San Gabriel Valley Council of Governments

NOTICE OF THE REGULAR MEETING OF THE CITY MANAGERS' STEERING COMMITTEE

Date: Wednesday, June 7, 2017 – 12 noon

Location: Foothill Transit Office

(100 S. Vincent Ave., Suite 200, West Covina, CA)

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.

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. Copies are available via email upon request (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.

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.

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.**

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.

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.

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 – Page 1
Recommended Action: Approve City Managers' Steering Committee Minutes.

ACTION ITEMS

7. FY 2017-18 Chair and Vice-Chair
Recommended Action: Nominate candidates to serve as the Chair and Vice-Chair of the City Managers' Steering Committee and TAC for FY 2017-18.

8. FY 2017-18 ACE Budget – Page 5
Recommended Action: Recommend Governing Board approve.

9. FY 2016-17 Budget Amendment #3 – Page 47
Recommended Action: Recommend Governing Board approve.

DISCUSSION ITEMS

10. Ad Hoc ACE/ Large Capital Projects Committee Draft Report – Page 55
Recommended Action: For information only.

11. Treasurer's Report
Recommended Action: For information only.

12. Contract with LA County to Support Commercial Property Assessed Clean Energy (PACE) Program Outreach – Page 71
Recommended Action: For information only.

UPDATE ITEMS

13. ACE Construction Authority – Oral Report
Recommended Action: For information only.

14. Executive Director's Monthly Report – Oral Report
Recommended Action: For information only.

COMMITTEE MEMBER ITEMS

ANNOUNCEMENTS

ADJOURN

SGVCOG City Managers' Steering Committee Unapproved Minutes
May 3, 2017
12:00 Noon
Foothill Transit

1. Call to order. The meeting was called to order at 12:05 PM.

2. Pledge of Allegiance.

3. Roll Call

Members Present:		**Members Absent:**
Arcadia	D. Lazzaretto	Diamond Bar
Baldwin Park	S. Yauchzee	Duarte
Claremont	T. Ramos	South Pasadena
Glendora	C. Jeffers	Temple City
La Canada Flintridge	M. Alexander	
La Verne	B. Russi	
Monrovia	O Chi	
Pomona	L. Lowry	
West Covina	C. Freeland	

SGVCOG Staff/Guests:
Phil Hawkey, Executive Director
E. Wolf, Staff
C. Cruz, Staff
M. Christoffels, ACE
B. Carnahan, Interim Director, LACCE JPA
C. Perry, Supervisor Barger
M. Yokoyama, Alhambra

4. Public Comment.
There were no public comments.

5. Changes to Agenda Order.
There were no changes to the agenda order.

CONSENT CALENDAR

6. City Managers' Steering Committee Minutes
There was a motion to approve the consent calendar (M/S: B. Russi/L. Lowry).
[Motion Passes]

AYES:	Arcadia, Baldwin Park, Claremont, Glendora, La Canada Flintridge, La Verne, Monrovia, Pomona, West Covina
NOES:	
ABSTAIN:	
ABSENT:	Diamond Bar, Duarte, South Pasadena, Temple City

PRESENTATIONS

7. Los Angeles County Office of Marijuana Management - Joe Nicchitta, Countywide Coordinator

J. Nicchitta, gave a presentation on the County's planning efforts related to Proposition 64, the adult use of marijuana act. He covered personal cultivation and commercial regulation. The County's regulations would apply to unincorporated areas. The County desires to work with surrounding communities to develop uniform regulations. A County Cannabis Task Force will begin meeting in May 2017 to discuss recommendations for regulation. Community meetings will begin in June 2017 and the County intends to adopt its final regulations in January 2018.

ACTION ITEMS

8. Measure H Comment Letter

C. Cruz reviewed the SGVCOG comment letter. The committee discussed the merits of Measure M funding for law enforcement activities related to homelessness. D. Lazzaretto recommended adding a sentence to the comment letter clarifying why SGV cities should receive funding for their law enforcement efforts related to homelessness.

There was a motion to accept the letter (with the recommended change) and forward it to the Board of Supervisors. (M/S: L. Lowry/O. Chi).

[Motion Passes]

AYES:	Arcadia, Baldwin Park, Claremont, Glendora, La Canada Flintridge, La Verne, Monrovia, Pomona, West Covina
NOES:	
ABSTAIN:	
ABSENT:	Diamond Bar, Duarte, South Pasadena, Temple City

9. FY 2016-17 3rd Quarter Financial Report

The quarterly report was received and filed.

DISCUSSION ITEMS

10. Ad Hoc ACE/ Large Capital Projects Committee Next Steps

P. Hawkey reviewed the work of the committee.

11. Los Angeles Community Choice Energy (LACCE) Joint Powers Authority (JPA)

P. Hawkey stated that a survey of SGV cities resulted in only three cities interested in forming a separate CCE JPA. Bill Carnahan, Interim Director of the LACCE JPA, discussed the formation of the County JPA. He addressed members' concerns that the County of Los Angeles would dominate decision making. Carnahan urged cities to join early so that they can have a say in shaping how the JPA is formed.

12. Measure M Guideline Development Update

M. Christoffels reviewed Measure M guidelines development. He addressed local match. He stated that investments by private developers can count, as well as grade separation funds. Metro has still not agreed to fund a COG Transportation Program/Planner.

13. AB109/Prop 47-57 Impacts

O. Chi led a discussion of the recent increases in crime. He reviewed the actions that Monrovia has taken, including a public relations campaign aimed at mobilizing their citizens to advocate for legislative changes. He invited other cities to join this effort. The question of what (if any) action the COG should take was raised. There was no resolution to the question but the committee concurred that this is an emerging issue that should be monitored for potential action by the COG.

14. Stormwater and MS-4 Permit Update

E. Wolf gave an update on the status of the four stormwater bills that the COG sponsored.

15. Committee Meeting Location

P. Hawkey asked if there was interest in changing the location of the City Manager's meeting.

UPDATE ITEMS

16. ACE Construction Authority – Oral Report

There was no report.

17. Executive Director's Monthly Report – Oral Report

P. Hawkey discussed the Governing Board officer elections coming up this month.

COMMITTEE MEMBER ITEMS

ANNOUNCEMENTS

ADJOURN

The meeting adjourned at 2:01 P.M.

REPORT

DATE: June 15, 2017

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

FROM: Phil Hawkey, Executive Director

VIA: Mark Christoffels, CEO, ACE Construction Authority

RE: Approval of ACE's Fiscal Year 2017-18 Budget

RECOMMENDED ACTION:

Recommend Governing Board adopt Resolution 17-17 approving ACE's Fiscal Year 2017-18 budget.

BACKGROUND:

Since ACE is wholly funded through allocated grants, ACE's annual budget is based on anticipated expenditures of those grant funds during FY 2018. Unlike a typical municipal budget, where expenditures are confined to anticipated revenues, ACE's annual budget is based on anticipated progress, and corresponding expenditures including any indirect support costs, of the approved and fully funded projects in its program. ACE's annual budget consist of two parts; anticipated indirect expenditures and direct expenditures. The following is a comparison of ACE's budget to a typical municipal budget:

- City has an Operating and a Capital Improvement Project (CIP) budget
  - Operating is ongoing annual expenditures such as city staff, fuel, rent, supplies, utilities, etc.
  - CIP are one time capital expenditures such as street repaving, new buildings, new traffic signals, etc.
- ACE has an Indirect and a Direct budget
  - Indirect is ongoing annual expenditures such as ACE staff, rent, supplies, utilities, etc.
  - Direct are project related expenditures such as design, R/W acquisition and construction

The following is a comparison of how ACE closes out its previous fiscal year to a typical municipal budget:

- City
  - Operating Budget is closed out and any funds left go to fund balance. Council approves a new Operating Budget
  - Remaining funds of CIP Budget are carried over into the new fiscal year to complete projects that were approved and started in prior fiscal years. Only new additional project funding is approved by the Council

- ACE
  - Indirect Budget is closed out and any funds left go to fund balance. ACE Board approves a new Indirect Budget
  - Since ACE's Direct Budget reflects only each project's one-year window of expected costs and not the entire anticipated project cost, fund balances are not carried over into the new fiscal year, and the Board approves a new Direct Budget.

FY 2017 Budget Year End Summary

Overall ACE will close out FY2017 approximately $41 million below its adopted fiscal year budget, or expenditure plan. The following summarizes the FY 2017 indirect and direct costs:

FY 2017 Indirect Project Expense

Indirect expenses (such as salaries, rent, office supplies, etc.) that cannot easily be charged to specific project activities are billed to grants based on an annual indirect rate plan approved by Caltrans. The FY 2017 rate was approved by Caltrans and included adjustments for over or under spending in prior years. ACE anticipates indirect expenses for FY 2017 will be $21,000 under the budgeted amount of $4.025 million (approximately 0.5%). For FY 2017 ACE will collect all of the indirect costs.

FY 2017 Direct Project Expense

Direct expenses are those than can be readily associated with specific projects such as staff or program management time, engineering or construction management contracts, property acquisition, construction, and miscellaneous support costs. For FY 2017 direct costs will be $40.932 million below the budgeted amount of $129.381 million (30%). These projected under expenditures, unfortunately, are not project savings, but rather expected expenditures that did not occur this year and will most likely happen in FY 2018. Delayed expenditures are primarily a result of construction activities not progressing as we anticipated. Some were weather related, others third party, and some were simply unavoidable circumstances during construction. These delays result in lower monthly billings from ACE's contractors. These funds will be carried over and re-budgeted in the proposed FY 2018 budget.

FY 2018 Proposed Budget

The total proposed FY 2018 budget is $148,001,000. This includes $4,073,000 in indirect costs and $143,928,000 in direct costs. Total grants that have been allocated to ACE is $1,698,837,000. With the proposed expenditures for FY 2018, ACE will have a remaining grant balance of $418,626,000 for anticipated remaining project expenses.

FY 2018 Indirect Project Expense

The proposed FY 2018 indirect expense budget was developed by line item, based on past expenditures and anticipated cost changes such as liability insurance, rent, utility costs, salaries, CalPERS, legal support, office supplies, and IT support. The ratio of all indirect costs to

anticipated direct labor and fringe benefit cost is used to calculate the Indirect Cost Allocation Plan (ICAP) which is submitted to Caltrans for approval, and becomes the basis for billing indirect costs in FY 2018.

Total anticipate indirect costs is $4.073 million, which is approximately 1.6% more than last year. This increase is due to a lump sum pre-paid liability insurance payment for the Durfee Avenue project, as well as some IT costs for software purchases.

FY 2018 Direct Project Expense

The proposed FY 2018 direct expense budget assumes six projects in construction and three projects in design as well as ongoing land acquisition activities. For the active construction projects (San Gabriel Trench, Fairway, Puente, Temple, Durfee and Fullerton) staff used the approved construction schedules to determine the rate of construction and determine the anticipated contractor expenditures. For the three projects in design (At-grade safety improvements, Montebello and Turnbull Canyon) staff included in the project budget the final design as well as the current estimated cost of land acquisition if applicable to the project. It should be noted that the pace and cost of land acquisition is the most speculative part of the budget estimates and may change if cost settlements require court action.

Total anticipated direct costs is $144 million which is 12% more than last year. This increase reflects an anticipated increase in construction expenses (our largest budget item).

Project Financing for FY 2018

ACE will continue to utilize the funds from a $45 million working capital loan from the Los Angeles County Metropolitan Transportation Authority (Metro) to maintain cash flows and bridge the timing gap between project expenditures and reimbursements from our granting agencies. Based on the projected cash flow, ACE will be able to fund the interest expenses on the working capital loan from the proceeds of ACE's short term investments. Investments continue to generate interest income in excess of interest expense.

FY 2018 Budget Approval

The proposed budget was adopted by the ACE Board on June 5, 2017 and presented to San Gabriel Valley Council of Governments (SGCVOG) City Manager Steering Committee on June 7, 2017. In accordance with the SGVCOG's by-laws, the ACE budget requires approval by both the ACE and SGVCOG Governing Boards.

Upon adoption of the FY 2018 budget, staff will continue to provide both the ACE Board and the SGVCOG Governing Board with project status and budget updates on a quarterly basis. ACE's Finance Committee will also be provided a comprehensive discussion of the financial state of the ACE Program at its quarterly meetings.

RESOLUTION NO. 17-17
RESOLUTION OF THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS (SGVCOG) ADOPTING THE ALAMEDA CORRIDOR-EAST (ACE) PROJECT FY 2017-18 BUDGET

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

WHEREAS, the ACE Project Budget serves as the basis for the ACE Project's programs and activities;

WHEREAS, the ACE Chief Executive Officer (CEO) is responsible for the development and implementation of the ACE Project Budget;

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

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

PASSED AND ADOPTED by the Governing Board of San Gabriel Valley Council of Governments, County of Los Angeles, in the County of Los Angeles, State of California, on the 15th day of June, 2016.

San Gabriel Valley Council of Governments

_____
Cynthia Sternquist, President

Attest:

I, Philip A. Hawkey, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 17-17 was adopted at a regular meeting of the Governing Board held on the 15th day of June, 2017, by the following roll call vote:

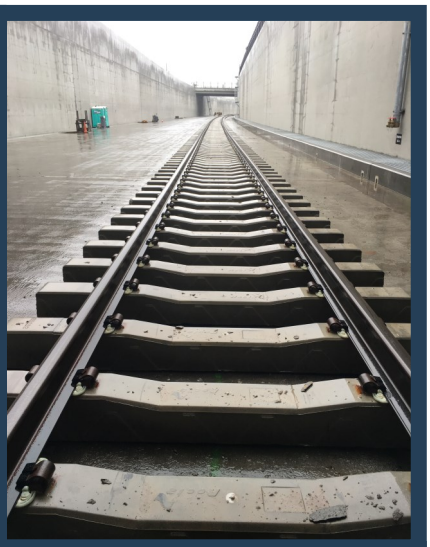
AYES:	
NOES:	
ABSTAIN:	
ABSENT:	

_____

Philip A. Hawkey, Secretary

FY 2018

Proposed Budget



At-Grade Safety Improvements

Durfee Avenue

Fairway Drive

Fullerton Road

Montebello Corridor

Puente Avenue

San Gabriel Trench

Turnbull Canyon

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Budget Message

Fiscal year 2017 was an exceptionally busy time for ACE with four grade separation projects and one rail diversion project in construction at an estimated total cost of $1.1 billion. In addition, during FY17 ACE continued working on the design of three more grade separation projects as well as safety enhancements at eight crossings. FY17 also posed schedule delays for construction activity due to record breaking rainfalls. An overall update of the ACE Program is as follows:

Construction

The Nogales Street grade separation was completed in FY17. This project was recently recognized as Safety Project of the Year by the California Transportation Foundation. Though open to traffic in June, there remains some work that will be completed shortly.

