



San Gabriel Valley Council of Governments

AGENDA AND NOTICE OF THE REGULAR MEETING OF THE SGVCOG GOVERNING BOARD

JUNE 19, 2014 - 6:00 P.M.

Upper San Gabriel Valley Municipal Water District Offices
602 E. Huntington Drive, Suite B, Monrovia, California 91016

President
Barbara Messina

1st Vice President
Mary Ann Lutz

2nd Vice President
Joseph Gonzales

3rd Vice President
Gene Murabito

Members

Alhambra

Arcadia

Azusa

Baldwin Park

Bradbury

Claremont

Covina

Diamond Bar

Duarte

El Monte

Glendora

Industry

La Cañada Flintridge

La Puente

La Verne

Monrovia

Montebello

Monterey Park

Pasadena

Pomona

Rosemead

San Dimas

San Gabriel

San Marino

Sierra Madre

South El Monte

South Pasadena

Temple City

Walnut

West Covina

First District, LA County
Unincorporated Communities

Fourth District, LA County
Unincorporated Communities

Fifth District, LA County
Unincorporated Communities

SGV Water Districts

Thank you for participating in tonight's meeting. The Governing Board encourages public participation and invites you to share your views on agenda items.

MEETINGS: *Regular Meetings of the Governing Board are held on the third Thursday of each month at 6:00 PM at the Upper San Gabriel Valley Municipal Water District Office (602 E. Huntington Drive, Suite B, Monrovia, California 91016).* The Governing Board 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.sgvkog.org. Copies are available via email upon request (sgv@sgvkog.org). Documents distributed to a majority of the Board 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 Governing Board meetings. Time is reserved at each regular meeting for those who wish to address the Board. SGVCOG requests that persons addressing the Governing Board refrain from making personal, slanderous, profane or disruptive remarks.

TO ADDRESS THE GOVERNING BOARD: At a regular meeting, the public may comment on any matter within the jurisdiction of the Board 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 Board on a single item, the Chair may impose a time limit on individual remarks at the beginning of discussion. **The Governing Board may not discuss or vote on items not on the agenda.**

AGENDA ITEMS: The Agenda contains the regular order of business of the Governing Board. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the Governing Board 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 Board 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 Governing Board.



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 President 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 *(It is anticipated that the Governing Board may take action on the following matters)*

6. Governing Board Meeting Minutes
Recommended Action: Adopt May 29, 2014 Governing Board minutes.
7. Monthly Cash Disbursements/Balances/Transfers
Recommended Action: Approve Monthly Cash Disbursements/Balances/Transfers.
8. ACE Board of Directors Minutes
Recommended Action: Receive and file.
9. ACE Monthly Report
Recommended Action: Receive and file.
10. Purchasing and Procurement Policy
Recommended Action: Adopt Resolution 14-14 adopting a revised Purchasing and Procurement Policy.
11. Strategic Plan Update
Recommended Action: Receive and file.
12. Committee Attendance
Recommend Action: Receive and file.
13. ACE Board of Directors
Recommend Action: Appoint Barbara Messina, outgoing SGVCOG President, to serve as the SGVCOG President's Alternate on the ACE Board of Directors in FY 2014-15.
14. July 17, 2014 Governing Board Meeting
Recommend Action: Change time and meeting location of July 17, 2014 Governing Board meeting to begin at 5:00 PM at the San Gabriel Hilton (225 W. Valley Blvd, San Gabriel, California 91776).
15. Correspondence
Recommend Action: Receive and file.
16. Contract with Bolt Staffing for Temporary Staffing
Recommend Actions: 1) Approve a professional services agreement with Bolt Staffing for temporary staffing services for an hourly rate not to exceed \$75/hour through June 30, 2016; and 2) Authorize the Executive Director to execute the agreement on behalf of the SGVCOG.
17. MTA Short-Range Transportation Plan (SRTP)
Recommend Action: Direct staff to submit comment letter regarding MTA's SRTP.

ACTION ITEMS *(It is anticipated that the Governing Board may take action on the following matters)*

18. Alameda Corridor-East (ACE) FY 2014-15 Budget
Recommended Action: Adopt Resolution 14-15 adopting the ACE Project's FY 2014-15 budget.
19. FY 2012-13 Audited Financial Statement
Recommended Actions: Receive and file SGVCOG Consolidated FY 2012-13 Financial Statement.
20. ACE Project Transfer Update and Recommendations
Recommended Actions: 1) Reaffirm the SGVCOG's commitment to the completion of the ACE Project, 2) Allow the Project Transfer Agreement between the SGVCOG and the ACE JPA to expire as of June 30, 2014, pursuant to Section 4.02 of the Agreement 3) Direct the City Managers' Steering Committee in cooperation with the SGVCOG and ACE staff to continue to review, discuss and propose amendments to the Seventh Amended and Restated Bylaws and the Joint Powers Agreement (JPA) to further define the relationship between the SGVCOG and ACE, including the latitude to explore the proposed scope of work for ACE, and report its findings to the Governing Board within 30 days, 4) Create an Ad Hoc Committee that includes SGVCOG Board members that represent both ACE and non-ACE agencies to review, discuss and make recommendations related to the completion of the ACE Project and project close-out issues as well as the potential expansion of ACE's scope of work and 5) Appoint members representing both ACE and non-ACE cities to the Ad Hoc Committee.

GENERAL COUNSEL'S REPORT

PRESIDENT'S REPORT

COMMITTEE REPORTS

Transportation Committee

Housing, Community, and Economic Development

Energy, Environment and Natural Resources Committee

PROJECT REPORTS

MS4 Permit Implementation and Funding Efforts

San Gabriel Valley Energy Wise Partnership

California HERO

LIAISON REPORTS

Gold Line Foothill Extension Construction Authority

San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy

Southern California Association Governments

South Coast Air Quality Management District

BOARD MEMBER ITEMS

EXECUTIVE DIRECTOR'S REPORT

21. Oral Report

Recommended Action: For information only.

ANNOUNCEMENTS

CLOSED SESSION *(It is anticipated that the Governing Board may take action on the following matters)*

22. Conference with Legal Counsel – Anticipated Litigation - Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2) – 1 case.

Re: Nicholas Conway

23. Conference with Legal Counsel – Anticipated Litigation – Initiation of one case - 54956.9(d)(4).

ADJOURN



San Gabriel Valley Council of Governments Governing Board

Jurisdiction	Delegate	Alternate
Alhambra	Barbara Messina	Steven Placido
Arcadia	Tom Beck	Sho Tay
Azusa	Angel Carrillo	Uriel Macias
Baldwin Park	Susan Rubio	Cruz Baca
Bradbury	Richard Pycz	Monte Lewis
Claremont	Joseph Lyons	Sam Pedroza
Covina	Kevin Stapleton	John King
Diamond Bar	Carol Herrera	Nancy Lyons
Duarte	John Fasana	Margaret Finlay
El Monte	Norma Macias	Bart Patel
Glendora	Gene Murabito	Doug Tessitor
Industry	Tim Spohn	Jeff Parriott
La Canada Flintridge	Don Voss	Dave Spence
La Puente	Charlie Klinakis	Dan Holloway
LaVerne	Charlie Rosales	Robin Carder
Monrovia	Mary Ann Lutz	Becky Shevlin
Montebello	Jack Hadjinian	William Molinari
Monterey Park	Teresa Real Sebastian	Anthony Wong
Pasadena	Terry Tornek	Margaret McAustin
Pomona	Elliott Rothman	
Rosemead	Margaret Clark	Jean Hall
San Dimas	Denis Bertone	Jeff Templeman
San Gabriel	Juli Costanzo	Kevin Sawkins
San Marino	Dennis Kneier	Eugene Sun
Sierra Madre	John Harabedian	John Capoccia
South El Monte	Joseph Gonzales	Louie Aguinaga
South Pasadena	Diana Mahmud	Michael Cacciotti
Temple City	Fernando Vizcarra	Cynthia Sternquist
Walnut	Mary Su	Antonio "Tony" Cartagena
West Covina	Fredrick Sykes	James Toma
LA County Supervisorial District #1	Martha Molina-Aviles	Teresa Villegas
LA County Supervisorial District #4	Dickie Simmons	Mike Hughes
LA County Supervisorial District #5	Kathryn Barger Leibrich	Brian Mejia
San Gabriel Valley Water Districts	Thomas Love	Ed Chavez



SGVCOG Governing Board Unapproved Minutes

Date: May 29, 2014
Time: 6:00 p.m.
Location: Upper San Gabriel Valley Municipal Water District (USGVMWD)
Offices (602 E. Huntington Drive, Suite B; Monrovia, CA 91016)

PRELIMINARY BUSINESS

- 1. Call to Order
President Barbara Messina called the meeting to order at 6:10 p.m.
- 2. Pledge of Allegiance
First Vice President Mary Ann Lutz led the Pledge of Allegiance.
- 3. Roll Call
A quorum was in attendance.

Governing Board Members Present

Absent

Alhambra	Barbara Messina
Arcadia	Sho Tay*
Azusa	Angel Carrillo
Claremont	Joe Lyons
Diamond Bar	Carol Herrera
Duarte	John Fasana
Glendora	Gene Murabito
Industry	Tim Spohn
La Canada Flintridge	Don Voss
La Puente	Charlie Klinakis
La Verne	Charlie Rosales
Monrovia	Mary Ann Lutz
Montebello	Jack Hadjinian
Monterey Park	Teresa Real Sebastian
Pasadena	Terry Tornek
Rosemead	Margaret Clark
San Dimas	Denis Bertone
San Gabriel	Juli Costanzo
San Marino	Denis Kneier
Sierra Madre	John Harabedian, John Capoccia*
South Pasadena	Diana Mahmud, Michael Cacciotti*
South El Monte	Joseph Gonzales
Temple City	Fernando Vizcarra
Walnut	Mary Su
West Covina	Fredrick Sykes
LA County Supv. District 4	Mike Hughes*
LA County Supv. District 5	Brian Mejia*
SGV Water Districts	Thomas Love

*Alternate

Baldwin Park
Bradbury
Covina
El Monte
Pomona
LA County Supv. District 1

Staff

Executive Director	Andrea Miller
Asst. to the Executive Director	Marisa Creter
Jones & Mayer	Kim Barlow
SGVCOG Staff	Caitlin Sims

4. Public Comment
There was no public comment.
5. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting

Item 8 and Item 9 were removed from the consent calendar.

CONSENT CALENDAR

6. Governing Board Meeting Minutes
7. Monthly Cash Disbursements/Balances/Transfers
10. SGVCOG Representatives on Southern California Association of Governments (SCAG) Policy Committees
11. Rivers & Mountains Conservancy (RMC) Representative – Foothills
12. SGVCOG Committee Appointments
13. Los Angeles County Division of the League of California Cities
14. Gold Line Foothill Construction Authority Board of Directors
15. Georgetown University Energy Prize
16. ACE Monthly Report
17. Strategic Plan Update
18. Committee Attendance
19. Correspondence

There was a motion to approve consent calendar items 6-7 and 10-19 (M/S: T. Love/T. Tornek).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Monterey Park, Pasadena, Rosemead, San Gabriel, San Marino, Sierra Madre, South Pasadena, Temple City, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
NOES:	
ABSTAIN:	
ABSENT:	Baldwin Park, Bradbury, Covina, Duarte, El Monte, Montebello, Pomona, San Dimas, South El Monte, Walnut, LA County Supv. District 1

8. Agreement for Litigation Services
 Executive Director A. Miller provided an overview of the proposed retainer agreement with Shernoff Bidar Echeverria Bentley LLP for insurance litigation. Questions were raised regarding the percentage (40%) of the settlement or judgment that the firm would receive and clarifying the circumstances under which the firm, and/or any other firms that Shernoff Bidar Echeverria Bentley LLP utilized, would receive payment. There was also a request to confirm the names of the attorney(s) who would represent the SGVCOG. SGVCOG General Counsel provided clarification on the questions.

There was a motion to approve the Retainer Agreement for Insurance Litigation between the San Gabriel Valley Council of Governments and Shernoff Bidart Echeverria Bentley LLP, with a modification specifying the names of the attorneys that would provide representation and the contingency fee, and authorize the President to execute the agreement on behalf of the San Gabriel Valley Council of Governments (M/S: T. Real Sebastian/D. Mahmud).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Monterey Park, Pasadena, Rosemead, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
NOES:	
ABSTAIN:	
ABSENT:	Baldwin Park, Bradbury, Covina, Duarte, El Monte, Montebello, Pomona, San Dimas, LA County Supv. District 1

9. Records Management Policy and Procedures and Retention Schedule
 Executive Director A. Miller reported the SGVCOG currently does not have a formal records retention schedule and, as a result, has many documents that the SGVCOG does not need to retain but cannot dispose of because there is no policy in place. There was discussion on employment and wage records.

There was a motion to adopt Resolution No. 14-12 establishing a Records Management Policy and Procedures and a Records Retention Schedule for the maintenance, preservation and disposition of the San Gabriel Valley Council of Governments’ records, with an amendment requiring that the SGVCOG maintain employee records for 30 years, in an annual personnel summary (M/S: J. Gonzales/J. Lyons).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Monterey Park, Pasadena, Rosemead, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
NOES:	

ABSTAIN:	
ABSENT:	Baldwin Park, Bradbury, Covina, Duarte, El Monte, Montebello, Pomona, San Dimas, LA County Supv. District 1

ACTION ITEMS

20. SGVCOG Bylaws
 Executive Director A. Miller provided an update on the SGVCOG bylaws, which were presented for first reading at the April 17, 2014, Governing Board meeting. There was discussion on ensuring that there was process in place to resolve conflicts between the bylaws and the Administrative Code. She also reported that, following a request at the April meeting, General Counsel and staff recommend the Governing Board adopt a separate policy that addresses the use of electronic devices.

There was a motion to introduce for second reading and adopt the San Gabriel Valley Council of Governments’ Seventh Amended and Restated Bylaws, by title only, and waive further reading (M/S: M. Lutz/C. Rosales).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Montebello, Monterey Park, Pasadena, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
NOES:	
ABSTAIN:	
ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1

21. SGVCOG Administrative Code
 Executive Director A. Miller reported on Ordinance No. 100, an Administrative Code, that addresses various administrative, financial, and personnel systems. She reported that, as requested at the April 17, 2014, Governing Board meeting, language had been added allowing for the members to serve no more than 2 successive terms in the President, 1st Vice President, 2nd Vice President, and 3rd Vice President positions, and the pronoun “he” was changed to “he/she” throughout the document. There was discussion on whether language should be added allowing for members holding the President, 1st Vice President, 2nd Vice President, or 3rd Vice President positions to serve no more than 1 term.

There was a motion to delete language that would allow for members holding the President, 1st Vice President, 2nd Vice President, or 3rd Vice President positions to hold more than 2 successive terms, unless the member was appointed to the position in the middle of a term (M/S: J. Harabedian/T. Real Sebastian).

[Motion Failed]

AYES:	La Verne, Monterey Park, Pasadena, Sierra Madre, Temple City, Walnut, LA County Supv. District 4
NOES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, Monrovia, Rosemead, San Dimas, San Gabriel, San Marino, South El Monte, South Pasadena, West Covina, LA County Supv. District 5, SGV Water Districts
ABSTAIN:	Montebello
ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1

There was a motion to introduce for second reading and adopt Ordinance No. 100 establishing the San Gabriel Valley Council of Governments Administrative Code and adding Title 1 pertaining to the General Provisions and Title 2 pertaining to the Administration and Personnel thereto, by title only, and waive further reading (M/S: J. Lyons/F. Sykes).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, Monrovia, Monterey Park, Pasadena, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South El Monte, Temple City, Walnut, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
NOES:	
ABSTAIN:	La Verne, Montebello, South Pasadena
ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1

22. Election of 2014-15 Board Officers

COG General Counsel provided an overview of the COG’s election process for Board Officers. There were no nominations from the floor. She reported that there had been only 1 nomination for the President and 1st Vice President positions, so elections were not required. There were multiple nominations for the 2nd Vice President and the 3rd Vice President positions, so elections would be held.

There was a motion to elect Mary Ann Lutz (Monrovia) as President of the SGVCOG (M/S: D. Bertone/T. Real Sebastian).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Montebello, Monterey Park, Pasadena, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
NOES:	
ABSTAIN:	
ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1

There was a motion to elect Gene Murabito (Glendora) as 1st Vice President of the SGVCOG (M/S: D. Bertone/T. Real Sebastian).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Montebello, Monterey Park, Pasadena, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
NOES:	
ABSTAIN:	
ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1

COG General Counsel oversaw the election of the 2nd Vice-President. The candidates – Tim Spohn (Industry) and Teresa Real Sebastian (Monterey Park) provided brief statements. An election was held for the 2nd Vice-President position and the following votes were received:

Tim Spohn (Industry)	Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, Montebello, San Dimas, San Gabriel, South El Monte, Walnut,
Teresa Real Sebastian (Monterey Park)	Alhambra, Arcadia, Azusa, Claremont, La Verne, Monrovia, Monterey Park, Pasadena, Rosemead, San Marino, Sierra Madre, South Pasadena, Temple City, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
Absent	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1

By a 17-12 vote, Teresa Real Sebastian (Monterey Park) was elected 2nd Vice President of the SGVCOG.

COG General Counsel oversaw the election of the 3rd Vice-President. Don Voss (La Canada-Flintridge) withdrew his name from the election for the 3rd Vice-President.

There was a motion to elect Tim Spohn (Industry) as 3rd Vice President of the SGVCOG (M/S: D. Bertone/J. Gonzales).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Monterey Park, Pasadena, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
NOES:	
ABSTAIN:	Montebello

ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1
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23. SCAG Policy Committee Appointments

Executive Director A. Miller provided an overview of SCAG Policy Committee appointment and election process. She reported that the SGVCOG had received nominations for 2 positions after the nomination period had closed: Cynthia Sternquist (Temple City) for SCAG’s Energy & Environment Committee and Chin Ho Liao (San Gabriel) for SCAG’s Transportation Committee. The two candidates – Denis Bertone (San Dimas) and Diana Mahmud (South Pasadena) – for SCAG’s Energy & Environment Committee provided brief statements. There was discussion as to whether individuals who submitted their nominations after the deadline should be included in the election.

There was a motion to include Cynthia Sternquist (Temple City) on the ballot for SCAG’s Energy & Environment Committee (M/S: M. Lutz/J. Lyons).

[Motion Failed]

AYES:	Alhambra, Montebello, San Marino, South Pasadena, Temple City, Walnut
NOES:	Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Monterey Park, Pasadena, Rosemead, San Dimas, San Gabriel, Sierra Madre, South El Monte, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
ABSTAIN:	
ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1

There was a motion to appoint Denis Bertone (San Dimas) and Diana Mahmud (South Pasadena) to the SCAG Energy & Environment Committee (M/S: J. Fasana/M. Hughes).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Monterey Park, Pasadena, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
NOES:	
ABSTAIN:	Montebello
ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1

The two candidates that were present for the SCAG Transportation Committee election made brief remarks regarding their candidacy.

There was a motion to only include ballots from representatives that submitted nominations submitted prior to the given deadline (M/S: T. Love/C. Rosales).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Monterey Park, Pasadena, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
NOES:	
ABSTAIN:	Montebello
ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1

An election was held for the two positions on the SCAG Transportation Committee and the following votes were received:

Tim Spohn (Industry)	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Montebello, Monterey Park, Pasadena, Rosemead, San Dimas, San Gabriel, South Pasadena, San Marino, South El Monte, Temple City, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
Teresa Real Sebastian (Monterey Park)	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Industry, Glendora, La Verne, Monrovia, Monterey Park, Pasadena, Rosemead, San Gabriel, San Marino, Sierra Madre, South El Monte, Temple City, Walnut, West Covina, LA County Supv. District 4, SGV Water Districts
Robert Pacheco (Walnut)	La Canada Flintridge, La Puente, Montebello, Sierra Madre, South Pasadena, Walnut, LA County Supv. District 5
ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1

Tim Spohn (Industry) received 26 votes, Teresa Real Sebastian (Monterey Park) received 22 votes, and Robert Pacheco (Walnut) received 7 votes. Tim Spohn (Industry) and Teresa Real Sebastian (Monterey Park) were elected to the SCAG Transportation Committee.

24. SGVCOG FY 2014-15 Budget

There was a motion to adopt Resolution 14-14 adopting 2014-15 budget (M/S: D. Kneier/M. Hughes).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Monterey Park, Pasadena, Rosemead, San Dimas, San Marino, Sierra Madre, South El
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	Monte, South Pasadena, Temple City, Walnut, LA County Supv. District 4, LA County Supv. District 5
NOES:	
ABSTAIN:	
ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Montebello, Pomona, San Gabriel, West Covina, LA County Supv. District 1, SGV Water Districts

25. Strategic Plan Facilitation Services Proposal Review Process
 Executive Director A. Miller provided a status update on the strategic plan facilitation services Request for Proposals (RFP). She requested volunteers from the Governing Board to serve on an Ad Hoc Committee to review the 3 proposals that had been received.

There was a motion to 1) form an Ad-Hoc Committee to review the proposals receive in response to the RFP for Strategic Plan Development issued by the Board, 2) appoint Joe Lyons (Claremont) as a member of the Executive Committee and Jack Hadjinian (Montebello), John Harabedian (Sierra Madre), Fernando Vizcarra (Temple City), and Mary Su (Walnut) as members of the Governing Board, and 3) confirm the appointment Jeff Allred (Rosemead), Jessica Keating (Alhambra), Steve Preston (San Gabriel), and Tony Ramos (Claremont) to the Ad Hoc Committee (M/S: J. Fasana/G. Murabito).

[Motion Passed]

AYES:	Alhambra, Arcadia, Azusa, Claremont, Diamond Bar, Duarte, Glendora, Industry, La Canada Flintridge, La Puente, La Verne, Monrovia, Montebello, Monterey Park, Pasadena, Rosemead, San Dimas, San Gabriel, San Marino, Sierra Madre, South El Monte, South Pasadena, Temple City, Walnut, West Covina, LA County Supv. District 4, LA County Supv. District 5, SGV Water Districts
NOES:	
ABSTAIN:	
ABSENT:	Baldwin Park, Bradbury, Covina, El Monte, Pomona, LA County Supv. District 1

GENERAL COUNSEL’S REPORT

There was no report.

PRESIDENT’S REPORT

President B. Messina thanked the Governing Board for her two-year tenure as President of the SGVCOG and stated that she was pleased with the direction of the SGVCOG and with the new Executive Director. She congratulated President-elect Mary Ann Lutz.

COMMITTEE REPORTS

Transportation Committee

J. Fasana reported that there would be a special meeting of the Transportation Committee on Tuesday, June 17th at 4:00 p.m., and there would be presentations from the Executive Director of the San

Bernardino Association of Governments (SANBAG) Ray Wolfe and Executive Director of MoveLA Denny Zane, and a presentation on Metro's Short-Range Transportation Plan (SRTP).

Housing, Community, and Economic Development

J. Lyons reported that the HCED Committee had visited the PATH Partners facility to explore opportunities for expanding homeless services in the San Gabriel Valley. He also reported that homeless services surveys had been distributed to all City Managers.

Energy, Environment and Natural Resources Committee

D. Bertone reported that the Water 101 workshop held in late April 2013 had been extremely successful and thanked the Upper San Gabriel Valley Municipal Water District (USGVMWD) for their support on the workshop.

PROJECT REPORTS

MS4 Permit Implementation and Funding Efforts

M. Lutz reported that the US Environmental Protection Agency (EPA) had released new draft regulations related to stormwater that may be cause for some concern. She also reported that draft legislation had been completing, which was intended to provide some relief for cities in regards to meeting MS4 NPDES requirements. She also shared the Stormwater Funding Report, which had been completed at the direction of the LA County Board of Supervisors as a result of the LA County Water Quality Funding Initiative. She also provided a brief update on possible water bond legislation.

San Gabriel Valley Energy Wise Partnership

Assistant to the Executive Director M. Creter reported that a water-energy workshop would be held on Monday, June 30, 2014, from 9:00 a.m. – 11:00 a.m. at the Monrovia Courtyard by Marriott hotel. There would be presentations from Southern California Edison (SCE) and Southern California Gas Company (SCG) on cities' opportunities to reduce their energy usage on water utilities, as well as presentations on water conservation opportunities from the Upper San Gabriel Valley Municipal Water District and the other Municipal Water Districts in the San Gabriel Valley.

California HERO

Assistant to the Executive Director M. Creter reported that the LA County Board of Supervisors had approved California HERO tax assessments to be placed on the tax rolls in Los Angeles County. She also reported that information about the commercial PACE program, Figtree, had been distributed to all City Managers.

LIAISON REPORTS

Gold Line Foothill Extension Construction Authority

J. Fasana reported that the Gold Line Extension Construction Authority Board had approved the Phase 2B environmental documents at its most recent meeting.

San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy

D. Bertone reported that he would like the SGVCOG to coordinate with the RMC to host a workshop following the passage of any water bond measure in order to ensure that San Gabriel Valley cities were prepared for applications for money that becomes available through the water bond.

Southern California Association Governments

M. Horton reported that the SCAG General Assembly had been held in early May, and it had been a

successful event. He encouraged all newly-elected and appointed SCAG representatives to contact him to schedule orientations. He reported that Mary Ann Lutz would be presenting on the Stormwater Affordability survey at the June SCAG Energy & Environment meeting.

South Coast Air Quality Management District

M. Cacciotti reported that the Air Quality Awards nominations were open.

BOARD MEMBER ITEMS

EXECUTIVE DIRECTOR’S REPORT

- 26. Los Angeles County Specialized Aerial Fire Fighting Equipment
Executive Director A. Miller reported that the SGVCOG was working with Congresswoman Napolitano’s staff to provide information and support to assist in the preparation of a report on specialized aerial firefighting equipment. She reported that Congresswoman Napolitano was working closely with LA County Fire to quickly complete its analysis of its aerial firefighting equipment, including the SuperScooper aircraft.
- 27. Oral Report
Executive Director A. Miller reported that in the records retention schedule, it specified that all employee W2 forms would be kept permanently, which would help to ensure that the SGVCOG has an adequate records of its employees into the future.

ANNOUNCEMENTS

CLOSED SESSION

- 28. Conference with Legal Counsel – Anticipated Litigation – Significant exposure to litigation pursuant to Government Code Section 54956.9(b)(2) – 1 case.
Re: Nicholas Conway
- 29. Conference with Legal Counsel – Anticipated Litigation – Initiation of one case – 54956.9(d)(4)
There was no closed session.

ADJOURN

The meeting was adjourned at 8:30 p.m.

BOARD APPROVED

Date

Andrea M. Miller, Secretary

SGVCOG

FY 2014 Bank Balances (per Books)

Month	Total	Checking	Savings			Petty Cash	LAIF
			Metals	2766	MS4		
Jul	\$ 890,792.98	\$ 303,791.76	\$ 55,340.17	\$ 1,581.18	\$ 54,576.98	\$ 473.92	\$ 475,028.97
Aug	1,023,093.12	186,187.37	55,340.17	1,581.18	54,576.98	378.45	725,028.97
Sep	1,155,730.25	318,824.08	55,354.42	1,581.18	54,591.04	350.56	725,028.97
Oct	1,170,618.24	333,465.49	55,354.42	1,581.18	54,591.04	216.04	725,410.07
Nov	1,124,223.48	286,641.12	55,354.42	1,581.59	54,591.04	645.24	725,410.07
Dec	1,068,345.66	230,735.58	55,368.37	1,581.59	54,604.80	645.25	725,410.07
Jan	1,049,043.68	211,433.60	55,368.37	1,581.59	54,604.80	645.25	725,410.07
Feb	970,143.22	132,533.14	55,368.37	1,581.59	54,604.80	645.25	725,410.07
Mar	926,462.52	88,852.45	55,368.37	1,581.59	54,604.80	645.24	725,410.07
Apr	814,559.14	177,167.20	55,382.02	1,581.59	54,618.26	400.00	525,410.07
May	819,460.14	181,207.77	55,382.02	1,581.59	54,618.26	380.42	526,290.08

FY 2014 Transfers

Month	Checking	2766	Metals	MS 4	Petty Cash	LAIF
Jul	\$ (400.00)	\$ -	\$ -	\$ -	\$ 400.00	\$ -
Aug	(250,000.00)	-	-	-	-	250,000.00
Sep	-	-	-	-	-	-
Oct	-	-	-	-	-	-
Nov	-	-	-	-	-	-
Dec	-	-	-	-	-	-
Jan	-	-	-	-	-	-
Feb	-	-	-	-	-	-
Mar	-	-	-	-	-	-
Apr	200,000.00	-	-	-	-	(200,000.00)
May	-	-	-	-	-	-

SGVCOG
Check Register
May 2014

Date	Check Num	Check Name	Description	Paid
05/03/2014	8587	City of Claremont	Booth at Earthday celebration	105.00
05/03/2014	8588	City of Covina	Sponsorship for Summer Concert Display Booth	300.00
05/03/2014	8589	Space Bank	Storage	104.00
05/07/2014	EFT	Paycheck	Federal Taxes	3,402.29
05/07/2014	EFT	Paycheck	Direct Deposit	9,172.85
05/07/2014	EFT	Paycheck	Administrative Fees	67.77
05/21/2014	EFT	Paycheck	Federal Taxes	3,383.30
05/21/2014	EFT	Paycheck	Direct Deposit	9,100.54
05/21/2014	EFT	Paycheck	Administrative Fees	67.77
05/22/2014	8590	ACE Construction Authority	PERS	1,776.00
05/22/2014	8591	Alliant	14-15 ACIP Crime Report	950.00
05/22/2014	8592	Anthem Blue Cross	Medical Benefits	1,271.00
05/22/2014	8593	Athena Parking (Alhambra)	Parking	205.00
05/22/2014	8594	Jones & Mayer	Legal Services	2,083.33
05/22/2014	8595	Len Wood & Associates	Executive Director Evaluation	4,867.20
05/22/2014	8596	Platinum Consulting Group	Accounting Services	4,155.00
05/22/2014	8597	Proforma Quality Printing	Printing	1,086.09
05/22/2014	8598	RMR Awards	Name Plates	203.83
05/22/2014	8599	The Alhambra Office Community, LLC	Conference Room rental 4/2/14	90.00
05/22/2014	8600	Vasquez & Co., LLP	Audit assistance FY13	2,000.00
				44,390.97



Alameda Corridor-East Construction Authority

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

ACE Construction Authority Board of Directors Meeting April 28, 2014 Minutes

Chairperson Macias called the meeting of the Board of Directors of the Alameda Corridor-East Construction Authority to order at 2:00PM at El Monte Council Chambers.

1. **Pledge of Allegiance** –Vice Chairman Hadjinian led the pledge of allegiance.

2. **Roll Call** – In attendance was:

Norma Macias, Chair
Jack Hadjinian, Vice Chair
Juli Costanzo
Barbara Messina
Jeff Parriott

Staff

Mark Christoffels, Chief Executive Officer
Greg Murphy, Legal Counsel
Deanna Stanley
Cecilia Cardenas
Charles Tsang
Genichi Kanow
Phillip Balmeo

Guests

Natasha DeBenon, Arcadis
Keith Gillfillan, Moffatt Nichol
Allan Tanjuaquio, Jacobs
Hank Fung, LA County
Fadi Rassam, Citadel CPM
Roy Fisher, Parsons
Beth George, Converse Consultants

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

4. **Approval of March 24 , 2014 Minutes** – A motion was made by member Costanzo to approve the March 24, 2014 minutes of the Regular Meeting minutes of the Board. M/S/C/Macias/Costanzo/Passed Abstain: Parriott

5. **Chairman's Remarks** – Chairperson Macias reminded the Board that the Finance Committee was scheduled to meet on Friday, May 2 at 11AM at the ACE offices and that staff understood some members would be at the SCAG's General Assembly. Chairperson Macias also reminded the Board that the regularly scheduled May meeting would be held June 2nd as a Special Meeting and the June meeting would be held June 23rd.
6. **Board Comments** – There were no Board comments.

Member Rothman arrives.
7. **Chief Executive Officer's Report** – Mr. Christoffels reported staff has submitted an application for \$20 million of TIGER grant funds for the Durfee Avenue project.
8. **Construction Project Progress Reports** – Charles Tsang reviewed the progress at the Nogales project which included posting of multi-lingual warning signs inside the perimeter of the gated construction area to deter trespassing. He also showed SCE utility poles being relocated and the flow of traffic through the detour road. Genichi Kanow showed bridge work photos of the Baldwin Avenue project. Phil Balmeo reviewed sewer siphon work at the San Gabriel Trench project.
9. **Approval Contract for Federal Advisory Services** – Mr. Christoffels indicated a procurement for federal advisory was done in accordance with ACE policies with nine firms responding. He indicated a technical evaluation committee reviewed the proposals and narrowed the selection to three firms for interviews. After interviews the Committee unanimously agreed that Prince Global Solutions was the preferred firm. Members Messina, Hadjinian and Macias indicated that Kevin Jones represented ACE extremely well. Member Rothman suggested increased visits to Congressional offices would be helpful. Member Hadjinian indicated his schedule would likely allow him to represent ACE in these efforts and asked staff to follow up.

A motion was made to authorize the Chief Executive Officer to enter into a monthly retainer contract not to exceed \$14,500 per month plus a maximum of \$500 per month for direct expenses for federal governmental affairs and advisory services from June July 1, 2014 through June 30, 2015.
M/S/C/Rothman/Messina/Unanimous

10. **Approval of Amendment to SWCA Contract for San Gabriel Valley**

Trench Project – Mr. Christoffels indicated that the need for additional effort at the Trench was required due to significantly more discoveries within a certain segment of the work area. John Dieter summarized the findings which included human remains, undocumented buildings, a section of Pacific Electric railroad. He indicated an action plan was developed to ensure all findings were handled in accordance with all requirements. He indicated due to the number of human remain s findings a full time staff of 10-12 were working for the past three months. Discussion ensued regarding the type of findings including potential dating of the human remains. Mr. Dietler indicated the lab would have to complete its testing to confirm the age of the remains.

