic files in order to prepare this report to the Executive Committee; the electronic files are available if requested.

Some of the dollar values included in this report have been rounded; there may be minor rounding errors, when comparing the values included in this report to the underlying detail.

#### E. Background Information

##### San Gabriel Valley Council of Governments (COG)

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

The SGVCOG is the largest and most diverse sub-regional council of governments in Los Angeles County. It encompasses more than 374 square miles and has more than 2 million residents.

While each of the communities has a unique character and history, they have also many shared issues and have developed a unified voice to maximize resources, achieve sustainable solutions, and advocate for regional and member interests to improve the quality of life in the San Gabriel Valley.

##### Alameda Corridor-East Construction Authority (ACE)

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

The ACE Project is a comprehensive program of constructing grade separations, where the road goes over or under the railroad, and safety and mobility upgrades at 53 crossings in the San Gabriel Valley. Construction has been completed on 8 rail-roadway grade separations. Eight grade separations are under construction with four grade separations and pedestrian crossing safety program at four crossings starting in two years. Jump Start safety improvements have been completed at 40 at-grade crossings.

#### **F. Acronyms Used**

ACE - Alameda Corridor-East Construction Authority  
CM – Construction Management  
COG – San Gabriel Valley Council of Governments  
LAIF – Local Agency Investment Fund  
PERS – Public Employee’s Retirement System  
ROW – Right of Way

### III. Review of identified areas for ACE

#### A. Review of investments and cash balances

The June 30, 2016 Fixed Income Investments Portfolio report was verified with the Citizen's Trust statement for the period of June 1, 2016 through June 30, 2016 and the LAIF statements as of June 2016. The amounts reported as current book value and market value on the June 30, 2016 Fixed Income Investments Portfolio report reconciled without exception. The allocation of investments within the pool by the type of investment is consistent with the 2016 Investment Policy.

Investments at cost are reported as a separate line item on the trial balance and on Exhibit VII Treasury/ Banking Investments Report. Another line item on the trial balance reflects the net unrealized gains of \$69,254 as of June 30, 2016; this amount was reconciled to the Citizen's Trust statement at June 30, 2016. The unrealized gain is not reflected on Exhibit VII due its volatility and immateriality.

#### B. Review of the accuracy of information provided by ACE

VLS obtained Exhibit V ACE Expenditures vs. Reimbursements and Exhibit VII Treasury/ Banking Investments reports as of June 30, 2016. Both documents were verified against the preliminary trial balance as of June 30, 2016.

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

Amounts shown under the reimbursement status for the categories of 1) *Current/ 30 days or less* of \$18.667m; 2) *To be billed* of \$5.708m; and 3) *MTA retention* of \$1.783m were verified against the accounts listed on the trial balance. The *Current/ 30 days or less* and *MTA retention* balances are each in a separate general ledger account; the amounts on Exhibit V tied to the trial balance without exception. The *To be billed* amount is in approximately 30 accounts for each individual project by various phases (CM, ROW, Design, Construction, Construction Management and Betterment). These amounts were verified against the accounts listed on the trial balance without any differences.

##### Exhibit VII Treasury/ Banking Investments Report

Each of the accounts listed on Exhibit VII were verified against the trial balance without exception. A revision was made to the presentation of Exhibit VII to present other receivables and payables & other accruals at gross rather than net. In prior reports, the line item "payables & other accruals" was net of various asset and liability accounts. Although the prior presentation was used to keep the report user friendly and to focus on key balances, the revised report can more easily be verified for accuracy as total assets and total liabilities tie directly to the trial balance.

The PERS net pension liability of \$1.038m and the PERS hypothetical termination liability of \$3.955m were verified to the June 30, 2014 CalPERS GASB 68 Accounting Valuation Report and the June 30, 2013 CalPERS Actuarial Valuation Report, respectively, without exception. These liabilities are not reflected on the trial balance, but are post-closing entries recorded to prepare audited financial statements that comply with Government Accounting Standards.

In addition, high level analytical procedures were applied to Exhibit VII and total revenues and total expenses by comparing balances to the June 30, 2015 audited financial statements. Nothing appeared unusual in nature related to revenues and expenses; accounts receivable and accounts payable both appeared to be understated. ACE management confirmed that May 2016 and June 2016 accounts receivable and accounts payables will be recorded during the closing process; the 2015-16 fiscal year is scheduled to be fully closed by August 30, 2016.

#### **IV. Review of identified areas for COG**

##### **A. Review of Fourth Quarter Reports**

###### Selected Asset Account Balances

Amounts greater than \$1,000 on the Selected Asset Account Balances as of June 30, 2016 report was verified to the reconciled bank statements, the LAIF statement and to the Grants Receivable Aging Detail at June 30, 2016. All amounts reported on the Selected Asset Account Balances report were verified to the trial balance without exception. The allocation of investments within the pool by the type of investment is consistent with the 2016 Investment Policy.

###### Grants Receivable Aging Detail

The Grants Receivable Aging Detail report was reconciled to the trial balance without exception. The report provides amounts received subsequent to June 30, 2016. Additional analysis on the report shows that 56.51% of the Grants Receivable balance has been collected and that the remaining receivables are aged 0-90 days. The risk of uncollectability of the remaining Grant Receivable balance appears to be low.

###### AMEX Credit Card Charges

The AMEX Credit Card Charges report provides a breakdown of the types of purchases made by credit card. 40% of total purchases of \$10,296 for the period of April 2016 to June 2016 are for meetings and travel. The remaining categories appear to be reasonable purchases by credit card for efficiencies in the procurement cycle.

###### Budget to Actual Comparison Report

Actual balances through June 30, 2016 were reconciled to the trial balance without exception. The budget for FY 2015-16 was reconciled to the March 31, 2016 quarterly report taking into consideration budget amendment #3. In addition, high level analytical procedures were applied using both the trial balance and the Budget to Actual Comparison report and comparing balances to the June 30, 2015 audited financial statements. Nothing appeared unusual in nature related to assets, liability, revenues and expenses.

##### **B. Follow-up on recommendations to quarterly reports**

The following recommendations were made in an addendum to the June 6, 2016 Executive Committee Report to enhance the usefulness of the quarterly report to the Governing Board:

Recommendation #1

Include a summarized balance sheet with the *Primary Government Budget Report* that discloses key balance sheet items. Also, including both balance sheet and income statement amounts provides evidence that the reports are in balance and enhances the accuracy of the information provided. Additional discussion on key balance sheet activity could include:

- a. Grant/Contracts Receivable: At March 31, 2016 the balance is \$124,480; this is a material balance to the financial statements. Information on the collectability and turnover ratio of receivables will help management monitor cash flow.
- b. AMEX Payable: A fair amount of activity appears to be processed through an American Express credit card (approximately \$60,000 at March 31, 2016). Activity processed through a credit card is inherently more risky. Providing information regarding credit card activity on a monthly or quarterly basis should be helpful to the Executive Committee and /or the Governing Board.

Management's Response

A Grants Receivable Aging Detail report and an AMEX Credit Card Charges report were added to the Fourth Quarter 2016 Report. The Grants Receivable Aging Detail report was reconciled to the trial balance without exception. The report also shows subsequent amounts received to provide additional information regarding the collectability of the receivables. The AMEX Credit Card Charges report provides a breakdown of the types of purchases made on the credit card to provide additional assurances that expenses are proper.

Recommendation #2

Consider adding an "Executive Summary" to the *Primary Government Budget Report* that discusses key line items such as, but not limited to:

- a. Material/significant variances from budget to actual and final expectations for those balances. For example, not all activity occurs equally each month causing some balances to appear to be over/under budget if systematic spending patterns are assumed.
- b. Expense amounts that have exceeded the budget. For example, expenses for Financial/Accounting Consultant and Dues & Subscriptions exceed budget at March 31, 2016.

- c. Activity being closely monitored to ensure the budget is not exceeded. For example, Equipment & Software Acquisition and Administrative Management Support are at 85% and 100% of budget at March 31, 2016, respectively.
- d. Budgeted projects or activities that may not be accomplished during the fiscal year. For example, Strategic Plan and Grant Writing Services have not incurred expenses as budgeted – discuss if the goals are to be carried over to the next fiscal year.

#### Management's Response

Through discussions with Marisa Creter, noted that an explanation of major revisions to revenue and expenses is prepared and provided to the Governing Board at the time budget amendments are proposed for approval. VLS reviewed the reports for budget amendment #2 and #3 and found them to be very detailed including the original adopted budget, actual amounts to date, the recommended amended budget, the % of actual to the amended budget, the lines item(s) to be revised and the reason for the revision.

It is up to the discretion of management and/or the Governing Board if additional information is useful for quarterly reports prepared prior to a budget amendment when variances may exist.