The Fullerton Road grade separation broke ground in September. With Nogales open, the Fullerton project now is our busiest construction project area, located in a heavily traveled corridor to shopping, restaurants, warehousing, residential and the State Road 60 freeway. As with all projects, ACE is working closely with local businesses to mitigate the construction and traffic impacts.

The San Gabriel Trench project progressed well in FY17 and was expected to be running trains on its tracks by now, however rain delayed delivery of ballast required for the new tracks. Full train service in the trench is expected in early FY18.

The Temple Avenue train diversion project affecting the Cal Poly Pomona area is expected to be complete by the end of the year.

The Fairway Drive grade separation project was amended to include construction of on and off ramps on the State Route 60 freeway. This phase of the Fairway project is expected to be complete before the end of calendar year 2017.

The Puente Avenue grade separation project has reached its half way milestone of construction. The Puente Avenue grade separation in the City of Industry, the Temple Avenue project in Pomona and our most extensive endeavor, the San Gabriel Trench project, are all expected to be complete in fiscal year 2018.

Design

The Durfee Avenue grade separation project in the City of Pico Rivera is in the midst of design and expected to begin construction early 2018.

The Montebello Corridor project, a long awaited project for the City is also in design.

Finally, the ***At-Grade Safety Improvement*** project, a series of much needed safety improvements in Pomona is also well into design.

While we do not have construction funding for the ***Turnbull Canyon Road grade separation*** project in the City of Industry, this project is also in design. Staff has applied for various state and

federal grants and is optimistic that funding for Turnbull Canyon, ACE's final grade separation project, will be available when the design is completed.

Looking ahead: During FY17, our parent agency, the San Gabriel Valley Council of Governments' (SGVCOG) Governing Board acknowledged the value of having a construction entity available for future regional projects being funded with Measure M and potentially other grants that the SGVCOG may obtain. Recognizing the benefits of maintaining some version of the current ACE organization and its expertise is something we are exceptionally proud of. In February, the Governing Board agreed to expand the scope of ACE beyond grade separations and a reorganization of ACE, the details of such are still in discussion. While it is for the SGVCOG Governing Board ultimately to decide, ACE does not anticipate any immediate changes to the current ACE organization. The current staff's primary focus will be to complete the ACE Program.

On the funding side, ACE staff successfully petitioned the California Transportation Commission to re-allocate Trade Corridor Improvement Funds from project savings on the Baldwin Avenue Project as well as regional funds that remained unspent to the Durfee Road Grade Separation Project. ACE has also submitted $50 million in grant applications under the recently approved Federal FAST ACT. If approved, ACE will be very close to being a fully funded program.

Administratively, ACE has continued to recover all billable costs in a timely manner. As an agency completely reliant on reimbursement of expenses, this is an extremely important goal and insures that the agencies borrowing costs are kept to a minimum.

During FY17 ACE continued to provide finance, accounting, IT and human resources services through Memorandums of Understanding to the SGVCOG. Through our team efforts, improved policies and procedures were developed and implemented and audited by Caltrans. As a result, the SGVCOG's high risk designation has been removed and the SGVCOG is now eligible to receive and administer state and federal grants. ACE also continued to provide transportation planning and legislative advocacy support for programs related to Measure M.

The Fiscal Year 2018 budget provides for a work plan as ambitious as the one ACE just completed. It is anticipated that project expenditures will match or even exceed those of Fiscal Year 2017 and ACE will be one step closer to its goal of completing all of the adopted projects in the ACE Program.

Mark Christoffels

Chief Executive Officer

Background

The planning for the ACE Project, done in the late 1990s, was based on anticipated increases in train traffic through the San Gabriel Valley from the then current level of approximately 55 trains per day, to approximately 160 by 2020. The result would be traffic delays at crossings increasing by up to 300%. Based on current train traffic along both subdivisions of the Union Pacific Railroad through the San Gabriel Valley, train counts have increased significantly and are predicted to reach the numbers anticipated in the original study within the next 10 years.

The originally adopted ACE Project included safety improvements at 39 grade crossings located throughout the San Gabriel Valley and 22 grade crossing eliminations (grade separations). In 2007 the original project estimate from 1998 was updated to take into account inflation over the previous 10 years, higher than anticipated right-of-way requirements, and increased railroad and utility relocation costs. In late 2007 ACE increased the project cost estimate from $910 million to $1.404 billion (without an allowance for escalation over time), which remained fairly consistent until the remaining project scope was restudied in 2010-11. Subsequently in 2013, and again in 2015 the project was amended to revise the scope of projects in Pomona and Montebello. During fiscal year 2017 the addition of a betterment at Lemon Avenue, requested by the Cities of Diamond Bar and Industry was included in the adopted project. With the adoption of these project changes the overall ACE program cost now stands at $1.735 billion.

To date ACE has implemented 39 crossing safety improvements and nine grade separation projects.

Project Status

The following is a summary of the status of the active projects:

Nogales Street Grade Separation (LA subdivision): The Nogales Street grade separation was opened to traffic in June 2017. While the street has been open, minor work remains related to the groundwater system and a local sewer connection that should be completed this summer.

San Gabriel Trench: Construction crews are nearing completion of the 1.2-mile, 65-foot-wide and 30-foot-deep San Gabriel railroad trench. With work completed on the trench walls and floor, and bridges at all four railroad crossings, the focus shifts to new mainline construction. However, due to the record rainfall and severe weather conditions in California through the months of January and February, track outages and service interruptions required Union Pacific to divert their crews and materials for repairs elsewhere in the state and across the Pacific Northwest, ultimately impacting the schedule for the mainline track work. The new mainline tracks are scheduled to be installed by Union Pacific crews by mid-Summer. Once complete, freight traffic will shift from the temporary railroad shoofly onto the new tracks in the trench. The majority of the project is anticipated to be completed by the end of the year.

Puente Avenue Grade Separation: Construction of a roadway underpass and railroad bridge on Puente Avenue at Valley Boulevard in the City of Industry and unincorporated community of Avocado Heights is moving into its next phase. Excavation has begun on Workman Mill Road, south of Valley Boulevard, to prepare the site for construction of the south abutment, retaining walls and roadway underpass. Crews recently finished work on the southern portion of the roadway bridge that will carry vehicles across Puente Avenue. Despite construction taking place on busy Valley Boulevard, work was staged to ensure traffic flow and access to local businesses was maintained at all times. Work now moves on to the northern portion of the Valley Boulevard roadway bridge as well as the railroad bridge that will span the underpass. As a result, traffic lanes on Valley Boulevard have been shifted onto the newly constructed portion of the bridge structure

on the south. In addition, 3rd Avenue has been opened to traffic to provide access to eastbound Valley Boulevard. Project completion is scheduled for fall 2018.

Fullerton Road Grade Separation: Fullerton Road from Gale Avenue on the north and the eastbound State Route 60 freeway off-ramp on the south is being widened to three lanes in each direction, improving traffic flow and reducing congestion at the bottleneck, traversed by over 23,000 vehicles daily. The widening is being completed in advance of a road closure this summer to construct a six-lane roadway underpass and railroad bridge on Fullerton Road in the City of Industry and unincorporated community of Rowland Heights. Completion of the grade separation and reopening of the roadway is anticipated in summer 2020.

Fairway Drive Grade Separation: In anticipation of the crossing closure to construct a roadway underpass and railroad bridge on Fairway Drive later this year, crews are working to build a new interchange on State Route 60 at Lemon Avenue in the Cities of Diamond Bar and Industry that will be used as a detour for motorists. The three-legged interchange will include a westbound on-ramp and eastbound off and on-ramps. Freeway ramp work is scheduled to be completed in the fall. This was a betterment requested by the Cities of Diamond Bar and Industry. The Lemon Avenue project, once complete, will be the first major construction project funded under the Measure M program. This is not only a major achievement for all parties involved – ACE, Caltrans, Diamond Bar and City of Industry, but is the first major highway project undertaken by the ACE Construction Authority. Subsequent completion of the grade separation is anticipated in summer 2020.

Temple Avenue: This project consists of the diversion of the Union Pacific Railroad's (UPRR) Alhambra subdivision to join the UPRR Los Angeles subdivision in Pomona to eliminate grade crossings at both Pomona Boulevard and Temple Avenue. The diversion required a track across Cal Poly Pomona agricultural property and the addition of 2½ miles of third track along the Los Angeles subdivision and the modification of a storm drain box. This work will be completed this summer followed by UPRR completing rail installations and signal modifications. Thereafter rail operations along these lines will

begin, thus abandoning the portion of the Alhambra Subdivision from west of Temple Avenue to Hamilton Boulevard.

Montebello Corridor: The Montebello Corridor Grade Separation Project calls for constructing a roadway underpass, sidewalks, bike lanes and railroad bridge at the railroad crossing on Montebello Boulevard. Safety improvements will include quad crossing gates at the crossings on Maple, Greenwood and Vail Avenues. A pedestrian overcrossing is also planned for the Maple Avenue crossing due to significant numbers of pedestrians and cyclists. The environmental review process is moving forward as ACE staff continues to coordinate with the City and other stakeholders during the preliminary design phase. The project is expected to begin construction in early 2020.

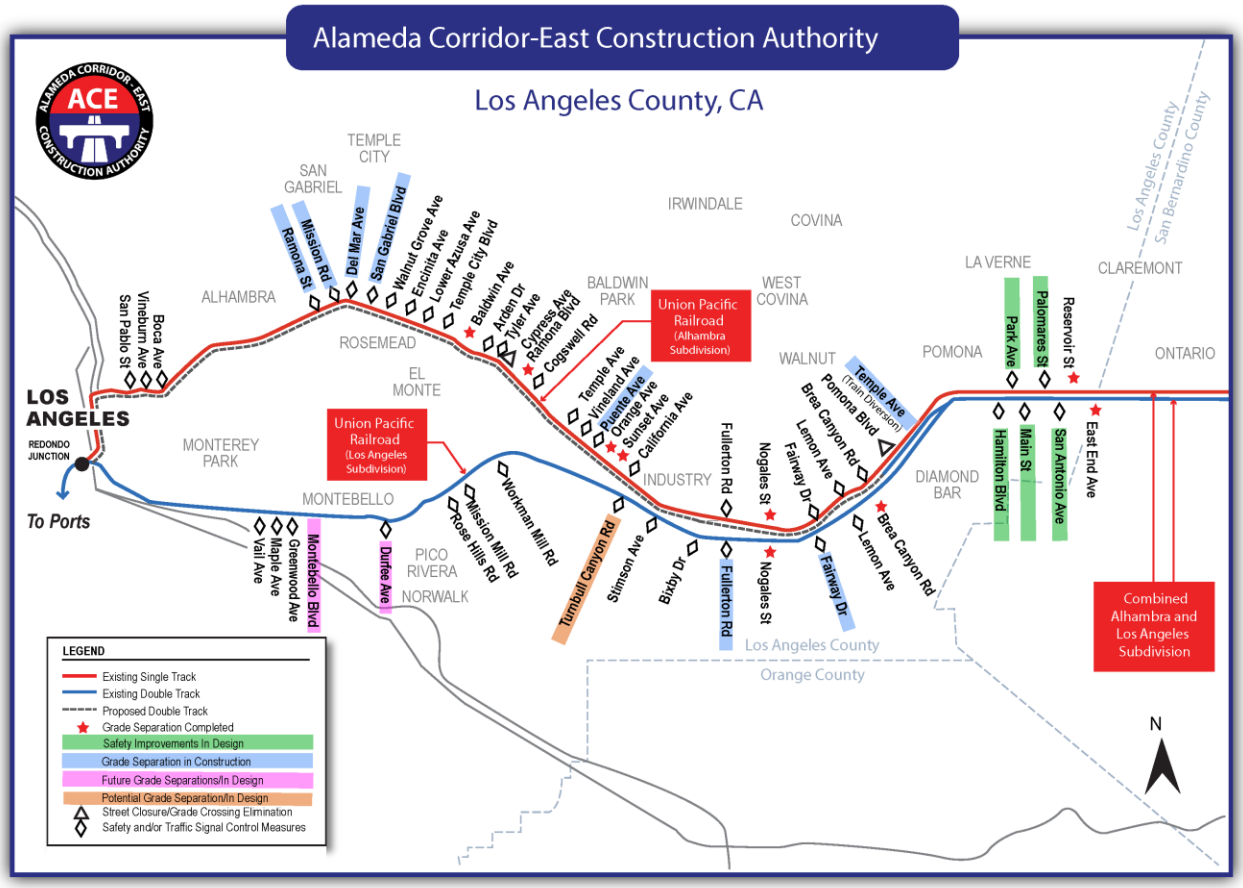
Durfee Avenue Grade Separation: Final design work and property acquisition is taking place on the Durfee Avenue Grade separation project. This project will lower Durfee Avenue between Beverly Road and Whittier Boulevard in the City of Pico Rivera and construct a new railroad bridge for freight and Metrolink passenger trains. Staff is addressing design revisions requested by project stakeholders and finalizing right-of-way acquisitions and utility coordination issues. Bids for construction of the underpass are scheduled to be solicited this fall with groundbreaking slated for early 2018.

At-Grade Safety Improvements: The proposed crossing safety improvement project in Pomona includes features such as pedestrian channelization, roadway modifications, updated signage and striping and traffic signal improvements at five at-grade railroad crossings near the downtown area at Hamilton Boulevard, Park Avenue, Main Street, Palomares Street and San Antonio Avenue. The project will address safety issues at the crossings, where five fatalities of pedestrians and a cyclist have been recorded at four of the crossings over the last 10 years, with one motorist injured when a vehicle was stuck on the tracks at the fifth crossing. Project design plans have reached the 35 percent preliminary engineering stage and ACE staff continues to coordinate with stakeholders, utilities and other agencies. The current schedule calls for construction to start in summer 2019.