Member Costanzo thanked the San Gabriel Trench team for handling this effort with professionalism and integrity and keeping the community informed.

A motion was made to authorize the Chief Executive Officer to increase Task Order 2 with SWCA Environmental Consultants for cultural resources management on the San Gabriel Trench project for a not-to-exceed amount of \$1,108,336 for a total Task Order 2 contract authorization of \$2,484,933.
M/S/C/Hadjinian/Costanzo/Unanimous

11. **Quarterly Reports** - Mr. Christoffels reviewed the major activities completed the past quarter which included major portion of sewer main relocation and relocation of fiber optic lines at the San Gabriel project. Installation of support piling for bridge and retaining wall was completed at the Baldwin Avenue project. The Charlie Road detour was completed at Nogales for the Nogales Street closure. Design was completed for the Puente Avenue project, final design continued for Fairway and right of way activities continued for the Fullerton Road project. He reviewed the schedules for the projects and reported the San Gabriel Trench remained scheduled for completion September 2017, Baldwin March 2015 and Nogales March 2016. He indicated a construction contract was scheduled to be awarded for the Puente project in June 2014 and Fairway, pending CTC approval in June is expected to award construction in late 2014. Mr. Christoffels reviewed the status of funding.

Vice Chair Hadjinian indicated though he remained hopeful a project would be agreed upon by Montebello soon, it continues to be difficult to undo past opinions of viable options. He indicated he was concerned with protecting the businesses which could be affected in Montebello. He indicated a consultant was hired by the City to review alternatives and is scheduled to meet with council members at the end of May.

A motion was made to receive and file the quarterly reports.
M/S/C/Rothman/Costanzo/Unanimous

12. **Environmental Mitigation Monitoring Measures** – Mr. Christoffels indicated the reports included in the agenda outlined the required measures projects must take in order to reduce the adverse effect on the community. He indicated all projects remained in compliance with requirements.

13. **Adjournment** – The Board adjourned at 2:55PM. The next meeting would be held on June 2, 2014.



Alameda Corridor-East Construction Authority

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

MEMO TO: SGVCOG Governing Board Members & Alternates

FROM: Norma Macias, Chair

DATE: June 10, 2014

SUBJECT: Monthly Report

The following are items of note since the last meeting:

Project Updates – The ACE projects under construction are progressing well with the Baldwin Avenue project expected to open to traffic in Spring 2015, the Nogales Street project in Spring 2016 and the San Gabriel Trench project in Fall 2017. Two additional projects will commence construction this year, with construction contracts scheduled to be awarded for the Puente Avenue project this month and for the Fairway Drive project this fall. Three additional projects, at Fullerton Avenue, Durfee Avenue and Hamilton Boulevard, are anticipated to start construction in 2016.

Funding Program Extension – The ACE Board has adopted a position of support in concept for Senate Bill 1228 (Hueso) which would continue the state Trade Corridor Improvement Fund (TCIF) program for infrastructure projects located along key trade corridors. The program is a significant source of funding for the ACE projects. The ACE Board has sent a letter to the bill author requesting amendments to the bill to uphold existing trade corridor shares and to maintain the program guidelines. The bill would continue the funding program in anticipation of possible future new revenue sources for freight projects. Prop 1B state bond funds that have been allocated through the TCIF program for six years are nearly exhausted.

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

- Distributed multiple construction alert notices regarding lane restrictions and road closures for underground utility relocation work at various streets in San Gabriel for the San Gabriel Trench project; and,
- Conducted ongoing community outreach and support activities for the San Gabriel Trench, Baldwin Avenue, and Nogales Street grade separation projects.

The approved meeting minutes for the ACE Board meeting of April 28, 2014 are attached.



San Gabriel Valley Council of Governments

DATE: June 19, 2014

TO: Governing Board Delegates and Alternates

FROM: Andrea M. Miller, Executive Director

**RE: PURCHASING AND PROCUREMENT POLICY
RESOLUTION NO. 14-14**

RECOMMENDED ACTION

Recommend the Governing Board adopt Resolution No. 14-14 adopting a revised Purchasing and Procurement Policy.

BACKGROUND

On August 22, 2013, the Governing Board adopted Resolution No. 13-16 establishing a purchasing and procurement policy. This policy had been reviewed and recommended by the City Managers' Steering Committee at their August 2013 meeting.

Since that time, staff has been working with staff at the Alameda Corridor-East (ACE) Construction Authority to incorporate ACE's existing purchasing and procurement policy into the SGVCOG's adopted policy. This revision is intended to ensure the SGVCOG's eligibility for State and Federal transportation funding, which requires specific procurement procedures.

The proposed revisions would incorporate the provisions of ACE's purchasing and procurement policy into the SGVCOG's policy. The revisions relate to minor and major construction projects and contracts for professional services and are as follows:

- All minor construction contracts (\$25,000 - \$100,000) and major construction contracts (\$100,001 or more) would be procured and administered according to the guidelines identified in ACE's purchasing and procurement policy. This would include, but not be limited to, projects funded by State and/or Federal Transportation funding; and
- All contracts for professional services that are partially or wholly funded by State and/or Federal transportation funding would be procured and administered according to the guidelines identified in ACE's purchasing and procurement policy.

A redline version of the SGVCOG's purchasing and procurement policy has been included as Exhibit A to Attachment A.

SGVCOG and ACE staff will continue to review these procurement policies to further integrate the two existing documents to address any duplication as well as to ensure that the guidelines

included therein continue to be compliant with the latest State and Federal rules and regulations related to funding eligibility, particularly as it relates to transportation funding.

ATTACHMENTS:

Attachment A – Resolution 14-14, SGVCOG Purchasing and Procurement Policy (Exhibit A),
and ACE Purchasing and Procurement Policy (Exhibit A- Attachment A)

RESOLUTION NO. 14-14

**RESOLUTION OF THE SAN GABRIEL VALLEY
COUNCIL OF GOVERNMENTS (SGVCOG) ADOPTING A REVISED
PURCHASING AND PROCUREMENT POLICY**

WHEREAS, the San Gabriel Valley Council of Governments (SGVCOG) requires various goods and services to carry out the mission of the organization and effectively serve the member agencies;

WHEREAS, purchasing and procurement procedures provide a process designed to enable the organization to effectively manage and coordinate purchases, implement projects and programs, and to ensure sound business principles and legal requirements are followed;

WHEREAS, effective procedures enable the organization to establish a system of financial controls for the efficient use and expenditure of public funds, to ensure the process is conducted in a manner that serves the best interests of the SGVCOG and the public, and to ensure fair competition;

WHEREAS, the SGVCOG adopted Resolution No. 13-16 establishing a purchasing and procurement policy on August 22, 2013; and

WHEREAS, the revised SGVCOG Purchasing and Procurement Policy reflects modifications to ensure full compliance with State and Federal transportation funding requirements and to incorporate the purchasing and procurements policies utilized by the SGVCOG's component unit, the Alameda Corridor-East (ACE) Project.

NOW, THEREFORE, BE IT RESOLVED that the Governing Board hereby establishes the Purchasing and Procurement Policy, attached hereto and incorporated herein as Exhibit A, which supersedes Resolution No. 13-16 in its entirety, and determines that purchases and contracts for any materials, supplies, equipment or services shall be made in accordance with the provisions of this Policy.

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 19th day of June, 2014.

San Gabriel Valley Council of Governments

Barbara Messina, President

Attest:

Andrea M. Miller, Secretary



San Gabriel Valley Council of Governments

2.02 Purchasing and Procurement Policy

2.02.01 General Provisions

Purchasing and procurement procedures provide a process for the purchase of goods and services used for the operation of San Gabriel Valley Council of Governments (SGVCOG) programs. These procedures enable the SGVCOG to effectively manage and coordinate the purchasing and procurement process, to ensure the process subscribes to sound business practices and legal requirements, to establish a system of financial controls for the efficient use and expenditure of public funds, to ensure the process is conducted in a manner that serves the best interests of the SGVCOG and the public, and to ensure fair competition.

SGVCOG employees, or designees of the Executive Director, may purchase or contract for any materials, supplies, equipment or services in accordance with the provisions of this purchasing and procurement policy. No purchase order or contract shall be issued unless the Executive Director, Assistant to the Executive Director, or Accountant/Treasurer has first certified that there exists an adequate unencumbered balance of the appropriation(s) available to be charged with the cost of order or contract.

A. Fundamental Principles

The SGVCOG strives to ensure that supplies, equipment, and services are obtained at the most competitive cost, consistent with the quality and quantity required to maintain the efficient operation of the SGVCOG. Employees utilizing the purchasing and procurement process shall observe the following principles:

- Monitor and anticipate product and service requirements in advance of need.
- Obtain purchases within budgetary limitations or secure additional budgetary resources through established procedures.
- Treat all suppliers and contractors in a fair and equitable manner.
- Encourage open competition and solicitation of a sufficient number of vendors.
- Adhere to the purchasing and procurement established by the SGVCOG and support the safeguards for maintaining a system of quality and integrity.
- Avoid bid-shopping, order-splitting and vendor favoritism.
- Avoid contracts that exceed a total term of three years with two one-year options.
- Review the performance of contractors annually and make recommendations regarding changes to service providers as needed.

B. Ethical Conduct in Purchasing, Procurement and Related Activities

Transactions related to the expenditure of public funds require the highest degree of public trust to protect the interests of the SGVCOG, its member agencies, and the taxpayers. To secure and maintain the highest level of public trust and confidence, the SGVCOG is committed to upholding the highest standards of ethical conduct. Therefore, every employee shall conduct their business dealings in a manner that is above reproach and adhere to the following:

- Conduct themselves with the highest degree of integrity in all interactions with vendors.
- Refrain from gaining any personal profit or advantage through vendor relationships.
- Not participate in any situation where a conflict of interest may be involved.
- Not accept gifts, gratuities, or other items of value from vendors or suppliers which might influence or appear to influence decisions.
- Handle each issue related to a purchase or procurement that arises objectively and without discrimination.
- Not obligate the SGVCOG by any means, financial or otherwise, when the employee has a personal, material, financial or other interest in the obligation.
- Not purchase items for personal use while representing, or appearing to represent, the SGVCOG without first advising the supplier that the item is for personal use.
- Not accept discounts, sales, reduced prices, or other benefits offered by suppliers solely because of the employee's employment status.
- Not borrow, loan or take home SGVCOG equipment or supplies for personal use unless authorized by the Executive Director.
- Report possible violation of these standards to the Executive Director, or in the event, the Executive Director is alleged to have possibly violated the standards, to the Governing Board President.

All personnel engaged in the purchasing and procurement process are bound by this standard of conduct and disciplinary action may be taken against employees who violate the policies and procedures.

C. Conflict of Interest

SGVCOG employees will not solicit, accept, or receive, nor shall a vendor or potential vendor offer, directly or indirectly, any gift, favor, service, entertainment, food or drink, under circumstances where it could be inferred that the thing of value would influence the employee to give the vendor or supplier special consideration.

No SGVCOG employee shall participate in the selection, award, or administration of a contract if the employee, or member of the employee's immediate family, has a financial or potential financial interest in the outcome. Immediate family includes an employee's spouse or domestic partner, son, daughter, brother, sister, father, mother, grandchild, or grandparent, either by blood or present marriage.

D. Gifts and Gratuities

SGVCOG employees are prohibited from soliciting or accepting any gift or gratuity, except those of nominal value from any person, company, firm or corporation to which any purchase order or contract has been, or might be, awarded. "Nominal value" shall be consistent with the aggregate amount below which a gift or gifts from a single source does not need to be reported under the Political Reform Act, as may be amended from time to time (currently, this amount is any value less than \$50 during a reporting period). The SGVCOG may terminate, at no cost to the SGVCOG, any purchase order or contract if it is found that prohibited gifts or gratuities were offered to any employee.

E. Contemporaneous Employment Prohibited

SGVCOG employees who are involved in the purchasing, procurement and related processes are prohibited from being an employee from any party who is providing, or attempting to provide, goods or services to the SGVCOG.

F. Prohibited Transactions

- The SGVCOG will not purchase goods or services from an employee, or the close relative of a SGVCOG employee, until a determination is made that the purchase would not represent a conflict of interest or interfere with applicable laws. Any such situation shall be referred to the Executive Director who shall determine if a conflict exists.
- SGVCOG employees may not purchase from the SGVCOG any goods or materials used by the SGVCOG.

G. Free Trials and Sample Products

Vendors and suppliers often offer agencies the opportunity to evaluate sample products. Samples that exceed \$25 in value or that the vendor reasonably expects to be returned after evaluation should either be paid for or documented with a "no cost – evaluation" purchase order.

2.02.02 Purchasing Procedures

Purchases are classified into seven (7) purchasing categories. These categories are based on the dollar amount and type of purchase. Each category establishes a separate purchasing limit, authorization level and procedure.

	Category	Limitation
A.	Petty Cash Purchase	\$100 or less
B.	Minor Purchases	\$5,000 or less
C.	Intermediate Purchases	\$5,001 to \$10,000
D.	Major Purchases	\$10,001 or more
E.	Minor Construction Contracts	\$25,001 to \$100,000

F.	Major Construction Contracts	\$100,001 or more
G.	Professional Services	N/A

A. Petty Cash Purchases (\$100.00 or less)

The petty cash fund may be used to provide advances or to pay reimbursement to employees for the direct and immediate purchase of goods and services needed for SGVCOG operations. Such would include the following:

- Freight and postal charges due upon delivery
- Purchase of goods or services needed for immediate use
- Reimbursement of employee travel/meeting expenses

Petty cash purchases or advances are generally limited to \$100.00 per transaction. A “Petty Cash Voucher” must be completed by the person requesting petty cash and approved by the Executive Director or the Assistant to the Executive Director. Purchases or advances in excess of \$100.00 shall be submitted to Executive Director for approval. The Executive Director, with the concurrence via signature of the Accountant/Treasurer, shall be authorized to approve an individual petty cash transaction up to \$400.00, provided that such authorization is budgeted and necessary to facilitate an exceptional need.

Advances from petty cash must be reconciled and returned to the petty cash drawer within two business days from the date of issuance.

A receipt must support all expenditures. Receipts for food and/or beverages must include the names and affiliation of participants, purpose of the purchase, and date, time and location of the meeting or event. If no receipt is provided, a statement listing the expenditure(s) signed by the employee is required.

B. Minor Purchases (\$5,000 or less)

SGVCOG employees may initiate purchases for goods or services costing \$5,000 or less. All invoices for such purchases should be authorized by the Executive Director, or his or her designee, documented, and processed with a request for payment.

Purchases under \$5,000 do not require a purchase requisition. Vendors who provide goods and services on a regular basis (monthly, quarterly, etc.) may require a requisition even though they do not meet the minimum \$5,000 purchase level in a given billing cycle. The SGVCOG shall reserve the right to require the submission of a requisition to specific providers whose multiple invoices exceed \$5,000 annually.

Employees are required to ensure the availability of budgeted funds prior to making any approved minor purchases.

C. Intermediate Purchases (\$5,001 to \$10,000)

Each employee shall initiate intermediate purchases of goods, services, or construction services by preparing a purchase requisition.

- For intermediate purchases of goods, services or construction services over \$5,000 and up to \$10,000, employees shall solicit and document price quotes in writing (via mail, email, or fax) from a minimum of three (3) vendors. The solicited price quotes shall be attached to the purchase requisition as back up support. The Executive Director may submit written justification as to why the transaction should be exempt from this requirement.
- Construction contracts less than \$10,000 may be performed by a negotiated contract followed with a requisition.

After selecting the vendor, the employee shall submit a completed requisition displaying the vendor selected and describing the goods or services to be provided to the Executive Director, or the Assistant to the Executive Director in the Director's absence, for approval. Once approved, the Accountant/Treasurer will review the submitted requisition to verify the use of proper account numbers, availability of budgeted funds and compliance with proper purchasing procedures; approve the requisition; and issue a purchase order.

- The employee shall not order goods or services from a vendor before a purchase order is distributed by the Accountant/Treasurer.

D. Major Purchases (\$10,001 or more)

Purchases of goods or services over \$10,000 shall be awarded by formal bidding or negotiation, and require approval by the Governing Board.

E. Minor Construction Contracts (\$25,001 to \$100,000)

Generally, minor construction is delegated to the Alameda Corridor East (ACE) Project.

All minor construction contracts are procured and administered according to the guidelines identified in the ACE Procurement Policy, which is included and incorporated into the SGVCOG Purchasing and Procurement Policy as Attachment A. This includes, but is not limited to, all projects funded by State and/or Federal transportation funding.

Deleted: In the event the SGVCOG does undertake a major construction project, construction contracts greater than \$10,000 but less than \$100,000 may be awarded by informal bidding or negotiation, unless otherwise required by state law. Governing Board approval is required on all construction contracts over \$10,000.

F. Major Construction Contracts (\$100,001 or more)

Deleted: ¶
¶

Generally, major construction is delegated to the Alameda Corridor East (ACE) Project.

All major construction contracts are procured and administered according to the guidelines identified in the ACE Procurement Policy (Attachment A). This includes, but is not limited to, all projects funded by State and/or Federal transportation funding.

G. Professional Services

The SGVCOG relies heavily on outside consultants and professional and technical services to accomplish the overall mission and objectives of the organization. Contracts for professional services are generally issued on a fixed cost basis with the consultant receiving payment for a predefined scope of work. Other forms of contract may be used as appropriate. Contracts that extend beyond a fiscal year are multi-year contracts, and the scope of work shall be established in phases in accordance with the available budget.

The selection of professional services is to be based on demonstrated competence and on professional qualifications for satisfactory performance. After a qualified individual or firm is selected, the Executive Director or the Assistant to the Executive Director may negotiate a satisfactory contract with a price determined to be fair and reasonable. The emphasis for selection is therefore based upon qualifications rather than the lowest price.

In the event that any contracts for professional services is to be funded either partially or wholly by State and/or Federal Transportation funding, those contracts are procured and administered according to the guidelines identified in the ACE Procurement Policy (Attachment A).

2.02.03 Procurement Methods

This section sets forth the generally accepted methods of procurement. These methods may be adjusted from time to time to reflect current business practices. Further, the Governing Board and the Executive Director shall have the authority to use the alternate process as set forth in this section as the preferred procurement for any purchase category listed above if it is determined to be in the best interest of the organization. Below are the approved procurement methods for goods and services.

A. Request for Proposals

An invitation for selected providers of a product or service to bid on the right to supply that product or service to the SGVCOG. A minimum of two (2) proposals shall be sought on each occasion that this option is used.

B. Negotiation

Negotiation is the process by which the SGVCOG or its agents communicate with providers of products or services to reach a mutually acceptable agreement through discussion and compromise.

Deleted: In the event the SGVCOG does undertake a major construction project, construction contracts for \$100,001 or more must be awarded by formal bidding, request for proposals, or negotiation. Purchases of goods or services over \$100,000 will require Governing Board approval. ¶

C. Informal Bid Procedures

A notice inviting informal bids shall be mailed to selected vendors/contractors for the category of work to be bid and to all trade journals as specified by the Executive Director, ten (10) calendar days before bids or proposals are due.

If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such vendors or contractors.

D. Formal Bid Procedures

A notice inviting formal bids shall be published fourteen (14) calendar days before the bid opening. Notices inviting formal bids shall also be mailed to trade journals or web sites, postmarked thirty (30) calendar days before the bid opening.

The use of formal bid procedures does not guarantee the award of contract for goods and services, including professional services, to the lowest bidder. The formal bidding procedure is as follows:

- Each employee is responsible for initiating and administering purchases for activities under their control.
- The employee responsible for the purchase will send a notice inviting bids to potential bidders (within reason, but a minimum of three) of which he/she has knowledge. A copy shall be maintained in the SGVCOG files.
- The bid package will describe adequately and accurately the items to be purchased or services to be rendered and will include necessary specification. Bidders shall be advised of performance bonds, insurance, contract requirements, affirmative action, minority business enterprise requirements and other requirements as applicable.
- Bidders will be advised of date, time, place of bid opening, and contact information concerning the bid. All invitations will include a statement of the organization's right to reject all bids.
- All bids shall be sealed and in a separate envelope marked "Sealed Bid".
- The employee will analyze the bids and prepare a recommendation to the Executive Director, and then he/she will make a recommendation to the Governing Board for the award of the bid.

After the Governing Board has awarded a contract or purchase resulting from a formal bid, request for proposal, or negotiation, staff should prepare a requisition. The requisition should be

accompanied by a copy of the Governing Board approved staff report, insurance certificate, and a professional services agreement or other appropriate agreement, if required.

After receiving a final approval, the purchase amount will be encumbered by the Accountant/Treasurer. The resulting purchase order will be distributed back to the originating employee.

E. Sole Source

Sole source procurements are authorized when requirements are so critical, or call for such specialized expertise, that only one source is capable of satisfying those requirements.

Sole source refers to the source, not the product or service. Justification for a sole source purchase depends on a needed item being available from only a single supplier. Sole source purchases may arise from a number of circumstances, such as the purchase of equipment for which there is no comparable, competitive equivalent; the replacement of parts available from the manufacturer only; and the purchase of equipment and supplies that will be used in the design of a custom product.

Detailed documentation justifying the sole source purchase and ensuring that the cost charged by the vendor is reasonable and customary is required. Documentation shall include the following:

- Is this a sole source (available from only one vendor; one-of-a-kind and is not sold through distributors)? Or is this a sole brand (various vendors are able to supply the specified model and brand name) and competitive bids (informal or formal) will be solicited for the requested brand only?
- Detailed description of the unique performance features of the product or brand requested that are not available in another product or brand
- Unique qualifications that this vendor possesses
- Analysis as to the reason the unique features and qualifications are required
- Description (brand names, model numbers, vendor names and contact information) of the other items and brands that were evaluated and rejected and reasons for the rejection

A proprietary product is manufactured by only one company but may be sold through distributors and competition between them may be able to be obtained.

Sole source justification based solely on a vendor's capability to deliver in the least amount of time is not sufficient.

Sole source justification based on personal preference or an established relationship with a supplier is not a valid basis for a sole source selection.

F. Authorized Purchasing Alternatives

- Acquisition of brand name or compatible products and furnishings to assure compatibility with other City products, equipment, or offices or because the brand name or compatible product has superior performance results as determined through either SGVCOG or other reliable testing.
 - Purchases totaling less than \$10,000 require the Executive Director to determine the procedure to be used.
 - Purchases greater than \$10,000 require the Governing Board direction on the purchasing procedures to be used.
- Use of professional services procedures to obtain a contractor as a consultant and then the use of bid procedures or other purchasing procedures as approved by the Executive Director to select subcontractors, but only upon a finding by the Governing Board prior to or concurrent with the award of contract that this procedure is in the best interests of the organization for the particular contract.
- The Executive Director or designee may require a pre-qualification process for bidders, suppliers, or professionals (hereinafter collectively referred to as “bidder(s)”). The SGVCOG may, at its discretion, select bidders for pre-qualification. The pre-qualification questionnaire may include questions pertaining to the following criteria:
 - The familiarity and experience of the prospective bidder with the particular type of purchase or contract designated.
 - The sufficiency and availability of personnel, equipment, materials, and other facilities or resources of the prospective bidder to accomplish the designated work or provide the construction or contract supplies, materials, or reports and opinions.
 - The ability of the prospective bidder to provide required bonds and insurance, including indemnity.
 - The financial ability/condition of the prospective bidder to accomplish the work designated.
 - The experience of the prospective bidder to perform the designated work as well as the experience in performing similar work.
 - The safety record of the prospective bidder.
 - The record of the prospective bidder within the preceding 5 years regarding performance, claims, arbitration, mediation, or litigation filed by or against the

prospective bidder regarding public or private construction contracts or other contracts where the prospective bidder provided services, supplies, materials, opinions or reports.

- Such other information as is deemed appropriate for the particular purchase or contract.
- The Executive Director or designee shall apply a uniform rating system to the prospective bidders for each purchase or contract. Bidders that are deemed qualified shall be provided the opportunity to submit bids or proposals; no other bids are required to be sought, although the SGVCOG may solicit additional bids if in the exercise of its discretion, it determines it to be in the organization's best interest.

G. Change Orders

When a change of condition or additional work is required to continue the progression of an authorized purchase or service, a change order shall be prepared by the employee.

Change orders shall require the following authorizations:

- Change Orders for less than \$10,000, and within the appropriated budget, may be authorized by the Executive Director.
- Change Orders in excess of \$10,000 must be authorized by the Governing Board.
- Change Orders which cause the original authorized purchase order or contract to exceed \$10,000 must be authorized by the Governing Board.
- Multiple change orders which cumulatively exceed \$10,000 must be authorized by the Governing Board.
- Change Orders in excess of \$10,000 may be approved by the Executive Director and submitted to the Governing Board for final authorization in the following circumstances:
 - The failure to immediately issue a change order may result in significant project cost increases or an unacceptable project delay due to work stoppage or other inefficiencies; and
 - The Governing Board will not hold its regularly scheduled meeting within a reasonable period of time to sufficiently remedy the problem, and a special meeting will not be able to be scheduled within a reasonable period of time to sufficiently remedy the problem.
 - Funding for the change order is currently available within the appropriated budget;
or

- If funding for the change order is not currently available, the change order shall be accompanied with a supplemental appropriation and submitted to the Governing Board for final authorization.

H. Purchase Order Exemptions

The following disbursements are exempt from Purchase Order requirements:

- Disbursements for refundable deposits
- Disbursements to public agencies for which the SGVCOG collects fees on behalf the agency
- Disbursements for payroll, payroll liabilities, and employee benefits
- Disbursements for refunds of fees collected

I. Emergency Purchases

In certain situations, it may be necessary to make emergency purchases, which shortcut the pre-approvals required for intermediate or major purchases, as outlined above. An emergency purchase may be made when there is an immediate, urgent need to acquire particular goods or services not already available to staff.

For purchasing purposes, an emergency situation is one in which there is an immediate threat to life or property or a substantial disruption of public service.

An emergency purchase of \$10,000 or less for budgeted items may be approved by the Executive Director, with the concurrence via signature of the Accountant/Treasurer. The expenditure shall subsequently be reported to the Governing Board and highlighted in the warrant register. The Executive Director, with the concurrence via signature of the Accountant/Treasurer, may authorize non-budgeted expenditures of up to \$5,000 for an emergency situation. Such emergency action shall be reported in full to the Governing Board and ratifying approval shall be obtained at the next regular or specially called Board meeting. These procedures for emergency purchases shall be followed in accordance with any applicable state law.

SUMMARY OF BOARD ACTIONS ON PROCUREMENT

The CEO shall initiate procurement actions to acquire technical, professional and construction contracts to achieve the objectives in the Board approved Project Implementation Plan.

The Board will act on recommendations from the CEO to:

- accept the Technical Evaluation Committee (TEC) recommendation of the most qualified firm to perform technical and professional contracts solicited by competitive proposals, (**NOTE 1**) or
- award contracts (including contingency allowance) in excess of \$250,000, or
- increase contract contingency allowance beyond that authorized at time of contract award.

(NOTE 1) The Board may accept or reject the recommendation of the TEC. In considering the TEC recommendation, the Board may make its own review of proposals, including interviews. In the event it rejects the TEC recommendation, the selection will be returned to the TEC for further consideration and re-submittal to the Board.

At the time of Board approval of each contract the CEO will be delegated authority from the Board to approve and execute modifications to the contract.

CEO shall report to the Board at the next regularly scheduled meeting any procurement actions taken within the authority limits, including modifications to contracts.

The Board will act on recommendations from the CEO to procure material or services by non-competitive procedures under the following circumstances:

- An emergency situation, as defined in Emergency Procedures, exists;
- Situations in which there is only one responsible source of supply including, but not limited to: (a) when the public interest requires the standardization of equipment or the interchangeability of parts; (b) there is a follow on contract for continued development of specialized equipment; (c) the goods or equipment to be procured will be used for testing or experimental purposes; (d) there is only one source of the goods or equipment; or
- The Authority's need is of a unique and compelling urgency;

Recommendations to close out each contract will be submitted for Board approval.

The Board will act on recommendations from the CEO to delegate procurement officer authority provided in the Administrative Code to qualified, named individuals.

CHAPTER 1

PROCUREMENT PROCESS

A. PURPOSE AND SCOPE

This chapter provides an introduction to the Alameda Corridor—East Construction Authority (Authority) Procurement and Contracting policies and standards. The Authority procurement procedures in this Manual comply with Federal (FHWA) and State (Caltrans) procurement regulations in order to maintain funding eligibility.

B. POLICY

The underlying premises of Authority procurement policy are to foster free and open competition among vendors, consultants and contractors and to obtain the specified material and services in a cost effective and timely manner. The Authority will follow sound business and public policy principles in the procurement and distribution of goods and services so that these actions are performed efficiently and in a manner that serves the best interest of the Authority and the public.

C. PROCUREMENT STANDARDS

1. Procurement Standards are designed to ensure that materials and services are obtained in a timely, efficient and economical fashion.
2. The following standards apply to the awarding and administering of all contracts by the Authority:
 - A. Authority will maintain a contract administration system that ensures contractors' performance will be in accordance with contract requirements.
 - B. Authority will review proposed procurements to avoid unnecessary or duplicate items.
 - C. Where appropriate, an analysis will be made of lease versus purchase alternatives and any other appropriate analyses will be conducted to determine the most economical solution.
 - D. Authority will encourage the use of value engineering by the consultant or contractor in order to optimize design and realize cost savings.

- E. Authority will award contracts only to contractors possessing the ability to perform successfully under the terms and conditions of the agreement. Consistent with public law, consideration will be given to such matters as contractor integrity, record of contractor's past performance, and financial and technical resources.
- F. Records sufficient to document the procurement history will be maintained for a period of three years after contract close out. The Authority's mission will end when construction is completed, at which time the Authority will transfer all records to the local jurisdiction or the San Gabriel Valley Council of Governments (SGVCOG).
- G. Time and Material type contracts, with an established budget ceiling, will be used only after the Authority determines and documents that no other type is suitable.
- H. Selection procedures for procurements will ensure a fair, unbiased evaluation of competing proposals. The process is covered in detail in the chapter for each type of procurement.
- I. Advance payments will not be made on any contract except for extraordinary circumstances in which the Board has determined advanced payments are warranted. The Administrative Code permits advance payments on contracts for rent, insurance premiums, subscriptions to publications, and extension or connection of public utilities for Authority property.

D. ROLE OF ACE BOARD AND AUTHORITY DELEGATED TO CEO

- 1. Final authority for purchasing / contracting actions and decisions rests with the Board. The **Board will act on recommendations from the CEO to award contracts in excess of \$250,000 and to increase contract contingency.** The Administrative Code, Title II, Chapter 2 provides for delegation of procurement authority to the CEO for certain actions, with the requirement that the CEO shall report to the Board at the next regularly scheduled meeting any actions taken within this delegated authority:
 - A. The CEO may originate and execute contracts with a contract price that does not exceed \$250,000. These contracts are "CEO Awarded" contracts.
 - B. The CEO may approve contract modifications to CEO Awarded contracts as long as the cumulative price does not exceed

\$250,000. In the event modifications to a CEO Awarded contract will increase the value of the contract above the \$250,000 threshold, the **Board will act on the CEO's recommendation to establish a contingency allowance** for the contract.

- C. The CEO may conduct a procurement not to exceed \$500,000 in response to emergency conditions. The requirements and process are provided in the Emergency Procedures chapter of this Manual.
 - D. The CEO may initiate and execute contract modifications to Board approved contracts that, cumulatively, do not increase the Board approved contract by more than the contingency authorized by the Administrative Code.
 - E. The **CEO may obtain Board approval to delegate this authority** to qualified, named individuals.
 - F. The CEO may delegate the authorization for contract modifications to the Board approved construction contracts that cumulatively, do not increase the Board approved contract price by more than five percent (5%).
- 2. The Administrative Code designates the CEO, or his/her designee, as the "Procurement Officer" for the Authority. Upon Board approval of a procurement action, the CEO is authorized to sign all contracts on behalf of the Authority.
 - 3. This Procurement Manual has been adopted by the Board and shall be followed in all procurement actions.
 - 4. The CEO has primary responsibility to ensure that the Procurement Manual is followed and that all actions are in accordance with applicable laws and codes as interpreted by the General Counsel. The CEO may carry out this responsibility through use of Authority staff and consultants.

E. PROCUREMENT OFFICER RESPONSIBILITIES

- 1. The duties and responsibilities of the Procurement Officer shall include:
 - A. Shall oversee all procurement activities of the Authority and implement the policies and standards.
 - B. Issue instructions for implementation of Authority procurement policies.

- C. Shall execute or arrange to execute all contracts, purchase orders, modifications, etc., in accordance with thresholds and delegated authority.
- D. Ensure a complete record is maintained for each procurement.
- E. Issue instructions concerning storage, destruction, and disposal of supplies and materials.

F. JUSTIFICATION FOR PROCUREMENT

- 1. The mission of the Authority is to construct grade separations, grade crossing safety improvements and traffic signalization enhancements as described in the Project Implementation Plan. With Board approval, the CEO shall initiate procurement actions to acquire technical, professional and construction contracts to achieve the objectives. The **Board will act on CEO recommendations** at the following points:
 - A. Upon recommendation of the most qualified firm (Request for Proposals /Request For Qualifications process only); and,
 - B. Prior to contract award.
- 2. In developing projects the Authority must ensure the scope of work is carefully controlled to maintain maximum possible eligibility for Federal funding. Eligibility criteria for Federal funding is established in Title 23 CFR as interpreted by Caltrans. Work within the Federal-aid project limits that is determined to be ineligible for Federal funding is referred to as “nonparticipating work”.
- 3. If local governments, railroads or utilities desire work that is determined to be “nonparticipating work,” the Authority will only proceed upon receipt of a funding commitment from the requesting party.