#### Recommendation #3

Consider including the adopted budget as well as the revised budget for better visibility on changes to original expectations, performance, priorities, goals, etc. Documenting key decisions and changes will also help when developing the budget for the subsequent year.

#### Management's Response

The original adopted budget is included in the request for budget amendment document but was not added to the Fourth Quarter 2016 Report; management is assessing this recommendation and will revise future reports accordingly.

**C. Review of COG's written procedures for processing transactions**

ACE staff is working diligently to write procedures and policies regarding the processing of COG transactions. The written procedures will be submitted to the Board for approval. VLS was requested to review the written policies to 1) ensure procedures are performed as written and 2) provide feedback on the adequacy of the procedures.

As the written procedures and policies are in draft form, management decided to postpone review of the written document until a more complete draft is available.

**V. List of Exhibits**

ACE – Exhibit V  
ACE – Exhibit VII - Revised  
ACE – Fixed Income Investments Portfolio  
COG –Fourth Quarter 2016 Reports

# Exhibit V

## ACE Expenditures vs. Reimbursements

As of June 30, 2016

Projects	Reimbursement Status (\$ 000)					
	ITD Expenditures	Received	Current/ 30 days or Less	Aged Receivable	To Be Billed	MTA Retention
At Grade Crossing	\$ 753	\$ 642	\$ -	\$ -	\$ 110	\$ 1
Baldwin	70,365	70,318	-	-	19	28
Durfee	17,753	19,401	219	-	(1,929)	62
Fairway Drive	53,034	48,119	3,556	-	1,169	190
Fullerton	30,015	28,060	16	-	1,459	480
Montebello	2,072	958	-	-	1,113	0
Nogales (LA)	106,494	102,565	3,621	-	(371)	679
Puente Ave.	56,942	52,533	2,169	-	2,033	208
SG Trench	222,389	212,169	9,087	-	1,057	75
Temple	90,101	89,367	-	-	734	-
Turnbull Cyn.	178	19	-	-	159	-
Brea Canyon	73,459	73,459	-	-	-	-
Crossing Safety / IRRIS	34,343	34,343	-	-	-	-
EE/Reservoir	78,960	78,960	-	-	-	-
Hamilton	1,789	1,738	-	-	-	51
Nogales (AH)	49,797	49,797	-	-	-	-
Ramona	53,091	53,091	-	-	-	-
Sunset	93,794	93,784	-	-	-	9
Sub-total Projects	1,035,327	1,009,323	18,667	-	5,554	1,783
Project Administration	9,792	9,639	-	-	154	-
Total ACE	\$ 1,045,119	\$ 1,018,962	\$ 18,667	\$ -	\$ 5,708	\$ 1,783

\*\* Funding source change has resulted in a credit due MTA and State on future billing

# Exhibit VII

## Treasury / Banking Investments

As of June 30, 2016

	<u>Preliminary</u> <u>06.30.2016</u>	<u>Change</u>	<u>03.31.2016</u>
<b><u>Cash on hand</u></b>			
Operating Account	\$ 667,252	\$ (372,829)	\$ 1,040,081
Money Market Account	12,766,126	(1,227,107)	13,993,233
Money Market (UPRR Contributions)	7,681,080	6,699	7,674,382
<b>Total cash on hand</b>	<u>21,114,458</u>	<u>(1,593,238)</u>	<u>22,707,696</u>
<b><u>Investments</u></b>			
LAIF	1,583,187	1,825	1,581,362
CBT - Portfolio	20,715,527	73,448	20,642,079
<b>Total investments</b>	<u>22,298,715</u>	<u>75,273</u>	<u>22,223,441</u>
<b><u>Current - 30 days or less</u></b>	18,666,826	6,001,700	12,665,126
<b><u>Aged Receivable</u></b>	-	-	-
<b><u>To Be Billed</u></b>	5,707,911	2,067,853	3,640,058
<b><u>MTA Retention</u></b>	1,783,218	22,776	1,760,442
<b>Total Exhibit V</b>	<u>26,157,955</u>	<u>8,092,329</u>	<u>18,065,626</u>
Other receivables, prepaids and deferred costs	5,844,603	5,844,603	-
<b>Total Cash, Cash Equivalents &amp; Receivables</b>	<u>75,415,731</u>	<u>12,418,967</u>	<u>62,996,764</u>
<b><u>Liabilities</u></b>			
CalPERS - Unfunded Liability at 06-30-14	1,038,037 (a.)	-	1,038,037
CalPERS - Hypothetical Termination Liability at 06-30-13	3,954,681 (a.)	-	3,954,681
Payables & other Accruals	4,607,978	4,093,934	514,044
Deferred Revenues	11,267,438 (b.)	7,235,614	4,031,824
MTA Working Capital Loan	45,000,000	-	45,000,000
<b>Total liabilities</b>	<u>65,868,133</u>	<u>11,329,548</u>	<u>54,538,586</u>
<b>Resources In Excess of liabilities</b>	<u>\$ 9,547,598</u>	<u>\$ 1,089,420 (c.)</u>	<u>\$ 8,458,177</u>

- a.) CalPERS unfunded and termination liabilities amounts have been offset against change in net position balance
- b.) Represents net proceeds from sale of ROW surplus properties, advanced UPRR funding, disallowed retention, and Betterment funds billed in advance to City of Industry for Fairway Drive project.
- c.) Increase is due to UPRR contribution for Fairway Drive project and Investment Income