Turnbull Canyon Road Grade Separation: Plans for a grade separation project on Turnbull Canyon Road in the City of Industry and unincorporated community of Hacienda Heights are moving on to the preliminary design phase. The City of Industry Council voted last year to approve construction of a two-lane overpass structure. The overpass concept was recommended due to potential property impacts, utility conflicts, groundwater concerns, coordination with Union Pacific Railroad and estimated project costs for an underpass. Preliminary design and engineering is anticipated to be completed by early 2018.

PROJECT MAP

The ACE project area map depicts completed projects to date and updated activities for the projects in construction and in design.



Alameda Corridor-East Project Area

Project Construction Photos

PUMP STATION EXCAVATION – FULLERTON ROAD GRADE SEPARATION PROJECT – CITY OF INDUSTRY

CAST IN DRILL HOLE PILE DRIVING – PUENTE AVENUE GRADE SEPARATION PROJECT – CITY OF INDUSTRY

LAYING TRAIN TRACK – SAN GABRIEL TRENCH PROJECT – CITY OF SAN GABRIEL

STORM DRAIN INSTALLATION- LEMON AVENUE/60FWY BETTERMENT – CITIES OF DIAMOND BAR & INDUSTRY

AGGREGATE PIER INSTALLATION - FAIRWAY DRIVE GRADE SEPARATION PROJECT – CITY OF INDUSTRY

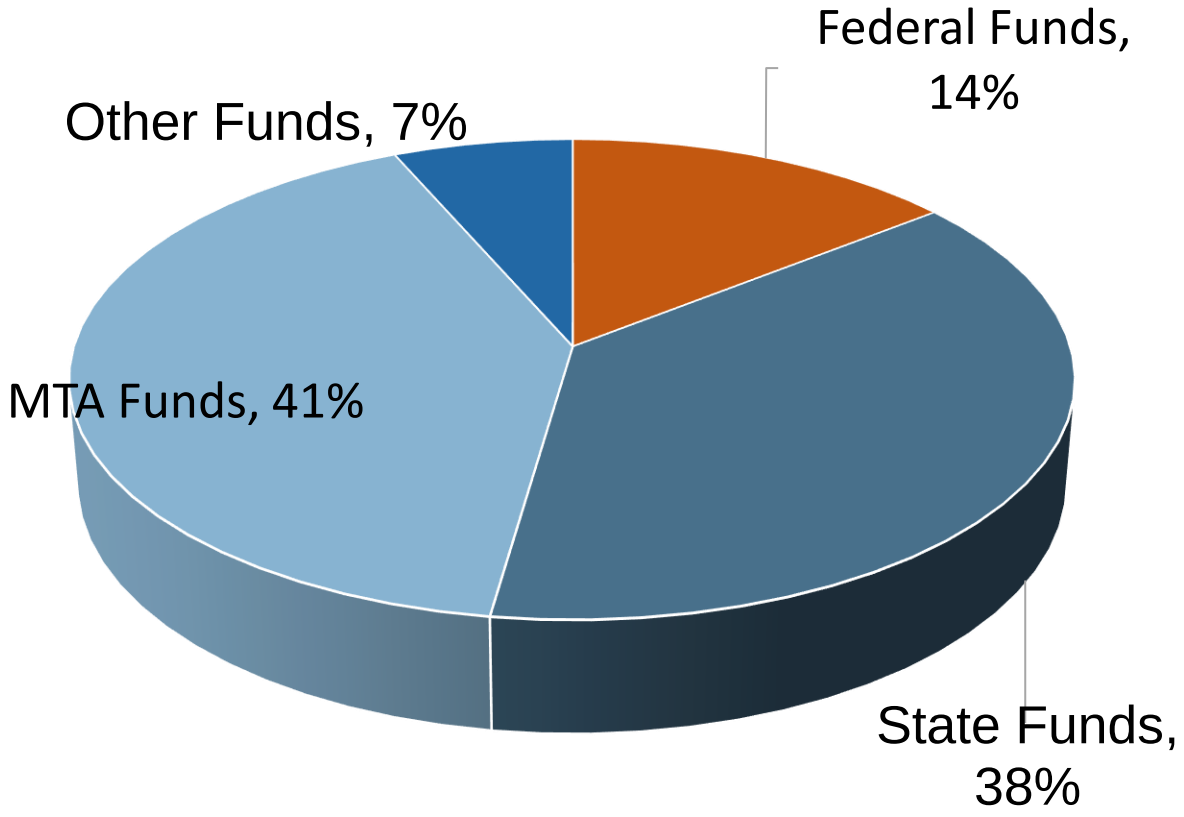
Project Cost Estimates

The current cost estimate for all completed and currently active projects as well as proposed future projects is as follows:

PROJECT	COST *(in millions)*
Completed Projects	
Safety Crossings/IRRIS	$ 34.141
Nogales Street (Alh) (West Covina/Industry)	49.798
East End Avenue/Reservoir Street (Pomona)	79.000
Brea Canyon Road (Diamond Bar/Industry)	73.903
Ramona Boulevard (El Monte)	53.091
Sunset Avenue (Industry)	93.862
Baldwin Avenue (El Monte)	70.365
Nogales Street (LA sub) Industry/Unincorporated LA Co.)	121.088
Active Projects	
San Gabriel Trench (San Gabriel)	312.758
Puente Avenue (Industry)	97.377
Fairway Drive (Industry)	158.357
Fullerton Road (Industry)	152.384
Temple Avenue Train Diversion (Pomona)	98.165
Durfee Avenue (Pico Rivera)	91.143
At-Grade Improvements (Pomona)	22.916
Montebello Corridor (Montebello)	160.045
Turnbull Canyon Road (Industry/Unincorporated LA) (design only)	10.106
Total	$ 1,680.288

FY 2018 Funding Status

The total funding sources and commitments to the ACE program since its inception is $1,698,837. Matching these funding commitments against the projects expenditures of $1.680 billion plus $11.9 million in startup and administrative costs shows that the ACE program currently has $6.6 million in funding available for the one remaining project in the adopted ACE program that is not fully funded (Turnbull Canyon Road grade separation). Design of this project was initiated this fiscal year however whether this project moves into right of way acquisition or construction activities will be dependent upon ACE securing additional grant funding.



Committed Funding & Sources

($ in millions)

FEDERAL	
Federal TEA-21 Highway Demonstration Earmark (FY 1999-2003)	$132.557
FY 2001 FHWA Highway Fund Transportation Appropriation	1.497
FY 2000 FHWA Discretionary Sec. 1118(c) Trade Corridor Funds	1.240
FY 2001 FHWA Discretionary Sec. 1118(c) Trade Corridor Funds	2.397
FY 2002 FHWA Highway Fund Transportation Appropriation	3.884
FY 2003 FHWA Highway Fund Transportation Appropriation	1.485
FY 2004 FHWA Highway Fund Transportation Appropriation	1.881
FY 2006 FHWA Highway Fund Transportation Appropriation	4.158
FY 2009 Surface Transportation Program	0.570
FY 2010 Surface Transportation Program	0.500
AAA FY 2010	1.349
Federal SAFETEA-LU (FY 2005-2009)	67.346
FY 2009 FRA Grade Crossing Program	2.544
PUC (Section 130)	10.000
Intermodal Surface Transportation Efficiency Act Funds	6.936
Congestion Mitigation and Air Quality Improvement Funds	6.347
Total Federal Funding: $244.691	
STATE	
1998 State ITIP Discretionary Funds (FY 2000- 2004)	$38.982
State Transportation Congestion Relief Program Funds	130.300
Section 190 PUC Funds	10.000
Prop. 1B Trade Corridor Improvement Funds	420.497
Prop. 1B Highway-Rail Crossing Safety Account	43.906
Total State Funding: $643.685	
MTA	
MTA 17% Local Match Commitment	$259.891
MTA Call for Projects Funding (2007)	28.849
MTA Measure R*	400.000
Total MTA Funding: $698.719	
OTHER	
City/County/MWD Funds	$12.122
Railroad contribution to active projects	40.552
Betterments	26.274
Property Sales	3.224
Total Other Funding: $111.172	

Total Funds Committed	$1,698.837
Less Project and Start Up Costs	(1,692.215)
Remaining Funds Available	**$6.622**

FY 2017 Budget Status

The Board of Directors adopted the Fiscal Year 2017 budget in June 2016.

As in the past, ACE's adopted 2017 budget was broken down into two categories – indirect project expense and direct project expense.

Indirect Project Expense

Indirect expenses (such as salaries, rent, office supplies, etc.) that cannot easily be charged to specific project activities are billed to grants based on an annual indirect rate plan approved by Caltrans. The FY 2017 rate was approved by Caltrans and included adjustments for over or under spending in prior years. ACE anticipates indirect expenses for FY 2017 will be $21,000 under the budgeted amount of $4.025 million (approximately 0.5%). For FY 2017 ACE will collect all of the indirect costs.

Direct Project Expense

Direct expenses are those than can be readily associated with specific projects such as staff or program management time, engineering or construction management contracts, property acquisition, construction, and miscellaneous support costs. For FY 2017 direct costs will be $40.932 million below the budgeted amount of $129.381 million (30%). These projected under expenditures, unfortunately, are not project savings, but rather expected expenditures that did not occur this year and will most likely happen in FY 2018. Delayed expenditures are primarily a result of construction activities not progressing as we anticipated. Some were weather related, others third party, and some were simply unavoidable circumstances during construction. These delays result in lower monthly billings from ACE's contractors. These funds will be carried over and re-budgeted in the proposed FY 2018 budget

FY 2017 Budget vs. Estimated Actual

($ in thousands)

Expenditures	Year End Estimate	FY 2017 Budget	Under/ (Over)
Indirect			
Personnel			
Salaries and Wages	$ 1,555	$ 1,536	$ (19)
Fringe Benefits	1,361	1,349	(12)
Board/Employee Expense			
Auto/Travel	24	28	4
Training/Memberships	30	38	8
Board Expense	17	21	4
Professional Services			
Auditing/Accounting	44	42	(2)
Community Outreach Program	5	-	(5)
Legal-Agency Support	25	25	-
Program Management	17	17	-
State/Federal Advisory Services	242	256	14
Risk Management	52	65	13
Insurance	230	230	-
Equipment Expense	99	113	14
Office Expense	244	244	-
Office Operations	51	53	2
Other	8	8	-
Total Indirect	4,004	4,025	21
Direct			
Salaries and Wages	1,343	1,417	74
Fringe Benefits	538	568	30
Auto Allowance Allocated to Projects	19	23	4
Program Management	3,174	3,557	383
Legal	1,291	2,904	1,613
Design	4,117	7,956	3,839
ROW Acquisition	3,577	13,498	9,921
Utility Relocation	2,402	1,169	(1,233)
Construction Mgt	9,833	10,708	875
Railroad	8,248	4,040	(4,208)
Construction	53,192	82,771	29,579
UPRR Invoice Review	8	70	62
Third Party Review	671	700	29
Utilities (Site)	35	-	(35)
Advertising	1	-	(1)
Total Direct	88,449	129,381	40,932
Total Expenditures	$ 92,453	$ 133,406	$ 40,953

FY 2017 Goals Status

Within each annual budget, goals are established based on best estimates at the time of budget preparation. The following represents how ACE met or expects to meet each goal in the areas of project implementation, funding/finance and outreach by June 30, 2017.

Project Implementation

PROJECT	GOAL	STATUS
At-Grade Safety Improvements	Design at 35% & completion of environmental clearance	Will meet this goal
Durfee Avenue Grade Separation	100% design complete/advertise for construction	Expect design to be complete in October; advertise for construction in November
Fairway Drive Grade Separation	Construction 40% complete	Anticipate 35% completion
Fullerton Road Grade Separation	Construction 20% complete	Anticipate 12% completion
Montebello Corridor	Design 35% complete & completion of environmental clearance	Will meet this goal
Puente Avenue Grade Separation	Construction 70% complete	Will meet this goal
San Gabriel Trench	Construction 90% complete	Will meet this goal
Temple Avenue Train Diversion	Complete project	Project expected to be complete in September 2017
Turnbull Canyon Grade Separation	Design 25% complete	Will not meet this goal. Expect design at 35% by the end of calendar year 2017

Funding/Financial Administration

GOAL	STATUS
Ensure ACE's interests are represented in Federal National Freight Programs	Accomplished. Grade separations are eligible for new Federal freight funding programs; construction authorities are eligible grant applicants.
Pursue additional funding for remaining grade separation project or potential shortfall on existing projects	Accomplished. $35M state bond funding reallocated from Baldwin to Fullerton. Two Federal freight grant fund applications submitted/under consideration.
Timely completion of "clean" financial and single audits	Accomplished.
Maintain at least 25% of borrowed funds invested	Accomplished.
Complete 18 professional services contract audits	Expect 17 audits to be complete.
Complete four quality control/quality assurance audits	Exceeded. Expect to complete five.

Community Outreach

GOAL	STATUS
Conduct dedication ceremonies for the San Gabriel Trench and potentially the Temple Avenue project	The San Gabriel Trench opening ceremony is expected to be held in FY '18.
Conduct community open house/public meetings for the Montebello Corridor, Turnbull Canyon and At-Grade Safety Improvement projects	Outreach meetings for all three projects will be held in FY '18.
Conduct environmental, community and school outreach effort for five projects in construction (San Gabriel Trench, Puente Ave., Fairway Dr., Fullerton Rd., and Durfee Ave)	Extensive outreach efforts continued for four projects in construction (San Gabriel Trench, Puente, Fairway and Fullerton). Early construction outreach activities held for Durfee Ave project.
Conduct groundbreaking ceremonies for the Fullerton Road and Durfee Avenue Projects	Groundbreaking held for Fullerton; Durfee Ave project groundbreaking will be held in FY '18

FULLERTON ROAD GRADE SEPARATION PROJECT GROUNDBREAKING CEREMONY – CITY OF INDUSTRY

FY 2018 Proposed Budget

ACE has developed and implemented budgeting, accounting and project control systems that meet generally accepted accounting standards with the goal of delivering a project that accomplishes its intended purposes as expeditious and cost effective as possible. The budget for FY 2018 (July 1, 2017 through June 30, 2018) was developed in two parts: anticipated project related direct expenses and general indirect expenses.

Indirect Budget

The proposed FY 2018 indirect expense budget was developed by line item, based on past expenditures and anticipated cost changes such as liability insurance, rent, utility costs, salaries, CalPERS, legal support, office supplies, and IT support. The ratio of all indirect costs to anticipated direct labor and fringe benefit cost is used to calculate the Indirect Cost Allocation Plan (ICAP) which is submitted to Caltrans for approval, and becomes the basis for billing indirect costs in FY 2018.