G. DETERMINING PROCUREMENT METHOD AND CONTRACT TYPE

- 1. SEALED BID CONTRACTS will be used when:
 - A. A complete, adequate and realistic definition of the work, typically a combination of specifications and detailed design, can be developed;
 - B. Allowed by law or regulation;

- C. Two or more responsible bidders are willing to compete for the work;
 - D. The procurement lends itself to a firm, fixed price contract and the selection of the successful bidder can be made principally on the basis of price; and,
 - E. There is time to complete the necessary procedures.
2. COMPETITIVE NEGOTIATED PROCUREMENTS are appropriate under one or more of the following conditions:
- A. The procurement is for a non-standard item or a complex service;
 - B. The item or services to be procured do not allow for the formulation of specifications upon which the basis for award can be price; or,
 - C. The selection of the best qualified firm is based upon evaluation of several factors.
3. SMALL PURCHASES will be used when:
- A. The procurement is less than \$25,000, except in the case of professional and technical services where the upper limit is one hundred thousand dollars (\$100,000); and
 - B. The Procurement Officer determines that this process will be the most efficient and economical method.
4. NON-COMPETITIVE PROCUREMENTS will be used when the Procurement Officer has prepared written justification documenting the conditions that preclude competition, including:
- A. An emergency situation, as defined in Emergency Procedures, exists;
 - B. Situations in which there is only one responsible source of supply including, but not limited to: (a) when the public interest requires the standardization of equipment or the interchangeability of parts; (b) there is a follow on contact for continued development of specialized equipment; (c) the goods or equipment to be procured will be used for testing or experimental purposes; (d) there is only one source of the goods or equipment; or
 - C. The Authority's need is of a unique and compelling urgency.

5. FORCE ACCOUNT WORK will be used when agreements with the local agency, railroad or public utility provide for self-performance of construction work. Payment under the force account is based upon the actual cost of labor, equipment, and materials furnished, with consideration for overhead. If, necessary, the Authority will coordinate plans for force account work with Caltrans' District Local Assistance Engineer (DLAE) to maintain eligibility for Federal funds.

H. FUNDING SOURCES

1. The Authority will only request Board approval of any procurement action when the Authority has obtained the necessary funding commitment. The Project's financial plan has been developed and is periodically approved by the Board. Funding may have some unique restrictions, and may be earmarked for specific procurements or locations.
2. The key step in initiating a procurement action is obtaining project authorization from Caltrans. Following the procedure in Chapter 3 of Caltrans Local Assistance Procedures Manual (LAPM), the Authority will request authorization for the Preliminary Engineering phase, Right of Way, and Construction for each project. Matching funds from the railroad, Los Angeles County Metropolitan Transportation Authority (MTA), and the California Transportation Commission (CTC) will be required to obtain Federal participation. Procurements that proceed without Caltrans authorization risk loss of federal participation.

I. ADVERTISING PLANS

1. All Authority procurement actions will be advertised, with the exception of the following situations:
 - A. Small purchases (under \$25,000) or service agreements (under \$100,000);
 - B. An emergency situation, as defined in Emergency Procedures, exists;
 - C. Situations in which there is only one responsible source of supply including, but not limited to: (a) when the public interest requires the standardization of equipment or the interchangeability of parts; (b) there is a follow on contact for continued development of specialized equipment; (c) the goods or equipment to be procured will be used for testing or experimental purposes; (d) there is only one source of the goods or equipment; or
 - D. The Authority's need is of a unique and compelling urgency.

2. Announcements of pending procurements will be undertaken to ensure that the firms that are most likely to be interested in providing the services are provided adequate notice to obtain the Request for Proposals (RFP), Request for Qualifications (RFQ) or Invitation for Bids (IFB). A one-day advertisement stating the availability of RFP/RFQ or IFB packages will be placed in the legal classified section of newspaper(s) with wide local circulation two times, a week apart. The Authority may also use recognized trade journals and plan rooms to assist in advertising. Advertisements will not coincide with a holiday period unless specifically approved by the CEO for extenuating situations.
3. The Authority will also place the RFP/RFQ on its website. IFB packages are too cumbersome for electronic transmission, thus only the notice inviting bids will be posted on the website.
4. Consultants and contractors will have a minimum of three weeks to respond to the procurement.
5. Specific steps for advertising are provided in the following chapters for each procurement type.

J. DBE UTILIZATION POLICY

1. The Authority's Disadvantaged Business Enterprises (DBE) policy and procedures are set forth in the Disadvantaged Business Enterprise Program, based upon the U.S. DOT 49 CFR Part 26. The Authority's DBE Program in Federally assisted contracts are approved annually by Caltrans.

K. BUY AMERICA

1. On all Federal-aid construction projects, current regulations require that steel and iron used be made in the United States. All foreign steel and iron materials are covered by the "Buy America" provision regardless of the percentage of steel in the manufactured product. All manufacturing processes involved in steel or iron products must occur within the United States. These processes include rolling, extruding, machining, bending, grinding, drilling, coating, welding and smelting. Domestically produced steel billets or iron ingots shipped overseas for any process and returned to the United States do not conform to this requirement.
2. "Buy America" provisions do not apply to:

- A. Minimal use of all foreign materials in which the total delivery cost to the project site is less than \$2500 or 0.1 % of the contract amount, whichever is greater;
 - B. Raw materials; scrap temporary steel items such as sheet pilings, bridges, steel scaffolding and falsework;
 - C. Materials that remain in place at the contractor's convenience such as sheet piling and forms; and
 - D. Pig iron manufactured outside the United States
3. The Authority shall not list an ineligible iron or steel product as "nonparticipating" in order to circumvent the "Buy America" requirements.
4. A waiver of the "Buy America" requirements by the FHWA Division Administrator is permitted for specific projects, specific products, specific geographical areas, or combinations if:
- A. "Buy America" is inconsistent with the public interest, or
 - B. There is not a sufficient supply of domestic materials of satisfactory quality.

L. BONDS

1. There are a number of bond guaranties that can be required during contract formation and administration activities (i.e. Advance Payment Bonds, Extra Work, Lien Bonds, Maintenance Bonds, Warranty Bonds, etc.) however, the most prominent that will be required for ACE construction contracts are:
- A. Performance Bond – Normally a surety company's guarantee, this bond provides the Authority the assurance that the obligations that the contractor undertakes pursuant to the contract, including the warranty period, will be performed.
 - B. Payment Bond – ensures that the contractor's suppliers and subcontractors are paid for the labor and/or material they supply.
 - C. Bid Bond – A bond, certified check or other negotiable instrument submitted by the contractor with the bid package. This assures the Authority that the contractor will guarantee his bid price for a specified period. Upon execution of the contract, this bond is returned. In the event the successful bidder refuses to enter into contract, the bond will be used to cover the damages (increased

cost) incurred by the Authority in awarding the contract to the next lowest bidder, or in rebidding the contract.

M. INSURANCE

1. Certificates of insurance will be required by the successful contractor to confirm that the insurance policies required by the contract have been obtained. These certificates of insurance or other documentation of insurance are required from the contractor following award of the contract but no later than contractor's site mobilization. No work will be authorized until the required insurance documentation is received by the Authority's Contract Manager. The Authority will have an expert in insurance matters review the policies for adequacy.
2. Insurance policies will be monitored to ensure that contractors extend the policies prior to the expiration dates.
3. Typical required insurance coverages include, but are not limited to:
 - A. General Liability Insurance
 - Bodily injury
 - Property damage
 - Personal injury
 - B. Excess Liability Coverage
 - C. Worker's Compensation and Employer's Liability Insurance
 - D. Builder's Risk
 - E. Automotive Liability
 - Bodily injury
 - Property damage
 - F. Contractor's Equipment
 - G. Professional Liability Insurance
 - H. Railroad Protective Insurance
4. The Authority may obtain a Coordinated Insurance Program (i.e., a wrap around insurance policy) to cover the risks associated with all activities in connection with the execution of the ACE Project. This project-wide insurance policy, which will be administered by an insurance broker, may provide all insurance above with the exception of Automotive Liability and Contractor's Equipment insurance.

CHAPTER 2

PROCUREMENT BY COMPETITIVE PROPOSAL

A. POLICY

It is the policy of the Alameda Corridor-East Construction Authority (ACE Construction Authority) to use competitive proposal procedures as an alternative to the formal advertised procedure, when it is determined that the services or items to be procured do not allow for the formulation of specifications upon which the basis for award can be strictly priced.

This policy and procedure is always followed for the procurement of professional and technical services in excess of \$100,000 and **may be used in other instances with the approval of the Board of Directors when deemed appropriate.**

B. GUIDELINES

1. Procurement by competitive proposals involves the solicitation of offers through a publicly advertised Request for Proposals (RFP). The Request for Proposal may solicit either a technical proposal or both technical and cost proposal and any other relevant information such as schedule dates and deadlines for the completion of the work.
2. An RFP usually involves non-standard items or complex services. It is the policy of the ACE Construction Authority to request as a part of the RFP, information such as a complete description of the work to be done, program and approach, including detail of the tasks involved, and capacity data including related experience and resumes of key personnel. All of this information must be presented to the ACE Construction Authority in the form of a technical proposal.
3. ACE Construction Authority reserves the right to make a selection and award based on the original proposals, without negotiation with any offerors. If negotiations are conducted, however, ACE Construction Authority will negotiate with all offerors deemed to fall within the competitive range, defined as having reasonable chance of being selected for award.

C. PROCEDURES FOR PROCUREMENT BY COMPETITIVE PROPOSAL

1. Prepare a Request for Proposal or Qualification (RFP or RFQ). The responsible staff member (Project Manager) should prepare a Request for Proposal or Qualification (RFP or RFQ) using the most current standard format and "boilerplate" language. The contents of the RFP/RFQ must be kept confidential until the document is released to prospective proposers. Specific attention should be paid to the following (see Section D below for more details):

1. A scope of work, which describes accurately in clear and concise language the technical requirements to be met by a consultant. The scope of work should describe in logical steps the complete service or item to be delivered from inception to 100 percent completion. A work schedule should be included if applicable to the assignment.
2. Identify evaluation criteria against which the proposals can be evaluated:

2. Related Tasks – The Project Manager of the RFP/RFQ should also:

- A. Prepare a cost estimate in the same format that the consultant's cost proposal will be required to follow;
- B. Identify and later provide support to a Technical Evaluation Committee (TEC) which should consist of 4-6 members with relevant technical qualifications; for design or construction management assignments, the TEC should include representative(s) of the local jurisdiction(s) in which the project is located;
- C. Ensure the estimated cost of the contract is included in the project and ACE Construction Authority annual budget and take whatever steps necessary to reserve the funds;
- D. Determine whether or not a "two-step" selection process using an Expressions of Interest for pre-qualifications should be used;
- E. Create and maintain a Contract file containing all information necessary to document the significant history of the procurement.

D. REQUEST FOR PROPOSAL PREPARATION

1. General

All Requests for Proposals/Request for Qualifications should be developed in as organized a fashion as possible. Since the scope of work forms the basis of the contract activity, the scope of work should be clear and concise, divided into separate tasks that succinctly detail what is expected of the potential consultant/contractor.

The objectives of the work to be completed should be separately delineated in the scope of work and any special requirements particularly emphasized. Deliverables should be itemized, if possible. This will help to ensure that the ensuing contract can be negotiated easily and fairly, facilitating contract administration, and minimizing the need for change orders.

Depending on the complexity of the work to be performed, each RFP will be unique. Nevertheless, certain terms or concepts are standard and must be included in each RFP package. They are outlined below:

2. General Instructions to Proposers

A. Introductory Letter/Cover Letters

The introductory letter should briefly explain what services are being sought, and under what parameters they are being procured. At a minimum, the letter should include:

- (1) The Title of the Project
- (2) Listing of the documents included in the RFP
- (3) Dates proposals are due and pre-proposal conferences and/or oral presentation will be held
- (4) ACE Construction Authority address and identification of responsible procurement official
- (5) Instructions regarding how many copies of proposals should be submitted, what type of proposals (technical and/or cost) are required, and how they should be submitted (sealed, separate labeled, etc.).

3. Project Description

The project description portion of the RFP/RFQ explains the technical and professional services being procured. Depending on the complexity of the project it should contain:

- A. Background Information/Project History.
- B. General Scope of Services.
- C. Detailed Scope of Services.
- D. Schedule Information.
- E. References, Project Specific Data; where ACE Construction Authority has compiled a listing of reference information, arrangements for viewing and copying the data should be set forth in this section.

4. Proposal Requirements

Proposal requirements should be clearly enumerated and at a minimum include:

- A. Instructions regarding DBE participation goals.
- B. Guidance regarding proposal format including amount and type of information required and any limits placed on submittal information (including page limits).
- C. Forms that must be filled out.
- D. Time requirements.

5. Method of Selection

- A. All RFP/RFQ's issued by ACE Construction Authority must identify evaluation factors and their relative importance. These factors are usually enumerated either in descending order of importance or weighted individually.
- B. Cost cannot be an evaluation factor for architectural and engineering procurements.

6. General Provisions

This section should contain a copy of the anticipated contract, including all clauses and provisions that are mandated by law or regulation (including state or federally required clauses or provisions).

7. Documents and Attachments

This section should contain any pertinent special documents, exhibits or information relating to this procurement.

E. RFP/RFQ REVIEW PRIOR TO RELEASE

The Project Manager of the procurement is responsible for ensuring that any appropriate internal reviews of the contents of the RFP have been done. All RFP/RFQ's must be reviewed by legal counsel prior to release.

F. ADVERTISING FOR COMPETITIVE PROCUREMENT

1. General

ACE Construction Authority procurement regulations require that proposals be solicited in a manner that maximizes competition. As such, when procuring goods and services through the negotiated procurement method, the procurement is usually advertised in generally circulated newspapers and trade publications and posted on the ACE Construction Authority web site.

Advertisement of a negotiated procurement can be done either through the Expression of Interest process or by advertising the entire RFP/RFQ. In some instances both processes are followed in an attempt to secure competition.

G. REQUEST FOR PROPOSAL ADVERTISEMENT

1. Time of Advertisement

A. Consistent with the need for obtaining the services, all RFP/RFQ's should allow sufficient time for proposers to formulate and submit their proposals.

B. In no case should an RFP/RFQ allow less than twenty (20) calendar days for responses.

C. The time allowed for responses should be extended in direct proportion to the complexity of the procurement.

2. Requirements of Advertisement

A. Give a brief description of the services required.

B. Specify where RFP/RFQ package may be obtained.

C. Indicate the hour, date, and place where the proposals will be received.

D. Indicate the date and time of pre-proposal conference if applicable.

E. Identify the basis on which award will be made.

F. List any affirmative action requirements, and/or DBE requirements, and/or federal funding requirements if applicable; and such other pertinent information as considered proper.

G. Be placed in one or more newspapers of general circulation, in areas served by ACE Construction Authority.

H. No advertisement should be published on or too close to a major holiday.

3. Additional Means of Soliciting Interest

The ACE Construction Authority is free to use other means to attract interest in the procurement, such as direct contact of known vendors, but such efforts are at the discretion of the Authority and are not required.

H. PRE-PROPOSAL CONFERENCE

1. General

Pre-Proposal Conferences can and should be held for any procurement where a determination is made that the complexity of the procurement warrants one. The initiator of the procurement is responsible for making the necessary arrangements and supporting the meeting (i.e. conducting the meeting, preparation of any follow up documentation).

2. Purpose of Pre-Proposal Conference

A. To allow ACE Construction Authority to clarify the procedures for receipt opening and evaluation of proposals.

B. To allow personal contact between ACE Construction Authority staff and proposers for questions and answers.

C. To allow ACE Construction Authority to explain or expand on complex specifications.

D. To allow ACE Construction Authority to demonstrate the quality of work or product required.

E. To entertain questions that might be raised by potential proposers concerning the scope of work. Written responses will only be made to written questions or those questions that cannot be verbally responded to at the pre-proposal conference.

I. AMENDMENT OF RFP/RFQ

1. Addendum

Amendments to RFP/RFQ sometimes become necessary to make changes in requirements, delivery schedules, opening dates, etc., or to correct defective or ambiguous information. Should such changes become necessary, they will be accomplished by issuance of an addendum to the solicitation documents.

2. Requirements of Issuing an Addendum

When issuing addenda, the following will apply:

A. The addendum will be sent to each prospective proposer to whom the RFP/RFQ has been furnished.

B. The addendum must be issued in a reasonable time before the scheduled receipt of proposals to allow proposers sufficient time to modify their proposals.

C. Information given to any prospective proposer concerning solicitation documents must be issued simultaneously to all other prospective proposers as an addendum, if such information or if the lack of such information would be prejudicial to uniformed proposers.

D. The addendum must clearly state the changes made and the extension of the due date, if any. If there is no extension of the due date, the addendum should so state.

E. The addendum must include instructions to proposers for acknowledging receipt of the addendum in submitting their proposal.

J. CANCELLATION OF RFP/RFQ BEFORE DATE OF RECEIPT

Request for Proposals should not be canceled unless cancellation is clearly in the public interest, such as where there is no longer a requirement for the services or where amendments to the RFP/RFQ would be of such magnitude that a new solicitation is desirable. Any proposals already received should be returned unopened.

K. RECEIPT AND SAFEGUARDING OF PROPOSALS

1. General

To ensure the integrity of the procurement process, the Contracts Manager shall secure and safeguard unopened all proposals received prior to the established time for receipt of proposals.

All information received in response to RFP/RFQs is to be treated as confidential to the maximum extent possible.

2. Specific Responsibilities

- A. Time and date stamp all proposals received prior to receipt date.
- B. Ensure proposals are properly marked and if applicable, technical and cost proposals separately bound.
3. Return any withdrawn or late proposal to prospective consultant, with an explanation as to why the proposal is being returned.
4. Time and date stamp all proposals received, ensure they are in order, and secure until they are distributed to the Technical Evaluation Committee for review

L. EVALUATION OF PROPOSALS

1. Policy

It is the policy of the ACE Construction Authority to include in all RFP/RFQ's, all of the evaluation factors that will be used by the TEC in rating proposals. All factors must be included in the RFP/RFQ and cannot be changed after receipt of proposals. Relative or general weighting, rather than actual or detailed weights, may be published in the RFP.

Should it become necessary to make substantial changes to either the evaluation criteria, or the weights assigned after proposals are received, the solicitation must be amended and proposers permitted to submit new proposals.

2. Technical Evaluation Committee

Written proposals are individually evaluated by each member of the Technical Evaluation Committee (TEC) formed for a specific procurement. The following guidelines will govern the formation of the TEC:

- A. The membership of the TEC shall be determined by the Project Manager (initiator) in consultation with the Authority prior to issuance of the RFP/RFQ and should have 4-6 members (including the Project Manager) with relevant technical qualifications.

B. For design or construction management assignments of localized nature, the Project Manager shall make all reasonable efforts to include technically qualified representative(s) of the local jurisdiction in which the work is located.

C. No committee member shall have any business, personal or financial relationship, with any firm expected to propose on the project. Should even the appearance of the conflict of interest develop, the individual member of the committee affected must resign from the committee.

3. Responsibilities of the Project Manager

A. As Chair of the TEC, convene all meetings and assist the TEC as necessary throughout the procurement process;

B. Perform all duties required of a TEC member;

C. Serve as the sole point of contact between the ACE Construction Authority and prospective proposers during the procurement process;

D. Review and compile the results of the TEC's evaluation of proposals and forward them to the contract awarding authority.

4. Responsibilities of TEC Member

A. Independently evaluate technical proposals and score them based on the evaluation criteria in the RFP/RFQ document and the technical score sheet;

B. Complete and sign a "No Conflict of Interest and Confidentiality" certification. The certification must be submitted along with the score sheets. The certification shall be filed with the contract solicitation documents in the procurement files.

C. Attempt to be present at all meetings held prior to contract award.

D. Return the scored evaluations at the time requested by the Project Manager.

E. Refrain from communicating with prospective proposers concerning either the assignment or the TEC's evaluation at any time outside of the convened TEC meeting.

5. Proposal Evaluation Process

A. TEC members will individually evaluate the proposals based on the criteria and weighting identified in the RFP/RFQ using the scoring sheets provided by the Project Manager;

B. The TEC will meet to collectively review their evaluations, discuss differences between evaluators as appropriate, develop a consensus on the relative ranking of the proposals and, if justified, agree on a “short list” for interviews where interviews are a part of the selection process. It is permissible for TEC members to adjust their scores during this review session if they feel it appropriate based on the group discussion of the proposals;

C. The TEC will reconvene to interview the top rated proposers; the number of firms to be interviewed will vary according to number of proposals and their relative strength, but should generally range between 2-4;

D. The TEC will determine the interview guidelines (length and content of presentations, time for questions, standard questions, etc.);

E. After interviews, the TEC will complete their scoring (discussion is permitted as described above).

F. Where the Administrative Code permits contract award without ACE Board of Directors approval; the CEO can award and execute the contract with the highest ranked proposer (after allowing time for any potential protest), or can request a meeting with the TEC to discuss their findings and request their reconsideration. The CEO cannot award a contract to a proposer other than that ranked highest by the TEC.

G. Where the Administrative Code requires approval of the contract by the ACE Construction Authority Board of Directors, **the results of the TEC process will be forwarded to the Board of Directors with a recommendation to select** the highest ranked proposer, authorize execution of a contract with the firm(s) and issue a notice to proceed with the work.

H. **The Board of Directors may accept or reject the recommendation of the TEC.** In considering the TEC recommendation, the Board may make its own review of proposals, including interviews. In the event the Board rejects the TEC recommendation, the selection will be returned to the TEC for further consideration and re-submittal to the Board of Directors.

M. POST-SELECTION, PRE-CONTRACT EXECUTION

1. Contract Negotiation

A “standard” contract form is included with the RFP/RFQ and provides the basis for the contract negotiation with the selected consultant/contractor.

The Project Manager is responsible for:

- A. Organizing the contract negotiation on behalf of the Authority;
- B. Preparing a written estimate (or having one prepared) of the hours and cost to produce the desired product of the RFP/RFQ (where possible);
- C. Involving the Authority’s legal counsel in the contract negotiation to the extent appropriate;
- D. Concluding the negotiations and recommending to the Authority’s Chief Executive Officer a finding that the contract adequately reflects the Authority’s interests and that the price is fair and reasonable.

2. Unsuccessful Negotiations

If, in the opinion of the Authority’s Chief Executive Officer, a satisfactory contract cannot be agreed upon with the highest ranking proposer, negotiations should be broken off and the process started with a second highest proposer (and so on until a satisfactory agreement is reached).

3. Notice to Proceed (NTP)

If, in the opinion of the Authority’s Chief Executive Officer, there is sufficient agreement with a proposer to believe a contract negotiation will be successfully concluded, and if it is important to the Authority not to delay the proposer from starting work, a Notice to Proceed with specified tasks from the overall Scope of Services can be issued. The Notice should clearly state that the reimbursement for the tasks in question will await execution of the contract and be governed by the terms and conditions of the future contract.

N. PROCUREMENT FILE

The Project Manager must place all documents (originals) pertaining to a contract action in the official contract file. Documents to be kept in the Contract file include, but are not limited to the following:

- Request for Proposal for Consultant Services and all other appropriate forms.
- Ad copy.
- Original addenda.
- Original proposals.
- Cost Analysis.
- Written inquiries regarding the solicitation and responses provided.
- Materials provided, list of attendees at the Pre-Proposal Conference; any written follow-up questions not answered at the conference.
- Technical Evaluation Committee roster and signed “No Conflict of Interest and Confidentiality” certifications from TEC members.
- All scoring sheets.
- All materials provided to the Board of Directors regarding the selection process.
- All materials placed on the ACE Construction Authority Website regarding solicitation, to the extent they differ from the above..
- Minutes of the Board of Directors meeting where the selection is approved, if applicable.
- Record of any debriefing sessions for unsuccessful proposers.
- Record of contract negotiations.
- Executed contract.

CHAPTER 3

PROCUREMENT BY SEALED BID

A. POLICY

It is the policy of the Authority to conduct a formally advertised, competitive sealed bid procurement process for the award of all project construction contracts. Through this process it is anticipated that awards will be made to technically and commercially qualified responsive contractors, at the lowest cost to the project.

B. GUIDELINES

1. Under this method of procurement bids are publicly opened and firm fixed price contracts are awarded to the lowest responsive conforming bidder.
2. The Authority will utilize the Caltrans "Local Agency Construction Contract Administration Checklist" to advertise and administer the contract.
3. The Senior Project Manager will be designated as the person in charge of the work.
4. The open competitive sealed bidding process requires:
 - A. A complete technical documentation (i.e. scope of work, plans, specifications, estimates etc.) that is adequate for potential bidders to establish quantities, productivity rates, and pricing data necessary to prepare firm fixed priced bids.
 - B. Bids will be opened at the time and place specified in the bid package.
 - C. Bids will be opened publicly and read aloud.

C. BID PACKAGE PREPARATION

1. Contracts Manager in coordination with the Senior Project Manager shall:
 - A. Establish the procurement schedule.
 - B. Designate the members of the contract formation team, including role of counsel.

- C. Assure adequate funds are available for the anticipated procurement and if not, take necessary action to obtain required funding.
 - D. Ensure the final Plans, Specifications and Estimate (PS&E) package complies with all applicable Federal and State regulations and procedures.
 - E. Ensure the final PS&E package has been reviewed and approved by the city in which the construction activity will occur.
 - F. Confirm that DBE goals have been set in accordance with the Authority's program.
 - G. Prior to releasing advertisement, verify the "Authorization to Proceed" has been received from Caltrans.
 - H. Develop the advertisement in accordance with Chapter 1 of this Manual and obtain CEO approval to initiate the procurement by releasing the advertisement.
 - I. Provide support during advertising, pre-bid and bid opening stages of the solicitation.
 - J. Conduct contractor pre-bid site visits if required.
2. The Contracts Department shall lead the contract formation process:
- A. Review technical specifications and the scope of work for clarity and completeness to assure the ability to attract firm price bids.
 - B. Develop contract Terms and Conditions and commercial requirements for the bid package, with support from the team and legal counsel, as appropriate.
 - C. Develop instructions to bidders, including required forms, with input from team.
 - D. Consolidate and prepare the final bid package for team review and agreement.
 - E. Assure bid packages are in compliance with Authority policies and procedures.
 - F. Moderate and document the pre-bid conference with the assistance of the team. Determine if the material covered in the pre-bid

conference warrants issuance of an addendum.

- G. Create bidders mailing list of contractors who have obtained packages.
- H. Provide Caltrans DLAE with one copy of the plans and special provisions.

D. ADDENDUM

- 1. All addendum to bid packages will be reviewed and approved in a manner identical to the original bid document.
- 2. Senior Project Manager is responsible for concurring with content of the addendum and Contracts Manager will obtain CEO approval to issue the addendum.
- 3. The Contracts Department will issue addendum to planholders in a manner that requires the planholders to certify receipt of such addendum.

E. PRE-QUALIFICATIONS

- 1. The Authority will not institute contractors pre-qualification process for the project. Contractors must have the appropriate state license at time of contract award.

F. RECEIVING AND SAFEGUARDING OF BIDS

- 1. The Contracts Department shall:
 - A. Receive log date/time stamp all bids.
 - B. Maintain security of all bid packages until designated time and place for public opening.
 - C. Return late bids unopened to the bidder with a letter of explanation.

G. BID OPENING AND AWARD

- 1. The Contracts Manager will publicly open all bids and announce each bid either item by item or by total amount.
- 2. Non-responsive bids will not be read, but the bidder's identity and reason for not announcing the bid will be announced. The contract specifications govern what constitutes a non-responsive bid and includes the following:

- A. Failure to sign bid and required forms
 - B. Failure to furnish required bid bond
 - C. Failure to include a unit bid price for each item
 - D. Failure to include a total amount for the bid
 - E. Failure to prepare the bid in ink
 - F. Failure to submit a completed addenda certification statement
 - G. Failure to submit a non-collusion affidavit
 - H. Failure to commit to the achievement of the DBE contract goals or to demonstrate good faith efforts to do so
 - I. Inclusion of conditions or qualifications not provided for in the specifications
 - J. Submission of a materially unbalanced bid
3. After the bids are opened, the Contracts Manager will review all bids to determine the responsible bidder submitting the lowest responsive bid.
- A. A responsive bid meets all requirements of the advertisement.
 - B. A responsible bidder is physically organized and equipped with the financial ability to undertake and complete the contract.
 - C. A bidder may be deemed not responsible because of a State or Federal suspension or debarment action.
4. Negotiations with contractors during the period following the opening of bids and before contract award are prohibited.
5. The Contracts Department in coordination with the Senior Project Controls Manager will lead the Bid Analysis process to review the unit bid prices for reasonable conformance with the engineer's estimated prices. The analysis may also consider the following in determining reasonableness of pricing and adequacy of competition:
- A. Number of bids
 - B. Distribution or range of bids

- C. Mathematically or materially unbalanced bids
 - D. Current market conditions and workloads
 - E. Potential for savings if the project is re-advertised
 - F. Justification for significant bid price differences
 - G. Reasonableness or errors in the engineer's estimate
6. The Contract Department will prepare an award recommendation package consisting of the Bid Tabulation Summary Sheet, Bid Analysis, DBE certifications, and the partially completed Local Agency Contract Award Checklist. The recommendation is submitted to the CEO for Board approval.
7. The **CEO will execute the contract after receiving Board approval.**
8. The Contracts Manager will provide the DLAE with an "award package" consisting of the following:
- A. Local Agency Contract Award Checklist
 - B. Report of DBE Awards
 - C. Detail Estimate
 - D. Finance Letter
 - E. Resident Engineer's Construction Contract Administration Checklist
9. The Authority reserves the right to reject all bids and not award the contract if awarding the contract is determined not to be in the best interest of the public.

H. CONTRACT FILES

1. The Authority will retain the following completed documents for the successful bidder in the project files:
- A. Bidder DBE Information.
 - B. A list of bidders and total amounts bid with an item-by-item breakdown, "Bid Tabulation Summary Sheet" of the three lowest bidders.

- C. “Good Faith Effort Statement of DBE Participation” form is to be retained if the commitment level does not meet DBE goals. Refer to the Authority’s “DBE Program” for details.
- D. Non-collusion Affidavit form
- E. Bid Opening Checklist form
- F. Executed contract
- G. Pre-construction conference minutes
- H. Original Bid Documents (IFB and addendums)

CHAPTER 4

SMALL PURCHASES AND SERVICE AGREEMENTS

A. POLICY

1. It is the Authority's policy to make small purchases and enter into service agreements on a competitive basis except where it is clearly in the best interest of the project to accomplish such procurements non-competitively.
2. Small procurements shall utilize simplified procurement procedures and shall only be used for purchases that do not exceed \$25,000 and for technical or professional service agreements that do not exceed \$100,000.

B. GUIDELINES

1. Procurement packages shall not be split or procured over a period of time in order to use the small procurement procedures.
2. The CEO must approve the request to procure equipment or contracts for services. Once the procurement requisition has been approved by the CEO, and if the requirement is under \$25,000 for purchases or \$100,000 for service agreements, the purchase is completed following these guidelines.
3. The Contracts Manager will develop the appropriate terms and conditions for small procurements.

C. PURCHASING OFFICE SUPPLIES

1. The Authority may establish lines of credit at office supply stores.
2. The Office Manager is authorized to approve the purchase of office supplies necessary for routine operations.
3. Office supplies may be ordered on the basis of pricing data in current vendor catalogs.
4. A procurement file will be established for each vendor used by the Authority to provide office supplies. These files will retain the invoice with billed price, signed by the person verifying receipt of all material billed.

D. SMALL PROCUREMENT PROCEDURE

1. A small purchase file will be established for each procurement. The file for small purchases will include the following information:
 - A. Purchase requisition;
 - B. Small Purchase Bid Tabulation Sheet which includes the Procurement Officer's determination that the price is fair and reasonable;
 - C. Copy of each vendor's quotation (if required);
 - D. Copy of terms and conditions (if required);
 - E. Copy of signed small purchase agreement/order;
 - F. Receipt for equipment/services; and,
 - G. Any correspondence regarding the procurement.
2. Price reasonableness will be determined based on:
 - A. Comparison to recent previous purchases;
 - B. Current price lists;
 - C. Catalogues; or
 - D. Similar items or billing rates from a related industry (competitors).
3. For items/services under \$5,000, the purchase or contract can be awarded after receipt of one price quote (oral or written) and a written determination by the Contracts Manager that the price is fair and reasonable, and forwarded to the CEO for approval.
4. For purchases between \$5,000 and \$25,000, a minimum of three written quotations shall be solicited and a decision to purchase will be made on the basis of lowest price, except for the two following conditions:
 - A. In the event that only one price quotation is received, the Contracts Manager shall provide a written statement giving the basis for the determination that the price is fair and reasonable, and forwarded to the CEO for approval.

- B. In the event the price variance between multiple responses reflects a lack of adequate competition (i.e., erroneous pricing, different materials, mathematical errors, etc.), the Contracts Manager shall provide a written statement giving the basis for the determination that the price is fair and reasonable, and forwarded to the CEO for approval.
5. The procurement of technical or professional services between \$5,000 and \$100,000 differs from purchases of supplies or equipment in that selection is not based solely on price. These procurements will follow the following process:
- A. The Authority will solicit written proposals from at least three prospective firms. Due to the relative straightforward nature of the services, letter proposals are acceptable.
 - B. The firms will be evaluated on the basis of their qualifications, understanding of the task, and other relevant factors. The basis for selection of the most qualified firm will be documented and the recommendation forwarded to the CEO for approval.
 - C. The CEO will review the selection recommendation and if appropriate, authorize negotiations, and approve the award of the contract.
 - D. Contract files will include:
 - 1. Scope of work;
 - 2. Proposal letters;
 - 3. Basis of selection;
 - 4. Record of negotiation;
 - 5. Executed contract with terms and conditions; and,
 - 6. Correspondence.