Item #9

## Fixed Income Investments Portfolio

Attachment C

June 30, 2016

Cusip	Name	Coupon	Yield to Maturity	Purchase Date	Maturity Date	Current Price	Par Value	Market Value	Current Book Value
3136G1BU2	Fannie Mae	0.85	0.848	12/6/2013	10/30/2017	100.008	150,000	150,012	148,898
3136G1M55	Fannie Mae	0.80	0.798	12/10/2013	11/28/2017	100.007	250,000	250,018	248,494
3136G2UN5	Fannie Mae	1.50	1.411	11/9/2015	5/30/2019	100.308	100,000	100,308	100,000
3135G0J46	Fannie Mae	1.25	1.240	2/26/2016	2/26/2019	100.030	200,000	200,060	199,924
3136G1C98	Fannie Mae	1.42	1.013	5/11/2016	2/5/2020	101.490	150,000	152,235	151,683
3133EC5V2	Federal Farm Credit Bank	1.19	1.190	12/6/2013	12/4/2018	100.000	625,000	625,000	615,803
3133ECTL2	Federal Farm Credit Bank	1.29	1.289	6/3/2014	6/14/2019	100.003	100,000	100,003	98,550
3133EC2Z6	Federal Farm Credit Bank	0.67	0.667	12/6/2013	2/15/2017	100.009	300,000	300,027	298,368
3133EFEG8	Federal Farm Credit Bank	1.86	1.818	9/22/2015	9/22/2020	100.200	300,000	300,600	300,000
3133EFZ91	Federal Farm Credit Bank	1.62	1.596	4/12/2016	4/12/2021	100.114	500,000	500,570	499,545
313378QK0	Federal Home Loan Bank	1.88	1.286	4/28/2014	3/8/2019	102.770	250,000	256,925	250,892
313381T88	Federal Home Loan Bank	1.55	1.549	1/27/2015	1/17/2020	100.004	200,000	200,008	198,470
3130A5V97	Federal Home Loan Bank	2.00	1.973	7/29/2015	7/29/2020	100.129	500,000	500,645	500,000
3130A6NA1	Federal Home Loan Bank	1.40	1.399	10/29/2015	10/29/2019	100.002	200,000	200,004	200,000
313380FB8	Federal Home Loan Bank	1.38	0.982	11/5/2015	9/13/2019	101.483	365,000	370,413	363,785
3130A7J55	Federal Home Loan Bank	2.00	1.976	4/29/2016	4/29/2021	100.115	650,000	650,748	650,000
3130A8EN9	Federal Home Loan Bank	1.64	1.627	6/14/2016	6/14/2021	100.064	100,000	100,064	100,000
3134G73K5	Freddie Mac	1.70	1.694	10/28/2015	10/28/2020	100.027	600,000	600,162	599,700
3134G8UQ0	Freddie Mac	1.80	1.786	3/30/2016	3/30/2021	100.069	500,000	500,345	500,000
3134G8Q36	Freddie Mac	1.85	1.825	3/30/2016	3/30/2021	100.119	400,000	400,476	400,000
3134G8ZE2	Freddie Mac	1.50	1.487	4/28/2016	7/28/2020	100.055	300,000	300,165	300,000
3134G9FT9	Freddie Mac	1.88	1.864	5/24/2016	5/24/2021	100.052	100,000	100,052	100,000
3134G9QJ9	Freddie Mac	1.88	1.857	6/30/2016	6/30/2021	100.084	300,000	300,252	300,000
880591EQ1	Tenn Valley Authority DTD	1.75	1.221	10/6/2014	10/15/2018	102.074	200,000	204,148	200,448
32.86%	Government Securities (3.0-5.01 years)						7,340,000	7,363,239	7,324,558
02587DWK0	American Expr Centurion	2.20	1.319	7/1/2015	11/29/2019	103.768	171,377	177,834	171,377
06740KHJ9	Barclays Bank/Delaware	1.60	1.147	7/18/2014	7/23/2018	101.773	100,000	101,773	100,000
36830KET8	GE Capital Retail Bank	1.05	1.007	11/15/2013	11/22/2016	100.129	250,000	250,323	250,000
36830KEU5	GE Capital Retail Bank	1.50	1.338	11/15/2013	11/22/2017	100.630	250,000	251,576	250,000
05568P6C6	BMW Bk North. America Salt Lake	2.00	1.388	11/20/2013	11/15/2018	102.940	250,000	257,351	249,488
05580ACZ5	BMW Bk North. America DTD	2.20	1.085	10/8/2015	9/30/2020	105.395	250,000	263,488	249,950
36157QTF4	GE Capital Retail Bank	2.00	1.385	11/19/2013	11/23/2018	102.967	250,000	257,418	248,725
140420QF0	Capital One Bank USA	2.15	1.260	7/7/2015	10/16/2019	103.696	163,993	170,053	163,993
14042RAR2	Capital One NA Medium	2.20	1.078	10/8/2015	10/7/2020	105.450	200,000	210,899	199,230
8.45%	CDs (3.02-5.01 years)						1,885,370	1,940,715	1,882,762
79604YAB5	Samsung Electronics America	1.75	1.670	11/15/2013	4/10/2017	100.265	550,000	551,458	552,586
05531FAL7	BB&T Corp	1.60	1.451	11/22/2013	8/15/2017	100.541	500,000	502,705	500,084
05531FAU7	BB&T Corp	2.63	1.906	9/2/2015	6/29/2020	103.299	925,000	955,516	930,138
009158AS5	Air Products	1.20	1.083	11/14/2013	10/15/2017	100.448	1,205,000	1,210,398	1,197,402
437076BB7	Home Depot	2.25	1.609	11/7/2013	9/10/2018	102.975	1,000,000	1,029,750	1,010,903
40428HPJ5	HSBC USA INC	2.63	2.280	12/4/2013	9/24/2018	101.562	1,000,000	1,015,620	1,014,552
882508AU8	Texas Instruments Inc	1.65	1.303	9/9/2015	8/3/2019	101.316	500,000	506,580	495,052
713448BN7	PepsiCo Inc	4.50	2.164	1/29/2015	1/15/2020	110.941	100,000	110,941	110,215
911312AMB	United Parcel Service DTD	3.13	1.500	6/10/2016	1/15/2021	107.199	185,000	198,318	197,972
26.96%	Corporate Bonds (3.40-4.96 years)					101.949	5,965,000	6,081,286	6,008,905
3137AQSZ2	FHLMC	1.67	1.676	11/25/2013	10/25/2018	99.973	8,082	8,079	8,238
31381NM83	Federal Nat'l Mtge Assn#FN465783	3.84	1.849	12/10/2015	9/1/2020	108.979	158,300	172,513	168,540
31381P3Z9	Fannie Mae Pool #467116	3.73	3.745	12/10/2013	1/1/2018	99.945	500,000	499,725	530,781
31381QN69	Fannie Mae Pool #467613	3.74	2.861	11/21/2013	4/1/2018	103.581	690,363	715,085	751,849
31381Q5P7	Fannie Mae Pool #468054	3.59	2.689	11/21/2013	6/1/2018	103.817	460,497	478,074	498,632
31381SDV1	Fannie Mae Pool #469116 DTD	2.94	2.228	11/21/2013	9/1/2018	103.210	637,888	658,364	673,669
31407RTU8	Fannie Mae Pool #838563	5.00	3.664	4/29/2016	10/1/2020	105.413	146,433	154,359	155,493
12.50%	Gov't Mortgages (4.06-4.92 years)					103.253	2,601,562	2,686,201	2,787,203
54438CGC0	LA California Community College	5.00	4.924	11/20/2013	8/1/2018	100.317	160,000	160,507	163,484
758148GY0	Reed Calif Union School District	4.00	2.402	11/18/2013	8/1/2018	107.068	250,000	267,670	268,419
010831BM6	Alameda County JPA	5.00	2.819	11/21/2013	12/1/2018	110.164	440,000	484,722	479,754
4.09%	Municipals (4.7-5.03 years)					107.400	850,000	912,899	911,657
31607A208	Fidelity Prime Mon Mar-Ins	1.00		10/7/2015		100.000	1,800,442	1,800,442	1,800,442
8.08%	Money Markets						1,800,442	1,800,442	1,800,442
	TOTAL (Dollars)						\$ 20,442,374	\$ 22,847,211	\$ 22,015,527

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# Fixed Income Investments at 06-30-2016 - Summary Attachment C

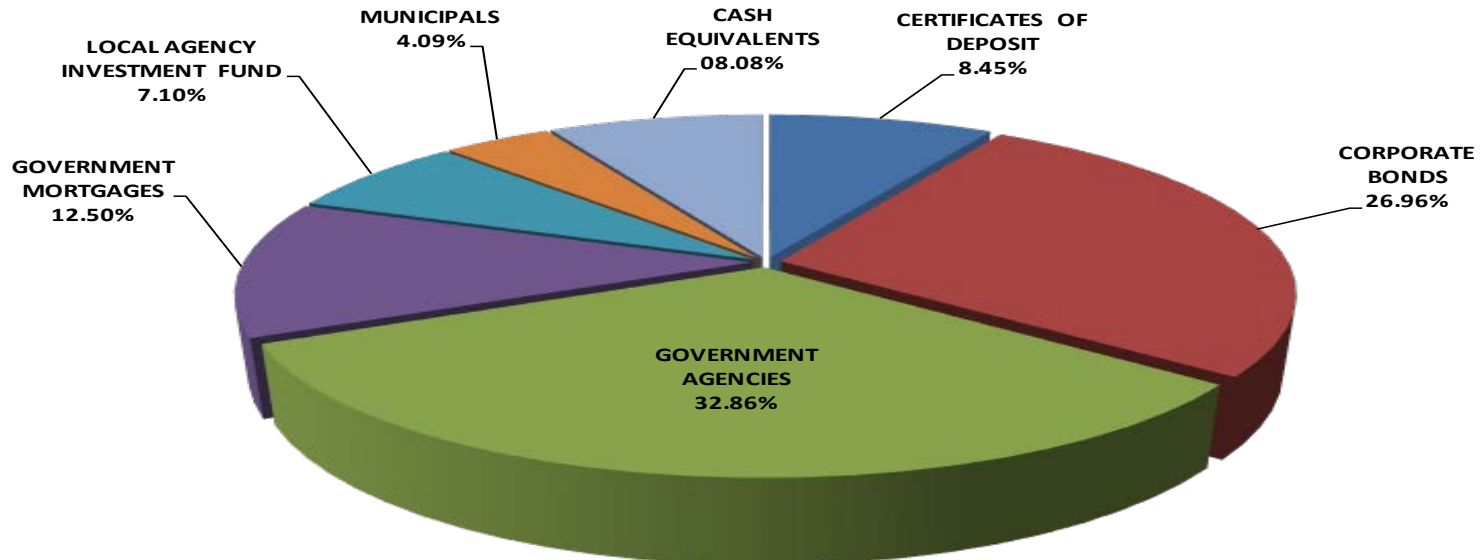
## FIXED INCOME INVESTMENTS AT JUNE 30, 2016 - SUMMARY

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



### ASSET ALLOCATION

Assets (Dollars)	Current Par Value	Current Book Value	Market Value	Mkt/Book
CERTIFICATES OF DEPOSIT	1,885,370	1,882,762	1,940,715	103.08%
CORPORATE BONDS	5,965,000	6,008,905	6,081,286	101.20%
GOVERNMENT AGENCIES	7,340,000	7,324,558	7,363,239	100.53%
GOVERNMENT MORTGAGES	2,601,562	2,787,203	2,686,201	96.38%
LOCAL AGENCY INVESTMENT FUND	1,583,187	1,583,187	1,583,537	100.02%
MUNICIPALS	850,000	911,657	912,899	100.14%
CASH EQUIVALENTS	1,800,442	1,800,442	1,800,442	100.00%
<b>Totals (Dollars)</b>	<b>22,025,562</b>	<b>22,298,715</b>	<b>22,368,318</b>	<b>100.31%</b>