Direct Budget

The proposed FY 2018 direct expense budget assumes six projects in construction and three projects in design as well as ongoing land acquisition activities. For the active construction projects (San Gabriel Trench, Fairway, Puente, Temple, Durfee and Fullerton) staff used the approved construction schedules to determine the rate of construction and determine the anticipated contractor expenditures. For the three projects in design (At-grade safety improvements, Montebello and Turnbull Canyon) staff included in the project budget the final design as well as the current estimated cost of land acquisition if applicable to the project. It should be noted that the pace and cost of land acquisition is the most speculative part of the budget estimates and may change if cost settlements require court action.

FY 2018 PROPOSED BUDGET

($ in thousands)

Expenditures		FY 2018 Proposed
Indirect		
Personnel		
Salaries and Wages	$	1,547
Fringe Benefits		1,334
Board/Employee Expense		
Auto/Travel		24
Training/Memberships		34
Board Expense		17
Professional Services		
Auditing/Accounting		42
Community Outreach Program		5
Legal-Agency Support		25
Program Management		18
State/Federal Advisory Services		242
Risk Management		52
Insurance		250
Equipment Expense		174
Office Expense		251
Office Operations		51
Other		7
Total Indirect		4,073
Direct		
Salaries and Wages	$	1,485
Fringe Benefits		573
Auto Allowance Allocated to Projects		27
Program Management		3,895
Legal		1,590
Design		8,556
ROW Acquisition		3,835
Utility Relocation		3,866
Construction Mgt		9,187
Railroad		8,760
Construction		101,250
UPRR Invoice Review		29
Third Party Review		832
Utilities (Site)		30
Advertising		13
Total Direct		143,928
Total Expenditures	$	148,001

FY 2018 DIRECT COSTS BY PROJECT

($ in thousands)

Expenditures	FY 2018 Proposed	Temple	SG Trench	Puente Avenue	Fairway Drive	Fullerton	Durfee	Montebello Corridor	Turnbull Canyon	AT-Grade Crossing	Nogales (LA)
Direct											
Salaries and Wages	$ 1,485	$ 62	$ 201	$ 197	$ 258	$ 246	$ 177	$ 136	$ 99	$ 68	$ 40
Fringe Benefits	573	24	78	76	100	95	68	53	38	26	15
Auto Allowance Allocated to Projects	27	1	5	4	7	4	3	1	1	1	1
Program Management	3,895	1	160	24	826	490	959	1,152	-	23	260
Legal	1,590	-	60	-	305	280	613	260	-	10	62
Design	8,556	10	88	25	265	250	700	4,000	1,588	1,630	-
ROW Acquisition	3,835	-	5	-	(700)	2,500	830	-	-	-	1,200
Utility Relocation	3,866	-	4	2	860	1,000	2,000	-	-	-	-
Construction Mgt	9,187	210	2,012	1,400	1,800	2,400	1,275	-	-	-	90
Railroad	8,760	100	2,700	2,500	1,500	350	1,520	50	20	20	-
Construction	101,250	450	17,500	16,800	40,500	18,000	8,000	-	-	-	-
UPRR Invoice Review	29	-	4	-	-	25	-	-	-	-	-
Third Party Review	832	2	100	25	120	200	125	200	10	35	15
Utilities (Site)	30	-	-	-	-	-	25	-	-	-	5
Advertising	13	-	-	2	-	-	8	3	-	-	-
Total Direct	$ 143,928	$ 860	$ 22,916	$ 21,055	$ 45,840	$ 25,840	$ 16,304	$ 5,855	$ 1,757	$ 1,814	$ 1,688

FY 2018 Proposed Revenue & Expenditure Budget

($ in thousands)

Expenditures	FY 2018 Proposed
Revenues	
Federal	$ 2,766
State	71,430
Local	50,417
Betterment/Other	23,388
Total Revenue	148,001
Operating Expenditures	
Direct	
Design	8,921
ROW Acquisition	11,814
Construction	88,900
Construction Mgt	12,408
Betterment	9,220
Lemon Ave Betterment	12,665
Total Direct	143,928
Indirect	
Personnel	2,881
Board/Employee Expense	75
Professional Services	384
Insurance	250
Equipment Expense	174
Office Expense	251
Office Operations	51
Other	7
Total Indirect	4,073
Total Operating Expenditures	148,001
Excess of Revenue over Expenditures before Financing	-
Financing Income	
Investment Revenue	775
Financing Expense	(697)
Net Financing Income/Expense	79
Excess of Revenues over Expenditues	79
Net position at FY 2016 year's end	$ 14,539
Estimated net position at FY 2018 year's end	$ 14,618

FY 2017/18 Expenditure Comparison

The following addresses significant line item changes proposed for FY 2018 compared to the FY 2017 budgeted (greater than 10%). The total anticipated expenditures in FY 2018 will be up from what was budgeted in FY 2017 as construction expenses (our largest budget item) is increased to reflect the extensive construction activity anticipated.

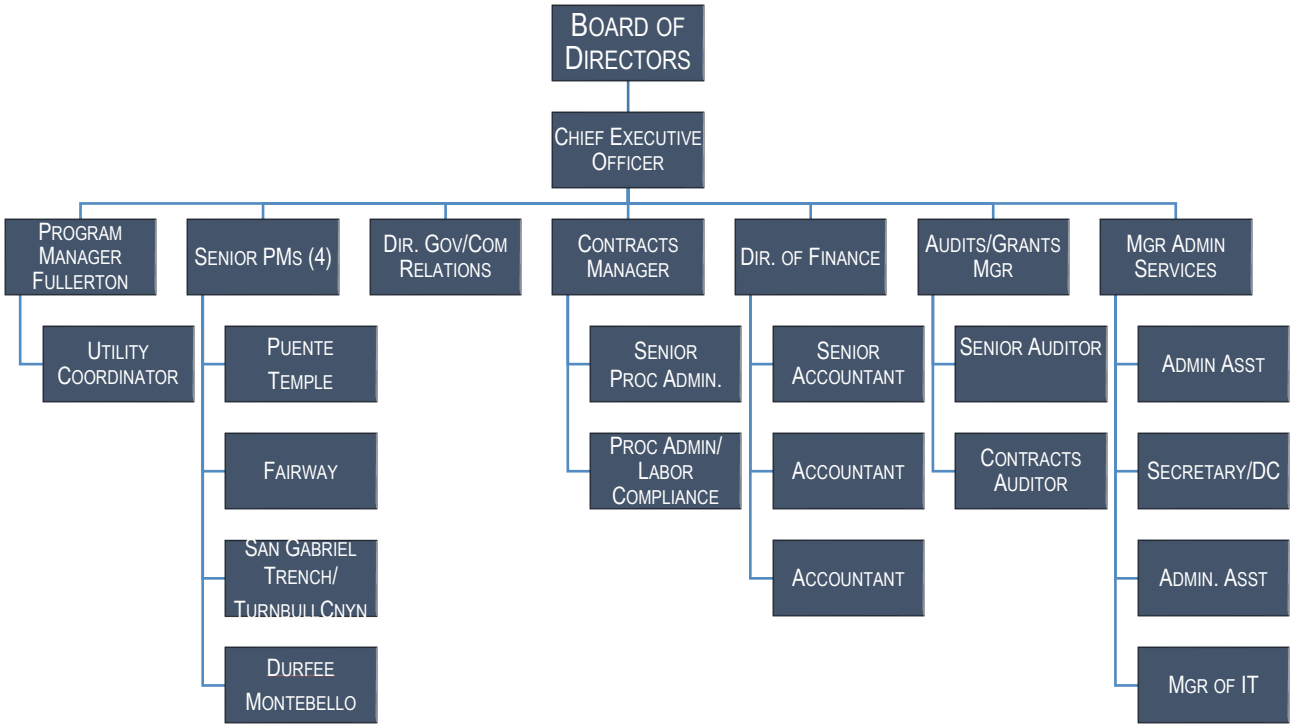
Indirect Expenditures

Insurance ($20,000 increase) – This reflects the premium for the prepaid excess liability insurance required when we begin construction on a project. The increase this fiscal year reflects purchase of insurance for the Durfee Avenue grade separation project.

Office Equipment ($61,000 increase) – ACE will purchase audit software to implement electronic audit work papers. ACE is one of the few agencies that still creates paper-based audit work papers. During peer reviews, utilization of electronic audit software was recommended by participating agencies. The implementation of electronic work papers will improve effectiveness and efficiency. We are also including funds for new office work station cubicles. The ACE office lease expires in May 2018 and we are planning to renegotiate our lease and return the office cubicles that belong to the building owner, cubicles that date back to the 1970s and need replacement. We will upgrade work stations to provide an ergonomically friendly work environment.

Personnel: Salary & Wages/Fringe Benefits - The FY 2018 proposed budget assumes no staffing level change. We foresee the organization maintaining the 24 full time positions and one part time position approved by the Board. We have included reclassification of accounting titles for two positions after re-examination of current responsibilities; however the range for the position did not change. The budget does provide for a 3% merit pool to be allocated based on performance evaluations. There is no CPI or fixed percentage salary adjustments included in the budget.

Organizational Chart



Direct Expenditures

Legal ($1.3M decrease) - Legal costs are normally increased during periods of increased property acquisition activities. Property acquisition activities are expected to decrease during this fiscal year thereby reducing this line item.

Right of Way Acquisition ($9.663M decrease) – Early acquisitions for properties at Montebello and Durfee during fiscal year 2017 contributed to this decrease. Overall the stage of the project drives this cost category and right of way activities are expected down this fiscal year due to the phase of each project.

Utility Relocations ($2.697M increase) – With construction in full force at some projects, and early construction activities anticipated at Durfee, utility relocation costs are expected to slightly increase.

Construction ($18.479 million increase) – Significant construction billing is anticipated on the Puente Avenue, Fullerton Road and Fairway Drive projects as they start constructing major retaining walls and bridge structures.

Railroad ($4.720 million increase) – Union Pacific Railroad billings are expected to be higher in FY 2018 as mainline construction will be active on the San Gabriel Trench, Temple Avenue, and Puente Avenue projects.

The pace of active projects is the major factor in the annual budget projection. For FY 2018 we have made the following assumptions about the projects having the biggest impact on our spending estimates:

- San Gabriel Trench (San Gabriel) – Construction 100% complete.
- Puente Avenue (Industry) – Construction 80% complete.
- Fairway Drive (Industry/LA County) – Construction 50% complete.
- Durfee Avenue (Pico Rivera) – Construction begins.
- Fullerton Road (Industry) – Construction 35% complete.
- At-Grade Safety Improvements (Pomona) – Design 80% complete.
- Montebello Corridor (Montebello) – Design 60% complete.
- Turnbull Canyon Road – Design 50% complete

FY 2017 Budget vs. FY 2018 Proposed

($ in thousands)

Expenditures	FY 2017 Approved	FY 2018 Proposed	Incr/ (Decr)
Indirect			
Personnel			
Salaries and Wages	$ 1,536	$ 1,547	$ 11
Fringe Benefits	1,349	1,334	(15)
Board/Employee Expense			
Auto/Travel	28	24	(4)
Training/Memberships	38	34	(4)
Board Expense	21	17	(4)
Professional Services			
Auditing/Accounting	42	42	-
Community Outreach Program	-	5	5
Legal-Agency Support	25	25	-
Program Management	17	18	1
State/Federal Advisory Services	256	242	(14)
Risk Management	65	52	(13)
Insurance	230	250	20
Equipment Expense	113	174	61
Office Expense	244	251	7
Office Operations	53	51	(2)
Other	8	7	(1)
Total Indirect	4,025	4,073	48
Direct			
Salaries and Wages	1,417	1,485	68
Fringe Benefits	568	573	5
Auto Allowance Allocated to Projects	23	27	4
Program Management	3,557	3,895	338
Legal	2,904	1,590	(1,314)
Design	7,956	8,556	600
ROW Acquisition	13,498	3,835	(9,663)
Utility Relocation	1,169	3,866	2,697
Construction Mgt	10,708	9,187	(1,521)
Railroad	4,040	8,760	4,720
Construction	82,771	101,250	18,479
UPRR Invoice Review	70	29	(41)
Third Party Review	700	832	132
Utilities (Site)	-	30	30
Advertising	-	13	13
Total Direct	129,381	143,928	14,547
Total Expenditures	$ 133,406	$ 148,001	$ 14,595

FY 2017 Estimated Actuals vs. FY 2018 Proposed

($ in thousands)

Expenditures	FY 2017 Estimate	FY 2018 Proposed	Incr/ (Decr)
Indirect			
Personnel			
Salaries and Wages	$ 1,555	$ 1,547	$ (8)
Fringe Benefits	1,361	1,334	(27)
Board/Employee Expense			
Auto/Travel	24	24	-
Training/Memberships	30	34	4
Board Expense	17	17	-
Professional Services			
Auditing/Accounting	44	42	(2)
Community Outreach Program	5	5	-
Legal-Agency Support	25	25	-
Program Management	17	18	1
State/Federal Advisory Services	242	242	-
Risk Management	52	52	-
Insurance	230	250	20
Equipment Expense	99	174	75
Office Expense	244	251	7
Office Operations	51	51	-
Other	8	7	(1)
Total Indirect	4,004	4,073	69
Direct			
Salaries and Wages	1,343	1,485	142
Fringe Benefits	538	573	35
Auto Allowance Allocated to Projects	19	27	8
Program Management	3,174	3,895	721
Legal	1,291	1,590	299
Design	4,117	8,556	4,439
ROW Acquisition	3,577	3,835	258
Utility Relocation	2,402	3,866	1,464
Construction Mgt	9,833	9,187	(646)
Railroad	8,248	8,760	512
Construction	53,192	101,250	48,058
UPRR Invoice Review	8	29	21
Third Party Review	671	832	161
Utilities (Site)	35	30	(5)
Advertising	1	13	12
Total Direct	88,449	143,928	55,479
Total Expenditures	$ 92,453	$ 148,001	$ 55,548

FY 2018 Project Goals

Staff proposes to accomplish the following by June 30, 2018 (unless otherwise noted):

Project Implementation

PROJECT	GOAL
At-Grade Safety Improvements	Design 80% complete
Durfee Avenue	Construction begins
Fairway Drive	50% complete/Lemon Ave complete
Fullerton Road	35% complete
Montebello Corridor	35% design complete, begin right of way activity and final design
Puente Avenue	Complete project by July 2018
San Gabriel Trench	100% complete
Temple Avenue	Complete September 2017
Turnbull Canyon	Design 35% complete

Funding/Financial Administration

GOAL
Ensure ACE's interests are represented in Senate Bill 1 grant programs
Pursue additional funding for remaining grade separation project or potential shortfall on existing projects
Timely completion of "clean" financial and single audits
Maintain at least 25% of borrowed funds invested
Complete 16 professional services contract audits
Complete five quality control/quality assurance audits (All active construction projects)

Community Outreach

GOAL
Conduct environmental, community and school outreach effort for five projects in construction (San Gabriel Trench, Puente Avenue, Fairway Drive, and Fullerton Road and Durfee Avenue).
Conduct community open house/public meetings for the Montebello Corridor, Turnbull Canyon and At-Grade Safety Improvements projects.
Conduct groundbreaking ceremony for Durfee Avenue project.
Conduct dedication ceremony for Temple Avenue project.
Plan dedication ceremony for Puente Avenue project.
Plan dedication ceremony for San Gabriel Trench project.