CHAPTER 5

NON-COMPETITIVE AND EMERGENCY PROCUREMENTS

A. USE OF NON-COMPETITIVE AND EMERGENCY PROCEDURES

1. Procurement of supplies and services without competition is authorized under limited conditions and subject to written justification documenting the conditions, which have precluded the competition.
2. **Procurement by noncompetitive negotiation may be used only when approved by the Board** and at least one of the following circumstances applies:
 - A. An emergency situation, as defined in Emergency Procedures, exists;
 - B. Situations in which there is only one responsible source of supply including, but not limited to: (a) when the public interest requires the standardization of equipment or the interchangeability of parts; (b) there is a follow on contract for continued development of specialized equipment; (c) the goods or equipment to be procured will be used for testing or experimental purposes; (d) there is only one source of the goods or equipment.
 - C. The Authority's need is of a unique and compelling urgency;

B. EMERGENCY SITUATIONS

1. The Authority may conduct a procurement on an emergency basis if the procurement is essential to an Authority requirement to deal with an existing emergency condition, as defined in the next paragraph. The emergency procurement of supplies or services shall be limited to quantities and time periods sufficient to meet the immediate threat and shall not be used to meet long-term requirements.
2. An "emergency condition" is defined as a situation (such as a flood, epidemic, riot, equipment failure, or other reason declared by the CEO) that creates an immediate threat to the Authority construction sites or to the public's health, welfare, or safety. The existence of an emergency condition creates an immediate need for supplies, services, or

construction which cannot be met through normal procurement methods, and the lack of which would seriously threaten one or more of the following:

- A. The health or safety of any person;
 - B. The preservation or protection of property; or,
 - C. The continuation of necessary Authority functions.
3. The Authority will immediately notify the Caltrans DLAE (and possibly the FHWA) of the emergency in order to maintain eligibility for funds.
 4. Due to the need for quick response under these emergency conditions, the CEO has been authorized to expend funds, in an amount not to exceed \$500,000, without prior Board action. Any funds in excess of that amount shall require Board approval.
 5. While desirable to establish and maintain DBE participation goals, procurements in emergency situations may by-pass the DBE goal setting and enforcement. The Contracts Department will work with the contractor accomplishing the emergency work to identify and track all DBE participation achieved.
 6. At the next regularly scheduled Board meeting, the CEO will submit a full report explaining the necessity for an emergency expenditure.

C. PROCEDURES FOR EMERGENCY AND OTHER NON-COMPETITIVE PROCUREMENTS

1. The CEO will evaluate staff recommendations and validate the need to make a procurement by non-competitive means. If necessary, the Authority will communicate with the Caltrans DLAE to maintain eligibility for Federal funds.
2. The CEO will designate a Senior Project Manager who will establish initial contact with firms, individual or other public agencies to determine if they have the resources/technical ability to respond in the timeframe required. The Senior Project Manager will oversee the preparation of a cost estimate to serve as the basis for negotiation.
3. The CEO will approve the recommendation for the firm proposed to accomplish the work and authorize the Senior Project Manager and Contracts Manager to enter into negotiations.

4. If circumstances warrant, the CEO may authorize the firm/individual to proceed as soon as there is sound basis that the Authority will be able to obtain a fair and reasonable price. Such approval will be in writing and will include dates by which the procurement will be finalized.
5. In each instance where these procedures are used, the Contracts Manager shall do the following:
 - A. Prepare a written scope of work, including a schedule for the delivery/performance of work and the basis for acceptance.
 - B. Develop the appropriate terms and conditions for the agreement/contract.
 - C. Prepare a written statement of determinations and findings (D&F) recording all the facts that provide justification to negotiate the noncompetitive or emergency procurement.
6. Except for emergency procurement situations, **the CEO shall sign the D&F and obtain Board approval** before the procurement can be awarded.
7. Contract files will be established for each procurement action. Documents to be kept in the files include, but are not limited to:
 - A. Detailed scope of services and, if available, design and technical documents.
 - B. Cost estimate.
 - C. Approved D&F.
 - D. Commercial terms and conditions.
 - E. Documentation of contact with prospective firms.
 - F. Record of negotiation.
 - G. Executed contract.
 - H. Contract correspondence.
 - I. Claims and changes files.
 - J. Payment files.

- K. The Contracts Manager will maintain files regarding progress, acceptance of work, and other appropriate material.

CHAPTER 6

PROCUREMENT OF SERVICES FROM MUNICIPALITIES, NON-PROFITS, UTILITIES, AND RAILROADS

A. POLICY

It is permissible for the Alameda Corridor-East Construction Authority (ACE Construction Authority) to enter into non-competitive negotiated agreements for services or items with certain entities under certain circumstances.

B. GUIDELINES

The ACE Construction Authority may negotiate agreements for services or items on a non-competitive basis when one or more of the following conditions exist:

1. The entity to provide the services or items is uniquely qualified to provide the service or item;
2. It is the policy or requirement of a collective bargaining agreement of the owner of the affected property to perform the work in question;
3. The entity performing the service is a government or non-profit entity;
4. Where competitive selection is infeasible.

Wherever negotiated, non-competitive contracts are used the ACE Construction Authority must determine that the terms and conditions are fair and reasonable.

The same approval authorities (e.g. Board vs. CEO) applying to other procurements will apply to the above agreements.

CHAPTER 7

CONTRACT ADMINISTRATION

A. POLICY

1. It is the policy of the Authority to administer all contracts in such a manner as to ensure that all terms, conditions and specification requirements are fully complied with in accordance with the contract agreement.
2. The Authority's Senior Project Manager, working through the Construction Management Consultant, is responsible for technical direction given to the consultant/contractor through the work process activities and monitoring contract performance until the scope of services is complete. Principal responsibilities include:
 - A. Providing technical guidance to the consultant/contractor
 - B. Monitoring and initiation of changes to the contract as required to accomplish the work
 - C. Maintaining eligibility for Federal funds on changed work
 - D. Monitoring progress and providing status reports to the CEO or the Board as required
 - E. Reviewing and processing invoices submitted by contractors.
3. Commercial administration of the contract is the responsibility of the Contracts Manager, working through the Program Management or Construction Management Consultant. Commercial administration functions include:
 - A. Assuring that contract terms and conditions, deliverables, etc. are fulfilled as required
 - B. Tracking and processing of all changes and claims to ensure timely resolution
 - C. Preparation of change orders as required
 - D. Coordination of EEO/DBE compliance activities.

4. All **original contracts or agreements in excess of \$250,000 require Board approval to commit funds**. At the time of Board approval of each contract, the **CEO will be delegated authority from the Board** to approve and execute modifications provided that the cumulative increase does not exceed the contingency authorized by the Administrative Code. Should changes that cause the contract value to exceed the authorized contingency become necessary, the **CEO will request the Board to act on a recommendation to increase the contingency**.
5. In emergency situations, the CEO has been granted authority by the Board to enter into contracts not to exceed \$500,000 without prior Board action. (Administrative Code, Title II, Chapter 4). This includes directing an existing contractor to accomplish the emergency work if in the CEO's judgment using an existing contractor is the most effective and timely solution.
6. The Authority will provide written direction regarding changes to the scope of work prior to the consultant/contractor commencing changed work.

B. GUIDELINES

1. The Authority's Contracts Administration function will operate in conjunction with support from the Construction Management Consultant to encompass different contract types as the project evolves:
2. Stage I: Planning and Design – These management support services, design, and environmental consultant type contracts are awarded and administered by the Authority staff.
3. Administrative activities for these consulting agreements routinely include:
 - A. Monitoring compliance with terms and conditions
 - B. Initiation and administration of change orders
 - C. Monitoring progress payments
 - D. Monitoring DBE/EEO compliance requirements
 - E. Ensuring work progresses in accordance with the contract schedule
 - F. Resolving technical questions.
4. Stage I consultants support the development of the project leading to the construction stage. These agreements are typically awarded on a cost

type basis and require consultant accounting systems and audit resources to finalize costs.

5. Project contract files (originals) will be maintained by the Authority and include all pertinent documentation leading to award such as:
 - A. Request for Proposal for consultant services
 - B. Ad copy
 - C. Original Addenda
 - D. Technical evaluation and scoring sheets
 - E. Board recommendation and materials
 - F. Board meeting minutes where selection approval is granted
 - G. Record of negotiations
 - H. Executed contract.
6. Stage II: Construction – When detailed design has been completed, construction bid packages are developed that allow competitive public bids/awards, typically lump sum, for various construction scopes. Responsibility for administration of these contracts will reside with the Authority with daily administration provided by the Construction Management Consultant. Construction contract administration will be in accordance with Caltrans LAPM, Chapter 16.

C. CLAIMS AND CHANGES - DEFINITIONS

1. Change Orders– represent the commercial and technical resolution of a contract modification that is within the original scope of contract. The change order document can be unilateral or bilateral in execution.
2. Potential Claim – written notice provided to the Authority by the contractor when the:
 - A. Parties are unable to reach bilateral agreement on a change and the contractor is provided a unilateral change order (“protest”); or,
 - B. Contractor perceives that it is entitled to additional compensation (time or money) for something it believes to constitute extra work performed or to be performed.

3. Claim – differences that have developed during the contract, under protest or under notice of potential claim, which are not resolved at the time the contractor returns the proposed final pay estimate.
4. Amendment – a modification considered outside the original contract scope and formalized with a bilateral contract change document only. Both parties are required to execute the document.
5. Options – provision for additional work that is separately defined and individually priced/scheduled within the original agreement. The Authority's decision to exercise/not exercise the option can be delayed for a specified time limit.

D. CLAIMS AND CHANGES - PROCEDURES

1. Control of a contract is critical. This includes controlling both the physical scope and financial elements of the work. The Contracts Manager, through the Construction Management Consultant, will maintain a log of all claims and changes which will be used to prepare status reports and aid in timely processing of changes.
2. The following steps will be taken when the Authority initiates a change to the contract for the addition or reduction of work:
 - A. Confirm that the proposed change falls within the original contract scope of work. If the work is determined to be out of contract scope, the Contracts Department may:
 1. Follow the non-competitive procurement procedure in Chapter 5 of this Manual and award the work to the existing contract, or
 2. Initiate a separate procurement action that leads to the award of a new contract to accomplish the work.
 - B. If price adjustment is not pre-established in the contract, develop a preliminary order of magnitude estimate to determine the cost and schedule impact of the change.

- C. If the estimated value of additional work is below \$50,000, the Authority's pre-negotiation position can be developed from the order of magnitude estimate and the consultant/contractor's cost proposal. If the estimated value of the changed work exceeds \$50,000, a detailed estimate will be developed and a cost analysis approach utilized to support negotiations.
- D. Confirm availability of, or obtain funds to support the cost of the change.
- E. Determine whether DBE participation goals will be affected by the change and document the impact on the goals in the change order.
- F. The negotiation team will consist of the Senior Project Controls Manager, Resident Engineer, Contracts Manager or Administrator, as appropriate. The Contracts Manager or Administrator is responsible for documenting negotiation activities for the record, and should be present at all professional services negotiations. For construction contracts, the Resident Engineer is responsible for maintaining the negotiation record and conducting the negotiations.
- G. The Contract Administrator/Resident Engineer prepares the appropriate documentation (Change Order forms) for review and approval within the Authority, prior to issuance to the consultant/contractor for signature. This document includes full definition of work scope, impact on DBE goals, definition of time and schedule impacts, and price. The change order language stipulates that the agreed-upon terms are all inclusive, and no other relief will be available regarding this work. After acceptance by the consultant/contractor, the Authority's CEO will approve the change.
- H. On a monthly basis, the CEO will report to the Board on all new contract modifications.
- I. Under extenuating circumstances, it may be advisable to direct the consultant/contractor to proceed with the changed work before the change order can be completed. This is accomplished by issuing a limited NTP.

- J. For construction contracts, in the event that the parties are unable to reach a bilateral agreement on all terms, the Authority will issue a unilateral change order, directing the contractor to comply with Section 3.3 and 3.5 of the Standard Specifications for Public Works Construction if the contractor intends to pursue a protest. The contractor's protest states the points of disagreement and presents the basis of their position. The Resident Engineer and Authority will review the merits of the protest, and if entitlement is determined the issues may be settled. If resolution is not possible, the contractor will be directed to submit its claim with the proposed final estimate.
3. Potential Claims – Contractors will discuss and document their issues by submitting a “Notice of Potential Claim” to the Resident Engineer, who will review the facts and evaluate the contractor's position to determine if entitlement exists. Once merit has been determined, the potential claim is processed as a change following the steps above. If the potential claim is determined to be without merit, the contractor will be directed to submit its claim with the proposed final estimate.
4. More detailed change procedures specific to professional service and construction contracts are as follows:
 - A. Professional Services Agreements
 1. Once confirmation of a design change is necessary, the Senior Project Manager will issue an RFP to the Consultant. If the work is schedule critical, a limited NTP with a specified not-to-exceed limit may be issued. The Consultant will be directed to submit its cost proposal to the Contracts Department. In general, the proposal should be submitted within two weeks of the RFP.
 2. In accordance with Section D. 2 C of this Chapter, the Senior Project Manager will prepare an independent cost estimate. The independent cost estimate will be forwarded to the Contracts Department.
 3. The Contracts Department will then distribute the consultant's proposal to the Senior Project Manager. The Senior Project Manager and Contracts Department will develop a recommended negotiation position for the Authority, prior to the commencement of negotiations.

4. The Senior Project Manager, with the assistance of the Contracts Department, will conduct the negotiations with the consultant. The goal is to complete negotiations within thirty (30) days. Generally, negotiations should be completed prior to Board action, if needed, concerning the change. Since the Contracts Department is responsible for preparing an accurate record of negotiations, he/she should be present for all negotiation sessions.
5. When negotiations are concluded and the Senior Project Manager recommends the change for approval, the Contracts Department will use the Consultant's final proposal to prepare the Procurement Approval. Together with the supporting documentation, and a draft of the amendment, the package will be routed for review and final signature to the Senior Project Manager, Senior Project Controls Manager, Contracts Manager, Finance Manager, Audits Manager and CEO.
6. If the cost of the change does not exceed the commitment authorization of the CEO, the CEO will sign the Procurement Approval and return the package to the Contracts Department.
7. If the cost of the change exceeds the CEO's commitment authorization, the CEO will present the change for approval at the next Board meeting. Upon Board approval, the CEO will sign the Procurement Approval and return the package to the Contracts Department.
8. The Contracts Department will finalize the amendment and issue it to the consultant for signature.
9. Upon receipt of the signed amendment from the consultant, the Contracts Department will forward the amendment to the CEO for signature.
10. One (1) original of the amendment will be maintained by the Contracts Department. The Contracts Department will return the other original amendment to the Consultant, and ensure that a copy is provided to the Document Control Center (DCC) for distribution and filing.

B. Construction Contracts

1. Changes will be processed in accordance with the Resident Engineer's Manual and the following activities:
2. If the contractor identifies a potential change to the project, contract and/or construction schedule, the contractor will issue either a Request for Information (RFI) or Request for Change (RFC) to the Resident Engineer. If the Authority identifies a potential change, the Resident Engineer will issue a RFC to the contractor.
3. The Resident Engineer, in conjunction with the Senior Project Manager will review a contractor submitted RFI/RFC to determine if the change has merit. If the RFI/RFC relates to the general or special provisions, the Contracts Manager will participate in the review. The Senior Project Manager will coordinate with other program resources to obtain specialized expertise if needed, in determination of merit.
4. If it is determined that the contractor submitted RFI/RFC does not have merit, the Resident Engineer will either respond providing contract clarifications and direction to the contractor, or will reject the contractor's RFI/RFC and direct the contractor to proceed accordingly.
5. If the contractor submitted RFI/RFC does have merit, the contractor will be directed to submit a Cost and Schedule Proposal (CSP). A response to RFI/RFC or a Change Notice (CN) may be used to request the CSP. The Resident Engineer will update the CN Log, which is maintained in Expedition™ or other Authority approved system.
6. In accordance with Section D. 2. C of this Chapter, the Resident Engineer will prepare a fair cost estimate for the work. If less than \$50,000, the Authority's pre-negotiation position may be developed from the order of magnitude estimate and the contractor's CSP. If the change exceeds \$50,000, a detailed estimate must be independently developed. A cost analysis approach will be used to support the negotiations.
7. The Resident Engineer will submit the fair cost estimate to the Senior Project Manager for review and approval. The Senior Project Manager is responsible for verifying the

availability of funds and identifying if the proposed changes qualify for Federal participation.

8. The Resident Engineer will conduct the negotiations with the contractor to reach agreement on a fair and reasonable cost and time adjustment for the changed work. The change approval process will be followed.
9. Once agreement is reached, the Resident Engineer will prepare a CN. The CN will be issued to the contractor for signature. The Resident Engineer will forward the CN to the Senior Project Manager for review.
10. Note that on changes where the Resident Engineer has determined that the best approach for determining a fair and reasonable price for the changed work is on a time and materials basis, the Resident Engineer may use a CN to direct performance of the work, or issue a NTP for the CN. Within the authorization limits of the change approval process, the Senior Project Manager or CEO must sign the CN directing the contractor to begin work. The CN package prepared by the Resident Engineer will contain a copy of the current CN Log that identifies the cumulative CNs on the contract. This will enable the Senior Project Manager to ascertain if the CN is within his cumulative authorization. All CN's with a value greater than \$100,000 must be signed by the CEO prior to acceptance or the initiation of work by the contractor.
11. The Resident Engineer will incorporate the individual CN or several CNs in a Change Order by grouping the Federal participation CNs and non-Federal participation CNs separately. The Resident Engineer will issue the Change Order to the Contractor for signature. The Change Order will be reviewed by the Senior Project Manager and Contracts Manager.
12. Upon signature by the contractor, the Resident Engineer will route the Change Order to the Contracts Manager. A Procurement Approval form will be prepared, and routed with the Change Order for signatures.
13. When the CEO has signed the Change Order, an original will be returned to the Contracts Manager and the contractor. A copy will be provided to DCC and the Resident Engineer.

14. The Authority will only pay for changed work when the Change Order incorporating the work is fully executed.

C. Contracts Less Than \$250,000

For contracts awarded for a total value of less than \$250,000, prior Board approval will be required when the total contract amount, with cumulative changes, is expected to exceed \$250,000. Otherwise, the same change order process applies.

D. Claims

1. The contractor submits claims when it returns the final estimate to the Authority. The Authority goal is to resolve claims within 240 days from the date of contract acceptance. The Authority may consult with the Caltrans District Local Assistance Engineer (DLAE) in developing a schedule and plan for resolving the claim. Many Alternative Dispute Resolution (ADR) techniques are available to assist the contracting parties in resolving claims, including use of a neutral party, arbitration, mediation, non-binding arbitration, mini-trials, binding arbitration's and litigation. Refer to the Caltrans Construction Manual, Section 2-70 for additional guidance.
2. The Resident Engineer will establish detailed records, both written (inspectors daily reports, letters, progress schedules, and meeting minutes) and photographic, whenever there is an indication that a potential claim or protest will develop. This record is essential to determine merit and entitlement.

E. Coordination with Caltrans regarding pending changes may be required per the LAPM to ensure that change order work is eligible for Federal participation.

F. Caltrans/FHWA approvals are required for any changes/amendments that will require project budgetary supplementation.

E. PROGRESS PAYMENTS

1. The Authority may provide for progress payments under contracts that require long time periods to complete contract performance or if the use of progress payments contributes to the effective and efficient administration of consultant/contractor work. Progress payments will be made on the basis of costs incurred by the consultant/contractor, and the stage of completion of the contract.

- A. Criteria – Contract clauses providing for progress payments should be used when the investment in work and progress is expected to be great enough to add substantial costs to the contract or strain the consultant/contractor’s cash flow or ability to obtain financing. Under no circumstances should payments exceed the consultant/contractor’s actual expenditure, nor should they amount to advance payments. Progress payments can be based on a periodic voucher for expenditures, a milestone, or the Senior Project Manager/Resident Engineer’s estimate of work accomplished as defined in the contract.
- B. Responsibilities – The Senior Project Manager/Resident Engineer will:
 - 1. Evaluate progress payments and provide concurrence or non-concurrence with comment
 - 2. Process the payment to the appropriate level for approval
 - 3. Ensure that payment criteria and conditions are met.

F. LIQUIDATED DAMAGES

- 1. Development of the specified liquidated damages occurs during the contract formation/negotiation. The amount designated is agreed to by both parties to the contract. Liquidated damages will be specified in the contract agreement and implemented in strict compliance with the contract clause.

G. INSURANCE

- 1. Required insurance policies and levels of coverage are specified in the contract.
- 2. Acceptable certificates (proof of coverage) are required to be submitted before the consultant/contractor is authorized to proceed.

H. MATERIAL MANAGEMENT AND INVENTORY CONTROL

- 1. The Materials Management and Inventory Control plan will be developed by the Resident Engineer prior to the construction phase of the project.
- 2. Prior to awarding a construction contract, the Authority will prepare and submit a Quality Assurance Plan (QAP) for each construction contract to Caltrans for review and approval.

CHAPTER 8

CONTRACT CLOSEOUT

A. POLICY

1. It is the policy of the Alameda Corridor East (ACE) Construction Authority, to closeout all contracts and purchase orders in a timely manner once all contractual obligations have been discharged by the Authority and the consultant/contractor. This includes all commercial, technical, and administrative obligations contained in the contract document.

B. GUIDELINES

1. Authority's closeout activities will be in compliance with Caltrans policies and procedures as specified by Local Assistance Project Manual, Chapter 17. The Authority's Senior Project Manager may delegate final inspection responsibilities to the Resident Engineer; however, the Senior Project Manager will sign the Final Inspection Form. Through the closeout process, the Senior Project Manager will ensure that all remaining contract terms, conditions, claims, final payments and any related contract actions are fully reviewed and acted upon appropriately.
2. As part of the closeout process, the Senior Project Manager will ensure that the parties that will accept the final construction work (railroad and the local agency) are active participants in the inspection and acceptance of the work.
3. The Senior Project Manager will initiate and complete the transfer of facilities, improvements, and excess real estate to the Local Government Agencies and railroads in accordance with any applicable Memorandums of Understanding between the Authority and local Government Agencies or railroad.
4. **Recommendations to close out each contract will be submitted for Board approval.**

C. DEFINITION OF TERMS

1. Final Invoice – Invoice listing final cost incurred for a particular phase of the project i.e. Preliminary Engineering, Construction. The DLAE is required to verify project completion and approve payment before forwarding the final invoice for payment by Local Programs Accounting (LPA).

2. Form FHWA 1446C – Final Inspection for Federal-Aid Project. Document used to complete the final inspection of NHS Projects that are not exempt from FHWA oversight.
3. Form FIF 8/97 – Final inspection form used by Authority to complete the final inspection of the projects.
4. Report on DBE Utilization – Final report and recap on DBE expenditure.

D. PROCEDURE FOR CONSULTANT CONTRACTS

1. As each consultant agreement reaches the completion stage, the Contracts Manager will determine that all terms of the agreement have been complied with and that all necessary scope changes to the agreement have been made. A check list of items would include:
 - A. Have all revisions covering changes in final scope, cost, and schedule been finalized?
 - B. Is all work or service complete?
 - C. Have all technical designs, reports, drawings, and other required data and documentation been delivered and considered accepted by Authority's technical representative?
 - D. Has final audit been performed on costs and overheads and agreement reached with consultant?
2. Consultant's Authorized Representative will notify the Authority's Contracts Manager in writing when all services under the contract are complete.
3. The Contracts Manager will formalize the closeout process by initiating the following actions:
 - A. Notify Authority team members of the action to initiate the contract closeout.
 - B. Verify with Authority's technical representatives that all technical requirements and deliverables have been met; i.e., reports, drawings, technical data, etc.
 - C. Verify all contract commercial requirements, including release of retention, have been met.

- D. After verification that services have been completed, the consultant will submit their final invoice and the Contracts Manager will prepare a Certificate of Final Acceptance and obtain CEO approval. In lieu of the Certificate of Final Acceptance, the Contracts Manager will prepare a Board item.
- E. Certificate of Final Acceptance will then be forwarded to DLAE for state approval and processing of final invoice for payment to LPA.

E. PROCEDURE FOR CONSTRUCTION CONTRACTS

- 1. Final inspection of the contractor's work for each ACE Authority contract will include the following key steps:
 - A. Contractor will notify Authority that work is complete and request final inspection.
 - B. The Authority's initial inspection will be conducted sufficiently in advance of contract acceptance to identify deficiencies and items requiring corrections. This includes provision of warranties, operations and maintenance manuals, and maintenance/service agreements. The Senior Project Manager will review and act on preliminary determinations regarding liquidated damages, back charges and retention. A Punch List of open items will be prepared and accomplishment will be monitored by the Resident Engineer.
 - C. Upon successful completion of all required corrective actions, the Authority's Project Manager should complete Form FIF – 8/97 "Local Agency Final Inspection Form" items 1 – 10 and forward it to the Caltrans DLAE. (For projects not exempt from FHWA oversight, the Authority will include a reduced plan coversheet and typical cross sections with the Final Inspection Form FIF-8/97.)
 - D. DLAE will verify project was completed in accordance with project authorization document and complete sections 11 –13 on final inspection form (FIF 8/97). On exempt projects, the DLAE will retain the original Final Inspection Form and return two copies to the Authority for the Report of Expenditures.
 - E. On projects not exempt from FHWA oversight, the DLAE will prepare Form FHWA 1446C "Final Inspection of Federal-Aid Project". The DLAE will complete items 1 – 7 forward the form to the FHWA Transportation Engineer to initiate FHWA final inspection. FHWA will complete items 8 – 14 of Form FHWA 1446C and return it to the DLAE. The DLAE then signs the FIF

8/97 and returns a copy of each form to the Authority for inclusion in the Report of Expenditures.

- F. Upon receipt of the Contractor's release of all claims, the Senior Project Manager will prepare and process the Final Pay Application. In special circumstances, in coordination with State agencies, portions of the final payment may be made directly to sub-contractors and/or vendors to satisfy payment disputes.
- G. Facilities, improvements and excess Right-of-Way (ROW) provided under the project will be transferred to the appropriate Local Government Agencies and railroads in accordance with the applicable Memorandum of Understanding.
- H. Records and contract files will be organized and maintained for a period of three years.

F. AS BUILT PLANS

- 1. A set of the original design tracings or clear, readable, black-line copy of the tracings shall be updated with "As Built" corrections and forwarded to the DLAE by the Resident Engineer.

G. REPORT OF EXPENDITURES

- 1. The Project Manager is responsible for preparing and submitting to the DLAE final report documents, which collectively constitute a "Report of Expenditures." This report provides key information to allow timely project closeout and payments. This report must be submitted no later than 6 months after project completion. For the ACE Projects the Report of Expenditures will include, as a minimum:
 - A. Cover letter and Federal Report of Expenditures, checklist – identifies mandatory documents to be included in Report of Expenditure.
 - B. Final Inspection Forms
 - 1) Caltrans FIF – 8/97 – Form completed by the Senior Project Manager and DLAE.
 - 2) FHWA Form 1446C – Required only on projects not exempt from FHWA oversight. It is completed by Caltrans and FHWA.
 - C. Final Invoice must be in conformance with ACE's format.

- D. Final Detailed Estimate – The Final Detailed Estimate will be prepared by Senior Project Manager only after all claims are resolved and must agree with final invoice.
- E. Change Order Summary – Summary must also include:
 - 1) Liquidated Damages – indicate liquidated damages assigned to the contract.
 - 2) Contractor Claims – refer to LAPM, Chapter 16, Section 16.15.
 - 3) Date of Project Completion.
- F. Final Report, Utilization of DBE – should be in conformance with LAPM Chapters 9 & 17 requirements.
- G. Materials Certificate – exceptions to this certification must be documented in project records.
- H. Statement of Materials and Labor Used by Contractors (FHWA – Form 47) – this is required for projects over \$1.0 million on the National Highway System.
- I. Report of Completion of ROW Expenditures – this is required when ROW expenditure have occurred on the contract.
- J. Final ROW Invoice must be submitted in the prescribed format.
- K. Report of Expenditures for Force Account Work – Projects with Force Account work are required to provide a short report.

CHAPTER 9

PROTEST TO SOLICITATIONS AND CONTRACT AWARDS

A. GENERAL

It is the policy of the Alameda Corridor- East Construction Authority (“Authority”) to conduct all of its solicitations and award all of its contracts in a fair and open manner. To avoid protests to its solicitations or its contract awards, the Authority will use its best efforts to resolve concerns raised concerning solicitations and awards by encouraging frank and open discussions. Moreover any member of the public or a representative of any entity, public or private, is always able to address the Authority’s Governing Board about any topic during the public comment period at each regularly scheduled Governing Board Meeting.

Should a protest occur, it is the policy of the Authority to handle such a protest in an expeditious, cost effective and procedurally simple manner that allows for a proper and thorough evaluation of the basis of the protest.

B. DEFINITIONS

- A. **Bid Protest** - A protest of a procurement decision made strictly pursuant to this procedure.
- B. **Eligible Protestor** - An Eligible Protestor is one who would be immediately eligible for contract award if all of its arguments are upheld. For example, in a competitive bid situation, the third lowest bidder is an Eligible Protestor only if its Bid Protest would, if upheld, cause the rejection of the low bidder and the second low bidder.
- C. **Interested Party** - Any bidder whom a protestor seeks to exclude from contract award consideration in order for it to be considered for award.
- D. **Hearing Officer** - The Chief Executive Officer of the Alameda Corridor – East Construction Authority is the designated Hearing Officer to review bid protests pursuant to this procedure for CEO awarded contracts.
- E. **Governing Board** - Governing Board of the Alameda Corridor – East Construction Authority may also be designated as “Board” in this procedure. The Governing Board is designated to review bid protests pursuant to this procedure for Governing Board awarded contracts.

C. FILING OF PROTESTS

1. Bid Protests based on the bid documents must be delivered to the Authority's Contracts Manager no later than the close of business on the tenth calendar day before the bid opening date. All Bid Protests based on bid documents that are not timely raised are waived.
2. Bid Protests based on bids or the award process must be delivered to the Authority's Contracts Manager no later than the close of business the fifth business day after notice of intent to award is issued by the Authority.
3. All Bid Protests are to be in writing. A protestor must submit four (4) copies of any Bid Protest to the Authority. All Bid Protests must be delivered to the Authority at 4900 Rivergrade Road, Suite A120, Irwindale, CA 91706, attention Contracts Manager. In addition, a protestor must submit one (1) copy of the Bid Protest to each individual Interested Party. Timeliness of a submission will be determined based on the Authority's time stamp clock, which will be used to confirm receipt of a bid or Bid Protest. The risk of timely delivery of a Bid Protest by mail or other delivery service is on the protestor. The protestor must maintain a proof of service, showing service of the Bid Protest to the Authority. The Bid Protest deadline will be strictly enforced.
4. Bid Protests must contain the following information:
 - a. Name, address, telephone, fax and e-mail address of the protestor;
 - b. Procurement identifier (e.g. RFP/IFB number);
 - c. The name of all Interested Parties;
 - d. A clear statement of the legal and factual basis for the Bid Protest, with specific references to the relevant language from the bid documents or relevant statutes and codes. Each argument must be identified specifically and argued in separate sections of the Bid Protest. A protestor must include copies of relevant materials, including any cases cited which are not issued by California courts. Any argument not raised in the Bid Protest will be deemed waived;
 - e. A clear statement of the relief requested and the statutory or case law basis for such relief;
 - f. Information establishing that the protestor is an Eligible Protestor as defined above; and

- g. All protests must be verified by an officer or authorized partner of the protestor.

D. REVIEW OF PROTESTS

1. CEO Awarded Contracts (contracts valued up to \$250,000):

- a. All Bid Protests will be submitted to the Authority's Contracts Manager. The Contracts Manager will conduct an administrative review to determine if the Bid Protest is timely and meets the criteria for a valid Bid Protest as identified in Chapter 9, Section C.4.
- b. Upon determination that a Bid Protest is valid, the Contracts Manager will submit the Bid Protest to the Chief Executive Officer, who serves as the Authority's Hearing Officer. The Hearing Officer shall request in writing that staff and all Interested Parties respond to the Bid Protest and shall set forth the time in which they have to respond.
- c. Upon consideration of the Bid Protest and any oppositions, and any specific requests for a hearing, the Hearing Officer will determine, at his or her sole discretion, whether a hearing is warranted.
- d. If there is no reasonable basis for the Bid Protest in law or fact on the face of the Bid Protest, the Hearing Officer, may, in his or her own discretion, dismiss the Bid Protest without receipt of oppositions and without a hearing. The Hearing Officer may make a final decision on a Bid Protest without the benefit of a hearing. All decisions of the Hearing Officer will be in writing and will explain the reasons for any action that is taken.
- e. If there is a hearing, the Eligible Protestor or an Interested Party can arrange for the attendance of a court reporter. The requesting party shall be solely responsible for the cost of a court reporter. However, the requesting party must permit any person the right to order and pay for a copy of the resulting transcript.
- f. The Hearing Officer shall issue his or her decision as soon as reasonably possible, but in no event more than 14 calendar days after receipt of oppositions, unless there is a hearing. In the event of a hearing, the Hearing Officer's decision shall be issued not later than 10 calendar days after the hearing. The Hearing Officer can accept information in both oral and written form at the hearing. At the hearing, the Eligible Protestor will be provided the opportunity to make an oral presentation based on the information previously submitted by the Eligible Protestor in writing. Staff will present its response to the Bid Protest. Interested Parties will also be afforded the opportunity to make

an oral presentation. The Hearing Officer may ask questions of staff, the Eligible Protestor and any Interested Parties.