**Pooled Portfolio Composition by Book Value**

**Par Value:** Or face value is the amount of money redeemed to the bondholder once the bonds matures

**Book Value :** Is the par value or face value plus any unamortized premiums or less any unamortized discounts.

**Market Value:** Is the current price at which the bond is trading

**Mkt/Book:** Measures the market value over the book value of a bond.

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## Fourth Quarter 2016 Reports June 30, 2016

# Grants Receivable Aging Detail

## As of June 30, 2016

Month	So. California Edison - CEESP3	So. California Edison - Energy Wise	So. California Gas - Energy Wise	MTA	Totals	Notes
OCT-15	\$0.00	\$0.00	\$0.00	\$6,402.16	\$6,402.16	Received 7/15/16
NOV-15	-	-	-	6,402.16	6,402.16	Received 7/15/16
DEC-15	-	-	-	7,367.73	7,367.73	Received 7/15/16
DEC-15	\$17,775.44	-	-	-	17,775.44	Received 7/25/16
APR-16	-	-	4,378.46	-	4,378.46	
MAY16	6,211.02	-	-	-	6,211.02	
JUN-16	11,092.94	\$21,546.71	12,597.81	44,206.38	89,443.84	Edision Energy Wise: \$10,554.69 received on 7/6/16 & 7/11/16, MTA: \$29,470.92 received 7/29/16
	<u>\$ 35,079.40</u>	<u>\$ 21,546.71</u>	<u>\$ 16,976.27</u>	<u>\$ 64,378.43</u>	<u>\$137,980.81</u>	

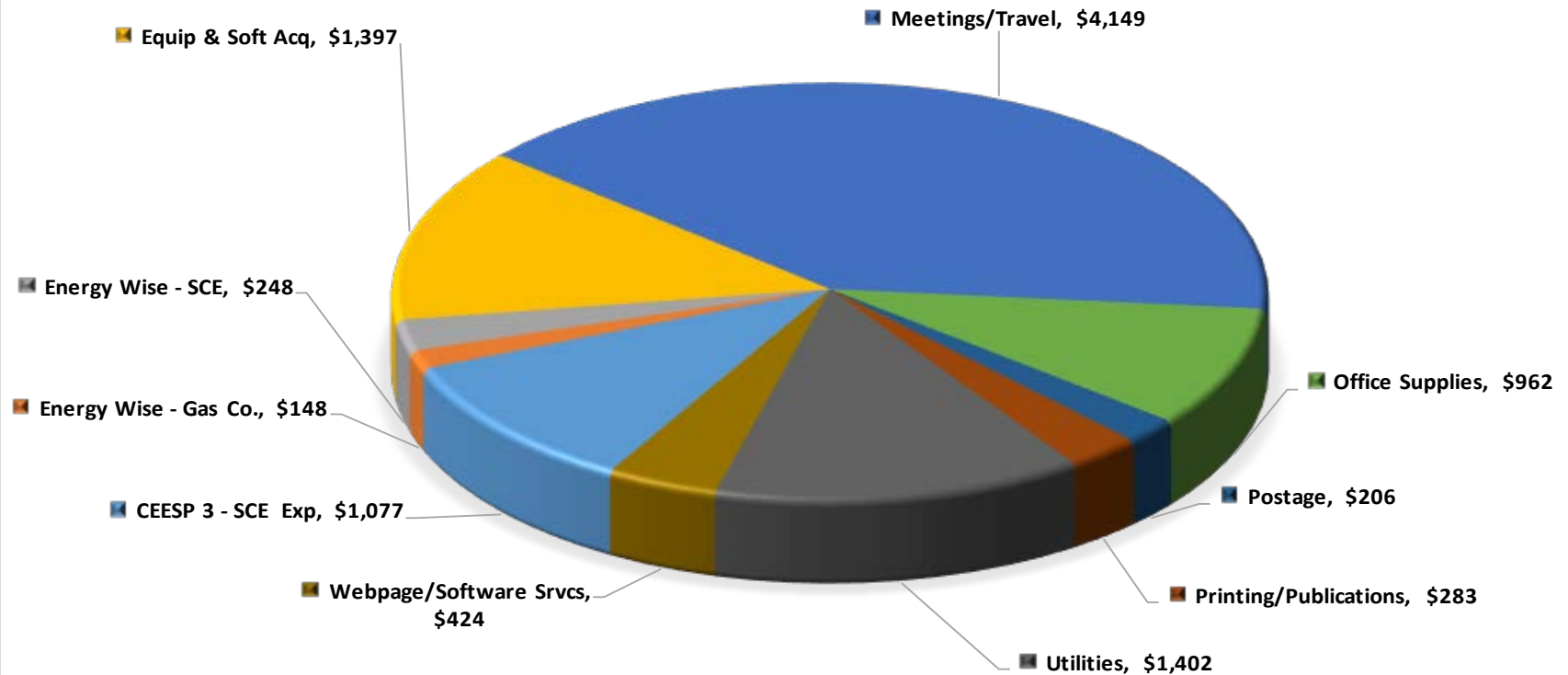
Preliminary Selected Asset Accounts Balances  
As of June 30, 2016

Account Name	Balance					Balance
	05/31/2016	Increase	Decrease	Net Change	06/30/2016	
CBB - Checking	\$ 417,265	\$ 66,172	\$ 119,597	\$ (53,425)	\$ 363,840	
CBB- 242-034-325 CD	55,493	14	-	14	55,507	
CBB - 2766 Savings	1,586	0.4	-	0	1,586	
CBB -242-034-953 CD	54,728	14	-	14	54,741	
Petty Cash	400	-	-	-	400	
LAIF	228,347	-	-	-	228,347	
LAIF Maket Value	86	-	-	-	86	
Member Receivable	800	-	-	-	800	
Grants/Contracts Receivable	64,467	89,444	15,930	73,514	137,981	
	<b>\$ 823,170</b>	<b>\$ 155,644</b>	<b>\$ 135,527</b>	<b>\$ 20,117</b>	<b>\$ 843,287</b>	

# AMEX Credit Card Charges: Period April – June 2016

Attachment C

## \$10,296





# REPORT

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DATE: August 29, 2016

TO: Executive Committee  
City Managers' Steering Committee

FROM: Phil Hawkey, Executive Director

**RE: FY 2016-17 BUDGET AMENDMENT #1**

## **RECOMMENDED ACTION**

Recommend Governing Board approve Amendment #1 to the FY 2016-17 budget

## **BACKGROUND**

Staff is recommending some minor revisions to the FY 2016-17 budget related to the General Assembly and committee support needs. The overall impact of the proposed revision is to decrease anticipated net revenues by \$10,000, to \$3,497.

Prepared by: Marisa Creter  
Marisa Creter  
Assistant Executive Director

Approved by: Phil Hawkey  
Phil Hawkey

## **ATTACHMENTS**

Attachment A– Explanation of Revisions to Revenue and Expenses

## Attachment A - Summary of Proposed Revisions (FY 2016-17)

Line	Note
3, 5, 40	The SGVCOG will be hosting its first General Assembly on October 26, 2016. It is anticipated that the total cost of the event will be \$13,000. Staff has worked to secure several sponsorships to cover the majority of the expenses (\$10,500). The remainder of the costs are expected to be covered by ticket sales to attendees. Tickets costs \$25 per person, and staff is estimating ticket sales revenue of \$2,500.
50	In March, the SGVCOG President formed the Ad Hoc ACE/ Large Capital Project Subcommittee to review and make recommendations related to the future of the SGVCOG and whether it should be primarily a planning agency or should it also have the internal capacity to implement and build large capital projects. The ad hoc committee began meeting in August and is expected to present recommendations to the Governing Board in January. Staff is recommending adding an expenditure of \$10,000 to hire a technical consultant to assist this committee and provide information, recommendations, and research.