Project Financing

ACE will continue to utilize the funds from a $45 million working capital loan from the Los Angeles County Metropolitan Transportation Authority (Metro) to maintain cash flows and bridge the timing gap between project expenditures and reimbursements from our granting agencies. Based on the projected cash flow, ACE will be able to fund the interest expenses on the working capital loan from the proceeds of ACE's short term investments. Investments continue to generate interest income in excess of interest expense.

Because the ACE Construction Authority continues to have no meaningful sources of revenue other than grants and contributions from funding agencies, ACE staff continues to make every effort to ensure that all other expenditures are reimbursable by federal, state or local grants. We use this Budget submittal to annually advise the Board of the cumulative exposure of unreimbursed costs the Authority is incurring. As of this date, we have incurred the following unreimbursed or unreimbursable expenses, dating back to the beginning of the ACE Construction Authority:

FY 1998	$ 71,185	Expenses incurred by SGVCOG prior to 6/30/98 not reimbursed by MTA
FY 2000	11,298	Net interest cost of loan from City of Industry
FY 2001	2,738	Net interest cost of loan from City of Industry
FY 2006	105,529	Payment to SGVCOG for claimed unreimbursed expenses
	$ 190,750	Estimated total – project-life-to-date

Based on experience to date, we expect the cumulative surpluses from railroad contributions will be sufficient to pay for our cumulative unreimbursed expense.

Budget Review and Approval

The proposed budget will be presented to San Gabriel Valley Council of Governments City Manager Steering Committee on June 7, 2017 and to the ACE Board and to the public for consideration at the June 5, 2017 ACE Board Special meeting. Any changes will be incorporated into the approved budget and submitted to the San Gabriel Valley Council of Governments (SGVCOG) for consideration at their June 15, 2017 meeting.

Upon adoption of the FY 2018 budget, staff will continue to provide both the ACE and SGVCOG Governing Board with project status and budget updates on a quarterly basis. ACE's Finance Committee will also be provided a comprehensive discussion of the financial state of the ACE Program at its quarterly meetings.

The FY 2018 budget does not request Board approval for new contracts amendments to existing consultant support contracts. Each consultant support contract authorization will be brought to the Board for necessary action after adoption of the FY 2018 budget

Budget Glossary

INDIRECT EXPENSES

Personnel

- Salaries and Wages: Salaries for employees (charged both as indirect and direct expenses).
- Fringe Benefits: Employee benefits such as health insurance, life insurance and pension.

Board/Employee Expenses

- Auto/Travel: Employee travel for business purposes. Includes registration fees and local mileage reimbursement or auto allowance.
- Training/Memberships: Authority and professional memberships; ongoing professional training.
- Board Related Expenses: Per Diem, stipend and Board travel.

Professional Services

- Auditing/Accounting: Financial auditing and accounting services.
- Legal - Agency Support: General Counsel, construction legal and any other legal services not directly chargeable to specific construction projects.
- Program Management: Contracted project administration support which cannot be charged to specific projects. Consists primarily of special studies, community relations, and those activities of our support contractors which address general agency needs.
- State/Federal Advisory Services: State & Federal legislation research, monitoring and funding application services.
- Risk Management: Administrative fee for analyzing insurance requirements, reviewing ACE and contractor policies and obtaining insurance.
- Insurance: Annual insurance premiums
- Equipment Expense: Purchase/lease and maintenance of office equipment such as copiers, printers and computers.
- Office Expense: Rent on ACE office space, including maintenance and miscellaneous expense.
- Office Operations: Office supplies, postage, printing/copying and telephones.

- Other: General advertising, subscriptions, payroll service fees, etc.

DIRECT EXPENSES

- Betterments: City funded work that City desires to have ACE construct concurrently with project (e.g. street modifications, beautifications)
- Program Management: The portion of overall program management expenses which can be directly charged to projects; consists primarily of design and utility relocation support, land acquisition related services and office support.
- Legal: Legal expenses which can be directly charged to specific projects for land acquisition activities.
- Design: Preparation of project plans, specifications and estimates and support during construction.
- Right of Way Acquisition: Property acquisition costs, closing costs, appraisals, surveys, miscellaneous acquisition support costs.
- Utility Relocation: Costs of relocating utilities, including design.
- Construction Management: Field oversight of construction.
- Railroad: Railroad (UPRR and Metro link) charges to projects for project support, design, procurement and construction.
- Construction: Payment to construction contractors.
- Third Party Review: Payment to outside agencies (e.g., UPRR, Cities, LA County) for their costs to review and approve project designs and submittals.
- UPRR Invoice Review: Use of an outside contractor to review UPRR billings for errors, mischarges, questionable costs, etc.
- Advertising: Cost of advertising construction contracts.
- Utilities (Site): Cost of utilities service to construction sites.

REPORT

DATE: June 5, 2017

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

FROM: Phil Hawkey, Executive Director

RE: FY 2016-17 BUDGET AMENDMENT #3

RECOMMENDED ACTION

Recommend Governing Board adopt Resolution 17-16 approving Amendment #3 to the FY 2016-17 budget.

BACKGROUND

Staff is recommending some minor revisions to the FY 2016-17 budget in prepared for the end of the fiscal year. The overall impact of the proposed revision is to increase the net revenue to expenses ratio by $263, resulting in a year-end balance of -$24,249.

Prepared by: Marisa Creter
Marisa Creter
Assistant Executive Director

Approved by: _____
Phil Hawkey

ATTACHMENTS

Attachment A– Explanation of Revisions to Revenue and Expenses
Attachment B – Resolution 17-16

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

Line	Note
10, 11, 13, 24, 26, 56	The San Gabriel Valley Energy Wise Partnership is currently fully staffed, with one full-time management analyst and 5 part-time interns. These staff work on various energy efficiency programs, including assisting cities with energy efficiency projects in municipal facilities and conducting community outreach and education. All employee costs for these staff members, including salary, benefits, and a proportional share of the SGVCOG overhead costs, are fully reimbursed through the grant. The Energy Wise budget is based on a calendar year, rather than a fiscal year and there are three agreements that fund this program, two with Southern California Edison and one with SoCalGas. Staff is recommending shifting some of the anticipated revenue between these three funding sources, increasing expenditures for part-time staff, including salary and employee taxes, and reducing expenses. The net impact of these changes is to increase the year-end balance by $15,000.
32, 37, 38, 40, 41	Staff is recommending minor changes to various operational expenses based on actual-to-date expenditures. These changes are as follows: • Reduce the utilities budget by $2,025 from $8,025 to $6,000; • Reduce the miscellaneous expenditures budget by $2,000 from $5,000 to $3,000; • Reduce the meetings and travel budget by $5,000 from $40,000 to $35,000; • Increase the administrative fees budget by $500 from $3,500 to $4,000; • Reduce the insurance budget by $2,000 from $8,000 to $6,000. The net impact of these changes is to increase the year-end balance by $10,525.
42	Staff has begun planning the 2017 General Assembly, which is scheduled for October 2017. The event will be held at the Pacific Palms Resort in Industry. Staff is recommending increasing the General Assembly budget by $1,315 to reflect payment of the deposit to secure the location.
46	The SGVCOG has an agreement with ACE to provide transportation technical assistance. Those charges are billed hourly. With the passage of Measure M, ACE staff has provided additional assistance to the SGVCOG, including reviewing and commenting on the Measure M guidelines and participating on the Measure M Policy Advisory Committee. Staff is recommending increasing the budget for this line item by $10,000, from $30,000 to $40,000.
47	The SGVCOG has an agreement with ACE to provide administrative support. This includes managing the COG's payroll and HR functions and ensuring compliance with conflict of interest requirements (i.e. Form 700). ACE administrative staff have assisted on special projects this year, including implementation of a new timekeeping system, development of payroll processes, and the preparation of the SGVCOG's updated financial policy. Staff is recommending increasing the budget for this line item by $8,500, from $25,000 to $33,500.
51	Staff is recommending increasing the budget for grant-writing services by $3,500, from $50,000 to $53,500. These additional funds will be used to assist interested cities submit applications to Metro's Transit Oriented Development (TOD) Round 5 Grant program. To date this year, the SGVCOG has spent $47,420 on grant writing and those projects have received $895,972 in funding (19:1).

53	Governing Board members receive a $50 stipend per meeting. Due to high attendance at Board meetings, staff is recommending increasing the budget for stipends by $1,000, from $11,000 to $12,000.
57	Earlier this year, the SGVCOG completed work on the SCE CEESP Phase 3 grant, which developed a green building guide and created a home energy assessment program. Staff has submitted the final invoice and closed out the grant. Staff is recommending increasing the expenses for this grant by $947 to reflect the final invoice.

RESOLUTION NO. 17-16

RESOLUTION OF THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS (SGVCOG) APPROVING AMENDMENT #3 TO THE FY 2016-17 BUDGET

WHEREAS, the SGVCOG Governing Board adopted the FY 2016-17 Budget on May 19, 2016;

WHERAS, annual budget serves as the basis for the SGVCOG's programs and activities;

WHEREAS, since the adoption of the budget the SGVCOG has updated information regarding revenues and expenditures;

NOW, THEREFORE, BE IT RESOLVED that the Governing Board approves Amendment #3 to the FY 2016-17 budget to incorporate the following changes (as shown in Exhibit A):

1. Increase Energy Wise (Gas) revenues by $20,000 from $100,000 to $120,000.
2. Increase Energy Wise (Edison) revenues by $21,000 from $109,000 to $130,000.
3. Decrease SGVEWP Strategic Plan revenues by $12,000 from $40,000 to $28,000.
4. Increase Internship Program expenses by $23,000 from $60,500 to $83,500.
5. Increase PERS and Employer Taxes expenses by $6,000, from $34,122 to $40,122.
6. Reduce Utilities expenses by $2,025 from $8,025 to $6,000.
7. Reduce Miscellaneous expenses by $2,000 from $5,000 to $3,000.
8. Reduce Meeting/Travel expenses by $5,000 from $40,000 to $35,000.
9. Increase Administrative Fee expenses by $500 from $3,500 to $4,000.
10. Reduce Insurance expenses by $2,000 from $8,000 to $6,000.
11. Increase General Assembly expenses by $1,315 from $10,500 to $11,815.
12. Increase Transportation Technical Support expenses by $10,000, from $30,000 to $40,000.
13. Increase Administrative Support expenses by $8,500, from $25,000 to $33,500.
14. Increase Grant Writing expenses by $3,500, from $50,000 to $53,500.
15. Increase Stipend expenses by $1,000, from $11,000 to $12,000.
16. Decrease SGVEWP expenses by $15,000, from $40,000 to $25,000.
17. Increase SCE CEESP Phase 3 expenses by $947, from $2,475 to $3,422.

PASSED AND ADOPTED by the Governing Board of San Gabriel Valley Council of Governments, County of Los Angeles, in the County of Los Angeles, State of California, on the 15th day of June, 2017.

San Gabriel Valley Council of Governments

_____

Cynthia Sternquist, President

Attest:

I, Philip A. Hawkey, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 17-16 was adopted at a regular meeting of the Governing Board held on the 15th day of June, 2017, by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

_____

Philip A. Hawkey, Secretary

		Adopted Budget FY 16/17	Adopted Amendment #1	Adopted Amendment #2	Proposed Amendment #3	Change (+/-)
1	**General Operating Income**					
2	Member Dues	$ 745,909	$ 745,909	$ 745,909	$ 745,909	$ -
3	Sponsorships	-	10,500	12,551	12,551	$ -
4	Hero Revenue	12,000	12,000	12,000	12,000	$ -
5	Miscellaneous Revenue	-	2,500	13,146	13,146	$ -
6	Interest	1,000	1,000	1,000	1,000	$ -
7	*Total General Operating Income*	758,909	771,909	784,606	784,606	
8	**Grants & Special Project Income**					
9	MTA Consultant	88,413	88,413	88,413	88,413	$ -
10	Energy Wise (SGVEWP) - Gas	80,000	80,000	100,000	120,000	$ 20,000
11	Energy Wise (SGVEWP) - Edison	109,000	109,000	109,000	130,000	$ 21,000
12	SCE CEESP Phase 3 Grant	47,850	47,850	15,846	15,846	$ -
13	SGVEWP Strategic Plan Grant			40,000	28,000	$ (12,000)
14	*Total Grants & Special Project Income*	325,263	325,263	353,259	382,259	
15	**Total Income**	1,084,172	1,097,172	1,137,865	1,166,865	
16	**General Operating Expenses**					
17	Ongoing Operational Contracts					
18	Legal Services	30,000	30,000	35,000	35,000	$ -
19	Financial Audit Services	20,000	20,000	20,000	20,000	$ -
20	Treasurer	5,000	5,000	13,500	13,500	$ -
21	Financial/Accounting Services (ACE)	28,000	28,000	32,000	32,000	$ -
22	Personnel					
23	Salaries & Deferred Compensation	260,000	260,000	364,167	364,167	$ -
24	Internship Program	40,500	40,500	60,500	83,500	$ 23,000
25	Benefits	33,600	33,600	56,700	56,700	$ -
26	PERS & Employer Taxes	19,162	19,162	34,122	40,122	$ 6,000
27	Calpers Payment (Includes FY 2015-16)	-	-	25,000	25,000	$ -
28	Staff Training and Professional Development	5,000	5,000	5,000	5,000	$ -
29	PERS Unfunded Liability	-	-			