- g. The Hearing Officer shall issue his or her decision in writing to the Eligible Protestor, and all Interested Parties. The Hearing Officer shall set forth the reasons for the decision in this writing. However, the Hearing Officer is not required to issue detailed findings of fact or law. The decision will be served by fax or e-mail, and by certified mail.
- h. The Hearing Officer's decision shall be final and there shall be no further administrative recourse.

2. Governing Board Awarded Contracts:

- a. All Bid Protests will be submitted to the Authority's Contracts Manager. The Contracts Manager will conduct an administrative review to determine if the Bid Protest is timely and meets the criteria for a valid Bid Protest as identified in Chapter 9, Section C.4.
- b. Upon determination that a Bid Protest is valid, the Chief Executive Officer will, as soon as reasonably possible, schedule a hearing of the Bid Protest for a regular or special Governing Board meeting.
- c. The Chief Executive Officer will include the Bid Protest, along with staff's written evaluation of the Bid Protest, and information received concerning the Bid Protest from any Interested Parties in the agenda materials for the meeting.
- d. The Contracts Manager shall notify the Eligible Protestor and all Interested Parties in writing of the scheduled date of the hearing before the Governing Board. The Eligible Protestor or an Interested Party can arrange for the attendance of a court reporter. The requesting party shall be solely responsible for the cost of a court reporter. However, the requesting party must permit any person the right to order and pay for a copy of the resulting transcript.
- e. At the Governing Board meeting, the Eligible Protestor will be provided the opportunity to make an oral presentation based on the information previously submitted by the Eligible Protestor in writing. Staff will present its response to the Bid Protest. Interested Parties will also be afforded the opportunity to make an oral presentation. The Governing Board may ask questions of staff, the Eligible Protestor and any Interested Parties. At the conclusion of the hearing, the Governing Board shall make a determination regarding the Bid Protest. The decision of the Governing Board is final and there shall be no further administrative recourse.

E. MISCELLANEOUS

1. Regardless of whether a Bid Protest is outstanding, the Authority may proceed with issuance of a contract if it determines that doing so is in the best interests of the Authority. That determination will be made by the Authority in its sole discretion.
2. Each party or bidder for Authority contracts is deemed to have specifically waived its rights to challenge the Authority's actions in court, until and unless it has first exhausted its rights and obligations pursuant to this procedure.
3. If the Authority prevails in any action regarding a Bid Protest in any venue, the Authority reserves the right to seek reimbursement of its costs to the fullest extent allowed by law.



San Gabriel Valley Council of Governments

DATE: June 19, 2014
TO: Governing Board Delegates and Alternates
FROM: Andrea M. Miller, Executive Director
RE: **STRATEGIC PLAN UPDATE**

RECOMMENDED ACTION

Receive and file.

BACKGROUND

In October 2013, the SGVCOG Strategic Plan adopted by the Governing Board. It is COG policy to review progress on the Strategic Plan on a monthly basis. The attached matrix reviews major accomplishments associated with the strategic plan as well as any proposed revisions to the objectives.

ATTACHMENTS:

Attachment A – June 2014 Strategic Plan Update

Transportation

Work Plan FY 2013-2014



Issue Area	Near-Term Action	Schedule								Current Progress	Work Completed to Date	Next Steps
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
General	Convene Transportation TAC.	★								100%	<ul style="list-style-type: none"> The TAC convened meetings in September, October and November 	<ul style="list-style-type: none"> Next meeting TBD pending the start of the Mobility Matrix
	Develop scope of work, secure funding for and conduct San Gabriel Valley Transportation Needs Assessment and Strategy.	★								5%	<ul style="list-style-type: none"> MTA approved a request for funding at its October 2013 meeting and released RFP in April 2014 	<ul style="list-style-type: none"> Work with MTA to select consultant Study expected to begin in June
Goods Movement	Meet at least quarterly with Gateway Cities COG (GCCOG) to review goods movement projects and programs.	★	★							50%	<ul style="list-style-type: none"> Met with GCCOG Executive Director and transportation consultant in October and December Attended GCCOG Transportation Summit in December 	
Active Transportation	Review cities' Transportation/Mobility Elements of the their General Plans and Bicycle Master Plans (if available) and prepare summary report.						★			33%	<ul style="list-style-type: none"> Staff has begun collecting bicycle master plans. 	
	Meet with representatives from Bike SGV and other similar groups to review efforts related to the development of a Regional Bicycle Master Plan, trail linkages and the east-west bike trail, and prepare report on findings.						★			25%	<ul style="list-style-type: none"> Presentation from Bike SGV at October 2013 and March 2014 Transportation Meeting Developed two ATP applications with BikeSGV and submitted in May 2014. Total request for funding exceeded \$15 million. 	
	Prepare report on funding for bicycle planning and project implementation.						★			100%	<ul style="list-style-type: none"> In February 2014, MTA staff presented on the new Statewide ATP program and application process. 	

Transportation

Work Plan FY 2013-2014



Issue Area	Near-Term Action	Schedule								Current Progress	Work Completed to Date	Next Steps
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
Regional Corridors & Arterials	Reaffirm San Gabriel Valley priority regional corridors and contact cities along corridors to collect information on any current or planned projects.					*				10%	<ul style="list-style-type: none"> Held Transportation Forum on March 26, 2014 and reviewed status of existing priority corridors 	
	Reconvene regional corridor working groups to assess current status and develop strategies to address mobility and planning issues.									0%	n/a	<ul style="list-style-type: none"> Identify resources to complete task
	Prepare report on funding opportunities for regional corridors.								*	0%	n/a	<ul style="list-style-type: none"> Identify resources to complete task

Environment

Work Plan FY 2013-2014



Issue Area	Near-Term Action	Schedule								Current Progress	Work Completed to Date	Next Steps
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
General	Prepare quarterly report submit to EENR Committee and Governing Board.	★		★						50%	<ul style="list-style-type: none"> Report submitted in Sept. 2013 and January 2014. 	<ul style="list-style-type: none"> Next report will be submitted June. 2014
	Convene Environmental TAC to provide technical input to EENR Committee.		★							5%	<ul style="list-style-type: none"> TAC structure recommendations were presented and discussed at the EENR Committee meeting in Dec. 2013. 	<ul style="list-style-type: none"> Soliciting volunteers for Environmental TAC
Air Quality	Participate on SoCal PEV Coordinating Council and report to EENR Committee.									0%	n/a	<ul style="list-style-type: none"> Last meeting was held in Oct. 2013. Staff will coordinate with SCAG staff to confirm next meeting time.
	Develop scope of work, secure funding for and conduct regional PEV infrastructure plan.				★					0%	<ul style="list-style-type: none"> SCAG presented on SoCal PEV Readiness Plan at the March 19, 2014 EENR Committee meeting. 	<ul style="list-style-type: none"> Meet with SCAG & AQMD staff to identify possible funding opportunities
Energy Efficiency	Manage SGVEWP.	★	★	★	★	★	★	★	★	100%	<ul style="list-style-type: none"> Held HVAC 101 and Title 24 trainings. Attended 18 community events, including 9 Holiday Light exchanges Held homeowner workshop in Arcadia 1 city has reached Gold Level in the Energy Leader Model Hosted SGVEWP Annual Energy Awards Luncheon in Dec 2013 Hosted 2014 Kickoff in March 2014 	<ul style="list-style-type: none"> Water-Energy Nexus scheduled workshop for June 30, 2014.
	Manage SCE CEESP.					★				80%	<ul style="list-style-type: none"> Held Phase 1 EEMIS trainings in 13 cities Hosted Phase 2 EEMIS Training on Nov. 19. Host Phase 3 EEMIS trainings in March 2014 	<ul style="list-style-type: none"> Preparing final report.

Environment

Work Plan FY 2013-2014



Issue Area	Near-Term Action	Schedule								Current Progress	Work Completed to Date	Next Steps
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
Open Space	Work with RMC and other agencies to develop priority list of multi-benefit, multi-jurisdictional open space projects and present to EENR and Governing Board.				*					33%	<ul style="list-style-type: none"> Met with RMC/WCA staff to identify existing projects 	<ul style="list-style-type: none"> WCA will identify existing projects
	Track legislation related to proposed NRA in the San Gabriel Valley and provide regular updates to Governing Board.						*			75%	<ul style="list-style-type: none"> Transmitted SGVCOG White Paper to Congresswoman Judy Chu in Sept. 2013 Governing Board approved comments on draft NRA legislation at April 2014 meeting. 	<ul style="list-style-type: none"> Track legislation
	Prepare report on existing education, literacy and stewardship programs in the San Gabriel Valley.				*				*	25%	<ul style="list-style-type: none"> Met with RMC/WCA staff to identify existing efforts 	<ul style="list-style-type: none"> Staff will continue to coordinate with WCA staff to gather information

Economic Development

Work Plan
FY 2013-2014



Issue Area	Near-Term Action	Schedule								Current Progress	Work Completed to Date	Next Steps
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
General	Convene Economic Development Policy Committee and TAC.									0%	n/a	<ul style="list-style-type: none"> Solicit volunteers for Economic Development Working Group and TAC By-laws Committee will begin process of changing by-laws to form TAC
Economic Vision	Assist the SGVEP's efforts to promote and market the region.							*		0%	n/a	<ul style="list-style-type: none"> Coordinate with SGVEP to identify SGVEP programs on SGVCOG website
	Coordinate with the SGVEP to analyze opportunities, advantages and potential disadvantages to developing a regional economic development strategy and vision.								*	0%	n/a	
	Partner with SGVEP to fund cluster analysis.									0%	n/a	<ul style="list-style-type: none"> Follow up on status with SGVEP
Workforce Development	Coordinate with existing agencies to identify gaps in the workforce development system and the resources, needed to address the gaps, and prepare a report to the Governing Board.								*	5%	<ul style="list-style-type: none"> Met with Pasadena City College SBDC staff to discuss opportunities to coordinate efforts Met with University of La Verne SBDC staff to discuss opportunities and coordinate efforts. 	<ul style="list-style-type: none"> Meet with SGVEP and SBDCs to identify gaps in workforce development systems

Economic Development

Work Plan FY 2013-2014



Issue Area	Near-Term Action	Schedule								Current Progress	Work Completed to Date	Next Steps
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
Attracting & Supporting Businesses	Disseminate information to agencies and stakeholders on programs that are currently offered by the SGVEP, LAEDC, and SBDCs.				*					5%	<ul style="list-style-type: none"> Met with Pasadena City College SBDC and University of La Verne staff to discuss opportunities to coordinate efforts 	<ul style="list-style-type: none"> Coordinate with SGVEP, LAEDC, and SBDCs to identify existing programs
	Assist the SGVEP and LAEDC in updating the "Business Assistance Toolkit."									0%	n/a	<ul style="list-style-type: none"> Contacted SGVEP staff in Nov. 2013, and staff will begin work after Economic Development Committee begins meeting.
	Work with SGVEP to provide information to businesses about the Commercial PACE program.									75%	<ul style="list-style-type: none"> Distributed updated information to cities on LA County PACE program for use in city websites and publications. Ongoing coordination with California HERO Program, which offers commercial PACE financing Staff prepared comparative report on existing Statewide Commercial PACE programs. Entered into MOU with Figtree Commercial PACE in April 2014 to provide additional commercial PACE options. 	
	Host quarterly workshops on post-redevelopment funding strategies and other innovative economic development efforts.				*			*		50%	<ul style="list-style-type: none"> Held first quarterly workshop in coordination with Congresswoman Napolitano and Gateway Cities COG on scheduled for February 19. The topic for the workshop was innovative financing strategies for cities and there were over 100 attendees from cities in the Gateway and San Gabriel Valley cities. 	<ul style="list-style-type: none"> Work with SGVEP to identify possible topic areas for workshop

Water

Work Plan FY 2013-2014



Issue Area	Near-Term Action	Schedule								Current Progress	Work Completed to Date	Next Steps
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
General	Convene Water Policy Committee and TAC.						★			0%	<ul style="list-style-type: none"> Developed TAC structure and presented recommendation to WRWG & EENR Committee in Dec. 2013 	<ul style="list-style-type: none"> Solicit volunteers for Water Policy Committee
	Attend and report on Upper San Gabriel River and Rio Hondo River IRWMP Steering Committee Meetings .									0%	<ul style="list-style-type: none"> Included IRWMP Phase 2 results in Mar. 2014 newsletter 	<ul style="list-style-type: none"> Participate in IRWMP Phase 3 meetings and report to Water Committee. Provide information about IRWM Phase 3-Part 2 opportunities at upcoming WRWG meeting
Water Quality/ NPDES	Support County-wide funding task force.					★				0%	<ul style="list-style-type: none"> Staff is assisting in the distribution of water costs survey 	
	Host annual educational workshop on relevant water quality and stormwater issues for elected officials and staff.						★			100%	<ul style="list-style-type: none"> Water 101 workshop was held on Apr. 29, 2014, and there were over 50 attendees. 	<ul style="list-style-type: none"> Follow-up workshops intended for Fall 2014
Water Conservation	Collect information on existing water conservation messaging campaigns, prepare report, and identify potential opportunities for COG to support these efforts.						★			10%	<ul style="list-style-type: none"> Presentation from USGVMWD General Manager on water conservation programs at October WRWG meeting Information on the USGVMWD's water conservation programs was included in the Nov. 2013 SGVCOG newsletter 	<ul style="list-style-type: none"> Coordinating with USGVMWD to promote Water Smart City Challenge
	Research potential funding source to expand LA County EEMIS to include water usage and costs and present report to Water Policy Committee.								★	0%	n/a	<ul style="list-style-type: none"> Meet with LA County and the Water Districts to discuss opportunities
	Prepare summary analysis of sources of water and water provider service territories.						★			100%	<ul style="list-style-type: none"> Information was presented at Water 101 event in Apr. 2014 	

Water

Work Plan FY 2013-2014



Issue Area	Near-Term Action	Schedule								Current Progress	Work Completed to Date	Next Steps
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
Water Reliability	Present information regarding status of Bay Delta Conservation Plan and potential State bond measure and provide recommendations.				*					100%	<ul style="list-style-type: none"> • Presentation on the BDCP at the October Governing Board meeting • Presentation on BDCP EIR at Jan. 2014 joint WRWG/EENR meeting • Governing Board adopted a position of support for the draft Bay Delta Conservation Plan. • Governing Board adopted a position of support if amended for the Water Bond legislation, AB 1331 (Rendon) 	<ul style="list-style-type: none"> • Staff will provide updates on the potential State bond measure as available.
Wastewater	Collect information on current funding obstacles and regulatory issues.								*	0%	n/a	

Housing

Work Plan FY 2013-2014



Issue Area	Near-Term Action	Schedule								Current Progress	Work Completed to Date	Next Steps
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
General	Convene Housing TAC to provide technical input and analysis to Housing Committee.									0%	n/a	<ul style="list-style-type: none"> Solicit membership for the Housing Policy Committee and TAC Staff will develop TAC structure and present recommendation
Affordable, Senior, & Workforce Housing	Participate in SCAG's RHNA subcommittee.									13%	<ul style="list-style-type: none"> Staff attended first meeting on Oct. 23, 2013 	<ul style="list-style-type: none"> Attend upcoming meetings
	Prepare report on development plans at all of the new Gold Line TODs and submit to Housing Committee.								*	0%	n/a	<ul style="list-style-type: none"> Survey cities with Gold Line stations to determine development plans
Homelessness	Facilitate a presentation from LAHSA on their homeless services to the Housing Committee.					*				100%	<ul style="list-style-type: none"> This item was presented at the Mar. 2014 Housing Committee meeting 	
	Review CSH's Homeless Services Needs Assessment and submit report identifying next steps to Housing Committee.				*		*			50%	<ul style="list-style-type: none"> A summary of the 2009 study was presented at the Feb. 2014 Housing Committee meeting 	<ul style="list-style-type: none"> Staff is preparing a report on recommended next steps pending completion of the homeless services survey.
	Facilitate a presentation by the San Gabriel Chapter of the Family Promise Program for local faith-based organizations.									0%	n/a	<ul style="list-style-type: none"> Coordinate with Housing Committee to identify local faith-based organizations
	Prepare report on member agencies' needs, existing subregional homeless services strategies, and possible approaches addressing homelessness.							*		20%	<ul style="list-style-type: none"> Homeless services survey was distributed to City Managers in May 2014 Staff and HCED Committee members have begun reviewing potential service models. 	

Housing

Work Plan

FY 2013-2014



Issue Area	Near-Term Action	Schedule								Current Progress	Work Completed to Date	Next Steps
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			
Quality of Life	Coordinate meeting with CPCA and LACPCA regarding local law enforcement issues and concerns associated with realignment.									0%	n/a	• Coordinate meeting
	Develop targeted outreach strategy to SGV Legislative Caucus to communicate issues and needs associated with realignment.									0%	n/a	• Pending outcome of meeting
	Obtain and disseminate information to member agencies on services available to assist law enforcement in addressing issues with mentally ill persons.									0%	n/a	• Coordinate with LA County Department of Mental Health

**Governing Board
FY 2013-14**

	2013						2014					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra	D	D	D	D	D			D	D	D	D	
Arcadia		D	D	A	D		D		D		A	
Azusa		D	D	D	D		D	D	D	D	D	
Baldwin Park												
Bradbury	D	D	D	D	D		D					
Claremont	D, A	D	A	D	A		D, A	D, A	D, A	D, A	D	
Covina	D	D		D	D				D	D		
Diamond Bar	D	D	D		D		D, A	D	D, A	D	D	
Duarte	D	D	D		D			D	D	D	D	
El Monte			D							D, A		
Glendora		D	D	D	D			D	D	D	D	
Industry	D	D	D	D	D		D	D	D	D	D	
Irwindale												
La Canada Flintridge	D	A	D		D		D	D, A	D	D	D	
La Puente	D	D	D		D		D	D	D	D	D	
La Verne		D	D		D		D		D	D	D	
Monrovia	D	D	D	D	D		D	D	D	D	D	
Montebello	D	D	D								D	
Monterey Park	D	D	D	D	D		D	D	D	D	D	
Pasadena		D	D	D	D			D	D	D	D	
Pomona				D	D		D			D		
Rosemead	A	A	D	D	D		D	D	D	D	D	
San Dimas	D	D	D	D	D			D		D	D	
San Gabriel	D	D			D			D		D	D	
San Marino			D					D			D	
Sierra Madre	D	D	D				D	D	D	D	D, A	
South El Monte	D	D	D	D	D		D	D	D		D	
South Pasadena	A		A	A	A		A	D, A	A	D	D, A	
Temple City	D	D	D	D	D		D	D	D	D	D	
Walnut	D	D	D				D	D			D	
West Covina	D	D		D	D			D	D	D	D	
LA County District 1									D	D		
LA County District 4	D	A	A	A	A		A	A	A	A	A	
LA County District 5		A	D	A	A		A	A	D	A	A	
SGV Water Agencies		D	D	D				D, A	D	D	D	

D- Delegate

A- Alternate

Major Action Items and Presentations

July

Ad Hoc Committee and Working Group

SGVCOG Investment Policy

National Recreation Area Ad Hoc Committee

**Governing Board
FY 2013-14**

SGVCOG Ongoing Contracts for Professional Services
MTA Board Staff Support
Governing Board Meeting Location and Commute Survey

August

CEESP Phase 3 Contract
Purchasing and Procurement Policy
FY 2013-14 Budget Amendment #1
SGVCOG Ongoing Contracts for Professional Services

September

FY 2013-14 Budget Amendment #2
Accountant/Treasurer Services
Governing Board and Committee Dates, Times and Locations
SB 804 (Lara)
National Recreation Area (NRA) White Paper

October

2016-2040 Regional Transportation Plan / Sustainable Communities Strategy (RTP/SCS)
Part-Time Employment Contract
Office Procedures and Filing Systems Contract
SGVCOG FY 2014-17 Strategic Plan
SGVCOG Strategic Planning Process

November

Accountant/Treasurer Services Award of Contract
SGVCOG Strategic Planning Process Survey
1st Quarter Financial Report

January

Governing Board meeting location
Transportation Funding Principles
Strategic Plan RFP

February

Bay Delta Conservation Plan
California Drought Reponse and Water Allocations
LA County Aerial Firefighting Equipment Overview and Needs
Annual Executive Director Evaluation Process and Contract for Consultant Services
ACE Project Transfer Agreement Extension
Housing Policy Paper
Legal Services Contract Update

March

Executive Director Evaluation
LA County Aerial Firefighting Equipment Overview and Needs
FY 2013-14 2nd Quarter Financial Report
Irwindale Dues Request
Legal Services Agreement

April

Budget Amendment #3
I-210 Corridors Pilot
Figtee Financing
SGV ATP Application

**Governing Board
FY 2013-14**

SGVCOG-LA County MOU
CEESP Phase 3 Contract (Terra Nova)
Water Bond Legislation
SB 1298 Hernandez)
NRA Legislation
Bylaws - 1st Reading
Administrative Code - 1st Reading

May

Agreement for Litigation Services (Shernoff Bidart Echeverria Bentley LLP)
Records Management Policy and Procedures and Retention Schedule
External Agency Appointments (SCAG, RMC, Gold Line, League of California Cities)
SGVCOG Bylaws (2nd Reading)
SGVCOG Committee Appointments
SGVCOG Administrative Code (2nd Reading)
SGVCOG Officers Election
SGVCOG 2014-15 Budget
Strategic Plan RFP Review Process

**Transportation Committee Attendance
FY 2013-14**

	2013						2014					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra		✓	✓	✓			✓	✓		✓		
Claremont		✓	✓	✓			✓	✓		✓		
Covina		✓	✓	✓						✓		
Diamond Bar		✓		✓				✓		✓		
Duarte		✓	✓	✓			✓	✓		✓		
Glendora		✓	✓	✓			✓	✓		✓		
Industry		✓	✓	✓			✓	✓		✓		
La Canada Flintridge		✓	✓	✓			✓			✓		
La Puente										✓		
LA County District 1							✓					
LA County District 4												
LA County District 5		✓	✓	✓			✓			✓		
Montebello												
Pomona												
Rosemead				✓								
South El Monte		✓										
South Pasadena										✓		

Agenda Topics

August

- SGVCOG Strategic Plan - Transportation Goals & Objectives
- Gold Line East Side Phase II - Project Update

September

- SGVCOG Strategic Plan - Transportation Goals & Objectives
- SGVCOG Prioirtized Transportation Project List & Response to MTA

October

- SGVCOG Sales Tax Measure Guiding Principles
- Bike SGV Presentation
- MTA Call for Projects – Approved San Gabriel Valley Projects
- Express Lanes/Congestion Reduction Demonstration Project Status Report

January

- Transportation Funding Guiding Principles
- First-Mile Last-Mile Strategic Plan
- MTA Regional Bike Share Program

February

- Statewide Active Transportation Planning
- Gold Line Open Streets Application
- SBCCOG ExpressLanes Fee Waiver Request

April

- I-210 Connected Corridors Pilot
- SGV ATP Application
- SB 1298 (Hernandez) - Toll Lanes
- Complete Streets
- MTA SRTP

**EENR Committee Attendance
FY 2013-14**

	2013						2014					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Claremont	✓			✓		✓	✓	✓	✓			
Monrovia	✓	✓		✓		✓	✓	✓	✓		✓	
Rosemead	✓	✓		✓			✓	✓			✓	
San Dimas	✓	✓		✓		✓	✓	✓	✓		✓	
Sierra Madre	✓	✓		✓		✓	✓	✓	✓			

Agenda Topics

July

- SGVCOG Strategic Plan - Environment Goals & Objectives
- The Energy Network

August

- LA County Conversion Technologies and Countywide Siting Element
- SGVCOG Strategic Plan - Environment Goals & Objectives
- SGVCOG Strategic Plan - Water Goals & Objectives
- National Recreation Area Ad Hoc Committee

October

- Community Home Energy Retrofit Program (CHERP) Expansion
- Cattle Canyons Improvement Project Update

December

- AB 341 Implementation Update & AB 32 Scoping Plan
- Environment TAC Structure

January

- Bay Delta Conservation Plan

February

- Solid Waste Legislation
- Wilderness and Wild & Scenic Designation Proposals

March

- Electric Vehicles for Public Agencies
- Figtree Financing
- SoCal Plug-In Electric Vehicle Readiness Plan

May

- Title 24 Changes
- WCA Projects

**HCED Committee Attendance
FY 2013-2014**

	2013						2014					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Claremont	✓	✓		✓		✓	✓	✓	✓	✓		
Glendora												
Monrovia	✓	✓		✓		✓	✓	✓	✓	✓		
Pasadena	✓	✓		✓		✓	✓		✓	✓		
Pomona	✓							✓				
San Dimas	✓			✓		✓		✓				
South El Monte				✓								

Agenda Topics

July

- SGVCOG Strategic Plan Housing & Homelessness Goals & Objectives
- Housing Policy Paper
- Small Business Development Centers Outreach

August

- SGVCOG Strategic Plan Housing & Homelessness Goals & Objectives
- SGVCOG Strategic Plan Economic Development Goals & Objectives

October

- Neighborhood Housing Services of LA County Services Available
- Housing Policy Paper

December

- SHARE! Program
- Housing Policy Paper
- Homeless Services Survey

January

- Duarte Housing Emergency Preparedness
- SBDC Update

February

- 2009 Homeless Study Overview
- Homeless Services Survey

March

- LAHSA Programs

April

- LAHSA Programs

**City Managers' Steering Committee Attendance
FY 2013-14**

	2013						2014					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra		✓	✓	✓	✓				✓	✓	✓	✓
Arcadia		✓	✓	✓			✓		✓	✓	✓	✓
Azusa		✓	✓	✓	✓		✓		✓		✓	✓
Claremont		✓	✓	✓	✓		✓		✓	✓	✓	✓
Covina			✓								✓	✓
Diamond Bar	✓	✓		✓	✓		✓		✓	✓	✓	✓
Glendora	✓	✓	✓	✓	✓		✓			✓	✓	✓
La Canada Flintridge	✓	✓	✓	✓	✓				✓	✓		✓
Pomona			✓							✓	✓	✓
Rosemead	✓	✓		✓	✓		✓		✓	✓	✓	✓
San Gabriel	✓	✓	✓	✓	✓				✓	✓	✓	✓
Sierra Madre				✓	✓				✓	✓	✓	✓
West Covina			✓	✓	✓		✓		✓		✓	

Agenda Topics

July

- SGVCOG Strategic Plan
- SGVCOG Ongoing Contracts for Professional Services
- MTA Board Staff Support
- Human Resources Consultant Scope of Work
- SGVCOG Investment Policy
- City Managers' Steering Committee Appointments and Vacancies Policy

August

- Budget Revision #1
- Purchasing and Procurement Policy
- SGVCOG Ongoing Contracts for Professional Services
- California Energy Efficiency Strategic Plan (CEESP) Implementation – Phase 3 Contract
- Draft SGVCOG Strategic Plan

September

- Accountant/Treasurer Scope of Work
- Budget Revision #2
- Draft SGVCOG Strategic Plan
- Strategic Planning Process
- National Recreation Area White Paper
- MTA Request for Prioritized Transportation List
- SGVCOG Governing Board Media Training

October

- Draft SGVCOG Strategic Plan - Economic Development Goals & Objectives
- Strategic Planning Process
- Part-Time Clerical Contract
- Office Procedures & Filing Systems Contract

November

- FY 2013-14 1st Quarter Financial Report
- Accountat/Treasurer RFP results

**City Managers' Steering Committee Attendance
FY 2013-14**

Draft Strategic Plan Development Services RFP
SGVCOG General Assembly

January

Bay Delta Conservation Plan
Executive Director Evaluation Process

March

LA RICS Presentation
2nd Quarter Financial Report
Irwindale Dues Waiver and Assessment Request
Legal Services Contract

April

SGVCOG Bylaws
SGVCOG Administrative Code
Figtree Financing MOU
LA County MOU

May

SGVCOG 12-13 Financial Audit
SGVCOG 14-15 Budget
Agreement for Litigation Services
Strategic Plan Evaluation Services
CM TAC Chair and Vice-Chair

June

SGVCOG 12-13 Consolidated Financial Audit
ACE14-15 Budget
ACE Transfer Agreement

**Planning TAC Attendance
FY 2013-14**

	2013						2014					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra			✓	✓			✓	✓	✓	✓		
Arcadia			✓	✓	✓		✓	✓	✓	✓		
Azusa			✓	✓	✓		✓	✓		✓		
Baldwin Park			✓	✓			✓			✓		
Bradbury												
Claremont								✓				
Covina												
Diamond Bar			✓					✓	✓	✓		
Duarte				✓	✓		✓	✓	✓	✓		
El Monte										✓		
Glendora					✓				✓			
Industry												
Irwindale			✓	✓								
La Canada Flintridge			✓		✓		✓	✓	✓	✓		
La Puente												
LaVerne				✓						✓		
Monrovia			✓					✓	✓	✓		
Montebello												
Monterey Park										✓		
Pasadena			✓	✓	✓		✓	✓	✓	✓		
Pomona					✓							
Rosemead												
San Dimas			✓	✓	✓		✓	✓	✓			
San Gabriel				✓	✓			✓		✓		
San Marino												
Sierra Madre				✓	✓					✓		
South El Monte					✓							
South Pasadena					✓			✓	✓	✓		
Temple City												
Walnut							✓					
West Covina			✓				✓	✓	✓	✓		

Agenda Topics

September

FilmLA

October

State energy requirements in buildings

November

SCAG Update

January

RTP Local Input Process

First-Mile Last-Mile Strategic Plan

February

SoCal PEV Readiness Study

SCS/RTP Local Input Process

**Planning TAC Attendance
FY 2013-14**

March

San Gabriel Valley Regional Bicycle Planning
MTA TOD Planning Grants

April

Massage Parlor Regulation
MTA SRTP

**Public Works TAC Attendance
FY 2013-14**

	2013						2014					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Alhambra			✓	✓	✓		✓	✓	✓		✓	
Arcadia	✓		✓		✓		✓	✓	✓	✓		
Azusa	✓		✓						✓			
Baldwin Park												
Bradbury												
Claremont			✓					✓				
Covina	✓		✓		✓			✓	✓		✓	
Diamond Bar	✓		✓	✓	✓		✓	✓			✓	
Duarte									✓			
El Monte												
Glendora	✓		✓	✓			✓		✓	✓	✓	
Industry	✓		✓	✓								
Irwindale												
La Canada Flintridge												
La Puente												
LaVerne	✓						✓				✓	
Monrovia	✓		✓	✓	✓		✓	✓	✓	✓	✓	
Montebello			✓		✓							
Monterey Park								✓				
Pasadena	✓				✓		✓	✓	✓	✓		
Pomona			✓									
Rosemead												
San Dimas	✓		✓				✓		✓	✓	✓	
San Gabriel										✓		
San Marino												
Sierra Madre												
South El Monte												
South Pasadena	✓									✓		
Temple City												
Walnut	✓											
West Covina	✓		✓	✓			✓	✓	✓	✓	✓	
LA County	✓		✓	✓	✓		✓	✓	✓	✓	✓	

Agenda Topics

July

Capital Improvement Projects Benchmarking Study

September

Regional Transportation Perspective

October

Regional Airports Update

November

Urban Trees and Sidewalks

January

METRO- First-Last Mile and Stormwater Funding Options Report

February

**Public Works TAC Attendance
FY 2013-14**

State of the Water in San Gabriel Valley
Sustainable Communities

March

Colby Fire Update
MTA Updates

April

Storm Water Permit Update
MTA SRTP

May

LA County Traffic Signal Forum Update
Metro ExpressLanes Update

**NRA Ad Hoc Committee
Attendance**

	2013			2014
	08/12/13	08/26/13	09/04/13	04/02/14
Azusa	✓	✓	✓	
Claremont	✓	✓	✓	✓
Duarte	✓	✓	✓	✓
El Monte		✓		✓
Monrovia	✓	✓	✓	✓
Rosemead	✓	✓	✓	✓
San Dimas	✓	✓	✓	✓
Sierra Madre		✓		✓
South Pasadena				✓
SGV Water Districts	✓	✓	✓	✓
LA County District 1		✓	✓	✓
LA County District 4				
LA County District 5			✓	



San Gabriel Valley Council of Governments

DATE: June 19, 2014
TO: Governing Board Delegates and Alternates
FROM: Andrea M. Miller, Executive Director
RE: **ACE BOARD OF DIRECTORS**

RECOMMENDED ACTION

Appoint Barbara Messina, outgoing SGVCOG President, to serve as the SGVCOG President's Alternate on the ACE Board of Directors in FY 2014-15.

BACKGROUND

Article IX, Section D.1 of the SGVCOG bylaws state that the President of the SGVCOG shall be a member of the ACE Construction Authority Board of Directors. It further states that the President may, subject to Governing Board approval, designate a Governing Board representative to serve as his/her alternate on the ACE Board of Directors. SGVCOG President-Elect Mary Ann Lutz has requested that Barbara Messina, City of Alhambra and outgoing SGVCOG President, serve as her alternate. While President, Councilmember Messina served on the ACE Board of Directors for two years.



San Gabriel Valley Council of Governments

DATE: June 19, 2014

TO: Governing Board Delegates and Alternates

FROM: Andrea M. Miller, Executive Director

RE: **JULY 17, 2014 GOVERNING BOARD MEETING TIME AND LOCATION**

RECOMMENDED ACTION

Authorize change of July Governing Board meeting time and location to 5:00 PM at the San Gabriel Hilton (225 W. Valley Blvd, San Gabriel, California 91776).

BACKGROUND

The regular meetings of the SGVCOG Governing Board are held on the third Thursday of every month at 6 PM at the Upper San Gabriel Valley Municipal Water District Offices (602 E. Huntington Drive, Monrovia, California 91016). In July, the regular meeting date is Thursday, July 17. That evening, the SGVCOG will host its 10th Annual Leadership Awards at 7 PM at the San Gabriel Hilton. Therefore, staff is recommending that the meeting location be changed to the San Gabriel Hilton and that the time be moved up to 5 PM to allow for all business items to be completed prior to the . A formal invitation to the Awards will be sent out shortly.