	Adopted Budget FY 16/17	Proposed Amendment #1	Change (+/- )
1 <b>General Operating Income</b>			
2 Member Dues	\$ 745,909	\$ 745,909	\$ -
3 Sponsorships	-	10,500	\$ 10,500
4 Hero Revenue	12,000	12,000	\$ -
5 Miscellaneous Revenue	-	2,500	\$ 2,500
6 Interest	1,000	1,000	\$ -
7 <i>Total General Operating Income</i>	758,909	771,909	
8 <b>Grants &amp; Special Project Income</b>			\$ -
9 MTA Consultant	88,413	88,413	\$ -
10 Energy Wise (SGVEWP) - Gas	80,000	80,000	\$ -
11 Energy Wise (SGVEWP) - Edison	109,000	109,000	\$ -
12 SCE CEESP Phase 3 Grant	47,850	47,850	\$ -
13 <i>Total Grants &amp; Special Project Income</i>	325,263	325,263	\$ -
14 <b>Total Income</b>	1,084,172	1,097,172	
15 <b>General Operating Expenses</b>			
16 <u>Ongoing Operational Contracts</u>			
17 Legal Services	30,000	30,000	\$ -
18 Financial Audit Services	20,000	20,000	\$ -
19 Treasurer	5,000	5,000	\$ -
20 Financial/Accounting Services (ACE)	28,000	28,000	\$ -
21 <u>Personnel</u>			
22 Salaries & Deferred Compensation	260,000	260,000	\$ -
23 Internship Program	40,500	40,500	\$ -
24 Benefits	33,600	33,600	\$ -
25 PERS & Employer Taxes	19,162	19,162	\$ -
26 Staff Training and Professional Development	5,000	5,000	\$ -
27 PER Unfunded Liability	-	-	\$ -
28 <u>General &amp; Administrative</u>			
29 Rent & Parking	72,627	72,627	\$ -
30 Utilities	8,025	8,025	\$ -
31 Postage	2,000	2,000	\$ -
32 Equipment & Software Acquisition	10,000	10,000	\$ -
33 Storage	2,671	2,671	\$ -
34 Office Supplies	5,000	5,000	\$ -
35 Miscellaneous maint/ops expense	5,000	5,000	\$ -
36 Meeting/Travel	40,000	40,000	\$ -
37 Dues & Subscriptions	3,500	3,500	\$ -
38 Administrative Fees	3,500	3,500	\$ -
39 Insurance	8,000	8,000	\$ -
40 General Assembly	-	13,000	\$ 13,000

	Adopted Budget FY 16/17	Proposed Amendment #1	Change (+/- )
41 <u>Consultant Services</u>			
42 Management Consultant Services	156,000	156,000	\$ -
43 MTA Board Support	106,090	106,090	\$ -
44 Transportation Technical Support (ACE)	30,000	30,000	\$ -
45 Administrative Support (ACE)	20,000	20,000	\$ -
47 Media/Public Relations	2,000	2,000	\$ -
48 Information Technology	2,000	2,000	\$ -
49 Grant Writing Services	50,000	50,000	\$ -
50 Transportation Consultant	-	10000	\$ 10,000
50 <u>Direct Expenses</u>			
51 Board Stipends & Taxes	11,000	11,000	\$ -
52 Printing / Publication	12,000	12,000	\$ -
54 Miscellaneous	-	-	\$ -
55 <u>Direct Grant Expenses</u>			
56 SGVEWP Edison & Gas Expenses	40,000	40,000	\$ -
57 SCE CEESP Phase 3 Expenses	40,000	40,000	\$ -
		-	\$ -
58 <b>Total Expenditures</b>	<u>1,070,675</u>	<u>1,093,675</u>	
59 <b>Net income (Loss)</b>	<u>\$ 13,497</u>	<u>\$ 3,497</u>	\$ (10,000)

## REPORT

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DATE: August 24, 2016

TO: SGVCOG Executive Committee  
City Managers' Steering Committee

FROM: Phil Hawkey, Executive Director

RE: **SENATE BILL 1298 (HERTZBERG)**

### **RECOMMENDED ACTION**

For discussion.

### **BACKGROUND**

Compliance with Municipal Separate Sewer Stormwater System (MS4) permits issued by the Los Angeles Regional Water Quality Control Board has imposed significant requirements on LA County cities to construct and operate stormwater treatment facilities. The estimated construction cost for the county is over \$20 billion, and within San Gabriel Valley the cost is in excess of \$6 billion, not including Operations and Maintenance. One option for raising funds to meet these costs is through parcel assessments.

Proposition 218 amended the California Constitution to require that assessments, fees, and charges be submitted to property owners for approval after the provision of written notice and the holding of a public hearing. Article XIII D, Section 6, subdivision (c) states, "*Except for fees or charges for sewer, water, and refuse collection services*, no property-related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge or, at the option of the agency, by a two-thirds vote of the electorate residing in the affected area" (italics added).

The definitions of "water" and "sewer" under Proposition 218 are significant because the voter approval requirements are on fees for services other than water, sewer, and trash services. In 2002, the California Court of Appeals for the Sixth District, in the case of *Howard Jarvis Taxpayers Association v. City of Salinas*, took up the question of whether Proposition 218 was intended to include "stormwater" systems as an excepted service, along with water, sewer, and refuse collection. In its decision, the court declined to include stormwater systems within the definition of "sewer" based on its conclusion such an extension would be contrary to voter intent in enacting Proposition 218.

In 2014, the League of California Cities (LA Division) and the Contract Cities Association collaborated to analyze funding options toward complying with MS4. One of the recommendations of the May 24, 2014, *Stormwater Funding Options* report, authored by Ken Farfsing and Richard Watson, was to explore how the California Constitution could be amended to allow cities to treat stormwater as a utility, and thus levy a service charge on properties. The League mounted an effort to amend the Constitution but that avenue was closed when it was determined that there was not sufficient voter support.

Recently, Senator Robert Hertzberg introduced SB 1298 that would allow “stormwater” to be considered a utility based on a close reading of the Public Utilities Code (PUC) which seems to suggest that the category of “sewer” would also incorporate stormwater. The PUC text predates Proposition 218. The state senate and the state assembly have approved different versions of the legislation and it now is pending in conference committee. A compromise version of the bill might be adopted by both houses of the Legislature before the end of August 2016. A portion of the bill reads:

*"Sewer service" to mean "services provided by all real estate, fixtures, and personal property owned, controlled, operated, or managed in connection with or to facilitate sewage collection, treatment, or disposition for sanitary or drainage purposes, including lateral and connecting sewers, interceptors, trunk and outfall lines, sanitary sewage treatment or disposal plants or works, drains, conduits, outlets for surface or storm waters, and any and all other works, property, or structures necessary or convenient for the collection or disposal of sewage, industrial waste, or surface or storm waters."*

Senator Hertzberg states, "Stormwater is a key source of local water supply, and careful management is necessary to reduce pollution. Currently, stormwater and flood control programs must meet a higher standard than other services to raise capital, thus preventing many important projects from being built. SB 1298 addresses these issues by adding missing definitions and direction on the interpretation of Proposition 218 while maintaining transparency and accountability. SB 1298 defines "sewer service" to include stormwater so local governments can build and finance those projects."

If passed, SB 1298 would change Proposition 218 to allow parcel-based fee increases for purposes of funding stormwater projects using the same procedures required to raise fees for “water,” “sewer,” and “refuse collections services.” These procedures vary by city/district, but generally include a justified recommendation for an increase by the utility provider, followed by notice to property owners with the opportunity to protest the proposed increase. If a majority of property owners do not file a protest, then city councils may approve the increased rate. Passage of SB 1298 would not require that cities adopt a stormwater fee however. It would simply add parcel fees to the suite of current and proposed funding options.

Several SGVCOG cities have independently taken action to oppose SB1298, primarily because of concerns that it might not be consistent with Proposition 218.

## **RECOMMENDATION**

The Water Policy Committee voted—four in favor, one opposed—to recommend that the SGVCOG adopt a resolution opposing SB 1298. The primary source of opposition is the perception that this legislation circumvents Proposition 218. In addition, the Committee believes the bill would conflict with the appellate court decision, ultimately leading to suit against a city relying on the bill as the basis for raising stormwater related revenues through parcel fees.

Prepared by:   
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Approved by: Marisa Creter  
Marisa Creter  
Assistant Executive Director

**ATTACHMENTS**

Attachment A – Proposed Legislation

Attachment B – *Howard Jarvis Taxpayers Association v. City of Salinas*

Attachment C – Ken Farfsing Letter to City Mangers Urging Support for SB 1298

AMENDED IN ASSEMBLY AUGUST 11, 2016

AMENDED IN ASSEMBLY AUGUST 1, 2016

AMENDED IN ASSEMBLY JUNE 13, 2016

**SENATE BILL**

**No. 1298**

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**Introduced by Senator Hertzberg**

February 19, 2016

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An act to amend Section 53750 of the Government Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1298, as amended, Hertzberg. Local government: fees and charges.

Articles XIII C and XIII D of the California Constitution generally require that assessments, fees, and charges be submitted to property owners for approval or rejection after the provision of written notice and the holding of a public hearing. Existing law, the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with Articles XIII C and XIII D of the California Constitution and defines terms for these purposes.

This bill would define the terms ~~“proportional cost of the service attributable to the parcel” and “sewer service”~~ term *“sewer”* for these purposes.

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

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

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) The ongoing, historic drought has made clear that California  
4 must invest in a 21st century water management system capable  
5 of effectively meeting the economic, social, and environmental  
6 needs of the state.