		Adopted Budget FY 16/17	Adopted Amendment #1	Adopted Amendment #2	Proposed Amendment #3	Change (+/-)
30	General & Administrative					
31	Rent & Parking	72,627	72,627	72,627	72,627	$ -
32	Utilities	8,025	8,025	8,025	6,000	$ (2,025)
33	Postage	2,000	2,000	2,000	2,000	$ -
34	Equipment & Software Acquisition	10,000	10,000	10,000	10,000	$ -
35	Storage	2,671	2,671	2,671	2,671	$ -
36	Office Supplies	5,000	5,000	5,000	5,000	$ -
37	Miscellaneous maint/ops expense	5,000	5,000	5,000	3,000	$ (2,000)
38	Meeting/Travel	40,000	40,000	40,000	35,000	$ (5,000)
39	Dues & Subscriptions	3,500	3,500	3,500	3,500	$ -
40	Administrative Fees	3,500	3,500	3,500	4,000	$ 500
41	Insurance	8,000	8,000	8,000	6,000	$ (2,000)
42	General Assembly	-	13,000	10,500	11,815	$ 1,315
43	Consultant Services					
44	Management Consultant Services	156,000	156,000	65,000	65,000	$ -
45	MTA Board Support	106,090	106,090	106,090	106,090	$ -
46	Transportation Techinical Support (ACE)	30,000	30,000	30,000	40,000	$ 10,000
47	Administrative Support (ACE)	20,000	20,000	25,000	33,500	$ 8,500
49	Media/Public Relations	2,000	2,000	2,000	2,000	$ -
50	Information Technology	2,000	2,000	2,000	2,000	$ -
51	Grant Writing Services	50,000	50,000	50,000	53,500	$ 3,500
52	Transportation Consultant	-	10000	-	-	$ -
52	Direct Expenses					
53	Board Stipends & Taxes	11,000	11,000	11,000	12,000	$ 1,000
54	Printing / Publication	12,000	12,000	12,000	12,000	$ -
55	Direct Grant Expenses		-			
56	SGVEWP Edison & Gas Expenses	40,000	40,000	40,000	25,000	$ (15,000)
57	SCE CEESP Phase 3 Expenses	40,000	40,000	2,475	3,422	$ 947
58	**Total Expenditures**	1,070,675	1,093,675	1,162,376	1,191,114	
59	**Net income (Loss)**	$ 13,497	$ 3,497	$ (24,511)	$ (24,249)	

Draft May 18
REPORT

DATE: June 15, 2017

TO: SGVCOG Governing Board

FROM: Phil Hawkey, Executive Director

RE: ACE/LARGE CAPITAL PROJECTS AD HOC COMMITTEE FINAL REPORT

RECOMMENDED ACTION:

Discuss and provide direction to staff.

BACKGROUND:

The attached report represents the consensus recommendation of the ACE/Large Capital Projects Ad Hoc Committee. It is being presented initially for information and discussion at the June 15 Governing Board meeting and to give direction to staff on preparation of the final report and recommendations that will be considered at the July 20 Governing Board meeting. Staff will present an updated report for possible action at the July 20 Governing Board meeting reflecting the direction given at the June meeting.

This report is an outcome that emanated from the SGVCOG Strategic Planning process in early 2016, where the SGVCOG Governing Board identified the need to assess of the role of ACE and the SGVCOG in planning, funding, and constructing large capital projects. These discussions prompted the SGVCOG President, Gene Murabito to form an ad hoc committee to study and explore these issues. The Ad Hoc ACE/Large Capital Projects Committee was tasked with assessing 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. Related to this, it was also tasked with providing recommendations as to whether ACE should dissolve upon completion of its mission in six years or should be restructured as a division of the SGVCOG that would be responsible for the construction of large capital projects in the San Gabriel Valley.

With the passage of Measure M, San Gabriel Valley transportation projects and programs will receive more than $2 billion in local sales tax funds over the coming decades, in addition to the $1 billion being allocated to the Foothill Gold Line project. Significant Measure M funding will be passed through eight programs established by the SGVCOG. Over the course of the Ad Hoc Committee's work, it became apparent that whatever organizational form emerged from the effort, it must include added capacity for the SGVCOG to manage the Measure M funding.

The Ad Hoc Committee reports represents a significant restructuring of SGVCOG/ACE, and is designed to strengthen the ability of the SGVCOG to serve the needs and provide leadership to the San Gabriel Valley.

ATTACHMENTS:

Attachment A – ACE Ad Hoc Committee Final Report, including organization charts recommended by the ACE Ad Hoc Committee, as well as a second option discussed by the committee

Report of the Ad Hoc ACE/ Large Capital Projects Committee

EXECUTIVE SUMMARY:

The Ad Hoc ACE/Large Capital Projects Committee was appointed in June 2016 by SGVCOG President Gene Murabito to study the relationship between SGVCOG and ACE (Alameda Corridor-East Construction Authority) and to explore combining the COG and ACE into one organization that could both plan and implement capital projects. The Ad Hoc Committee undertook the following activities:

- Studied the history of the SGVCOG and ACE;
- Evaluated the issues of risks and liability involved with construction;
- Examined the liabilities of PERS for both ACE and SGVCOG;
- Explored four case studies of major projects that might benefit from a more active role by the SGVCOG in construction;
- Compared how other COGs operate; and
- Developed guiding principles to identify core issues that should influence any decision about the future of the SGVCOG.

With the passage of Measure M in November 2016, the San Gabriel Valley region is now guaranteed to receive over $2 billion in funding over the next 40 years, including hundreds of millions of dollars for transportation programs to be administered through the SGVCOG. In addition, the Foothill Gold Line will receive over $1 billion to complete the Gold Line to Claremont. It is important to note that the Measure M funds are intended to be leveraged in securing matching state, federal or other funds. These matching funds will be needed to complete most, if not all, of the SGVCOG's priority projects.

In its interim report issued in January 2017, the Ad Hoc Committee recommended to the Governing Board that the SGVCOG expand its organizational capacity by creating a transportation planning division and hire a transportation planner/program manager to coordinate the implementation of Measure M transportation programs in the San Gabriel Valley. The Ad Hoc Committee also recommended that the SGVCOG develop a plan for integrating ACE as an integral part of the COG to allow for the potential of the newly configured ACE to construct capital projects throughout the San Gabriel Valley as may be specifically approved by the Governing Board. The Ad Hoc Committee was directed by the Governing Board to further study the integration of SGVCOG and ACE and to report back to the Governing Board within six months.

At its meeting on May 1, 2017, the Ad Hoc Committee approved the following recommendations:

1. Keep ACE.
2. Expand ACE's jurisdiction so it can undertake projects throughout the SGV, with the requirement that the Governing Board must approve each project undertaken by ACE with a majority vote of the total membership of SGVCOG.
3. Modify the existing ACE Board to include one representative from each of five districts in the SGV (the same districts as used by City Manager TAC), the President of the COG and one county supervisor. Existing ACE Board members will continue serving on the ACE Board as long as ACE projects are under construction in their cities.
4. The new ACE Board will have similar responsibilities as the previous ACE Board for approval of contracts, change orders, eminent domain, compensation for ACE employees. The sole change in authority would be that under the new structure, inter-agency

agreements, which are currently approved by the ACE Board, would be approved by the SGVCOG Governing Board.

5. The new ACE Board will report to the Governing Board, with communication to the Executive Committee.
6. ACE will be maintained as a separate management unit under the authority of a Chief Executive Officer (CEO), who would report to the ACE Board. The ACE organization would only employ staff working directly on ACE projects. Those staff would report to the ACE CEO. All non-project staff that currently work for ACE would be transferred to the SGVCOG and report to the SGVCOG Executive Director.
7. All non-project staff, including administrative staff, that currently work for ACE would be transferred to the SGVCOG and report to the SGVCOG Executive Director.
8. Review the organizational structure and responsibilities in 18 months

BACKGROUND:

ACE was created by the SGVCOG in 1998 as a subsidiary of the SGVCOG, with a narrow mission to address the traffic congestion caused by the expansion of freight rail traffic from the Ports of Los Angeles and Long Beach. For the past 18 years, ACE has had great success in securing more than $1.6 billion in funding to construct grade separations to facilitate freight railroad movement through the southern portion of the San Gabriel Valley.

The mission of the ACE project is approaching completion in the next few years, and the SGVCOG must determine next steps. The expertise and excellent reputation of the ACE organization presents an opportunity to address an expanded and new scope of projects, but there are inherent risks and costs with this type of new endeavor.

In addition, with the passage of Measure M in Los Angeles County in November 2016, the SGVCOG will be responsible for guiding the allocation and implementation of over $2 billion in capital projects and programs. The SGVCOG will either need to expand its capacity to handle these funds, or allow Metro to manage the funds in a manner guided by the advice of the SGVCOG.

As part of its Strategic Planning process in early 2016, the SGVCOG Governing Board identified the need to conduct an assessment about the future of ACE and the role of the SGVCOG in planning, funding, and constructing large capital projects. As a result, SGVCOG President Gene Murabito, formed an ad hoc committee with the purpose of studying and fully exploring these issues.

Existing Structure

ACE is a subsidiary unit of the SGVCOG, operating under the Joint Powers Authority (JPA) that created the SGVCOG. However, ACE operates as a quasi-independent agency reporting to the ACE Board of Directors. ACE has a separate Chief Executive Officer, who reports to the ACE Board, and all ACE employees report to the Chief Executive Officer. As specified in the SGVCOG JPA and bylaws, the SGVCOG Governing Board is responsible for approving ACE's scope of projects and annual budget but all other functions are delegated to the ACE Board of Directors, including approving contracts, property acquisition, hiring of staff, and setting compensation of ACE employees. The ACE Board of Directors is comprised of the following members (all of which have, or did have, at least one ACE project within their jurisdiction):

- LA County

- El Monte
- Industry
- Montebello
- Pomona
- San Gabriel

Additionally, the SGVCOG President or his/her designee serves on the Board as a voting member.

The SGVCOG also has a memorandum of understanding (MOU) with ACE to have ACE staff provide technical assistance related to transportation planning. Under this MOU, the CEO of ACE is compensated by SGVCOG to periodically perform the functions of the Transportation Director for the SGVCOG. This role was most active in the development of the mobility matrix, as well in the communications with Metro and Caltrans on behalf of the SGVCOG. This work by the CEO of ACE as the Transportation Director of SGVCOG entails only a few hours a month and compensation from the SGVCOG is paid to ACE, which offsets the compensation that the CEO receives from ACE.

Two additional MOUs were approved by the SGVCOG Governing Board in early 2016 to allow ACE staff to provide administrative/HR, IT and financial management support services. ACE is fully reimbursed for these labor costs.

COMMITTEE PURPOSE, MEMBERS, AND PROCESS:

The Ad Hoc Committee was comprised of the following members:

- John Fasana, Councilmember, City of Duarte, Chair
- Gene Murabito, former Mayor of Glendora and SGVCOG President
- Terry Tornek, Mayor, City of Pasadena
- Victoria Martinez, Vice Mayor, City of El Monte
- Jack Hadjinian, Councilmember, City of Montebello
- Cynthia Sternquist, Mayor, City of Temple City and SGVCOG President
- Cruz Baca, Councilmember, City of Baldwin Park
- Sam Pedroza, Councilmember, City of Claremont
- Linda Lowry, City Manager, City of Pomona
- David Liu, Public Works Director, City of Diamond Bar
- Javier Hernandez, Transportation Deputy, LA County District #1
- Dave Perry, Transportation Deputy, LA County District #5

Phil Hawkey, Executive Director of SGVCOG and Mark Christoffels, CEO of ACE, were advisory to the Ad Hoc Committee. SGVCOG staff Marisa Creter, Eric Wolf and Christian Cruz also assisted the work of the Ad Hoc Committee.

The ACE/ Large Capital Projects Ad Hoc Committee was tasked with assessing 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. A key issue concerned the future of ACE and whether it should dissolve upon completion of its mission or be restructured as a division of the SGVCOG that would be responsible for the construction of large capital projects in the San Gabriel Valley.

Two alternative future roles considered were as follows:

1. The SGVCOG should focus on being a planning agency that concentrates on assessing the needs of the San Gabriel Valley, developing proposals and plans that address those needs, pursuing grants and funding sources to pay for programs and capital projects, including transportation and capital improvements, and collaborating with appropriate agencies to construct the large capital improvements;
   OR
2. The SGVCOG should expand its organizational capacity from strictly a policy and planning agency, to become a construction agency as well. In addition to planning for transportation and large capital projects, the SGVCOG might take responsibility for managing the implementation of, and even constructing, these projects. These projects might include new highway construction, bridges, freeway interchanges, and bicycle paths, as well as non-transportation projects (e.g. stormwater facilities). The Committee considered several variations of each alternative.

In the early months of the Ad Hoc Committee work, the committee discussed four case studies (SR-57/SR-60 Interchange, Greenway Network, SR-71 Completion, and I-605 Hot Spots) as a means of considering the role the SGVCOG and the ACE could play in construction planning and management. Considerable attention was paid to the issues of liability and risk management involved with construction. The experience of ACE demonstrated that prudent management with comprehensive insurance can protect the organization. The legal structure of the Joint Powers Authority makes it a stand-alone legal entity for which the member cities of the JPA are protected from legal liability.

The issue of CalPERS liability for the ACE organization was studied by the Ad Hoc Committee, especially in recognition that ACE may terminate when its mission is completed in 6 years. A review of audit reports concluded that more than adequate funds have been set aside at ACE to adequately cover its CalPERS obligations.

The committee also reviewed other Council of Government structures in California and determined that there are a wide variety of different COG organizational and governance models, with each organized to meet specific regional needs, as well as funding and partnership opportunities.

CONTEXT: OPPORTUNITIES AND CHALLENGES:

Measure M funding

With the passage of Measure M, the L.A County transportation tax measure, San Gabriel Valley transportation projects and programs identified and prioritized by SGVCOG will receive more than $2 billion in local sales tax funds over the coming decades, in addition to the $1 billion that is allocated for the completion of the Foothill Gold Line.