Office of the Mayor and the City Council

June 3, 2014

The Honorable Judy Chu
United States House of Representatives
527 S. Lake Ave, Suite 106
Pasadena, CA 91101

RE: NATIONAL RECREATION AREA – Follow-Up Correspondence

Dear Congress Member Chu:

In correspondence dated May 8, 2014, the City of Monrovia requested the removal of Monrovia from the proposed National Recreation Area boundaries. This was based upon the May 6, 2014 City Council meeting, where the Monrovia City Council voted unanimously to exclude the City of Monrovia from the boundaries of the proposed San Gabriel Mountains National Recreation Area.

On June 3, 2014, the Council again deliberated the issue and the Council voted to send an additional letter clarifying Monrovia's position. The City of Monrovia has spent a great deal of time, money and energy in developing a plan for our Wilderness area with the driving force being local control. The taxpayers of Monrovia voted to tax themselves to purchase most of the property in our Hillside Wilderness Preserve in order to preserve Monrovia's hillsides and local control of those areas. As applied to the City of Monrovia, the City Council feels that the proposed National Recreation Area has the potential to relinquish that level of local control. So, while we are supportive of your efforts to create a National Recreation Area in those areas that want to be included, Monrovia does not wish to be included in this plan. We would request your acknowledgement of this letter and would be grateful for your honoring our request by confirming that Monrovia has been excluded from the geographic boundaries of the proposed legislation.

Respectfully,

Mary Ann Lutz, Mayor

Becky Shevlin, Mayor Pro-Tem

Tom Adams, Council Member

Alexander Blackburn, Council Member

Larry Spicer, Council Member

CC: Monrovia City Council
San Gabriel Valley Council of Governments



Office of the Mayor and the City Council

June 3, 2014

The Honorable Judy Chu
United States House of Representatives
527 S. Lake Ave, Suite 106
Pasadena, CA 91101

RE: WILDERNESS, WILD AND SCENIC RIVERS – DO NOT INCLUDE MONROVIA

Dear Congress Member Chu:

As with your proposed National Recreation Area legislation, the Monrovia City Council has considered the possibility of having portions of Monrovia designated by the federal government as Wilderness and Wild and Scenic Rivers and determined that the City should not be included in these designated areas. The City of Monrovia therefore requests that no land included within Monrovia boundaries be designated in either category.

Consistent with the position of the San Gabriel Valley Council of Governments, we also ask that before you pursue these two specific designations, a formal federal study be conducted to determine the impact of the Wilderness and Wild and Scenic Rivers designations, including eligibility, suitability, community impact, and classification. We ask that these studies be completed prior to the designations being written into law, allowing stakeholders to provide further input into the process, and providing us with adequate time to ascertain whether the designations would have direct or indirect impacts to Monrovia.

We appreciate the opportunity to offer input into this process.

Respectfully,

Mary Ann Lutz, Mayor

Becky Shevlin, Mayor Pro-Tem

Tom Adams, Council Member

Alexander Blackburn, Council Member

Larry Spicer, Council Member

CC: Monrovia City Council
San Gabriel Valley Council of Governments

Item #15



San Gabriel Valley Council of Governments

DATE: June 19, 2014

TO: Governing Board Delegates and Alternates

FROM: Andrea M. Miller, Executive Director

RE: **METROPOLITAN TRANSPORTATION AUTHORITY (MTA) SHORT RANGE TRANSPORTATION PLAN (SRTP)**

RECOMMENDED ACTION

Direct staff to submit comment letter regarding MTA's SRTP.

BACKGROUND AND ANALYSIS

At the April 2014 meeting, MTA staff presented on the draft SRTP. Following that presentation, staff was informed that the Gold Line Phase 2B (Azusa to Claremont) was not included in the list of projects that may be completed should funding become available. Attached is draft letter requesting that the SRTP be revised to include Gold Line Phase 2B. This item will be discussed at the June 17, 2014 Transportation Committee meeting.

ATTACHMENTS:

Attachment A- Draft SGVCOG Letter



San Gabriel Valley Council of Governments

June 19, 2014

Art Leahy, Chief Executive Officer
Metropolitan Transportation Authority (MTA)
One Gateway Plaza
Los Angeles, CA 90012-2952

RE: MTA DRAFT SHORT RANGE TRANSPORTATION PLAN (SRTP)

Dear Mr. Leahy:

On behalf of the Governing Board of the San Gabriel Valley Council of Governments (SGVCOG), we would like to offer our comments regarding the recently released Draft SRTP.

We would like to request that the SRTP be amended to include the Gold Line Foothill Extension Phase 2B (Azusa to Claremont). Specifically, we request that this project be included in the list of projects that would be completed should new funding become available.

We thank you for your consideration of this matter. Should you have any questions, please contact me at (626) 457-1800.

Sincerely,

Barbara Messina
President

cc: John Fasana, MTA Board of Directors



San Gabriel Valley Council of Governments

DATE: June 19, 2014

TO: Governing Board Delegates and Alternates

FROM: Andrea M. Miller, Executive Director

SUBJECT: **ALAMEDA CORRIDOR-EAST (ACE) PROJECT FY 2014-15 BUDGET
RESOLUTION 14-15**

RECOMMENDATION

Adopt Resolution 14-15 adopting the ACE Project 2014-15 budget.

BACKGROUND

Attached is the proposed ACE Project FY 2014-15 budget. The ACE Project's proposed budget was reviewed by the ACE Board of Directors and City Managers' Steering at their June meetings, and both recommended approval by the SGVCOG Governing Board.

ATTACHMENTS

Attachment A – Resolution 14-15 and ACE Project FY 2014-15 Budget

RESOLUTION NO. 14-15

**RESOLUTION OF THE SAN GABRIEL VALLEY COUNCIL OF GOVERNMENTS
(SGVCOG) ADOPTING THE ALAMEDA CORRIDOR-EAST (ACE) PROJECT FY
2014-15 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 2014-15 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 19th day of June, 2014.

San Gabriel Valley Council of Governments

Barbara Messina, President

Attest:

Andrea M. Miller, Secretary



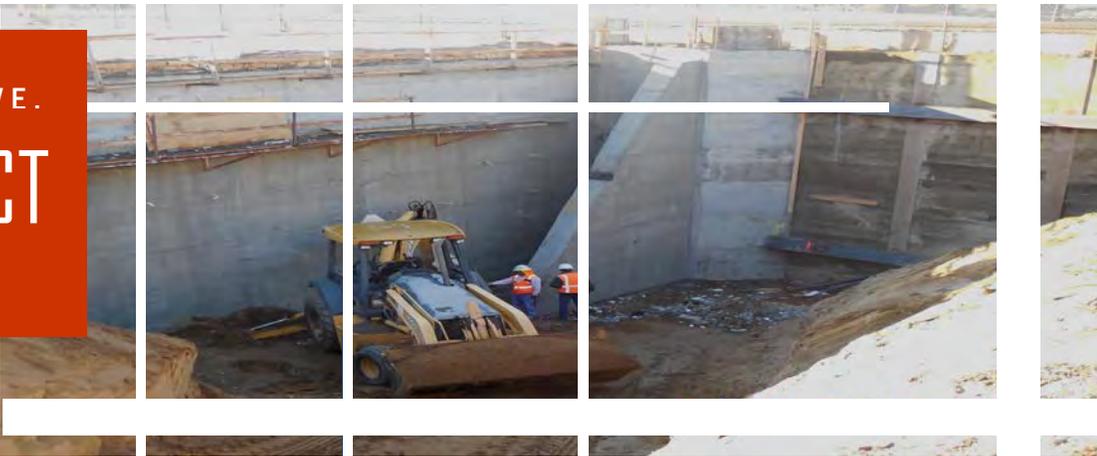
ACE CONSTRUCTION AUTHORITY FY 2015 PROPOSED BUDGET

SAN GABRIEL
TRENCH



City of San Gabriel

BALDWIN AVE.
PROJECT



City of El Monte

NOGALES ST.
PROJECT



City of Industry
Item #18
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ORGANIZATION

Board of Directors

Councilwoman Norma Macias
City of El Monte
Chair

Councilman Jack Hadjinian
City of Montebello
Vice Chair

Councilwoman Juli Costanzo
City of San Gabriel

Councilwoman Barbara Messina
City of Alhambra

Supervisor Gloria Molina
LA County Board of Supervisors

Mayor Elliott Rothman
City of Pomona

Mayor Tim Spohn
City of Industry

Mayor Paul Eaton
Ex-Officio City of Montclair

Mark Christoffels
Chief Executive Officer

**San Gabriel Valley
Council of Governments**

1000 S Fremont Ave.
Unit 42 Suite 10210
Alhambra, CA 91803

Andrea M. Miller
Executive Director

Phone: (626) 457-1800

Fax: (626) 457-1285

Web site: www.sgvcog.org

Office

4900 Rivergrade Road
Suite A120
Irwindale, CA 91706

Phone: (626) 962-9292

Fax: (626) 962-9393

Web site: www.theaceproject.org

BUDGET MESSAGE

The Alameda Corridor-East Construction Authority continues to be in the most intensive period of construction in its history with the San Gabriel Trench, Baldwin Avenue and Nogales Street Projects underway. In addition to the heavy construction projects underway, design and right of way efforts have put Puente Avenue and Fairway Drive projects in the queue to begin construction during the upcoming fiscal year.

Designs are also underway for the Durfee Avenue in Pico Rivera and Fullerton Road in Industry. These projects are expected to begin construction during Fiscal Year 2016. Meanwhile we also continue discussions to identify a viable project in Pomona and in Montebello. Once these projects are identified they will require adoption by the ACE Board of Directors and the San Gabriel Valley Council of Governments. Completing all of the projects will require additional funding and we will continue to aggressively pursue all funding opportunities as they become available.

While each project has had its unique challenges and we anticipate more to come, I am confident we have the team in place to continue to move projects forward as smoothly and efficiently as possible. This budget will outline some of the milestones over the past year which took many individual successes to reach them. We have a tremendous sense of pride of where we are as an agency and look forward to a very busy but exciting 2015.

Mark Christoffels
Chief Executive Officer

BACKGROUND

The planning for the ACE Project, done in the late 1990s, was based on 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. Until the recession and its effect on international trade activity through the San Pedro Bay ports, growth in train traffic was tracking close to estimates. The significant drop off that occurred over the last few years has experienced an on-and-off recovery. Forecasting long term train traffic growth is difficult until the new growth patterns can be reliably predicted. There is little doubt, however, that growth will return.

The ACE Project includes safety improvements at 39 grade crossings located throughout the San Gabriel Valley and 22 grade crossing eliminations. ACE has implemented safety improvements, completed six grade separations and initiated construction on six more locations. The original project estimate from 1998 was updated to take into account inflation over the last 15 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, the scope of the adopted grade separation program was amended by changing some project locations and adding two additional grade separations. The change in adopted projects and expanded scope results in an estimated total anticipated cost of the completed ACE program of approximately \$1.712 billion.

PROJECT STATUS

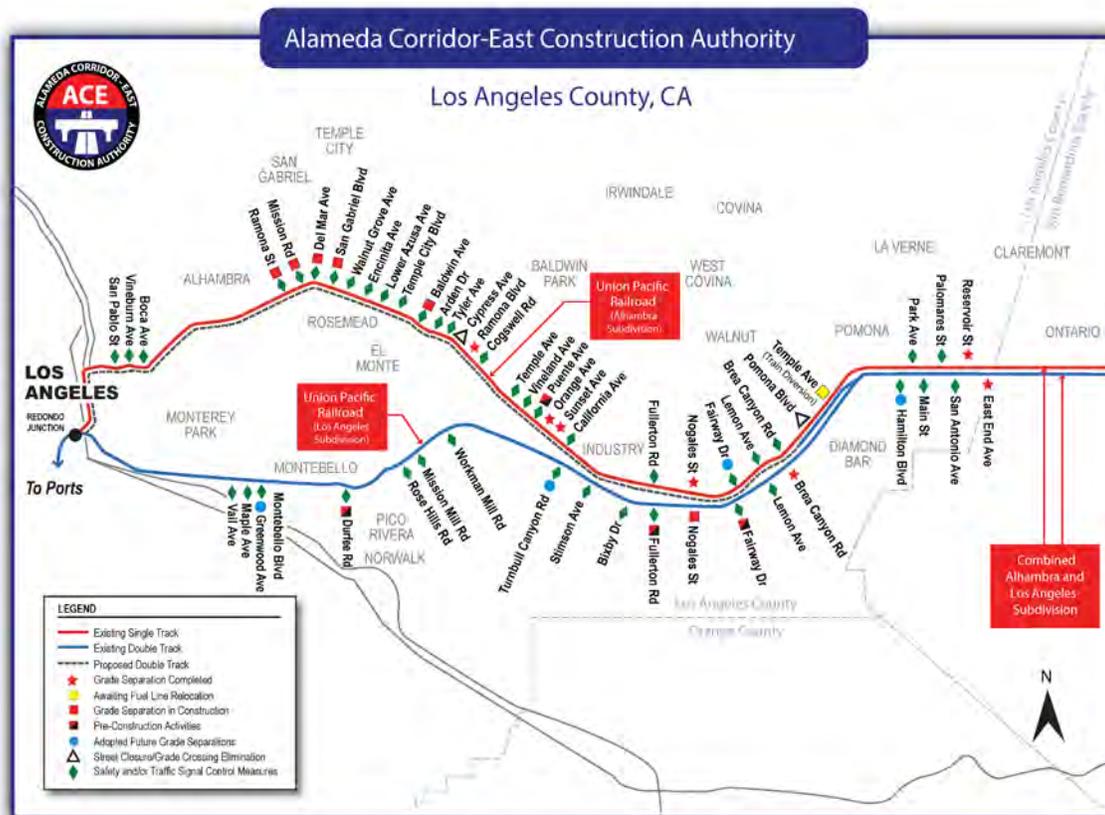
The following is a summary of the status of the active project components:

Railroad Crossing Safety Improvements

- 39 Crossings - Completed in 2004

Grade Separations

- Six grade separations completed (Nogales St./Alh, Reservoir St., East End Ave., Ramona Blvd., Brea Canyon Rd., and Sunset Ave.);
- One grade separation awaiting completion of UPRR work (Temple Ave.);
- Three grade separations in construction (San Gabriel Trench, Baldwin and Nogales);
- Five grade separations are in design and/or land acquisition (Fairway, Puente, Durfee, Fullerton and Hamilton)



Alameda Corridor-East Project Area

FY 2014 FUNDING STATUS

The current cost estimate for all completed or active projects is \$1.546 billion. A detailed listing of the completed and currently active projects as well as proposed future projects is shown in the appendix under Project Cost Estimates. Shown on the page following is the total amount of funding that has been committed to the ACE program since its inception. Matching these funding commitments of \$1.620 billion against the projected expenditures of \$1.546 billion plus \$11.9 million in start up costs shows that the ACE program currently has \$62.4 million in funding available for the remaining projects in the adopted ACE program that have not been initiated. As shown the Project Cost Estimates in the appendix, the three non-active projects (Greenwood Avenue in Montebello, Fairway Drive in Industry/Walnut and Turnbull Canyon Road in Industry) are estimated at \$250 million to be completed. This figure is anticipated to increase to \$285.5 million based on a potential substitution of Greenwood Avenue for Montebello Blvd., and the requirement by the Union Pacific Railroad that Fairway and Lemon be done concurrently.

<u>Funding Source</u>	<u>Committed/Estimate</u> <u>(in \$ millions)</u>
Federal TEA-Demonstration Earmark	\$132.6
Federal SAFETEA-LU Demonstration Earmark	67.3
Federal Appropriations	33.4
State ITIP and PUC funds	49.0
State General Funds (AB 2928)	130.3
State Prop 1B Trade Corridor Funds	420.5
State Prop 1B Grade Separation Funds	25.6
MTA Funds (17% Match)	259.9
MTA Call for Projects Funds	28.8
MTA Measure R Funds	400.0
City/County/MWD Funds	11.8
Railroad Contribution	31.9
City/Railroad/Betterments/Property Sales	<u>29.4</u>
Total ACE Project Funding	<u>\$1,620.7</u>
Projected Expenditure*	<u>1,558.3</u>
Balance	<u>\$62.4</u>

*For completed and active projects. Includes all project allocations and \$11.9 million in agency start up costs. Does not include non-active projects.

FY 2014 BUDGET STATUS

The Board of Directors adopted the Fiscal Year 2014 budget in June 2013.

Exhibit I in the appendix compares the FY 2014 Budget to the estimated actual expenses as of June 30, 2014.

As in the past, ACE's annual budget is 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 2014 rate was approved by Caltrans and includes adjustments for over or under spending in prior years. ACE anticipates indirect expenses for FY 2014 will be \$669,000 under budget (approximately 18%).

Direct Project Expense

Direct expenses are those that 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. As a general rule, annual budget overruns in direct annual costs are a positive sign of faster than assumed progress, if total project costs aren't increasing. Conversely, annual budget underruns generally mean slower progress and can result, depending on where the under run occurs, in under collection of indirect costs until a later date. For FY 2014 ACE will collect all of the indirect costs.

Overall, direct expenses will be under budget by \$11.376 million, or 8%. The most significant projected direct cost under runs will occur in construction and utility relocations. Utility work progressed at a slower pace than anticipated and this in turn caused related construction activity to be delay. Despite these delays general construction progress continued and as noted below all of the completion goals related to construction were either met or exceeded.

FY 2014 PROJECT GOALS

Last fiscal year’s budget set forth a number of goals for FY 2014. The following is the anticipated status of each goal as of June 30, 2014:

Project Implementation

Project	Goal	Status
Nogales St.	Construction 35% complete	Construction is 35% complete
San Gabriel Trench	Construction 25% complete	Construction is 30% complete
Baldwin Ave.	Construction 60% complete	Construction is 65% complete
Fairway Drive	Award construction contract	Ongoing. UPRR review delayed project. Award to occur in October
Puente Ave.	Award construction contract	Anticipated June award
Durfee Ave.	50% design; ROW underway	Design is 35% complete
Fullerton Rd.	65% design; ROW underway	Design is 65% complete
Hamilton Dr.	65% design; ROW underway	Ongoing. In discussions with City/UPRR for alternative location

Funding/Financial Administration

Goal	Status
Process & complete actions for SGVCOG/ACE Separation	Not completed. Delayed response from CalPERS regarding employees' retirement benefits. Both agencies working cooperatively reviewing alternative options.
Apply for & receive additional Prop 1 B funds	Complete. Received \$120 million in funding
Ensure ACE interest represented in National Freight Program	Complete
Timely completion of clean financial & single audit	Complete
Maintain at least 50% of borrowed funds invested	Complete
Complete 16 professional services contract audits	20 contract audits were completed
Revise procurement manual	Complete

Outreach

Goal	Status
Conduct environmental, community & school outreach for three projects in construction & five in design	Complete
Continue distribution of quarterly e-newsletter	Complete
Redesign ACE website	80% complete and is anticipated to be unveiled and live by August

2015 BUDGET DEVELOPMENT

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 expeditiously and cost effectively as possible. The budget for FY 2015 (July 1, 2014 through June 30, 2015) was developed in two parts: anticipated project related direct expenses and general indirect expenses.

The proposed FY 2015 direct expense budget assumed three projects in construction, two projects completing design and land acquisition and entering into construction, and three projects in design and land acquisition. For the construction projects (San Gabriel Trench, Baldwin and Nogales) staff used the approved construction schedules to determine the rate of construction and determine the anticipated contractor expenditures. For Fairway and Puente staff included in the project budget the current estimated cost of land acquisition and a few months of construction activity. Finally, for the three new projects currently in design and beginning land acquisition, staff accounted for the final design costs and estimated the cost of land acquisition. 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.

The indirect budget is developed by line item, based on past experience and changed levels of effort anticipated in FY 2015. The ratio of all indirect costs to direct labor and fringe benefit cost is used to calculate the Indirect Cost Allocation Plan (ICAP) that is submitted to Caltrans for approval, and becomes the basis for billing indirect costs in FY 2015.

The FY 2015 budget does not request Board approval for new contracts amendments to existing contracts. Each contract authorization will be brought to the Board for necessary action.

2015 PROPOSED BUDGET

The proposed FY 2015 budget is presented in Exhibit II. Exhibit II A provides a breakdown of all proposed direct expenditures by project. Exhibit III estimates overall revenues, expenses and income from our cash flow financing. Exhibit IV compares the estimated actual for FY 2014 to the approved budget for FY 2015.

The pace of active projects is the major factor in the annual budget projection. For FY 2015 we have made the following assumptions about the projects having the biggest impact on our spending estimates:

- Baldwin Avenue (El Monte) – Construction 100% complete.
- Nogales Street (Industry/LA County) – Construction 65% complete.
- San Gabriel Trench (San Gabriel) – Construction 45% complete.
- Puente Avenue (Industry) – Construction 20% complete.
- Fairway Drive (Industry/LA County) – Construction 10% complete.
- Durfee Avenue (Pico Rivera) – Design 65% complete.
- Fullerton Road (Industry) – Design 100% complete
- Hamilton Drive (Pomona) – Design 40% complete.

Indirects

Personnel – Salary & Wages/Fringe Benefits – The FY 2015 budget includes 24 full time positions and one part time position as authorized and shown on the organizational chart in the Appendix. Staff is not proposing any additions to staff at this time, however, as reflected on the organizational chart, due to the current practice of using on-line services to issue payments and the requirement to audit these transactions, the Audit function will be moved from under the Director of Finance and report directly to the Chief Executive Officer. Staff is also proposing not to fill two vacant positions at this time. 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. However, as a result of a soon to be finalized classification and compensation study there were several positions recommended for reclassification and/or adjustments. These will be done upon receipt of the final draft of the study but will not reflect significant changes.

The following addresses significant line item changes (more than 10% and \$10,000) proposed for FY 2015 compared to the FY 2014 estimated actual. Changes in the construction related line items (utility relocation, construction management, railroad and construction) are a result of our most current projection of construction progress.

Program Management (-\$16,000/45% decrease) – This reduction reflects a shift in charging project support activities from indirect to direct costs.

Insurance (\$44,000/42% increase) – This reflects an anticipated increase in premiums for general liability, ACE Board coverage, and property coverage due to an increase in ACE's property holdings required for the five projects currently in construction.

Office Operations (\$9,000/12% increase) – This reflects expected increases in office supplies and postage/delivery services as a result of significantly increased design and construction activities.

Directs

Program Management (+\$1,452,000/53% increase) – This increase is due to the required additional support for public outreach and environmental monitoring as two more projects start construction. In addition, this reflects an increased level of support for right of way acquisition activities needed for the projects going into final design and preparing to be bid out.

Legal (+\$198,000/23% increase) – This reflects the legal support that will be required as ACE completes the land acquisitions on Puente and Fairway as well as pursuing the land acquisitions needed for Durfee and Fullerton.

Design (+\$3,046,000/53% increase) – This increase is based on the ramping up on the final design for Durfee, and Fullerton projects, and continuing to resolve the Hamilton project

Right of Way Acquisition (+\$7,808,000/18% increase) – This reflects the anticipated costs based on making final payments related to right of way for the Puente and Fairway projects, as well initial acquisition costs associated with the Durfee and Fullerton projects

Construction Management (+\$2,688,000/52% increase) – This increase reflects continued full scale construction activities on the Baldwin, Nogales and San Gabriel Trench projects, as well as the addition of construction activities on Puente and Fairway projects.

Railroad (+\$4,226,000/157% increase) – Increased UPRR activity is expected on all five active construction projects.

Construction (+\$35,791,000/75% increase) – This increase reflects continued full scale construction activities on the Baldwin, Nogales and San Gabriel Trench projects, as well as the addition of construction activities on Puente and Fairway projects.

PROJECT FINANCING

In 2001 the San Gabriel Valley Council of Governments (SGVCOG) authorized the issuance of up to \$100 million in tax-exempt Grant Anticipation Notes (GANs) backed by a letter of credit. Over time this program suffered the overall affects of the economical downfall. In 2012 the ACE Board approved the retirement of the GAN program and staff successfully sought an agreement with the Los Angeles County Metropolitan Transportation Authority (Metro) for a working capital loan of up to \$45 million which was fully executed in 2013 allowing for the full retirement of the GANs. Going forward any net proceeds from this new working capital from Metro will be invested in accordance with the SGVCOG Investment Policy for ACE funds.

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. Staff is making every effort it can to operate in this stringent financial environment, but the Board needs to be aware of the practical difficulties of recovering every expense. We use this Budget submittal to annually advise the Board of the cumulative exposure for 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	<u>105,529</u>	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.

FY 2015 PROJECT GOALS

Staff proposes to accomplish the following by June 30, 2015 (unless otherwise noted):

Project Implementation

- Nogales Street: Construction 65% complete;
- Baldwin Avenue: Construction 100% complete;
- San Gabriel Trench: Construction 45% complete;
- Fairway Drive: Construction 10% complete ;
- Puente Avenue: Construction 20% complete;
- Durfee Avenue: Design 65% complete;
- Fullerton Road: Design 100% complete;
- Hamilton Drive: Design 40% complete.

Funding/Financial Administration

- Ensure ACE's interests are represented in Federal National Freight Program;
- Timely completion of "clean" financial and single audits
- Maintain at least 25% of borrowed funds invested
- Complete 16 professional services contract audits
- Complete 5 quality control/quality assurance audits

Outreach

- Conduct environmental, community and school outreach effort for five projects in construction and three in design;
- Conduct one groundbreaking ceremony and one ribbon cutting ceremony;
- Complete the ACE website update.

Staff will continue to provide the Board with project status and budget updates on a quarterly basis. A mid-year review of the upcoming fiscal year will be done in January

and proposed revisions, if any, will be submitted for ACE and San Gabriel Valley Council of Governments Boards for approval at that time.

BUDGET REVIEW AND APPROVAL

The proposed budget will be presented to the ACE Board and to the public for consideration at the June 2 ACE Board Special meeting. Any changes will be incorporated into the approved budget and submitted to the San Gabriel Valley Council of Governments for consideration at their next meeting.

APPENDICES

- Exhibit I - FY 2014 Budget vs Estimated Actuals
- Exhibit II - FY 2015 Proposed Budget w Type of Expenditures
- Exhibit IIA - FY 2015 Direct Cost Budgets by Project
- Exhibit III - FY 2015 Proposed Budget w Type of Expenditures
- Exhibit IV - Comparison FY 2014 Estimated Actuals vs FY 2015 Proposed Budget

Exhibit I
FY 2014 Budget vs. Estimated Actual
(\$ in thousands)

Expenditures	Year End Estimate	FY 2014 Budget	Under/ (Over)
Indirect			
Personnel			
Salaries and Wages	\$ 1,355	\$ 1,862	\$ 507
Fringe Benefits	462	580	118
Board/Employee Expense			
Auto/Travel	31	31	-
Training/Memberships	25	25	-
Board Expense	21	21	-
Professional Services			
Auditing/Accounting	40	40	-
Legal-Agency Support	70	70	-
Program Management	36	91	55
State/Federal Advisory Services	261	261	-
Risk Management	65	65	-
Insurance	106	106	-
Equipment Expense	101	123	22
Office Expense	231	223	(8)
Office Operations	70	48	(22)
Other	10	7	(3)
Total Indirect	<u>2,884</u>	<u>3,553</u>	<u>669</u>
Direct			
Salaries and Wages	\$ 1,289	\$ 1,005	(284)
Fringe Benefits	517	403	(114)
Auto Allowance Allocated to Projects	23	28	5
Program Management	2,729	4,490	1,761
Legal	827	239	(588)
Design	5,918	7,594	1,676
ROW Acquisition	43,379	33,429	(9,950)
Utility Relocation	9,910	13,405	3,495
Construction Mgt	5,132	5,514	382
Railroad	2,694	2,410	(284)
Construction	47,385	62,955	15,570
UPRR Invoice Review	49	27	(22)
Third Party Review	859	407	(452)
Utilities (Site)	3	6	3
Advertising	-	24	24
Total Direct	<u>120,714</u>	<u>131,936</u>	<u>11,222</u>
Total Expenditures	<u>\$ 123,598</u>	<u>\$ 135,489</u>	<u>\$ 11,891</u>

Exhibit II
FY 2015 Proposed Budget with Type of Expenditure
(\$ in thousands)

Expenditures	FY 2015 Proposed
Indirect	
Personnel	
Salaries and Wages	\$ 1,435
Fringe Benefits	459
Board/Employee Expense	
Auto/Travel	32
Training/Memberships	30
Board Expense	21
Professional Services	
Auditing/Accounting	45
Legal-Agency Support	40
Program Management	20
State/Federal Advisory Services	252
Risk Management	65
Insurance	150
Equipment Expense	91
Office Expense	237
Office Operations	79
Other	11
Total Indirect	<u>2,967</u>
Direct	
Salaries and Wages	\$ 1,297
Fringe Benefits	525
Auto Allowance Allocated to Projects	25
Program Management	4,181
Legal	1,102
Design	8,835
ROW Acquisition	51,187
Utility Relocation	7,700
Construction Mgt	7,210
Railroad	6,720
Construction	80,776
UPRR Invoice Review	18
Third Party Review	899
Utilities (Site)	28
Advertising	38
Total Direct	<u>170,541</u>
Total Expenditures	<u>\$ 173,508</u>

Exhibit II A
FY 2015 Direct Cost Budgets by Project
(\$ in thousands)

Expenditures	FY 2015		Puente			Fairway			Nogales	
	Proposed	Baldwin	Temple	SG Trench	Avenue	Drive	Hamilton	Fullerton	Durfee	(LA)
Direct										
Salaries and Wages	\$ 1,297	\$ 118	\$ -	\$ 247	\$ 195	\$ 157	\$ 97	\$ 150	\$ 158	\$ 174
Fringe Benefits	525	48	-	100	79	63	39	61	64	70
Auto Allowance Allocated to Projects	25	2	-	8	2	3	2	4	2	2
Program Management	4,181	220	-	500	621	612	156	787	821	464
Legal	1,102	15	15	10	130	283	5	300	229	115
Design	8,835	-	30	300	335	200	1,200	4,300	2,350	120
ROW Acquisition	51,187	-	1,200	-	4,000	10,987	-	19,000	14,000	2,000
Utility Relocation	7,700	100	-	-	2,600	1,750	-	2,500	-	750
Construction Mgt	7,210	1,500	150	3,000	900	410	-	-	50	1,200
Railroad	6,720	990	500	3,000	1,040	100	30	50	50	960
Construction	80,776	9,651	1,000	37,125	9,000	2,000	-	-	-	22,000
UPRR Invoice Review	18	-	-	1	8	-	2	-	2	5
Third Party Review	899	25	-	203	36	70	50	250	85	180
Utilities (Site)	28	2	-	-	-	20	-	-	-	6
Advertising	38	-	5	-	20	10	1	-	2	-
Total Direct	\$ 170,541	\$ 12,671	\$ 2,900	\$ 44,495	\$ 18,966	\$ 16,665	\$ 1,583	\$ 27,403	\$ 17,812	\$ 28,047

Exhibit III
FY 2015 Proposed Budget with Type of Expenditure
(\$ in thousands)

Expenditures	FY 2015 Proposed
Revenues	
Federal	\$ 23,301
State	80,707
Local	<u>69,500</u>
Total Revenue	<u>173,508</u>
Operating Expenditures	
Direct	
Design	9,270
ROW Acquisition	62,292
Construction	87,453
Construction Mgt	11,223
Betterment	<u>303</u>
Total Direct	<u>170,541</u>
Indirect	
Personnel	1,894
Board/Employee Expense	83
Professional Services	422
Insurance	150
Equipment Expense	91
Office Expense	237
Office Operations	79
Other	<u>11</u>
Total Indirect	<u>2,967</u>
Total Operating Expenditures	<u>173,508</u>
Excess of Revenue over Expenditures before Financing	-
Financing Income	
Investment Revenue	381
Interest and Related Expense	<u>(333)</u>
Net Financing Income/Expense	<u>48</u>
Excess of Revenues over Expenditures	48
Fund Balance Beginning of Period	<u>\$ 6,801</u>
Fund Balance End of Period **	<u><u>\$ 6,849</u></u>

** A portion of the fund balance has been assigned to finance any contingency that may arrive as a result of separating from the SGVCOG and forming a new JPA.