7 (b) Sufficient and reliable funding to pay for local water projects  
8 is necessary to improve the state's water infrastructure.

9 (c) ~~Proposition 218, 218 was approved by the voters in 1996,~~  
10 ~~was meant to improve transparency and accountability of local~~  
11 ~~government fees. 1996. Some court interpretations of the law have~~  
12 ~~constrained important tools that local governments need to manage~~  
13 ~~water supplies, address water pollution and provide stormwater~~  
14 ~~management. storm water and drainage runoff.~~

15 (d) ~~Stormwater is a key source of local water supply, Storm~~  
16 ~~waters are carried off in storm sewers, and careful management~~  
17 ~~is necessary to reduce pollution. But a court decision has required~~  
18 ~~stormwater and flood control programs to meet a higher standard~~  
19 ~~than other water-related services to raise capital, excluded storm~~  
20 ~~water from those provisions of Proposition 218 that apply to~~  
21 ~~property-related fees for sewer and water, preventing many~~  
22 ~~important projects from being built.~~

23 (e) ~~This act is intended to provide guidance to local agencies~~  
24 ~~and courts on the implementation of Articles XIII C and XIII D of~~  
25 ~~the California Constitution and shall not be construed to amend~~  
26 ~~those articles.~~

27 (e) *The Court of Appeal in Howard Jarvis Taxpayers Ass'n v.*  
28 *City of Salinas (2002) 98 Cal.App.4th 1351, concluded that the*  
29 *term "sewer," as used in Proposition 218, is "ambiguous" but*  
30 *rejected, and refused to use, the statutory definition of the term*  
31 *"sewer system" which was part of the then-existing law as Section*  
32 *230.5 of the Public Utilities Code.*

33 (f) *The Legislature reaffirms and reiterates that the definition*  
34 *found in Section 230.5 of the Public Utilities Code is the definition*  
35 *of "sewer" or "sewer service" that should be used in the*  
36 *Proposition 218 Omnibus Implementation Act.*

37 SEC. 2. Section 53750 of the Government Code is amended  
38 to read:

1 53750. For purposes of Article XIII C and Article XIII D of  
2 the California Constitution and this article:

3 (a) “Agency” means any local government as defined in  
4 subdivision (b) of Section 1 of Article XIII C of the California  
5 Constitution.

6 (b) “Assessment” means any levy or charge by an agency upon  
7 real property that is based upon the special benefit conferred upon  
8 the real property by a public improvement or service, that is  
9 imposed to pay the capital cost of the public improvement, the  
10 maintenance and operation expenses of the public improvement,  
11 or the cost of the service being provided. “Assessment” includes,  
12 but is not limited to, “special assessment,” “benefit assessment,”  
13 “maintenance assessment,” and “special assessment tax.”

14 (c) “District” means an area that is determined by an agency to  
15 contain all of the parcels that will receive a special benefit from a  
16 proposed public improvement or service.

17 (d) “Drainage system” means any system of public  
18 improvements that is intended to provide for erosion control, for  
19 landslide abatement, or for other types of water drainage.

20 (e) “Extended,” when applied to an existing tax or fee or charge,  
21 means a decision by an agency to extend the stated effective period  
22 for the tax or fee or charge, including, but not limited to,  
23 amendment or removal of a sunset provision or expiration date.

24 (f) “Flood control” means any system of public improvements  
25 that is intended to protect property from overflow by water.

26 (g) “Identified parcel” means a parcel of real property that an  
27 agency has identified as having a special benefit conferred upon  
28 it and upon which a proposed assessment is to be imposed, or a  
29 parcel of real property upon which a proposed property-related  
30 fee or charge is proposed to be imposed.

31 (h) (1) “Increased,” when applied to a tax, assessment, or  
32 property-related fee or charge, means a decision by an agency that  
33 does either of the following:

34 (A) Increases any applicable rate used to calculate the tax,  
35 assessment, fee, or charge.

36 (B) Revises the methodology by which the tax, assessment, fee,  
37 or charge is calculated, if that revision results in an increased  
38 amount being levied on any person or parcel.

39 (2) A tax, fee, or charge is not deemed to be “increased” by an  
40 agency action that does either or both of the following:

1 (A) Adjusts the amount of a tax, fee, or charge in accordance  
2 with a schedule of adjustments, including a clearly defined formula  
3 for inflation adjustment that was adopted by the agency prior to  
4 November 6, 1996.

5 (B) Implements or collects a previously approved tax, fee, or  
6 charge, so long as the rate is not increased beyond the level  
7 previously approved by the agency, and the methodology  
8 previously approved by the agency is not revised so as to result in  
9 an increase in the amount being levied on any person or parcel.

10 (3) A tax, assessment, fee, or charge is not deemed to be  
11 “increased” in the case in which the actual payments from a person  
12 or property are higher than would have resulted when the agency  
13 approved the tax, assessment, fee, or charge, if those higher  
14 payments are attributable to events other than an increased rate or  
15 revised methodology, such as a change in the density, intensity,  
16 or nature of the use of land.

17 (i) “Notice by mail” means any notice required by Article XIII C  
18 or XIII D of the California Constitution that is accomplished  
19 through a mailing, postage prepaid, deposited in the United States  
20 Postal Service and is deemed given when so deposited. Notice by  
21 mail may be included in any other mailing to the record owner  
22 that otherwise complies with Article XIII C or XIII D of the  
23 California Constitution and this article, including, but not limited  
24 to, the mailing of a bill for the collection of an assessment or a  
25 property-related fee or charge.

26 ~~(j) “Proportional cost of the service attributable to the parcel,”~~  
27 ~~when applied to a fee or charge for water or sewer service, means~~  
28 ~~the share of the total cost of providing water or sewer service to~~  
29 ~~water or sewer users within the service area reasonably attributable~~  
30 ~~to the parcel. The total cost of providing water or sewer service~~  
31 ~~includes all costs of acquiring water and water rights, costs of~~  
32 ~~collecting, conveying, treating, and managing water and~~  
33 ~~wastewater, and costs of satisfying all regulatory requirements~~  
34 ~~lawfully imposed on water and sewer service providers.~~

35 ~~(k)~~  
36 (j) “Record owner” means the owner of a parcel whose name  
37 and address appears on the last equalized secured property tax  
38 assessment roll, or in the case of any public entity, the State of  
39 California, or the United States, means the representative of that  
40 public entity at the address of that entity known to the agency.

1 ~~(l)~~ “Sewer service”

2 (k) “Sewer” means services *and systems* provided by all real  
3 estate, fixtures, and personal property owned, controlled, operated,  
4 or managed in connection with or to facilitate sewage collection,  
5 treatment, or disposition for sanitary or drainage purposes,  
6 including lateral and connecting sewers, interceptors, trunk and  
7 outfall lines, sanitary sewage treatment or disposal plants or works,  
8 drains, conduits, outlets for surface or storm waters, and any and  
9 all other works, property, or structures necessary or convenient  
10 for the collection or disposal of sewage, industrial waste, or surface  
11 or storm waters. “Sewer system” shall not include a sewer system  
12 that merely collects sewage on the property of a single owner.

13 ~~(m)~~

14 (l) “Registered professional engineer” means an engineer  
15 registered pursuant to the Professional Engineers Act (Chapter 7  
16 (commencing with Section 6700) of Division 3 of the Business  
17 and Professions Code).

18 ~~(n)~~

19 (m) “Vector control” means any system of public improvements  
20 or services that is intended to provide for the surveillance,  
21 prevention, abatement, and control of vectors as defined in  
22 subdivision (k) of Section 2002 of the Health and Safety Code and  
23 a pest as defined in Section 5006 of the Food and Agricultural  
24 Code.

25 ~~(o)~~

26 (n) “Water” means any system of public improvements intended  
27 to provide for the production, storage, supply, treatment, or  
28 distribution of water from any source.

O

**Court of Appeal, Sixth District, California.**

**HOWARD JARVIS TAXPAYERS ASSOCIATION et al., Plaintiffs and Appellants,  
v. CITY OF SALINAS et al., Defendants and Respondents.**

**No. H022665.**

**Decided: June 3, 2002**

Timothy J. Morgan, Santa Cruz, and Jonathan M. Coupal, Sacramento, and Timothy A. Bittle, Attorneys for Appellants. James C. Sanchez, City Attorney of Salinas, and Richards, Watson & Gershon, Mitchell E. Abbott, Los Angeles, and Patrick K. Bobko, Attorneys for Respondents.

In this “reverse validation” action, plaintiff taxpayers challenged a storm drainage fee imposed by the City of Salinas. Plaintiffs contended that the fee was a “property-related” fee requiring voter approval, pursuant to California Constitution, article XIII D, section 6(c), which was added by the passage of Proposition 218. The trial court ruled that the fee did not violate this provision because (1) it was not a property-related fee and (2) it met the exemption for fees for sewer and water services. We disagree with the trial court's conclusion and therefore reverse the order.