Significant Measure M funding will be passed through eight programs established by the SGVCOG expressly for San Gabriel Valley projects:

(1) Active Transportation ($231 million)
(2) Bus System Improvement ($55 million)
(3) First/Last Mile and Complete Streets ($198 million)
(4) Highway Demand Management ($231 million)
(5) Goods Movement ($33 million)
(6) Highway Efficiency ($534 million)

(7) ITS/Technology ($66 million)
(8) Subregional Equity ($199 million)

Over the course of the ad hoc committee's work, it became apparent that whatever organizational form emerges from the effort, it must include added capacity for the SGVCOG to manage the Measure M funding assigned to the San Gabriel Valley and to secure matching funds, as needed to complete project budgets. Thus, the recommendation to create a position of Transportation Planner/Program Manager was approved by the Governing Board in February 2017, with the expectation that the position will be funded from Measure M funds.

Partner Agencies

Representatives from the Ad Hoc Committee met with key staff from L.A. Metro, including CEO Phil Washington. During that meeting, Metro staff referenced the Measure M Program Management Plan (PMP) that was presented to the Metro Board in October 2016. Metro indicated that the SGVCOG's proposal to take a more active role in planning, programming, and constructing projects and programs was consistent with the PMP, and Metro was supportive of subregional efforts that would facilitate projects being completed on-time and within budget.

A separate meeting was held with lead staff at Caltrans Region 7 on January 31, 2017, to identify possible roles for SGVCOG regarding constructing Caltrans transportation projects. The Caltrans leadership expressed their support for the expanded role of the SGVCOG, through a restructured ACE, that would do major capital projects throughout the San Gabriel Valley. Caltrans encouraged the development of a MOU between Caltrans and SGVCOG that would facilitate ACE and Caltrans working together on planning, designing and building improvements to state highways and related facilities.

GUIDING PRINCIPLES:

The Ad Hoc Committee gave time to establish some overriding principles that should guide any future actions of the SGVCOG in addressing the needs of the San Gabriel Valley. Guiding Principles were created and approved by the Ad Hoc Committee, against which the committee's recommended future SGVCOG structure was evaluated.

The Ad Hoc Committee developed Guiding Principles intended to define the core elements of the organizational structure and operating requirements of any new agency or division within the SGVCOG that would take on planning, programming, and construction projects. The following guiding principles were approved by the Committee:

Threshold Criteria & Member Benefit

- SGVCOG action will result in a measurable benefit to the region and member cities and/or non-action will result in a measurable disadvantage or loss to the San Gabriel Valley region.
- Collaborative relationships with impacted communities, LA Metro, Caltrans, LA County and/or other entities are explored before SGVCOG acts to plan or implement a program or project.
- Majority support from SGVCOG members is secured before a major program or project is undertaken.

Liability & Risk

- Structures are in place, including proper insurance and indemnification, to ensure there is no financial exposure or increased legal liability to member cities as a result of SGVCOG taking action.
- Prior to a project getting underway, agreements have been defined for long term ownership and maintenance of the completed project. by a responsible entity.

Financial Impact

- SGVCOG may pursue funding for planning activities that may, or may not, result in programs or capital projects, but could fund staff costs.
- SGVCOG will not proceed to implement a program or project without securing all funding sources necessary to complete each distinct phase of a project.
- Member agencies may volunteer to fund a program, project, or study through an assessment in which only the participating members benefit from the work.
- SGVCOG may secure short term financing to fund start-up costs or accelerate a program or project with approval of a majority of SGVCOG members.

Legal Authority & Project Oversight

- Action will conform to SGVCOG's existing legal authority. If it does not, all legal risks and changes to authority will be identified before taking action.
- Project oversight may be performed by a new organization (such as a separate JPA) created by SGVCOG that could plan, program, or implement projects in the San Gabriel Valley, and the SGVCOG might enter into agreements with this organization for the completion of those programs or projects.

AD HOC COMMITTEE RECOMMENDATIONS:

The key recommendations of the Ad Hoc Committee are:

1. **Keep ACE:** The Ad Hoc Committee recognizes the success of ACE over the past 18 years in planning, funding and constructing over $1.6 billion in grade separation improvements. With the passage of Measure M, and the availability of new state transportation funds, there will be resources for many projects in the San Gabriel Valley. If the SGVCOG can demonstrate the capacity to plan as well as to implement projects, the San Gabriel Valley will be able to accelerate the construction of projects that are important to our region.
2. **Expand ACE's jurisdiction so it can undertake projects throughout the SGV:** Any new project would require the approval of the majority of the Governing Board (currently there are 35 members of SGVCOG). The process for determining projects will be:
    - A potential program of projects will be developed through a collaborative planning process that will include a SGVCOG Technical Advisory Committee, LA County, Caltrans, and Metro, and other cities or agencies that might be affected by a project. This program of projects will be reviewed by the SGVCOG's Transportation Committee and submitted to the Governing Board for approval.
    - The Governing Board shall have the sole authority to consider, approve, and assign funding to future projects to be undertaken by ACE, and the ACE Board shall not have the authority to act on a project until the project is assigned to them by the Governing Board. SGVCOG staff will have the authority to spend time and money to plan projects in anticipation of presentation to the Governing Board for approval.

3. **Modify the existing ACE Board:** The new ACE Board would include one representative from each of five districts in the SGV (the same districts as used by the City Manager TAC), the president of the SGVCOG and one county supervisor. Existing Board members will continue on the ACE Board as long as ACE grade separation projects are under construction in their cities.

   The structure of the new ACE Board will be as follows:

   - The ACE Board shall include one member from each of the five districts as used by the City Manager Steering Committee as follows:
     - Northeast: Azusa, Claremont, Glendora, La Verne, San Dimas
     - Southeast: Covina, Diamond Bar, Industry, La Puente, Pomona, Walnut
     - Central: Baldwin Park, El Monte, Rosemead, South El Monte, Irwindale, West Covina
     - Southwest: Alhambra, Montebello, Monterey Park, San Gabriel, South Pasadena, Temple City
     - Northwest: Arcadia, Bradbury, Duarte, La Canada Flintridge, Monrovia, Pasadena, San Marino, Sierra Madre
   - The members shall be appointed by the Governing Board through a nomination process and serve for two years. Members may be re-appointed for up to three terms.
   - The ACE Board shall also include the SGVCOG Governing Board President or a designee, and a County Supervisor who represents all or a portion of the San Gabriel Valley (i.e. District 1, 4 or 5)
   - Current ACE Board members will remain as voting members of the ACE Board until the ACE grade separation projects within their respective cities have been completed.
   - With the exception of the County Supervisor, ACE Board appointees must be current SGVCOG delegates.

4. **The new ACE Board will have similar responsibilities as the previous ACE Board:** The ACE Board will be delegated the authority to approve of contracts, change orders, eminent domain, and compensation for ACE employees. Inter-agency agreements will be approved by the Governing Board.

5. **The new ACE Board will report to the Governing Board:** As is current practice, the ACE Board would report regularly to the SGVCOG Governing Board and communicate its activities to the Executive Committee.

6. **ACE construction management will be maintained as a separate management unit:** ACE would operate under the authority of a Chief Executive Officer, who would report to the ACE Board. The ACE organization will include only the project related ACE staff, under the Chief Executive Officer, with the non-project related ACE employees being transferred under the COG.

7. **Transfer the all non-project staff (i.e. administrative staff) of ACE to become SGVCOG staff:** All current ACE staff that are not directly involved with project management will transfer to be employees of the COG and report to the COG Executive Director. This includes the employees who work in human resources, finance, purchasing, records management, information technology, marketing and government relations, totaling about two-thirds of the employees of ACE, out of a total of 24 employees. Since the ACE compensation plan is structured differently than the COG compensation plan, extensive work will need to be done to integrate the two organizations. The remaining ACE employees who are directly involved in project

management will continue as employees of ACE, reporting to the Chief Executive Officer of ACE. The employees of ACE that are transferred to become COG employees will continue to provide support services to ACE through a MOU whereby ACE will pay COG for the services provided for the administrative, financial, IT, HR, purchasing support of ACE.

8. **Review the organizational structure and responsibilities in 18 months:** After operating for 18 months with a split administration of COG and ACE, the Governing Board will review the organizational structure and determine if ACE and COG should be combined into one organization with a single Executive Director.

ORGANIZATIONAL STRUCTURE:

The recommended organizational structure, with the split administration between ACE and COG, is shown on Attachment A as the Recommended Option. The alternative structure that might be considered by the Governing Board at the end of 18 months is shown on Attachment B as Future Option.

TIMETABLE:

- **July 20, 2017:** Governing Board approval of the agenda report describing the restructuring of COG/ACE and other recommendations in the report.
- **March 1, 2018:** Approval of JPA amendments by at least 50% plus one of the legislative bodies of the members, followed by approval amendments to the SGVCOG bylaws by the Governing Board, which requires 50% plus one approval of the total membership of the COG (35 members).
- **July 1, 2018:** New ACE Board takes effect as defined in the approved report with the structure and responsibilities as described in the amended JPA and bylaws.
- **July 1, 2018:** ACE administrative staff are fully transitioned to become SGVCOG employees.
- **December 2018:** Governing Board approval of initial list of projects that may be undertaken by ACE in the San Gabriel Valley.
- **January 1, 2020:** Governing Board reviews organizational structure and decides whether to combine ACE and COG into one organization under the Executive Director.

IMPLEMENTATION:

The process to implement the recommendations included in this report will involve several steps, including:

- **Joint Powers Authority (JPA) amendment.** Amendments to the JPA requires approval of 50% plus one of the legislative bodies of the total membership of the SGVCOG. Currently there are 35 members of the SGVCOG. Necessary changes to the JPA include the following:
    - Section 4(b) (common powers), subsection (15) will need to be amended with respect to borrowing and incurring indebtedness/issuing bonds, as this power is restricted solely to fund the ACE project.
    - Section 27 of the JPA deals with the ACE Board structure and authority, as well as the authority of ACE to hire employees, enter into contracts, purchase property,

utilize eminent domain and other powers. Language will need to be added that expands the jurisdiction of ACE to serve the entire San Gabriel Valley.

Amendments to the JPA will be required in the first phase of implementation of this report to modify the structure and jurisdiction of the ACE Board. A subsequent amendment to the JPA will be required to fully integrate the ACE/COG organizations.

- **By-Laws Amendments.** Amending the bylaws requires a vote of 50% plus one of the total voting membership of the SGVCOG Governing Board. Necessary changes to the SGVCOG bylaws include the following:
    - Article IV, regarding the Executive Director, will need to be amended, when appropriate, to clarify Article IV B which indicates that the Executive Director shall supervise employees, "except for those employees and consultants working for the ACE Construction Authority."
    - The Finance Committee (Article VI C) will require revision as it refers to the selection of auditor with ACE assistance.
    - Article IX, dealing with ACE, will need to be revised to conform to the new structure approved by the Board. This involves scope of responsibility, powers, make-up of the Board, meeting and voting process, and the role of the Chief Executive Officer in managing the work of ACE and the employees.
    - Article IX, dealing with ACE, will need to be amended to reflect that the SGVCOG Governing Board will have the authority to approve inter-agency agreements.

  Amendments to the By-Laws will be required in the first phase of implementation of this report, and additional amendments will be needed to the By-Laws to fully implement a subsequent full integration of ACE/COG organizations.
- **Budget Amendments and MOUs.** These amendments require approval of the Governing Board. Budget amendments will be needed to reflect the transfer of costs from ACE to COG when non-construction employees of ACE are transferred to be employees of the COG. Other operating costs will need to be adjusted to reflect the expanded operation of the COG. New MOUs will need to be developed between COG and ACE, since under the new structure the administrative and finance employees will be employed by COG but most of their work will be done to support ACE.
- **Staff integration of ACE administrative staff to become COG employees**. This includes the transition of nearly two-thirds of ACE employees to become COG employees. It will require careful attention to address the anxiety of employees in dealing with relationship and cultural changes. Since the ACE compensation plan and work schedule is structured differently than the COG compensation plan and work schedule, extensive work will need to be done to blend the two organizations into a shared culture. If a second phase of organizational change is implemented between ACE and COG after 18 months, then a subsequent change management support program will also be needed.
- **Development of short and long range programs and projects.** With the approval of the SGVCOG Governing Board to expand the jurisdiction of ACE to serve the San Gabriel Valley, it will be appropriate for the ACE staff to develop a list of construction projects that might be undertaken by ACE. This list of potential projects would be reviewed by the ACE Board and submitted to the Governing Board for approval. In addition, each individual construction project, along with its funding plan, will be presented to the Governing Board for approval prior to proceeding with construction. Undertaking work to do preliminary construction concepts, and securing financing sources, is considered part of the operating responsibilities of ACE. Attachment C is a flow chart which summarizes the proposed process.

- **Project/Program agreements with LA Metro and Caltrans.** Interagency agreements require the approval of the SGVCOG Governing Board. These agreements will define the ongoing working relationships between SGVCOG/ACE and LA Metro and Caltrans. Additional individual agreements will be developed for specific projects that are done in collaboration with LA Metro, Caltrans, as well as any local government or agency that might be involved with a project.

CONCLUSION:

This report is being presented with the endorsement of the Ad Hoc ACE/Large Capital Projects Committee and presented for information and discussion at the June 15 Governing Board meeting. A decision and vote on these recommendations, or as they may be modified, will be made at the Governing Board meeting on July 20, 2017.