Exhibit IV
Comparison - FY 2014 Estimated Actuals vs. FY 2015 Proposed
(\$ in thousands)

Expenditures	FY 2014 Estimate	FY 2015 Proposed	Incr/ Decr
Indirect			
Personnel			
Salaries and Wages	\$ 1,355	\$ 1,435	\$ 80
Fringe Benefits	462	459	(3)
Board/Employee Expense			
Auto/Travel	31	32	1
Training/Memberships	25	30	5
Board Expense	21	21	-
Professional Services			
Auditing/Accounting	40	45	5
Legal-Agency Support	70	40	(30)
Program Management	36	20	(16)
State/Federal Advisory Services	261	252	(9)
Risk Management	65	65	-
Insurance	106	150	44
Equipment Expense	101	91	(10)
Office Expense	231	237	6
Office Operations	70	79	9
Other	10	11	1
Total Indirect	2,884	2,967	83
Direct			
Salaries and Wages	1,289	1,297	8
Fringe Benefits	517	525	8
Auto Allowance Allocated to Projects	23	25	2
Program Management	2,729	4,181	1,452
Legal	827	1,102	275
Design	5,918	8,835	2,917
ROW Acquisition	43,379	51,187	7,808
Utility Relocation	9,910	7,700	(2,210)
Construction Mgt	5,132	7,210	2,078
Railroad	2,694	6,720	4,026
Construction	47,385	80,776	33,391
UPRR Invoice Review	49	18	(31)
Third Party Review	859	899	40
Utilities (Site)	3	28	25
Advertising	-	38	38
Total Direct	120,714	170,541	49,827
Total Expenditures	\$ 123,598	\$ 173,508	\$ 49,910

Project Funding Commitments

Federal	(\$ in millions)
Federal TEA-21 Highway Demonstration Earmark (FY 1999-2003)	132.561
Federal SAFETEA-LU (FY 2005-2009)	67.346
FY 2000 FHWA Discretionary Sec. 1118(c) Trade Corridor Funds	1.240
FY 2001 FHWA Highway Fund Transportation Appropriation	1.497
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 2009 FRA Grade Crossing Program	2.544
FY 2010 Surface Transportation Program	0.500
Intermodal Surface Transportation Efficiency Act Funds	6.936
Congestion Mitigation and Air Quality Improvement Funds	6.347
Total Federal Funds	\$233.346
State	-
1998 State ITIP Discretionary Funds (FY 2000- 2004)	39.982
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	25.600
Total State Funds	\$625.379
MTA	-
MTA 17% Local Match Commitment	259.891
MTA Call for Projects Funding (2007)	28.849
MTA Measure R*	400.000
Total MTA Funds	\$688.740
Other	-
City/County Funds	\$11.807
Railroad contribution to active projects	\$31.921
Betterments	\$26.274
Proceeds from excess property sales	\$3.224
Total	-
Funds Committed	\$1,620.686

Project Cost Estimates

(\$ in millions)

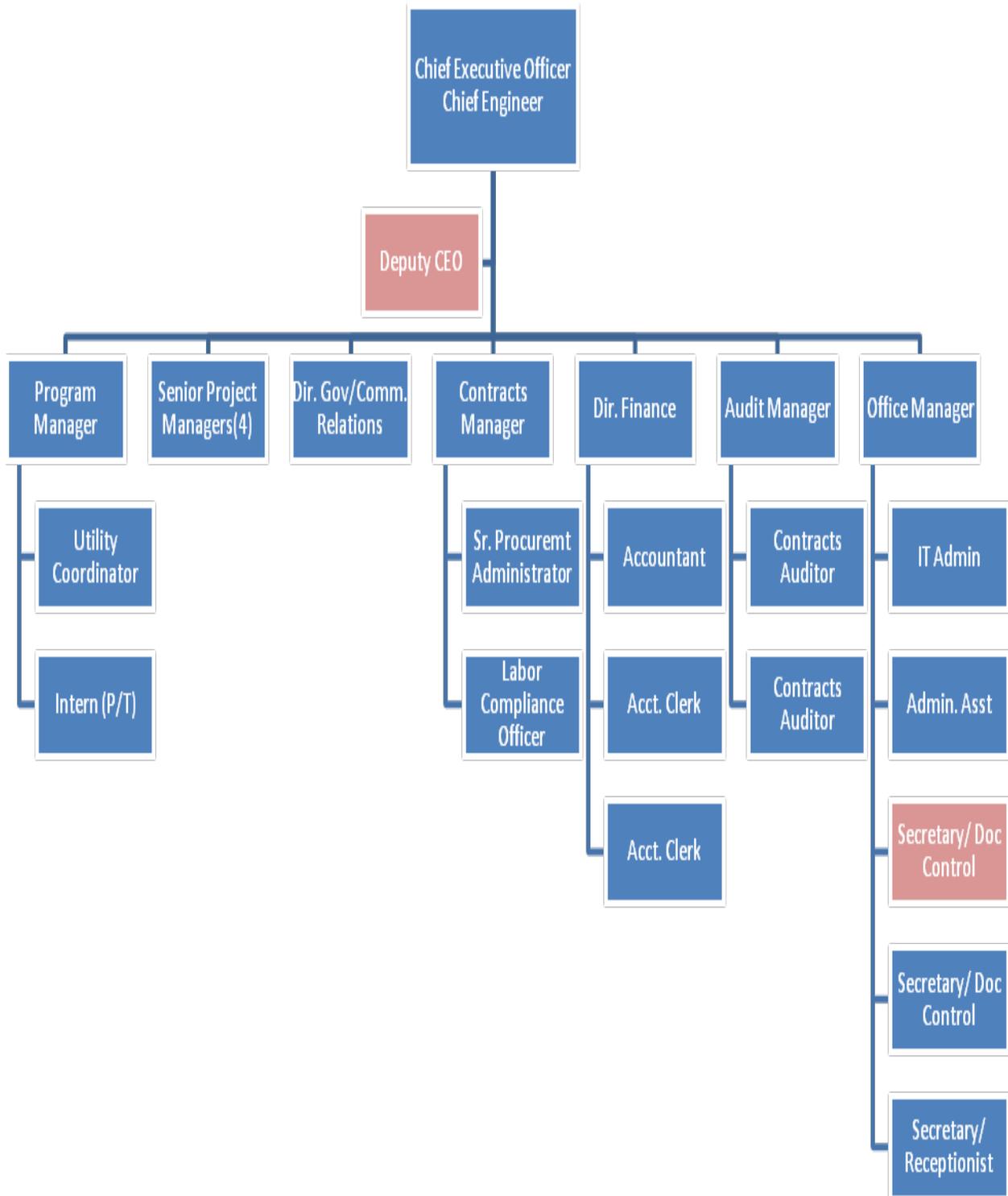
Projects Underway / Completed	Cost
GRADE CROSSING SAFETY IMPROVEMENTS:	
39 Crossings Corridor Safety Upgrade	\$27.8
IRRIS	\$6.4
GRADE SEPARATIONS:	
Nogales St. (Alh) (Industry/West Covina)	\$49.8
East End Ave./Reservoir St. (Pomona)	\$79.0
Ramona Blvd. (El Monte)	\$53.1
Temple Ave. and Temple Ave. 4 th Track (Pomona)	\$92.1
Brea Canyon Rd. (LA) (Industry/Diamond Bar)	\$73.9
Sunset Ave./Orange Ave. (Industry)	\$93.8
Baldwin Ave. (El Monte)	\$76.1
Nogales St. (LA) (Industry/LA County)	\$117.3
San Gabriel Trench (Ramona St., Mission Rd., Del Mar Ave., San Gabriel Blvd.) (San Gabriel)	\$336.9
Fullerton Rd. (LA) (Industry/LA County)	\$142.9
Hamilton Blvd. (Alh/LA) (Pomona)	\$76.3
Fairway Dr. (LA) (Industry/LA County)	\$143.0
Puente Ave. (Alh) (Industry/LA County)	\$99.6
Durfee Ave. (LA) (Pico Rivera)	\$78.4
TOTAL	\$1,546.4*

Adopted Future Projects**	Cost
GRADE SEPARATIONS:	
Greenwood Ave. (LA) (Montebello)	\$69.6
Fairway Dr. (Alh) (Industry/Walnut)	\$84.4
Turnbull Canyon Rd. (Industry/LA County)	\$96.0
TOTAL	\$250.0

*Excludes \$11.9 million for start up/misc. agency costs

** Future projects include 3.6% escalation per year

Organizational Chart



Vacant

Terms & Definitions

Indirect Expenses

Personnel

Salaries and Wages	Salaries for employees and temporary help (charged both as indirect and direct expenses).
--------------------	---

Fringe Benefits	Paid 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 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
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	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, fax machines 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 Metrolink) 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.



San Gabriel Valley Council of Governments

DATE: June 19, 2014

TO: Governing Board Delegates and Alternates

FROM: Andrea M. Miller, Executive Director

SUBJECT: FY 2012-2013 CONSOLIDATED FINANCIAL STATEMENT

RECOMMENDATION

Receive and file the FY 2012-13 consolidated financial statement.

BACKGROUND

Attached is a copy of the SGVCOG's FY 2012-13 consolidated financial audit, which was completed in May 2014.

This consolidated financial statement, which includes financial data for both the primary government (SGVCOG) and its component unit (Alameda Corridor East Construction Authority), was completed after the primary government and component unit audits were completed.

This item was reviewed by the City Managers' Steering Committee at their June 4, 2014 meeting and it was recommended that the Governing Board receive and file.

ATTACHMENTS

Attachment A- Audited Financial Statement

**Audited Financial Statements
and Supplementary Information
San Gabriel Valley Council of Governments
Year ended June 30, 2013
*with Report of Independent Auditors***

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REPORT OF INDEPENDENT AUDITORS	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
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Statement of Activities	12
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SUPPLEMENTARY INFORMATION	
Component Unit - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual	35
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	36



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Report of Independent Auditors

Members of the Governing Board San Gabriel Valley Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of San Gabriel Valley Council of Governments (SGVCOG), as of and for the year ended June 30, 2013, which collectively comprise the SGVCOG's basic financial statements as listed in the table of contents.

Management's Responsibility on the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of San Gabriel Valley Council of Governments as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and budgetary comparison information on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2014, on our consideration of San Gabriel Valley Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Gabriel Valley Council of Governments' internal control over financial reporting and compliance.



Los Angeles, California
May 13, 2014

**San Gabriel Valley Council of Governments
Management's Discussion and Analysis
Year ended June 30, 2013**

Our discussion and analysis of the San Gabriel Valley Council of Governments (the "SGVCOG") financial performance presents an overview of the SGVCOG's financial activities during the fiscal year ended June 30, 2013. We encourage readers to consider information presented here in conjunction with the financial statements (beginning on page 11). The financial statements, notes and this discussion and analysis were prepared by management and are the responsibility of management.

Background

The SGVCOG was created effective March 17, 1994 by a Joint Powers Agreement (JPA) among various member San Gabriel Valley Cities to promote cooperation, exchange ideas, coordinate regional government programs and to provide recommendations and solutions to common problems and to general concern of member governments.

In 1998, the SGVCOG created the Alameda Corridor - East (ACE) Construction Authority (Component Unit) to mitigate the effects of increasing Union Pacific Railroad (UPRR) train traffic in the San Gabriel Valley (Valley). There were 55 "at-grade" crossings in the Valley where vehicular and pedestrian traffic cross directly over railroad tracks and must stop while trains pass by. This creates congestion, degrades the local environment, and compromises safety. The ACE Project will separate 20 crossings at the busiest intersections – by either raising or lowering the railroad or the intersecting street – along the 35-mile freight rail corridor from East Los Angeles to Pomona.

Financial Highlights

Primary Government

FY 2012-13 was a period of major transition for the SGVCOG. In October 2012, SGVCOG terminated its long-term Master Services Agreement (MSA) with Arroyo Associates, Incorporated (AAI), which provided staffing for the SGVCOG. In January 2013, the SGVCOG hired five staff members, including a full-time Executive Director, and entered into a five-year lease agreement for a facility. As a result of these changes, the SGVCOG financial documents reflect new staffing, maintenance and operations costs that were previously included under the MSA and various associated amendments to the MSA.

Component Unit

ACE Construction Authority's financial highlights for the fiscal year ended June 30, 2013:

- Net position decreased by \$0.3 million, a decrease of 4.0%.
- Construction in progress increased \$55.6 million, an increase of 26.6%.
- Total revenue increased by \$27.8 million, an increase of 97.8%.
- Total project expense increased \$29.1 million, an increase of 107.6%.

Overview of Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements found on pages 11 and 12 are designed to give readers a broad overview of the SGVCOG and its discretely presented component unit's financial position. These include all of the SGVCOG and its discretely presented component unit's assets and liabilities, revenues and expenses. The accounting basis is full accrual (similar to private sector companies) where the SGVCOG and its discretely presented component unit's revenues and expenses are reported as the causal event occurs, instead of when the revenue was received or expense paid.

The "Statement of Net Position" presents all of the SGVCOG and its discretely presented component unit's assets and liabilities, with the difference reported as net position (or equity in the private sector). While large net position might indicate that a governmental agency has not spent all available revenues and other resources, negative net position indicates that the agency has overspent. It is management's position to maintain sufficient net position to compensate for any disallowed costs, but to allocate any surplus to construction activities.

The "Statement of Activities" presents the SGVCOG and its discretely presented component unit's revenues and expenses for the fiscal year ended on June 30, 2013.

Fund Financial Statements

The fund financial statements can be found on pages 11 and 12 of this report. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

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

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

Notes to the Basic Financial Statements

This report includes notes to the basic financial statements. They provide additional information that is important to a complete understanding of the data contained in the government-wide and fund financial statements. The notes can be found on pages 14 through 34 of this report.

Financial Analysis

Primary Government

Statements of Net Position

The following table summarizes the assets, liabilities, and net position of SGVCOG's primary government as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Current assets	\$ 745,985	\$ 1,155,001
Capital assets	-	-
Total assets	<u>745,985</u>	<u>1,155,001</u>
Current liabilities	348,295	591,153
Total liabilities	<u>348,295</u>	<u>591,153</u>
Net position		
Invested in capital assets	-	-
Restricted	5,062	142
Unrestricted	392,628	563,706
Total net position	<u>\$ 397,690</u>	<u>\$ 563,848</u>

Current assets decreased this year by \$409,016, or 35%, and current liabilities also decreased this year by \$242,858 or 41%. These decreases are attributable to completion of work on two grants at the end of FY 2012-13, the CalRecycle and the Watershed Coordinator grant, and the completion of major work activities on one of two tasks included in the Southern California Edison CEESP grant.

As previously discussed, net position can serve as an indicator of financial health. The SGVCOG's assets exceeded liabilities by \$397,690 and \$563,848 as of June 30, 2013 and 2012, respectively.

Statements of Activities

The following table presents the SGVCOG's revenues, expenses, and changes in net position for the years ended June 30, 2013 and 2012:

**San Gabriel Valley Council of Governments
Management's Discussion and Analysis
Year ended June 30, 2013**

	<u>2013</u>	<u>2012</u>
Operating revenues		
Dues		
Air Quality	\$ 12,453	\$ 24,700
Transportation	284,323	261,634
General fund	385,262	408,211
Grants and matches from other governments		
County of Los Angeles - Energy Upgrade	56,028	46,954
Water Quality Improvement	7,177	13,624
Southern California Edison - California Energy Efficiency Strategic Plan Implementation	1,219,962	1,438,907
Southern California Edison - Energywise	135,984	146,519
California Department of Resources - CalRecycle	508	150,569
California Department of Conservation - Watershed Coordinator Program	-	50,995
MS4-National Pollutant Discharge Elimination System	46,216	89,265
	<u>2,147,913</u>	<u>2,631,378</u>
Others	74,981	250
Total operating revenues	<u>2,222,894</u>	<u>2,631,628</u>
Operating expenses		
Administrative	601,356	409,541
Air Quality	12,453	24,700
Transportation	283,143	261,634
Energy Upgrade	72,350	46,954
Water Quality Improvement	4,000	30,000
California Energy Efficiency Strategic Plan Implementation	1,234,860	1,438,800
Energywise	136,205	151,545
CalRecycle	-	150,534
Watershed Coordinator Program	-	51,953
MS4-National Pollutant Discharge Elimination System	46,298	89,307
Total operating expenses	<u>2,390,665</u>	<u>2,654,968</u>
Operating loss	(167,771)	(23,340)
Nonoperating income	1,613	2,197
Change in net position	(166,158)	(21,143)
Net position - beginning of year	563,848	584,991
Net position - end of year	<u>\$ 397,690</u>	<u>\$ 563,848</u>

Revenues for SGVCOG consist primarily of dues from 31 member cities, three Los Angeles County supervisorial districts, and a Joint Power Authority of the water agencies, which represents three municipal water districts, and cost reimbursable grants from Los Angeles County, and, SCE, a local utility. Grants and matches from other governments and SCE were \$1,465,875 in FY2013 compared to \$1,936,833 in FY 2012, a decrease of \$470,958, or 24%. This decrease was due to completion of work on two grant programs (CalRecycle and Watershed Coordinator) and completion of one of two tasks included in the SCE CEESP grant, as discussed above.

Operating expenses were \$2,390,665 in FY2013 compared to \$2,654,968 in FY 2012, a decrease of \$264,603, or 10%. This decrease is attributable to the completion of the grant programs. Administrative expenses increased by \$191,815, or 47%. The increase in the administrative expenses is related to the early termination of the MSA and payment of the early termination fee. These increases were partially offset by changes in the staffing model.

Nonoperating income consists of investment income of \$1,613 in FY 2013 compared to \$2,197 for FY 2012, a decrease of \$584, or 27%. The decrease is directly attributed to lower interest rates paid by the Local Agency Investment Fund (LAIF) in 2013.

Capital Assets

The SGVCOG had \$0 invested in capital assets, net of depreciation, as of June 30, 2013 and 2012. The capital assets are fully depreciated as of June 30, 2013 and 2012.

The SGVCOG's capital assets consist of office equipment only. Capital assets are purchased with governmental resources.

Component Unit

Statements of Net Position

	June 30	
	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 50,076,993	\$ 37,220,011
Capital assets	35,333	5,754
Construction in progress	264,908,733	209,337,159
Less due to member cities and Union Pacific Railroad	<u>(264,908,733)</u>	<u>(209,337,159)</u>
Total assets	<u>50,112,326</u>	<u>37,225,765</u>
Current liabilities	<u>43,275,780</u>	<u>30,103,984</u>
Net position	<u>\$ 6,836,546</u>	<u>\$ 7,121,781</u>

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

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

Assets increased by 34.6% to \$50.1 million, (see condensed Statements of Net Position, page 7), mainly due to increase in unbilled receivables and grants receivables consistent with increased project activity.

Construction in progress increased 26.6% to \$264.9 million, (see condensed Statements of Net Position, page 7), as a result of commencing construction phase for Baldwin and Nogales projects and increase construction activity on San Gabriel Trench project.

Unearned revenue increased 11.8% to \$7.5 million, (see Statement of Net Position, page 11), mainly due to recognizing surplus property placed on the market during FY 2013.

The SGVCOG, on behalf of the Authority, had \$20 million (see Statement of Net Position, page 11) in variable rate, tax-exempt commercial paper outstanding as of June 2013. Interest rates vary according to market conditions and have ranged from 0.2532% to 0.3152% during FY 2013. The decision as to how much to issue is made periodically by the ACE Construction Authority management in consultation with its financial advisors taking into account current and prospective cash flow needs.

Grants receivables and unbilled receivables increased 62.8 % to \$8.4 million and 246.6% to \$18.6 million respectively, due to initiating construction activity on Baldwin and Nogales projects and increase construction activity on the San Gabriel Trench project, (see Statement of Net Position, page 11).

The FY 2013 revised Budget for operating expenditures was \$57.4 million compared to \$42.9 million in FY 2012. Actual total operating expenditures are \$55.6 million compared to \$26.7 million in FY 2012.

Project revenues continue to closely track expenditures. The ACE Construction Authority's policy is to avoid where possible costs not reimbursable under State and Federal guidelines; L.A. County Metro also provides project funds and, under separate agreement, continues to fund certain administrative expenses not reimbursable under federal and state regulations; Cities requesting work in excess of Caltrans guidelines (referred to as betterments) are paid for by the requesting city.

Statements of Activities

	<u>Years ended June 30</u>	
	<u>2013</u>	<u>2012</u>
Project expenses		
Direct (construction)	\$ 51,319,683	\$ 21,234,663
Indirect expenses charged to operations	4,939,542	5,862,906
Total project expenses	<u>56,259,225</u>	<u>27,097,569</u>
Revenues		
Grant reimbursements	55,630,915	26,625,509
Other operating revenues	596,645	1,797,027
Total revenues	<u>56,227,560</u>	<u>28,422,536</u>
Income from operations	<u>(31,665)</u>	<u>1,324,967</u>
Nonoperating income (expense)		
Financing income	30,540	120,954
Financing expense	(284,110)	(245,088)
Net financing expense	<u>(253,570)</u>	<u>(124,134)</u>
Change in net position	<u>(285,235)</u>	<u>1,200,833</u>
Net position at beginning of year	<u>7,121,781</u>	<u>5,920,948</u>
Net position at end of year	<u>\$ 6,836,546</u>	<u>\$ 7,121,781</u>

The ACE Construction Authority is reimbursed for indirect expenses based on a Caltrans approved Indirect Cost Allocation Plan (ICAP) rate. The reimbursement is added to all Caltrans and Metro invoices and is calculated by applying the ICAP rate to direct salaries and wages and fringe benefits. The applied indirect expense to projects was higher than the actual indirect expense incurred which resulted to over recovery indirect cost of \$668,039.

Economic Factors and Next Year's Budget

Primary Government

The primary government's budget for fiscal year 2013 assumes that the on-hand net position as of June 30, 2013, will be required and available to fulfill the program and administrative expense requirements.

Component Unit

Sufficient funds were available at the close of FY 2013 to continue with remaining active grade separation projects.

The ACE Construction Authority and Los Angeles County Metro entered into an agreement to provide ACE Construction Authority \$45M subordinate Proposition C Sales Tax Revenue Revolving Obligation Construction Fund which replaced the Grants Anticipation Notes (GANs) as the primary bridge funding.

Based on projected cash flows of projects activities it is anticipated the ACE Construction Authority will be within 5% of its FY 2014 Approved Budget of \$135.5 million.

Further Information

This report has been designed to provide a general overview to our stakeholders of the SGVCOG's financial condition and related issues. Inquiries should be directed to Andrea Miller, Executive Director, 1000 S. Fremont, Suite 10-210 Unit # 42 Alhambra, CA 91803.

Attachment A
San Gabriel Valley Council of Governments
Statement of Net Position
June 30, 2013

	Primary Government		Component Unit	
	Business-type Activities	Capital Project Fund	Adjustment	Total
Current assets				
Cash and cash equivalents	\$ 672,926	\$ 21,164,232	\$ -	\$ 21,164,232
Grants receivable	44,373	8,374,601	-	8,374,601
Unbilled receivables	-	18,623,372	-	18,623,372
Notes receivables	-	300,000	-	300,000
Internal balances	19,851	(19,851)	-	(19,851)
Interest receivable	288	953	-	953
Retention receivable	-	292,487	-	292,487
Prepaid expenses:				
Administration	8,547	-	-	-
Insurance	-	501,348	-	501,348
Property held for sale	-	820,000	-	820,000
Total current assets	745,985	50,057,142	-	50,057,142
Noncurrent assets				
Leasehold improvements and equipment	8,645	-	373,835	373,835
Less accumulated depreciation and amortization	(8,645)	-	(338,502)	(338,502)
Construction in progress	-	-	264,908,733	264,908,733
Less due to member cities and Union Pacific Railroad	-	-	(264,908,733)	(264,908,733)
Total assets	745,985	50,057,142	35,333	50,092,475
Current liabilities				
Accounts payable and accrued expense	318,295	11,113,912	-	11,113,912
Accrued retention payable	-	696,948	-	696,948
Grant reimbursement payable	-	3,154,754	-	3,154,754
Deferred revenue	30,000	7,504,061	-	7,504,061
Over-recovery of indirect costs	-	668,039	-	668,039
Compensated absences	-	118,215	-	118,215
Commercial paper	-	20,000,000	-	20,000,000
Total current liabilities	348,295	43,255,929	-	43,255,929
FUND BALANCES/NET POSITION				
Fund balance				
Nonspendable for:				
Prepaid expenses		501,348		
Assigned:				
Capital project fund		6,299,865		
Total fund balance		6,801,213		
Net position				
Invested in capital assets	-		\$ 35,333	35,333
Restricted	5,062			
Unrestricted	392,628			6,801,213
Total net position	\$ 397,690			\$ 6,836,546
Total liabilities and fund balance		\$ 50,076,993		

See notes to financial statements.

Attachment A
San Gabriel Valley Council of Governments
Statement of Activities
Year ended June 30, 2013

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Primary Government Business-type Activities Net (Expense) Revenue and Changes in Net Assets	Component Unit		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Deficiency of Revenues over Expenditures	Adjustments	Net (Expense) Revenue and Changes in Net Assets
Primary government:									
Business-type activities:									
General government	\$ 601,356	\$ -	\$ 385,262	\$ -	\$ -	\$ (216,094)			
Air Quality	12,453	-	12,453	-	-	-			
Transportation	283,143	-	284,323	-	-	1,180			
Energy Upgrade	72,350	-	-	56,028	-	(16,322)			
Water Quality Improvement	4,000	-	-	7,177	-	3,177			
California Energy Efficiency Strategic Plan Implementation	1,234,860	-	-	1,219,962	-	(14,898)			
Energywise	136,205	-	-	135,984	-	(221)			
Calrecycle	-	-	-	508	-	508			
MS4-National Pollutant Discharge Elimination System	46,298	-	-	46,216	-	(82)			
Total business-type activities	\$ 2,390,665	\$ -	\$ 682,038	\$ 1,465,875	\$ -	\$ (242,752)			
Component unit:									
Project expenses	\$ 51,319,683	\$ 4,969,121	\$ -	\$ -	\$ 56,227,560	\$ -	\$ (61,244)	\$ 29,579	\$ (31,665)
Financing expense	284,110	-	-	-	-	-	(284,110)	-	(284,110)
Total component unit	\$ 51,603,793	\$ 4,969,121	\$ -	\$ -	\$ 56,227,560	\$ -	\$ (345,354)	\$ 29,579	\$ (315,775)
General revenues:									
Interest income/ financing income and others						76,594	30,540	-	30,540
Change in position						(166,158)	(314,814)	29,579	(285,235)
Fund balance/Net position, beginning of year						563,848	7,116,027	5,754	7,121,781
Fund balance/Net position, end of year						\$ 397,690	\$ 6,801,213	\$ 35,333	\$ 6,836,546

See notes to financial statements.

Attachment A
San Gabriel Valley Council of Governments
Statement of Cash Flows
Year ended June 30, 2013

Cash flows from operating activities

Cash receipts from cities	\$	657,946
Cash receipts from all others		2,155,832
Cash paid for operating expenses		(2,274,422)
Cash paid for employee compensation and related costs		(306,910)
Net cash provided by operating activities		<u>232,446</u>

Cash flows from investing activities

Cash receipts from interest		1,735
Cash provided by investing activities		<u>1,735</u>

Net change in cash and cash equivalents 234,181

Cash and cash equivalents - beginning of year	<u>438,745</u>
Cash and cash equivalents - end of year \$	<u><u>672,926</u></u>

Reconciliation of operating income to net cash provided by operating activities:

Operating loss	\$	(167,771)
Adjustment to reconcile operating loss to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Grants receivable		634,826
Due from ACE Construction Authority		(19,850)
Prepaid expenses - administration		28,099
Accounts payable and accrued expenses		(218,766)
Unearned revenue		(24,092)
Net cash provided by operating activities \$		<u><u>232,446</u></u>

See notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT POLICIES

Organization and activities

The San Gabriel Valley Council of Governments (the "SGVCOG") was created effective March 17, 1994 by a Joint Powers Agreement (JPA) among various San Gabriel Valley Cities to promote cooperation, exchange ideas, coordinate regional government programs and to provide recommendations and solutions to common problems and to general concern of member governments. It is the immediate successor to the San Gabriel Valley Association of Cities, an unincorporated association. Its members organized the SGVCOG because they recognized a need for a more permanent and formalized structure.

The SGVCOG is supported by contributions from its members and also receives grant funds to conduct regional studies on Transportation, Air Quality, Environmental Matters, as a sub-grantee of other governmental entities. The SGVCOG is a non-profit California Public Agency and it is tax exempt.

Reporting entity

The accompanying financial statements present the SGVCOG (the primary government) and its component unit, the Alameda Corridor - East Construction Authority (ACE Construction Authority). As defined by GASB Statement No. 14, component units are legally separate entities that are included in the primary government's reporting entity because of the significance of their operating or financial relationships with the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the SGVCOG. SGVCOG and its component unit are together referred to herein as the *reporting entity*.

The ACE Construction Authority is a single purpose construction authority created by the SGVCOG in 1998 to mitigate the effects of increasing Union Pacific Railroad train traffic in the San Gabriel Valley. Separate financial statements for the ACE Construction Authority are issued.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the primary government (the SGVCOG) and its component unit (ACE Construction Authority). The financial statements are prepared using the accrual basis of accounting.

NOTE 1 SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

Measurement focus, basis of accounting and financial statement presentation

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Statement of Activities presents changes in Net Position. (This is equivalent to an Income and Changes in Equity Statement in private sector companies.) Revenues are recorded when earned and expenses are recognized at the time of the causal event.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. ACE Construction Authority recognizes reimbursements from grants as revenues to the extent reimbursing obligations are earned on or before June 30, 2013 and are therefore the same under both modified accrual and full accrual basis. Major interest bearing debt is short-term in nature so there is no difference relating to accrued interest owed.

Based upon the nature of the operations of ACE Construction Authority, only a capital projects fund is utilized (a governmental fund type). Amounts reflected in the adjustment column in the financial statements of ACE Construction Authority represents capital assets and construction in progress (less due to member cities and Union Pacific Railroad) used on governmental activities that are not current financial resources and therefore are not reported as assets in the governmental fund balance and the related depreciation expense on the capital assets reported in the government-wide statement of activities do not require the use of current financial resources and therefore not reported as an expenditure in the governmental funds.

Description of funds

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following are revenue components of the SGVCOG's proprietary funds:

Air Quality (AB 2766), Transportation (Proposition A&C) & Other - Funds to foster consensus among cities in the San Gabriel Valley regarding policies and programs that address issues relating to land use, air quality, transportation, solid waste and other matters deemed essential.

County of Los Angeles - Energy Upgrade - Funds that enables single-family homeowners to make upgrades to reduce energy use, conserve resources and create more comfortable and efficient homes.

NOTE 1 SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

Description of funds (continued)

Proprietary Funds (continued)

Water Quality Improvement - Funds to prepare and implement a Coordinated Implementation Plan (CIP) to reduce the amount of metal pollutants in the Los Angeles River and its Tributaries.

Southern California Edison - California Energy Efficiency Strategic Plan Implementation - Funds for the implementation of certain energy efficiency programs under the Decision 09-09-47 of the California Public Utilities Commission including the Energy Leader Partnership Program.

Southern California Edison – Energywise - Funds to implement a program to reduce energy usage in the region by providing enhanced rebates for installing energy efficiency measures in municipal facilities, technical assistance, and various training and educational opportunities.

California Department of Resources – CalRecycle – Funds to improve the management of household hazardous waste.

California Department of Conservation – Watershed Coordinator Program - Funds to finance a Watershed Coordinator position for the SGVCOG. The watershed that is intended to benefit from the activities of SGVCOG's Watershed Coordinator is the San Gabriel Valley Watershed.

County of Los Angeles – Municipal Separate Storm Sewer System (MS4) – National Pollutant Discharge Elimination System (NPDES) – Funds to assist LA Permit Group to compliance with the LA County MS4 NPDES Permit. The LA Permit Group is comprised of approximately 50 municipalities in Los Angeles County and was created to work collaboratively to negotiate the LA County MS4 NPDES Permit.

Governmental Fund

Capital Projects Fund - Accounts for the activity of obtaining support from governmental groups, determining funding and specifications for structures needed and to fund the contracts for the grade crossing improvements. This fund accounts for most of the activities of ACE Construction Authority.

NOTE 1 SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2013, the *reporting entity* adopted the following GASB statements which impacted the *reporting entity's* financial statements:

- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows of resources and deferred inflow of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.
- GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As of June 30, 2013, the SGVCOG and its component unit did not have any deferred outflows or inflows of resources.

Fund balance reporting

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

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

NOTE 1 SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

Fund balance reporting (continued)

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

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of ACE Construction Authority's highest level of decision-making authority (Board of Directors).

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

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

The Board of Directors, as ACE Construction Authority's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specific use through the same type of formal action taken to establish the commitment. ACE Construction Authority does not have any fund balance that meet this classification as of June 30, 2013.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

Budgetary reporting

ACE Construction Authority's Board approved the FY 2013 budget in June 2012.

The budget was based on estimated expenditures over the operating period. Significant under-runs were initially encountered as the Authority experienced delays in obtaining various Caltrans' required approvals for major design contracts from Federal and State grantors.

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

Cash and investments

The SGVCOG considers money market funds and all equivalent liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Deposits with the State of California's Local Agency Investment Fund (LAIF) Operating Fund and the bond portfolio managed by Citizens' Business Bank meet that description.

Grants receivable

Grants receivable relate to expense reimbursement from governmental agencies and are expected to be fully collectible. Accordingly, an allowance for doubtful accounts is not provided.

Grant revenues and expenditures

All grants are between the SGVCOG and the granting authority. ACE Construction Authority has been given authority to obtain and administer funding in the name of SGVCOG. The MTA grant was in existence when ACE Construction Authority was created and all subsequent grants therefore are administered by ACE Construction Authority.

To-date, all grants with the exception of the UPRR contributions are, and are anticipated to be in the future, cost reimbursable. That is, ACE Construction Authority must first expend the money and then bill for reimbursement from the grantors.

Leasehold improvements and equipment

Phases of equipment and other improvements that can be capitalized are recorded as expenditures in the capital projects fund. The threshold for capitalization has been \$5,000 since FY 2005 in accordance with Federal guidelines. On the government-wide financial statements such items are recorded as capital assets and are depreciated based upon their estimated useful lives on a straight-line basis. Useful lives of assets categories are as follows:

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

NOTE 1 SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

Unearned revenue

Some members pay their dues in advance. These amounts are reported in unearned revenue in the basic financial statements.

Short-term notes (Commercial paper)

In March 2001, the SGVCOG authorized the issuance of up to \$100,000,000 in short-term variable rate tax-exempt grant anticipation notes. The notes are backed by a letter of credit from Bayern LB.

As of June 30, 2013, \$20 million in variable rate, tax-exempt commercial paper is outstanding. The decision as to how much to issue is made periodically by the ACE Construction Authority management in consultation with its financial advisors taking into account current and prospective cash flow needs.

ACE Construction Authority management and financial advisors review on a periodic basis the current and prospective cash requirements in determining the amount of commercial paper to be issued.

Arbitrage has been earned on the differential between interest earned on investment with the State Treasurer's Local Agency Fund (LAIF) and a local bank, and to holders of the commercial paper. Arbitrage earned may be required to be refunded unless certain specific Internal Revenue Code requirements are met. Specific provisions of the borrowing are described in Note 5.