**Background**

In an effort to comply with the 1987 amendments to the federal Clean Water Act (33 U.S.C. § 1251, et seq., 40 C.F.R. § 122.26(a) et seq.), the Salinas City Council took measures to reduce or eliminate pollutants contained in storm water, which was channeled in a drainage system separate from the sanitary and industrial waste systems. On June 1, 1999, the City Council enacted two ordinances to fund and maintain the compliance program. These measures, ordinance Nos. 2350 and 2351, added former Chapters 29 and 29A, respectively, to the Salinas City Code. Former section 29A-3 allowed the City Council to adopt a resolution imposing a “Storm Water Management Utility fee” to finance the improvement of storm and surface water management facilities. The fee would be imposed on “users of the storm water drainage system.”

On July 20, 1999, the City Council adopted resolution No. 17019, which established rates for the storm and surface water management system. The resolution specifically states: “There is hereby imposed on each and every developed parcel of land within the City, and the owners and occupiers thereof, jointly and severally, a storm drainage fee.” The fee was to be paid annually to the City “by the owner or occupier of each and every developed parcel in the City who shall be presumed to be the primary utility rate payer .” The amount of the fee was to be calculated according to the degree to which the property contributed runoff to the City's drainage facilities. That contribution, in turn, would be measured by the amount of “impervious area”<sup>1</sup> on that parcel.

Undeveloped parcels-those that had not been altered from their natural state-were not subject to the storm drainage fee. In addition, developed parcels that maintained their own storm water management facilities or only partially contributed storm or surface water to the City's storm drainage facilities were required to pay in proportion to the amount they did contribute runoff or used the City's treatment services.

On September 15, 1999, plaintiffs filed a complaint under Code of Civil Procedure section 863 to determine the validity of the fee.<sup>2</sup> Plaintiffs alleged that this was a property-related fee that violated article XIII D, section 6, subdivision (c), of the California Constitution because it had not been approved by a majority vote of the affected property owners or a two-thirds vote of the residents in the affected area. The trial court, however, found this provision to be inapplicable on two grounds: (1) the fee was not “property related” and (2) it was exempt from the voter-approval requirement because it was “related to” sewer and water services.

## Discussion

Article XIII D was added to the California Constitution in the November 1996 election with the passage of Proposition 218, the “Right to Vote On Taxes Act.” Section 6 of article XIII D<sup>3</sup> requires notice of a proposed property-related fee or charge and a public hearing. If a majority of the affected owners submit written protests, the fee may not be imposed. (§ 6, subd. (a)(2).) The provision at issue is section 6, subdivision (c) (hereafter “section 6(c)”), which states, in relevant part: “Except for fees or charges for sewer, water, and refuse collection services, no property related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge or, at the option of the agency, by a two-thirds vote of the electorate residing in the affected area.”

Section 2 defines a “fee” under this article as a levy imposed “upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” (§ 2, subd. (e).) A “property-related service” is “a public service having a direct relationship to property ownership.” (§ 2, subd. (h).) The City maintains that the storm drainage fee is not a property-related fee, but a “user fee” which the property owner can avoid simply by maintaining a storm water management facility on the property. Because it is possible to own property without being subject to the fee, the City argues this is not a fee imposed “as an incident of property ownership” or “for a property related service” within the meaning of section 2.

We cannot agree with the City's position. Resolution No. 17019 plainly established a property-related fee for a property-related service, the management of storm water runoff from the “impervious” areas of each parcel in the City. The resolution expressly stated that “each owner and occupier of a developed lot or parcel of real property within the City, is served by the City's storm drainage facilities” and burdens the system to a greater extent than if the property were undeveloped. Those owners and occupiers of developed property “should therefore pay for the improvement, operation and maintenance of such facilities.” Accordingly, the resolution makes the fee applicable to “each and every developed parcel of land within the City.” (*Italics added.*) This is not a charge directly based on or measured by use, comparable to the metered use of water or the operation of a business, as the City suggests. (See *Apartment Assn. of Los Angeles County, Inc. v. City of Los Angeles* (2001) 24 Cal.4th 830, 838, 102 Cal.Rptr.2d 719, 14 P.3d 930 [article XIII D inapplicable to inspection fee imposed on private landlords]; *Howard Jarvis Taxpayers Assn. v. City of Los Angeles* (2000) 85 Cal.App.4th 79, 101 Cal.Rptr.2d 905, [water usage rates are not within the scope of article XIII D].)

The “Proportional Reduction” clause on which the City relies does not alter the nature of the fee as property related.<sup>4</sup> A property owner's operation of a private storm drain system reduces the amount owed to the City to the extent that runoff into the City's system is reduced. The fee nonetheless is a fee for a public service having a direct relationship to the ownership of developed property. The City's characterization of the proportional reduction as a simple “opt-out” arrangement is misleading, as it suggests the property owner can avoid the fee altogether by declining the service. Furthermore, the reduction is not proportional to the amount of services requested or used by the occupant, but on the physical properties of the parcel. Thus, a parcel with a large “impervious area” (driveway, patio, roof) would be charged more than one consisting of mostly rain-absorbing soil. Single-family residences are assumed to contain, on average, a certain amount of impervious area and are charged \$18.66 based on that assumption.

Proposition 218 specifically stated that “[t]he provisions of this act shall be liberally construed to effectuate its purposes of limiting local government revenue and enhancing taxpayer consent.” (Proposition 218, § 5; reprinted at Historical Notes, 2A West's Ann.Cal.Const. (2002 supp.) foll. art. XIII C, p. 38 [hereafter Historical Notes].) We are obligated to construe constitutional amendments in accordance with the natural and ordinary meaning of the language used by the framers—in this case, the voters of California—in a manner that effectuates their purpose in adopting the law. (*Amador Valley Joint Union High Sch. Dist. v. State Bd. of Equalization* (1978) 22 Cal.3d 208, 244-245, 149 Cal.Rptr. 239, 583 P.2d 1281; *Arden Carmichael, Inc. v. County of Sacramento* (2001) 93 Cal.App.4th 507, 514-515, 113 Cal.Rptr.2d 248; *Board of Supervisors v. Loneragan* (1980) 27 Cal.3d 855, 863, 167 Cal.Rptr. 820, 616 P.2d 802.) To interpret the storm drainage fee as a use-based charge would contravene one of the stated objectives of Proposition 218 by “frustrat[ing] the purposes of voter approval for tax increases.” (Proposition 218, § 2.) We must conclude, therefore, that the storm drainage fee “burden[s] landowners as landowners,” and is therefore subject to the voter-approval requirements of article XIII D unless an exception applies. (*Apartment Assn. of Los Angeles County, Inc. v. City of Los Angeles*, supra, 24 Cal.4th at p. 842, 102 Cal.Rptr.2d 719, 14 P.3d 930.)

#### Exception for “Sewer” or “Water” Service

As an alternative ground for its decision, the trial court found that the storm drainage fee was “clearly a fee related to ‘sewer’ and ‘water’ services.” The exception in section 6(c) applies to fees “for sewer, water, and refuse collection services.” Thus, the question we must next address is whether the storm drainage fee was a charge for sewer service or water service.

The parties diverge in their views as to whether the reach of California Constitution, article XIII D, section 6(c) extends to a storm drainage system as well as a sanitary or industrial waste sewer system. The City urges that we rely on the “commonly accepted” meaning of “sewer,” noting the broad dictionary definition of this word.<sup>5</sup> The City also points to Public Utilities Code section 230.5 and the Salinas City Code, which describe storm drains as a type of sewer.<sup>6</sup>

Plaintiffs “do not disagree that storm water is carried off in storm sewers,” but they argue that we must look beyond mere definitions of “sewer” to examine the legal meaning in context. Plaintiffs note that the storm water management system here is distinct from the sanitary sewer system and the industrial waste

management system. Plaintiffs' position echoes that of the Attorney General, who observed that several California statutes differentiate between management of storm drainage and sewerage systems.<sup>7</sup> (81 Ops.Cal.Atty. Gen. 104, 106 (1998).) Relying extensively on the Attorney General's opinion, plaintiffs urge application of a different rule of construction than the plain-meaning rule; they invoke the maxim that "if a statute on a particular subject omits a particular provision, inclusion of that provision in another related statute indicates an intent [that] the provision is not applicable to the statute from which it was omitted." (In re Marquis D. (1995) 38 Cal.App.4th 1813, 1827, 46 Cal.Rptr.2d 198.) Thus, while section 5, which addresses assessment procedures, refers to exceptions specifically for "sewers, water, flood control, [and] drainage systems" (italics added), the exceptions listed in section 6(c) pertain only to "sewer, water, and refuse collection services." Consequently, in plaintiffs' view, the voters must have intended to exclude drainage systems from the list of exceptions to the voter-approval requirement.