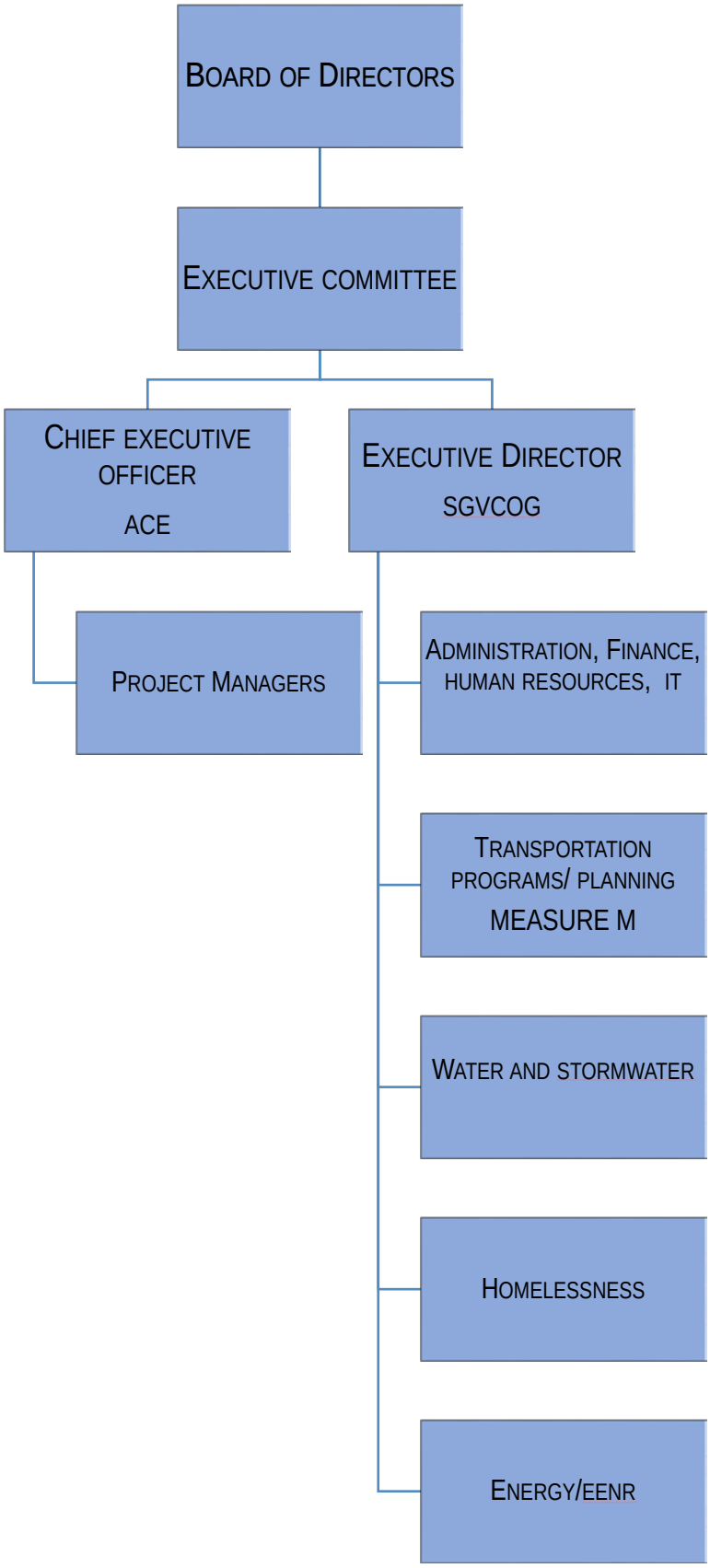
To the extent that the action taken by the Governing Board on July 20 requires changes in the Joint Powers Authority (JPA) and the By-Laws, it is anticipated that the new language will be submitted to the Governing Board at its meeting on September 21. The effective date of many of the changes in this report approved by the Governing Board will not take effect until the JPA and By-Laws are changed.

- John Fasana, Councilmember, City of Duarte Chair
- Gene Murabito, former Mayor of Glendora and President SGVCOG
- Terry Tornek, Mayor, City of Pasadena
- Victoria Martinez, Vice Mayor, City of El Monte
- Jack Hadjinian, Councilmember, City of Montebello
- Cynthia Sternquist, Mayor, City of Temple City and President SGVCOG
- Sam Pedroza, Councilmember, City of Claremont
- Cruz Baca, Councilmember, City of Baldwin Park
- Linda Lowry, City Manager, City of Pomona
- David Liu, Public Works Director, City of Diamond Bar
- Javier Hernandez, Transportation Deputy, LA County District #1
- Dave Perry, Transportation Deputy, LA County District #5

GABRIEL VALLEY COUNCIL OF GOVERNMENTS

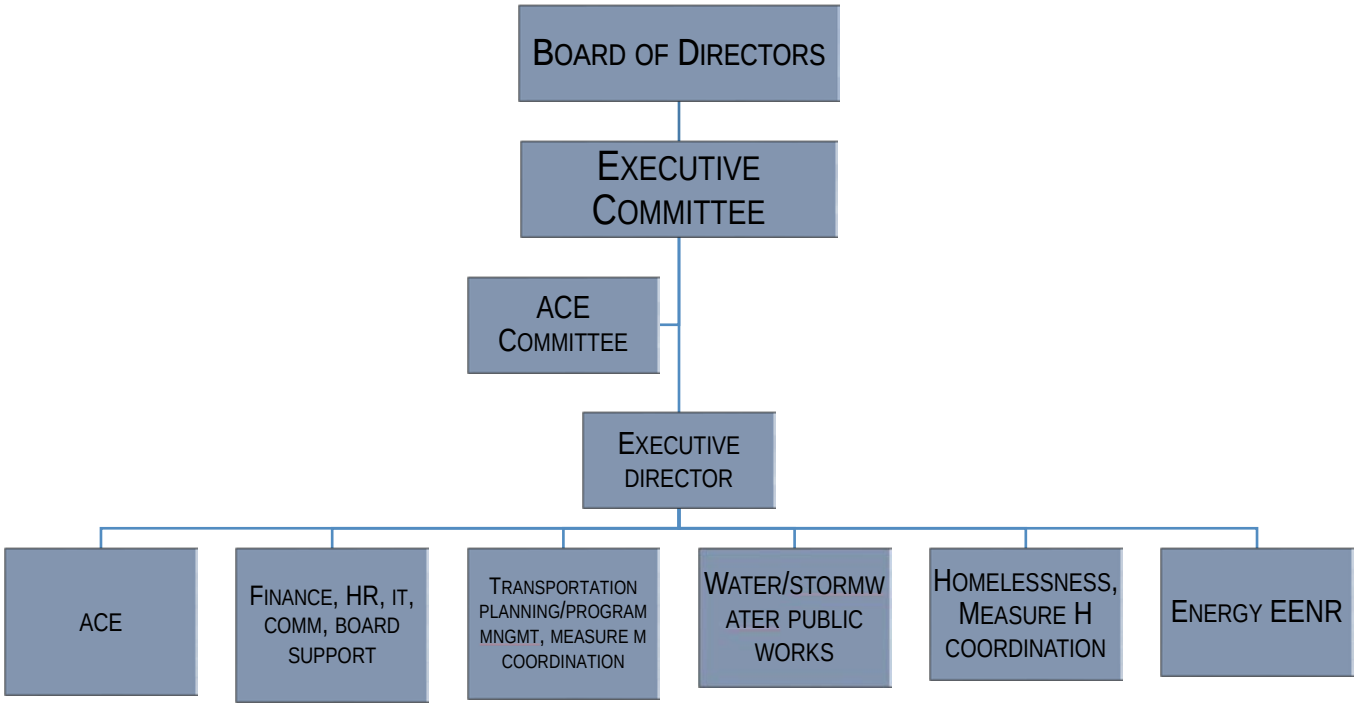
Attachment A

Recommended by Ad Hoc Committee



GABRIEL VALLEY COUNCIL OF GOVERNMENTS

Future Option



Process for assigning Measure M projects to reconfigured ACE Board

COG staff develops five-year programming plans for each Measure M sub-regional program through appropriate COG TAC's and Committees. Recommendations are forwarded to the Governing Board

↓

Governing Board adopts a five-year programming plan for each sub-regional program within their respective sub-region. The plan will identify specific projects and phasing, allocated funding amounts, and project timing.

↓

Adopted five-year programming plans are submitted for approval by Metro Board

↓

Upon approval by Metro Board, COG staff will work with Metro, County and Caltrans to determine potential design and construction oversight opportunities for COG through ACE

↓

Proposed project assignments to ACE along with funding MOU's and agency cooperative agreements will be submitted to Governing Board for approval

↓

ACE staff under the direction of the ACE Board, designs and constructs projects that were assigned by Governing Board and upon completion, transfers all projects to other agencies

DATE: June 15, 2017

TO: SGVCOG Governing Board Delegates and Alternates

FROM: Phil Hawkey, Executive Director

RE: LA COUNTY COMMERCIAL PACE

RECOMMENDED ACTION

Upon review by General Counsel, authorize the Executive Director to execute the commercial PACE MOU with Los Angeles County.

BACKGROUND

The Los Angeles County PACE Program is a financing system designed to facilitate and fund adoption of energy efficiency, water efficiency, and renewable energy building upgrades. PACE funds up to 100% of the installed cost through low interest loans that are designed to be repaid as a portion of the property owner's tax bill. Adopted in 2008, Assembly Bill 811 enabled cities and counties to establish PACE financing for commercial offices, apartment buildings of five or more units, schools and nonprofits, industrial facilities, hotels, and retail/restaurant uses. More than 99 percent of the cities within Los Angeles County have adopted PACE resolutions to participate in PACE.

Eligible building upgrades through PACE include high efficiency lighting, HVAC equipment, cooling towers, high performance windows, fuel cells, solar thermal/PV, high efficiency plumbing fixtures, and smart irrigation systems. Criteria for PACE eligibility requires that all upgrades must be permanently affixed to the building and demonstrate proven energy/water efficiency qualities or the ability to generate clean power. Repayment of PACE loans is determined by California law and typically requires a biannual interest payment and an annual payment toward the principal of the loan amount.

The benefits of financing through the PACE program include the opportunity for building owners to spread the cost of upgrades over a longer period of time, increase property value and rent potential, and reduce financial risk through low interest rates and the unique structuring of the PACE loan system.

PACE MOU

The SGVCOG and Los Angeles County entered negotiations to initiate a joint Memorandum of Understanding (MOU) to promote Commercial PACE in the San Gabriel Valley. See attachment A for the draft MOU agreement. The MOU outlines 3 major task including:

- Administration: Invoicing, reporting and monthly meetings.
- Marketing and Outreach: Creating marketing materials for dissemination to businesses, conducting prescheduled face-to-face on site meetings with targeted businesses, and coordinating informational workshops with property owners.

- Technical Assistance: Assisting property owners with PACE financing applications, coordinating energy audits, conducting cost-benefit analyses and obtaining approval from existing mortgage lenders.

On June 20th, the Los Angeles County Board of Supervisors will approve this agreement. The SGVCOG plans to work with the San Gabriel Valley Economic Partnership (SGVEP) to implement the 3 outlined tasks. A separate agreement between the SGVCOG and SGVEP will be presented at the July Governing Board Meeting.

Prepared by: _____
Katie Ward
Management Analyst

Approved by: Marisa Creter
Marisa Creter
Assistant Executive Director

ATTACHMENTS

Attachment A – Draft LA County MOU

Memorandum of Understanding

COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY FINANCING (PACE) MEMORANDUM OF UNDERSTANDING BETWEEN THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS AND THE COUNTY OF LOS ANGELES

This Memorandum of Understanding (MOU) is entered into by and between the San Gabriel Valley Council of Governments (SGVCOG) and the County of Los Angeles (COUNTY).

WHEREAS, the SGVCOG was established to have a unified voice to maximize resources and advocate for regional and member interests to improve the quality of life in the San Gabriel Valley by the member cities and other local governmental agencies; and

WHEREAS, the SGVCOG and COUNTY have a mutual desire to promote and expand participation in the County's Commercial PACE program; and

WHEREAS, the SGVCOG and the COUNTY desire to set forth the terms of their collaboration with respect to this effort in this MOU.

NOW, THEREFORE, the Parties agree to the following:

I. General Conditions
   A. The Parties to this MOU are the San Gabriel Valley Council of Governments and the County of Los Angeles.
   B. The term of this MOU shall commence upon execution of the MOU by both parties and shall continue through December 31, 2017. The term may be extended by mutual agreement of both Parties.

II. Responsibilities of each of the Parties
   A. COUNTY
      1. Provide reimbursement to the SGVCOG for eligible work completed by SGVCOG staff and subcontractors.

   B. SGVCOG
      1. Submit invoices to the COUNTY for any billable hours by the fifth (5th) calendar day of the month for work completed the prior month, unless otherwise agreed to in writing by the COUNTY. All invoices must be in the format provided by the COUNTY and include the following information: subtask, title/position of staff, hourly rate by staff position, number of hours worked, date of hours worked, and description of work completed. All invoices are subject to review and verification by the COUNTY. Reimbursements will be capped by a not to exceed maximum per deliverable as indicated in Table 1 below.

Subtask	Amount
Task 1: Administration • Submit monthly invoices and report on status of tasks. • Conduct monthly meetings with subcontractors.	$10,000
Task 2: Marketing and Outreach • Create marketing materials for dissemination to businesses, commercial property owners, and cities. • Conduct prescheduled face-to-face on site meetings with targeted businesses, commercial property owners, and city staff in each of its 31 member cities to introduce the Commercial PACE program and provide them information and materials. • Coordinate and conduct informational workshops with property owners, businesses and cities on Commercial PACE. • Disseminate electronic communications with PACE via email, social media, and website.	$90,000
Task 3: Technical Assistance • Assist property owners with PACE financing applications • Provide assistance with coordinating energy audits • Conduct cost-benefit analyses • Obtain approval from existing mortgage lenders	$20,000
Total	$120,000

Table 1. Maximum Reimbursement by Subtask

2. Maintain official timesheets and other records that support hours billed to the MOU for a five-year period following the completion of the project.

3. Warrants and represents as follows:
   a. Understands and agrees that for the purposes of the foregoing, any requirements imposed upon COUNTY associated with the funding sources used for this effort are hereby passed-through and adopted as obligations of the SGVCOG to the maximum extent allowable by law;
   b. Agrees to strictly comply with the scope of any and all authorizations, limitations, exclusions, and/or exceptions for use of funds;
   c. Shall comply with all applicable Federal, State, and local laws, rules, regulations, ordinances, and directives, now existing and as such may change from time-to-time. Any such laws, rules, regulations, ordinances, and directives required thereby to be included in this MOU are incorporated herein by reference.

4. Notwithstanding any provision to the contrary, whether expressly or by implication, the SGVCOG agrees to indemnify, defend, and hold harmless COUNTY, its elected and appointed officers, employees, and agents form and against any and all liability resulting from the SGVCOG'S negligent and wrongful act(s) and/or omission(s) arising from and/or relating to the MOU and as such would be imposed in the absence of Government Code section 895.2. Without limiting the scope above, such liability includes but is not limited to the following: any funding disallowance; audits; demands; claims; actions; liabilities; damages; fines; fees, costs, and expenses, including attorney, auditor, and/or expert witness fees.

5. The SGVCOG understands and agrees that it is solely responsible for any and all incurred amounts found by COUNTY to be ineligible. Immediately upon the request of the COUNTY, the SGVCOG shall return any funds that have been disbursed to the extent that their use has been disallowed.

For the San Gabriel Valley Council of Governments

Signed: _____

Date: _____

For the County of Los Angeles

Signed: _____

Date: _____