Use of estimates

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

Property held for sale

The property held for sale is recorded at the lower of acquisition cost or estimated net realizable value.

NOTE 2 CASH AND INVESTMENTS

The cash and cash equivalents as of June 30, 2013 are as follows:

Primary government:

Deposits with financial institution	\$	198,185
Short-term investments		474,741
Total cash and cash equivalents	\$	672,926

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Component unit:

Cash in bank	\$	426,462
Pooled funds		1,569,790
Money market funds		13,825,885
US Treasury obligations		5,342,095
Total cash and investments	\$	<u>21,164,232</u>

Investments Authorized by the California Government Code and San Gabriel Valley Council of Governments and its component unit's Investment Policy

The table below identifies the investment types that are authorized for the *reporting entity* by the California Government Code (or *reporting entity's* investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or *reporting entity's* investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Primary government and component unit:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	15%	5%
Commercial Paper	180 days	15%	5%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	30 days	None	None
Reverse Repurchase Agreements	92 days	5%	None
Medium-Term Notes	5 years	20%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	0%	10%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or ACE Construction Authority's investment policy.

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed in</u>	<u>Maximum Investment One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the *reporting entity* manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming due over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the *reporting entity's* investments to market interest rate fluctuations is provided by the following table that shows the distribution of the *reporting entity's* investments by maturity.

Primary government:

<u>Investment Type</u>	<u>Total</u>	<u>12 Months or less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
LAIF	\$ 474,741	\$ 474,741	\$ -	\$ -	\$ -
Total	\$ 474,741	\$ 474,741	\$ -	\$ -	\$ -

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Component unit:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining maturity in months</u>			
		<u>12 Months or less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 months</u>
LAIF	\$ 1,569,790	\$ 1,494,440	\$ 45,524	\$ 29,826	-
<i>Held by trustee:</i>					
Money market funds	13,825,885	13,825,885	-	-	-
Investment contracts	5,342,095	-	5,342,095	-	-
Total	\$ 20,737,770	\$ 15,320,325	\$ 5,387,619	\$ 29,826	-

Investment with Fair Values Highly Sensitive to Interest Rate Fluctuations

The SGVCOG and its component unit have no investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Credit Risk

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

Primary government:

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>AA</u>	<u>Not Rated</u>
LAIF	\$ 474,741	N/A	\$ -	\$ -	\$ 474,741
Total	\$ 474,741		\$ -	\$ -	\$ 474,741

Component unit:

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Rating as of year end</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not rated</u>
LAIF	\$ 1,569,790	N/A	\$ -	\$ -	1,569,790
<i>Held by trustee:</i>					
Money market funds	13,825,885	A	13,825,885	-	-
Investment contracts	5,342,095	N/A	5,342,095	-	-
Total	\$ 20,737,770		\$ 19,167,980	\$ -	1,569,790

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Concentrations of Credit Risk

The investment policy of the SGVCOG and ACE Construction Authority's contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2013, the SGVCOG and its component unit have no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total SGVCOG investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the *reporting entity's* investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure local government units' deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2013, the SGVCOG's cash in bank balances did not exceed the FDIC limit. ACE Construction Authority's deposit of \$15,053,057 as of June 30, 2013, with financial institutions is in excess of Federal depository insurance limits but are held in collateralized accounts.

The SGVCOG and ACE Construction Authority are voluntary participants in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. At June 30, 2013, the total market value of LAIF, including accrued interest was approximately \$58.852 billion.

The fair value of the SGVCOG's investment in this pool is \$474,741 at June 30, 2013 based upon the SGVCOG's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). LAIF's (and the SGVCOG's) exposure to risk (credit, market or legal) is not currently available.

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk (continued)

The fair value of ACE Construction Authority's investment in this pool is \$1,569,790 at June 30, 2013 based upon ACE Construction Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). LAIF's (and ACE Construction Authority's) exposure to risk (credit, market or legal) is not currently available.

As of June 30, 2013, the following investment types were held by the same broker-dealer (counterparty) that was used by ACE Construction Authority to buy the securities:

Investment Type	Reported Amount
Money market funds	\$ 13,825,885

NOTE 3 LEASEHOLD IMPROVEMENTS AND EQUIPMENT

The leasehold improvement and equipment of the component unit are recorded at cost and consist of the following:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<i>Cost:</i>				
Leasehold improvements	\$ 19,762	\$ -	\$ -	\$ 19,762
Computer equipment				
Hardware	159,992	32,147	-	192,139
Software	105,692	8,791	-	114,483
Website	3,393	-	-	3,393
Telephone equipment	12,086	-	-	12,086
Office furniture	31,972	-	-	31,972
Total cost	332,897	40,938	-	373,835
<i>Less accumulated depreciation for:</i>				
Leasehold improvements	19,762	-	-	19,762
Computer equipment				
Hardware	159,992	4,286	-	164,278
Software	99,938	7,073	-	107,011
Website	3,393	-	-	3,393
Telephone equipment	12,086	-	-	12,086
Office furniture	31,972	-	-	31,972
Total accumulated depreciation	327,143	11,359	-	338,502
Leasehold improvements and equipment, net	\$ 5,754	\$ 29,579	\$ -	\$ 35,333

Depreciation expense included in indirect expenses for the year ended June 30, 2013 amounted to \$11,359.

NOTE 4 RECEIVABLES

Receivables of the component unit as of June 30, 2013, as shown in the government-wide financial statements, in the aggregate, including retention, are as follows:

<u>Receivables</u>	<u>Amount</u>
Grants	\$ 8,374,601
Notes	300,000
Unbilled	18,623,372
Retention	292,487
Interest	953
	<u>\$ 27,591,413</u>

NOTE 5 SHORT-TERM NOTES PAYABLE (COMMERCIAL PAPER)

The SGVCOG entered into an agreement to borrow up to \$100,000,000 by issuance of grant anticipation notes, guaranteed by a letter of credit, and collateralized by the pledge of grant revenues. Balances outstanding have been as high as \$100,000,000. At report date June 30, 2013, balances owed amount to \$20,000,000 and are reflected on the financial statements of ACE Construction Authority. Interest rates vary according to market conditions and have ranged from 0.2532% to 0.3152% in FY 2013. The Commercial Paper is currently guaranteed by Bayern LB. All of the proceeds of the issue have been received by the ACE Construction Authority and its attendant interest, costs and fees have been paid by ACE Construction Authority. These were subsequently paid and ACE Construction Authority now has a line of credit with the Los Angeles County Metropolitan Transportation Authority (MTA).

NOTE 6 GRANT ACCOUNTING

In the year ended June 30, 2013, ACE Construction Authority was the recipient, primarily from the Federal Department of Transportation through the California Department of Transportation (Caltrans), of cost reimbursement type grants. There were also California transportation programs paid through Caltrans. Local share was received from Metro. All of these grants are expenditure driven; funds must be expended before reimbursement is received. Certain amounts have been held back by the grantor agency pending completion of certain phases of contracted work and some costs incurred are subject to disallowance.

NOTE 6 GRANT ACCOUNTING (CONTINUED)

Receivable amounts at June 30, 2013, are shown net of disallowed costs. Caltrans approved, under Office of Management and Budget (OMB) Circular A-87, an indirect overhead allocation formula of 314.90% of total direct salaries and fringe benefit costs. Indirect costs incurred in the fiscal year ended June 30, 2013 were \$4,319,451.

NOTE 7 ADMINISTRATIVE EXPENSES

The following were the administrative expenses of the primary government for the year ended June 30, 2013:

Salaries and employee benefits	\$	126,766
Consultant fee		235,589
Rent		39,622
Utilities		3,060
Supplies		3,152
Insurance		4,730
Legal fees		42,881
Accounting and audit fees		26,163
Stipends		14,600
Dues and subscriptions		10,055
Meetings		20,955
Printing/publications		19,119
Information technology		6,009
Miscellaneous		5,678
Claim expense		150,000
Administrative expenses allocated to programs		<u>(107,023)</u>
Total \$		<u><u>601,356</u></u>

NOTE 8 TRANSFER OF ACE PROJECT

On May 30, 2013, the Governing Board of SGVCOG voted to pursue separation of the ACE Construction Authority, allowing ACE Construction Authority to become an independent Joint Powers Authority. On July 25, 2013, an agreement to transfer the ACE Project was entered between San Gabriel Valley Council of Governments and Alameda Corridor Joint Powers Authority. This agreement established conditions precedent to a transfer of all of the obligations, assets and responsibilities for the ACE Project from the SGVCOG to ACE. Upon the transfer, ACE would assume responsibility for all aspects of the ACE Project and all associated liabilities, would indemnify SGVCOG for all such liabilities, and would manage all related matters through the ACE Project Completion.

NOTE 8 TRANSFER OF ACE PROJECT (CONTINUED)

Six cities have approved an amended JPA agreement establishing a new ACE Joint Powers Authority (ACE JPA), and filed the JPA, with the Secretary of State. The confirmation of State recognition has been received. A formal request to establish a new CalPERS contract for the ACE JPA employees while retaining the existing contract for SGVCOG employees has been submitted. As of the date of this report, a formal response from CalPERS has not been received. If CalPERS determines the contract can be separated and, the other conditions precedent, which were included in the transfer agreement are achieved, staff anticipates the new JPA may be realized shortly thereafter.

On February 20, 2014, the Governing Board of SGVCOG approved the extension of the ACE Project Transfer to June 30, 2014.

NOTE 9 RELATED PARTY TRANSACTIONS

The SGVCOG had an agreement with Arroyo Associates, Inc. (AAI) to conduct SGVCOG's day-to-day administration, management and operating activities. As part of the Agreement, the President of AAI assumed the role of the Executive Director for the SGVCOG.

On October 31, 2012, the SGVCOG entered into an agreement terminating the management services agreement (Termination Agreement) with AAI. Pursuant to the Termination Agreement, the SGVCOG paid a total of \$155,000 to AAI for the early termination penalty of the master service agreement.

In accordance with the contract, total payments to AAI were \$316,887 for the fiscal year ended June 30, 2013, which includes the early termination fee.

The ACE Board initially authorized up to \$20,000 to pay for SGVCOG legal review of the ACE transfer agreement. The ACE Board thereafter authorized a maximum of \$40,000 for expenses incurred by SGVCOG relating to ACE separation, including the expenses related to a consultant with retirement benefit expertise. The increase authorization of reimbursement will fund the expenses incurred by SGVCOG for fiscal years 2013 and 2014 related to the proposed separation.

For the year ended June 30, 2013, SGVCOG billed ACE a total of \$19,851 for reimbursement of legal expenses incurred related to ACE separation.

NOTE 10 EMPLOYEE BENEFIT PLAN

Defined Benefit Pension Plan

Effective June 17, 2002 contributions and earnings of continuing employees of the ACE Construction Authority previously contributed to CalPars, were transferred to CalPERS.

CalPERS is an agent, multiple employer defined benefit pension plan that acts as a common investment and administrative agent for participating public entities within the State of California; State statutes within the Public Employees Retirement Law establish menus of benefit provisions as well as other requirements. CalPERS issues separate comprehensive annual financial reports. Copies of the CalPERS' annual financial report may be obtained from CalPERS Executive Office - 400 P Street, Sacramento, CA 95814. Prior to 2013, employees afforded benefits under the SGVCOG's CalPERS benefit program were assigned to the SGVCOG's component, ACE. Contributions to CalPERS pertain to employees of its component unit, ACE Construction Authority. Since the plan had less than 100 active members and at least one valuation since June 30, 2003, CalPERS requires the SGVCOG and ACE Construction Authority's Plan to participate in a risk pool. Mandated pooling was effective with the June 20, 2003 valuation.

Funding Policy

Active plan members as defined by the above statutes are required to contribute 7% of their annual covered salary. ACE Construction Authority has elected to contribute this amount to CalPERS on behalf of eligible employees. ACE Construction Authority is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by CalPERS Board of Administration. The required employer contribution rate to CalPERS for the year ended June 30, 2013 is 9.716%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost (APC)

Primary government:

For fiscal year 2013, SGVCOG's actual contribution was \$11,755. The latest available valuation report dated October 2013 was for valuation made as of June 30, 2012 and did not include the SGVCOG's employees.

Component unit:

For fiscal year 2013, the ACE Construction Authority's annual pension cost and actual contribution was \$406,704. For the year ended June 30, 2013, the actuarial funding method used by CalPERS is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as the percentage of pay in each year from the age of hire (entry age) to the assumed retirement age.

NOTE 10 EMPLOYEE BENEFIT PLAN (CONTINUED)

Annual Pension Cost (APC) (continued)

Component unit:

The actuarial assumptions included (a) 2% at 55 as the benefit formula; (b) 7.75% investment rate of return compounded annually (net of expenses); (c) projected payroll growth rate of 3.25% and inflation of 3.0% compounded annually; and (d) 2% cost-of-living adjustment.

The actuarial funding process calculates a regular contribution schedule of employee contributions and employer contributions (normal costs) which are designed to accumulate with interest to equal the total present value of benefits by the time every member has left employment. As of each June 30, the actuary calculated the desirable level of plan assets as of that point in time by subtracting the present value of scheduled future employee contributions and future employer normal costs from the total present value of benefits.

Three-Year Trend Information for CalPERS

<u>Year</u>	<u>(APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/2011	\$ 331,340	100%	\$ -
6/30/2012	419,077	100%	-
6/30/2013	406,704	100%	-

Required Supplementary Information – Schedule of Funding Progress

<u>Actuarial valuation date</u>	<u>Actuarial accrued liability</u>	<u>Actuarial value of assets</u>	<u>Unfunded actuarial accrued liability (UAAL)</u>	<u>Funded ratio</u>	<u>Annual covered payroll</u>	<u>UAAL as a percentage of payroll</u>
6/30/10	n/a	n/a	n/a	n/a	n/a	n/a
6/30/11	\$ 4,081,296	\$ 3,339,706	\$ 741,590	81.8%	\$ 2,294,319	32.3%
6/30/12	4,639,428	3,580,566	1,058,862	77.2%	2,414,903	43.8%

Postemployment benefits

ACE Construction Authority did not incur any other liabilities during fiscal year 2013 related to postemployment benefits.

NOTE 10 EMPLOYEE BENEFIT PLAN (CONTINUED)

Deferred compensation plan

The SGVCOG and ACE Construction Authority have entered into a salary reduction deferred compensation plan for its employees. Securities held by the plan are valued at market. The plan allows employees to defer a portion of their current income from state and federal taxation. Employees may withdraw their participation at any time by giving written notice at least a week in advance prior to the effective date of the withdrawal. At June 30, 2013, plan assets were held by independent trustees and, as such, are not reflected in the accompanying basic financial statements.

Primary government:

Balance at June 30, 2012	\$	-
Add employee contribution		21,784
Add net realized and unrealized appreciation in fair value of investments		(262)
Less distributions		-
Less fees charged		-
Balance at June 30, 2013	\$	<u>21,522</u>

Component unit:

Balance at June 30, 2012	\$	1,306,816
Add employee contribution		137,320
Add net realized and unrealized appreciation in fair value of investments		160,603
Less distributions		(95,000)
Less fees charged		(97)
Balance at June 30, 2013	\$	<u>1,509,642</u>

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

NOTE 11 COMMITMENTS AND CONTINGENCIES

Primary government:

The SGVCOG is involved in claims arising from the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material effect on the SGVCOG's financial position.

For year ended June 30, 2013, SGVCOG accrued \$150,000 for the defense costs claimed by the former Executive Director. SGVCOG retained a legal counsel to pursue coverage claims against its insurance carrier. The likelihood of SGVCOG prevailing on its coverage claims is unknown at this time.

The SGVCOG has entered into an office space lease agreement covering the period from January 1, 2013 to December 31, 2017.

Future minimum rental payments including tenant improvements are as follows:

<u>Year ending June 30</u>	Amount
2014	59,453
2015	61,127
2016	62,942
2017	64,895
Thereafter	<u>32,936</u>
Total \$	<u><u>281,353</u></u>

Component unit:

As mentioned in Note 6, ACE Construction Authority receives reimbursement type grants from Federal, State and local sources. Certain expenditures are not allowable and not subject to reimbursement. Also, there may be disallowed costs. Management's experience in this regard indicates disallowances, if any, will not be material.

In June 2009, ACE Construction Authority Board approved suspension of the Integrated Rail Roadway System (IRRIS), a traffic signal system demonstration project. A total of \$6.4 million has been spent on the project since inception. The ACE Construction Authority staff has received a project close out from Caltrans. Management believes that no funds will be returned as a result of the suspension.

Earnings from arbitrage may be subject to rebate under certain provisions of the Internal Revenue Service Code unless certain specific conditions are met. Management is committed to meeting those conditions.

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

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

Period from/to	Monthly Rent	Annual Amount
May 1, 2013 to April 30, 2014	\$ 18,511	\$ 222,132
May 1, 2014 to April 30, 2015	19,066	228,792
May 1, 2015 to April 30, 2016	19,638	235,656
May 1, 2016 to April 30, 2017	20,227	242,724
May 1, 2017 to April 30, 2018	20,834	250,008
Total lease commitments	\$	1,179,312

Escrow Agreements for Contract Retention - The Escrow Agent, Contractor or Owner may terminate this Escrow Agreement, with or without cause, by providing 30 days prior written notice to the other parties. In the event of termination of this Escrow Agreement, all the funds on deposit shall be paid to the Owner and any accrued interest less escrow fees shall be paid to the Contractor. ACE Construction Authority has recognized as expenditure retention payments totaling \$1,645,848. Funds are deposited in several escrow accounts until release to the Contractor is authorized.

NOTE 12 ACCOUNTING FOR CONSTRUCTION IN PROGRESS AND EVENTUAL DISPOSAL OF PROJECTS

Except for minor acquisitions that may be sold by the ACE Construction Authority when no longer needed, all of the construction projects when completed, will be deeded to the Union Pacific Railroad and the cities in which they are located at no cost to the acquirer. At June 30, 2013, \$656,729,880 of costs was accumulated on projects in process and \$391,821,147 had been transferred to the railroad and impacted cities.

Under the governmental funds and modified accrual basis of accounting in FY 2013 project expenditures would be reported as expenditures in the year incurred. On the government-wide financial statements conforming to GASB 34 reporting on these transactions presents a challenge. Accumulating those costs as construction in progress (i.e., treated as a cash flow expenditure and not a current year expense) would substantially overstate income while reporting the disposal and expensing the accumulated costs would distort the cost of operations. In both cases, net position would fluctuate wildly, depending on the timing of construction and disposal.

NOTE 12 ACCOUNTING FOR CONSTRUCTION IN PROGRESS AND EVENTUAL DISPOSAL OF PROJECTS (CONTINUED)

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

NOTE 13 SUBSEQUENT EVENTS

The SGVCOG has evaluated events subsequent to June 30, 2013, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through May 13, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

San Gabriel Valley Council of Governments
Statement of Revenues, Expenditures, and Changes in Fund Balances – Component Unit
Budget to Actual
Year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Amended</u> <u>Final</u>		
Revenues				
Reimbursements				
Federal grants	\$ 8,276,000	\$ 7,188,465	\$ 6,346,589	\$ (841,876)
State grants	23,215,000	20,164,357	15,607,051	(4,557,306)
Local grants	34,966,000	30,002,142	32,850,923	2,848,781
Other revenue	-	-	826,352	826,352
Total revenues	<u>66,457,000</u>	<u>57,354,964</u>	<u>55,630,915</u>	<u>(1,724,049)</u>
Operating expenditures				
Construction				
Design	5,043,000	10,687,000	12,601,583	(1,914,583)
Right-of-Way acquisition	29,594,000	29,989,000	19,481,699	10,507,301
Construction management	4,927,000	1,840,000	3,653,786	(1,813,786)
Construction	23,460,000	11,498,000	15,037,838	(3,539,838)
Betterments	-	-	544,777	(544,777)
Total construction	<u>63,024,000</u>	<u>54,014,000</u>	<u>51,319,683</u>	<u>2,694,317</u>
Indirect				
Personnel				
Salaries and wages	1,837,364	1,761,364	1,725,429	35,935
Fringe benefits	614,000	603,000	528,232	74,768
Employee related expenses	39,600	39,600	41,434	(1,834)
Professional services				
Auditing/accounting	37,000	37,000	45,001	(8,001)
Legal	55,000	48,000	130,920	(82,920)
Program management	321,036	316,000	192,404	123,596
Brokerage	65,000	67,000	64,750	2,250
Insurance	80,000	80,000	242,212	(162,212)
Equipment expense	101,000	123,000	99,511	23,489
Office rental expense	221,000	221,000	238,870	(17,870)
Office operations	46,000	34,000	55,253	(21,253)
Other	16,000	11,000	11,358	(358)
Applied indirect expense	11,358.00	11,358.00	944,077	(932,719)
Total indirect	<u>3,444,358</u>	<u>3,352,322</u>	<u>4,319,451</u>	<u>(967,129)</u>
Total operating expenditures	<u>66,468,358</u>	<u>57,366,322</u>	<u>55,639,134</u>	<u>1,727,188</u>
Excess (deficiency) of revenues over expenditures	(11,358)	(11,358)	(8,219)	3,139
Other financing sources (uses)				
Investment revenue	160,000	160,000	30,540	(129,460)
Interest and related expenses	(343,000)	(343,000)	(284,110)	58,890
Non-project reimburseable funds	386,978	369,036	520,221	151,185
Non-project reimburseable expense	(386,978)	(369,036)	(520,221)	(151,185)
Rental revenue	-	-	76,424	76,424
Rental expense	-	-	(129,449)	(129,449)
Net other financing sources (uses)	<u>(183,000)</u>	<u>(183,000)</u>	<u>(306,595)</u>	<u>(123,595)</u>
Change in fund balance	<u>(194,358)</u>	<u>(194,358)</u>	<u>(314,814)</u>	<u>(120,456)</u>
Fund balance at beginning of year	7,116,027	7,116,027	7,116,027	-
Fund balance at end of year	<u>\$ 6,921,669</u>	<u>\$ 6,921,669</u>	<u>\$ 6,801,213</u>	<u>\$ (120,456)</u>



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

**Members of the Governing Board
San Gabriel Valley Council of Governments**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of San Gabriel Valley Council of Governments (the "SGVCOG") as of and for the year ended June 30, 2013, which collectively comprise the SGVCOG's basic financial statements and have issued our report thereon dated May 13, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Los Angeles, California
May 13, 2014



San Gabriel Valley Council of Governments

DATE: June 19, 2014

TO: Governing Board Delegates and Alternates

FROM: Andrea M. Miller, Executive Director
Mark Christoffels, CEO, ACE Construction Authority

RE: **ACE PROJECT TRANSFER STATUS AND RECOMMENDATIONS**

RECOMMENDED ACTION

It is recommended the Governing Board:

1. Reaffirm the SGVCOG's commitment to the completion of the ACE Project.
2. Allow the Project Transfer Agreement between the SGVCOG and the ACE JPA to expire as of June 30, 2014, pursuant to Section 4.02 of the Agreement.
3. Direct the City Managers' Steering Committee in cooperation with the SGVCOG and ACE staff to continue to review, discuss and propose amendments to the Seventh Amended and Restated Bylaws and the Joint Powers Agreement (JPA) to further define the relationship between the SGVCOG and ACE, including the latitude to explore the proposed scope of work for ACE, and report its findings to the Governing Board within 30 days.
4. Create an Ad Hoc Committee that includes SGVCOG Board members that represent both ACE and non-ACE agencies to review, discuss and make recommendations related to the completion of the ACE Project and project close-out issues as well as the potential expansion of ACE's scope of work.
5. Appoint members representing both ACE and non-ACE cities to the Ad Hoc Committee.

BACKGROUND

The San Gabriel Valley Council of Governments (SGVCOG) is a joint powers authority formed in accordance with Section 6500 et seq. of the California Government Code and comprised of 31 incorporated cities in the San Gabriel Valley, the three Supervisorial Districts representing the unincorporated areas, and one representative of the Valley's three water agencies. In 1997, the SGVCOG commissioned a detailed traffic study and recommended the implementation of the Alameda Corridor - East Project (the "ACE Project") at 55 grade crossings throughout the San Gabriel Valley. In 1998, the SGVCOG created ACE pursuant to California Government Code Section 6508 as the administrative entity of the SGVCOG responsible for all aspects of the ACE Project including the procurement of grant funds, the creation of a project organization, and the planning, design and construction of the ACE Project.

In accordance with the bylaws adopted by the SGVCOG Governing Board in 1998, ACE's Board is comprised entirely of elected officials. There are seven voting Board members and one ex officio Board member from San Bernardino County who has no voting rights but assists in coordinating any ACE matters that could impact San Bernardino County. Six of the seven voting members represent public entities that are members of both the SGVCOG and ACE including: the cities of Industry, San Gabriel, Montebello, El Monte, and Pomona, and the County of Los Angeles. The seventh voting member is the President of the SGVCOG.

In matters relating to the ACE Project, the SGVCOG has delegated many responsibilities to ACE. Delegated responsibilities include: preparing and submitting grant applications for Federal, State, regional and local funds; obtaining permits, authorities, and approvals from Federal, State, and local agencies; acquiring property through negotiations or through eminent domain actions; hiring staff and providing appropriate levels of compensation and benefits; disposing of excess property; and obtaining operating capital for the ACE Project through a tax-exempt grant anticipation notes program.

While the SGVCOG has delegated responsibility to undertake the ACE Project, certain responsibilities have been maintained by the SGVCOG's Governing Board including approval of the ACE's annual budget, which allocates the Authority's limited resources and establishes funding priorities, and approval of the overall definition of the ACE Project including the individual projects contained therein. The SGVCOG also has the power to dissolve ACE and assume direct responsibility for the ACE Project.

Following extensive discussions regarding the possibility of separating ACE and the ACE Project from the SGVCOG and transferring the ACE Project and all associated assets, liabilities, projects and staff to a newly formed Alameda Corridor East Joint Powers Authority ("ACE JPA"), on June 20, 2013, the Governing Board approved the ACE Project Transfer Agreement and authorized the President to execute the Agreement once the agreement was finalized to include minor changes requested by the Board. On July 25, 2013, the Agreement was executed by the parties. On February 20, 2014 the Governing Board approved a six-month extension of the ACE Project Transfer Agreement to June 30, 2014, thereby providing additional time for ACE to complete the conditions precedent to the transfer.

SEPARATION STATUS

Section 4.02 of the ACE Project Transfer Agreement provides that if the conditions enumerated in the Agreement are completed, the responsibility for the ACE Project will be transferred by the SGVCOG to ACE effective on the Transfer Date. Section 4.02 further provides that, should the parties be unable to properly effectuate all the agreements, approvals, payments and actions required by the Transfer Date as it may be extended (currently June 30, 2014), then the Agreement shall terminate and the transfer of the ACE Project shall be cancelled.

Most of the conditions enumerated in the Agreement have been completed. These include establishing transfer agreements for the contracts held by the SGVCOG via ACE, retiring of the Grant Anticipation Notes held by the SGVCOG for the ACE Project, and providing extended

liability coverage for the SGVCOG. Two items remain outstanding – split of the CalPERS contract and assignment of current agreements with the Union Pacific Railroad (UPRR).

CalPERS Contracts

One of the conditions to the transfer required that the SGVCOG's contract with CalPERS for employee retirement benefits be split into two separate contracts, one for the SGVCOG employees and one for the ACE JPA employees. Along with the separation of the CalPERS contract, the Transfer Agreement requires that the ACE JPA establish an escrow account in the SGVCOG's name for the remaining CalPERS liability for the employees being transferred from the SGVCOG to the new ACE JPA.

CalPERS staff determined that, based on current laws including provisions of the Public Employee Pension Reform ACT (PEPRA), the current CalPERS contract held by the SGVCOG cannot be split as was envisioned in the Transfer Agreement. The new ACE JPA would be treated as a new entity, and as a new entity would not be able to provide the same pension benefits. The result would be that the employees who would be transferred from the SGVCOG to the new ACE JPA would do so without their current pension benefits. Recently several cities wanted to form a JPA to consolidate their respective fire protection services into one agency. It appears the employees transferring from their respective agencies to this newly formed JPA would be subjected to the same issues and restrictions as those being imposed on the new ACE JPA. The firefighters union expressed concern, and a bill has been introduced that would allow a new JPA to maintain existing CalPERS contracts and benefit formulas. If this legislation were to pass, it would apply to the new ACE JPA and resolve this CalPERS matter. However, if the bill were to pass and if the Governor signed it, it would not become effective until January 2015, which would be too late to meet the transfer date deadline of June 30, 2014, imposed pursuant to the Transfer Agreement.

Assignment of Union Pacific Railroad (UPRR) Agreements

The other outstanding matter involves the assignment of the current agreements executed with the Union Pacific Railroad (UPRR) from the SGVCOG to the new ACE JPA. UPRR has declined to assign the agreements. To correct this, the SGVCOG would have to agree to continue to have these agreements and the new ACE JPA would have to enter into a separate agreement with the SGVCOG to obligate the new ACE JPA to fulfill the terms of these agreements on behalf of the SGVCOG. Under this scenario, the SGVCOG would arguably have some liability in the event of a dispute with UPRR.

Staff does not anticipate that these outstanding matters will be able to be resolved by the transfer date deadline of June 30, 2014.

ALTERNATIVE ACTIONS

Based on the above discussion, SGVCOG and ACE staff identified the following options for the Governing Board's consideration:

- Take no action and allow the ACE Project Transfer Agreement to expire which would result in the SGVCOG/ACE relationship remaining as it currently exists.
- Extend the Transfer Agreement for 12 months to allow the opportunity for pending CalPERS legislation to be adopted thereby allowing ACE to complete the separation process without any change to the pension benefits and provide the opportunity for the SGVCOG to explore the potential impacts including liability related to retaining the current agreements with UPRR and entering into an agreement with the new ACE JPA to fulfill the terms of the agreements on behalf of the SGVCOG.
- Amend the current SGVCOG bylaws to retain ACE as an administrative entity of the SGVCOG while addressing the issues raised during the separation discussions and expanding ACE's scope to better serve the SGVCOG in the future.

The relationship between the SGVCOG staff and the ACE staff has become very collaborative over the last 12 months, working closely on many issues including regional transportation matters that extend well beyond the scope of the ACE Project. The SGVCOG is taking a leading role on regional transportation matters including developing guiding principles for future transportation related sales tax ballot measures, creating the region's first Mobility Matrix, implementing detailed studies on critical facilities such as the 605/60 interchange and the 57/60 interchange, as well as planning for active transportation modes. This work as well as other upcoming transportation matters concerning the region represented by the SGVCOG will require the resources that the ACE organization can offer. The SGVCOG is unique as the only COG in Los Angeles County to have the ability to directly take on planning, and with ACE's participation, the design and construction of transportation projects without having to rely on outside agencies for implementation, or giving up local control of these projects. Maintaining ACE would allow the SGVCOG to continue to provide leadership to one of the most critical transportation elements in the region and maintain its role in balancing regional interests, establishing transportation priorities and ensuring the successful completion of projects.

CITY MANAGERS' STEERING COMMITTEE DISCUSSION

At the June 4, 2014, City Managers' Steering Committee, the Committee discussed the status of the separation and the potential alternatives.

If the Governing Board elects to maintain the ACE organization, SGVCOG and ACE staff recommend adoption of amended SGVCOG bylaws and Joint Powers Agreement (JPA) that clarify the relationship while reaffirming the responsibility of ACE and the ACE Chief Executive Officer to manage the ACE Project and addressing the various issues identified during the separation discussions. Staff also recommends the scope of the ACE Project be redefined to enable the Governing Board and its member agencies to utilize the resources of the ACE organization to provide planning, design and construction work for other transportation related projects, and that the agencies continue to work together to create safeguards related to future liabilities, including but not limited to, future CalPERS obligations. Proposed revisions to the bylaws and JPA were presented to the Steering Committee for consideration.

Following discussion, the Committee unanimously approved recommending the Governing Board take the following actions:

1. Reaffirm the SGVCOG's commitment to the completion of the ACE Project.
2. Allow the Project Transfer Agreement to expire as of June 30, 2014, pursuant to Section 4.02 of the Agreement.
3. Direct the City Managers' Steering Committee in cooperation with the SGVCOG and ACE staff to continue to review, discuss and propose amendments to the Seventh Amended and Restated Bylaws and the Joint Powers Agreement (JPA) to further define the relationship between the SGVCOG and ACE, including the latitude to explore the proposed scope of work for ACE.
4. Create an Ad Hoc Committee that includes SGVCOG Board members that represent both ACE and non-ACE agencies to review, discuss and make recommendations related to the completion of the ACE Project and project close-out issues as well as the potential expansion of ACE's scope of work.

PROCESS FOR AMENDMENT OF BYLAWS AND JOINT EXERCISE OF POWERS AGREEMENT

Bylaws

Article VIII of the Bylaws pertaining to Amendments to the Bylaws provide that any proposed Amendment shall be submitted to the Governing Board at a meeting at least one month prior to the meeting at which the Amendment is voted upon. A vote of fifty percent plus one of the total voting membership of the Governing Board is required to adopt an Amendment. If the Board desires to pursue the amendment of the bylaws, the Eighth Amended and Restated Bylaws would be presented at the July 2014 Board meeting and at the subsequent meeting, which is tentatively scheduled for September 2014, for adoption.

Joint Exercise of Powers Agreement

Section 25 of the JPA provides that the JPA may be amended at any time with the consent of fifty percent plus one of all of the legislative bodies of the then parties hereto. If the Board desires to pursue the amendment of the JPA, the Fourth Amended and Restated Joint Exercise of Powers Agreement would be presented at the July 2014 Governing Board meeting with a recommendation that the Executive Director be directed to transmit the Fourth Amended and Restated JPA to the member agencies with a recommendation that the legislative bodies of the member agencies take formal action approving the revised JPA. Following the approval of the legislative bodies of the member agencies, the amendment to the JPA would be filed with the Secretary of State pursuant to Government Code Section 6503.5.