The statutory construction principles invoked by both parties do not assist us. The maxim proffered by plaintiffs, "although useful at times, is no more than a rule of reasonable inference" and cannot control over the lawmakers' intent. (California Fed. Savings & Loan Assn. v. City of Los Angeles (1995) 11 Cal.4th 342, 350, 45 Cal.Rptr.2d 279, 902 P.2d 297; Murillo v. Fleetwood Enterprises, Inc. (1998) 17 Cal.4th 985, 991, 73 Cal.Rptr.2d 682, 953 P.2d 858.) On the other hand, invoking the plain-meaning rule only begs the question of whether the term "sewer services" was intended to encompass the more specific sewerage with which most voters would be expected to be familiar, or all types of systems that use sewers, including storm drainage and industrial waste. The popular, nontechnical sense of sewer service, particularly when placed next to "water" and "refuse collection" services, suggests the service familiar to most households and businesses, the sanitary sewerage system.

We conclude that the term "sewer services" is ambiguous in the context of both section 6(c) and Proposition 218 as a whole. We must keep in mind, however, the voters' intent that the constitutional provision be construed liberally to curb the rise in "excessive" taxes, assessments, and fees exacted by local governments without taxpayer consent. (Proposition 218, §§ 2, 5; reprinted at Historical Notes, supra, p. 38.) Accordingly, we are compelled to resort to the principle that exceptions to a general rule of an enactment must be strictly construed, thereby giving "sewer services" its narrower, more common meaning applicable to sanitary sewerage.<sup>8</sup> (Cf. Estate of Banerjee (1978) 21 Cal.3d 527, 540, 147 Cal.Rptr. 157, 580 P.2d 657; City of Lafayette v. East Bay Mun. Utility Dist. (1993) 16 Cal.App.4th 1005, 20 Cal.Rptr.2d 658.)

The City itself treats storm drainage differently from its other sewer systems. The stated purpose of Ordinance No. 2350 was to comply with federal law by reducing the amount of pollutants discharged into the storm water, and by preventing the discharge of "non-storm water" into the storm drainage system, which channels storm water into state waterways. According to John Fair, the Public Works Director, the City's storm drainage fee was to be used not just to provide drainage service to property owners, but to monitor and control pollutants that might enter the storm water before it is discharged into natural bodies of water.<sup>9</sup> The Salinas City Code contains requirements addressed specifically to the management of storm water runoff.<sup>10</sup> (See, e.g., Salinas City Code, §§ 31-802.2, 29-15.)

For similar reasons we cannot subscribe to the City's suggestion that the storm drainage fee is "for . . . water services." Government Code section 53750, enacted to explain some of the terms used in articles XIII C

and XIII D, defines “‘[w]ater’ ” as “any system of public improvements intended to provide for the production, storage, supply, treatment, or distribution of water.” (Gov.Code, § 5370, subd. (m).) The average voter would envision “water service” as the supply of water for personal, household, and commercial use, not a system or program that monitors storm water for pollutants, carries it away, and discharges it into the nearby creeks, river, and ocean.

We conclude that article XIII D required the City to subject the proposed storm drainage fee to a vote by the property owners or the voting residents of the affected area. The trial court therefore erred in ruling that Ordinance Nos. 2350 and 2351 and Resolution No. 17019 were valid exercises of authority by the City Council.

#### Disposition

The judgment is reversed. Costs on appeal are awarded to plaintiffs.

#### FOOTNOTES

1. “Impervious Area,” according to resolution No. 17019, is “any part of any developed parcel of land that has been modified by the action of persons to reduce the land's natural ability to absorb and hold rainfall. This includes any hard surface area which either prevents or retards the entry of water into the soil mantle as it entered under natural conditions pre-existent to development, and/or a hard surface area which causes water to run off the surface in greater quantities or at an increased rate of flow from the flow present under natural conditions pre-existent to development.”
2. Plaintiffs are the Howard Jarvis Taxpayers Association, the Monterey Peninsula Taxpayers Association, and two resident property owners.
3. All further unspecified section references are to article XIII D of the California Constitution.
4. According to the Public Works Director, proportional reductions were not anticipated to apply to a large number of people.
5. Webster's Third New International Dictionary, for example, defines “sewer” as “1: a ditch or surface drain; 2: an artificial usu. subterranean conduit to carry off water and waste matter (as surface water from rainfall, household waste from sinks or baths, or waste water from industrial works).” (Webster's 3d New Internat. Dict. (1993) p.2081.) The American Heritage Dictionary also denotes the function of “carrying off sewage or rainwater.” (American Heritage College Dict. (3d ed.1997) p. 1248.) On the other hand, the Random House Dictionary of the English Language (2d ed.1987) page 1754, does not mention storm or rain water in defining “sewer” as “an artificial conduit, usually underground, for carrying off waste water and refuse, as in a town or city.”
6. Public Utilities Code section 230.5 defines “Sewer system” to encompass all property connected with “sewage collection, treatment, or disposition for sanitary or drainage purposes, including . all drains, conduits, and outlets for surface or storm waters, and any and all other works, property or structures necessary or convenient for the collection or disposal of sewage, industrial waste, or surface or storm

waters.” Salinas City Code section 36-2(31) defines “storm drain” as “a sewer which carries storm and surface waters and drainage, but which excludes sewage and industrial wastes other than runoff water.”

7. For example, Government Code section 63010 specifies “storm sewers” in delimiting the scope of “[d]rainage,” while separately identifying the facilities and equipment used for “[s]ewage collection and treatment.” (Gov.Code, § 63010, subds.(q)(3), (q)(10).) Government Code section 53750, part of the Proposition 218 Omnibus Implementation Act, explains that for purposes of articles XIII C and article XIII D “[d]rainage system” means “any system of public improvements that is intended to provide for erosion control, landslide abatement, or for other types of water drainage.” Health and Safety Code section 5471 sets forth government power to collect fees for “services and facilities . in connection with its water, sanitation, storm drainage, or sewerage system.”

8. Sanitary sewerage carries “putrescible waste” from residences and businesses and discharges it into the sanitary sewer line for treatment by the Monterey Regional Water Pollution Control Agency. (Salinas City Code, § 36-2, subd. (26).)

9. Resolution No. 17019 defined “Storm Drainage Facilities” as “the storm and surface water sewer drainage systems comprised [sic ] of storm water control facilities and any other natural features [that] store, control, treat and/or convey surface and storm water. The Storm Drainage Facilities shall include all natural and man-made elements used to convey storm water from the first point of impact with the surface of the earth to a suitable receiving body of water or location internal or external to the boundaries of the City. ” The “storm drainage system” was defined to include pipes, culverts, streets and gutters, “storm water sewers,” ditches, streams, and ponds. (See also Salinas City Code, former § 29-3, subd. (l ) [defining “storm drainage system”].)

10. Storm water under ordinance No. 2350 includes “storm water runoff, snowmelt runoff, and surface runoff and drainage.” (Salinas City Code, former § 29-3, subd. (dd).)

**Dear City Managers:**

***We are requesting that you consider sending a support letter to Senator Hertzberg for SB 1298. Up to this time, local agencies have been required by a prior court decision to follow both a "notice and protest" hearing process (majority protest) and a vote of either the electorate to adopt stormwater fees. The County of Los Angeles followed this cumbersome and redundant process with their attempt to adopt a regional stormwater fee in 2012.***

***If approved, SB 1298 will allow cities to form a stormwater utility, just as many cities now operate water and wastewater utilities, and to rely on the majority protest process to adopt and increase service fees. SB 1298 is voluntary and each individual city will need to make its own decision to form a stormwater utility and whether they will rely on the majority protest process or vote of the electorate/land owners.***

***Our working group has been collectively implementing a "tool box" of measures to assist the cities in funding water quality projects since 2014. The group recognized that the challenges of funding stormwater projects requires a "suite of measures." SB 1298 is a critical component of this suite.***

***Reaching consensus with 85 cities in our diverse and large county is very difficult, if not impossible. There are some cities opposed to SB 1298 on a tax policy basis. Again forming a stormwater utility and relying on SB 1298 is voluntary and an individual city decision.***

***SB 1298 will help cities fund necessary water quality and water supply projects, benefiting residents, businesses and create much needed jobs. It helps to build our municipal "tool box." We have attached a sample letter for your consideration, along with a fact sheet and the amended legislation.***

***Please fax letters to Senator Hertzberg's office at 916-322-0298.***

***Please don't hesitate to contact me if you have any questions or need additional information.***

***Ken Farfsing  
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